

ExportNZ Trade & Advocacy Update

February 2025

Trade & Export News Update

Since our last update, we have seen the signing of the NZ-UAE FTA, continuing focus on the India relationship, and intensive global focus on the new Trump Administration's trade policy. A restructure of NZTE was also announced with investment work to be undertaken by a new entity Invest New Zealand.

UAE Comprehensive Economic Partnership Agreement (CEPA) and Investment Treaty

Prime Minister Luxon and Trade Minister McClay travelled to Abu Dhabi on 14 January for the signing of the CEPA with the UAE. Negotiations were completed on 26 September 2024.

New Zealand's goods and services exports to the UAE totalled NZ\$1.15 billion in the year to September 2024. Two-way trade was NZ\$1.3 billion.

Key exports to the UAE include:

- Dairy (\$707 million)
- Industrial products (\$242 million)
- Horticulture (\$47 million)
- Red meat (\$46 million)
- Travel services (\$33 million)

Key imports from the UAE include:

- Plastics
- Carpets
- Travel services
- Glass products
- Jewellery

The CEPA eliminates 99 percent of tariffs on New Zealand's exports (98.5 percent immediately on entry into force). Removing duties on New Zealand products will benefit New Zealand's significant dairy, red meat, horticulture and industrial product exports. In addition, New Zealand wine will have the best available access to the UAE market, now and in the future.

The services chapter includes commitments for a wide range of sectors of commercial interest to New Zealand. These include professional services, education services, and the audio-visual and gaming sectors, as well as engineering and environmental services. The CEPA futureproofs New Zealand's position in the UAE services market for a number of key sectors of interest to New Zealand service providers, ensuring that any advantages the UAE provides to future CEPA partners in those sectors will automatically be extended to New Zealand's service providers as well. New Zealand has committed to do the same for the UAE.

The CEPA also contains temporary entry commitments, ensuring New Zealand businesspeople and specified service suppliers are able to operate in the UAE market, and that we in New Zealand can access UAE expertise to help upskill and develop our export sectors.

The investment chapter does not include investor-state dispute settlement.

India Discussions Roll On

Trade Minister McClay visited India again on 15 December to meet his counterpart and senior members of the Indian business community. New Zealand's senior trade negotiator Vangelis Vitalis also visited India in late January.

We assume that this intense activity is linked to the expected visit by Prime Minister Luxon to India sometime this year.

Invest New Zealand – A Fresh Start?

Investment is a key focus for the Government in 2025. The Government will host an invitation-only investment summit in March and has announced that a new entity - Invest New Zealand – will be created to replace the investment work currently undertaken by NZTE. Invest New Zealand will be up and running before the end of the year. This change will allow NZTE to focus on assisting New Zealand exporters and export promotion activities.

Trump, Tariffs, and Trade Wars

We have been monitoring US trade policy under the second Trump administration closely and will continue to do so. There have been plenty of developments since the 20 January inauguration. These developments have been well covered by the media. To date, the only policy to be implemented has been a 10% tariff on goods from China. A proposed 25 percent tariff on Canada and Mexico have been delayed until 4 March. 25 percent tariffs on all steel and aluminium imports are to be implemented from 12 March. A study has been announced on all trading partner tariffs and wider policies with a view to introducing reciprocal tariffs. Concerningly, value-added tariffs – such as our GST – are potentially in scope for these reciprocal tariffs, even though they apply equally to New Zealand and imported products.

New Zealand is not being specifically targeted by any of the policies announced to date, but we could be impacted by the steel and aluminium tariffs if exemptions are not granted. Likewise, the application of a tariff to counter our GST policy would be very worrying.

We know that the Ministry of Foreign Affairs and Trade, and the NZ Embassy in Washington are actively defending New Zealand interests. We will monitor developments closely and report back to our members.

The announced policies have already impacted equity and foreign exchange markets and global shipping. The Federal Reserve has also slowed the rate of interest rate cuts because of a concern over the impact proposed tariffs might have on US domestic inflation.

Our advice to exporters is this:

- Analyse your markets and any exposure you may have. Explore options in other markets, scenario plan for situations where tariffs are applied or supply chains are disrupted and identify any additional risks that may occur.

- Stay informed, the situation is moving at a quick pace and things can change in a matter of hours. We've asked MFAT to increase the amount of information they are relaying to businesses – so stay close to official information coming out.
- Strengthen your partnerships – make sure that you are in communication with partners, distributors, and networks in various markets and discuss options for dealing with different scenarios.
- Leverage the New Zealand brand, our reputation for being a trusted trade partner, and our wide array of free trade agreements (free trade agreements already cover three-quarters of our current exports).

Trade & Export Policy Update

Going for Growth: Unlocking New Zealand's Potential

The Government announced the Going for Growth programme of work earlier this month, setting out its approach to enabling economic growth, boosting productivity, increasing incomes, and delivering more jobs.

Going For Growth sets out 5 pillars driving the push for economic growth:

- Developing talent
- Competitive business settings
- Promoting global trade and investment
- Innovation, technology and science
- Infrastructure for growth.

Currently, the report outlines the actions the Government has delivered and actions underway. We understand this document will continue to evolve and develop as more ideas are fed into the Government.

The government is open to feedback from the export sector on what actions it can undertake to drive economic growth further. You can access the [information and submit your feedback here](#).

Health Select Committee - Gene Technology Bill [COMPLETED]

ExportNZ and the New Zealand International Business Forum (NZIBF) submitted a written submission to the Health Select Committee regarding the proposed Gene Technology Bill.

The Bill would establish a new regulator to oversee gene technology activities and approval of the use of gene technologies. The Bill would mean gene technologies would be classified on a four-tier risk-based assessment system (Exempt Activities, Non-notifiable Activities, Notifiable Activities, and Licensed Activities).

In summary, ExportNZ and NZIBF recommended that the Bill be passed with amendments to ensure “market access and trade” was included in the regulator’s assessment as a risk that needed to be measured and accounted for.

Our organisations are concerned that exporters’ concerns regarding risk to market access are not being addressed adequately by the Bill. Therefore we also recommend a more rigorous and effective engagement process with the export sector should the Bill pass and a regulator be established.

You can read [the submission here](#).

We expect the Bill to pass (hopefully with our suggested amendments) and for a second phase to begin with the new regulator.

Foreign Affairs, Defence, and Trade Select Committee - Agreement on Climate Change, Trade, and Sustainability [COMPLETED]

ExportNZ and NZIBF wrote to the Foreign Affairs, Defence, and Trade Select Committee in support of the ratification and implementation of the Agreement on Climate Change, Trade, and Sustainability (ACCTS).

The deal includes Costa Rica, Switzerland, and Iceland and includes three key outcomes:

- 1) Removal of tariff and non-tariff barriers on 300 environmental and energy-saving goods and services.
- 2) Establishes clear rules and prohibitions on fossil fuel subsidies.
- 3) Establishes clear guidelines on voluntary eco-labelling.

While we support the ratification of ACCTS, we did note that the immediate commercial benefits of the Agreement were negligible for New Zealand. We remain optimistic that other countries and economies will sign on to the agreement and more goods and services will be added to the market access list.

You can [read our submission here](#).

Foreign Affairs, Defence, and Trade Select Committee – New Zealand-United Arab Emirates Comprehensive Economic Partnership Agreement [COMPLETED]

ExportNZ and NZIBF wrote to the Foreign Affairs, Defence, and Trade Select Committee in support of the ratification and implementation on the New Zealand-United Arab Emirates Comprehensive Economic Partnership Agreement.

The CEPA achieves the goal of a high-quality, ambitious and comprehensive agreement, with 99 per cent of tariffs removed within three years of the deal coming into force.

This provides an opportunity for New Zealand exporters in the dairy, red meat, seafood, horticulture, high-value foods and agri-tech sectors. It will likewise create new opportunities

for UAE goods and services and, through the companion Bilateral Investment Treaty (BIT), greater flows of foreign direct investment in our market.

We expect the Bill to be passed and for an entry-into-force date to be announced shortly after.

You can read [the submission here](#).