

# The export imperative

*Phil O'Reilly*

A big issue for New Zealand business is the need to export.

Our small economy and population mean we must sell goods and services overseas to improve our standard of living.

This makes rules-based free trade crucial for us (small countries need rules to stop being kicked over by the big ones) and is why we want a comprehensive rules-based WTO deal through the Doha talks. If the Doha Round fails, the world will become a harder place to trade in. There are powerful interests that don't support free trade that will become more powerful if Doha fails.

If Doha does fail, New Zealand will put its energy into regional agreements, like the proposed East Asia deal. This would involve practically all Asian countries plus Australia and New Zealand, bringing a combined population of 3.1 billion and an annual GDP of US\$9 trillion. Given that most of those countries currently have high tariffs and restrictions, New Zealand could do well out of that deal.

New Zealand is now familiar with multi-country agreements, having played a lead role in the recent deal with Brunei, Chile and Singapore - the world's first agreement linking Asia, the Pacific and Latin America.

Bilateral deals can be good too. Our CER arrangement with Australia has been critical to our exporting success, and is progressing well towards a Single Economic Market to eliminate further trade impediments.

The bilateral deal with Singapore is progressively liberalising trade, as is last year's deal with Thailand - before the deal, over 85% of our exports attracted duties; now less than 50% do, while major exports like infant milk food, attract no duty - by 2025 all our goods will enter Thailand duty free.

Current negotiations are interesting. Talks with Malaysia are currently bogged down over how much access New Zealand service companies should get to the Malaysian market.

And high-stakes negotiations with China are proceeding carefully. Success here could boost our exports by \$300 million a year. New Zealand negotiators are watching parallel negotiations between China and Australia that are currently bumpy: China's made no move to let in manufactured and farming goods, raising concerns about how New Zealand's negotiations will fare.

Our trade relationship with the US is sensitive, with a deal still an elusive target. Business NZ is deeply involved in the US-NZ Partnership Forum which seeks strengthen trade links between the two countries, and sees hopeful signs that tensions may be easing.

In all, there's lots of work happening on behalf of New Zealand businesses wanting to export and prosper. We'll all be better off if it succeeds.

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