



2014 Exporters Survey

The 2014 Exporters Survey was in the field between August and October 2014. There were 124 responses with the majority identifying themselves as manufacturers (69%) with the second biggest category being from the Agriculture, Forestry or Fishing sectors, 11%.

There was a good spread of large, medium and small exporters that responded to the survey.

The following outlines the main findings of the survey

Business Outlook Positive

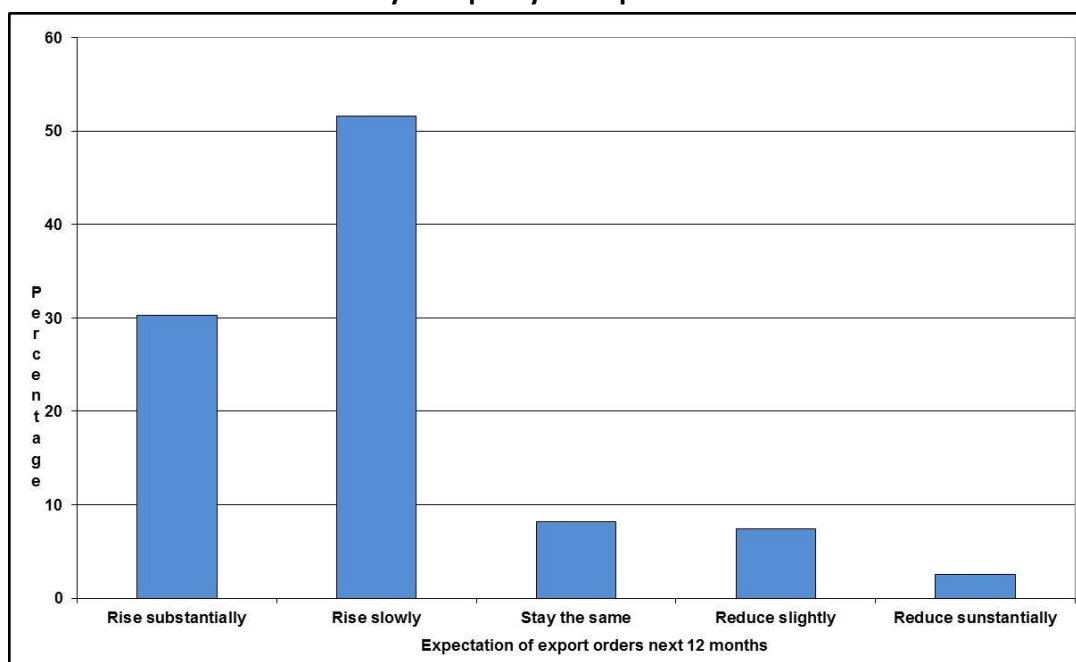
In the next 12 months the majority (76%) said they expected business profitability to improve, 19% stay the same and 4% to deteriorate. Most (53%) expected their business to employ more people with 37% employing the same and only a small number reducing staff (9.7%).

While the majority (73%) are able to access enough skilled staff to grow their business, quite a few (27%) said this is a constraint.

For exporters of both goods and services, the majority (57.9) said the goods exports had grown faster and 42% said their services exports had grown faster.

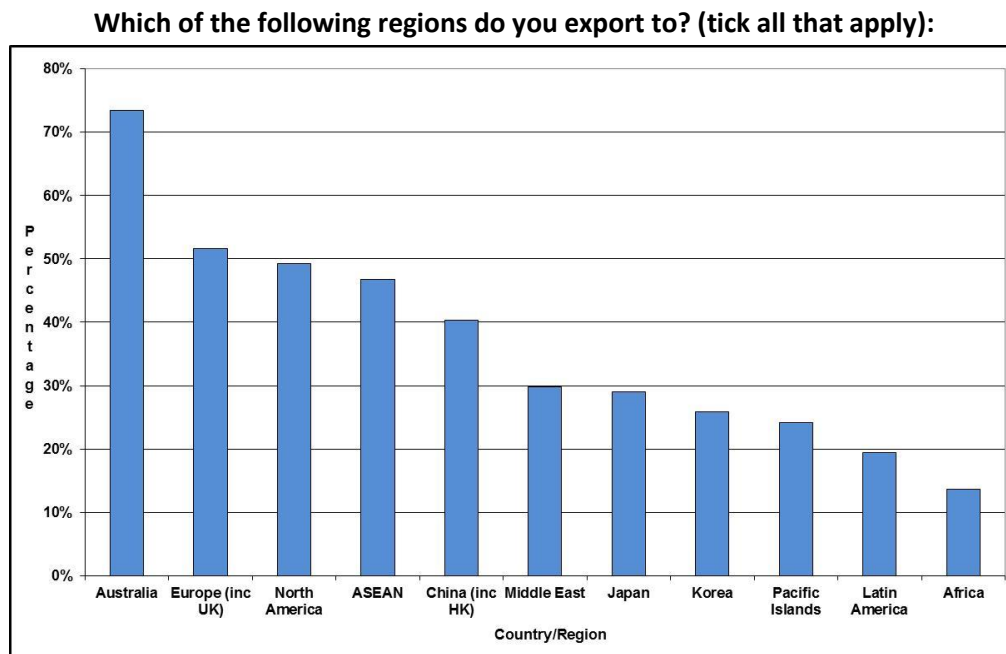
In the next twelve months, the majority expected their orders across all markets to increase; either slowly (51%) or substantially (31%).

In the next 12 months do you expect your export orders across all markets to:



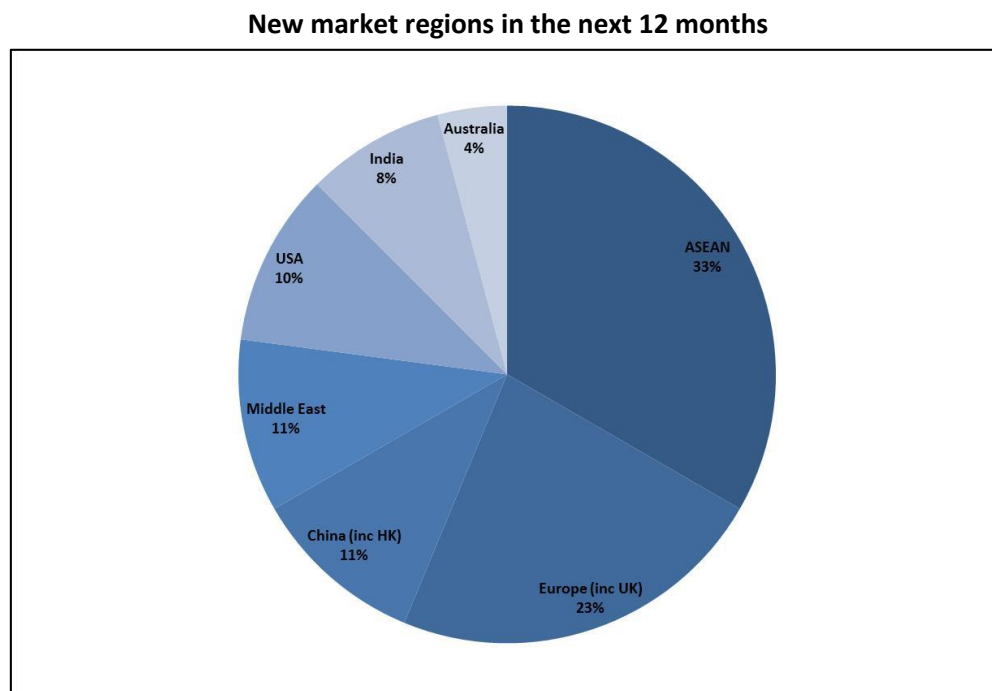
Which Markets?

The top three market destinations for respondents were Australia, Europe and North America, followed closely by ASEAN.



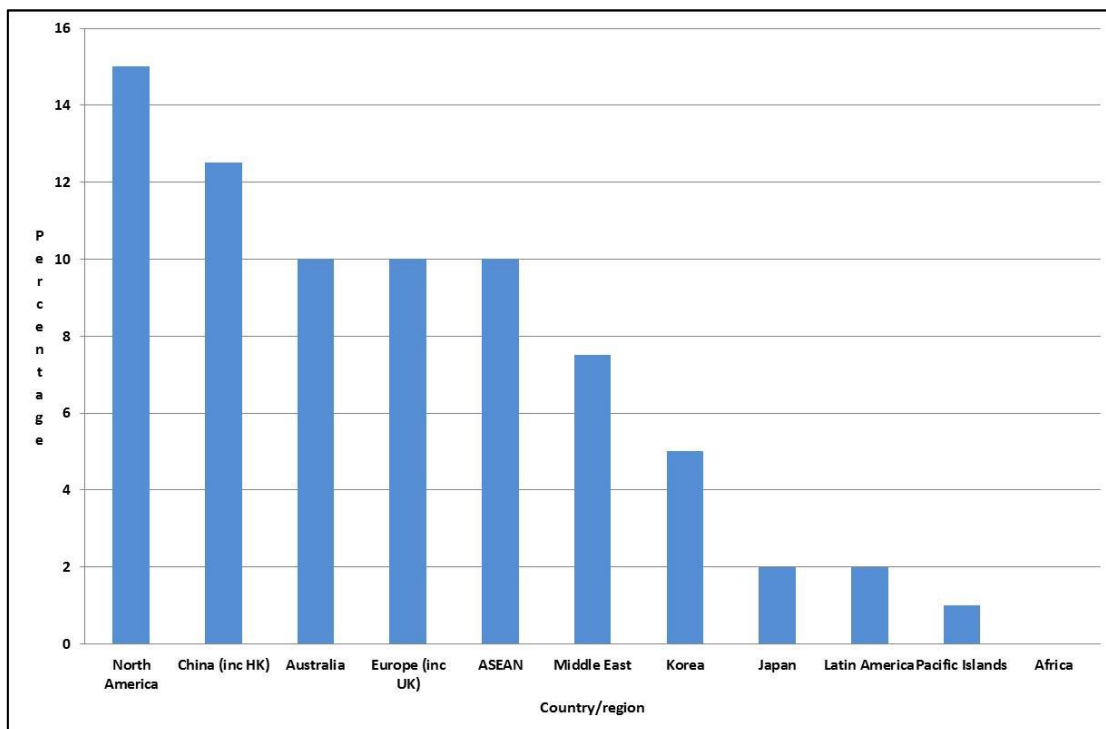
40.7% said they expected to enter new markets in the next 12 months, which shows that these exporters are not resting on their laurels.

The most popular new markets were ASEAN followed by Europe/UK.



Median growth expected from new markets ranged from 5% in Korea to 15% in North America.

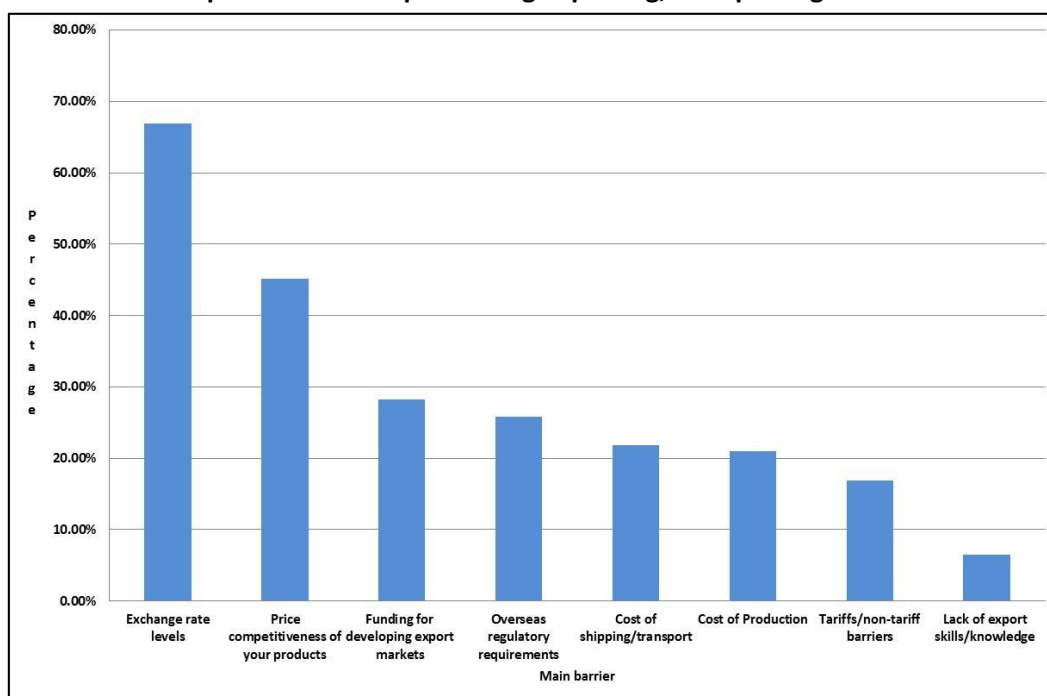
Median percentage growth expected in the following markets for products/services



Top obstacles restraining growth

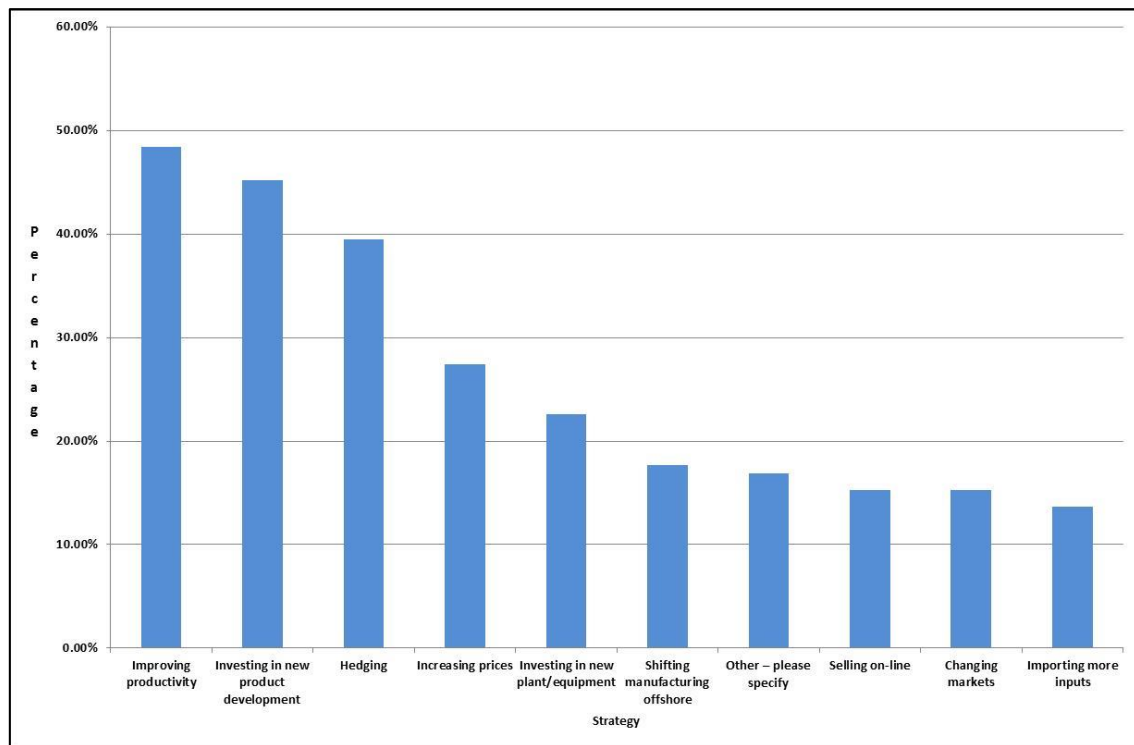
Exchange rate levels and price competitiveness of products were the top obstacles followed closely by funding for developing overseas markets and overseas regulatory requirements.

Top three barriers preventing exporting, or exporting more



The main way exporters said they were managing the challenges of the high dollar was improving productivity, investing in new product development and hedging.

Strategies to reduce the impact of the high New Zealand dollar on your business



Regulatory and non-tariff barriers

While the majority of respondents don't have these problems, 45% of respondents do. There seem to be some real challenges with China, but the challenges are in many different markets as well. They are listed below as reported by exporters for the information of our Government Officials who gives exporters assistance in this area.

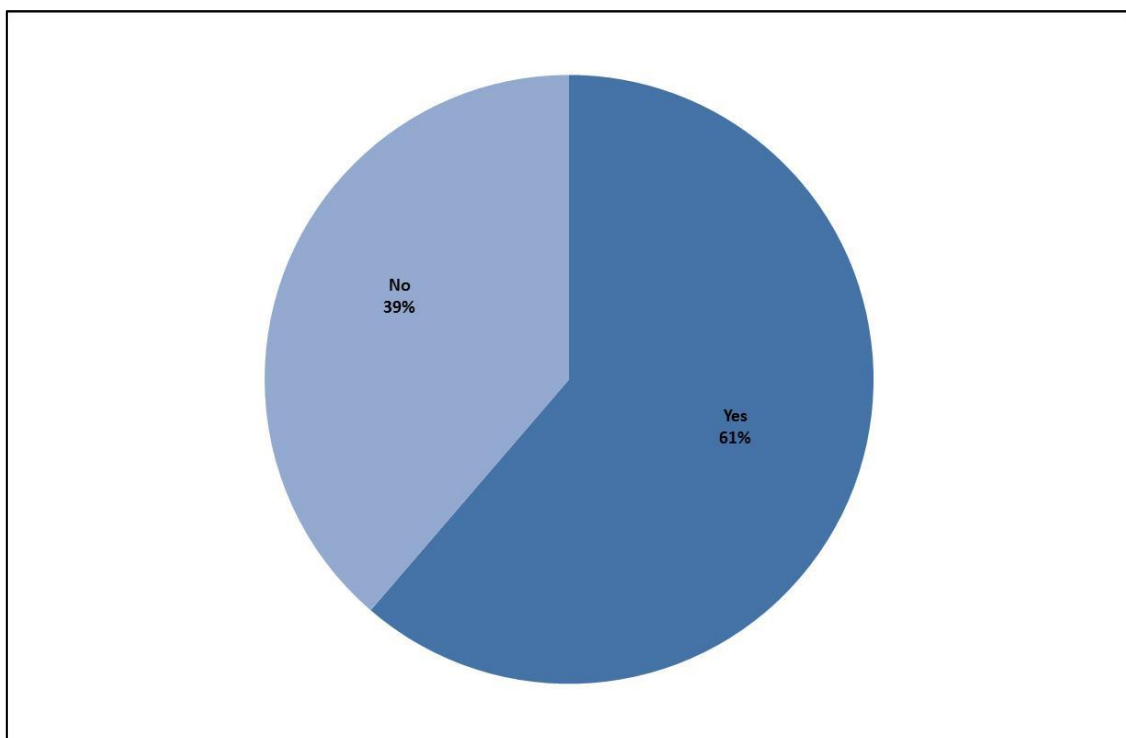
- Australia
- Australia - where Duty-free imports regulations have worsened significantly (from 50% to 90% of components of finished products which now need to be made in NZ to qualify for concession.
- USA - we have to pay 7-11 % of Duty on our products making us less competitive in the US market
- Australia.... they unreasonably favour their local supplier and will come up with any minor or 'fabricated' non-compliance
- Bio security issues in Australia
- False IP claims
- Brazil - IP protection lacking
- Asia - not entered Asian markets because of the difficulty of getting adequate IP protection
- China - HS code classification and delaying shipments. No official ruling given nor pathway to resolution
- China - legislation changes and not adhering to CNZFTA
- China and Korea
- China changing roles without notice
- China Electrical certification of appliances CCC is a ridiculous barrier, and shouldn't even apply to our product. The Chinese inspectors try to wear you down and block you with ridiculous and petty detail.

- China has different requirements for different ports of entry.
- Indonesia is actively blocking imports with changing requirements.
- China with their local regulations on requirements for marine equipment. CCS (China Certification Society) makes rules that are easy for Chinese manufacturers to meet, but difficult for importers to meet due to inability to get information so we can comply.
- China, changing regulatory landscape, NZ MPI lack of resources to negotiate appropriate OMARs for value added food items
- "CIQ red tape in China,
- Government obstruction in Indonesia"
- Data privacy and cloud hosting regulations
- India 50% tariff on fresh produce.
- Extra labelling requirements on cartons
- Port closures
- container inspections by third party eg Indonesia"
- "European transport regulations"
- Free Trade Agreement
- GSA in USA
- "Halal Malaysia Indonesia
- Trying to access Chinese market"
- High cost of entry to Brazil, with difficulty in establishing the best way to trade there.
- High cost of IP protection related to R&D work we are trying to licence to multinationals. It's an all or nothing situation where one can't easily just protect in one market and do another later. On top of extensive R&D costs and first time trying to export its demanding.
- High tariff rates in Canada & Japan, as well as quotas in the latter, on milk powder affect our ability to export added-value products to these countries.
- Honey testing in USA
- import duties for Asia
- Import duties on construction plant and equipment
- Increasingly complex regulations
- Korea has a 200% Tariff on Bee products to protect their local Apiaries. Russia has very high Testing requirements far above any other country and other markets are tightening these requirements as well. USA & AU have equally challenging requirements around Propolis and supplement products.
- Legislative and regulatory
- Medical regulations
- Middle East Sanctions and general strife
- New Caledonia and to a lesser degree, French Polynesia. We face high local customs duties to protect local manufacturers and EU exporters as well as EU Standards
- New Caledonia' high customs duty rates favouring local manufacture and EU suppliers
- New Packaging and Documentary Regulations in both Indonesia and Malaysia equate to a Non-Tariff Barrier.
- The wrong H.S Code for Potatoes agreed to with the Philippines Government on the AANZFTA is a Non Tariff Barrier."
- Our EU competitors in Korea now have an FTA which means the customer does not have to pay the 8% duty. - Our FTA is still not concluded. I estimate we lost approx. 0.5m in sales in the past 12 months because of this
- Regulations relating to storage of fuel underground
- Requirement for Type Certification for the aircraft in each country prior to it being sold/operated.
- Russia ban on NZ dairy products.

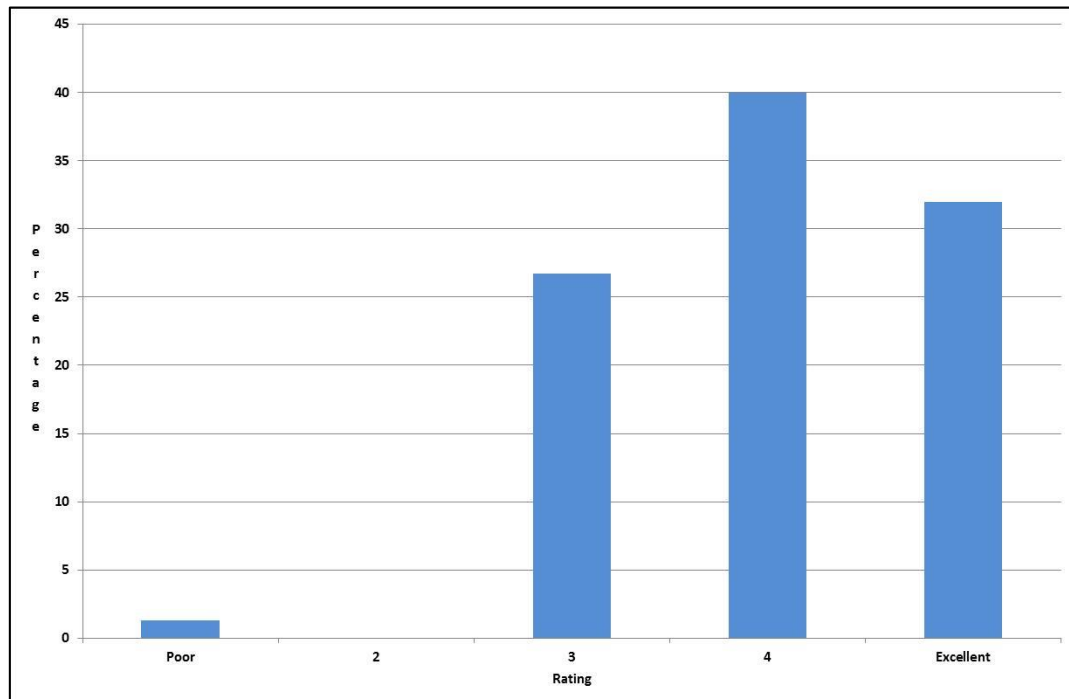
- Selling rice based gluten free pizzas to Korea. They won't import rice based products because of own rice industry.
- Skincare products require expensive testing to be sold in Japan or China, not required for other markets, and prohibitively costly for many NZ brands.
- Some Australian states preferring local first
- Tariffs on NZ goods into the USA, Canada and the UK.
- Tax/Import duties into Brazil
- Tightening of Infant Formula regulations in China.
- UK found our products too expensive to take
- Until recently China had restricted approval of several NZ Beef and Sheep meat processing plants.
- US & Mexico
- USA - ANSI codes
- USA ANSI certification, Canada CRN Certification, spurious certification should be superseded by ISO international standards but locally this fact is ignored
- USA tariffs & regulation, Brazil tariffs, Argentina tariffs, Sweden tariffs and regulation
- We don't export our product to America, Europe as the electrical standards are different to those that govern NZ and our current export markets.
- We face many NTB's across all regions of the world

Government Support

Of the survey respondents 61.3% are receiving assistance from NZTE and 38.7% were not.

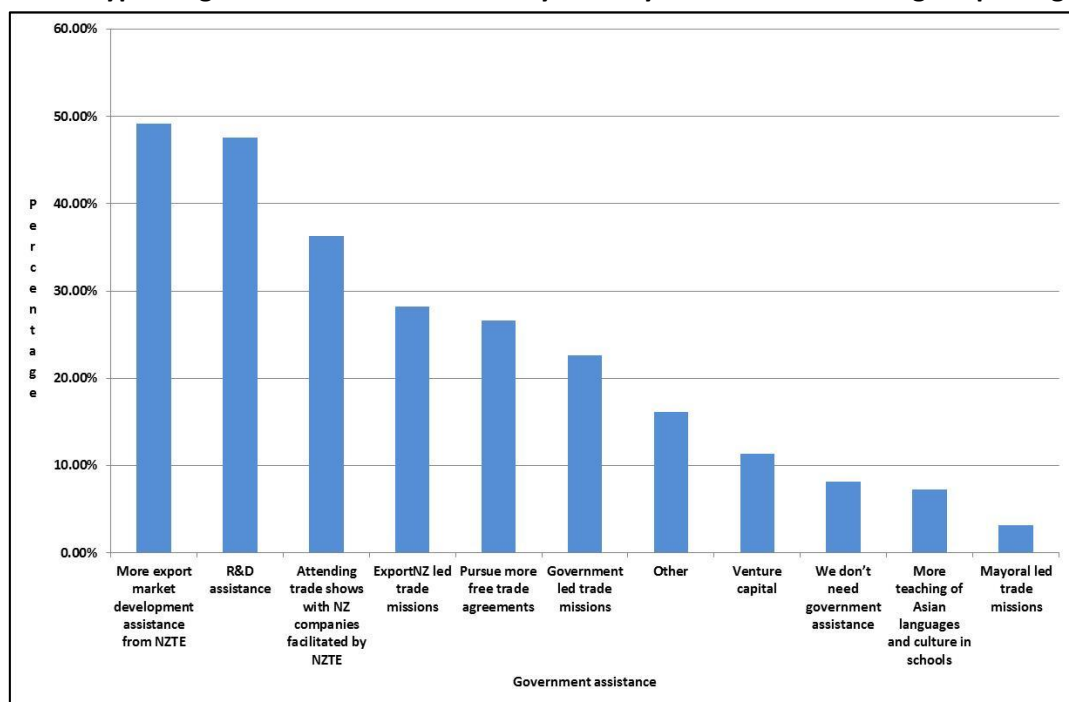


If you received support from NZTE, on a scale of 1-5 how would you rate their support



In terms of Government assistance for exporting, more export market development assistance was the most popular, followed by R & D assistance. It also looks like exporters would like to go to more trade shows with other New Zealand companies with the assistance of NZTE.

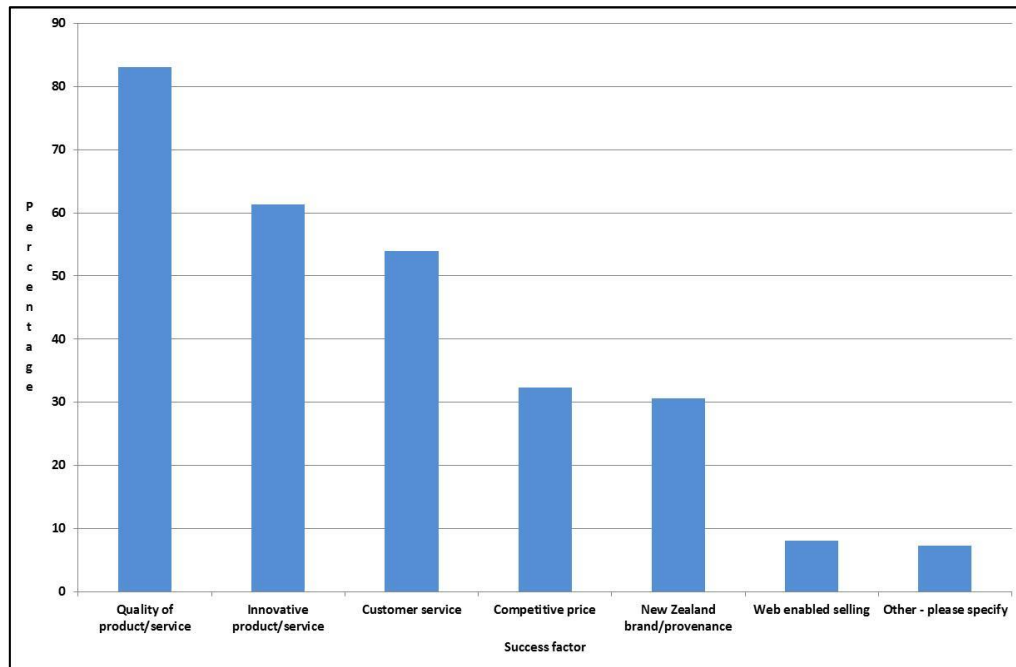
What types of government assistance if any would you favour to encourage exporting



Top success factors

Respondents voted for quality of product/service, innovation and customer service as the top three success factors.

Rank the top three success factors that make you most successful in overseas markets

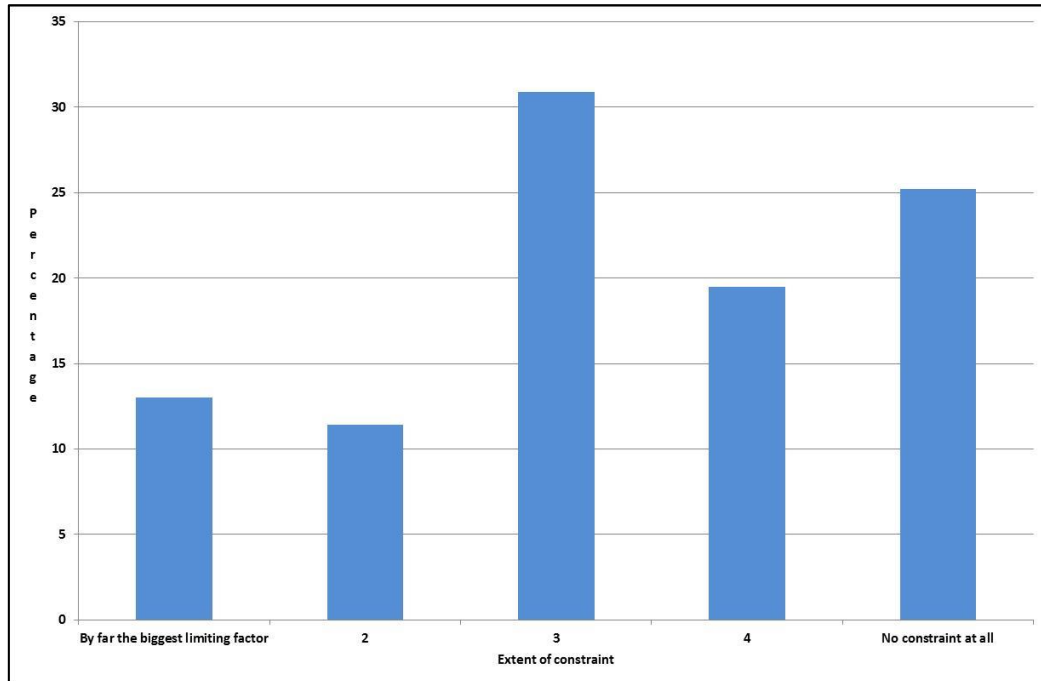


Broad band speeds were fast enough for most businesses, with close to 60% saying yes, but it is a concern that 40% say no – as this could be a new route to export that we need to be chasing a lot harder.

Is lack of capital an issue?

About 24% are struggling with a lack of capital to expand.

On a scale of 1 to 5 please indicate the extent that a lack of capital is a constraint to growing your exports



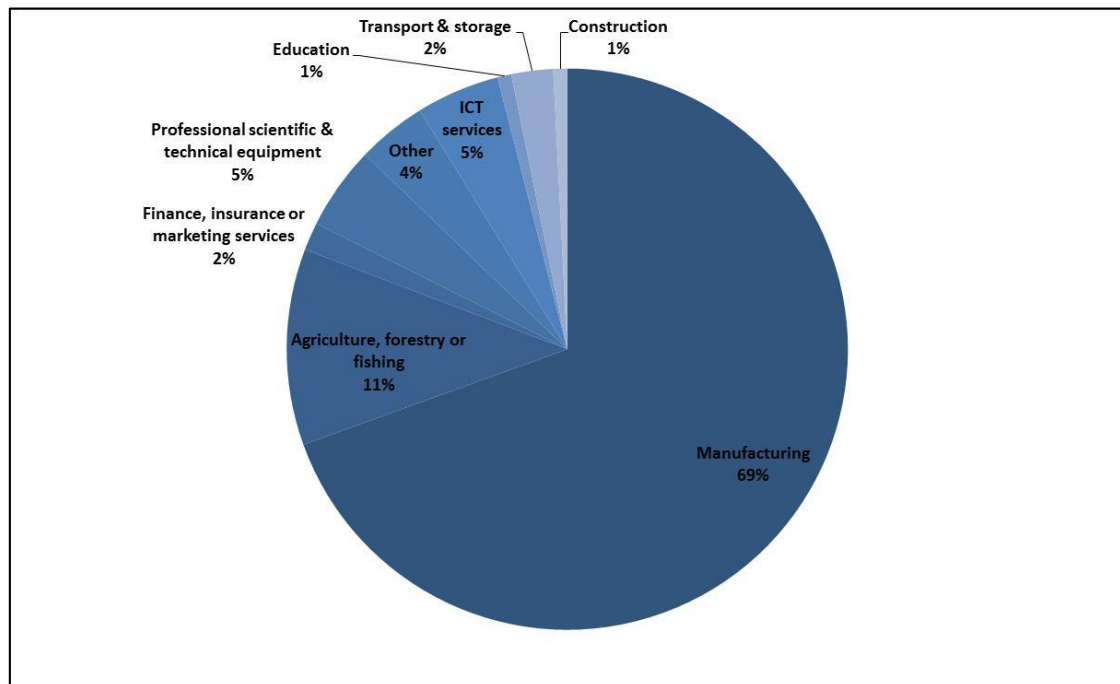
On-line marketing is opening up new opportunities for a significant number of respondents 38%, which underlines the need for adequate broadband speeds.

Who participated?

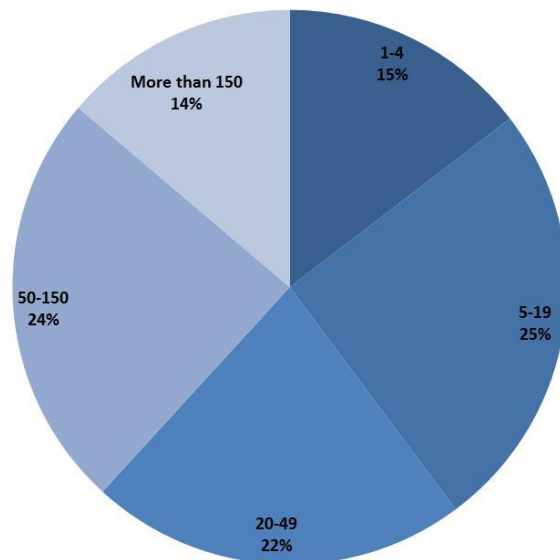
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A good percentage of respondents were quite large employers but smaller employers were also well represented. When it came to overseas employees, the majority had few overseas employees (57% between 1 and 4 staff) while 6% had over 150 employees overseas.

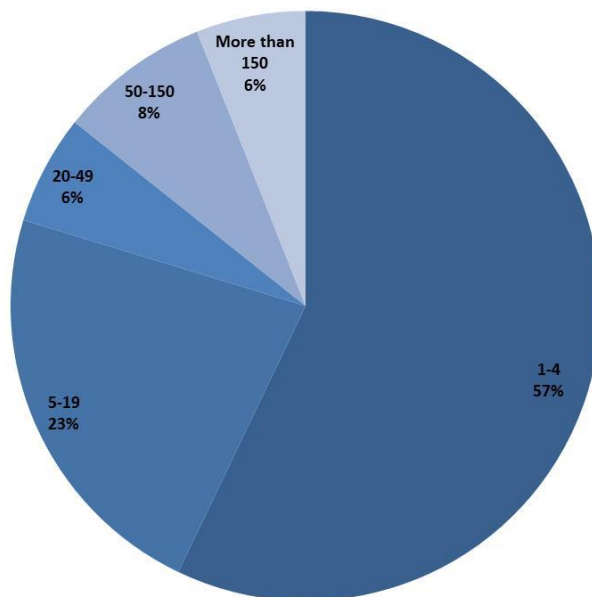
Please indicate which of the following industries best describes your business



How many people do you employ in New Zealand



How many people do you employ overseas



In which region is your enterprise predominantly located

