

Submission by



to the

**Ministry of  
Foreign Affairs & Trade**

on the

**New Zealand's Participation in the  
Indo-Pacific Economic Framework  
for Prosperity**

**20<sup>th</sup> June 2022**

## 1. **SUMMARY**

- 1.1 Export New Zealand (ExportNZ) [Annexe 1.] welcomes the opportunity to comment, at this early stage, on New Zealand's participation in the United States'-led initiative known as the Indo-Pacific Economic Framework for Prosperity (IPEF).
- 1.2 ExportNZ has been a consistent voice of support for free and liberal trade and believes that the New Zealand government must do all it can to ensure our businesses can access various markets and have a fair playing field when doing so. ExportNZ has especially been vocal about the need for closer trade ties with the US and has long supported closer New Zealand/US trade relations.
- 1.3 While IPEF cannot be considered an FTA, ExportNZ believes there are significant opportunities and positive outcomes for New Zealand should it be involved in the Framework and we, therefore, lend our initial support to New Zealand's participation in IPEF.
- 1.4 In particular, ExportNZ supports New Zealand's participation in three of the four pillars: *Fair & Resilient Trade; Supply Chain Resilience; and Infrastructure, Clean Energy, & Decarbonisation.*
- 1.5 As this is only the first opportunity to comment on New Zealand's participation in IPEF and there is much work to be done to clarify the structure and objectives of the Framework, this submission will only speak briefly about our support for each pillar.
- 1.6 As a member of the New Zealand International Business Forum (NZIBF), we also write in full support of their submission and agree with the position taken by that organization.
- 1.7 ExportNZ is eager to continue engaging with the Ministry of Foreign Affairs & Trade on New Zealand's participation in IPEF as the Framework continues to be shaped.

## **COMMENTS ON NEW ZEALAND'S PARTICIPATION IN IPEF**

### 2. **GENERAL COMMENTS**

- 2.1 As the world's largest economy, the United States is an important trading partner for New Zealand. With \$18.56 billion worth of two-way trade in the

year ending December 2020<sup>1</sup>, the US is our third-largest trading partner. This is despite our two countries not sharing any free trade agreement.

- 2.2 ExportNZ has been a long-standing supporter of a trade deal with the US, because of the significant potential that the US market has to offer several key exporting industries, both in services and goods.
- 2.3 Ideally, ExportNZ sees IPEF as a 'stepping stone' toward further engagement on free trade with the US, and we would like to see the New Zealand Government and Ministry of Foreign Affairs & Trade continue to actively push for a free trade agreement with the US when appropriate.

### **3. FAIR & RESILIENT TRADE**

- 3.1 ExportNZ must express its disappointment that IPEF will not provide binding market access commitments or lower tariff rates into the US on key New Zealand goods exports as a traditional FTA would do.
- 3.2 While ExportNZ understands that IPEF is not designed to be an FTA and that the US is not in a position to progress a bilateral or multilateral FTA, ExportNZ's preferred outcome would be for the US to join the Comprehensive & Progressive Trans-Pacific Partnership (CPTPP).
- 3.3 While ExportNZ is disappointed, our organization is hopeful that IPEF will provide other opportunities to engage with the US on trade, open new opportunities for New Zealand businesses, and offer exporters time and cost savings.
- 3.4 As a participant, IPEF gives New Zealand another avenue to push the US on trade issues. For example, while the removal of tariffs on New Zealand steel and aluminium is off the table, for now, New Zealand must take every opportunity to raise the lack of justification for such tariffs with US trade officials.
- 3.5 ExportNZ believes there are significant opportunities between New Zealand and the US in the digital economy sector. Our organisation would hope that IPEF is used to address any cases of non-tariff barriers to digital trade being introduced.

### **4. SUPPLY CHAIN RESILIENCE**

- 4.1 The Covid-19 pandemic and lockdowns exposed how vulnerable the global 'Just-In-Time' supply chain network is to sudden shocks. The subsequent Invasion of Ukraine, China's zero-Covid lockdowns, and labour shortages in

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<sup>1</sup> StatsNZ, New Zealand International Trade Dashboard.

seaports worldwide have continued to cause havoc with the global supply chain.

- 4.2 Over the past several months, New Zealand has managed to establish working groups with Australia and Singapore regarding supply chain collaboration. ExportNZ believes that an IPEF-wide working group on 'supply chain disruptions' could help the region avoid similar supply chain disruptions to those experienced over the past two-and-a-half years.
- 4.3 There are also significant opportunities to engage with the US and IPEF members on digital trade windows and paperless trade. ExportNZ would like to see a push towards a digital trade system and wider adoption of e-documents for customs entries and other parts of the supply chain.
- 4.4 The likes of GS1 (a worldwide, not-for-profit), for example, are leading the convergence of data standards globally. This expertise could be tapped into as a starting point for a discussion on data standardization in cross-border trade.

## **5. INFRASTRUCTURE, CLEAN ENERGY, & DECARBONISATION**

- 5.1 ExportNZ believes that as the world's largest economy and global leader, the US must lead by example in the transition to a more sustainable future.
- 5.2 IPEF's *Infrastructure, Clean Energy, & Decarbonisation* pillar must be used as a means to engage the US on decarbonising their economy and for them to support developing nations' decarbonization initiatives. Their leadership will be key in the global transition towards a more sustainable world economy.
- 5.3 ExportNZ believes that while New Zealand exporters are leaders in sustainable production and practices, New Zealand is a technology 'follower' in many areas. New Zealand needs the US to be an active partner in the push to reduce carbon emissions.

## **Annexe 1.**

### **ABOUT EXPORTNZ**

ExportNZ is a national industry association representing a diverse range of exporters throughout New Zealand. ExportNZ is a division of BusinessNZ, New Zealand's peak business advocacy body.

We are a membership organisation and across our two brands have approximately 2,000 export members. We also have four regional partners: Employers Manufacturers Association (Upper North Island), Business Central (Lower North Island), Canterbury Employers Chamber of Commerce (Upper South Island) and Otago Southland Employers Association (Lower South Island) which between them represents the bulk of manufacturers in New Zealand.

Our value proposition for members is a mixture of policy and advocacy, education and training, networking, trade missions and inspiration through awards events and conferences.

### **BusinessNZ Network**

