

Submission by



to the

Ministry for Primary Industries

on the

**Modernising Our Export Assurances Systems:
Legislative Options**

29th September 2022

1.0 INTRODUCTION

- 1.1** Export New Zealand (ExportNZ) and the New Zealand International Business Forum (NZIBF) welcome the opportunity to comment on the Ministry for Primary Industries' (MPI) *Modernising Our Export Assurance Systems: Legislative Options* Consultation Document.
- 1.2** In addition to the information provided in the Annex, both ExportNZ and NZIBF hold broad memberships that include all parts of New Zealand's export sector, including the primary industries. Export NZ and NZIBF both appreciate the role MPI plays in providing export assurances and the Ministry's responsiveness when difficulties arise. We understand that the integrity of the export assurance system needs to be carefully maintained to avoid trade disruption.
- 1.3** As many of our respective members will make their own submissions independently, our submission will focus on specific concerns raised with us by our members and speak to our support for one of the legislative options.

2.0 SUPPORT FOR LEGISLATIVE OPTION ONE

- 2.1** ExportNZ and NZIBF **write in support of Legislative Option One:** *Create new enabling export legislation for regulating the export of all food and other primary sector exports.*
- 2.2** We understand that there has been an increase in the introduction of non-tariff barriers and new regulations in various export markets, some of which have resulted from Covid restrictions and the current geopolitical environment.
- 2.3** Access to overseas markets is always changing and cannot be taken for granted. We understand that MPI currently does not have the tools in some sectors to quickly respond to the new regulations introduced by their overseas counterparts.
- 2.4** Regarding the objectives outlined in the consultation document (Certainty, Confidence, Effectiveness, and Proportionality), ExportNZ and NZIBF believe that Option One balances the objectives, with the costs and level of regulation the greatest out of the three options.
- 2.5** Therefore, ExportNZ and NZIBF see the request for legislative cover as reasonable and support giving MPI the ability to create a new legislative framework.

- 2.6** Our support for Option One, however, comes with several issues that need to be addressed before any new legislation is implemented. These issues also speak to our reasons for not supporting Options Two or Three.

3.0 KEY CONCERNS TO RAISE

3.1 Relation to Current Legislation

While officials have confirmed that the intention of the new legislation is not to replace or duplicate the Animal Products Act 1999 (APA) or Wine Act 2003 for exporters already covered under this legislation, there remains the question of how this new legislation (if it is to proceed) will interact with existing legislation, particularly as animal products and wine remain in the scope of this project.

- 3.2** Page 27 of the consultation document states "*It [Legislative Option One] is likely to have the largest impact on exported products that are not already regulated under legislation like the Animal Products Act 1999 or the Wine Act 2003.*" This statement, however, leaves the new legislation's intentions regarding animal products and wine ambiguous. In turn, this concerns exporters in both sectors who feel they may be vulnerable to extra regulation unreasonably.

3.3 Legislation & Compliance "Creep"

Adding to the above issue, there is concern from the wider "Food and Other Primary Sector Exports" sector regarding the possibility of legislative and compliance "creep" i.e., the gradual and incremental introduction of new regulation and compliance that can overwhelm exporters with administrative and quality assurance commitments.

- 3.4** There should be a commitment regarding the regulation introduced by MPI to ensure that if regulatory barriers overseas are removed, then the regulation introduced by MPI is also removed. The concern from exporters is that once regulation is introduced, it is not removed, incrementally adding to the compliance work that businesses need to complete. Not only does this overcomplicate processes, but also adds significant cost through the hiring of administrative staff or consultants.

3.5 Private Quality Standards

ExportNZ and NZIBF received feedback regarding private quality standards like Good Agricultural Practices (GAP) Certification. GAP is a voluntary certification programme that verifies through an audit that sound food safety practices are being implemented.

3.6 Although the GAP Certification is out of scope for this project, it is worth exploring the global use of private quality standards and how these relate to Government-to-Government standards being implemented.

3.7 Our concern is that if exporters are being asked to provide both Government-to-Government certification, as well, as certificates like GAP certification, then they are effectively having to do twice the paperwork to export their goods. This over-compliance can add both time and financial costs unnecessarily and should be addressed.

3.8 Cost Burden & Concerns

While Option One may not impose too much additional burden on businesses, there is concern regarding the significant costs to businesses involved with Option Two and Three. The imposition of new regulatory costs is a significant factor in our opposition to these Legislative Options.

3.9 ExportNZ and NZIBF would caution against adding more costs to businesses. ExportNZ's recent DHL Barometer Survey for 2022 shows that increasing costs (shipping and logistics, cost of labour, cost of materials, etc.) is a key theme to the top five barriers to exporting from New Zealand. Exporters do not need more costs applied to them, even if this only eventuates in four to five years' time.

3.10 While the motivation for these proposed reforms is understood, the current global financial and geo-political environment is incredibly uncertain, and more regulatory barriers and government oversight than is necessary could cause more pain and frustration than good.

Yours Sincerely,

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ANNEX 1.

ABOUT EXPORT NEW ZEALAND (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 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).

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. Notably, we run a BusinessNZ Chief Technology Officers Group, incorporating the largest innovation-driven companies in New Zealand, many of which export.

BusinessNZ Network



ANNEX 2.

About New Zealand International Business Forum (NZIBF)

NZIBF provides a voice to articulate the needs and priorities of New Zealand's international business community, and in particular the importance of open markets, to the New Zealand Government and public stakeholders. The NZIBF Board brings together leaders from amongst New Zealand's largest internationally oriented companies and peak business organisations representing many exporters of all sizes. (A list of Board Members is in Annex A.)

Incorporated in May 2007, NZIBF works with companies, business organisations and government agencies to implement projects in the international trade and economic sphere, including working to develop New Zealand's key international business relationships and conducting activities to promote New Zealand's competitiveness. NZIBF receives no direct government funding for its operating budget, but from time to time receives funding for jointly funded projects. Funding with respect to the policy advice and support that NZIBF provides to the New Zealand members of the APEC Business Advisory Council (ABAC) is provided by both NZIBF and the Ministry of Foreign Affairs and Trade (MFAT).