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EUROPE DAY 2010 – TIME FOR NEW ENGAGEMENT WITH THE EU

By Stephen Jacobi¹

9 May is Europe Day and a good time to reflect on the continuing political and economic importance of the European Union and its 27 members to New Zealand.

Europe has sometimes got a rather bad press in New Zealand over the last 40 years as we have sought to diversify our trade away from Britain to new markets in Asia. For much of that time too we argued about agriculture. Thankfully New Zealand's critical access for butter and lamb was secured once and for all by the Uruguay Round (thank you WTO). The Europeans have also embarked on a serious and continuing reform of the Common Agricultural Policy and a final conclusion to the Doha negotiations, if one could ever be achieved, would put an end to export subsidies.

The trouble with old perceptions is that they risk blinding us to new opportunities. The EU is one of the heavyweights of the global economy – the world's largest importer, exporter, investment source and destination. The Union is a single market of 500 million people enjoying the free movement of labour, capital, goods and services.

What's more the EU is New Zealand's second largest market after Australia, taking around 18 percent of exports and imports. The EU is an important source of inward investment, technology, immigration and tourism. While our trade is underpinned by exports of lamb, apples, kiwifruit, butter, seafood and wine, a range of niche products and technological applications find ready markets in Europe – ask Jade Software or Navman. And the traffic is not all one way. European suppliers of high value manufactured products and technology are doing good business here – like the French company Thales supplying an integrated transport ticketing system for Auckland or German company Siemens supplying wind turbines in Wellington.

While we may have been looking in different directions for much of the last four decades, that too is changing. The EU has negotiated a series of FTAs in the Asia Pacific region, starting with Chile and Korea and soon to include India and Canada. New Zealand has now proposed a comprehensive bilateral agreement as a new framework for the relationship. The proposed agreement is much broader than an FTA but has some useful provisions on trade facilitation and economic co-operation that would be helpful for business. The President of the EU Commission, Jose-

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Manuel Barroso, has said that he envisages “a broad and comprehensive agreement encompassing common values.”

Why not then an FTA with Europe ? That’s not currently on the cards. At the NZ/EU Trade Conference held in Auckland in February this year, EU senior official Mauro Petriccione said that if New Zealand really wanted a free trade agreement then the business case would have to be made to stakeholders in Europe of why this would be of benefit to them.

Short of an FTA there is a lot we can do to bring the relationship up to date and to develop contacts with newer members of the Union, especially those in Eastern Europe. Poland for example has recently opened an Embassy in New Zealand and we have done so in Warsaw. We need to put the effort in to build on the bridgehead established by these diplomatic missions.

Business has a role to play in purposefully building the business case for an expanded relationship as we have done successfully with the United States, Japan and Korea. Later this year a high level delegation of business leaders organised by the NZ International Business Forum will visit Brussels and other EU capitals to develop some new strategic engagement with European counterparts.

On 9 May 1950 Robert Schuman presented a proposal for the peaceful re-organisation of Europe. A considerable distance has been travelled since then. New Zealand’s own relations with Europe have shifted significantly as the face of Europe has changed. It’s time now to refocus on Europe even as we continue to develop our Asian strategy.