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FTA SECURES NZ POSITION IN CHINA MARKET

The Free Trade Agreement (FTA) to be signed with China should lift economic performance and keep New Zealand at the forefront of moves towards freer trade in the Asia Pacific region, says the New Zealand International Business Forum (NZIBF).

NZIBF brings together New Zealand's largest exporters and leading business organisations to promote New Zealand's international business engagement. Several NZIBF Board members are in Beijing for the expected signing of the FTA today.

Speaking in advance of the signing of the agreement, NZIBF Executive Director Stephen Jacobi said the FTA was a landmark event and the Forum congratulated both governments and officials.

"The FTA will improve access to the Chinese market by reducing tariffs and make New Zealand products more competitive. It will put in place new rules for trade between the two countries and lead to new trade and investment. That's good for our economy and for the livelihoods of New Zealanders".

Mr Jacobi acknowledged that the FTA would likely lead to more Chinese goods being available in the New Zealand market but pointed out Chinese exports were already increasing even without an FTA.

"The New Zealand market is already fairly open to China and remaining low tariffs in some sectors are not sufficient to restrict import growth. What the FTA does is level the playing field so New Zealand exporters get better access to China as well as put in place a framework for the two governments to manage the economic relationship. Chinese goods already give more choice for New Zealand consumers and help lower prices. The FTA should now also allow for improved consultation around issues of product safety and reliability".

Mr Jacobi said the International Business Forum understood public concerns about the human rights situation in China but believed that it was neither realistic nor desirable to delay signing the FTA.

"Refusing to sign the FTA would not lead to any improvement in human rights in China. The way to improve human rights is to engage fully with China at all

levels, including through the new mechanisms on labour and the environment established alongside the FTA. The aim should be to draw China more fully into a rules-based international system – the FTA gives New Zealand an unparalleled opportunity to develop the overall relationship with China”.

Mr Jacobi said that with the China deal now concluded priorities needed to be following up the new opportunities becoming available and moving on to conclude similar agreements with Japan, Korea and the United States.

For further information:

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About New Zealand’s trade with China

China is New Zealand’s 3rd largest trading partner, 4th largest export market (NZ\$1.86 billion in December 2006), 2nd largest source of imports (NZ\$4.96 billion in 2006), 4th largest source of tourists (122,000 in 2006) and largest source of international students (32,000 in 2006). Major exports to China are dairy products, wood and wood pulp, wool, fish, meat and aluminium. Major imports are computers, TVs, clothing and footwear and machinery.

About the NZ International Business Forum

The Forum is a business organisation which aims to generate wealth for New Zealanders by helping ensure that New Zealand enterprises are fully integrated and engaged in the global economy and New Zealand’s global competitive position is maximised. To enable New Zealand business to exploit new opportunities in international markets, the Forum provides leadership, works with companies and other business organisations to implement key projects and articulates New Zealand’s international business priorities to both the New Zealand Government and stakeholders.

Chinese imports to NZ grew 17% in the year ended December 2006 but NZ exports to China grew 20% in the same period – source HYPERLINK "http://www.stats.govt.nz/NR/rdonlyres/B9A12F01-F041-43FA-9A9F-6A22A7295AC6/0/December2006forweb.pdf" <http://www.stats.govt.nz/NR/rdonlyres/B9A12F01-F041-43FA-9A9F-6A22A7295AC6/0/December2006forweb.pdf>