



30 January 2020

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Dear Sir/Madam

Attached are the comments that the New Zealand Food & Grocery Council wishes to present on the recommendations in the Trade for All Advisory Board Report, *Trade for All*.

Yours sincerely

Katherine Rich  
**Chief Executive**



***Recommendations in Trade for All by the  
Trade for All Advisory Board***

**Submission by the New Zealand Food & Grocery  
Council**

**30 January 2020**

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## **NEW ZEALAND FOOD & GROCERY COUNCIL**

1. The New Zealand Food & Grocery Council (“NZFGC”) welcomes the opportunity to comment on the Recommendations in the *Trade for All* report (the Report) by the Trade for All Advisory Board.
2. NZFGC represents the major manufacturers and suppliers of food, beverage and grocery products in New Zealand. This sector generates over \$40 billion in the New Zealand domestic retail food, beverage and grocery products market, and over \$34 billion in export revenue from exports to 195 countries – representing 65% of total good and services exports. Food and beverage manufacturing is the largest manufacturing sector in New Zealand, representing 45% of total manufacturing income. Our members directly or indirectly employ more than 493,000 people – one in five of the workforce.

### **OVERARCHING COMMENTS**

3. NZFGC welcomes the opportunity to comment on the recommendations contained in the *Trade for All* report. New Zealand’s trade in food and beverage has a long history of being served very well by the coordinated efforts of both the Ministry of Foreign Affairs and Trade (MFAT) and the Ministry for Primary Industries (MPI). NZFGC is therefore confident that New Zealand has been and continues to be very well served by departmental trade negotiators and their teams from across Government departments. While we “need to be realistic about our ability to influence a world trading system” (Recommendation 3(b) in the Report), it is important not to sell our abilities short. New Zealand has been eminently successful in a wide range of engagements.
4. A key omission in the Report is in relation to New Zealand’s ability to manage trade flows efficiently and effectively. It is important that factors such as climate change not mask the tangible and growing need for increased capacity and better container movement at the border.
5. NZFGC continues to support the close engagement with key agencies in developing negotiations. We do not agree that MFAT has responsibilities beyond its capacity or capabilities and believe its role as described is to identify New Zealand’s interests, negotiate and measure the success of its negotiations.
6. While there is always room for improvement in engagement, time constraints are a key factor in determining the extent and depth of engagement. NZFGC would not like to see opportunities lost because of a slavish adherence to an engagement model or to unreasonable transparency which reduces the effectiveness of professional negotiations on behalf of New Zealand’s interests.
7. Sustainability and climate change elements in trade policy and negotiations in future would align well with the focus in business over the past decade. We are also strongly supportive of the suite of recommendations made in the Trade for All Report concerning market access and consider greater account of the role of MPI in this area is vital.
8. While we agree that refining and utilising credence attributes for trade etc is an important pathway to pursue, this should build on the excellent work conducted in this area to date so that the nation continues to leverage such attributes.

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## **DETAILED COMMENTS**

### ***Measures to address public confidence and trust and modernise trade policy***

9. NZFGC is particularly supportive of work that might be undertaken for a Whole of Government Framework for Trade and the Environment but points out that New Zealand's trade in food and beverage has a long history of being served very well by the coordinated efforts of both the Ministry of Foreign Affairs and Trade (MFAT) and the Ministry for Primary Industries (MPI).
10. We agree that New Zealand's chairing of APEC in 2021 present a strong opportunity for New Zealand to influence the debate about the WTO and wider reform and we hope the opportunity is taken up. Sustainability is a key focus not only of APEC but globally and this will continue to be central in trade developments.
11. In the non-tariff measures/non-tariff barriers discussions, it is important to separate the two so that they are treated appropriately since non-tariff measures are more likely to be evidence/science based than non-tariff barriers which are largely protectionist without basis. We believe New Zealand has a strong engagement with the Pacific community and while we could always do more, balance in approach is important to maintain our perspective on the trading environment. We consider there is plenty of evidence that New Zealand has "viewed the world through a Pacific lens" (The Report p12) and could hardly do otherwise in the future.
12. Another key area in this group of recommendations of particular interest to NZFGC members is in relation to intellectual property provisions. We support transparency in this area and have particularly appreciated the effort to do so in relation to geographical indicators in the negotiation of a free trade agreement (FTA with the EU).
13. We also strongly support the negotiation of arrangements consistent with our national interest in food and beverages including ensuring there are net benefits to New Zealand. However, by its definition, a negotiation is not about handing the other negotiating party all information they need simply in the interests of community transparency. We recognise there will be times and circumstances when positions must necessarily be confidential, especially to preserve negotiating 'coin'. A slavish adherence to transparency that diminishes the net benefit to New Zealand or reduces the effectiveness of professional negotiations would not be in New Zealand's best interests.
14. A key omission in the Report is in relation to New Zealand's ability to manage trade flows efficiently and effectively. This is an infrastructure issue of great concern to NZFGC that we see impacting our exports and imports on a daily basis. While a range of factors might influence this area over time, it is important these factors not mask the tangible and growing need for increased capacity to handle an increasing volume of containers and to do so in a timely manner and to achieve better container movement at the border over time.

### ***Improving policy and foresight***

15. NZFGC continues to support the close engagement with key agencies in engaging in developing negotiations. We do not agree that "too much is being loaded onto MFAT" (The Report p14). Its role is to identify New Zealand's interests (with others, clearly), negotiate and measure the success of its negotiations. External evaluation might be an add-on but should not replace MFAT's own monitoring and evaluation. We are more concerned that the Trade for All Advisory Board has recommended adding to MFAT's responsibilities in a number of areas and point to the extensive assessment measures and analysis proposed (The Report, paragraph 258) comprising 20 elements, each one of which could require the combined expertise of the Productivity Commission, Statistics New Zealand, the Waitangi

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Tribunal and Local Government. We would not expect these to be necessary for each and every trade negotiation – rationality needs to play a part in a country of 5 million people.

16. While there is always room for improvement in engagement, time constraints are a key factor in determining the extent and depth of engagement. This is reflected in commercial realities of competition in the international trading environment and NZFGC would not like to see opportunities lost because of a slavish adherence to a rigid or codified engagement model. We are particularly concerned about the diversion of resources for engaging with 'hard to reach' communities. 'Hard to reach' seems to mean the 'traditionally disengaged and marginalised groups'. In our view, there are a plethora of electronic channels that might be utilised if not done so already and resources should not be diverted to try to engage physically where that has been unwelcome in the past.

***Advancing New Zealand interests in an enhanced international system***

17. *Sustainability* – NZFGC is strongly supportive of international agencies meeting future challenges in sustainability, particularly in the WTO, and in the elimination of subsidies. This is nothing less than has been the focus in business over the past decade and would generally present as an advantage for New Zealand since we have around 80% of energy generation being from renewable sources.
18. *Market access* – NZFGC strongly supports the suite of recommendations made in the Trade for All Report concerning market access. We note the recommendations do not mention MPI which has an extensive market access programme for the food and beverage sector that is very focussed on delivering 'productive relationships' across the globe. The capacity and foresight applied by MPI, often working in close collaboration with MFAT, delivers huge benefits for the New Zealand food and beverage sector. They are, as often as not, assisted in the foresight around knowledge of other countries by New Zealand's companies operating on the ground overseas and the relationships our companies have built up as a result. This feature is acknowledged in the Report (Paragraph 202, p63).

***Aligning trade policy with improving productivity and sustainability***

19. While we agree that refining and utilising credence attributes for trade etc is an important pathway to pursue, this should build on the excellent work conducted in this area to date so that the nation continues to leverage such attributes.
20. In relation to SMEs and 'micro-exporting' we note that there is a significant group of such businesses in New Zealand especially in the food and beverage sector. While there would be enthusiasm for expanding the opportunities of such businesses either by inclusion in in-market programmes or in coordination efforts, this should not be at the expense of the inclusion of major players in the sector or opportunities for large exporters.