

# The Business Growth Agenda Progress Reports

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## BUILDING:

- EXPORT MARKETS
- INNOVATION
- SKILLED AND SAFE WORKPLACES
- INFRASTRUCTURE
- NATURAL RESOURCES
- CAPITAL MARKETS

# Building Export Markets

August 2012

New Zealand Government



# Ministers' Foreword

We are pleased to present this progress report on the Government's work to help grow New Zealand's export opportunities and build sustained economic growth.

*Building Export Markets* is the first of six progress reports on the Government's Business Growth Agenda. It lays out the export challenge for New Zealand, the great opportunities we have, and the Government initiatives underway to help companies boost our export performance.

The Government has an ambitious goal for New Zealand – to increase the ratio of exports to GDP from the current 30% to 40% by 2025. This will require a concerted effort to encourage investors to develop more internationally competitive businesses, in both the commodity and high-value technology-based sectors. Setting this goal ensures the Government remains focused on supporting the confidence and growth of our high productivity export firms.

It is also clear that to lift the international profile of Kiwi exporters in international markets we need to better tell the 'New Zealand Story'. Work is under way with key stakeholders on developing a compelling and consistent narrative about our country's special qualities that work for a range of exporters and sectors. We want to see the 'New Zealand Story' used by the Government, its agencies and New Zealand businesses to build greater brand recognition and demand for our goods and services overseas.

For exporters to be successful they need to be competitive. And to be competitive, companies need access to innovation, capital, skilled workers, resources, the supporting public infrastructure, and markets to sell their products. Making it easier for firms to access all six is the focus of the Government's Business Growth Agenda.

The Government has established six informal portfolio groups of Ministers, specifically grouped around the work streams, to drive the Business Growth Agenda forward and focus on what matters to businesses and companies. This progress report tells you where we are at in the *Building Export Markets* stream.

We want your feedback to assist us in focussing our efforts. We encourage you to engage with the relevant Ministers and officials to give us your views on the programme.

Nothing creates jobs and boosts incomes better than business growth. For New Zealand to build a more productive and competitive economy, we need more companies out there selling their products on the world stage.



**Hon Bill English**  
MINISTER OF FINANCE



**Hon Steven Joyce**  
MINISTER FOR ECONOMIC DEVELOPMENT

## Export Markets Group of Ministers

Rt Hon John Key  
Hon Steven Joyce  
Hon David Carter  
Hon Murray McCully  
Hon Tim Groser  
Hon Craig Foss  
Hon Chris Tremain  
Hon Maurice Williamson  
Hon Dr Pita Sharples

# The Business Growth Agenda

It is businesses that drive economic growth and build a more successful economy.

Growing competitive businesses creates jobs and increases exports to the world. Nothing creates sustainable high-paying jobs and boosts our standard of living better than business confidence and growth.

Building a more competitive and productive economy for New Zealand is one of the key priorities the Prime Minister has laid out for this Government to achieve. The Business Growth Agenda will drive this by ensuring the Government stays focused on what matters to business, to encourage confidence and further investment.

There are six key ingredients that businesses need to succeed and grow. By focussing on these ingredients we will ensure businesses have the opportunity to lead economic growth.

The six key areas in the Business Growth Agenda are:



This is one of a series of progress reports each focussing on one of the six elements needed for business growth. These reports give a clear picture of the advances in each area of work and the projects the Government is focused on, both to provide transparency to businesses and to obtain feedback. The Government is holding itself accountable to the business community and to the public to achieve tangible progress.

The new Ministry of Business, Innovation and Employment is working alongside other agencies to coordinate the agenda and ensure businesses can more easily access the advice and support from Government agencies they need to be successful.



# Introduction

New Zealand's economic future hinges on growing our exports in a fast-changing and increasingly competitive global economy.

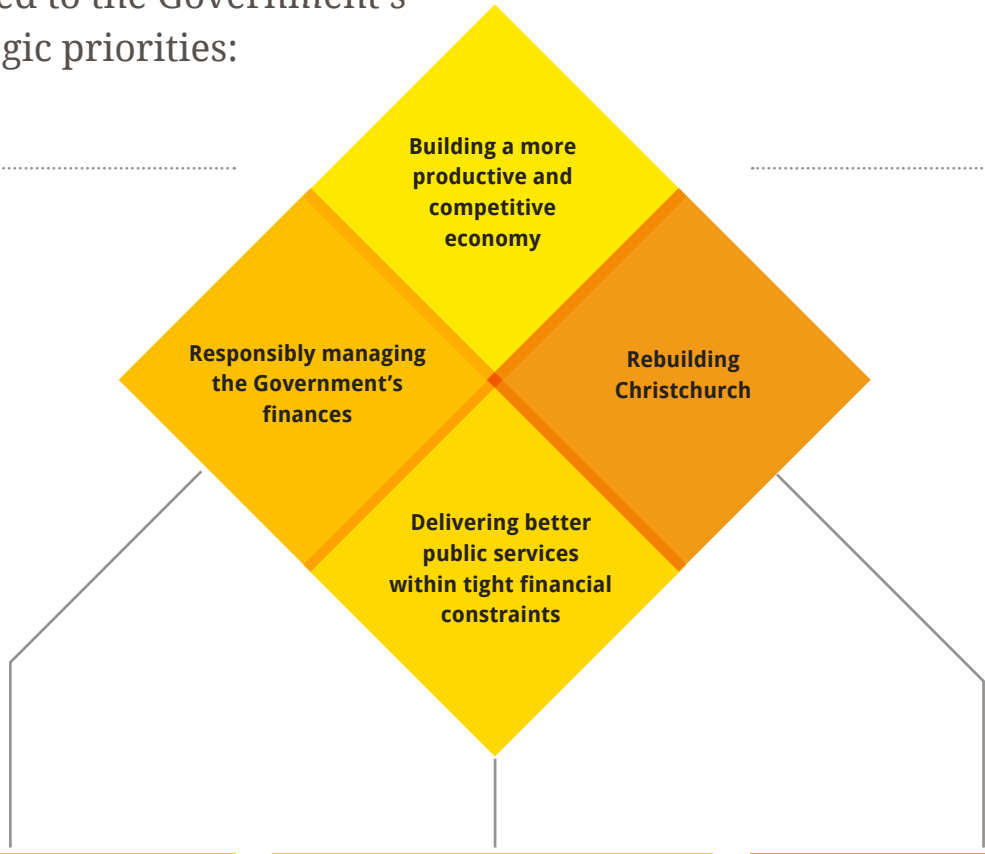
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Our success relies on competitive businesses successfully taking advantage of international opportunities.

To help give businesses an edge internationally and grow our economy the Government is working with business to lift the volume and value of our exports.

We will ensure the rules, regulations and policies – both here in New Zealand and in key markets offshore – promote exports; and we will assist New Zealand firms to better leverage the value of the 'New Zealand brand' for export success.

*Building export markets* is central to building a more productive and competitive economy and is clearly linked to the Government's other strategic priorities:



In a challenging global environment it is incumbent on us to deliver ongoing macroeconomic stability and provide a solid and predictable foundation for businesses. The level and volatility of the exchange rate is clearly a critical factor for exporters. Getting the Government's accounts back into surplus is the most direct contribution the Government can make to lifting national savings and reducing upward pressure on interest and exchange rates.

The Government sector represents about one third of our economy. Continual improvement in the delivery of public services will lift the productivity of the whole economy. The Better Public Services programme will also improve the services the Government directly provides to exporters – such as border services, regulation and assurances, and market intelligence.

It is essential a vibrant and dynamic Christchurch continues to play its part in our nation and economy. This includes its contribution to New Zealand's exports, both from the region's commodity base and its high-tech and manufacturing businesses.

# Export Markets matter

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New Zealand is not going to get rich by selling to itself. The small size of our domestic market constrains New Zealand businesses' growth. The ability of businesses to sell their goods and services to customers in overseas markets is critical. It enables New Zealand businesses to access a larger market. Businesses are then able to benefit from economies of scale, and to specialise in areas they have an advantage in. Connections to international markets also allow us to access resources, knowledge and ideas that can boost our productivity and stimulate innovation. These global connections are even more important for a geographically small and remote country.

Increased exports and international linkages are therefore critical to lifting New Zealand's productivity and economic growth. OECD research suggests that a 10 percentage point increase in trade openness – the share of exports and imports to GDP – lifts GDP per capita by 4%.

The evidence also suggests that firms that are more efficient and productive are more likely to export.

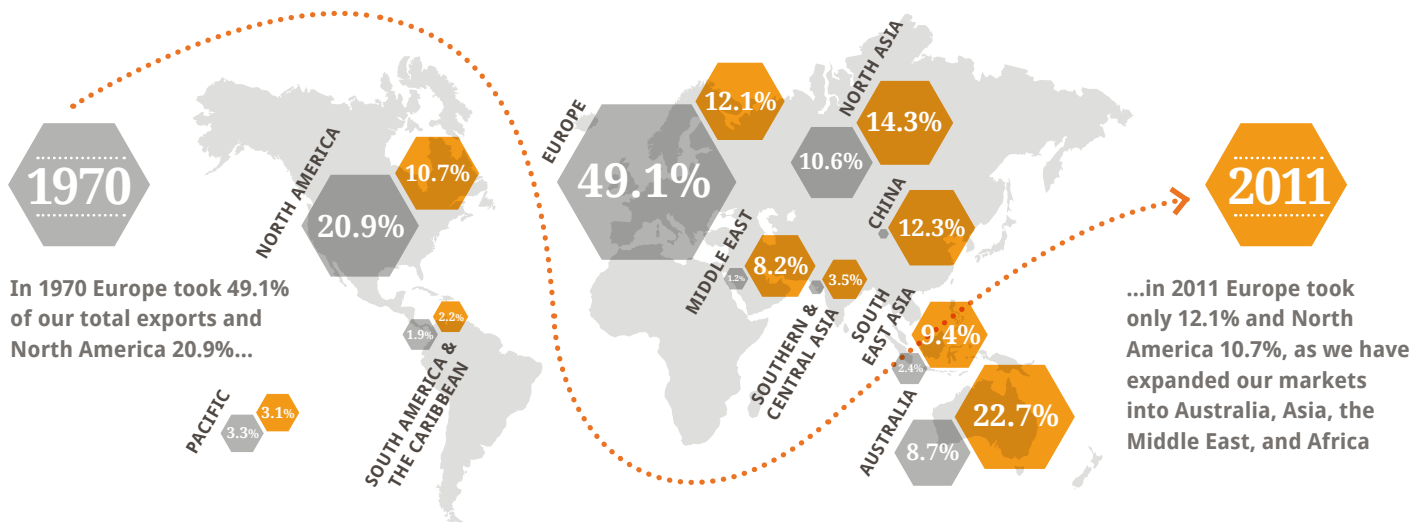
This highlights the importance of “building a more productive and competitive economy”. To succeed in a dynamic global economy we have to improve New Zealand's productivity and competitiveness so that our businesses have a great platform from which they can compete successfully in the global market.

More successful businesses based in New Zealand means more and higher-paying jobs for New Zealanders. Export markets and an export-focused economy are the path to a more prosperous future for all New Zealanders.

# State of the Play

The volume of global trade and the range of goods and services traded have increased enormously over the last 40 years.

New Zealand has successfully diversified our export markets and products:



We have extended our export profile from our traditional agricultural base of wool, meat and dairy to include horticulture, wine, forestry, fisheries and aquaculture. This

is complemented by a strong niche manufacturing sector in resource-based and high-tech areas; and services exports – tourism, education and, more recently, commercial services.

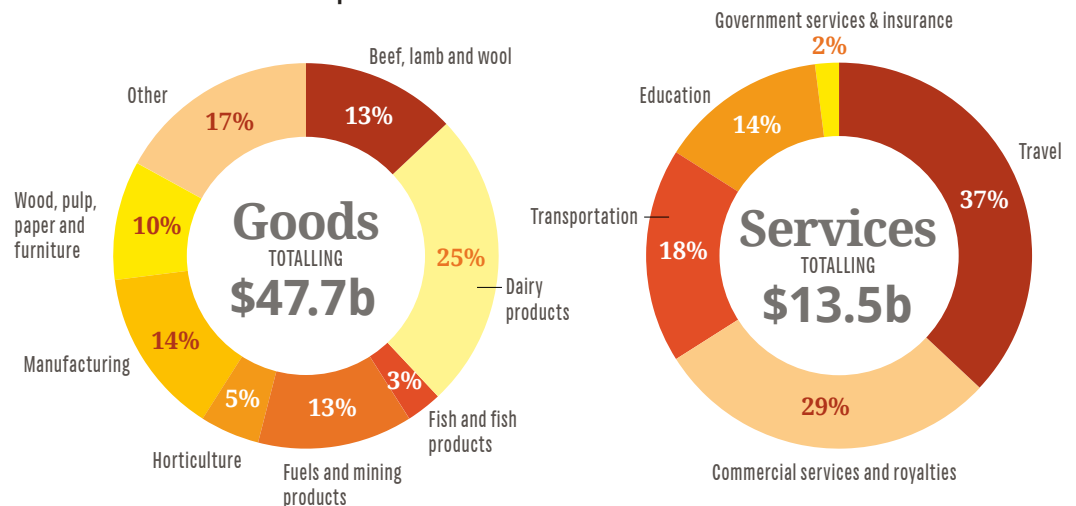
New Zealand has been an early and successful mover in negotiating bilateral and regional Free Trade Agreements.

**46%** of our exports go to countries with which we have concluded FTAs

Exports to China have jumped **160%** since our FTA came into force in 2008

In the four years to March 2012, the total value of our goods exports grew at an average annual rate of 5.6%, despite a testing international trading environment. Even taking account of services – and bearing in mind that tourism has struggled over this time due to the fallout of the Global Financial Crisis – the value of New Zealand's exports of goods and services have grown at an average annual rate of 4.2% over this period.

**In 2011 New Zealand exported:**





## State of the Play

But this is not enough. We have not kept pace with global changes.

Our exports of goods and services represent around 30% of GDP. This is about the OECD average but well below the 40%–50% of GDP for similar-sized OECD countries. Recent growth in the New Zealand economy has been greater in the non-tradeable sectors than in those parts of the economy that compete on the international stage. Our international competitiveness has been declining and, since the mid-2000s, our export performance has suffered.

New Zealand's size means that our businesses have to export earlier than they would if their home market was larger.

What's more, the global environment has been volatile and the nature of international trade is changing (see *Spotlight – A Fast-Changing World*). As tariffs fall the importance of non-tariff barriers to trade is highlighted.

This environment provides both challenges and opportunities. The way that we think about international trade needs to evolve.

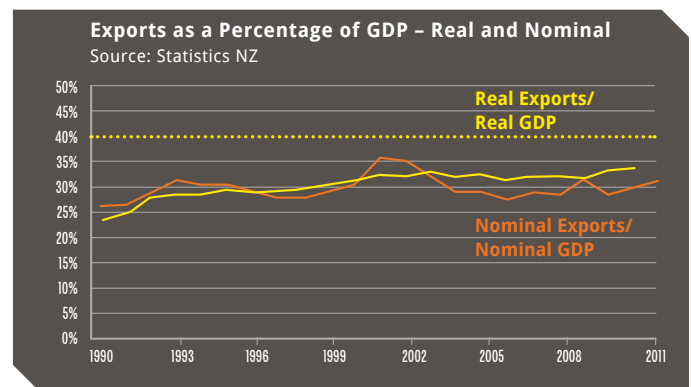
Businesses are looking for opportunities to insert themselves into global and regional supply chains. This might be capturing value from design expertise and intellectual property, or at the distribution or retail end of the chain. Or it might be different ways of doing business such as joint ventures or inward or outward direct investments. For example, services businesses often need an 'in-market' presence to grow.

We want to see an increased number of New Zealand businesses operating internationally at scale and growing sources of international earnings, not just from final goods or services exports.

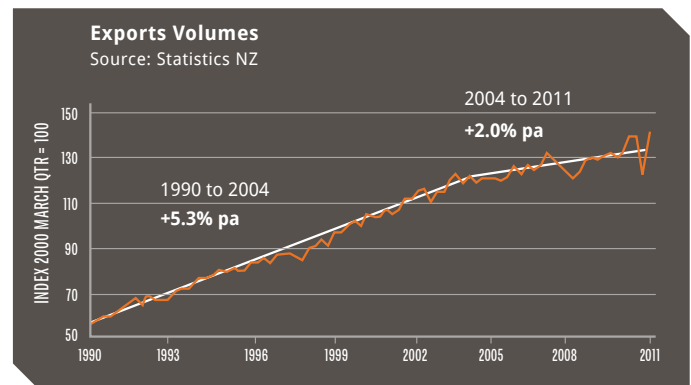
New Zealand's small size can be an advantage, for collaboration, and for piloting ideas. Our expertise in niche areas – in both commodity and other high-value technology-based sectors – is a strength. And a growing global demand for food and a world in which economic wealth and influence is moving towards Asia also provides opportunities.

We have a diaspora offshore, including many influential and well-connected New Zealanders who remain committed to enhancing New Zealand's economic interests. The challenge for us all – business and Government – is to grasp these opportunities for the benefit of New Zealand.

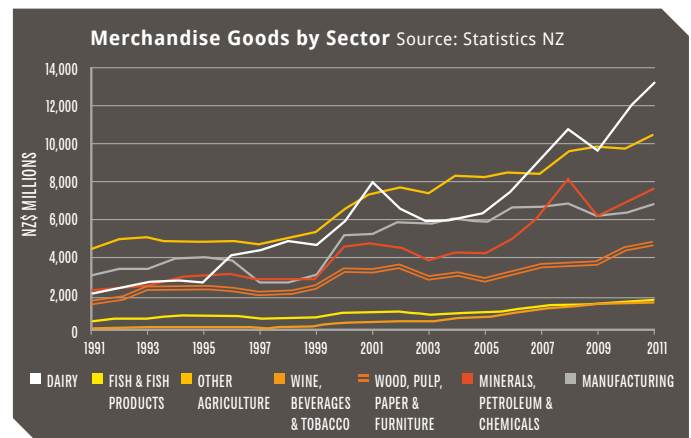
NZ's exports as a share of GDP have been fairly constant over time



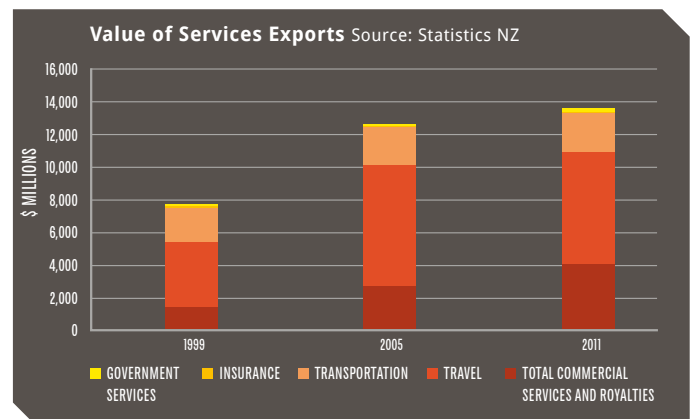
Since 2004 our export growth, in volume terms, has fallen two-thirds



In recent times the value of our commodity exports have benefitted from high prices...



...but the growth of services exports – particularly tourism – has been weak



# A Fast-Changing World

**We are striving to boost our international competitiveness against the backdrop of a rapidly changing global environment.**

New Zealand will continue to be significantly affected by external developments. Our ability to take advantage of new opportunities internationally and be resilient to meet economic challenges remains critical.

The current global economic and trade context includes:

- › A continuing fragile global economy, particularly in many advanced economies, with potential impact on world trade, investment, tourism and services flows. The WTO is predicting world trade growth will slow to 3.7% in 2012.
- › The risk of renewed protectionism by countries in the face of economic challenges.
- › The structural shift of economic wealth and influence towards emerging economies and in particular, from West to East.
- › A commodity price cycle that has no historic parallel since the early nineteenth century.
- › An estimated world population of 9.1 billion by 2050, with an associated increase in the middle-class, which could grow global demand for food by 60%.
- › The changing nature of trade towards regional or global value chains. Increasingly exports are 'made in the world'. In the past 20 years the import content of export manufactures has increased from 20% to 40%. Today more than half (56%) of trade in manufactured goods is in 'intermediate' goods and over 70% of services trade in 'intermediate' services.
- › Trade being less about 'goods' than it has been in the past, with growth in services trade becoming relatively more important.
- › Increasing private sector 'regulation' (i.e. not just regulation by Government) of environmental, labour, safety, and sustainability standards.
- › The implications over time of resource depletion and possible policy responses, such as restrictions on trade of key resources.
- › Continuing technological change.



## Icebreaker

Case  
study

Icebreaker has become an iconic New Zealand apparel brand. Using 100% pure merino wool sourced from the Southern Alps, Icebreaker purchases about one quarter of the merino wool grown in New Zealand.

It is committed to building a merino clothing brand that uses pure New Zealand merino fibre, but is truly competitive internationally. Its primary selling point is the benefit of merino wool. In 2008 the company launched "Icebreaker Baacode", a pioneering supply chain transparency and traceability program.

Key opportunities for Icebreaker include new product lines and distribution channels. For example, Icebreaker plans further expansion into key Asian markets, to get closer to the customers, with a plan to

develop ranges better suited to Asian body sizes. Icebreaker expects this to fuel growth with new distributor partners in Japan, China, Taiwan and Korea.

Growing competition in the merino space does create challenges for Icebreaker – at a recent tradeshow there were over 60 brands with a merino offering. While a challenge, this is also an opportunity as it helps raise the awareness of merino with potential customers.

Icebreaker is an excellent example of a New Zealand company adding significant value to our primary resources through leading edge design, branding and smart use of global supply chains. It is at the forefront of the New Zealand brand story and a great example of a new business model based on innovation.

# Our Goal

To help drive progress in the Building Export Markets work and to measure success, the Government has committed to the following high-level goal:

*Increase the ratio of exports to GDP to 40% by 2025*

This is an ambitious target. Currently our total exports of goods and services are \$61 billion, 30% of GDP<sup>1</sup>. If our exports were 40% of GDP today, that would mean they would be \$20 billion larger – which is more than 50% larger than our current dairy exports (\$12 billion) or a further 200 knowledge intensive manufacturing or services companies each earning \$100 million per year.

To meet the target of 40% by 2025, the value of our exports will need to double in real terms. This requires real export growth on average of between 5.5% and 7.5% a year from 2016 to 2025 (depending on the path of economic growth and using Treasury's export growth forecasts for the next three years – average 1.8%).

New Zealand has achieved periods of strong real export growth in the past, for example an average of 5.7% between 1990 and 2003. But that was during a time of reasonably high global growth and the exchange rate was, for much of the period, lower than it is currently.

Achieving our 40% target will require a shift of investment away from the production of goods and services for the domestic economy, and towards international markets. It will require investment to flow to opportunities in

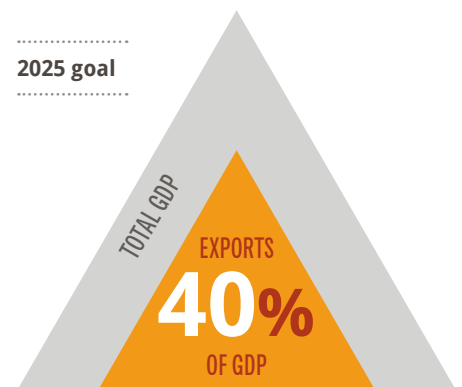
the export sector, as well as the ability of labour and skills to shift in response to changing demand. International experience suggests a shift of this magnitude is possible with concerted effort and supportive macroeconomic conditions.

Achieving this shift requires coordinated action across the six areas of the Business Growth Agenda. For example, New Zealand's natural resource base, which is an important part of our economic advantage, will need to be regulated to allow for sustainable growth of the primary sectors.

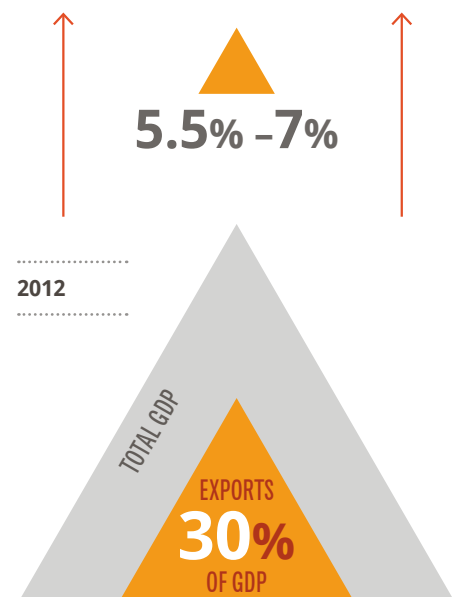
The Government is also working hard to improve the ability of capital markets to match investors and businesses so that capital can flow to the right places.

Open capital flows with the rest of the world are vital, both as an important supplement to domestic saving, and in ensuring our firms have strong connections to international markets and that their cost of financing is similar to offshore competition.

Given the soft global economy and the level of imports that will be necessary to help rebuild Christchurch, some decrease in the percentage of exports to GDP could be experienced in the short term before growth occurs.



Required real export growth per annum



1. Nominal (rather than real) figures have been used to permit international benchmarking.

## Our Goal



The recent performance of some of our export sectors can help illustrate the magnitude of the growth needed.

- › The past decade's growth rates would get us only 70% of the way towards doubling the value of our real exports by 2025.
- › The scale and importance of New Zealand's **primary sector** exports (55% of our exports currently)<sup>2</sup> means this sector is **critical**. In the past decade the value of primary sector exports grew by almost half in real terms and the sector has achieved productivity growth (an average of 2.1% per year since 2000) that is greater than the wider New Zealand economy.
- › The primary sector would need to continue to deliver robust export growth at, or near, its recent rates if we are to achieve the 40% target
- › But the primary sector alone will not get us there. Even with strong productivity growth driven by investments we are making in world-leading research and development, and a resource base able to support a sustainable improvement in output, **more will be needed**.
- › Part of the answer will be adding greater value to our core primary sector products and also doing business differently, for example, through offshore investment strategies that more firmly embed New Zealand companies and sectors in global value chains.
- › We also need to make the most of our abundant **energy and minerals** potential through environmentally responsible development and use of the country's diverse energy resources.
- › A **strong contribution from manufacturing and services exports will also be needed to achieve the 40% target**. If primary sector exports grew at the pace of the past decade for the next 13 years, then manufacturing and services exports will need to grow by 5% per annum to reach our 40% target. This is equivalent to 250 more knowledge-intensive manufacturing and services businesses generating \$100m a year from exports. In the past decade manufacturing exports grew by just over 1% per annum in real terms, highlighting the magnitude of the step-up needed.
- › New Zealand has a growing number of successful exporters in the knowledge-intensive manufacturing and services areas, despite the challenging trading environment they have faced. A good example is Navman Wireless, formed in 2006 which now has revenues of \$100 million a year.
- › By creating a more conducive business environment for these firms, they will grow faster, and we will grow more of them. This means ensuring these firms have the incentives to achieve success and can access the various inputs they need to grow. This goes to the heart of the Business Growth Agenda.

To achieve our target will require a concerted effort to develop more internationally competitive businesses in both the commodity and high-value technology-based sectors.

2. Including manufactured products derived from the primary sector, such as milk powder.

# Initiatives

We are committed to seeing a greater growth contribution coming from exports.

This requires us to help strategically position New Zealand companies to take greater advantage of international opportunities (and manage any risks); to drive improvements to the operating environment for exporters;

and to ensure that the services and assurances Government provides exporters make it easier for New Zealand businesses to succeed internationally. The Government is focussing on *Building Export Markets* in these key areas:

## Delivering a Compelling New Zealand Story

Ensuring that who we are, our reputation and standing is well articulated and understood internationally, helping to create demand for New Zealand goods and services.

## Improving Access to International Markets

Hardwiring New Zealand into markets through international agreements, such as Free Trade Agreements and Air Services Agreements, and making effective use of our offshore representation.

## Increasing Value from Tourism

Enhancing the value of our flagship tourism exports.

## Making it Easier to Trade from New Zealand

Making it easier for businesses to get their goods and services to markets by ensuring our own regulations and border operations support export growth.

The Government is focussing on *Building Export Markets* in these key areas:

## Growing International Education

Working with the sector to help it deliver its goal of doubling the value of international education to \$5 billion by 2025.

## Helping Businesses Internationalise

Ensuring the Government's work with exporters delivers value and enables businesses to achieve scale and succeed internationally.

## Strengthening High-Value Manufacturing and Services Exports

Promoting continued strong growth of New Zealand's increasingly important high-value manufacturing and services exports.

The following pages set out the actions in each of these themes. Taken together the actions will provide the basis for a productive, competitive and innovative economy that can deliver the prosperity and wellbeing New Zealanders aspire to.

# Delivering a Compelling New Zealand Story

*Converting our cultural and reputational values into an international advantage*

A better understanding of what New Zealand has to offer can help support international demand for New Zealand's goods and services. Smaller exporters particularly emphasise that

it is 'the New Zealand story' that gives them their initial market entry point, being too small individually to secure brand recognition for their product or service.

### Develop a broad, compelling, and flexible New Zealand story that works for a range of exporters

Refining the 'New Zealand story' will ensure there is an overarching, consistent message that represents New Zealand and the best we have to offer. New Zealand already has a favourable international reputation, but some aspects of our story are better understood internationally than others; for example, our beautiful landscapes and our high quality food. We know New Zealand offers much more than this – such as our resourcefulness, integrity, quality, innovation, environment, and unique Māori cultural identity. We are working with stakeholders to identify attributes we should be conveying to the world. The New Zealand story will ensure we are recognised internationally for our suite of key attributes.

### Develop a toolkit of elements that help tell the New Zealand story

A tool kit will be developed for the private and public sectors to draw on to help tell the New Zealand story, potentially including consistent branding, photographic elements and stylistic guides.



### Facilitate the use of New Zealand branding by the private sector

Our goal is to enable export businesses to better link their products and services to New Zealand's international image. The New Zealand Fern mark will be available for accredited New Zealand businesses under license. Stronger use of the New Zealand Fern mark with accredited brand partners will help build on our positive international image and help to differentiate our products and services from the competition.

### Other Government actions to deliver a compelling new zealand story:

**Incorporate New Zealand's unique Māori cultural dimension to enhance the value of the New Zealand story**



## New Zealand King Salmon



New Zealand King Salmon (NZKS) is an excellent example of a vertically integrated New Zealand aquaculture company. It is a specialist King salmon farming, breeding, processing and marketing company, operating three hatcheries, five farms in Marlborough and four processing plants in Nelson. It has a sales and distribution office in Sydney (six staff), and has its own people on the ground in the United States and Japan. The company produces 70% of New Zealand's salmon production and 55% of world farmed King salmon production. Its product is differentiated on quality and taste; its breeding programme (pure King salmon brood stock);

innovative farming techniques; a strong sustainable/environmental/ food safety focus; and a New Zealand brand story. The company focuses on high-margin, branded product, competing internationally on non-price benefits of quality, service, customer relationships and reputable brands.

NZKS has a clear strategy to broaden and deepen its linkages to international markets and is committed to putting its own marketing resources in-market. The company has a strong sense of environmental responsibility and aims to lead the world in sustainable, renewable, farmed King salmon resource management.

# Improving Access to International Markets

*Broadening and deepening linkages to international markets to secure improved opportunities for New Zealand businesses and reduce our vulnerability to individual markets.*

The Government is enhancing links with international markets so that New Zealand businesses have better opportunities overseas and we are able to defend against threats to our access to international markets. The focus is

not just on markets of current importance but increasingly those regions that will provide future growth opportunities, consistent with plans for our offshore footprint (see *Spotlight – Strategy for New Zealand’s International Footprint*).

### Negotiate new FTAs including the Trans-Pacific Partnership, and the WTO Doha Round

The Government has extended our network of FTAs, signing FTAs with Malaysia, Hong Kong and (with Australia) ASEAN. We have an extensive programme of FTA negotiations underway in order to continue to give New Zealand businesses an edge internationally. This includes: the Trans-Pacific Partnership (involving 11 countries including the United States, Mexico and Canada); the customs union of Russia, Belarus and Kazakhstan; India; Korea; the Gulf States; and, most recently, Chinese Taipei (through the New Zealand Commerce and Industry Office). We continue efforts to bring the WTO Doha negotiations to a successful conclusion when the time is right.

### Implement the NZ Inc India Strategy

Our target is to grow merchandise exports to India to \$2 billion by 2015 and to grow services trade by 20% per year. Achieving this ambitious target will largely depend on favourable external factors. Securing an FTA with India would substantially improve our prospects, and negotiations are underway. Government agencies are also promoting New Zealand business across sectors such as high-value manufacturing, agri-tech, dairy, education, aviation, and professional services, and addressing non-tariff access issues to help exporters.

### Implement the NZ Inc China Strategy

We are on track to reach the ambitious goal of doubling two-way trade to NZ\$20 billion by the end of 2015, and to grow services trade with China (education by 20%, tourism by at least 60%, and other services). In a tough external environment we cannot

become complacent. We continue to work with businesses to foster economic opportunities in China and build awareness amongst New Zealand exporters.

### Develop and implement other NZ Inc Country and Regional Strategies

We are developing NZ Inc Strategies for a further five priority countries and regions to better align and coordinate the international efforts of different Government agencies. Strategies are in development for the United States, Australia, ASEAN, and the Gulf Cooperation Council; and a strategy for the EU will follow. The strategies have a particular emphasis on growing trade in goods and services and two-way investment.

### Targeted efforts to address behind the border barriers, maintain existing market access, and promote FTA uptake

Implementing our NZ Inc Strategies and agreed FTAs is a key priority so that they deliver on their potential for business. Even maintaining access opportunities can be a challenge in markets, especially for primary products. Government agencies are collaborating to strengthen cooperation with regulatory agencies in key partner countries to reduce behind-the-border barriers, and to support businesses in utilising available preferential access into markets.

### Negotiate priority Air Services Agreements

International transport connections are fundamental to trade and tourism. This year we have concluded improvements to our air services arrangements with China, tripling the number of flights that the

airlines of the two countries may operate (to 42 per week) and expanding opportunities for operations through our respective countries.

We have also agreed improvements to our arrangements with Japan, are negotiating “open skies” arrangements with Brazil, and lining up negotiations with other key markets in South East Asia and South America.

### Negotiate priority Double Taxation Agreements

New Zealand has increased the number of double taxation agreements over the past 10 years from 29 to 37. Our goal is to have a targeted and well-maintained network of DTAs with key investment and trading partners to avoid double taxation of cross-border transactions and facilitate business opportunities.

### Accede to the WTO Agreement on Government Procurement (GPA)

New Zealand already operates an open and competitive Government procurement market. In order to open up new Government markets offshore for New Zealand businesses, we are beginning the process of accession to the World Trade Organisation’s Agreement on Government Procurement (GPA). Access to these Government markets is valued at US\$1.6 trillion each year. Accession to the GPA will also guarantee on-going access to markets New Zealand businesses already supply, such as the European Union.

# Spot light

## Strategy for New Zealand's International Footprint

The shift in relative geopolitical and economic power from the traditional centres of developed countries to the emerging economies, particularly in Asia, is a clear and ongoing trend. By 2030, Asia Pacific will contain 3.2 billion people considered "middle class". With this growing wealth comes an increase in influence and economic power.

Significant opportunities lie in the Asia Pacific and other growth regions. To ensure New Zealand's offshore representation is located to take best advantage of these opportunities, we are recalibrating the Government's offshore resources increasingly towards Asia, with a particular focus on:

**China** – the current trajectory of our trade growth, as well as tourism, education, science, sport and cultural interactions will demand increased resources.

**India** – we have an ambitious goal to make India one of our key relationships by 2015

**ASEAN** – a market of 600 million people – and in particular, increasing our resources (including NZTE and Education NZ's footprint) in Indonesia, South East Asia's largest country.

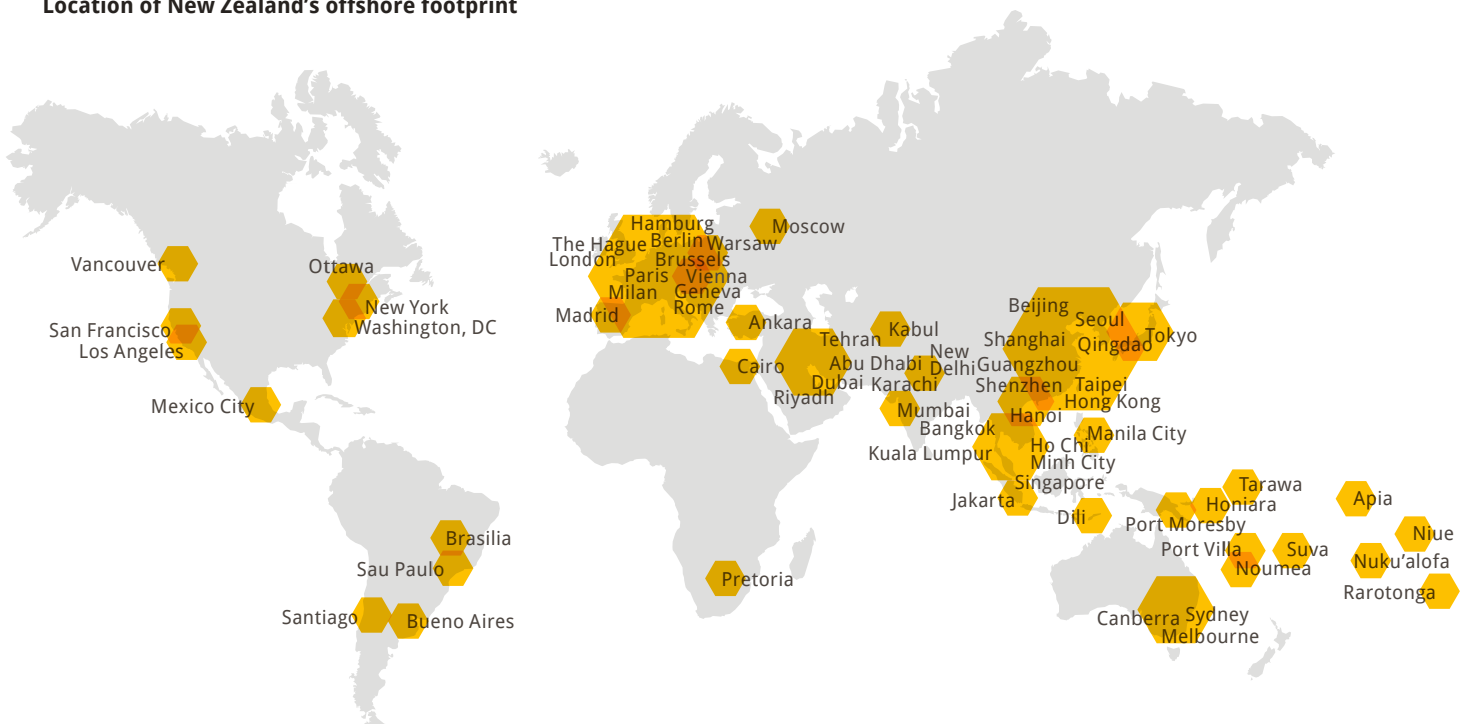
Other emerging economies such as Russia, Brazil and the Gulf States will demand our attention. The different role of Government in Asia and the Middle East also requires us to be attuned to how we can best support New Zealand businesses to engage in these markets.

This clear prioritisation towards emerging economies in general and Asia in particular, must not be at the expense of our strategic economic and non-economic interests elsewhere. Australia remains our indispensable partner in the broad sweep

of international affairs but critically also in pursuit of greater trade and economic links with Asia. Our trade and investment links with Europe and North America remain significant and we have strong shared political interests on fundamental issues such as security and human rights. The Government will therefore adapt the way we operate with our traditional partners in Europe and North America to ensure our resources deployed in these regions are used to best effect.

Above all, we need flexible modes of representation so that as circumstances change, and new opportunities arise, our offshore footprint can respond and evolve accordingly.

### Location of New Zealand's offshore footprint





## Case studies

# Altitude Aerospace

Altitude has become a leading player in the niche global market for the supply of interiors for Boeing Business Jets (BBJ) and Boeing commercial airliners. Altitude is the only Boeing approved BBJ interiors completion centre in the Southern hemisphere and one of a limited number of Boeing authorised suppliers of airline interior furnishings for 737, 787, 747-8 and 777 aircraft types. The company is a wholly-owned subsidiary of Air New Zealand. Over 95% of its business is for foreign customers.

The challenges Altitude faces to achieve its international growth targets include identifying and recruiting experienced aerospace engineering and programme management staff, developing a strong global supply chain and gaining credibility as a relatively new supplier in a predominately conservative market place. Opportunities include leveraging its position as the only Boeing recognised BBJ interior completion centre in the southern hemisphere/Asia Pacific region



and increasing its Boeing-authorised scope for the supply of interiors products on the 787 and 777 for airline customers. Altitude provides airline and VIP clients with the full spectrum of services from installation and manufacturing through to design and engineering. Its in-house capability is supported by linkages with key suppliers such as Air NZ Technical Operations and



NORDAM, an Oklahoma-based interiors manufacturer.

Altitude Aerospace is focused on deepening its relationships in key international markets and is very keen to leverage Government to Government connections. It is working closely with NZ Inc agencies in key markets such as Indonesia, China, the USA, Korea and the Middle East.

## NDA Engineering

With its origins firmly established in the New Zealand dairy industry, NDA Engineering has developed into a world class engineering, production and service capability company providing solutions for New Zealand and global markets.

NDA Engineering designs, manufactures and services products for a wide range of process industries including the dairy, wine, brewing, chemical, mining, pulp and paper, pharmaceutical and food and beverage industries around the globe.

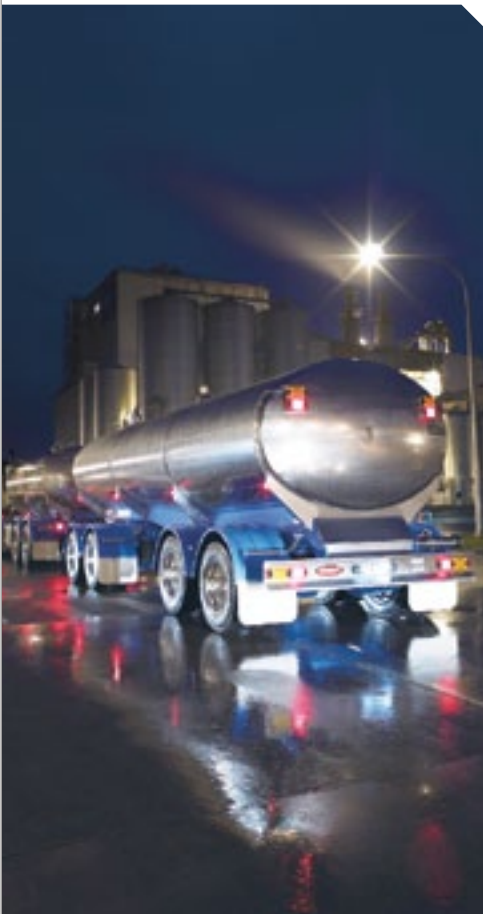
NDA Engineering prides itself on being able to provide critical design and build solutions within a 12-month timeframe. It is a world leader with sloping and dome bottom silos, seismic designs for silos and silo cooling technology incorporated into the silo walls.

NDA Engineering currently employs around 600 FTEs with half based in New Zealand and the balance based offshore

(Melbourne, Adelaide and the United States). New Zealand and Australia are the primary markets for NDA Engineering, whose engineering capability has enabled it to carry out projects around the world including Europe, Asia and the Americas.

NDA Engineering is looking to accelerate growth in Australia and the United States as well as building a greater understanding of other international markets such as South America and Asia.

NDA Engineering's goal is to maintain its status as a world leader in the fabrication of stainless steel process vessels and heat exchangers for industry, and the provision of other specialist products and services to key markets around the world. NDA Engineering is an excellent example of a design/solutions-led, high-value manufacturing company operating internationally.



# Making it Easier to Trade from New Zealand

*Improving the border, regulatory and financial environment to enhance the ability of businesses to export.*

Exporters need certainty that their goods and services will be delivered to markets quickly, at low cost and without impediments. They also need certainty that the travel arrangements for potential customers and business partners to and from New Zealand will be efficient. Importers also

need smooth functioning border systems. Improving the border, regulatory and financial environment will enhance businesses' ability to export, reduce costs for exporters and give them greater certainty.

### Establish single trade window for importers and exporters

The Government is heavily investing in technology to improve the border environment for businesses by developing a single trade window for dealing with border agencies. This is due for completion in 2013.

### Upgrade Immigration System

A substantial upgrade to the Immigration Global Management System and network is underway, delivered through a phased process to be completed by 2016. This will have direct benefits for movements of business people, tourists and students, for example by enabling online visa applications.

### Explore potential new Government assurance regimes

Our domestic assurance programmes (e.g. food safety) deliver critical benefits to New Zealand exporters in other markets – providing recognition of certification, assurance or security requirements. We are actively examining our current assurance approaches, focusing on exports of food and fisheries and our high-value education services.

### Establish a 'clearing house' to coordinate Government efforts to address onshore regulatory barriers to exports

Government agencies are engaging with businesses to identify regulations that may be negatively affecting their export potential, and determining the best avenue to resolve them. Some examples to date of issues that agencies have investigated and are resolving include: CAA developing a policy to facilitate the export of aviation services; the release of an IRD discussion paper to clarify charging of GST on service sector exports; and work by MPI to align its regulatory audit requirements for processed foods.

### Enhance NZ Export Credit Office products and services

The New Zealand Export Credit Office offers a range of insurance and financial guarantees, which complement private sector provision and assist New Zealand exporters in overcoming financial barriers to fulfil current orders and pursue new export opportunities. This can be critical in competing to win export contracts, mitigating buyer repayment risks, and accessing additional credit facilities from an exporter's bank.

We are committed to ensuring that NZECO's products and services meet businesses needs and are accessible. We are improving NZECO's products and services by enhancing guarantee products, further building on changes we made in late 2011 to help support exporter growth.

# 5th

In 2012 New Zealand ranked 5th in the World Economic Forum's Enabling Trade Index, measuring the institutions, policies and services to facilitate the flow of goods across borders.

# 3rd

In 2012 New Zealand ranked 3rd in the International Finance Corporation of the World Bank's Ease of Doing Business indicator. This assesses how conducive the domestic regulatory environment is to establish and operate a business.

### Other Government actions to make it easier to trade from new zealand:



## Case study

# ZESPRI

Kiwifruit is New Zealand's largest horticulture export and ZESPRI is acknowledged as the global leader in the supply and marketing of branded premium kiwifruit, with sales of more than NZ\$1.6 billion in the 2011/12 season. The ZESPRI® Brand was launched in 1997 and is now recognised as the world leader in premium quality kiwifruit, managing 30% of internationally traded kiwifruit by volume, yet accounting for approximately two-thirds of global value. The group's core business is marketing, innovation and supply chain management for kiwifruit only, using a business model that revolves around working closely with growers and post-harvest businesses to source product that is supplied through distribution partners into wholesale and retail markets.

ZESPRI has gained benefits from Free Trade Agreements, in particular in key markets such as China, Malaysia and other fast growing ASEAN markets, and utilised Ministerial-led trade missions to help secure business outcomes. ZESPRI is focused on developing new markets such as India and South East Asia, growing the

demand in existing markets such as China and developing new cultivars that offer a real difference to existing cultivars. ZESPRI has developed a compelling brand story, leveraging key attributes such as a healthy lifestyle, food safety and building on the New Zealand horticulture story. Key challenges are global competition from countries such as Chile, and the significant amount of management time and resources required to monitor the threat of diseases.



## Spot light

# Trade Successes – Keeping Markets Open

A significant focus goes on the Government's FTA agenda, and for good reason. Our China FTA, in place since October 2008, resulted in around \$80 million of duty savings on New Zealand's imports to China in the first two years. Year-on-year these benefits will only increase further.

But our trade effort is also about protecting existing access to markets and creating new access opportunities outside the scope of our FTAs – opening doors, keeping doors open, and minimising costs for New Zealand exporters. These day-to-day efforts are an important contribution to promoting New Zealand's export effort. Examples of recent successes are:

**Mexico – Kiwifruit:** After extensive discussions, Mexico announced in November 2011 that they would eliminate

the 20% tariff for New Zealand kiwifruit imports – worth around \$1m per year.

**Malaysia – Halal Meat:** New Zealand officials working with industry negotiated an early inspection of meat processing plants under the Bilateral Halal Arrangement with Malaysia. Nine processing plants were approved, preserving the \$90m annual export market.

**India – Coal:** New Zealand recently achieved a tariff re-classification in India for coal imports. This enables coking coal to continue to enter the Indian market duty free rather than face a new, higher, 5% tariff. The 'saving' from this was assessed at \$10m in the first year, and rising in future years

**Taiwan – Liquid Milk:** The New Zealand Commerce and Industry Office secured

Taiwan's agreement to change the structure of its allocation rounds for liquid milk quotas. This will enable New Zealand exporters to more easily respond to local demand and access unfilled quota, with the prospect of being able to increase New Zealand liquid milk exports significantly.

**Colombia – Bovine embryos:** Colombia's biosecurity agency recently approved the import of bovine embryos from New Zealand. It is expected that about \$1m worth of embryos will be exported this year.

**World Wine Trade Group – Wine Certification:** New Zealand successfully negotiated a Memorandum of Understanding (MoU) on wine certification, with the potential to generate savings to the New Zealand wine industry of around \$1m per annum, based on current sales.

# Helping Businesses Internationalise

*Strategically working with businesses to grow and increase their ability to take advantage of international opportunities.*

We are helping businesses grow bigger, better, faster, in international markets. This not only focuses on increasing the quantity and value of New Zealand’s exports, but also on supporting businesses to operate internationally at scale by helping them develop connections into global value chains and encourage greater levels of high-quality offshore direct

investment. We do this by providing strategic business advice, access to networks and influencers, research and market intelligence, and targeted financial support to businesses at different stages of their internationalisation journey. Our commitment is to support business by removing or reducing some of the obstacles that hold them back.

### Undertake 28 Minister-led trade missions

During this parliamentary term 28 Minister-led trade missions are being strategically chosen to help open doors for business.

### Deliver integrated knowledge on key markets to business

Government agencies are coordinating more closely across their work with exporters in order to achieve better results. We are ensuring the market information provided to business is fit for purpose, for example, we are reviewing market intelligence on sustainability issues.

### Implement up to 10 high-impact multi-firm market development programmes around key opportunities

We are fostering the development of strategic alliances and commercial relationships, encouraging collaborative New Zealand business ventures in pursuit of offshore market opportunities in key areas. Great examples already include the aviation industry in India, the wine industry in the US, Greenshell mussels in China, and health IT in the United States.

### Engage with Māori businesses to leverage the cultural and asset base of the Māori economy

The Government is engaging with a portfolio of Māori businesses competing internationally to better enable them to enhance value through the Māori economic and cultural connections. The key contributors to the Māori asset base – fishing, forestry, agriculture and tourism – are all known to be New Zealand’s biggest export earners. With the growth and diversification of this asset base, Māori business is set to play an increasingly important role in New Zealand’s exports and trade.

### Other Government actions to help businesses internationalise:



# Increasing Value from Tourism

## Enhancing our flagship tourism sector

Tourism is a pivotal part of our export profile, but has struggled recently as a result of the Global Financial Crisis and its impact on our traditional markets. We want New Zealand to continue to rank as a desirable destination and are focused on ensuring that New Zealand is able to increase the value of this sector.

It is critical that New Zealand's tourism offering continues to innovate and develop to meet the demands of our target markets and emerging opportunities. While this is primarily a private sector job, the Government is playing a key role alongside businesses and communities in meeting these opportunities.

### Streamline passenger facilitation

We have installed SmartGate kiosks at the three main international airports, delivering faster passenger processing times for New Zealand and Australian trans-Tasman travellers and allowing Customs to process increasing volumes of passengers. Further significant changes are in train to drive additional gains from SmartGate technology and expand its use. Other efforts to make travel to and from New Zealand easier include investments to streamline border control functions (for example, the immigration system upgrade).

### Capture the full potential value from growing Asian visitor markets

To assist the industry to capture the opportunities as growing wealth drives travel demand from Asia, we have initiated a public/private Expert Advisory Group (EAG). The group will identify the necessary actions for the private sector and Government to capture the full potential value from China as a visitor market. The EAG will consider all visitor types and will focus on marketing and promotion, product development, visitor facilitation and the approved destination status system for travel to New Zealand from China. This will provide a blueprint for increasing value from other visitor markets.

### Invest to increase the number and quality of major events

The Government is investing \$10 million annually in a continuing focus on major events, following the successful hosting of the Rugby World Cup. The emphasis is to gain from the events themselves but also to generate leverage and legacy benefits. Upcoming events include the World Masters Games 2017 and the FIFA Under-20 Men's World Cup 2015.

### Convention Centres

The development of an international convention centre in Auckland, currently the subject of negotiations with SkyCity, will fill a well-recognised gap in New Zealand's ability to attract large scale conventions and their high spending participants. A convention centre development is also a key part of Christchurch's economic recovery plans.

### Establish Nga Haerenga - The New Zealand Cycle Trail

Continuing investment in Nga Haerenga - the New Zealand Cycle Trail, a network of great rides and other cycling experiences designed to take advantage of the international growth of cycle tourism. Seven trails are now open, with the remaining 12 to be completed by the end of 2013. International marketing is being rolled out, and the project will transition to community and business ownership and operation.

### Convert international attention from the Hobbit movies into travel to New Zealand

The Government has boosted the promotion of New Zealand as a visitor destination through its support for the Hobbit movies. The films and related marketing activity will showcase New Zealand as a compelling destination in our key markets.

### New three-year marketing strategy for New Zealand's destination marketing

Tourism New Zealand will be engaging with industry to develop its next three-year marketing strategy, with greater focus on the need to increase value from dynamic visitor markets.

### Establish and implement Māori Tourism Action Plan

A Māori Tourism Action Plan has been developed in recognition of the existing value and significant potential of leveraging New Zealand's unique identity. This aim is to strengthen the capability, quality and promotion of Māori tourism, including incorporating Māori culture and tourism into trade promotion initiatives.

### Public Conservation Lands and Waters

We plan to increase value to businesses and New Zealand from international visitors' use of public conservation lands and waters, while maintaining high conservation and sustainability principles. This will build on DOC's current focus on positive commercial outcomes, building productive business partnerships that deliver conservation gains and increasing net revenue flows available for conservation.

### Other Government actions to increase value from tourism:

Deepen partnerships with air services industry to strengthen demand and value of routes

# Growing International Education

*Helping realise the potential of our international education sector*

New Zealand's education expertise, services and programmes are highly sought after internationally by students, education providers, businesses and Governments. The export of education – be it through international students studying in New Zealand or through exporting education materials, services, advice and teaching programmes offshore – is a key area for growth. The Leadership Statement for International Education sets a goal of doubling the economic value of international education to \$5 billion by 2025, and for the value of education export services to increase from \$109

million to \$500 million annually. An interim target is to increase the value of international education by \$1 billion within three years.

International students studying in New Zealand make the biggest contribution to the country's international education sector. As well as growing this, our goal is to build a strong and innovative export education sector, focused on a quality student experience, and capable of opening up new avenues for business growth and diversification.

## Develop Education New Zealand to help the education industry double the value of international education by 2025

Education New Zealand (ENZ) was established in September 2011. It has primary responsibility for assisting industry in achieving the Government's challenging international education goals. Its function is to work with all parts of the sector to grow value and support this growth with marketing and promotion investment.

## Deliver education targets in NZ Inc strategies for China and India

To grow the value of education services by 20% in India and China by 2015 requires a strategic focus on what needs to be done better. ENZ is identifying the "game changing" activities and working with providers to make them happen. In-country delivery is a key platform for growing the value from these countries. In China, ENZ is working with a group of providers to support the establishment of a New Zealand model polytechnic. A key activity for India will be establishing the India-New Zealand Education Council and leveraging off a Ministerial visit planned for late 2012.

## Assist the New Zealand education industry to have the capability to be successful in key international markets

ENZ is working with businesses and education providers to support the development of innovative education products and new methods of delivery.

A comprehensive survey of institutions and education service providers will improve understanding of growth plans and challenges. This survey will provide a rich database of information for identifying opportunities for partnership and collaboration as well as expansion.

## Focus resources on high potential countries

Tailored marketing plans are being developed for key markets, including Indonesia. Additional resources (including in-country staff) are being directed to these markets to build a greater presence and brand awareness.

Online channels are an important way to engage with potential students and their families. ENZ's Facebook pages currently have over 50,000 followers, connected to over 24 million 'friends' or trusted peers.

Promotion activity is also focused on specific education service sectors or key events, such as the Frankfurt Book Fair in October 2012 and the 2013 America's Cup.

## Dedicated \$5m plan to assist recovery in Christchurch education market

Christchurch is to receive an extra \$5 million over four years to regain its international education market share. Three additional ENZ staff are working with local agencies to identify initiatives to support those providers affected. The target is to stabilise the market in 2012 and then increase international enrolments, to 20% greater than 2013 levels in 2014/15. (see *Spotlight – Rebuilding Christchurch through Export Education*).

## Use new policy and regulatory tools to oversee international student market

The Education Amendment Act 2011 gave NZQA stronger statutory and regulatory powers to quality assure the non-university tertiary education sector. Combining these tools with the Code of Practice for the Pastoral Care of International Students gives a strong legislative framework to preserve the integrity of the New Zealand International Education industry.

**100,000**

*Around 100,000 international students study in New Zealand each year.*

**3,700,000**

*OECD estimates that almost 3.7 million tertiary students were educated outside of their home country in 2009.*

**8,000,000**

*Global demand for international education is expected to rise to almost 8 million by 2025.*



# Rebuilding Christchurch through Export Education

A significant part of ensuring Christchurch's successful economic recovery is rebuilding the export market for education. The decline in export education in Canterbury has been significant: 4,584 international students enrolled in the Canterbury region in January to April 2012, a reduction of 37% on the same period in the previous year with major consequences for employment and economic activity.

It is estimated that a 37% reduction

equates to a \$140 million reduction in direct spending by foreign students with further impacts on wider economic activity<sup>3</sup>, including a reduction in the number of foreign students who will transition into the New Zealand workforce.

Education New Zealand has committed an additional \$5 million phased over four years to a targeted programme to assist Christchurch education exporters to rebuild their export education market.

This investment is intended to halt market decline in 2012, stabilise and rebuild capability in 2013, and lead to an increase from 2014/15.

This initiative has already delivered regional education trade missions to Japan, Thailand and Hong Kong, a matched-funding programme for private providers to travel to existing markets, a Vietnamese school study tour to Christchurch, and new scholarships for English language students.



## BECA – opportunities in Indonesia

With more than 2,600 employees operating from 17 offices in seven countries Beca is one of the largest employee-owned engineering and related consultancy services groups in the Asia Pacific region.

Beca operates across four key industries (industrial, infrastructure, building and the public sector) to deliver a broad range of services including planning, architecture, project and cost management, engineering and valuation services, systems engineering and information technology (IT) project management.

Beca has been present in the Indonesia market since the early 1970s. Beca first established a Joint Venture in 1992, then

established a subsidiary in 1996 which now employs over 100 staff.

From its offices in Jakarta and Sorowako, Beca provides consulting services in mechanical / electrical / plumbing, civil, structural and industrial engineering for clients developing major building and industrial projects. The company's target service areas are internationally backed geothermal power companies, original equipment manufacturer suppliers, large building developments, food and beverage, mining and metals, and energy, procurement and construction contractors. Beca is currently working on numerous industrial projects in the food and beverage sector and 15 high-rise projects in Indonesia.

Beca's aim is to build on its existing business base in Indonesia, and leverage it to bring to the Indonesian geothermal industry the considerable experience it has gained on recent geothermal projects (Kawerau and Nga Awa Purua, both in New Zealand).

Beca plans to offer a fully integrated service by teaming its management, mechanical, electrical, civil and building infrastructure capability with the process expertise offered by other New Zealand niche specialist geothermal sub-consultants. Engaging with other New Zealand companies, Beca will export international expertise to Indonesia.

3. The Economic Impact of Export Education, Infometrics report 2008

# Strengthening High-Value Manufacturing and Services Exports

## *Promoting emerging high-value manufacturing and services exports*

The continued development of the high-value manufacturing sector has the potential to generate significant economic growth for New Zealand. This category of manufacturing has shown the strongest growth in real terms (excluding manufacturing of primary sector products) over the last 10 years. In New Zealand, this sector is characterised by skilled specialists who design and manufacture innovative, high value-added products that often require extremely precise and flexible low-volume manufacturing processes. New Zealand's companies are generally small, lean and very flexible. This can give them a competitive advantage in servicing niche areas of regional and global markets.

Exports of other commercial services (services other than tourism, education, transport, Government services and insurance) accounted for 30% of total services exports in 2011. This sector has been the key driver of recent growth in New Zealand's total services exports, growing by over 8% per annum in nominal terms since 2006. This has outstripped growth in our merchandise goods exports, and helped offset the contraction of exports of travel, transportation, Government services and insurance over this period. This is also a sector increasingly important to global trade, particularly with the expansion of global value chains, and offers great potential.

### **Develop Advanced Technology Institute to encourage business innovation in high-value manufacturing**

The Government has committed \$166 million over the next four years to create an Advanced Technology Institute. The Institute will become a high-tech HQ for innovative New Zealand businesses and will focus on industries with significant growth potential such as food and beverage manufacturing, agri-technologies, digital technologies, health technologies, therapeutics manufacturing, and high-value wood products.

### **Roll out Ultra-Fast Broadband**

Around 85% of New Zealand's commercial services exports are traded over the internet or telephone. The ability for exporters to competitively deliver their services offshore through high quality

and secure connections is therefore fundamental to the continuing success of this sector. The Government's \$3–3.5 billion public-private partnership (\$1.35 billion of this is Government funding) to rollout fibre will deliver ultra-fast broadband speeds to 90% of businesses in the UFB coverage area by the end of 2015.

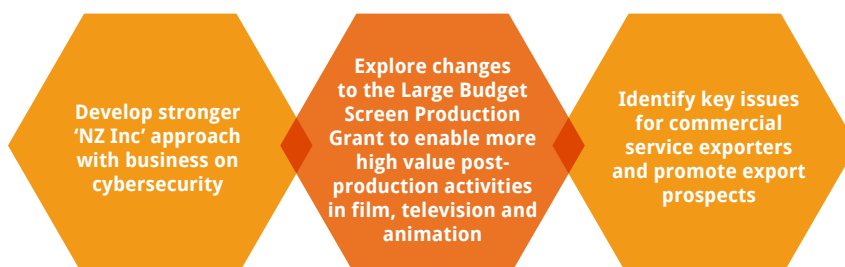
### **Assist firms to grow international capability**

The Government is delivering a targeted suite of services for firms to grow their international capability. With the new Advanced Technology Institute (ATI), Better by Design, Better by Lean, Better by Strategy and the Primary Growth Partnership our businesses, in particular high-value manufacturing firms, are building on their capabilities to compete successfully in international markets.

### **Establish mechanisms to secure commercial export opportunities on the basis of core Public Sector intellectual property and expertise**

In a number of emerging markets, for example in the Middle East, Governments often seek 'Government' partners when developing commercial partnerships, even those involving the private sector. New Zealand's expertise in the primary sector – for example in food security – and resource management is highly valued. We are exploring opportunities for strategic Government to Government partnerships, and ways to facilitate commercial opportunities in partnership with the private sector under a New Zealand Government umbrella.

### **Other Government actions to strengthen commercial services exports:**





# Progress Indicators

<span style="color: blue;">■</span>	Completed
<span style="color: green;">■</span>	In progress
<span style="color: yellow;">■</span>	Implementing
<span style="color: orange;">■</span>	New project

The Government is focussed on making substantial progress in the following *Building Export Markets* initiatives

Topic	Action	Status	Lead	Also In
Delivering a Compelling New Zealand Story	Develop with key stakeholders a broad, compelling, and flexible NZ story that works for a range of exporters and sectors, including tourism and education, and for immigration	New project	NZTE, Tourism NZ (TNZ)	
	Incorporate New Zealand's unique Māori cultural dimension to enhance the value of the New Zealand story	New project	NZTE, Te Puni Kokiri (TPK)	
	Develop a toolkit of elements (e.g. branding, photos, guides) that will help tell the New Zealand story	New project	NZTE, TNZ	
	Facilitate the use of New Zealand branding by private sector companies	New project	NZTE, Education NZ (ENZ)	
Improving Access to International Markets	Sign FTAs with Malaysia, Hong Kong, ASEAN	Completed*	MFAT	
	Negotiate new FTAs including the Trans-Pacific Partnership, and the WTO Doha Round	In progress*	MFAT	
	Targeting efforts to address behind the border barriers in key markets, maintain existing market access, and promote FTA uptake	In progress	MFAT, MBIE, MPI	
	Implement the NZ Inc India Strategy to boost trade in goods and services	Implementing*	MFAT, NZTE	
	Implement the NZ Inc China Strategy to boost trade in goods and services	Implementing*	MFAT, NZTE	
	Develop NZ Inc Country and Regional Strategies for Australia; the US; ASEAN, the Gulf Cooperation Council; and Europe	In progress*	Cross-Government secretariat in MFAT	
	Negotiate improvements to our air services arrangements with China and Japan	Completed	Ministry of Transport (MoT)	
	Negotiate other priority Air Services Agreements (ASAs) to build transport connections	In progress	MoT	
	Negotiate priority Double Taxation Agreements (DTAs) to prevent cross-border transactions being taxed twice	In progress	IRD, Treasury	
	Accede to the WTO Agreement on Government Procurement (GPA) to enhance market access opportunities overseas for New Zealand suppliers	New project	MBIE, MFAT	
	Adapt New Zealand's offshore footprint to better meet the needs of business	Implementing	MFAT	

## Progress Indicators

Topic	Action	Status	Lead	Also in
Making it Easier to Trade from New Zealand	Establish single trade window for importers and exporters	In progress*	Customs, MPI	
	Enhance NZ Export Credit Office products and services, improving guarantee products to support exporter growth	In progress*	NZECO	
	Explore the development of customs security arrangements with key countries	In progress	Customs	
	Deliver a work programme to make trade and travel more efficient through better co-ordination of border services	In progress	Customs, MPI	
	Implement Immigration Global Management System upgrade and network configuration	Implementing	MBIE	
	Establish 'clearing house' to coordinate Government efforts to address onshore regulatory barriers to exports	New Project	MBIE, MFAT	
	Explore potential "new" Government assurance regimes to promote new export opportunities e.g. food, education	In progress	MPI, ENZ	Resources
Helping Businesses Internationalise	Undertake 28 Minister-led trade missions over the parliamentary term to unlock strategic opportunities for business	In progress	NZTE, MFAT	
	Deliver targeted services to approximately 2000 internationalising firms, with an intensive focus on 500 firms. Examples of services include Beachheads, Path to Market and Capital	Implementing*	NZTE	
	Implement up to 10 high-impact, multi-firm, market development programmes e.g. Health IT, agribusiness and wine	Implementing	NZTE	
	Use the International Growth Fund (IGF) to assist high growth firms to internationalise	Implementing	NZTE	
	Deliver integrated knowledge on key markets to business from all agencies operating offshore	Implementing	NZTE	
	Implement actions to leverage off the Shanghai Expo	Implementing	NZTE, TPK	
	Engage with Māori businesses to leverage the cultural and asset base of the Māori Economy for growth	Implementing	NZTE, TPK	
	Amendments to enable funds domiciling	Completed*	IRD, Treasury	Capital
	Launch new Official Development Assistance (ODA) Partnerships Fund to facilitate private sector engagement in developing countries	In progress	MFAT	

## Progress Indicators

Topic	Action	Status	Lead	Also in
Increasing Value from Tourism	Install SmartGate to provide a more domestic experience for Australian passengers	Completed*	Customs, MPI, MBIE	
	Further streamline passenger facilitation including expanding SmartGate technology functions	In progress*	Customs, MPI, MBIE	
	Deepen partnerships with air services industry to strengthen demand and value of routes	In progress	MBIE, MoT	
	Develop and implement new three-year marketing strategy for New Zealand's destination marketing	In progress	TNZ	
	Capture the full potential value from growing Asian visitor markets	In progress*	MBIE, TNZ	
	Invest \$10m annually into the Major Events Fund to increase the number & quality of major events	Implementing*	MBIE, TNZ	
	Develop international-standard convention centres in Auckland and Christchurch	In progress*	MBIE	
	Establish Nga Haerenga – The New Zealand Cycle Trail	Implementing*	MBIE	
	Convert the international attention New Zealand will draw from the Hobbit movies, into travel to New Zealand	Implementing	TNZ	
	Establish and implement Māori Tourism Action Plan	Implementing	TPK, MBIE	
	Increase value to New Zealand businesses and New Zealand from public conservation lands and waters	In progress	DOC, MBIE	
Growing International Education	Develop Education New Zealand to help the education industry double the value of international education by 2025	Implementing*	ENZ, MoE	
	Deliver education targets in the NZ Inc strategies for China and India	In progress	ENZ, NZTE	
	Assist the New Zealand education industry to have the capability to be successful in key international markets	In progress	ENZ	
	Focus marketing and in-country resources on high potential markets	Implementing	ENZ	
	Undertake dedicated \$5m plan over four years to assist recovery in Christchurch export education market	Implementing	ENZ	
	Use newly adopted policy and regulatory tools to oversee international student market in New Zealand	Implementing	MinEdu, NZQA	
Strengthening High-Value Manufacturing and Services Exports	Develop Advanced Technology Institute	In progress	MBIE	Innovation
	Rollout ultra-fast broadband to enable exporters to competitively deliver services offshore	Implementing	MBIE	Infrastructure Innovation
	With ATI, Better by Design, Better by Lean, Better by Strategy and Primary Growth Partnership, assist firms to grow international capability	Implementing	NZTE, MPI, ATI	Innovation, Resources
	Establish mechanisms to secure commercial export opportunities on the basis of core public sector intellectual property and expertise	New Project	MBIE, MFAT	Innovation
	Develop stronger 'NZ Inc' approach with business on cybersecurity	In progress	MBIE	
	Identify key issues for commercial service exporters and promote export prospects	In progress	MFAT, MBIE	
	Explore changes to the Large Budget Screen Production Grant that would enable more New Zealand firms engaged in high value post-production activities in film, television and animation to win international business	New Project	MBIE	

\* These actions formed part of the Government's pre-election 120 point *Economic Development Action Plan*

# Relationship to Cross-Cutting Themes

The Government has three additional cross-cutting themes, which it intends to see reflected across the Business Growth Agenda workstreams.

## Māori Economic Development

The Māori economy is significant, with a sizeable Māori asset base in fishing, forestry, agriculture and tourism, four of our key export earners. The Māori cultural dimension is also an essential part of who we are as New Zealanders. Realising the potential of the Māori economy is pivotal in lifting Māori economic outcomes and in strengthening New Zealand's economic prospects more generally.

Recent Māori business delegations to China, including two missions led by the Minister of Māori Affairs, have sought to leverage the growing Chinese consumer market demanding unique indigenous, value-added products and services. Chinese and Māori both value meeting “kanohi ki te kanohi” (face to face) and sharing cultural practices as the basis on which to build mutually beneficial business relationships. The missions have opened doors for Māori and for New Zealand. The mission in June 2012 had a strong commercial focus and enabled a number of Māori companies to advance further business opportunities.

The Government is working with a portfolio of Māori businesses, many in the primary industries, which are either exporting or are close to exporting in the future, to increase their capability to seize international opportunities. The Māori economy has great potential to contribute to the goal of increasing exports to 40% of GDP.

Highlighting Māori culture and tourism enables New Zealand to offer international visitors unique experiences, and provides richness, depth and diversity to the broader, compelling New Zealand story we tell to the world.

The Māori Economic Development Panel is due to report shortly. The Government will actively consider the Panel's recommendations and take forward a response, in partnership with whānau, iwi, Māori businesses and collective ventures.

## Greening Growth

A number of actions underpinning the Business Growth Agenda are addressing the recommendations of the Green Growth Advisory Group – most specifically within the work programmes for the Innovation, Resources and Export Market themes.

Within the context of Building Export Markets, the advisory group's recommendations are being taken into account in the following themes:

- › Delivering a Compelling New Zealand Story – the Advisory Group called for a more compelling and consistent New Zealand brand story that goes beyond “clean and green” and “100% pure” and suggested measures to enhance its credibility.
- › Working with Businesses to Internationalise – the Advisory Group made recommendations regarding a role for NZTE and MFAT to assist companies, and strengthen market intelligence on sustainability issues.
- › Increasing the Value of our Tourism Offering – the Advisory Group made recommendations around positioning New Zealand more strongly with high value tourists.

## Regulation

The Government is committed to ensuring smart regulation that is fit for purpose. This will be a lens placed across all of the BGA workstreams to help deliver a more productive and competitive economy.

Smart regulation can help facilitate our exports, providing assurances of quality that deliver critical benefits for New Zealand exporters. This can be important for everything from our food safety regime, to international students. We are examining our current assurance approaches, particularly around food, fisheries and education, to ensure they best support businesses to pursue export opportunities.

Within the *Building Export Markets* work a particular action is to work with businesses to identify any onshore regulations that may be impeding their ability to export, and to seek to resolve these. MBIE is providing an entrée for exporters, coordinating with other Government agencies to progress regulatory issues. We have some good examples of where such effort is already helping to resolve impediments in New Zealand, for example CAA developing a policy to facilitate the export of aviation services.

Regulatory issues in offshore markets also matter. The World Trade Organisation has identified an increasing shift towards non-tariff measures (away from traditional tariffs). These non-tariff barriers are complex, often changing and driven by multiple objectives – sometimes protectionist in nature but often combined with other social drivers such as health, safety, and environmental objectives.

Engagement with New Zealand exporters is helping to identify priority regulatory issues in key markets. We are looking to strengthen our cooperation with regulators in key partner countries to better address potential barriers that may exist in our export markets.

# For more information

To provide feedback on this report, please email [bgfeedback@mbie.govt.nz](mailto:bgfeedback@mbie.govt.nz)  
For more information on the Business Growth Agenda see [www.mbie.govt.nz/bga](http://www.mbie.govt.nz/bga)

## For more information or assistance to build your exports:



### Ministry of Business, Innovation & Employment

[www.mbie.govt.nz](http://www.mbie.govt.nz)

- › Regulatory barriers affecting exports in New Zealand and offshore
- › Specialised information on the food & beverage sector
- › Information and resources to enhance tourism and major events
- › Visa issuing and arrangements to facilitate visitors, workers, students, and business people
- › FTA negotiations and implementation



NEW ZEALAND  
FOREIGN AFFAIRS & TRADE

[www.mfat.govt.nz](http://www.mfat.govt.nz)

- › In-market knowledge and support, including on behind-the-border barriers
- › FTA negotiations and implementation
- › NZ Inc Country and Regional Strategies coordination



NEW ZEALAND  
TRADE & ENTERPRISE

[www.nzte.govt.nz](http://www.nzte.govt.nz)

- › Services to lift businesses' capability for international growth
- › Global Reach services in international markets



[www.educationnz.org.nz](http://www.educationnz.org.nz)

- › Knowledge, support and facilitation in markets
- › Matching New Zealand providers with off-shore demand
- › Connecting with industry and Government

### Ministry for Primary Industries Manatū Ahu Matua



[www.mpi.govt.nz](http://www.mpi.govt.nz)

- › Advice and management of Biosecurity
- › Certification and assurances to meet market requirements
- › Primary Growth Partnership
- › In-market knowledge and support, including behind-the-border barriers for the primary industries
- › FTA negotiations and implementation



[www.customs.govt.nz](http://www.customs.govt.nz)

- › Advice and management of customs clearance in New Zealand
- › Knowledge on overseas customs requirements (including to take advantage of FTAs)
- › FTA negotiations and implementation



[www.nzeco.govt.nz](http://www.nzeco.govt.nz)

- › Financial guarantees and trade credit insurance to cover performance or repayment risk



NEW ZEALAND  
TOURISM

[www.tourismnewzealand.com](http://www.tourismnewzealand.com)

- › Promote New Zealand internationally as a visitor destination
- › Deliver the 100% Pure New Zealand campaign
- › Leading the cross-Government approach to telling 'the New Zealand Story'

## For more information

Other Government Agencies involved in the Building Export Markets workstream are:



[www.minedu.govt.nz](http://www.minedu.govt.nz)



**Te Puni Kōkiri**  
REALISING MĀORI POTENTIAL

[www.tpk.govt.nz](http://www.tpk.govt.nz)



[www.transport.govt.nz](http://www.transport.govt.nz)



[www.treasury.govt.nz](http://www.treasury.govt.nz)

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[newzealand.govt.nz](http://newzealand.govt.nz)

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