



WELLINGTON CHAMBER OF COMMERCE | BUSINESS CENTRAL | EXPORTNZ CENTRAL

**SUBMISSION TO THE FOREIGN AFFAIRS, DEFENCE AND TRADE COMMITTEE OF THE NEW ZEALAND
PARLIAMENT**

**INTERNATIONAL TREATY EXAMINATION OF
THE COMPREHENSIVE AND PROGRESSIVE AGREEMENT FOR TRANS-PACIFIC PARTNERSHIP (CPTPP)**

APRIL 2018

Introduction

This submission is made on behalf of the Wellington Chamber of Commerce, Business Central, and Export New Zealand Central.

Our organisation is a business membership association, representing 3,400 members and their interests throughout central New Zealand from Taranaki across to Gisborne and down to Nelson. We represent three brands, Wellington Chamber of Commerce, Business Central, and Export New Zealand Central. As this submission is made on behalf of these three membership groups we expect that this submission should be weighted accordingly, rather than for each membership group to put in their own repetitive version.

- The **Wellington Chamber of Commerce** has been the voice of business in the Wellington region for 162 years since 1856 and advocates for policies that reflect the interest of Wellington's business community, in both the city and region, and the development of the Wellington economy as a whole, with over 3,500 member businesses. The Chamber has a strong focus on trade and "NZ Inc" issues. The Chamber acts as secretariat for the New Zealand Chambers of Commerce, a network of 29 chambers from across New Zealand.
- **Business Central** is one of the four regional organisations comprising New Zealand's peak business advocacy group, BusinessNZ and represents employers throughout the Central region. Business Central is a recognised leader in employment advice, consultancy and training – regarded as the authority in the fields of employee relations, occupational health and safety, and people management.
- Our organisation also delivers **ExportNZ** to Wellington, the Hawke's Bay and the wider Central region. ExportNZ is the national industry association representing a diverse range of exporters throughout New Zealand. We have exporting members, ranging from emerging exporters to the largest exporters in New Zealand.

Our organisation write in support of both the ExportNZ and the New Zealand International Business Forum submissions to the Committee. We wholly endorses their comments. We appreciate the opportunity and we look forward to continuing to engage with political leaders, policy-makers and business counterparts in the period ahead.

Submission

Our organisation welcomes the opportunity to submit on the international treaty examination of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

We have been long been on the record supporting the moves towards what is now the CPTPP, from its original conception through to its signing in Chile in March. We applaud the new coalition government for continuing its efforts to complete the agreement.

As with the New Zealand International Business Forum and ExportNZ, our organisation believes CPTPP will lead to new trade and investment opportunities between New Zealand and the four other economies in CPTPP with which New Zealand does not already have free trade arrangements (Canada, Japan, Mexico and Peru). The agreement should deliver an enhanced relationship with the other six economies with which New Zealand already has FTAs. While it is unfortunate that the United States chose to withdraw from the TPP, we consider that the merits and benefits of the CPTPP remain substantial and compelling.

We recognize that some critics do not see the value in signing such an agreement. With previous trade deals, the benefits of signing these agreements have been vastly underestimated. For instance, trade with China before the free trade agreement entered into effect in 2008, the total value of merchandise trade was under NZ\$2 billion. Almost 10 years on, to 2017, our total value of trade is over NZ\$12 billion – an increase of 600 percent. We see a similar potential for growth in trade regarding CPTPP, especially in key markets like Japan.

While we did not see investor-state dispute settlement as an issue, concerns about things like New Zealand sovereignty due to ISDS should be ameliorated by a series of side letters, signed with Brunei Darussalam, Malaysia, Peru and Viet Nam. The side letter with Australia is the most significant, given Australia represents 80 percent of the investment from CPTPP nations.

It is also worth noting that with these large economies, New Zealand is in a very difficult position to be able to negotiate bilateral trade agreements. For the likes of Japan and Canada, from their perspective, an agreement with New Zealand alone would not have enough benefits for them to consider negotiations. Thus, large multilateral agreements carry benefits for New Zealand in gaining access to these otherwise impossible markets to negotiate with.

Additionally, in a time of heightened geopolitical uncertainty, these sorts of high-quality, rules-based trade agreements are important for New Zealand. We are a vulnerable economy, especially when trade tariffs tend to be in place on our most exported products (particularly agriculture). These

agreements reinforce international trade values and send signals to states who don't want to uphold trade rules that are important to New Zealand's continued ability to trade profitably.

Our members look forward to seeing the bill pass through Parliament and to the CPTPP coming into effect. We recommend to the Committee that it confirm its approval of CPTPP

We would welcome the opportunity to appear before the Committee.

Yours sincerely,

A handwritten signature in black ink, appearing to read "John Milford". The signature is fluid and cursive, with a long horizontal stroke at the end.

John Milford, Chief Executive,

Wellington Chamber of Commerce | Business Central | ExportNZ Central