

Thailand – New Zealand Closer Economic Partnership

Information Paper

December 2003

Purpose

This paper provides general information on the negotiation of a Closer Economic Partnership (CEP) between New Zealand and Thailand and invites input from New Zealand stakeholders.

If you wish to provide a submission on these negotiations or contact the negotiating team, details are provided at the end. The deadline is 12 March 2004.

Background

In October 2003 at the APEC Leaders Meeting in Bangkok, the Prime Ministers of New Zealand and Thailand agreed to undertake a joint study on a bilateral CEP and to enter negotiations. The aim is to complete the study by the end of March 2004 and to conclude negotiations by November 2004 when APEC Leaders meet again in Chile.

A CEP between New Zealand and Thailand is expected to:

- improve market access opportunities for New Zealand and Thai exporters
 - facilitate trade
 - promote increased cooperation in trade-related areas
 - encourage productive commercial partnerships
 - support both countries' objectives in APEC and the WTO
 - support our joint engagement in the AFTA/CER CEP process (involving the ASEAN countries, New Zealand and Australia).
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NZ's CEP policy

While trade liberalisation through the WTO is New Zealand's primary trade policy objective, bilateral CEPs play an increasingly important role in international trade. They can open up important new market access opportunities for New Zealand exporters and in a shorter timeframe than the WTO. They also allow us to deepen integration with our trading partners across the wider trade and economic relationship.

In the face of the ever-expanding web of such agreements, particularly in the Asia-Pacific region, New Zealand needs to be an active player in order to safeguard our trading interests. The preferential nature of free trade agreements means New Zealand exporters can be disadvantaged in markets where other exporters have the benefit of lower or zero tariffs.

Thailand's economy and trade policy

With a population of 54 million and GDP of US\$123 billion, Thailand is a key regional market for New Zealand. It is the second largest and fastest growing economy in South East Asia. GDP grew by 5.22% in the year to December 2002 and is expected to exceed 6% for calendar year 2003.

Thailand sees itself as the hub of the Mekong region encompassing Viet Nam, Cambodia and the southern China provinces. It can offer a springboard for CEP partners to do business in the region as well as in Thailand itself.

As well as participating in the WTO and APEC, Thailand is pursuing a number of free trade initiatives both bilaterally and as part of AFTA (the ASEAN Free Trade Agreement). Of particular interest to New Zealand, Thailand has recently concluded negotiations on a comprehensive free trade agreement with Australia.

New Zealand and Thailand

New Zealand and Thailand have a strong and established political and economic relationship. The two countries share similar perspectives on regional economic, political and security issues. We have worked together since the 1950's on regional security, most recently in multilateral operations in East Timor and Afghanistan. New Zealand and Thailand are active in APEC and the WTO, where both are members of the Cairns Group of agriculture exporting countries.

Two-way goods trade between New Zealand and Thailand totalled \$884 million for the year ending June 2003, making Thailand New Zealand's 15th largest trading partner.

Thailand is New Zealand's 19th largest merchandise export market with trade valued at \$325 million in the year to June 2003. Over half these exports were in dairy products, particularly powdered milk. Other key products include forestry, seafood, electrical machinery, hides and wool. Our main imports from Thailand are cars, machinery, electrical machinery and plastics. The total value of imports in the year to June 2003 was \$559 million.

Services trade amounted to NZ\$159 million in the year ending December 2002. In education, Thailand is now New Zealand's leading provider of fee-paying students from South East Asia. Tourism has grown in both directions. A number of New Zealand firms have offices and significant business activity in Thailand.

CEP study

The joint study is expected to include an assessment of:

- potential political and strategic benefits
- economic impact of measures related to goods and services trade and investment
- trade-related issues such as customs procedures, technical barriers to trade, sanitary and phytosanitary measures, e-commerce, competition policy and practice, government procurement, intellectual property and labour and environmental practices
- trade-related partnership and cooperation opportunities.

Feedback and information provided in your submissions will be used in the study process. The study is expected to be published in April 2004.

Trade liberalisation under a CEP

A key objective of a CEP will be to negotiate the reciprocal elimination of all tariffs and non-tariff barriers such as quotas. Thailand imposes significant tariffs and other restrictions on goods of interest to New Zealand exporters. In some areas, these restrict and even prohibit the ability of New Zealand product to compete in the Thai market.

80% of New Zealand's current imports from Thailand enter duty free. Thailand already receives some tariff concessions as a developing country.

Removal of tariff and non-tariff barriers through a bilateral CEP agreement would promote and facilitate trade in both directions by increasing the opportunities available to exporters from both countries. Robust rules of origin will be negotiated to ensure that preferential benefits arising for the CEP are confined to goods and services originating in New Zealand and Thailand.

Treaty of Waitangi

As in other CEP negotiations, New Zealand will seek provision to adopt measures to accord more favourable treatment to Maori, including in fulfilment of obligations under the Treaty of Waitangi.

Engagement with stakeholders

The Ministry of Foreign Affairs and Trade is committed to full engagement with key stakeholders including business, unions, Maori and NGOs on all aspects of the Thailand/New Zealand CEP negotiations.

Engagement will continue throughout the period of the joint study and the negotiations with regular updates posted on the MFAT website (www.mfat.govt.nz) and sent directly to organisations, companies and individuals who provide a submission as outlined below or register their interest in being kept informed of progress in the CEP negotiations with Thailand.

Submission Process

The Ministry of Foreign Affairs and Trade invites submissions and comment on the prospect of a Closer Economic Partnership between New Zealand and Thailand, as well as information on issues exporters face in the Thai market.

Submissions can be emailed to: tnd@mft.govt.nz

or sent by post to:

Thailand CEP Submissions
Trade Policy Liaison Unit
Ministry of Foreign Affairs and Trade
Private Bag 18 901,
Wellington.

If you have any questions on the submission process, please contact:

Stephen Harris
Manager
Trade Policy Liaison Unit
Ministry of Foreign Affairs & Trade
Tel: 04 439 8228
Fax: 04 439 8522
Email: tplu@mfat.govt.nz

The deadline for submissions is **12 March 2004** but we would welcome earlier input.

Links

The following related documents are available as links on the MFAT website (www.mfat.govt.nz/foreign/tnd/ceps/cepindex.html):

- Closer Economic Partnerships
- Budding Up: New Zealand's Approach to Closer Economic Partnerships
- Thailand country paper

Contact details

Contact details for the negotiating team are:

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