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TRADE POLICY REVIEW

REPORT BY

NEW ZEALAND

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by New Zealand is attached.

Note: This report is subject to restricted circulation and press embargo until the end of the first session of the meeting of the Trade Policy Review Body on New Zealand.

Contents

1 OVERVIEW

1.1. New Zealand is pleased to submit its fifth Trade Policy Review (TPR) for the scrutiny of fellow World Trade Organisation (WTO) Members.

1.2. This report has been drafted at a time when, even though there are still problems, much of the world appears to be slowly recovering from the worst challenges of the Global Financial Crisis. New Zealand's economic policy settings, established over the last 30 years, are such that it was able to weather the impact of the global recession relatively well and is now well-placed to participate in the global recovery.

1.3. New Zealand consistently ranks as one of the easiest countries in the world to do business in. The World Bank placed New Zealand second only to Singapore in 2014 and 2015 in terms of ease of doing business. The World Economic Forum ranks New Zealand as 17 out of 144 countries in terms of global competitiveness. Within this, New Zealand is ranked first in terms of quality in institutions, and features in the top ten in a further five areas.

1.4. Trade remains an integral component of the New Zealand economy. A key policy objective of the Government, as a central part of its Business Growth Agenda (see paragraph 2.16), is to raise the proportion of exports in GDP from 30% to 40%. In the period under review, New Zealand's total exports (goods + services) were NZ$68.6 billion for the year ended September 2014, an increase from NZ$58.7 billion for the year ended 2009. Total imports were NZ$64.1 billion for the year ended September 2014, increased from NZ$55.0 billion for the year ended September 2009.

1.5. As a country with a strong reliance on export earnings, and firm belief that a free international trading system is essential for the growth of the world economy, New Zealand is a long-standing supporter of a non-discriminatory and rules-based multilateral trading system under the WTO.

1.6. In New Zealand's view, the maintenance of the integrity and credibility of the WTO is a key component in the mix of global policy approaches needed to ensure sustained global economic growth. The continued failure to conclude the Doha Round risks undermining the WTO's ability to perform its role effectively. This is of particular concern to small trade dependent countries such as New Zealand. Accordingly, and pursuant to the outcomes of the 9th WTO Ministerial meeting in Bali, New Zealand seeks to work with other WTO members to agree on a work programme in advance of the 10th WTO Ministerial meeting in December, and to ensure that MC10 is successful in delivering outcomes on the WTO's Doha Round agenda capable of supporting the continued growth and development of WTO member economies.

1.7. In tandem with, and complementary to, its focus on the WTO, New Zealand recognises the importance of its domestic policy settings and bilateral and regional trade initiatives in further liberalising trade. Bilateral and regional trade agreements can complement and reinforce the multilateral trade system. Since its last Review, New Zealand has concluded a number of new such agreements, and is involved in negotiating several more. In addition, New Zealand is actively involved in regional integration processes throughout the Asia Pacific, with an increasing emphasis on addressing behind-the-border regulatory issues and enhancing regional connectivity.

2 KEY DEVELOPMENTS IN ECONOMIC POLICY

2.1 Current Economic Priorities

2.1. The New Zealand economy is continuing to expand at a solid rate and the outlook is for sustained economic growth. Real GDP in the September 2014 quarter was 3.2% higher than a year earlier. Real GDP growth of between 2% and 4% is forecast over the next four years. Unemployment has reduced to under 6%. Demand has been supported by strong construction sector activity, elevated terms of trade and interest rates that remain low by historic standards. The supply side of the economy is currently being supported by historically high labour force participation and strong net inward migration.

2.2. Growth in demand has reduced spare capacity in the economy but consumer price inflation (CPI) remains modest, with annual CPI inflation 0.8% in the year to December 2014. Contributing factors are subdued wage inflation, well-anchored inflation expectations, weak global inflation, falls in oil prices, and the high New Zealand dollar.

2.3. On 4 September 2010 and 22 February 2011, the Canterbury region on the east coast of the South Island experienced two large earthquakes, of 7.1 and 6.3-magnitude respectively. The 22 February earthquake or aftershock was centred very close to the city and a total of 185 people were killed; the second deadliest natural disaster in New Zealand history. Rebuilding Christchurch (New Zealand's second largest city) following the earthquakes is accounting for part of the increase in economic activity, but is only one part of the story, with economic growth and population growth occurring across the country.

2.4. The Government is focused on managing the current cyclical upswing, while lifting New Zealand's underlying growth rate, so that incomes continue to rise and new jobs continue to be created beyond the peak of this economic cycle. To achieve this the Government is:

- returning its fiscal accounts to surplus and then reducing debt;
- pushing ahead with a wide-ranging series of microeconomic reforms to create a more productive and competitive economy;
- driving better results and better value for money from public services; and
- continuing to support the Christchurch rebuild.

2.5. Policy measures are aimed at lifting trend growth in a sustainable and balanced manner. A key element of this is helping the economy to absorb the impact of earthquake reconstruction (estimated to be around 15% of GDP over a decade) in the least distorting way possible.

2.6. Increasing international connections, creating higher skilled jobs and better conditions for investment will lay the foundation for more innovation, more diversification and more capital intensity that will support higher productivity, exports and overall growth.

2.7. A key challenge to New Zealand has been how to improve the country's productivity growth. Underlying this are the significant barriers of being a relatively small economy a long way from the world's major markets. There is recognition in New Zealand that simply getting macroeconomic policies right is not enough. Recent microeconomic reforms focus on ways to combat these barriers. A key development in the review period includes the creation of the Productivity Commission in 2010. The Productivity Commission is responsible for undertaking in-depth inquiries on topics, carrying out productivity-related research that assists in improving productivity over time, and promoting understanding of productivity issues.

2.8. Recent economic challenges include reducing capacity constraints in the New Zealand economy. As articulated in the Government's Business Growth Agenda, a key challenge is converting the last few years of solid growth into a sustained long-term increase in New Zealand's economic growth rate.

2.9. Prudent fiscal policy by way of returning to fiscal surplus and rebuilding fiscal buffers by lowering debt will make growth more sustainable, counterbalancing New Zealand's large negative net external liability position. Robust domestic demand on the back of high terms of trade, earthquake reconstruction and higher employment and investment together with more internationally connected businesses will see increased two-way flows of trade, people and capital.

Macroeconomic Policy Settings

2.10. New Zealand's macroeconomic framework comprises a freely floating exchange rate, the independent Reserve Bank of New Zealand (RBNZ) operating a flexible inflation-targeting monetary policy regime, and a transparency-based fiscal framework anchored by achieving and maintaining prudent levels of debt. Demand management is typically the purview of monetary policy, supported by the operation of fiscal stabilisers. In aggregate, macroeconomic policy settings are currently calibrated to manage the robust expansion underway, while looking to support rebalancing of the drivers of growth.

Fiscal Policy

2.11. The Government has set out a credible path back to surplus and a plan to start repaying debt. The fiscal balance was a deficit of 1.3% of GDP in the year ended June 2014, down from a deficit of 2.1% in the previous year. According to the New Zealand Treasury's December 2014 Economic and Fiscal Update, a fiscal surplus of 0.2% of GDP is forecast for 2015/16. Net debt is projected to peak at 26.5% of GDP in 2014/15 before reducing to 19.1% of GDP in 2020/21.

2.12. Government spending has declined as a share of GDP, freeing up resources to be used elsewhere in the economy. Fiscal restraint has been achieved in a number of ways, including: reprioritising spending from lower-value to higher-value activities; reducing new operating spending in each Budget; reducing the cost escalations built into existing policies; and driving better results from the public sector. A significant element of the progress to date has come from defining the results being sought from government spending and then reprioritising resources accordingly. As an example, the introduction of national health targets in 2009 supported improved performance in the public health system while cost growth has halved.

2.13. Beyond 2020, the Government intends to maintain net debt within a range of 10% to 20% of GDP. Repaying government debt will rebuild fiscal buffers, putting New Zealand in a better position to cope with future economic shocks or natural disasters. Increasing government saving, together with a marked rise in the rate of household saving in the past five years, will help to lift national saving and contribute to the sustainability of the expansion.

Monetary Policy

2.14. The target for monetary policy is to keep future CPI inflation outcomes between 1% and 3% on average over the medium term, with a focus on keeping future average inflation near the 2% target midpoint. As noted, CPI inflation is currently at a low level despite above-trend growth. However, inflation is expected to increase as the expansion continues. The current stance of monetary policy remains accommodative, notwithstanding the RBNZ increasing the policy rate by 100 basis points between March 2014 and July 2014. In October 2014, the RBNZ indicated that a period of assessment is appropriate before considering further policy adjustment.

Macro-Prudential Policy

2.15. Following the signing of a Memorandum of Understanding on Macro-Prudential Policy between the Minister of Finance and Reserve Bank Governor, quantitative restrictions on the share of high loan-to-value ratio (LVR) loans to the residential property sector took effect on 1 October 2013. This policy means banks are required to restrict new residential mortgage lending with LVRs of over 80% to no more than 10% of the dollar value of their new housing lending flows. The use of macro-prudential tools is intended to promote greater financial system stability. The RBNZ expects this policy to remain in place until the housing market comes into better balance, with a more sustainable rate of house price inflation.

Business Growth Agenda

2.16. The Business Growth Agenda is an ambitious programme of work designed to encourage New Zealand businesses to grow in order to drive economic growth, create jobs and improve New Zealanders' standard of living. The Business Growth Agenda sets out ambitious targets and specific interventions across six areas that are critical to business success and job creation in New Zealand. These six areas are summarized in paragraphs 2.17 to 2.22.

2.17. **Building exports markets** – under this work stream the Government has committed to increasing the ratio of exports to GDP to 40% by 2025. Policy areas under this umbrella include improving access to international markets through trade policy and trade agreements, making effective use of New Zealand's offshore representation; country strategies; delivering in-market support (through New Zealand Trade and Enterprise) and helping businesses internationalize; increasing value from tourism; growing international education; and streamlining border control.

2.18. **Capital markets** – the Building Capital Market work stream of the Business Growth Agenda aims to grow New Zealand's economy by increasing investment and the flow of capital into our export sector. It aims to build investor confidence, reduce the cost of capital to businesses, encourage saving and open the way for more international investment. Specific priorities include rebuilding financial reserves, implementing the Financial Markets Conduct Act 2013, strengthening consumer credit laws, supporting crowd funding and peer-to-peer lending, and delivering Inland Revenue's Business Transformation programme.

2.19. **Innovation** – the Building Innovation work stream of the Business Growth Agenda aims to grow New Zealand’s economy by encouraging and enabling investment in research and development, and lifting the value of public investments in science and research. This includes establishing new technology incubators, developing a National Statement of Science Investments, implementing the National Science Challenges, and increasing Centres of Research Excellence.

2.20. **Skilled and safe workplaces** – the safe and skilled work stream of the Business Growth Agenda aims to improve the safety of the workforce and build sustained economic growth through a skilled and responsible labour market. Specific priorities for this work stream include investing in teacher quality, setting up new ICT Graduate Schools, implementing the new Tertiary Education Strategy, completing welfare reforms and moving more people into work. Other measures include investing in more apprenticeships and vocational skills, and reducing the casualty rate within the forestry sector and other high-risk occupations.

2.21. **Infrastructure** – infrastructure underpins growth by providing the supporting networks demanded by a growing economy. It is a catalyst for growth because it creates new economic opportunities. Infrastructure assets are typically costly and can take many years to plan, commission, build and bring into service. Projecting the future demand for infrastructure is critical to ensuring that the right level of investment is made in the right infrastructure at the right time. Almost NZ$16 billion of assets has been added over the last three years, including investments in roading, rail, ultra-fast broadband, irrigation, electricity transmission and the Christchurch rebuild. Specific priorities include removing bottle-necks on the road network, accelerating Auckland's transport projects, completing the deployment of ultra-fast and rural broadband, rebuilding Christchurch, investing in hospitals and schools, and increasing competition and efficiency in the housing sector.

2.22. **Natural resources** – the Building Natural Resources work stream of the Business Growth Agenda aims to make better use of New Zealand's abundant natural resources so we can continue to grow our economy and look after our environment. Priorities under this work stream are designed to make optimum use of our natural resources, including increasing value from fresh water, further reforming the Resource Management Act, accelerating petroleum and minerals exploration, supporting economic growth in key regions and freeing up land supply in urban areas to provide more housing.

2.23. To achieve success in these areas the Business Growth Agenda takes a coordinated approach in delivering innovative initiatives and policy reforms that will help create a more productive and competitive economy. For instance, a sustainable lift in New Zealand's export and economic performance will come from firms innovating, accessing skilled labour and capital, building on the advantages offered by New Zealand's natural resource base, and being able to reach customers through effective infrastructure.

2.24. The output for each area of the Business Growth Agenda is published in a co-ordinated series of publications for the business community. To date, significant progress has been made across all Business Growth Agenda areas, with more than half of the 350 Business Growth Agenda actions complete or being implemented to date.

Connecting to global value chains

2.25. New Zealand is working to boost engagement in global and regional value chains (GVCs). New Zealand is less integrated into upstream GVCs (imports going into our exports) than both the Organisation for Economic Cooperation and Development (OECD) and non-OECD average. In 2009, approximately 18.4% of the value of our exports was made up of foreign (imported) 'value-add' (compared with the OECD and non-OECD averages of 29% and 26% respectively). Significant upstream GVC suppliers to NZ are in descending order: Australia, the United States, China, Japan and Germany. In recent years, however, the significance of the US has declined markedly, Australia has remained relatively static, and China and the Association of South-East Asian Nations (ASEAN) have grown significantly.

2.26. Distance from market and our export profile (a heavy weighting towards food and beverage exports where value attaches to the very fact the product is 'New Zealand origin/made') are potential contributors to low GVC upstream participation. Limited Outward Direct Investment (ODI) may also be a factor.

2.27. In the food and beverages sector, while the domestic value-added content of exports is high, the majority of imported inputs are used to produce exports. In this sense NZ is particularly well connected into agriculture and food sector GVCs.

2.28. About 15.7% of New Zealand's 2009 exports were used in other countries' exports. While the trend line is modestly upwards, New Zealand again trails both the OECD and non-OECD average (22% and 24% respectively). While the composition of our upstream GVC has shown a shift over recent years towards Asia, our downstream GVC participation has remained relatively static. About 60% of New Zealand exported inputs to production are used in EU exports. New Zealand appears to perform comparably to a number of other small countries in terms of downstream participation, including those close to large markets such as Singapore and Denmark (not the case in terms of upstream participation).

3 KEY DEVELOPMENTS IN TRADE POLICY

3.1 Introduction

3.1. Trade is an integral component of the New Zealand economy. It remains a fundamental element of the Government's broader economic policies designed to promote sustained economic growth. New Zealand's prospects of achieving this depend on it continuing to be able to sell its goods and services abroad and to achieve closer integration into regional and global value chains. These prospects would be improved by the removal of the substantial barriers in many key markets, not least in products where New Zealand has a comparative advantage. Accordingly, New Zealand is committed to achieving further trade liberalization through the WTO multilateral rules-based system, and also pursues trade liberalization through bilateral and regional initiatives.

3.2. Exports of goods and services make up over 30% of New Zealand's GDP. New Zealand's trade interests are well diversified. Australia, China, North America, the European Union and ASEAN take between around 10% and 25% each of New Zealand's goods exports. Other major trading partners include Japan and Korea. While New Zealand exports a broad range of products, it is reliant on exports of commodity-based products as the main source of export receipts and relies on imports of raw materials and capital equipment for industry.

3.3. New Zealand was active in laying the foundations for the Doha round of WTO negotiations. Agriculture and services are of prime importance to the New Zealand economy and agriculture, in particular, is central to the Doha negotiations. New Zealand is working with other like-minded countries to reduce barriers to trade in goods and services and provide improved market access for New Zealand exporters.

4 DOMESTIC TARIFF AND TRADE POLICY

4.1 Agriculture

4.1. New Zealand's tariffs on agricultural products have continued to decline since its previous Review in 2009. The average applied MFN tariff under the WTO definition of agriculture was 1.4% in 2014, compared with 1.8% in 2008/09. This is lower than New Zealand's overall simple average applied MFN tariff.

4.2. Total support provided to the agriculture sector is the lowest among OECD countries, with a Producer Support Estimate in 2013 of 0.5%. This compares to an average level of producer support provided to agriculture in OECD countries of 18.2%. The OECD has also noted that except for "a few products subject to import restrictions related to sanitary measures, domestic prices are aligned with world markets, and the level of support is consistently the lowest among OECD countries".

4.3. All support provided to agriculture in New Zealand falls under the WTO Agreement on Agriculture "green box" classification which covers programmes which are minimally or non-trade distorting. Support is provided through expenditures on agricultural research and innovation, and biosecurity controls for pests and diseases. A large portion of the costs of regulatory and operational functions, including border control, are charged to the appropriate beneficiaries. While New Zealand has an AMS commitment level as part of its Uruguay Round bindings, it does not make use of this entitlement, nor are there any plans to do so.

4.4. The vast majority of New Zealand's agricultural production is exported, and no export subsidies are provided for agricultural products.

4.5. As trade in agricultural products is a significant contributor to New Zealand's economy, its interest in clear and effective rules extends to measures to protect human, plant, and animal health and life. The maintenance of a robust quarantine system remains vital to ensuring human, plant, and animal health and life in New Zealand. Accordingly, prior to the importation of any good determined to be a risk good, New Zealand undertakes a risk analysis and, in accordance with WTO requirements and obligations, establishes measures that are based on science and commensurate with the risk posed by the particular good. New Zealand recognises that this approach is resource-intensive, and accordingly contributes to trade-related capacity building in developing countries, to assist them to meet relevant biosecurity requirements.

4.2 Tariffs

4.6. New Zealand remains committed to a reduction of trade barriers worldwide. Tariffs have been systematically reduced and quantitative controls on imported goods eliminated. While significant policy space exists between New Zealand's bound and applied tariffs, this space has not been utilised, nor are there any plans to do so. Around 90% of goods come into New Zealand tariff free, including all goods from Least Developed Countries. New Zealand continues to have one of the lowest average MFN applied tariff rates in the OECD at just a 2.4% average in 2014.

4.7. In October 2013, government decided that tariffs will remain unchanged until at least 30 June 2017, except where they are being reduced through trade agreements. This decision followed that of the government in 2009 to make no changes until June 2015 at the earliest. The next government review of tariff levels will take place in 2016 to consider whether there is any need to vary overall tariff levels after 2017.

4.3 Services

4.8. Services form a vital component of the New Zealand economy, contributing around 64% of GDP and accounting for over 70% of registered businesses and employment. Exports reached NZ$17 billion in 2014 and currently make up one quarter of New Zealand's total export earnings or around 46% of value-added trade. Travel, education, transport and business services are New Zealand's main services exports, but both the range of services exported and the markets they are exported to have diversified in recent years. Exports of commercial services in particular have experienced rapid growth and have outpaced goods exports over the last 20 years. From 1994 to 2014 New Zealand exports of commercial services grew at an annual rate of 8% (compounded average growth rate), to reach NZ$4.4 billion in 2014, from less than NZ$1 billion in 1994. Goods exports grew at 5% per annum on average over the same 20-year period.

4.9. By international standards, foreign service suppliers face few barriers to New Zealand's services market. Where immigration and qualification requirements have been met, national treatment is generally extended to foreign providers. In the OECD Services Trade Restrictiveness Index, New Zealand scores better than average for 15 out of the 18 sectors covered, with many having few or no sector-specific barriers.

4.10. New Zealand has sought to augment its open domestic services market by actively pursuing improved access for our services exporters in overseas markets, including through our free trade agreement (FTA) agenda and at the WTO. New Zealand is a participant in the Trade in Services

Agreement negotiations. An efficient, innovative and competitive domestic services market, coupled with improved opportunities offshore, provides an essential underpinning for growth and innovation across the New Zealand economy as a whole.

4.4 Taxation policy

4.11. The primary purpose of taxation in New Zealand is to raise revenue to finance government spending. New Zealand has relatively broad bases for goods and services tax (GST), company tax, and income tax. This allows substantial amounts of revenue to be collected at rates which are relatively low by OECD standards. This focus on a broad-base low-rate paradigm ensures that taxes bias decisions as little as possible, which in turn promotes economic efficiency and growth. New Zealand has had a broad-base low-rate tax framework and a reasonably stable set of tax policies since the mid-1980s. Consistency and predictability of the tax system are rated by the private sector as being particularly important.

4.12. In 2010 there was a substantial tax reform package which further broadened income taxes. At the same time, the Government reduced its reliance on income tax in favour of consumption taxes by increasing the standard rate of GST to 15%. This was accompanied by cuts to personal and company income tax rates.

4.13. New Zealand has a system of taxation which is relatively easy for taxpayers to comply with. Recently, New Zealand ranked ninth among OECD countries in a World Bank and PricewaterhouseCoopers study on the ease of paying taxes. In a 2014 Deloitte survey, 90% of respondents stated that New Zealand's tax system is consistent and predictable.

4.14. A particularly important future focus for the Government is on Inland Revenue's Business Transformation programme, which is a once-in-a-generation opportunity to modernise and simplify New Zealand's tax and social policy administration aimed at achieving faster tax processes for taxpayers, including small and medium sized businesses. A key element of the Business Transformation programme is to integrate tax obligations into natural business processes, for example, payroll, thereby reducing compliance costs.

4.5 Investment policy

4.15. New Zealand maintains an open framework for foreign investment, which recognizes the contribution foreign investment makes to the economy. New Zealand's regulations governing foreign investment are liberal by international standards as New Zealand maintains targeted foreign investment restrictions in only a few areas of critical interest. There are no sectors from which Foreign Direct Investment (FDI) is fully excluded.

4.16. Overseas investments in New Zealand assets are screened only if they are defined as sensitive within the Overseas Investment Act 2005 (the Act) or section 57D of the Fisheries Act 1996 (Fisheries Act). Three broad classes of asset are defined as sensitive within the Act: the acquisition of a 25% or greater ownership or control interest in significant business assets valued at over NZ$100 million (NZ$496 million for Australian non-Government investors), all fishing quota investments, and investments in sensitive land as defined in Schedule 1 of the Act. "Sensitive land" includes non-urban land exceeding 5 hectares, any land on most off-shore islands, any land containing foreshore or seabed, specified islands or land including or adjoining reserves, parks, historic or heritage areas or on specified islands in excess of 0.4 hectares, and land adjoining the foreshore in excess of 0.2 hectares. Most urban land is not screened unless it is defined as sensitive, which in effect means that most urban residential land in New Zealand will not come within the sensitive land thresholds for other reasons. A full list of sensitive assets land is defined in the Act.

4.17. In order to invest in significant business assets (i.e. those valued at over NZ$100 million), investors must pass an investor test that considers character, business acumen and level of financial commitment. Overseas investors wishing to purchase sensitive land must additionally either intend to reside permanently in New Zealand or demonstrate that the investment will benefit New Zealand. The factors for assessing this benefit are set out in the Act and the Overseas Investment Regulations 2005. Investments in fishing quota must be shown to be in the national interest, as determined by factors set out in section 57H of the Fisheries Act.

4.18. There are no restrictions on the movement of funds into or out of New Zealand, or on repatriation of profits. No additional performance measures are imposed on foreign-owned enterprises. There are some restrictions on foreign ownership or control in respect of only two companies – Chorus Limited and Air New Zealand.

4.19. Foreign investment flows vary from year to year as they reflect changes in a small number of relatively large individual investments. The total stock of FDI in New Zealand was NZ$97.3 billion as at 31 March 2014. New Zealand's stock of FDI overseas totalled NZ$23.2 billion. New Zealand's largest sources of FDI are Australia, the United States and the United Kingdom.

4.6 Banking and insurance policy

4.20. The Reserve Bank of New Zealand Act 1989 gives the RBNZ the power to register and supervise banks. This is for the purposes of promoting the maintenance of a sound and efficient financial system, and avoiding significant damage to the financial system that could result from the failure of a registered bank. There are now 25 registered banks in New Zealand. RBNZ does not guarantee banks against failure. Permanent deposit insurance is not provided. RBNZ has the ability to act as lender of last resort for the financial system.

4.21. In conducting macro-prudential policy, the RBNZ seeks to manage risks to the financial system through the use of prudential instruments. These are risks arising from extremes in the credit cycle or developments in liquidity conditions

4.22. Other recent banking initiatives include open bank resolution (OBR) and Basel III capital requirements. OBR is aimed at enabling a distressed bank to re-open for business and to continue to provide core banking functions. It is designed to limit the contagion effects on the rest of the financial system, while placing the cost of failure primarily on the bank’s shareholders and creditors, rather than the taxpayer. The Basel III requirements set higher minimum capital for banks, and include requirements for countercyclical buffers that can be applied in times of excessive growth.

4.23. The review period saw the implementation of significant changes to the regulation of insurers and non-bank deposit takers (NBDTs). Insurers are now subject to the Insurance (Prudential Supervision) Act 2010 and NBDTs (i.e. finance companies, building societies, credit unions) are now subject to the Non-bank Deposit Takers Act 2013. RBNZ is the prudential regulator and supervisor of both sectors and is responsible for administering the two pieces of legislation. Licensing has been an integral part of the prudential requirements under the new law. This has been completed in the case of insurers and is close to completion in the case of NBDTs.

4.7 Customs

4.24. New Zealand is working to complete the Trade Single Window for exporters and importers, progressively bringing more traders online and expanding the number and type of documents that can be lodged. Ultimately parties involved in international trade and transport will be able to submit the craft and cargo clearance data required by New Zealand border agencies electronically, once, through one entry point. New Zealand's Joint Border Management System, which includes the Trade Single Window, is expected to deliver significant benefits to importers, exporters and others operating in international trade supply chains once it is fully implemented.

4.8 Science and innovation

4.25. Over the past few years New Zealand's science and innovation system has seen significant change with government investment increasing to NZ$1.5 billion in 2015/16. Some of the more substantive new initiatives include the introduction of the National Science Challenges and establishment of Callaghan Innovation. The National Science Challenges are eleven large-scale science programmes designed to make a significant impact on New Zealand's most pressing issues.

4.26. Callaghan Innovation's mission is to accelerate the commercialization of innovation by businesses in New Zealand. It works with businesses to help them use science and technology to turn their ideas into commercially successful products, and by providing businesses with Research and Development (R&D) grants to help firms stretch their R&D budgets.

5 MULTILATERAL INITIATIVES

5.1 The World Trade Organization

5.1. For a small country with global trading interests, and a heavy reliance on export income, a strong, transparent, rules-based global trading system is vital. Many of New Zealand's exports face significant export barriers. The WTO remains the most important tool in facilitating market access and reducing distortions in international trade, and is the only vehicle that can genuinely achieve multilateral liberalization.

5.2. The Uruguay Round resulted in significant gains for the New Zealand economy but further improvements in global trading conditions are required to enable further growth and evolution of New Zealand's economy. Throughout the course of the Doha Round, New Zealand has demonstrated its commitment to working hard with other WTO Members to reduce distortions in the trading system and barriers to exports.

5.3. The Doha Round remains the Government's top trade priority. The only way we will collectively be able to deliver substantial economic, social and developmental benefits to all WTO members will be through the significant removal of trade barriers, trade-distorting domestic support, harmful fisheries subsidies and other trade barriers through a successful conclusion of the Doha Round. While such an outcome is without doubt of crucial importance for New Zealand, a high quality liberalising outcome to the Doha Round is the only way to truly deliver on the development dimension of the Round. New Zealand welcomed the conclusion of the WTO Trade Facilitation Agreement in Bali in December 2013 and the adoption of the Trade Facilitation Protocol of Amendment the following December. New Zealand is currently working to complete its domestic procedures to enable it to submit its instrument of acceptance but is pleased to note that practical implementation is already well under way on the ground.

5.4. New Zealand has been disappointed by the ongoing inability to conclude the Doha Round, but remains hopeful that we can gather the collective will to drive forward the Post Bali Work Programme and from that, promptly deliver a conclusion to negotiations capable of delivering meaningful outcomes in support of economic growth and development across the WTO membership.

5.5. Aside from the Doha Round, New Zealand continues to work across the full WTO agenda to support the rules-based trading system.

5.6. New Zealand welcomed the WTO Committee on Government Procurement's decision in October 2014 on the terms for New Zealand's accession to the plurilateral WTO Government Procurement Agreement (GPA) in Geneva. This concluded two years of negotiations between New Zealand and the Parties to the GPA. New Zealand will itself become a Party to the GPA 30 days after depositing its instrument of accession, which is expected to occur by end of July this year.

5.7. New Zealand is also a party to the Information Technology Agreement expansion negotiations and the Environmental Goods Agreement negotiations. While these processes take place among a subset of WTO Members outside of the core WTO negotiating framework, they will all contribute to the strengthening of the rules-based multilateral trading system.

5.8. New Zealand considers the WTO Dispute Settlement Understanding (DSU) one of the key achievements from the Uruguay Round. New Zealand continues to pursue its systemic interests in the WTO disciplines through participation in a number of current WTO dispute settlement proceedings. To date, New Zealand has been a complainant in eight disputes and has reserved its third party rights in over forty disputes. The dispute settlement mechanism is critical to the multilateral trading system and to the stability of the global economy. Without a means of settling disputes and enforcing rules, the rules-based system would be less effective. The WTO dispute settlement mechanism underscores the rule of law and makes the international trading system more secure and predictable.

5.9. Since its last TPR, New Zealand has initiated dispute settlement proceedings, alongside the United States, regarding Indonesian import restrictions on agricultural products. New Zealand has participated in two rounds of consultations with Indonesia in Jakarta to try to resolve the dispute. New Zealand has also participated in a number of other WTO disputes as a third party, including most recently, US-COOL (DS384), US-Tuna II (DS381), and the Australia-Tobacco Plain Packaging cases (DS434, DS435, DS441, DS458 and DS467).

5.10. New Zealand has also continued to be an active and constructive participant in the DSU Review negotiations.

5.2 OECD

5.11. New Zealand actively supports trade and agriculture-related work in the OECD, including through its participation in the Trade Committee, the Working Party of the Trade Committee and the Joint Working Party on Trade and Environment. The OECD's high-quality analytical and policy-focussed work on trade has been valuable in complementing the work of the WTO and in promoting the benefits of a strong multilateral trading system. New Zealand is highly supportive of the OECD's work to promote the benefits of trade liberalisation and to highlight the costs of protectionism, and to promote policy coherence for development.

5.3 Trade and Development

5.12. In line with the Doha Declaration, New Zealand has supported the centrality of development issues in the Doha Round, including developing country interests in areas such as improved access to markets and GVCs, support for capacity building, special and differential treatment in relation to the implementation of certain agreements and obligations which take into account capacity constraints, vulnerabilities and other national conditions.

5.13. New Zealand recognizes that trade and development are powerful catalysts for economic growth and poverty reduction. The Doha Round represents the single best opportunity to realise the development potential of trade and the most significant benefit for developing countries will come from reforms in agriculture through increased market access and the total elimination of export subsidies and trade-distorting domestic support policies.

5.14. New Zealand supports a WTO role in providing effective and efficient technical assistance, focussed on areas where it has a comparative advantage such as in building negotiating capacity and helping developing countries to understand the WTO rules and their implementation.

5.15. New Zealand supports the full and timely implementation of the Trade Facilitation Agreement (TFA). In particular, the WTO has a comparative advantage in areas such as building negotiating capacity and helping developing country Members to understand the WTO rules and their implementation. New Zealand expects to meet its obligations to provide technical assistance and capacity building support under the TFA via existing bilateral development channels, in particular in the Pacific region. Additionally, New Zealand has provided NZ$150,000 for a Trade Facilitation Fund to deliver capacity building projects outside of traditional channels, including regional capacity building seminars in Egypt and Panama and a training workshop in Jamaica. New Zealand has also given a contribution of NZ$100,000 to the WTO's Trade Facilitation National Needs Assessment Trust Fund, which has recently been merged with the WTO Trade Facilitation Agreement Facility (TFAF).

5.16. New Zealand was one of the first developed countries to offer unilateral duty-free quota-free access for all least developed countries in July 2001, and this is a facility that continues to be provided. New Zealand also provides reduced tariffs for a number of developing countries under the Generalised System of Preferences. Duty-free access is also offered to the economies of the South Pacific under the South Pacific Regional Trade and Economic Cooperation Agreement.

5.17. Since 2009, New Zealand has successfully reoriented its aid programme to focus on sustainable economic development, and the Pacific. In 2013/14, New Zealand provided NZ$174.4 million in Aid for Trade including economic infrastructure and productive capacity building, of which approximately 80% was invested in the Pacific. As New Zealand scales up its aid programme over the 2015 to 2018 period, supporting Pacific Island Forum countries to build their capacity to trade, including through negotiation and implementation of the Pacific Agreement on Closer Economic Relations (PACER) Plus, will continue to be a priority.

5.4 Trade and Environment, Trade and Labour

5.18. New Zealand aims both internationally and domestically to develop sound and sustainable policies for trade, the environment, and labour, and to ensure that such policies are mutually supportive and serve the overarching objective of sustainable development.

5.19. New Zealand has taken a proactive approach towards achieving these aims in its bilateral, regional and plurilateral trade agreements. Trade and labour and trade and environment outcomes have been included in all the Regional Trade Agreements (RTAs) New Zealand has concluded during the period under review. The New Zealand-Hong Kong China Environment Cooperation Agreement, the Memorandum of Understanding on Labour Cooperation between New Zealand and Hong Kong, China, the Memorandum of Understanding between the Government of the Republic of Indonesia and the Government of New Zealand on Environmental Cooperation, Memorandum of Understanding between the Government of New Zealand and the Government of the Republic of Indonesia on Labour Cooperation, the Agreement on Economic Cooperation between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (ANZTEC) and the New Zealand-Korea Free Trade Agreement all include provisions which incorporate shared commitments, cooperation in areas of shared interests, and a consultative mechanism.

5.20. New Zealand is also committed to the negotiation and utilisation of international standards that create sustainable growth. New Zealand's approach on trade and labour is based on the principles and rights set out in the International Labour Organisation Declaration of Fundamental Principles and Rights at Work and its Follow-up.

5.21. New Zealand's approach to trade and environment complements and supports international environmental commitments such as those made at the Earth Summit (1992), the World Summit on Sustainable Development (2002), the UN Conference on Sustainable Development (2012), the development of the Sustainable Development Goals and in relevant multilateral environment agreements.

5.22. Since its last TPR, New Zealand has engaged actively in trade and environment negotiations at the WTO. New Zealand has and will continue to support ambitious outcomes in these negotiations. In particular, ambitious outcomes on fisheries subsidies and on the elimination of tariffs on a broad range of environmental goods have the potential to deliver concrete economic, environmental and developmental benefits. Beyond the WTO context, New Zealand is also a strong proponent of fossil fuel subsidies reform and the 2012 Asia Pacific Economic Cooperation Forum (APEC) commitment to reduce tariffs on a list of 54 environmental goods to 5% or less by the end of 2015. New Zealand is currently leading the Friends of the Chair on Environmental Goods and Services to implement this APEC commitment.

6 REGIONAL ACTIVITIES

6.1 Asia Pacific Economic Cooperation Forum (APEC)

6.1. New Zealand continues to attach importance to APEC. The APEC region accounted for 73.6% of New Zealand's exports, 72.3% of New Zealand's imports and 83% of foreign direct investment into New Zealand in 2013. APEC's core work on regional economic integration is a key priority for New Zealand, particularly work towards the realisation of the Free Trade Area of the Asia Pacific (FTAAP). New Zealand has also actively used its current role as Chair of APEC's Economic Committee to strengthen work on structural reform and issues such as regulatory cooperation and reform. Other priorities for New Zealand within APEC include improving supply chain connectivity; lowering transaction costs at the border including through improved customs and standards procedures; and trade-related measures to improve food security. Progress in these areas should continue to make it easier for New Zealand businesses to operate throughout the APEC region.

6.2. New Zealand remains committed to attainment of the Bogor Goals of free and open trade and investment in the Asia Pacific Region. In 2010, New Zealand, along with four other industrialized economies and eight volunteering developing economies, underwent a detailed assessment of progress towards the Bogor Goals. Based on the analyses of these efforts and achievements made by these thirteen economies, and taking into account the various developments of global circumstances, APEC Leaders concluded at their Meeting in Yokohama, Japan in 2010 that while more work remains to be done, significant progress has been made toward achieving the Bogor Goals. Since then, two further progress reports have taken place in 2012 and 2014. New Zealand supports the Individual Action Plan peer review process as a mechanism for maintaining a focus on the achievement of the Bogor Goals by all members.

6.3. New Zealand also takes seriously APEC's responsibility to respond constructively to the needs of business in the region, as articulated by the APEC Business Advisory Council (ABAC). New Zealand has worked hard to progress APEC's work on issues emphasised by ABAC, for example, work on FTAAP and Global Data Standards.

6.2 East Asia Summit (EAS)

6.4. New Zealand is a member of the East Asia Summit (EAS) and is a strong supporter of trade and economic integration in the EAS region. New Zealand is a regular participant in the EAS Economic Ministers' Meetings, and a leader in efforts to develop cooperation on regulatory best practice in the EAS. The Regional Comprehensive Economic Partnership (RCEP) negotiations involving 16 of the EAS member countries were launched on the margins of the EAS in 2012.

7 BILATERAL AND REGIONAL TRADE AGREEMENTS

7.1. Maintaining and strengthening the multilateral trading system under the WTO remains the central pillar of New Zealand's trade policy. At the same time, New Zealand has also promoted regional and bilateral trade agreements and economic integration as a means of complementing the multilateral trading system. New Zealand has been active in this area since the 2009 TPR.

7.2. New Zealand has consistently structured its FTAs in ways that ensure they complement the multilateral trading system, and that make them a stepping stone rather than a stumbling block for further multilateral trade liberalization. FTAs which do not cover "substantially all trade" could have the effect of undermining the multilateral system. New Zealand believes that, provided they genuinely liberalize trade between countries, including by covering substantially all trade, FTAs can make an important strategic contribution to moving the WTO process forward.

7.3. New Zealand thus seeks FTAs which are WTO-compatible, comprehensive in scope and which improve the conditions for the growth of New Zealand's economic relationships, including through trade in goods, services, and investment, as well as to secure trade facilitating commitments from our trading partners on a range of related issues such as rules of origin, customs cooperation, sanitary and phytosanitary (SPS) and technical barriers to trade (TBT) issues, together with appropriate commitments on intellectual property, competition policy, labour and environment. New Zealand recognises that FTAs with key trading partners can open up important new opportunities for expanded trade and investment and often in a shorter time frame than is possible in the multilateral process.

7.4. New Zealand sees FTAs as an opportunity not only to remove tariff barriers on a bilateral basis, but also to deepen economic integration with its trading partners across the wider trade and investment relationship. This is based on a recognition that trade flows are affected as much by internal regulatory and administrative settings as by tariffs, quotas and other external barriers to trade.

7.5. At the time of our previous TPR in 2009, New Zealand had six comprehensive FTAs in force – the Australia-New Zealand Closer Economic Relationship (ANZCERTA); the Agreement between New Zealand and Singapore on a Closer Economic Partnership, the New Zealand-Thailand Closer Economic Partnership, the Trans-Pacific Strategic Economic Partnership Agreement (P4), the China Free Trade Agreement, the Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area. The following developments have taken place during the period under review.

7.6. Government agencies continue to work with business to ensure they are fully aware of the opportunities available under these FTA agreements, so that there is the fullest possible utilization of preferences and other benefits conferred by New Zealand's FTAs. This includes provision of user-friendly information tools, ongoing dialogue with exporters to ensure they are taking maximum advantage of the agreements; completing built-in negotiations under existing FTAs to expand the scope of commitments in areas such as services and government procurement; addressing impediments that limit the take up of FTA preferences such as documentation requirements; and maximizing the use of existing FTA provisions to maintain or improve market access and facilitate trade.

7.1 Australia New Zealand Closer Economic Relationship

7.7. Australia and New Zealand have one of the most open economic and trade relationships between any two countries, characterized by substantial flows of merchandise trade, services, capital, labour and people.

7.8. The economic relationship is underpinned and strengthened by a near-comprehensive set of trade and economic arrangements, collectively known as CER (Closer Economic Relations). For example, the Trans-Tasman Mutual Recognition Arrangement (TTMRA) ensures most goods legally sold in one country can also be legally sold in the other without having to meet further sales-related requirements. Additionally, the Food Standards Australia and New Zealand (FSANZ) agreement reduces unnecessary barriers to trade by adopting a joint system for the development and promulgation of food standards and provides for the timely development, adoption, and review of food standards appropriate for both countries.

7.9. Since the foundation agreement (ANZCERTA) was signed 32 years ago, New Zealand and Australia have committed to a process referred to as the Single Economic Market (SEM) agenda. The SEM agenda builds on ANZCERTA's liberalization measures to increase integration by identifying innovative, low-cost actions behind the border. The aim is to reduce discrimination and costs arising from different, conflicting or duplicate regulations or institutions in each country.

7.10. Australia and New Zealand continue to work closely on a range of issues to progress the SEM agenda. A broad range of SEM initiatives have been achieved across the following four themes:

i. Reducing the impact of borders – focusing on reducing barriers to trade, travel and investment (e.g. the enactment of the 2013 CER Investment Protocol);

ii. Improving the business environment – reducing barriers to trade by streamlining regulatory frameworks (e.g. the enactment of an updated Double Tax Agreement in 2010 – due for further review in 2015);

iii. Improving regulatory effectiveness – finding ways for regulators to operate more effectively (e.g. the Trans-Tasman Court Proceedings and Regulatory Enforcement Treaty, which allows the enforcement of civil judgements across the Tasman); and

iv. Supporting business opportunities – facilitating connections between businesses to take advantage of openness in trans-Tasman markets (e.g. the annual Australia New Zealand Leadership Forum).

7.2 Trans-Pacific Strategic Economic Partnership Agreement

7.11. The Trans-Pacific Strategic Economic Partnership Agreement, which has been known as P4, is an FTA between New Zealand, Brunei Darussalam, Chile, and Singapore. It entered into force in 2006, and includes measures to open up trade in services as well as opportunities to compete for government procurement contracts. (Because of the small size of its economy, Brunei was given some flexibility in implementing commitments on services, government procurement and competition.) The agreement promotes cooperation on customs procedures, intellectual property and competition policy, and the members of P4 also became party to binding agreements on environment cooperation and labour cooperation. In 2009, negotiations were launched to expand the agreement beyond its original four members. The shortened Trans-Pacific Partnership (TPP) title is being used for this process.

7.3 ASEAN-Australia-New Zealand Free Trade Area

7.12. The Agreement establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) was signed on 27 February 2009 at the ASEAN Summit in Hua Hin, Thailand. AANZFTA then entered into force on 1 January 2010 for (and between) the following countries – Australia, Brunei, Myanmar, Malaysia, New Zealand, Singapore, the Philippines, and Viet Nam. The agreement entered into force for Thailand on 12 March 2010 and Lao PDR and Cambodia on 1 and 4 January 2011 respectively, and entered into force for Indonesia on 10 January 2012. AANZFTA represents a significant milestone in New Zealand's engagement and ongoing integration into the ASEAN region. The benefits for New Zealand exporters include the phased elimination of tariff barriers, greater certainty and transparency, and reductions in associated transaction costs. Tariffs on goods are reduced over a total period of up to 12 years. As with the FTA with China, this provides an adjustment phase for both sides' import-sensitive sectors. There are new GATS-plus commitments in services sectors in areas of interest to New Zealand. There is an investment chapter which adds new protections for New Zealand investors and investments into the region. Additional binding trade and labour instruments have been signed with the Philippines and these complement existing outcomes on these two subjects with Thailand, Singapore, and Brunei. Parties signed the First Protocol to Amend AANZFTA in August 2014. This Protocol streamlines some of the rules of origin procedures in the Agreement. It is expected to enter into force in 2015.

7.4 New Zealand Thailand-Closer Economic Partnership

7.13. New Zealand's Closer Economic Partnership with Thailand will phase out all tariffs by 2025 (i.e. 20 years from entry-into-force of the agreement), although more than half of all tariffs were eliminated when the agreement entered into force in 2005. New Zealand's tariffs on Thailand's imports were eliminated on 1 January 2015. Labour and environment arrangements were negotiated in parallel with the CEP. At the time of the signing, both sides agreed to the future scheduling of services and government procurement negotiations and the review of the special agricultural safeguards, to complete the CEP. New Zealand remains committed to working with Thailand to advance these negotiations. Two-way trade with Thailand has doubled since the bilateral CEP was signed in 2005 and work to refresh and update the agreement has the objective of ensuing the CEP can provide the best possible platform for future growth in our bilateral economic relationship.

7.5 New Zealand-China Free Trade Agreement

7.14. On 1 October 2008, New Zealand's FTA with China entered into force – China's first FTA with a developed country. The FTA provides for tariffs on goods to be reduced on a mostly linear basis over a total period of up to 12 years, permitting an adjustment phase for sensitive sectors. The agreement incorporates substantial services commitments, covering modes 1-4, as well as MFN provisions in investment and some services sectors, to enable the agreement to keep up to date. Additional binding agreements on labour and environment cooperation have been signed, providing further possibilities for cooperation and capacity building.

7.15. In the five years since the FTA entered into force, two-way trade with China has more than doubled and New Zealand has experienced export growth into the China market averaging 32% per annum. As China's wealth increases, so does its demand for the types of goods and services New Zealand has to offer and the two countries are on track to meet the target set by their leaders in 2010 to increase two-way trade to NZ$20 billion over the period to 2015. In support of this goal, New Zealand and China have built on the earlier success of the FTA to achieve implementation of an accompanying mutual recognition agreement on electrical and electronic equipment which enables New Zealand manufacturers to have a range of their products tested, inspected and certified in New Zealand to meet Chinese standards; as well as to negotiate an agreement to enabling business visitors to access three-year, multiple-entry visas, while reducing the cost.

7.6 New Zealand-Malaysia Free Trade Agreement

7.16. New Zealand's Free Trade Agreement with Malaysia was signed in October 2009 and has liberalised and facilitated trade in goods, services and investment between the two countries. It contains measures to improve business flows and promote cooperation in a broad range of economic areas of mutual interest and is supported by agreements on trade and the environment and trade and labour matters. Importantly, it goes beyond the commitments made in AANZFTA signed in February 2009, including, for example, elimination of tariffs within seven years (by 2016) of entry-into-force. New Zealand and Malaysia have an active implementation agenda under the agreement, designed to ensure the agreement remains up to date and relevant to current trade practices.

7.7 New Zealand-Hong Kong China Closer Economic Partnership

7.17. New Zealand's Closer Economic Partnership Agreement with Hong Kong, China was signed in March 2010 and entered into force on 1 January 2011. The agreement binds in place duty-free access for New Zealand exports to Hong Kong and eliminates duties on Hong Kong China's exports to New Zealand by 2016. The agreement contains measures to improve business flows and promote cooperation in a broad range of economic areas of mutual interest, and is supported by legally-binding side agreements on labour and the environment. Both sides also agreed to negotiate an Investment Protocol within two years of entry into force. New Zealand and Hong Kong, China are committed to completing these negotiations.

7.8 Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Cooperation

7.18. ANZTEC entered into force on 1 December 2013. ANZTEC provides elimination of tariffs on 100% of New Zealand's current export lines by Year 12 and elimination of all remaining tariffs on TPKM's current trade by Year 4. ANZTEC provides WTO-plus commitments in the areas of services and investment, including improved market access in sectors such as education. ANZTEC also includes an "open skies" Air Transport Agreement and new opportunities for film and television cooperation. ANZTEC also includes an Indigenous Cooperation Chapter, reflecting the unique connection between TPKM's indigenous people and New Zealand Māori. There are also chapters on Trade and Labour and Trade and Environment, including immediate liberalization of 132 products deemed to support green growth and sustainable development objectives.

7.9 New Zealand-Korea Free Trade Agreement

7.19. The New Zealand-Korea FTA was signed on 23 March 2015. The FTA is expected to enter into force later in 2015. Tariffs on 48.3% of New Zealand goods exports to Korea will be eliminated on entry into force. Once the FTA is fully implemented in Year 20, 97.9% of New Zealand's current exports will enter Korea quota and duty free. Tariffs on Korea's exports to New Zealand will be phased out by Year 7. The FTA includes commitments on services, investment and government procurement and provides for cooperation in areas such as customs procedures and trade facilitation, SPS and TBT, and intellectual property. The FTA also includes substantive chapters on labour and environment.

7.10 The New Zealand-Gulf Cooperation Council Free Trade Agreement

7.20. The Government concluded negotiations towards an FTA with the Gulf Cooperation Council in 2009.The Government is now looking to complete the legal verification process (which involves reviewing and agreeing the technical legal drafting of the FTA) as soon as possible. Once verification is completed, the FTA can be put before Ministers for signature and can then be subject to respective domestic approval processes in each party.

7.11 Bilateral and Regional Trade Agreements under Negotiations

7.21. New Zealand currently has a number of FTA negotiations under way. New Zealand is working with participants in the TPP to bring negotiations to a successful conclusion consistent with the goals set by TPP Leaders. New Zealand will aim to successfully complete bilateral negotiations with India as well as the Regional Comprehensive Economic Partnership made up of the ten ASEAN countries and their six FTA partners. Efforts are also ongoing to pursue greater economic integration and trade among Pacific Forum countries through PACER Plus negotiations. RTA negotiations for a NZ-Russia-Belarus-Kazakhstan agreement are currently suspended.

8 OUTLOOK

8.1. Notwithstanding the extensive network of FTAs which New Zealand has now concluded, and our ambitious programme of ongoing FTA negotiations, we continue to value the critical importance of maintaining the effectiveness of the WTO rules-based multilateral trading system. The responses to the Global Financial Crisis have underscored the importance of this system to underpin continued global growth and development. New Zealand will continue to work with other WTO Members to sustain the effective functioning of the WTO as an organization and to achieve a conclusion to the Doha Round of negotiations, including in the current effort to agree on a post-MC9 work programme and to achieve successful outcomes from the 10th WTO Ministerial meeting in Kenya in December 2015. Reinforcement of the multilateral rules-based trading system to address the range of issues that commercial actors now face will remain a priority in New Zealand's endeavours to contribute to efforts to pursue an efficient international economic and trading framework.

8.2. More generally, New Zealand will continue its efforts to improve the conditions for expanded trade and investment with key markets, strengthen the institutions and rules governing international trade and investment, forge relationships with new partners, and work to ensure full implementation of WTO commitments by members. New Zealand will continue its efforts to promote the benefits of free trade for developed and developing countries alike. To that end, New Zealand will continue to pursue its trade policy multilaterally, regionally, and bilaterally with key partners. New Zealand's membership of the WTO remains a lynch-pin of its wider trade strategy.

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