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MINISTRY OF FOREIGN AFFAIRS AND TRADE, MANATŪ AORERE

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Welcome to BusinessLink, a bi-monthly publication produced by the Ministry of Foreign Affairs and Trade to keep you informed of the latest developments and activities across the trade agenda. The Ministry is responsible for conducting the New Zealand government's business with foreign governments and international organisations. On the trade front, one of our key responsibilities is to negotiate market access for New Zealand goods and services and maintain and enforce that access in overseas markets.

SECOND ROUND OF TPP NEGOTIATIONS

The second round of negotiations to expand the Trans-Pacific Partnership (TPP) took place in San Francisco from 14-18 June.

Discussion at the second round remained mainly exploratory. Negotiators held useful discussions on how to make TPP a high-quality, 21st century agreement. A lead negotiators' process focused on cross-cutting "horizontal issues" such as regional integration, regulatory coherence, development and transparency.

There were also discussions on the architecture of the agreement and how TPP will relate to existing bilateral free trade agreements between the TPP countries. In some areas, sufficient progress was made to enable negotiations on text to begin at the next round.

As the negotiation moves ahead it will be important that New Zealand negotiators gain a deeper understanding of the views and interest of New Zealanders. New Zealand negotiators will be undertaking further public consultation in advance of the third round.

> For further information or to comment, contact Sarah Lovegrove, FTA Unit, sarah.lovegrove@mfat.govt.nz or 04 439 8607.

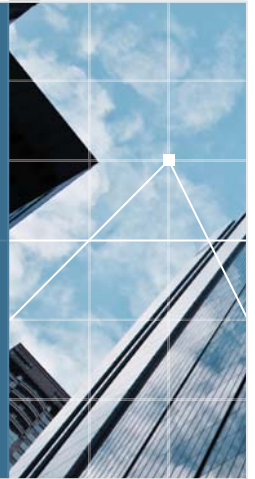
BUSINESSLINK: NO MORE HARDCOPIES

As advised previously, this issue is the last publication that will be printed in hardcopy format.

From the Aug/Sep issue, BusinessLink will only be available in electronic format, sent directly to subscribers' inboxes, or available for viewing on the MFAT website.

Those subscribers currently receiving hardcopies will need to supply their email addresses to tplu@mfat.govt.nz by Monday 23 August, in order to continue receiving BusinessLink.

> To be added to the electronic mailing list, email your name, business, and email address to: tplu@mfat.govt.nz



NEW ZEALAND-HONG KONG CEP ROADSHOWS

Following signature of the New Zealand-Hong Kong Closer Economic Partnership (CEP) on 29 March this year, a series of roadshow seminars were held in Wellington, Auckland and Christchurch between 16-18 June to promote the outcomes of the Agreement.

Trade Minister, Hon Tim Groser spoke at the events in Wellington and Auckland and Colin King, MP for Kaikoura, spoke at the Christchurch event. The attendees comprised businesses engaged in a wide range of sectors in Hong Kong and China, as well as academics and officials. Lead negotiator Julian Ludbrook outlined the key outcomes and benefits of the Agreement, and New Zealand Trade Commissioner to Hong Kong, Sharon-May McCrostie, spoke about the opportunities in Hong Kong for New Zealand companies.

Ronnie Butt, Comvita's General Manager for Asia spoke about how Comvita has developed a valuable market in Hong Kong and China. Arran Boote, International Tax Director of William Buck, shared some practical advice on how companies could use Hong Kong to take advantage of opportunities in mainland China. Stimulating question-and-answer sessions following the presentations centred on Hong Kong as a strong consumer market, and also as a hub for doing business with mainland China and the rest of Asia.

For speakers' presentations and video clips of the seminars, visit www.mfat.govt.nz under Trade and Economic Relations > Trade Agreements > Hong Kong CEP > Updates/Announcements.

> **For further information contact: Sally Page, Asia Division, sally.page@mfat.govt.nz or 04 439 8450.**

PNG BUSINESS PROSPECTS ROAD SHOW

Former NZ High Commissioner to Papua New Guinea (PNG) to conduct a NZ Road Show on 6-9 July focussing on business opportunities in PNG vis-à-vis recent developments in the oil and gas sector.

New Zealand Trade and Enterprise (NZTE), in association with MFAT, is organising a Road Show around New Zealand on 6-9 July to inform the New Zealand business community about business opportunities in Papua New Guinea, with a particular focus on the oil and gas sector. The key speaker will be Niels Holm, former NZ High Commissioner to PNG from January 2007 to May 2010.

The PNG Road Show will take place from Tuesday 6 to Friday 9 July inclusive and involve seminars and networking sessions in Wellington and Dunedin (6 July), Christchurch and New Plymouth (7 July), Tauranga and Hamilton (8 July), and Auckland (9 July).

> **For further information, contact Warwick Hawker, Director - MFAT Auckland Office, warwick.hawker@mfat.govt.nz or 09 303 5443.**

INTELLECTUAL PROPERTY (IP) IN BRAZIL

MFAT is running seminars in July to raise awareness about Brazil's intellectual property (IP) regime and the importance of protecting IP.

The seminars are to be held 13-16 July in Auckland, Hamilton, Christchurch and Wellington. They will provide companies interested in investing in Brazil with introductory, high-level advice and guidance on the issues they need to consider when doing business in Brazil, including discussing potential options for seeking specialist advice as appropriate.

Brazil, the world's fifth most populous country with a large and rapidly growing middle class, offers significant economic opportunities to New Zealand companies. Our economic relationship is driven by investment – with New Zealand investment in Brazil estimated to be worth around NZ\$300m.

As New Zealand companies, including in agro-technology, get more involved in Brazil it is increasingly important that they focus on adequate protection of their IP. This is a complicated but vital area if New Zealand businesses want to ensure long-term economic gain from their business operations in Brazil.

The seminars will be delivered by Advocacia Pietro Ariboni, a Brazilian law firm with 35 years experience in advising foreigners on how to best protect their IP assets in Brazil. The seminar will cover:

- Information on Brazil's IP regime, including patents, licensing, trademarks, copyright, software, and technology transfer;
 - The risks associated with not properly protecting IP in the Brazilian market;
 - The types of IP protection that are most relevant for the New Zealand products and services sold in Brazil; and
 - The links between IP and other critical systems of the Brazilian business environment (e.g. tax) that may impact on the optimal type of IP protection.
- > **For further information or to register your interest, contact Michael Appleton, Brazil Desk, michael.appleton@mfat.govt.nz or 04 439 8582.**

NZ-KOREA FTA UPDATE

Four rounds have now been held in our FTA negotiations with the Republic of Korea (Korea) and good progress has been made in many areas of the negotiations.

Both parties exchanged services, investment and government procurement 'market access' offers in June, which means that the full range of FTA issues are now on the table.

Remaining however, is the significant challenge of bridging the differences on issues relating to the agriculture, forestry and fisheries sectors – this includes goods market access (tariffs), sanitary and phytosanitary measures, product-specific rules of origin and other trade



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rules as they relate to the primary sector.

Prime Minister John Key will review the progress that has been made in the FTA negotiations when he meets with Korean President Lee Myung-bak during his visit to Seoul from 3-7 July.

> For further information, contact Alana Hudson, ftk@mfat.govt.nz or 04 439 8345.

BUSINESS MENTORING PROGRAMME, TONGA

The new Pacific Islands Business Mentoring Programme, which was launched in the Cook Islands in April, has now commenced in Tonga.

The Programme, funded by the New Zealand Government, is managed by Business Mentoring New Zealand (BMNZ). It will be rolled out in succession over the next three years to a further nine Pacific Island countries.

Prime Minister John Key announced in August 2009 that New Zealand would develop a business mentoring programme to provide practical support to Pacific businesses. The programme aims to assist small and medium sized businesses in the Pacific to manage and grow their businesses in a way that supports sustained increases in production and employment over time.

It is hoped the programme will be a catalyst for identifying other business needs such as training, and create opportunities for partnerships and joint ventures, and increased Pacific exports, including to New Zealand.

Local mentors will be trained under the programme to support the mentoring knowledge base and sustainability of the programme at the local level.

> For further information, contact Chris Day, chris.day@mfat.govt.nz or visit www.businessmentors.org.nz

APEC MINISTERS RESPONSIBLE FOR TRADE (MRT) MEETING

APEC Trade Ministers met in Sapporo, Japan, 5-6 June to discuss the 2010 assessment of APEC's progress towards achieving the Bogor Goals, the Doha round, a new APEC Growth Strategy and APEC's regional economic integration agenda.

Ministers also discussed Japan's proposal to come up with a new vision to guide APEC's work after 2010. New Zealand was represented at the MRT by Minister of Trade Hon Tim Groser, who in addition to attending the MRT, participated in a Trans-Pacific Partnership (TPP) Ministerial meeting and had several bilateral meetings. The focus of discussions amongst Ministers at the MRT was on the 2010 assessment of APEC's

industrialised economies' progress towards the Bogor Goals of free and open trade and investment in the APEC region.

In addition, eight developing APEC economies have volunteered to be assessed in 2010. Ministers instructed officials to complete the report in time for the APEC Leaders' meeting in November and noted that while good progress had been made towards the Bogor Goals by the economies being assessed, more work remained to be done.

> For further information, contact Rupert Mackintosh, APEC Unit, Asia Division, rupert.mackintosh@mfat.govt.nz or 04 439 8887.

NEW ZEALAND - CHINA FTA SEMINAR IN HONOUR OF VICE PRESIDENT XI JINPING

To coincide with the visit to New Zealand by Vice President of China Xi Jinping, a seminar entitled 'China-New Zealand FTA: Reaping the Benefits' was held in Auckland on Thursday 17 June.

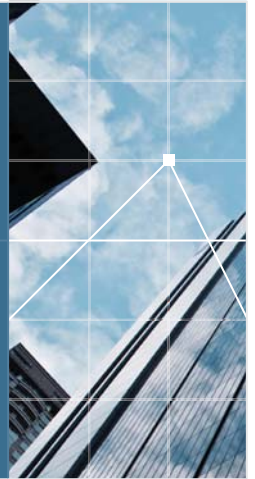
The seminar followed an official lunch for the Vice President hosted by Trade Minister Tim Groser, at which both VP Xi and Minister Groser gave speeches on the importance and success so far of the FTA.

The FTA seminar gave businesspeople from both countries an opportunity to learn about specific achievements to date under the FTA, and to consider how we might continue to leverage off the high-quality Agreement to each countries' benefit. The audience consisted of 147 senior Chinese businesspeople (mostly Chairmen and CEOs of large Chinese companies) as well as a range of New Zealand business representatives, making a total of around 370 attendees.

Eight speakers addressed the seminar, including:

- Shi Zhiyun, General Manager of Haier Electrical Appliances Co Ltd (which owns a 20% stake in Fisher and Paykel);
- Roger Latimer, Managing Director of New Zealand company Teknatool;
- Yao Wenping, Vice President of the China Chamber of Commerce for Manufacturing and Electronics;
- Stuart Ferguson, Chairman of the New Zealand China Trade Association;
- Zhang Yinxin, Deputy Director-General of the Investment Promotion Agency of China's Ministry of Commerce;
- Kefeng Chu, Director of China Operations at NZ Trade and Enterprise;
- Qi Jinming, Deputy Chief Economist at China Railway Materials Commercial Corporation; and
- Alasdair Thompson, Chief Executive of the Employers' & Manufacturers' Association.

> For further information contact: Sally Page, Asia Division, sally.page@mfat.govt.nz or 04 439 8450.



SOLOBIS NEWSLETTER FROM HONIARA

The latest edition of "SoloBis", a bi-monthly newsletter prepared by the New Zealand High Commission in Honiara, has just been issued.

"SoloBis" outlines economic and business developments in Solomon Islands of interest to New Zealand companies.

Solobis can be viewed at:
www.nzembassy.com/solomon-islands.

- For further information, contact Mary Thurston, NZ High Commission, Honiara, mary.thurston@mfat.govt.nz or +677 28534.

MALAYSIA FTA UPDATE

The legislation required to implement the Malaysia-New Zealand Free Trade Agreement in New Zealand has passed all stages in Parliament and is awaiting Royal Assent.

New Zealand is therefore on track for a 1 August entry into force date for the Free Trade Agreement.

- For further information, contact Sarah Ireland, Asia Division, sarah.ireland@mfat.govt.nz or 04 439 8854.

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NEW ZEALAND-RUSSIA BEGIN FTA SCOPING DISCUSSIONS

Following agreement by Trade Minister, Hon Tim Groser and his Russian counterpart, Elvira Nabiullina, the Russian Minister of Economic Development, New Zealand and Russia have begun laying the groundwork for formal commencement of Free Trade Agreement (FTA) negotiations.

Subject to the satisfactory outcome of the scoping discussions, New Zealand and Russia would then progress into formal negotiations. Speaking from Russia in early June, Minister Groser commented that this represents a significant step which in the long term could have significant potential for New Zealand businesses looking to expand into the broader European market.

With food imports totalling US\$30 billion in 2008, Russia is the world's fifth-largest food import market and is among the world's largest importers of meat and dairy products. Opportunities also exist in the wider agritech sector and in services where tourism and education are growing areas of interest.

While there is much water to go under the bridge yet, an FTA with Russia and its Customs Union partners of Belarus and Kazakhstan could present a unique opportunity for New Zealand to future-proof its relationship with an emerging economic powerhouse.

New Zealand's current exports to Russia totalled NZ\$187 million in 2009, which is relatively modest, but there is high potential and the trajectory is positive. New Zealand's exports to Russia grew 267% from NZ\$51.0 million in 2000 to NZ\$187 million in 2009. An FTA could provide a boost to the trade relationship, and provide New Zealand with a significant 'first-mover' advantage, which would improve our position in the market relative to our trading competitors.

During the scoping phase, the Customs Union countries and New Zealand will look to set out the overall scope and ambition for an FTA and, subject to agreement, the steps for initiating formal negotiations before reporting back to Ministers.

Government officials will, in the near future, call for public submissions on a potential FTA.

- For further information, contact Matt Crawford, Manager - Trade Policy Liaison Unit, matt.crawford@mfat.govt.nz or 04 439 8457.

NZ-CHINA FTA TWO YEAR REVIEW

A formal review of the NZ-China Free Trade Agreement will be undertaken over the next 3 months, as mandated in Article 180.1(b) of the FTA. The review will be concluded at the second FTA Joint Commission in Beijing in November 2010.

The purpose of the review is to jointly consider (with China) the operation and implementation of the FTA, consider any proposal to amend the FTA or its Annexes and otherwise oversee the elaboration of the Agreement.

MFAT is leading this process for New Zealand, and will look at implementation of the FTA to date from a government and business perspective, as well as conducting economic analysis of trade to date. In order to ascertain business feedback on the FTA, a business survey will be conducted during July/August. This will give businesses the opportunity to comment on the impact of the FTA on their business, and on operational elements of the FTA including certification, tariff reductions, quota management, Sanitary and Phytosanitary Measures, and Technical Barriers to Trade.

The survey will be distributed through the Employers and Manufacturers Association, some Chambers of Commerce and the New Zealand-China Trade Association. MFAT also welcomes any views from businesses beyond the scope of the survey.

- For further information contact: Sally Page, Asia Division, sally.page@mfat.govt.nz or 04 439 8450.