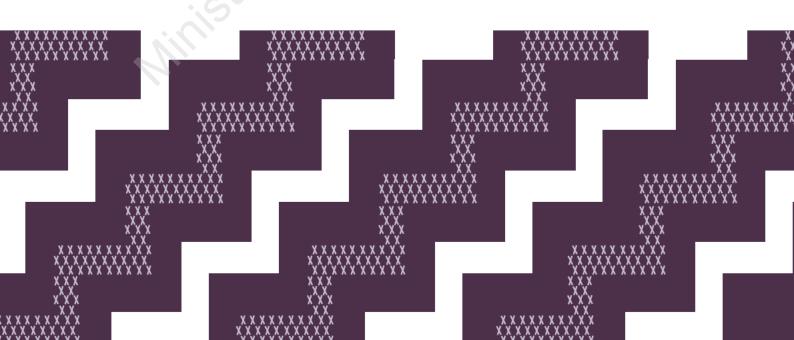


# **Briefing for Incoming**

# Minister for Trade





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Part 1

# The Minister for Trade



As Minister for Trade, including in your responsibility for New Zealand Trade and Enterprise, you help to grow New Zealanders' incomes, productivity, job opportunities and living standards through maximising the benefits which New Zealand derives from trade.

#### The key components of your trade policy role are:

- Setting the strategic direction and priorities for New Zealand trade policy;
- Determining key policy settings in consultation with Cabinet colleagues as appropriate;
- Advancing and protecting New Zealand's interests, primarily in the trade and economic area, through meeting Ministerial counterparts and participating in negotiations;
- Coordinating with other economic portfolios, and close coordination with the Minister of Foreign Affairs to support outcomes across both portfolios; and
- Undertaking engagement with Treaty partners, business and civil society, to gain their insights, present New Zealand trade policy, and maintain social licence for that policy.

The Ministry supports you in the above areas through advice and implementation of your decisions.

You have primary responsibility for international trade negotiations through the World Trade Organization (WTO) and bilateral and regional free trade agreements (FTAs) and their implementation. You secure Cabinet mandates for such negotiations. A number of agencies are responsible for helping to negotiate and implement the outcomes of negotiations and, consequently, multiple portfolios may have an interest in these mandates.

You are also the lead Minister on addressing market access issues, including non-tariff barriers, facing New Zealand exporters, and may need to work with other Ministers to determine and implement action. You also have responsibility for New Zealand's contributions to important international trade and economic policy and norm-building forums, notably the Organization for Economic Co-operation and Development (OECD), Asia-Pacific Economic Cooperation (APEC) and the East Asia Summit (EAS) economic stream.

You play a critical role in influencing outcomes for New Zealand through the relationships you develop with counterpart Ministers and leaders of international organisations — for example, helping to address impasses in negotiations, resolving bilateral trade issues, and securing outcomes for New Zealand in multilateral and regional forums. At times this may require you to prosecute contentious and/or complex issues at the political level.

A number of other Government agencies also engage internationally in the trade and economic space. This includes on international taxation, air transport, primary industries, immigration, tourism policy, international education, with overlaps also with climate change and international science engagement. Where sensitive or complex issues arise, both the Minister for Trade and the Minister of Foreign Affairs may be engaged, along with relevant portfolio Ministers and in some cases the Prime Minister and Minister of Finance, to ensure alignment and policy coherence across New Zealand's international interests.

Aotearoa New Zealand's trade policies and broader domestic economic policy need to be aligned and mutually supportive. A wide range of domestic policymaking can have implications for New Zealand's international trade obligations and opportunities, with flow-on effects for businesses in export markets. The Minister for Trade therefore has an interest in a range of domestic policy areas.

We look forward to discussing with you how you would like us to support the Minister of State for Trade role.

# The Coalition Government's priorities on international trade

The Coalition Government has signalled its intent for New Zealand to be an outward looking nation that is ambitious on the world stage.

It plans to strengthen New Zealand's international connections, so that New Zealand business has access to markets, skills and capital.

The Coalition Government Agreements between the New Zealand National Party and New Zealand First, and between the New Zealand National Party and ACT New Zealand, include the following priorities:

- Trade-related elements of National's Fiscal Plan, Tax Plan, 100 day plan and 100 point economic plan, including as modified by the Coalition Agreements;
- Growing economic prosperity and restoring New Zealand's former reputation as being a world economic and social leader;
- Working towards New Zealand again becoming an export powerhouse, including through maximising added value before exporting;
- Reversing the recent ban on live animal exports while ensuring the highest standards of animal welfare;
- Prioritising free and fair trade agreements, including with India; and
- Strengthening international supply networks.

The Ministry will support implementation of these priorities, helping to strengthen New Zealand's international connections and drive New Zealand's prosperity through trade, an important driver of productivity, employment and incomes.

We look forward to discussing your policy objectives with you, both to ensure we understand your priorities, and that the Ministry is well positioned to advance and implement them.

# How the Ministry supports you

The Ministry engages with you through the following channels, which will be adapted to suit your preferences and schedule:

- A regular (usually quarterly) meeting with the Chief Executive;
- A regular (usually weekly) meeting with the Deputy Secretary, Trade and Economic Group and other senior officials:
- Provision of a weekly report on current and emerging issues, briefings and Cabinet papers, and forthcoming international engagements;
- Issue-specific briefings on policy matters that require Ministerial decision, direction or attention;
- Diplomatic reporting (known as Formal Messages) from the Ministry's overseas posts;
- Support for your engagements within your portfolio, for example first drafts of speeches, talking points, and media releases;
- Support from accompanying senior officials for your domestic and international engagements; and
- Regular engagement through the Ministry staff seconded to your office.

Given the inter-linkages among the portfolios the Ministry supports, Ministerial coordination and mutual support are important to the pursuit of New Zealand's interests. To help achieve this coordination, advice, reports and briefings the Ministry prepares for you are frequently recommended for referral to other Ministers.

# Early engagement

#### **International engagement**

As a small distant economy, New Zealand needs to be proactive in generating opportunities to engage with international partners, to ensure our voice is heard in the world. Ministerial leadership is critical to this effort.

We will engage directly with you on prioritising your early engagement with foreign counterparts, with Australia a foremost priority, initially by phone or virtually and then in person.

The following list identifies key international events, during your first 100 days of Coalition Government, at which Ministerial attendance is recommended. In addition, virtual WTO mini-Ministerial meetings are scheduled in the lead-up to the 13th WTO Ministerial Conference; you have been invited to participate in a virtual meeting on the agriculture negotiations on 29 November and another on 11 December in conjunction with the upcoming 28th Conference of Parties to the Climate Change Convention. Separate advice on these events will follow.

#### 26-29 FEBRUARY 15-19 JANUARY Annual World Economic Forum (WEF) **World Trade Organization Ministerial**

Davos, Switzerland

This is an opportunity for the Minister for Trade to engage with counterparts in the lead-up to the WTO Ministerial Conference (see right), including with Switzerland inviting the WTO Director-General and Trade Ministers present in Davos for WEF to attend a WTO-focused dinner. Other ministers, including the Prime Minister and the Minister of Finance, have also previously attended WEF.

Conference 13 (MC13)

Abu Dhabi, United Arab Emirates

This is the topmost decision-making body of the WTO, and is critical to New Zealand trade policy interests. Officials will transact mandate and New Zealand priorities with you in advance (see below).

#### **Engagement in New Zealand**

The Ministry has sought in recent years to further intensify and improve its engagement with domestic partners and stakeholders on trade policy issues, through a variety of forums. This effort reflects increased recognition of the importance of trade for New Zealand and the consequent reliance on a sustained domestic social licence for continuing our trade policy efforts. It also reflects ongoing work with claimants in the Waitangi Tribunal (Wai 2522) relating to the engagement undertaken by the Ministry with respect to the Trans-Pacific Partnership (TPP) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) negotiations. It is worth noting the Waitangi Tribunal's Wai 2522 report found that the Crown breached Treaty of Waitangi principles in negotiating the digital chapter of CPTPP.

The Ministry's domestic partners and stakeholders on trade policy are wide ranging and include established Treaty partner groups, business sector groups, academics, civil society groups and the New Zealand public more generally.

Te Tiriti o Waitangi and the enduring Māori-Crown relationship makes New Zealand unique, and informs New Zealand's approach to trade policy. **Treaty partner groups** that the Ministry regularly engages with, including Ngā Toki Whakarururanga, Te Taumata, the Federation of Māori Authorities and the lwi Chairs' Forum, may reach out to you to outline their trade policy interests and priorities, and you may wish to prioritise early engagement.

In addition, you may wish to prioritise an introductory meeting with the Ministerial Strategic Advisory Group on Trade (MSAGOT), a body advising you on trade policy, comprising representatives from business, Māori and civil society. The group's tenure ends on 31 December 2023, and an early decision on its future composition and function will be required.

Ministerial participation (including the Prime Minister) is anticipated at the United States Business Summit in Auckland on 30 November 2023. The Ministry is ready to provide advice on engagement with e.g. other individual industry and civil society stakeholders, or possible outreach events open to the public.

#### **Cabinet and Parliamentary business**

The following issues are ones likely to require consideration by a Cabinet Committee, or Parliament, in the first 100 days of the Government taking office. Scheduling of Cabinet papers is at your discretion, and will be coordinated between the Ministry and your office.

# The New Zealand-EU Free Trade Agreement

The EU FTA was signed on 9 July, and both sides are prioritising work towards ratification by the first half of 2024.

New Zealand's Parliamentary Treaty Examination process concluded in August 2023, and the EU FTA Bill, including the changes to legislation required to implement New Zealand's commitments under the FTA, will be ready for introduction into the House before the end of this year. It is hoped that legislation can be passed swiftly, by the first half of 2024, so that the FTA can enter into force prior to EU Parliamentary elections in June 2024.

# APEC Business Advisory Council (ABAC) representative

ABAC is an independent group of business leaders advising APEC leaders on priority issues for business in the region.

It comprises three private sector representatives from each APEC economy. With one position vacant, a Cabinet paper will be drafted for you and the Minister of Foreign Affairs to seek Prime Ministerial approval and take to the Cabinet Appointments and Honours Committee in December to approve the appointment of a new ABAC representative for New Zealand.

#### NZ-China FTA Services Upgrade

New Zealand and Chinese leaders agreed in June 2023 to commence the process for negotiations on upgraded services commitments set out in the NZ-China FTA; a Cabinet negotiating mandate will be required by February 2024.

#### NZ-Gulf Cooperation Council FTA / NZ-United Arab Emirates FTA Exploratory Process

Decisions on next steps, depending on progress in the NZ-GCC negotiations and the NZ-UAE FTA exploratory process.

#### Indo-Pacific Economic Framework for Prosperity (IPEF)

Advice on Cabinet consideration and Parliamentary Treaty Examination of Indo-Pacific Economic Framework for Prosperity (IPEF) agreements and decisions on signature of Clean Economy and Fair Economy Pillars.

#### Early decisions and significant matters

In addition to the items identified above for Cabinet consideration, the following issues are ones that the Ministry anticipates providing briefing on during the Coalition Government's first 100 days.

#### November

#### NZ-China FTA Services Upgrade

Submission to note the launch for negotiations set out in the FTA upgrade and as agreed by leaders and need for subsequent Cabinet mandate.

# ASEAN-Australia-New Zealand FTA (AANZFTA)

Submission on New Zealand's scheduled hosting of the AANZFTA Joint Commission meeting in May 2024.

#### CPTPP outlook, including accessions

Plans for the remainder of the year as CPTPP Chair, and a way forward on CPTPP accession requests.

#### December

# Agreement on Climate Change, Trade and Sustainability (ACCTS)

Confirmation of positions and stocktake of remaining issues for conclusion.

# World Trade Organization Ministerial Conference 13 (WTO MC13)

In advance of Davos meeting, re-confirm New Zealand priorities.

#### **NZ-Pacific Alliance FTA**

Update on negotiations.

#### **January**

#### Pacific Agreement on Closer Economic Relations Plus (PACER Plus)

Update on status of PACER Plus Agreement.

# Agreement on Climate Change, Trade and Sustainability (ACCTS)

Seeking permission to announce conclusion/for signature and ratification.

# Formal portfolio responsibilities: Crown entities and other appointments

This section covers bodies and appointments for which you are responsible.

#### **New Zealand Trade and Enterprise**

You, with the Minister for Economic Development, are responsible for NZTE, a Crown entity, and appoint its Board. The Ministry monitors the performance of NZTE in conjunction with the Ministry of Business, Innovation and Employment, the lead monitoring agency.

#### The Board's current membership is:

- Jennifer Kerr (Chair) (term ends 6 March 2025)
- Mike O'Donnell (Deputy Chair) (term ends 6 March 2025)
- · Carl Carrington (term ends 6 March 2025)
- Matanuku Mahuika (term ends 15 January 2026)
- Sarah Paterson (term ends 6 March 2025)
- Deborah Shepherd (term ends 31 August 2025)
- Victoria Spackman (term ends 31 August 2025)

#### Ministerial Strategic Advisory Group on Trade

The Ministerial Strategic Advisory Group on Trade (MSAGOT) provides a mechanism for you to engage with representatives from business, Māori and civil society on New Zealand's trade policy, providing you with insights on topical or emerging issues. Established in November 2022, it is a successor to a range of advisory groups under different governments.

MSAGOT's tenure ends on 31 December 2023, and you will want to make a decision on its future composition and function in due course.

#### The Group's current membership is:

- Suzannah Jessep, Director Research and Engagement, Asia New Zealand Foundation (Chair)
- Catherine Beard, Director of Advocacy, BusinessNZ
- Marcus Driller, Vice President, Corporate, Fisher & Pakyel Healthcare
- · Mohammed Hikmet, Founder, HMI Technologies and Ohmio Autonomous Vehicles
- Mat Hocken, Dairy Farmer / Chair, Rural Innovation Lab
- Sam Huggard, Director of Campaigns, NZEI Te Riu Roa
- Julia Jones, Business Consultant & Chair, Meat the Need
- Stephen Knightly, Chief Operating Officer, RocketWerkz
- · Kenneth Leong, Director, Euroasia

- Hone McGregor, Chair, Wakatū Incorporation
- Tupe Solomon-Tanoa'i, Chief Philanthropic Officer, Michael & Suzanne Borrin Foundation
- Carrie Stoddart-Smith, Founder & Principal, OpinioNative
- Simon Tucker, Director Global Stakeholder Affairs, Fonterra
- Leeann Watson, CEO, Canterbury Employers' Chamber of Commerce

#### Special Agricultural Trade Envoy (SATE)

The position of SATE has to date been appointed jointly by the Minister for Trade and the Minister of Agriculture. The role acts as an international spokesperson for the New Zealand agriculture sector, engaging with agriculture industry counterparts in export markets to promote open markets for agricultural products and build support for our free trade agreements. The SATE also acts as an interface between the New Zealand Government and industry.

Hamish Marr is the current SATE, appointed on an 18-month contract until 30 December 2024. He is a fifth-generation arable farmer based in Methven, producing seeds for global export, and was awarded New Zealand Seed Grower of the Year in 2022.

# International Centre for Settlement of Investment Disputes (ICSID) Panellists

As a Contracting State to the ICSID, New Zealand is entitled to designate up to four persons to the ICSID Panels of Arbitrators and Conciliators. The term of office of New Zealand's designees to the Panels is until May 2025 (3 panellists) and September 2027 (two panellists). The Ministry of Justice leads the process for Government's confirmation of panellists. Officials will seek your preferences. Nominations are approved by the Cabinet Appointments and Honours Committee.

# Part 2 Trade portfolio strategic overview

#### Introduction

The period 1995-2017 was the 'Golden Weather' for New Zealand trade policy. This period was underpinned by three assumptions. The first was that the end of the Uruguay Round, which brought agricultural trade, services trade and intellectual property rights within the newly established World Trade Organization (WTO) rules, and the legal enforceability of its disciplines from 1995, would over time expand to constrain and eliminate the distortions in the international trading system that adversely affect New Zealand's national interests. This proved to be the case, not least when the Nairobi WTO Ministerial in 2015 eliminated agricultural export subsidies – an objective New Zealand had pursued for more than 50 years. The second assumption was that protectionism would reduce over time. In New Zealand's case this was facilitated by our expanding network of FTAs. After the NZ-EU FTA is ratified our FTAs will cover nearly 73% of New Zealand goods and services exports. Over the period to about 2016 protectionism remained a persistent challenge for New Zealand's interests but was mostly in retreat. Finally, there was the assumption that social licence for trade internationally as well as domestically - as reflected in sustained New Zealand bipartisanship for trade policy in general and trade agreements in particular - would be sustained.

None of these assumptions hold today. On the first, since the late-1990s various groups of countries have sought to hinder further liberalisation wherever they could. The United States' (US) refusal to appoint WTO Appellate Body Members to fill vacancies has meant that appeals against WTO panel rulings can no longer be heard, rendering largely defunct this part of the rules-based trading system. More broadly, s6(a)

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In terms of the second assumption, protectionism, the US Trump Administration's withdrawal from the Trans-Pacific Partnership (TPP) in January 2017 crystallized a reversal. Protectionism is rising again in a number of forms, not least non-tariff barriers. This is now a serious challenge for New Zealand in many markets. In terms of the third assumption, bipartisanship on trade policy was a historic feature of successive New Zealand governments and was sustained during successive GATT negotiating rounds, the free trade agreements concluded with Singapore, Thailand, the P4 partners (Brunei, Chile and Singapore), China, ASEAN and Australia (AANZFTA), Malaysia (MNZFTA), Hong Kong China, Chinese Taipei and Korea. In 2016-17, however, bipartisanship fractured when the Trans-Pacific Partnership was brought to Parliament for ratification. For the first time, in New Zealand's history, the main opposition party did not vote to ratify a trade agreement (TPP).

The COVID-19 pandemic and associated supply chain disruptions, and concerns around distortionary economic policies, economic coercion and unilateralism (e.g. steel and aluminium tariffs) have hastened the demise of the Golden Weather period.

We are in a 'might makes right' world trade order, which exposes the lack of power of small countries like New Zealand. This situation makes it even more important for us to defend an effective, functioning rules-based global trading system, centred on the WTO, together with additional rules and high quality market access through our network of Free Trade Agreements (e.g. our recent win in the CPTPP dispute settlement case over Canada dairy). At the same time, New Zealand needs to exercise care that steps to increase resilience, for example on supply chains and other interventions in private sector markets by like-minded governments, do not become distortions that would undermine a key source of New Zealand's economic resilience and comparative advantage.

Compounding our challenge internationally, is the accumulation of 'poly-crises': Russia's illegal invasion and ongoing war with Ukraine; increased food insecurity; the knock on effects of the (COVID-19) pandemic, such as China's slower than expected economic recovery; all of which has been compounded by the urgency of the climate crisis and mounting geo-political tensions. We can expect the sharpness of strategic and economic competition to be on display in fora such as APEC and the WTO.

#### Why Trade Matters for New Zealand

The New Zealand export sector sustains more than half a million New Zealand jobs. Put another way, one in every four New Zealanders in work today depends on exports for their livelihoods. Trade is also an important driver of productivity, employment and incomes. We know that productivity per New Zealand worker is 36% greater if they are in a firm that is exporting, compared to one that isn't. It has also been established that employment grows 7% to 12% faster when New Zealand firms start exporting. International research tells us that exporting firms pay higher wages – up to 6% more than non-exporters. In short, trade and the rules and market access openings that facilitate this matter for New Zealand's prosperity. Ground-breaking analysis undertaken by the Ministry of Foreign Affairs and Trade has highlighted that trade also delivers for women, Māori, Pasifika and ethnic communities. This data-based evidence is important for sustaining the 'social licence' for trade commitments.

While trade is important, New Zealand faces specific challenges related to scale - with a small domestic market, over 90% of agricultural production is exported. Agricultural market access barriers are therefore a continuing challenge. In fact, these products face the highest levels of global protection - tariffs often in excess of 100% and on average approximately three times as much as for manufactured goods. We also depend on imports for access to the quality, competitively priced inputs and consumer goods which New Zealand cannot efficiently or effectively produce itself.

New Zealand's distance from markets matters too. Research has underlined that distance has a statistically significant (negative) effect on GDP per capita. While the impact may vary somewhat, it is far from trivial. In the case of New Zealand, it has been estimated that distance from and access to markets may 'contribute negatively to GDP per capita by as much as 10 per cent.' Indeed, there is little evidence of the 'death of distance' as an issue, and for most industries – including a range of key New Zealand ones - the distance-related costs of exporting have remained challenging and broadly unchanged. The shift to digital trade and rising importance of services trade have potential to mitigate the tyranny of distance for New Zealand. This underpins the Ministry's investment in seeking to improve conditions of access for (weightless) services trade, particularly for our professional services, and continuing to expand the Digital Economy Partnership Agreement (DEPA), including to Canada (a G7 economy).

#### New Zealand's trade strategy

The current Trade Recovery Strategy (2.0) focuses on four key areas:

#### Trade and export lift

Lifting the capability of New Zealand's exporters, and supporting businesses, including through trade missions and economic diplomacy. An important aspect is also inter-agency work to tackle Non-Tariff Barriers (NTBs). In the last financial year, the Ministry resolved NTBs covering an estimated \$423 million of exports.

#### **Architecture**

Free Trade Agreements, other trade agreements, and global organisations such as the World Trade Organization, which is central to the rules based multilateral trading system, provide the architecture within which businesses can trade under predictable rules. We are also progressing New Zealand's priorities through norm-building bodies, notably the Organisation for Economic Co-operation and Development (OECD), and Asia Pacific Economic Cooperation (APEC).

#### Resilience

Addressing vulnerabilities exposed or exacerbated by the pandemic, and strengthening New Zealand's trade against future shocks. This includes promoting diversification of trade, mitigating supply chain pressures, and working with other cross-government economic strategies, particularly for emissions reduction.

#### Sustainable and inclusive trade

Seeking to ensure that trade supports climate and environment objectives and delivers broadly for New Zealand communities, e.g. through the Agreement on Climate Change, Trade and Sustainability which we are negotiating to contribute to addressing global challenges.

These four areas are being delivered through the coordinated action of the eleven agencies that make up the Trade Recovery Strategy interagency group (Education New Zealand; Ministry of Education; Ministry of Business, Innovation and Employment; Ministry of Foreign Affairs and Trade; Ministry for Primary Industries; Ministry of Transport; New Zealand Customs Service; New Zealand Trade and Enterprise; Te Puni Kōkiri; Tourism New Zealand; and The Treasury).

There are two elements to the New Zealand strategy of building strategic trade depth and resilience. The first is informed by the need to have a well-diversified range of trading partners to build exporter resilience while enabling us to respond to external shocks such as COVID-19 shutdowns, supply chain disruptions, and geopolitical tensions. The idea of building strategic depth and diversification of export market opportunities has therefore guided New Zealand's trade policy development since the end of the Golden Weather. Free trade agreements are a safety net and hedging strategy given the challenges confronting the WTO – still our first-best trade policy option. The network of FTAs that we are building seeks to provide New Zealand businesses with as many trading partner options as possible. Now that the United Kingdom (UK) FTA is in force, 66% of our goods and services exports go to trading partners with which we have an FTA. When the European Union (EU) FTA comes into force, the figure will rise to 73%. Seven years ago, this figure was less than 50%.

At the heart of this resilience architecture is our 'classical' open plurilateral – the Comprehensive and Progressive Trans Pacific Partnership (CPTPP). Expansion of CPTPP to new economies is strategically important but comes with challenges. New Zealand's total two-way trade with the CPTPP bloc (27%) exceeds that of trade with our other key trading partners. When coupled with other significant trading blocs, including through the NZ-EU FTA and the NZ-UK FTA (14% together) and AANZFTA (a further 7% on top of CPTPP members), the share of trade covered by other FTAs (53%) is more than double the exposure to China/Hong Kong China. A significant challenge for the Ministry and agencies in the immediate period will be to ensure that these FTAs, and particularly the newest ones with the UK and the EU, are *implemented* in a way that extracts maximum value for New Zealand from the opportunities they have opened up. The extent of benefits will depend on the resources government is in a position to commit.

Other FTA processes also call on available trade policy resources. Some have slowed in the last couple of years (the Pacific Alliance), others recently resumed (the Gulf Cooperation Council (GCC)), with exploratory discussions towards a possible FTA also recently launched with the United Arab Emirates (also part of the GCC Customs Union). Work continues to progress to an FTA negotiation notably with India and the US. We will need to consider investing substantial resources including political-level engagement, respectively, in thickening the bilateral relationship with India and in the US-led Indo-Pacific Economic Framework (IPEF).

The second point of emphasis for New Zealand in building our strategic trade depth and resilience is through the concept of "concerted open plurilaterals", not only through CPTPP, but through agreements like the Digital Economy Partnership Agreement (DEPA) and the Agreement on Climate Change, Trade and Sustainability (ACCTS) as well as norm-building bodies like APEC alongside instruments such as the Inclusive Trade Action Group (ITAG), the Global Trade and Gender Agreement (GTAGA) and the Indigenous Peoples Economic and Trade Cooperation Arrangement (IPETCA). These are instruments negotiated between a small group of smaller economies that are able to move swiftly to conclude, and can then focus on expansion thereby helping to shore up the wider trade rules-based system while also positioning New Zealand to protect and advance its own national interests.

Early engagements and priorities are summarised in a separate section of this brief. In February 2024 the WTO's 13th Ministerial Conference will be hosted in the United Arab Emirates. This will be an important test of the ability of WTO Members to deliver substantive outcomes, including on the second part of the negotiations on fisheries subsidies disciplines and reform of agriculture domestic subsidies. In addition to these events, and specific negotiation decisions outlined in the Early Engagement section, decisions will also be needed on composition of two advisory groups (the Ministerial Strategic Advisory Group on Trade (MSAGOT), and to fill a vacancy on the APEC Business Advisory Council (ABAC)), and on domestic engagement.

#### Conclusion

The period ahead is shaping up to be a particularly challenging one for a small, distant and tradedependent country like New Zealand. The existing trade policy order faces significant challenges, not least as a consequence of the knock on impacts of the COVID-19 global pandemic combined with mounting geopolitical tension. These require a tight focus by New Zealand on sustaining and advancing our strategic trade depth and to build resilience.

In the meantime, New Zealand will need to continue its trade policy entrepreneurship to respond to changing circumstances. The New Zealand concept of concerted open plurilateralism is one example of this. DEPA and ACCTS are a practical manifestation of this policy. These are useful instruments through which to shore up the rules-based trading system. New Zealand and others will also need to work to try to ensure that the major economies are engaged on trade policy and do so in a way that supports the rules-based trading system. And finally, as New Zealand trade policy navigates beyond the Golden Weather, it will need to prepare for continuing challenges and turbulence by building its strategic trade depth. This will require consideration of the allocation of effort across effective implementation of existing FTAs, sustaining the domestic social licence, intensifying effort on resolving less prominent but commercially significant non-tariff barriers, and investing towards negotiation of new trade agreements.

Part 3

# Overview of New Zealand foreign policy and the challenging international context

# The global outlook

You take up your role at a time when New Zealand faces a challenging global outlook, clouded by heightened strategic tension and considerable levels of disruption and risk.

New Zealand has traditionally seen itself as buffered from global threats by its geography and a relatively peaceful Pacific region. However, its interconnectedness with the world, the changing nature of the region, and the evolution of new threats mean New Zealand is as affected as other countries by global trends and a more complex international environment.

Many of the assumptions in relation to global and regional affairs that have underpinned New Zealand's foreign policy for a generation or more are under real and sustained pressure. The appeal of liberal democracy has waned in many countries and global cooperation and multilateral solutions on issues of importance to New Zealand cannot be taken for granted. Most recently, there has been a lack of leadership on key global issues, including the early response to COVID-19 and climate action.

The effects on the international system of an increase in geostrategic competition are evident. Russia's invasion of Ukraine – an assault by a permanent member of the UN Security Council on the rules-based international system – has further exacerbated food and energy insecurity, and revived the threat of nuclear war. Meanwhile, the current Israel-Hamas conflict will have long term regional implications, and presents a source of international uncertainty should it spread further.

New Zealand can no longer rely on the durability of continuing international cooperation and trade liberalisation, which have been the foundation of its foreign, trade and economic policies for decades. The COVID-19 pandemic and its response had profound disruptive effects. It accelerated and exacerbated many of the existing negative global trends, including greater inequality, declining development progress in some parts of the world and worsening poverty and hunger. Ultimately, it contributed to a world that is now less prosperous, less secure and less free.

Closer to home, the wider Indo-Pacific, of which New Zealand is a part, is also impacted by these changes. With the People's Republic of China's more assertive foreign policy, the Democratic People's Republic of Korea's nuclear capability and aggressive rhetoric, and increasing geopolitical engagement across the Pacific, the wider Indo-Pacific region is now a theatre for increasing strategic competition.

The Pacific region is not strategically benign and Pacific countries face a number of shared challenges to regional stability and security. Through the Boe Declaration of 2018, New Zealand and Pacific partners recognised climate change as the single greatest threat to all aspects of the Pacific's way of life, and identified additional challenges including external interference and coercion, domestic cyber vulnerabilities, and transnational crime.

All these issues reduce the international system's capacity to tackle more existential challenges - notably climate change, which along with other human-induced environmental and biodiversity deterioration will in some ways shape the next decade. Climate change's devastating consequences are already being felt, at home and abroad, through events such as extreme flooding, drought, and forest fires.

Ecological and other impacts relating to climate change are already major stressors for Pacific countries, exacerbating their current suite of unique vulnerabilities. The cost of disaster response and recovery is a growing budget priority and sea-level rise a constant threat to core infrastructure and a drain on scarce economic resources.

Equitable economic growth continues to be difficult, as the world absorbs the economic costs of the Russia-Ukraine war, adapts to endemic COVID-19 and attempts to accelerate the transitions required for climate-resilient economies. While there are still opportunities for prosperity and economic advantage, the world's least developed, fragile and conflict-affected countries are falling further behind. Growing inequality poses significant challenges regionally and internationally and will have its own strategic and security impacts if not addressed.

The exponential pace and scale of technological change exerts both positive and negative disruptive effects. The development and application of many of these new technologies sit outside current regulatory frameworks, and the speed and complexity of developments are outpacing the ability of many governments to understand and regulate them.

The distrust of institutions in some democratic societies is being fuelled by misinformation, disinformation and foreign interference. This adds a further drag on international cooperation, as leaders prioritise domestic politics and issues. There is also an increased risk that external actors will use domestic discontent for malign purposes.

This dynamic backdrop evidences three "Big Shifts" occurring in the international order that will affect how New Zealand sees and shapes its place in the world over the period ahead:

#### **BIG SHIFTS**



#### FROM RULES TO POWER

a shift towards a "multipolar world" characterised by a period in which rules are more contested and relative power between states assumes a greater role in shaping international affairs



#### FROM ECONOMICS TO SECURITY

a shift in which economic relationships are reassessed in light of increased military competition in a more securitised and less stable world



#### FROM EFFICIENCY TO RESILIENCE

a shift in the drivers of economic behaviour, where building greater resilience and addressing pressing social and sustainability issues become more prominent.

# WE HAVE ESSENTIAL AND ENDURING INTERESTS:

- A safer and more secure future for New Zealanders He ao-haumaru te anamata mō ngā tāngata katoa o Aotearoa
  - » Protection of the sovereignty and territorial integrity of New Zealand'.
  - » Stability and security in the Pacific, and wider Indo-Pacific, including protection from challenges to regional security; external interference and coercion; cyber vulnerabilities; transnational crime; and the threat of climate change.
- · A more prosperous future for New Zealanders He ao-tōnui
  - » Conditions and connections that support New Zealand's economic resilience and enduring prosperity of New Zealanders, Tangata Tiriti and Tangata whenua, and of New Zealand's whanaunga in the Pacific.
- · A more sustainable future for New Zealanders He ao-pāmau
  - » Successful global action on climate and environmental imperatives for the benefit of future generations.
- Effective rules based international system He ao-tika
  - » Rules, norms and other international frameworks governing global affairs, which reflect New Zealand's interests and values.



New Zealand stands for: Tā Aotearoa i āki ai:

- · Peace and security;
- · Adherence to and belief in the rule of law;
- Human rights, dignity, equality and development everywhere;
- Integrity, democratic principles, fairness, accountability and transparency;
- Kaitiakitanga<sup>2</sup> of the natural world; and
- · Liberal rules-based economic norms.



New Zealand holds mana and credibility for its:

He mana, he here hoki tā Aotearoa ki ngā āhuatanga motuhake ā-motu:

- · Commitment to human rights, equality and freedom;
- · Belief in and adherence to the rule of law:
- Strong democratic institutions and principles, including fairness, accountability and transparency;
- Difference as a developed "western" democracy and "northern" economy in the geographic "south" with an indigenous people and growing indigenous identity:
- Distinctive bicultural context and Te Ao Māori insight and relevance to international issues;
- The experience and example of Te Tiriti o Waitangi and the Crown-Māori partnership; Pacific orientation and Pasifika population;
- Diverse multicultural society and tolerant and cohesive communities;
- Robust and reputable domestic policy settings (open economy, ease of doing business, high transparency and low corruption);
- · Consistency; and
- · Kaitiakitanga.



New Zealand earns respect from the contributions it makes: Tau mai ai te kauanuanu ki a Aotearoa mō ā mātou i hoatu ai:

- Effective International Development Cooperation, and humanitarian assistance programmes;
- · Diplomatic networks and expertise;
- Creative and constructive developer of innovative foreign, trade and development policy and architecture that helps sustain the existing rules-based international system and addresses new and emerging issues;
- Strong investment, credibility and achievement in Antarctic science;
- Promotion of international and regional security through the deployment of a professional and capable New Zealand Defence Force:
- New Zealand Police, respected for its modern, community-based policing approach;
- High quality analysis of classified and open source intelligence;
- History of being a constructive and effective bridge-builder; and;
- Strong history of partnering with developing countries (in the Pacific and beyond) to deliver responsive, effective and inclusive development outcomes - and humanitarian assistance.



#### We are enabled by our partnerships: Nā ō mātou hononga i taea ai e mātou:

- Effective multilateralism that enables collective action on global problems and maintains predictability and stability in global rules and norms;
- Active membership and influence in key regional architectures and multilateral institutions; and
- A suite of fit-for-purpose relationships that supports New Zealand's interests and amplify values.
- ¹This includes an essential and enduring interest in the protection of Tokelau, as a non-self-governing territory of New Zealand, and in the Cook Islands and Niue as countries in free association with New Zealand.
- Exaitiakitanga refers to protection or guardianship of those things that sustain life now and for future generations; it is particularly applied to the environment and natural world and humanity's place and role within it, but can also be applied to other taonga important for human well-being.

# New Zealand's strategic foreign policy goals

New Zealand's strategic foreign policy goals that focus the Ministry's effort are to:

Embed New Zealand as an active and integral partner in shaping an Indo-Pacific order that delivers regional stability and economic integration

Grow sustainable economic returns and resilience from trade, investment and other international connections

Supporting stability, security and prosperity in the Indo-Pacific region is a key New Zealand interest that requires investment in bilateral relationships as well as regional institutions. New Zealand must balance pursuing its interests and principles through the existing inclusive and innovative regional architecture, which has a history of delivering for the region, and any novel minilateral groupings that may emerge.

Driven by growing strategic competition and a low carbon future, New Zealand's trade and economic diplomacy is evolving to support greater economic resilience and diversification in products and markets. There is scope to bring more coherence to NZ Inc strategies in the trade and economic space.

At a time when the focus in the region is shifting from trade and economics towards defence and security issues, New Zealand needs to ensure it is seen as an engaged and useful contributor to addressing the range of issues facing the region. Creative approaches to trade architecture, supporting exports to new markets, and ensuring widespread benefits from trade can help facilitate innovation and transitions in the national economy. It can also help maintain social licence for ongoing reduction and removal of barriers to the cross-border movement of goods, services, people and investment. New Zealand maintains a vital interest in ensuring the ongoing resilience and relevance of the World Trade Organisation's open and rules-based trade norms.

Promote a stable, prosperous and resilient Pacific in which New Zealand's interests and influence are safeguarded Strengthen, protect and use international rules and institutions to pursue New Zealand values and interests

Worsening climate impacts, a greater need for humanitarian responses and sharpening strategic competition are placing ongoing pressure on the Pacific region. These conditions bring potentially significant implications for regional security, prosperity and stability. The multilateral system is an important common good that facilitates collective responses to pressing global challenges, promotes collective security, furthers global development and provides stability through international law, rules and norms. It has served New Zealand's interests well by providing it with a voice and influence on issues of importance to our core values and interests.

New Zealand works closely with Pacific countries and regional organisations, particularly the Pacific Islands Forum, to promote a peaceful, secure, stable, prosperous and resilient region. Australia is our indispensable partner in the Pacific, and we collaborate closely on a range of shared priorities. Additionally, New Zealand seeks to strengthen and lead the network of likeminded partners that work, in a respectful and coordinated way through regional institutions, to meet the ambitions and priorities of the Pacific.

As the system becomes more complex, fragmented, and contested, New Zealand needs to work hard to defend and maintain existing rules, norms and values of priority importance, while also investing in new norms and frameworks to tackle emerging issues.

Promote sustainable international solutions to global climate change, environment and natural resource challenges that impact on New Zealand Lead New Zealand's international action to advance and protect New Zealanders' safety and security

The world urgently needs to make steep reductions in greenhouse gas emissions to reduce the impacts of climate change that risk exacerbating global inequalities and geopolitical tensions. Upholding New Zealand's climate change commitments is important to ensure we are able to apply further pressure on large emitters and maintain our own international credibility. New Zealand's international climate action policy will need to play to its strengths, which include our domestic architecture and our convening power, including through our relationships in the Pacific.

New Zealand also has an active role to play in improving international stewardship of oceans and global biodiversity, and has a deep stake in maintaining Antarctica as a zone of peace, conservation and scientific cooperation.

New Zealand's international climate finance commitment is contributing to global support for efforts by developing countries to mitigate and adapt to the impacts of climate change.

New Zealand's security environment is deteriorating, with greater security challenges and instability in our region and beyond. State sovereignty and agreed norms of state behaviour are being undermined, most egregiously through Russia's invasion of Ukraine.

In this volatile environment, New Zealand needs to broaden and deepen security cooperation with key partners and continue defending the rules-based order through contributions to global peace, security and disarmament initiatives. Increasing and more complex consular demands by New Zealanders abroad must also be planned for and carefully managed.

# Build and leverage targeted international relationships to achieve our goals

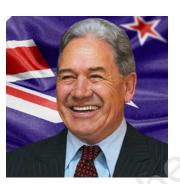
New Zealand's ability to influence outcomes in the world that reflect our interests and values depends crucially on bilateral partnerships. We invest in these including through our diplomatic network of 58 posts in 51 countries. New Zealand has an indispensable relationship with Australia; our essential economic and security interests are grounded in the Indo-Pacific; and we share deep and enduring connections with Pacific partners. These relationships are fundamental to how New Zealand articulates its place in the world. New Zealand will continue to partner with countries which share our values and commitment to the multilateral system, while also engaging with a broader range of partners to expand points of commonality, minimise points of difference, and advocate strongly for approaches that reflect our interests and values.

# Part 4 The Ministry of Foreign **Affairs and Trade**

# The Ministers we support



Rt Hon Christopher Luxon
Prime Minister



Rt Hon Winston Peters Minister of Foreign Affairs



Hon Todd McClay Minister for Trade Associate Minister of Foreign Affairs



Hon Nicola Grigg
Minister of State for Trade



**Hon Simon Watts**Minister of Climate Change



Hon Nicola Willis
Associate Minister of Climate Change

#### Governance



Chris Seed
Chief Executive



Ben King Deputy Chief Executive Policy

- International Security and Disarmament
- Strategy and Performance
- · Strategic Investment
- · Māori Policy
- Audit and Risk
- Executive Services
- Communications



Bernadette Cavanagh Deputy Secretary Pacific and Development Group

- Partnerships, Humanitarian & Multilateral
- Pacific and Development
- Pacific Bilateral Polynesia & French Pacific
- Pacific Bilateral Melanesia & Micronesia
- Global Development & Scholarships
- · Pacific Regional
- Development People and Planet
- Development Economy & Prosperity
- · Capability & Insights



Rob Taylor Deputy Chief Executive People and Operations

- Information Management
- Commercial
- People
- Finance
- · Asset Management
- Security and Organisational Resilience
- Portfolio and Delivery Services



Vangelis Vitalis Deputy Secretary Trade and Economic Group

- Trade Policy Engagement and Implementation
- · Trade and Economic
- APEC Policy
- Trade Policy and Negotiation



Deborah Geels Deputy Secretary Americas and Asia Group

- Americas
- Asia Regional
- · North Asia
- South and South East Asia



Victoria Hallum Deputy Secretary Multilateral and Legal Affairs Group

- Legal
- United Nations and Commonwealth
- Corporate Legal
- Climate Change, Antarctica and Environment
- Protocol
- Consular
- · Russia Sanctions



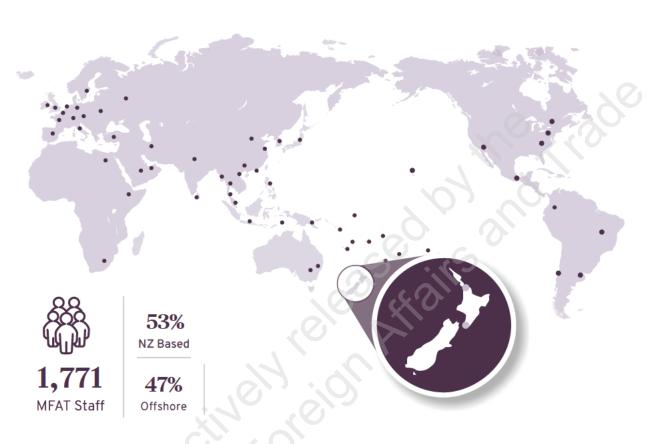
Taha Macpherson Deputy Secretary Europe, Middle East, Africa & Australia Group (Acting)

- Australia
- Middle East and Africa
- Europe

# The Ministry at a glance

# He paku tirohanga ki Te Manatū

MFAT locations around the world and in New Zealand



MFAT's global network comprised of



58
posts



119 accreditations to other countries

70 Honorary Consuls

#### **MFAT** supports

ministerial portfolios
pieces of legislation administered
NZ Inc agency partners offshore
missions/consular posts resident in or accredited to New Zealand

#### Vote Foreign Affairs 2022-2023

Total \$1,680 MILLION

Departmental \$523 MILLION

Capital \$27 MILLION

International Development \$971 MILLION

#### **Functions**

The Ministry is the Government's principal agent for pursuing the country's international interests and representing New Zealand offshore. We build connections with and influence other countries to advance New Zealand's interests, project New Zealand values and secure outcomes that matter to New Zealand. We pursue the Government's international priorities and provide advice to the Government on the implications for New Zealand of what is happening in the world.

We lead the New Zealand Government diplomatic network, a unique national asset safeguarded by international law. The network is able to speak with an authoritative voice, with heads of mission and post formally appointed and mandated to represent the state.

We are the Government's specialist foreign, trade and development policy adviser, international legal adviser and negotiator. We are responsible for delivering New Zealand International Development Cooperation, providing consular services to New Zealanders overseas and coordinating offshore emergency responses.

#### **Purpose**

The Ministry acts in the world to build a safer, more prosperous and more sustainable future for New Zealanders. Kia hāngai ake e te Manatū he ao-haumaru, ao-tōnui, ao-pūmau, ki te oranga tonutanga mō Aotearoa whānui.



#### A safer future for New Zealanders

New Zealanders' ability to operate in safe environments, whether in New Zealand, offshore or online, can be threatened by international factors ranging from conflict to cyber-attacks. The Ministry acts as New Zealand's voice in discussions that address security issues affecting New Zealand, our region and the world. With the leadership of its Ministers, the Ministry:

- provides consular services that keep New Zealanders safe and informed when they live or travel overseas;
- provides safe travel information, helps
   New Zealanders affected by crises and other
   problems overseas, and ensures their rights
   are protected;
- leads New Zealand's contribution to global and regional efforts to promote peace and security, working through the United Nations, Indo-Pacific and Pacific regional fora, and directly with other countries;
- works with international partners on rules and capacity-building to reduce threats from cyber and terrorist attacks, illegal migration,

- transnational crime and other threats, and threat multipliers such as climate change;
- helps advance global disarmament and rules against the proliferation of weapons;
- promotes global rules and legal frameworks on human rights, international justice and global health;
- delivers targeted action to strengthen resilience in the Pacific, mitigating against wide-ranging security threats; and
- responds rapidly to crises, supporting our partners to prepare for, respond to and recover from natural and human induced disasters.



#### A more prosperous future for New Zealanders

International trade and investment are essential for New Zealanders' prosperity and standard of living. One in four jobs depends on exports.

The Ministry acts as New Zealand's voice in efforts to reduce and remove barriers to trade and investment, defend access to overseas markets, and help exporters succeed. In addition, through the International Development Cooperation programme, the Ministry contributes to a more prosperous future for our partners in developing countries in the Pacific and beyond. With the leadership of its Ministers, the Ministry:

- makes it easier for New Zealanders to conduct international business by building global and regional trade rules and frameworks, including in the World Trade Organisation and through fora such as Asia-Pacific Economic Cooperation;
- opens up and protects diverse exporting and investment opportunities through negotiating free trade agreements and tackling non-tariff barriers;
- defends New Zealand's access rights, including through taking dispute settlement action where other countries do not keep their commitments;
- helps New Zealanders through a network of overseas posts to succeed in international markets and support international connections;

- supports New Zealand's transition to a low emissions, climate resilient future through international trade and economic cooperation aligned with domestic climate action priorities;
- promotes the New Zealand brand and protects it when at risk;
- works with developing country partners (primarily in the Pacific and South East Asia) to strengthen economic and social resilience, supporting achievement of the Sustainable Development Goals; and
- contributes to strengthened Pacific democracies, which support livelihoods and benefit from trade, labour mobility and other safe people movement.



#### A more sustainable future for New Zealanders

New Zealanders' ongoing well-being depends on the international community working together to safeguard shared global resources, promote global norms and achieve sustainable development. The Ministry acts as New Zealand's voice on international sustainability issues that matter for New Zealanders. With the leadership of its Ministers, the Ministry:

- negotiates rules and influences their implementation to encourage effective global action on climate change;
- works with other countries to address environmental challenges by negotiating and implementing agreements on issues such as biodiversity loss and over-fishing;
- supports international and regional institutions that resolve cross-border problems impacting on global well-being;
- contributes to global efforts to achieve sustainable development;
- protects Antarctica as a zone of peace, conservation and scientific cooperation; and
- delivers climate finance that supports developing country partners to achieve accelerated climate change mitigation and enhanced adaptation to the impacts of climate change.

# Ministry statutory and related responsibilities

# Statutory responsibilities held by the Secretary of Foreign Affairs and Trade

Foreign Affairs Act 1988	The Secretary is responsible for administering the system of overseas assignments.			
New Zealand Trade and Enterprise Act 2003	The Secretary may be appointed as a special adviser to the Board of New Zealand Trade and Enterprise.			
Tokelau Administration Regulations 1993	The Secretary assumes the functions of the Administrator of Tokelau if that office becomes vacant.			
United Nations Act 1946	The Secretary has various roles in the interpretation and application of sanctions regulation.			
Customs and Excise Act 1996	The export of strategic goods (firearms, military goods and technologies, and goods and technologies that can be used in the production, development or delivery of nuclear, chemical or biological weapons) is prohibited unless a permit has been obtained from the Secretary of Foreign Affairs and Trade.			
Russia Sanctions Act 2022	The Secretary may issue designation notices that provide further details on individuals, entities, assets or services that have already been sanctioned by the Minister of Foreign Affairs.			

# International legal processes and the Secretary of Foreign Affairs and Trade

High Court and District Court Rules	The Secretary is responsible for the exchange of court documents in transnational civil proceedings where the parties request delivery of documents through the diplomatic channel.
Fisheries Act 1996	The Secretary formally notifies the adoption of conservation and management measures by international fisheries management organisations.
Commonwealth Countries Act 1977	The Secretary may be asked to issue a certificate regarding a country's status as a Commonwealth country for the purposes of any New Zealand court proceedings (Commonwealth countries being treated differently under New Zealand law).
Other Acts	There are numerous Acts, particularly in the areas of international judicial cooperation and criminal law, where the Secretary may issue a certificate as to whether another state is party to the treaty that the Act implements.

# Legislation administered by the Ministry

Foreign Affairs	<ul> <li>Commonwealth Countries Act 1977</li> <li>Consular Privileges and Immunities Act 1971</li> <li>Diplomatic Privileges and Immunities Act 1968</li> <li>Foreign Affairs Act 1988</li> </ul>
Peace, rights and security	<ul> <li>Anti-Personnel Mines Prohibition Act 1998</li> <li>Brokering (Weapons and Related Items) Controls Act 2018</li> <li>Chemical Weapons (Prohibition) Act 1996</li> <li>Cluster Munitions Prohibition Act 2009</li> <li>Geneva Conventions Act 1958</li> <li>International Crimes and International Criminal Court Act 2000 (jointly administered with the Ministry of Justice)</li> <li>Maritime Powers Act 2022</li> <li>Mercenary Activities (Prohibition) Act 2004</li> <li>New Zealand Nuclear Free Zone, Disarmament and Arms Control Act 1987</li> <li>Nuclear Test Ban Act 1999</li> <li>Russia Sanctions Act 2022</li> <li>Terrorism Suppression Act 2002 (jointly administered with Ministry of Justice)</li> <li>United Nations Act 1946</li> </ul>
Antarctica	<ul> <li>Antarctica Act 1960</li> <li>Antarctica (Environmental Protection) Act 1994</li> <li>Antarctic Marine Living Resources Act 1981</li> </ul>
Law of the Sea	<ul> <li>Continental Shelf Act 1964</li> <li>Territorial Sea, Contiguous Zone, and Exclusive Economic Zone Act 1977</li> <li>United Nations Convention on the Law of the Sea Act 1996</li> </ul>
Realm of New Zealand and the Pacific	<ul> <li>Cook Islands Act 1915</li> <li>Cook Islands Constitution Act 1964</li> <li>Kermadec Islands Act 1887</li> <li>Niue Act 1966</li> <li>Niue Constitution Act 1974</li> <li>Pitcairn Trials Act 2002</li> <li>Tokelau Act 1948</li> <li>Tokelau (Territorial Sea and Exclusive Economic Zone) Act 1977</li> <li>Western Samoa Act 1961</li> </ul>



The Ministry's head office structure and leadership team is set out above. The Ministry is organised around geographic regions, policy functions and corporate functions.

In addition to its Wellington head office (which will move from Lambton Quay to Molesworth Street in 2025), the Ministry has an office in Auckland that is focused on business engagement and outreach to the Pacific community. It also assists with VIPs visiting or transiting through Auckland. The Auckland office can serve as a base for your Auckland engagement. It is co-located with New Zealand Trade and Enterprise (NZTE).

The Ministry's global network comprises **58 Posts in 51 countries**. In addition, NZTE Trade Commissioners lead a further eleven Consulates-General. The entire NZ Inc network with agency representation is illustrated below.

Beyond the 51 countries where they are based, Posts have diplomatic cross-accreditations to a further 110 countries. These cross-accreditations are a cost-effective way of extending the reach of our network beyond the countries where we have established physical Posts, and are in some locations usefully supplemented by the appointment of Honorary Consuls.

# NZ Inc offshore network

NZ INC. STAFF	OPERATING FROM	ACROSS
1,515	69	<b>51</b>
As at 1 July 2023 Incl. SNZ and SEP*	Posts and NZTE-led Consulate-General	Countries & territories



49

New Zealand missions managed by MFAT



9

New Zealand Consulates-General and other offices managed by MFAT



11

New Zealand Consulates-General managed by NZTE

AGENCIES	FTE	SNZ	SEP
Ministry of Foreign Affairs and Trade (MFAT)	815	255	560
New Zealand Trade and Enterprise (NZTE)	299	28	271
Ministry of Business, Innovation and Employment (MB	E)		
Immigration New Zealand (INZ)	143	17	126
Science & Innovation (S&I)	5.5	3	2.5
New Zealand Defence Force (NZDF)	69	32	37
Tourism New Zealand (TNZ)	68		68
Ministry of Primary Industries (MPI)	30	17	13
Education New Zealand (ENZ)	24	3	21
Department of Internal Affairs (DIA)	26		26
New Zealand Police (NZP)	22	15	7
New Zealand Customs Service (NZCS)	13	10	3
The Treasury (TSY)	1	1	

 $<sup>{\</sup>bf *Figures\ represent\ full-time\ equivalent\ (FTE)\ positions\ filled\ by\ seconded\ staff\ (SNZ)\ and\ staff\ employed\ at\ post\ (SEP).}$ 

# NZ Inc offshore network map







Vote Foreign Affairs funds the Ministry's operating costs, International Development Cooperation, Crown entities and charitable trusts, membership of international organisations, consular services and obligations under the Vienna Convention to resident diplomatic missions.

VOTE FOREIGN AFFAIRS BASELINE	2023/24 \$M	2024/25 \$M	2025/26 \$M	2026/27 \$M	2027/28 \$M
Ministry's Operating Expenditure (includes the cost of managing IDC)	556.578	543.850	536.572	527.576	523.674
Ministry's Capital Expenditure	87.309	106.246	90.310	60.219	60.219
Capital Injection	16.225	-	- 0	<u></u>	-
International Development Cooperation	1,280.955	1,110.955	960.955	860.955	860.955
Other non-departmental expenditure, made up of:	285.192	202.192	138.192	193.192	145.192
Antarctica NZ (Operating)	35.466	41.466	43.466	46.466	62.466
Antarctica NZ (Capital)	179.000	90.000	24.000	76.000	12.000
Pacific Broadcasting Services	1,400	1.400	1.400	1.400	1.400
Pacific Cooperation Foundation	1.400	1.400	1.400	1.400	1.400
Asia NZ Foundation	5.500	5.500	5.500	5.500	5.500
Rate refunds for Diplomatic Missions resident in NZ	2.700	2.700	2.700	2.700	2.700
Subscriptions to International Organisations	60.976	60.976	60.976	60.976	60.976
Consular Loan Expenses	0.050	0.050	0.050	0.050	0.050
Capital - Consular Loans	0.100	0.100	0.100	0.100	0.100
TOTAL VOTE FOREIGN AFFAIRS	2,226.259	1,963.243	1,726.029	1,641.912	1,590.040

#### Foreign Affairs and Trade Funding

The Ministry's operating funding reduces over the next four financial years mainly due to Climate Financing funding, received in Budget 21, ending in 2025/26. While the Ministry received additional funding of \$24.660 million p.a. for cost pressures in Budget 23, its future budget is flat-lined.

#### International Development Cooperation (IDC) Funding

IDC funding reduces over the next four years due to additional Climate Financing funding of \$800 million over four years, received in Budget 21, ending in 2025/26. The Ministry will engage with you in the coming months on setting the IDC allocations for the next triennium (2024/25-2026/27), which commences 1 July 2024.

#### **Antarctic New Zealand Funding**

In the past three years Antarctica New Zealand has received new operating funding totalling of \$45.584 million over four years and capital funding of \$484.000 million for the redevelopment of Scott Base.

#### **Asset portfolio**

The Ministry's \$624 million asset base comprises property, plant and equipment, office fit-outs, furniture and fittings (94 percent), information and communication technology (5 percent) and motor vehicles (1 percent).

CAPITAL ASSETS AT 30 JUNE 2023	PROPERTY T	ECHNOLOGY \$M	VEHICLES \$M	TOTAL \$M
Cost	743,597	127,854	11,045	882,496
Accumulated depreciation	153,181	98,063	6,921	258,165
Carrying value	590,416	29,791	4,124	624,331

The Ministry actively manages a portfolio of approximately 333 properties (24 percent owned and 76 percent leased) around the world to support the Government's international objectives.









MINISTRY OF FOREIGN AFFAIRS AND TRADE MANATŪ AORERE