

FONZ LETTER

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FOREIGN AFFAIRS & TRADE



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PM visits Brussels

Less than a year after her first official trip to Europe, Prime Minister Jacinda Ardern reaffirmed New Zealand's commitment to its relationship with Europe by meeting with key EU and NATO officials in Brussels on 25 January.

During her visit, the Prime Minister met with European Commission President Jean-Claude Juncker and European Council President Donald Tusk, with whom she reaffirmed that the EU and New Zealand are true partners in promoting and defending an open, inclusive and rules-based international order. They also reiterated their joint ambition to strike a comprehensive trade agreement speedily.

She also engaged with High Representative Federica Mogherini, Vice President Frans Timmermans, and Commissioner Phil Hogan on areas of shared concerns internationally.



PM Ardern meets President Tusk © European Council

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The PM met with NATO Secretary-General Jens Stoltenberg to discuss the full range of NZ-NATO cooperation, as well as areas where the two partners could do more together, such as maritime security, cyber defence, and the women, peace and security agenda.

The PM took some time out of her busy schedule in Brussels to sit down for an interview with Politico: if you missed it, the recording is available [here](#).

Prior to coming to Brussels, Prime Minister Ardern visited London, where she met with British

Prime Minister Theresa May to underline New Zealand's position as a natural and long-standing partner for the country as it redefines its global role post-Brexit.

The Prime Minister also attended the World Economic Forum Annual Meeting in Davos, where she shared insights on New Zealand plans to be the first country to measure its success through a wellbeing budgetary process being launched in May. She participated in a range of panel discussions including on wellbeing and options beyond GDP with the head of the OECD; the future of the international trading system with the head of the WTO; climate change with Al Gore and Sir David Attenborough; as well as one focused on mental health with His Royal Highness Prince William.

Finance Minister Grant Robertson exchanges on 'wellbeing budget'

Finance Minister Grant Robertson was in Brussels on 21 January to meet with senior EU officials and think-tank representatives to discuss New Zealand's innovative approach to implementing a 'wellbeing budget' that focuses on improving the wellbeing of current and future New Zealanders.

Minister Robertson met with European Commission Vice-President for the Euro and Social Dialogue Valdis Dombrovskis and Commissioner for Budget and Human Resources Günther Oettinger. They exchanged views on the role of government budgets to work towards a just transition in society, and on growth perspectives of Eurozone economies.

The Minister also met with European Parliament representatives and think-tanks to discuss issues related to the 'Future of Work' - both in terms of what the EU is seeing in the trends of technological change, globalisation and changing demographics (migration and ageing) and how to respond through labour market regulation, social protection, and education and training.



Minister Robertson meets with think-tank representatives

During his Europe visit, Minister Robertson attended the World Economic Forum in Davos, where he delivered the opening remarks at the Forum's main Asia-Pacific event, a discussion on 'Bridging the Demographic Divide'. He also visited London, where he delivered a speech at the London School of Economics (LSE) on the wellbeing budget.

EU and NZ strengthen ETS cooperation at COP24

At the 24th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP24) in Katowice on 17 December, European Climate Action and Energy Commissioner Miguel Arias Cañete and New Zealand Climate Change Minister James Shaw agreed to strengthen their bilateral cooperation on emissions trading systems (ETS).

Building on our more than 10 years of experience with emissions trading systems and shared commitment to environmental integrity in those markets, we agreed to step up EU-NZ cooperation, intensifying exchanges on this key climate policy tool to deliver on the Paris goals.

The EU and New Zealand will hold regular technical and policy meetings to discuss the key design features and implementation of our ETS, respective developments and possible implementation challenges, with a view to exploring options towards enhanced cooperation between the two systems.

The EU ETS covers some 45% of EU greenhouse gas emissions in 31 countries, has been in operation since 2005, and is set to deliver a reduction of 43% in EU emissions from the sectors covered by 2030. In operation since 2008, the New Zealand ETS is domestic only and covers all sectors apart from agriculture. New Zealand's independent Interim Climate Change Committee is considering whether and how agricultural methane and nitrous oxide might become covered by the NZ ETS, which would be a ground-breaking development.

CPTPP comes into force

The Comprehensive and Progressive Agreement for Trans Pacific Partnership (CPTPP) came into force on 30 December for New Zealand as well as for Japan, Canada, Australia, Mexico, Singapore and New Zealand – and in Vietnam on 14 January. These seven economies, which account for more than 92 percent of the total GDP of the agreement's signatories, had ratified the agreement in March 2018.



First CPTPP Commission meeting in Tokyo. Photo from Minister Parker's Twitter

CPTPP covers a market of nearly 500 million people and the economies included account for 13.5% of the world's GDP. The 11 countries involved in the CPTPP are New Zealand, Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, Peru, Singapore, and Vietnam.

"The CPTPP has the potential to deliver an estimated \$222 million of tariff savings to New Zealand

exporters annually once it is fully in force, with almost half of that - or \$105 million - now available in the first 12 months," said Minister for Trade David Parker.

"The CPTPP is important in the current uncertain global trading environment. It provides a level of insurance for New Zealand against strains in the multilateral rules-based trading system", he said.

Alongside the Agreement, New Zealand has also joined Canada and Chile in issuing a [Joint Declaration](#) on fostering progressive and inclusive trade. The declaration affirms the right of each country to regulate to achieve legitimate public policy objectives, in such areas as health, safety and the environment.

It also includes commitments to work together through trade policies on sustainable development, climate action, gender equality, indigenous rights and minimum work standards.

New Zealand supports UN migration compact

New Zealand joined 151 other countries to vote in favour of the adoption of the first-ever Global Compact for Safe, Orderly and Regular Migration at the UN General Assembly on 19 December.

NZ support for the Global Compact was confirmed by Foreign Minister Winston Peters, after receiving legal advice from the Crown Law and the Ministry of Foreign Affairs and Trade that allayed concerns over the Compact's potential infringement on national sovereignty.

The legal advice confirmed that the UN cooperation framework was neither legally binding nor constraining on New Zealand setting its own migration policies. The advice also said the agreement would not curtail existing human rights, including the right to freedom of expression.

Minister Peters said the advice was important because it was "debunking falsehoods or misguided perceptions being spread about the implications of this framework".

"New Zealand is voting for the compact because we support greater efforts in controlling migration issues while also being confident our own sovereign decision-making isn't compromised", he added.

New Zealand world's fourth most democratic country

The latest [Economist Intelligence Unit Democracy Index](#) released in December puts New Zealand as the world's fourth most democratic country, the only country in the top five not to be Scandinavian. New Zealand scored a perfect 10 out of 10 in two categories - civil liberties and electoral processes.

The Democracy Index 2018 particularly focuses on political participation, as it was the only one of the five categories on which the index is built to register an improvement in 2018, enough to halt the slide in the Democracy Index for the first time in three years.

The results indicate that voters around the world are in fact not disengaged from democracy. Instead the authors believe they are disillusioned with formal political institutions and as a result have been spurred into action.

The EUI however also stresses that the rise in engagement can also have negative implications: when combined with a continued crackdown on civil liberties, it is a potentially volatile mix that could be a recipe for instability and social unrest in 2019.

New NZ embassies open in Dublin and Stockholm

Foreign Affairs Minister Winston Peters formally opened New Zealand's new embassies in Stockholm and Dublin in November. "At this time of global uncertainty, New Zealand needs to work more closely with friends and partners who share our values and our commitment to fair and rules-based global order", Minister Peters said, adding that New Zealand's new diplomatic presence in Sweden and Ireland will help achieve this.

While in Stockholm, Minister Peters met with Sweden's Prime Minister Stefan Löfven, as well as Deputy Prime Minister Isabella Lövin, and Minister of Foreign Affairs Margot Wallström. In Dublin, he met with Ireland's Prime Minister Leo Varadkar and Deputy Prime Minister and Minister of Foreign Affairs Simon Coveney.



Minister Peters with NZ Ambassador to Ireland Brad Burgess

First Ikea store to open in NZ



Photo: CC/Flickr: Steve Webel

The biggest news to come out just before Christmas: after years of speculation, Ikea is (finally) coming to New Zealand!

The company's global chief executive, Jesper Brodin, announced at a press conference that Ikea would soon open a pop-up store in the city, to be followed by a flagship megastore and a second store on the South Island, as well as having its extensive catalogue available online.

Some Kiwis have waited for years for Ikea's arrival, with more than 20,000 people having followed the Facebook page "bring Ikea to New Zealand" since its creation ten years ago.