



Doing Business in ASEAN

AN OVERVIEW FOR
NEW ZEALAND EXPORTERS



We're here to help

New Zealand has a number of free trade agreements with ASEAN countries. We can support you to decide which is right for your business.

IF YOU'RE

Exporting goods

Check out the online Tariff Finder to work out which FTA has the lowest tariffs for the goods you're exporting:

tariff-finder.fta.govt.nz

There are other factors such as transshipment and routing requirements that you should also consider.



IF YOU'RE

Exporting services or investing

Service suppliers and investors don't need to 'choose' an FTA. Any benefits apply by virtue of the business being a NZ service provider or investor working in a sector covered by the FTA. FTAs can also provide greater certainty, including through guaranteeing certain minimum standards in overseas markets.

We are happy to talk about which FTA is right for your business.

MORE INFO ONLINE



MFAT
EXPORTER HELPLINE ON

0800 824 605

OR EMAIL

exports@mfat.govt.nz

VISIT OUR WEBSITE

mfat.govt.nz/trade

New Zealand's approach to international trade

New Zealand depends on trade, and we have one of the most open market economies in the world.

The global trade landscape has changed dramatically in recent years. COVID-19 has significantly disrupted supply chains, while rising protectionism and pressure on international trade rules have impacted the flow of free and open trade.

New Zealand is responding to these challenges by recalibrating our trade policy to the new international environment. Our Trade Recovery Strategy aims to put New Zealand and New Zealand businesses in the best possible position to recover from the impacts of COVID-19, and to seize new opportunities for exports and investment.

In practice this means working closely with our exporters to provide them with the support they need, while ensuring our trade settings are fit-for-purpose. We are focused on reinforcing regional trade and economic architecture, including our trusted global institutions like the World Trade Organisation, while also looking for opportunities to strengthen our international trade relationships.

Our trade architecture - the agreements and rules that underpin trade - is as important as ever for New Zealand's growth. It helps to facilitate free and open trade while reducing costs for business. We now have 12 free trade agreements (FTAs) in force, with a further three signed or under active negotiation. These agreements are more important than ever to support exporters to recover and look for new, emerging opportunities to grow.

This booklet is intended to be a guiding resource to point businesses in the right direction when it comes to leveraging these Agreements in the South East Asia region.

TRADE ACCOUNTS FOR

50%

OF NEW ZEALAND'S GDP

1 IN 4

NEW ZEALANDERS'
JOBS RELY ON EXPORTS

IN 2021, NZ EXPORTED

\$85b

WORTH OF GOODS AND SERVICES

Trade for All

We want to ensure our trade policy helps all New Zealanders benefit from trade.

In 2018 we asked the public and key stakeholders for their views on the future direction of New Zealand's trade policy. This included dedicated consultation with Māori, as the Crown's treaty partner. We took a step back from looking at any individual trade agreement and instead asked New Zealanders' views on how trade policy can contribute to sustainable, progressive and inclusive economic development for the benefit of all of New Zealanders.

Implementation of Trade for All contributes to an economy that produces and exports higher value goods and services, protects the environment, supports our regions to grow, underpins productive, high-quality investment and makes sure all New Zealanders can share in the rewards of economic growth generated by trade.

This includes a particular focus on engagement and identification of opportunities for Māori-led businesses, women, and micro, small and medium sized enterprises (MSMEs) to engage in trade and grow exports.



The ASEAN Market

ASEAN is a diverse and rapidly expanding market that offers huge potential to New Zealand businesses.

The Association of South East Asian Nations (ASEAN) – comprises Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Viet Nam.

This area is home to almost 700 million people, with a GDP of \$4.7 trillion. Collectively ASEAN is New Zealand's fourth largest trading partner, behind only China, the USA and Australia.

ASEAN has a rapidly growing consumer base as more people are lifted out of poverty and the middle class expands. This is driving demand for New Zealand's exports. In 2021, we sold 30% more goods to the region than in 2016.

There is also a growing market for services across a range of sectors, including professional and IT services, tourism, and education.

Unsurprisingly, the COVID-19 pandemic has hit the region economically. This has created knock-on effects for New Zealand's exports, particularly in services, which have declined from pre-COVID levels. But as vaccination rates increase and restrictions ease, the region is showing strong signs of recovery. The IMF projects GDP growth to rebound to 4.5% from 2022 onwards. At the same time, New Zealand's exports are bouncing back.



Why ASEAN?

GROWING MARKET

ASEAN GDP

50%

GROWTH SINCE 2010

compared to 27% global growth over the same period.

PREDICTED

4.5%

GROWTH IN 2022

STRONG MARKET ACCESS

NEW ZEALAND HAS

7

TRADE AGREEMENTS

IN THE REGION

NO TARIFFS ON

99%

OF EXPORTS

TO SINGAPORE, INDONESIA, MALAYSIA, THE PHILIPPINES AND VIET NAM.

HIGH DEMAND

SERVICES

\$0.9b



\$464m
TRAVEL



\$159m
BUSINESS SERVICES

New Zealand
EXPORTS
TO ASEAN

GOODS

\$6.3b



\$3.2b
DAIRY



\$467m
WOOD



\$318m
FRUIT & NUTS

Deciding if ASEAN is the right market for your business

There is a wealth of resources available to support you if you are considering entering the ASEAN market or expanding further in the region.



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

MFAT negotiates and implements New Zealand's FTAs, and can help you understand when and how to use them. More information is on page 12.



NEW ZEALAND
TRADE & ENTERPRISE

New Zealand Trade and Enterprise (NZTE) offers a range of support services for business looking to export. It also has a series of market guides to help you better understand potential markets.



Southeast Asia
Centre of Asia-Pacific
Excellence

The South East Asia Centre of Asia Pacific Excellence offers courses and events aimed at educating New Zealand businesses about the region, including their excellent Market Readiness Programme.



ASEAN NEW ZEALAND
BUSINESS COUNCIL INC



Asia New Zealand
Foundation

The ASEAN-New Zealand Business Council and the **Asia New Zealand Foundation** also offer excellent events and resources for businesses looking to engage in the region.

*COVID-19 has significantly impacted New Zealand's travel exports over 2020-2022.

Trading in ASEAN

New Zealand exporters benefit from seven free trade agreements (FTAs) in the region. Find out what they can offer your business.

What do these FTAs deliver for your business?

FTAs are tools for New Zealand businesses to use to make trade more efficient, simpler, and more cost-effective.

-  Elimination or reduction of tariffs for most exports to the region, to help make exports more competitive
-  Streamlined customs processes and simpler regulation, which can make it cheaper and quicker for you to export
-  Greater transparency and consistency for suppliers, giving you certainty when you trade
-  Better protection and security for investors, so you can invest with confidence
-  More streamlined procedures for business visas and immigration applications, making it easier to travel for business and to base your staff overseas

New Zealand's ASEAN FTAs

MYANMAR

LAOS

THAILAND

CAMBODIA

MALAYSIA

SINGAPORE

BRUNEI

INDONESIA

VIETNAM

THE PHILIPPINES

The ASEAN members are all parties to the **ASEAN-Australia-New Zealand Free Trade Area** and the **Regional Comprehensive Economic Partnership**.

We have separate country-country agreements with **Malaysia, Thailand, and Singapore**.

Four South East Asia countries are signatories of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). **CPTPP** is in force for **Viet Nam** and **Singapore**, while **Malaysia** and **Brunei Darussalam** are yet to ratify the Agreement.

The ASEAN-Australia-New Zealand Free Trade Area (AANZFTA)

AANZFTA is one of New Zealand's most important FTAs, and has played a significant role in growing New Zealand trade in the ASEAN region.

Since AANZFTA was implemented in 2010, two-way trade between New Zealand and ASEAN has grown by almost 30% - an increase of more than \$6 billion.

The Agreement provides wide-ranging market access in goods, services, and investment, as well as addressing key areas like e-commerce, customs rules and competition law.

BENEFITS FOR BUSINESS INCLUDE

Lower cost of exporting goods

AANZFTA has liberalised market access in the region. The final tariff changes came into effect in 2020, eliminating tariffs on 99% of New Zealand's exports to Indonesia, Malaysia, the Philippines and Viet Nam.

This saves New Zealand exporters approximately \$100 million in duties per year.

Better opportunities for services

AANZFTA provides improved opportunities and greater access for New Zealand service providers in the region, particularly in the education sector.

Support for investors

AANZFTA supports investment in the ASEAN region by ensuring better protection, transparency and security through a range of investment protection disciplines.

Upgrading AANZFTA

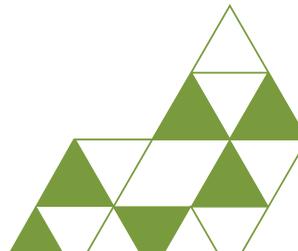
New Zealand is currently negotiating an upgrade to AANZFTA.

This means in some agreed areas – including customs, services, and e-commerce – we are negotiating new or updated provisions.

As it's been over a decade since it was negotiated, a lot has changed in the way the world does business. The upgrade aims to modernise AANZFTA, ensuring it remains relevant and fit-for-purpose. We are also looking at further opportunities to reduce barriers to trade.

Trade in goods is not in scope of the upgrade (meaning there will be no additional tariff reductions).

The planned conclusion date for negotiations is September 2022. After this a National Interest Analysis (NIA) will be undertaken to assess the impact of the upgrade on New Zealand and New Zealanders.



The Regional Comprehensive Economic Partnership (RCEP)

Covering 30% of the world's GDP and 30% of the population, RCEP is the biggest trade agreement in the world.

It was signed by the ten ASEAN members plus Australia, China, Japan, Korea and New Zealand, and entered into force on 1 January 2022. It is projected to add \$186 billion to the world economy and increase New Zealand's GDP by around \$2.0 billion.

BENEFITS FOR BUSINESS INCLUDE

A single rulebook that reduces red tape

RCEP has created a single set of rules for exporters in the region in areas like customs and applying for licences. It also reduces non-tariff barriers to trade. This makes trade simpler to navigate, provides greater confidence to businesses, and reduces costs. For example under RCEP, customs authorities must release perishable goods within six hours of arrival.

A better deal for services exporters

RCEP provides new services access commitments by some RCEP parties that go beyond existing FTAs. New Zealand has gained new commitments in key sub-sectors including professional services, computer-related services, education services, and environmental services.

More confidence when investing

RCEP's rules provide New Zealand investors in the region protection from discrimination compared to domestic or other foreign investors, and enhances their ability to maintain control of their investments. It also gives New Zealand investment market access commitments for the first time in six ASEAN countries.

New Zealand's bilateral agreements in the region



NZ-Malaysia Free Trade Agreement Signed in 2009, this FTA provides significant export access beyond AANZFTA. It eliminates tariffs on 99.5% of New Zealand's goods exports to Malaysia, improves access for services providers, and simplifies trading rules.



NZ-Thailand Closer Economic Partnership The Thailand CEP came into effect in 2005. It progressively eliminates tariffs and quotas on all goods exports by 2025. Services export is not in scope of the Agreement, but is covered by AANZFTA.



NZ-Singapore Closer Economic Partnership Given the level of market access secured through other FTAs, the Singapore CEP is now mainly a strategic partnership. It was upgraded in 2020, which expanded benefits to include easier business travel and streamlined customs processes.

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

The CPTPP has 11 members across the Asia-Pacific region, including four ASEAN members.

It has entered into force for Viet Nam and Singapore, while Brunei Darussalam and Malaysia have not yet ratified.

The CPTPP improves market access for some goods and services. It also promotes sustainable and inclusive economic development. It includes strong commitments to safeguard labour and environmental standards; preserves New Zealand's right to make laws to protect our people and environment; and upholds the Treaty of Waitangi.