

Enatel Limited NZ-EU FTA Submission May 2016

Company Profile

Overview

Enatel was founded 14 years ago by the same personnel that created Switchtec Power Systems, a company successful in designing and manufacturing switch mode power solutions primarily for the telecommunications industry.

Enatel's headquarters are located in Christchurch and the core business is designing and manufacturing power conversion products for the Telecommunications, IT, Utility, Materials Handling and Renewable Energies sector, based on 30 years of experience.

More than 90% of everything designed and manufactured by Enatel is exported internationally, to over 70 countries throughout the world.

Economic Growth

- Enatel currently employs 186 staff, in comparison with 79 in 2010.
- Sales revenue has increased by more than 270% since 2010, with further strong growth predicted.

These sharp increases demonstrates the significant level of growth the company has experienced over the past six years. This level of economic activity is critical to sustained growth in the Canterbury region and New Zealand.

Innovation

The Directors of Enatel have a strong history of growth and innovation.

Enatel is recognised globally as a world leader in the technology field, due to the high emphasis on R&D and the advancement of cutting edge, innovative products and solutions.

By continually increasing our international distribution we are not only bringing success and recognition to the Enatel name, but also to New Zealand, in the global market.

NZ-EU Market

Current NZ-EU Trade Conditions

Whilst Enatel's product is highly sought after and caters for a number of niche markets, we do face a competitive disadvantage in a number of areas.

- New Zealand is currently only one of six WTO members without a FTA in place or under negotiation with the EU, which places us at a competitive disadvantage compared with other suppliers into the EU market.
- In New Zealand we are disadvantaged by our geographical location, which results in high freight costs and extended transit times, therefore it is imperative all other barriers to trade are removed.
- We are competing with lower cost manufacturing countries.
- Barriers exist at the border, including complexities of import licensing regimes, issues around certification/compliance, labelling, product specifications and compositional standards or processing requirements.

Business Goals:

Enatel has plans for significant further growth the future. Enatel's target for expansion into the EU is a minimum of 100% growth from the current levels by 2019.

In order to be competitive in this market, we must be in a position to offer competitive pricing by eliminating duties.

Benefits of increased NZ-EU Trade

There are a number of compelling arguments and positive flow on effects for the removal of duties for the HS codes detailed in this submission in the NZ-EU FTA.

- Create a "level playing field" with manufacturers who are advantaged by their geographically positioning and lower cost manufacturing environments.
- By reducing our costs, we are increasing the level of funds available to channel back into the critical area of research and development.

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- The introduction of Enatel's specialised product into new areas offers technological advancement into developing countries.
- Increasing company growth and thereby contributing to both the local economy and the Government's high level goal of increasing the ratio of exports to GDP to 40 per cent by 2025.
- A simplified, more consistent EU import process (i.e. removal of border and import certification and documentation requirements), and the ability to offer a higher level of service to customers, i.e. arrange delivery to door without complex duty calculations being required.
- Increasing our EU market share will create diversity in our market base, resulting in a more robust business and leaving us less susceptible to changes in market conditions.

Summary:

Internationally connected businesses offer considerable benefits to our economy. These businesses grow rapidly, innovate more, and bring a higher level of capital and jobs into New Zealand. These businesses also attract skilled and innovative individuals and pay higher wages to New Zealanders. They are a vital and valuable asset for New Zealand.

Enatel is one of these businesses.

It is vital to Enatel's continued growth and development of the EU market that our key product tariff codes are selected for inclusion in the NZ-EU FTA negotiations.

In order to continue to achieve our business goals and to contribute to the Government's objectives of increasing our level of exports, the Government must offer support to exporters and establish the relevant framework to allow New Zealand exporters to be competitive in the global market.

The establishment of a modern, quality NZ-EU FTA which offers favourable trading conditions will create additional opportunities to strengthen our position in the market and allow us to penetrate markets which were previously unattainable.