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COR 9176

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Mr Ted O'Brien MP
Joint Standing Committee on Foreign Affairs, Defence and Trade
PO Box 6021
Parliament House
Canberra ACT 2600

Dear Mr O'Brien

Thank you for your letter of 5 December 2019.

Australia and New Zealand are two of the most integrated economies in the world, and we have a long history of strong cooperation on a range of issues. Signed in 1983, the current Australia New Zealand Closer Economic Relations Trade Agreement (ANZCERTA) is one of the most comprehensive bilateral free trade agreements in existence and was preceded by trade agreements between New Zealand and Australia dating back to 1922.

In the Pacific, Australia is a critical like-minded partner for New Zealand. Close coordination across the breadth of our respective efforts in the region is a significant aspect of engagement between Wellington and Canberra, which amplifies our collective impact across the Pacific. Being members of the Pacific Islands Forum, we both have deeper relationships, insights and understanding of the priorities in the Pacific including trade and investment.

Australia New Zealand cooperation in the Pacific

Australia and New Zealand are successfully working together with Pacific partners to advance trade and investment, reflecting the commitment of our governments to supporting economic development in the Pacific region. Recent examples include:

- Bringing the Pacific Agreement on Closer Economic Relations (PACER Plus) to signature and supporting Pacific partners to ratify the Agreement and as part of the agreement, recognising and incorporating a significant development component to ensure Pacific partners were able to effectively participate in the agreement.
- Through the Labour Mobility Arrangement which was signed alongside the PACER Plus agreement the establishment of the Pacific Labour Mobility Annual Meeting, which is becoming a key regional forum for all stakeholders engaged in labour mobility. We are also working more closely to ensure our respective labour mobility activities are complementary and not burdensome for the Pacific.
- Working together on joint private/public initiatives, such as the Pacific Islands Trade and Invest organisations operating in both our countries and the International Finance Corporation programme Pacific Partnership.

- Collaboration on the Pacific Horticulture and Agriculture Market Access Plus Programme to address trade barriers relating to the export of horticulture products.

We welcome the collaboration that is taking place with Australian agencies across these priority areas to ensure we are working together to complementary ends. For example, Australia and New Zealand are together advancing labour mobility offerings in the Pacific, with close attention to PACER Plus signatory countries. Australian and New Zealand officials are working with Pacific partners to build regional institutions, such as a Labour Mobility Secretariat to support growing Pacific labour mobility opportunities. Like Australia, New Zealand also continues to explore ways to align our respective operational labour mobility programmes for maximum impact.

New Zealand priorities in the Pacific

Over the past two years, New Zealand has lifted its ambition and investment in the Pacific region, through the Pacific Reset. This has involved a significant shift in both how we engage in the region, as well as what we do. At the centre of this is building deeper, more mature relationships with our many partners in the region, which is built on understanding, friendship, mutual benefit and a collective ambition to achieve sustainable results in collaboration with our Pacific neighbours. A copy of the Minister of Foreign Affairs' speech outlining the Pacific Reset is attached to this letter.

The New Zealand Government's long-term goal is a stable, prosperous and resilient Pacific. Greater trade and investment has an important role to play in advancing this goal. In order to expand the contribution of trade to inclusive and sustainable development in the region, New Zealand is assisting Pacific Island countries to benefit from trade, investment, digital transformation, tourism, labour mobility, and economic integration.

Through our Recognised Seasonal Employer (RSE) scheme, every year we now support up to 14,400 people from the Pacific to work in New Zealand which translates into over \$40 million dollars' worth of remittances. The annual RSE scheme participation numbers will continue to increase.

Looking forward, New Zealand's priorities in the trade and investment space in the Pacific include:

- bringing PACER Plus into force in 2020 and unlocking the implementation funding New Zealand and Australia have committed to development programmes directly associated with the Agreement;
- providing new and purposeful aid for trade initiatives to meet our obligations once PACER Plus enters into force;
- supporting a regional approach to strengthened, fit-for-purpose and sustainable Quality Infrastructure in the Pacific; and
- supporting and facilitating greater regional labour mobility whilst understanding and responding to the social and welfare impacts that labour mobility creates.

In addition we want to ensure our trade and development priorities are aligned with the agreements reached at the 50th Pacific Islands Forum Leaders Meeting in August 2019, which is a key piece of the regional architecture that represents the needs of the region including trade and investment.

The New Zealand Government looks forward to continued cooperation with the Australian Government to expand trade and investment in the Pacific.

Thank you for inviting the New Zealand Government to make a submission and we look forward to seeing the outcome of your inquiry.

Yours sincerely



Hon David Parker
Minister for Trade and Export Growth