

Address delivered by Mr John Hayes ONZM, Chair of New Zealand Parliament Foreign Affairs, Defence and Trade Committee to European Parliament Committee on International Trade

- We welcome the opportunity to continue our excellent inter-parliamentary relationship. Our colleagues have had some good meetings in the past but this is a great opportunity to meet 'committee to committee' in a formal setting. We hope it's the first of many such discussions.
- We've always believed that engagement with the European Parliament is fundamentally important. Since the signing of the Lisbon Treaty, that importance has only increased – particularly with regard to trade policy.
- Any doubt over that was surely put to rest in July when this house voted down the ACTA treaty. I don't want to debate the merits of that treaty as that pleasure still awaits us in New Zealand but what it *does* illustrate is the central importance of this Parliament - and this *committee* - in formulating and driving trade policy in the EU. We understand that, and as Parliamentarians we appreciate that.
- As a small, trade-dependent country, EU trade policy is deeply important to New Zealand. First and foremost, this is an important market – our third largest in the world. Historically, it used to be our largest and most important market. But its relative decline for us reflects two things: our own trade diversification and the rise of Asia.
- New Zealand's 'diversification story' will of course be well-known to you. In the late 1980s, a period of economic crisis in New Zealand, we removed our considerable agricultural subsidies virtually overnight. After the short-term pain had passed, New Zealand producers successfully diversified both their products and markets.
- Of course 'agriculture' remains a core part of our trade profile - but when we talk of "New Zealand agriculture" today, we refer to a much broader range of products, services and markets than ever before.
- Many of those new market destinations are in Asia, reflecting both our own proximity and the phenomenal rise of that region. We are well served in our trade with Asia by a comprehensive network of Asian FTAs: eight currently in force¹ (including an FTA with China – the first OECD country to do so); five² more under negotiation (including TPP) and one

¹ Australia-New Zealand CER; Singapore; P4 (Singapore, Brunei, Chile); Thailand; China; Australia-ASEAN-New Zealand FTA (AANZFTA); Hong Kong; Malaysia

² TPP; Taiwan; Russia/Belarus/Kazakhstan Customs Union; Korea; India

soon to be launched: the Regional Comprehensive Economic Partnership or “R-CEP”. When complete, the RCEP will rival only the TPP in size. It will encompass sixteen economies,³ over half the world’s population and nearly 14 trillion euros in combined GDP.

- As the world’s largest economic entity, the EU of course has a large trade profile with Asia of its own: it has concluded one FTA with Korea and has a number under negotiation with other Asian countries.
- But debating the number and merits of individual FTAs are beside the point. The ‘point’ as we see it is that, when it comes to trade, both the EU and New Zealand share a number of things in common – the main one being our shared commitment to an open, predictable and fair rules-based multilateral system.
- Both of us have benefitted from such a system. New Zealand was a founding member of the GATT along with many EU member states and we’ve benefitted from the EU’s leadership in many rounds of GATT and WTO negotiations.
- Now, that system faces an uncertain future of its own. For many, the Doha Round’s constant setbacks are frustrating. For New Zealand, they are frankly alarming.
- That’s why, for us, comparing the number and quality of FTAs in Asia is pointless. Because without common rules and norms, the benefits of those FTAs can never be fully realised.
- For so long, the EU has been the key global player in setting those rules and norms for international trade. We may disagree over certain issues but overall we have benefitted immeasurably from the EU’s leadership. Multilateralism matters and in you – the European Union – we have a kindred spirit that cares at least as much as we do about the preservation and advancement of the multilateral trading system. Critically too, the EU has the ability to lead from the front – and you continue to do so.
- In Asia we urgently need your leadership and your commitment. Of course the EU will continue to have its own discussions with individual countries and we welcome that, even if we are not yet one of those countries with whom you are negotiating just yet.
- We hope to be engaged in that in the medium term. But bilateral discussions are no substitute for comprehensive processes that ensure

³ ASEAN (10 countries) plus its 6 existing bilateral FTA partners: Australia, NZ, India, China, Japan, Korea

countries trade by the rules and that negotiated commitments are properly adhered to.

- That's where we see a role for New Zealand and the EU to work together. Our shared cultural and democratic commitment to rules-based certainty is perhaps best shown by our parliamentary traditions. We welcome your engagement with our region and we would like to use this meeting and other future opportunities to consider ways we can work together to support it.
- Let us help each other, to encourage and learn from one another in regional economic integration and as a stepping stone to multilateralism through the WTO.