# 2012 Exporters Survey

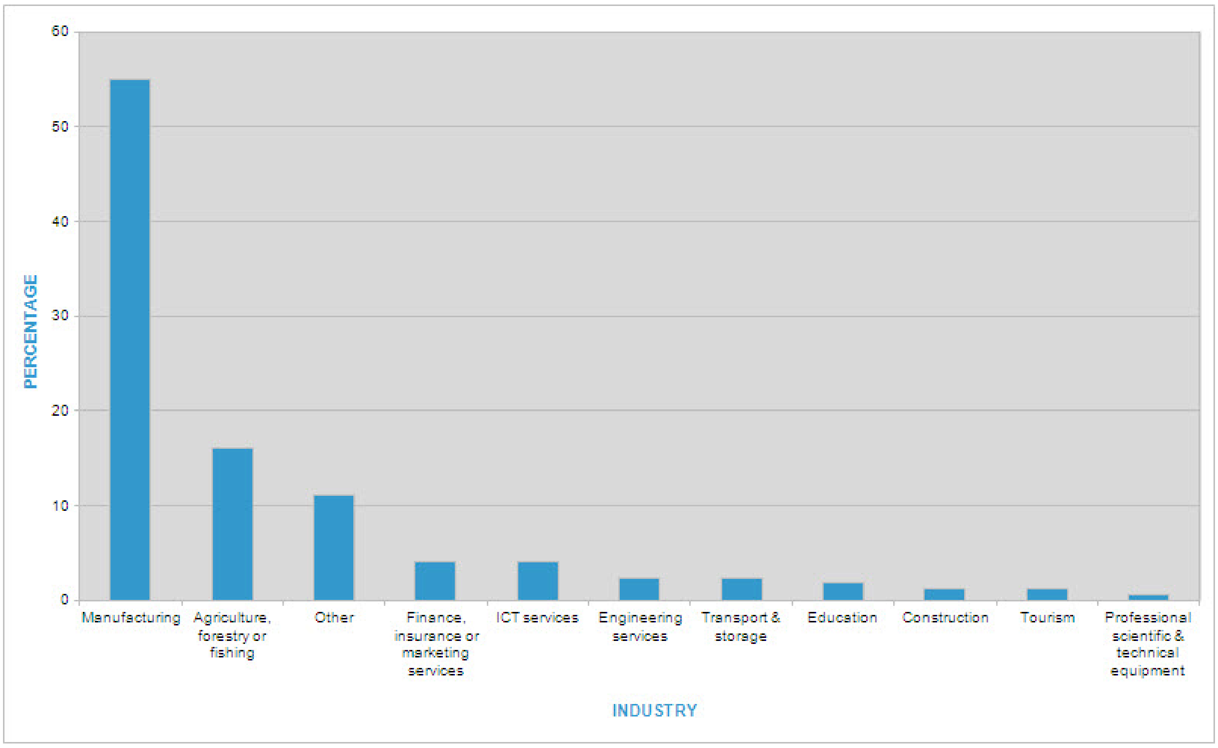
The 2012 Exporters Survey was in the field from 30 May to 15 July. In total, there were 169 responses.

The following outlines the main findings of the survey.

## YOUR BUSINESS

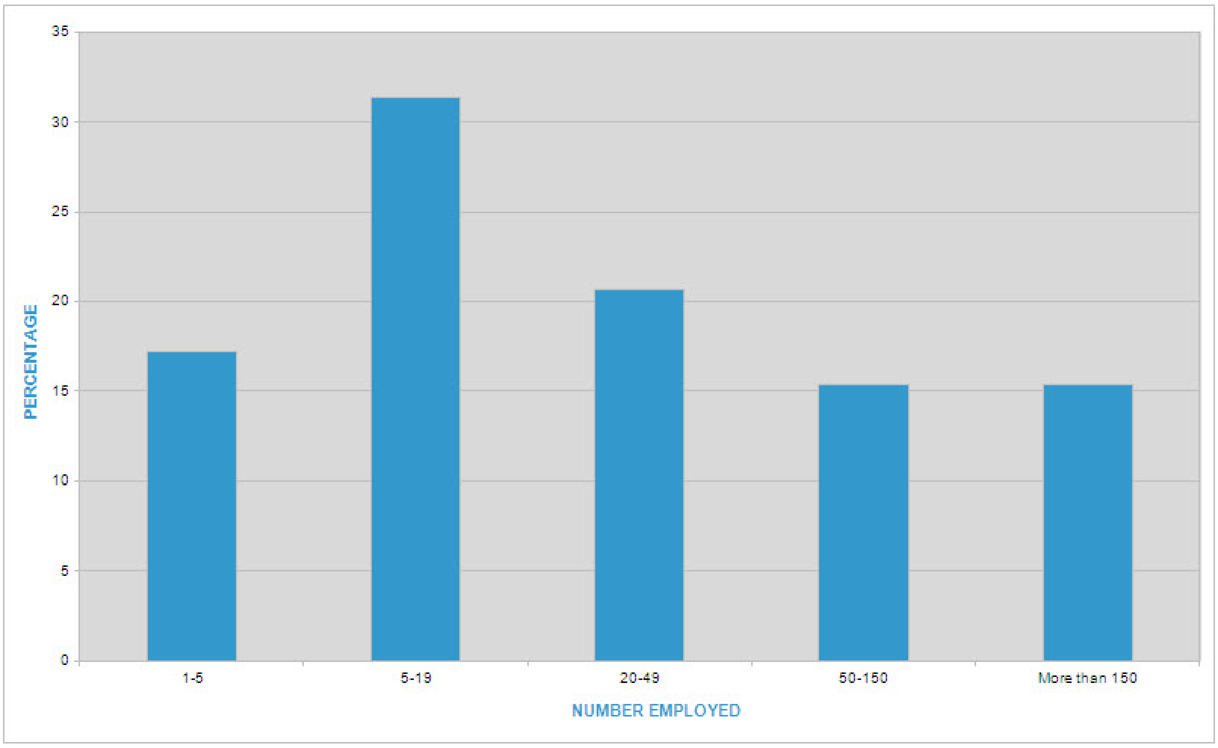
### 1. Please indicate which of the following best describes your business:

| Industry | Percent |
|---|---|
| Agriculture, forestry or fishing | 16.0 |
| Construction | 1.2 |
| Education | 1.8 |
| Engineering services | 2.4 |
| Finance, insurance or marketing services | 4.1 |
| ICT services | 4.1 |
| Manufacturing | 55.0 |
| Professional scientific & technical equipment | 0.6 |
| Tourism | 1.2 |
| Transport & storage | 2.4 |
| Other | 11.2 |
| Total | 100.0 |



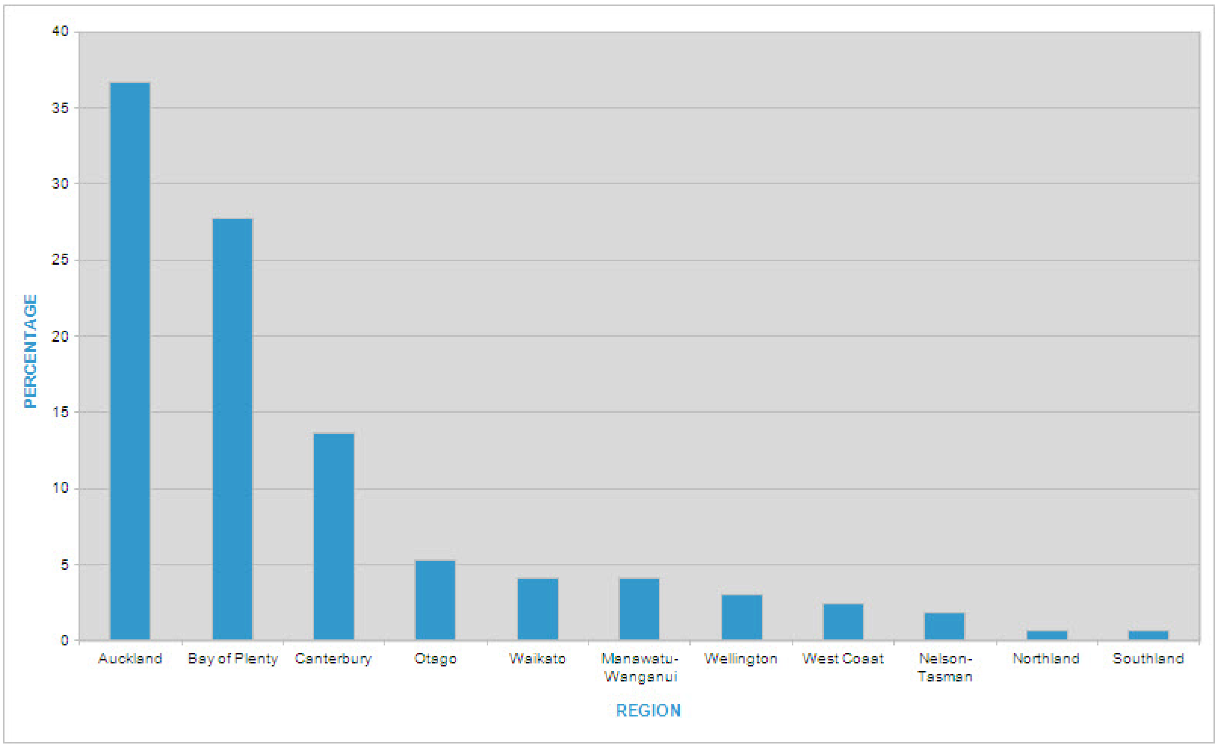
## 2. How many people do you employ in New Zealand?

| No. of employees | Frequency | Percent |
|---|---|---|
| 1-4 | 29 | 17.2 |
| 5-19 | 53 | 31.4 |
| 20-49 | 35 | 20.7 |
| 50-150 | 26 | 15.4 |
| More than 150 | 26 | 15.4 |
| Total | 169 | 100.0 |



## 3. In which region is your enterprise predominantly located?

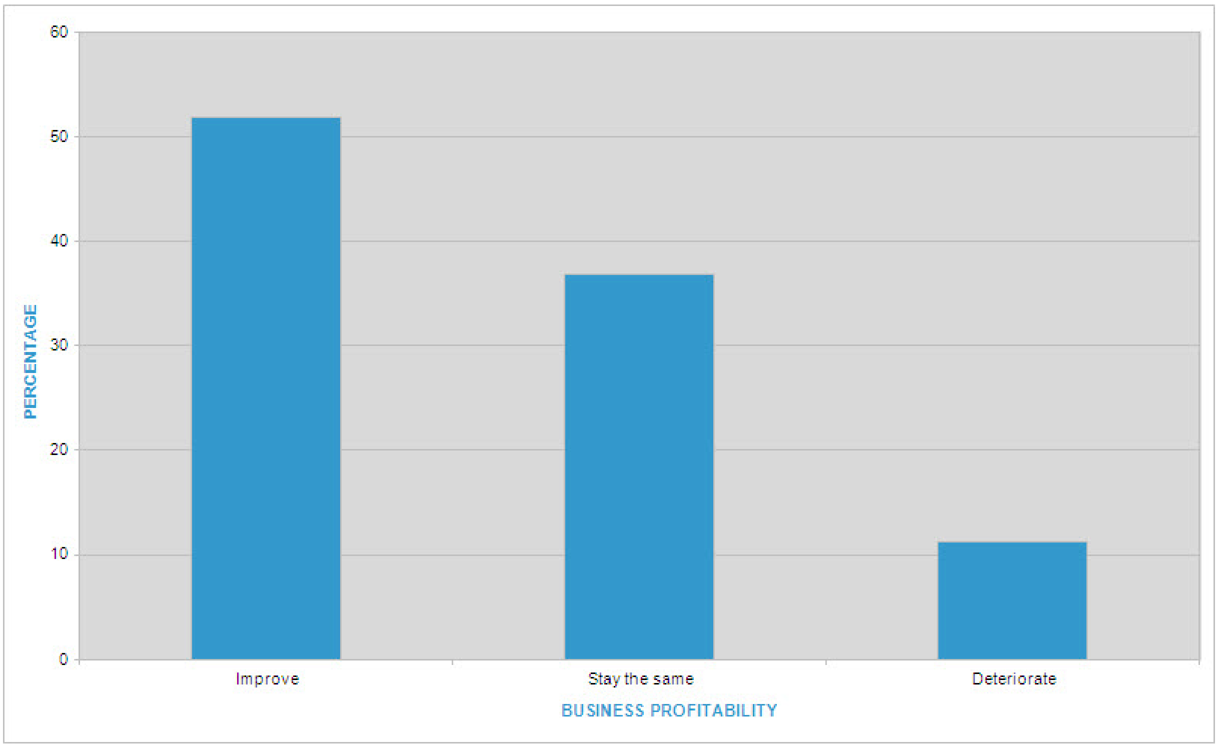
| Region | Percent |
|---|---|
| Northland | 0.6 |
| Auckland | 36.7 |
| Waikato | 4.1 |
| Bay of Plenty | 27.8 |
| Manawatu-Wanganui | 4.1 |
| Wellington | 3.0 |
| Nelson-Tasman | 1.8 |
| Canterbury | 13.6 |
| West Coast | 2.4 |
| Otago | 5.3 |
| Southland | 0.6 |
| Total | 100.0 |



# YOUR BUSINESS OUTLOOK

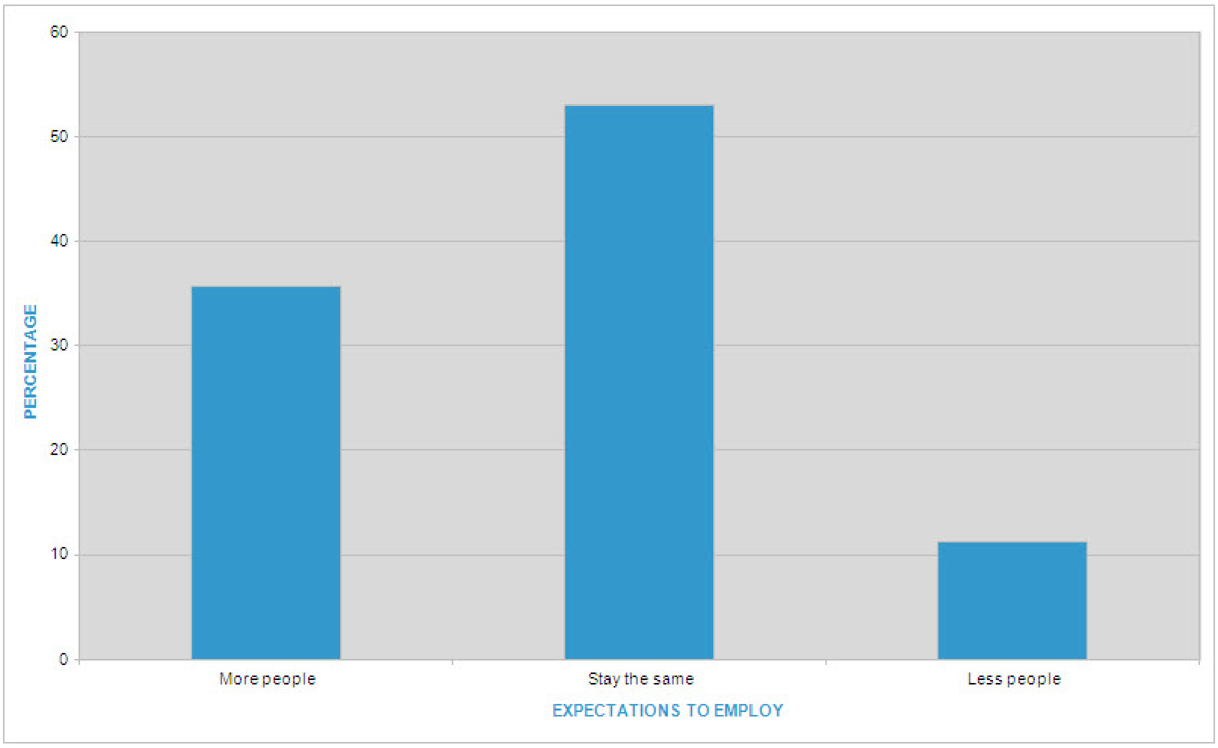
### 4. In the next 12 months do you expect your business profitability to:

| | Frequency | Percent |
|---|---|---|
| Improve | 87 | 51.8 |
| Stay the same | 62 | 36.9 |
| Deteriorate | 19 | 11.3 |
| Total | 168 | 100.0 |



## 5. In the next 12 months do you expect your business will employ:

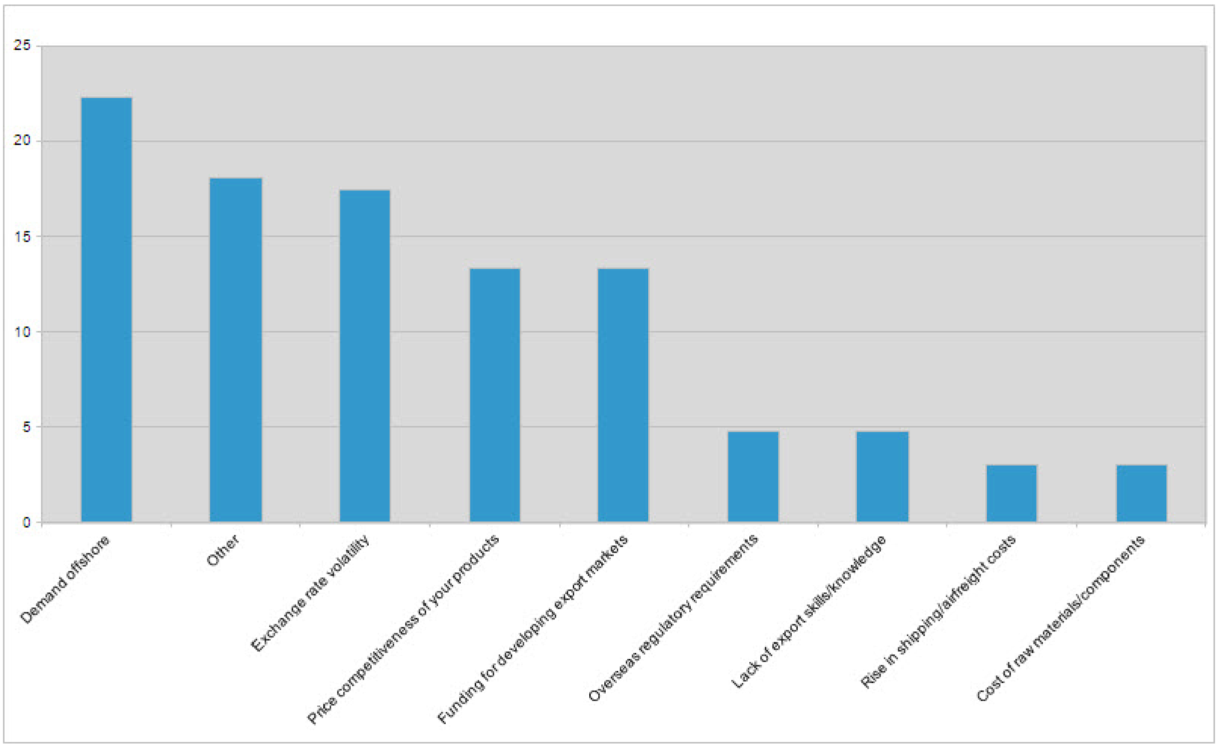
| | Frequency | Percent |
|---|---|---|
| More people | 60 | 35.7 |
| Stay the same | 89 | 53.0 |
| Less people | 19 | 11.3 |
| Total | 168 | 100.0 |



# OBSTACLES PREVENTING OR RESTRAINING YOUR EXPORT GROWTH

## 6. What is the main barrier preventing you from exporting, or exporting more?

| | Frequency | Percent |
|---|---|---|
| Demand offshore | 37 | 22.3 |
| Price competitiveness of your products | 22 | 13.3 |
| Cost of raw materials/components | 5 | 3.0 |
| Lack of export skills/knowledge | 8 | 4.8 |
| Funding for developing export markets | 22 | 13.3 |
| Exchange rate volatility | 29 | 17.5 |
| Rise in shipping/air freight costs | 5 | 3.0 |
| Overseas regulatory requirements | 8 | 4.8 |
| Other | 30 | 18.1 |
| Total | 169 | 100.0 |



## 7. Are there any regulatory barriers in New Zealand limiting your ability to export?

| | Frequency | Percent |
|---|---|---|
| Yes | 22 | 13.3 |
| No | 144 | 86.7 |
| Total | 166 | 100.0 |

### If 'yes', please indicate what they are:

- 6% tariff for our goods going into Europe and the USA.
- Broad range covering CAA, IRD, TEC/Ministry of Education.
- Commercial obstacles to expanding offerings; lack of connectivity to the South Island.
- Costs to a small business, implementing new initiatives, compliance, taxes and export freight costs, particularly Trans Tasman.
- Demand from NZQA and from Professional bodies here that all their standards are met: NZ Immigration demand only High level Diplomas and Degrees/Graduate Diplomas are delivered as export products so we cannot train advanced trades people, even if they are to return to their home countries.
- Food safety issues.
- Free trade agreement with China allows importation of less expensive fabrics.
- Import tariffs for our overseas distributors.
- Indonesian Market Place restricting port access.
- Lack of protocol in place to export into countries.
- MAF certification requirements which are not reflected in the destination market.
- More and more compliance and the cost in money and time.
- Non tariff barriers (phytosanitary) mainly to Australia - working on it.
- NZ and South Pacific only.
- Patents Act is very old and new Bill needs to become law to avoid some unhelpful quirks.
- Some of the MFI requirements inhibit export growth.
- Tariff rates, duties and taxes.
- Tariffs into USA limit our window to export fruit.
- The fact that one has to do all the export documentation and again import documentation costing so much.
- The requirement for more stringent licensing for cheese production for exporting to countries other than Australia.
- We find that the regulations imposed by NZFSA are at times excessive and well beyond those imposed on our competitors in overseas markets. Makes it difficult to be price competitive.

### 8. Have you faced regulatory and non-tariff barriers that limit your ability to export offshore?

| | Frequency | Percent |
|---|---|---|
| Yes | 57 | 34.1 |
| No | 110 | 65.9 |
| Total | 167 | 100.0 |

**If yes, please indicate the nature of the restriction, and the country or territory where it was encountered:**

- 6% tariff for our goods going into Europe and the USA.
- Access issues to Canada, process restrictions to Russia, registration of products in China.
- Air service agreements.
- AQIS costs.
- Australia – AQIS inspection and fees delay product getting to market and often feel like a non tariff barrier! In addition China we have a free-trade agreement however feels like this is in place for the ZESPRI's and Fonterra's not small business.
- Australia – Horticulture products. Aussies happy to accept products from other countries with less restrictive regulations.
- EU – After 8 years have now paved a way forward that is acceptable.
- Australian costs of entry compliance are crippling.
- Brazil – tariff.
- Canada – product registration.
- Russia – product registration.
- Bureaucracy & very high expectations from countries esp. those with so called 'free trade agreements' make it more difficult to get product in and considerable increase in testing and documentation requirements.
- China – Cosmetic regulatory issues.
- China – various import restrictions e.g. on seafood and honey.
- China Territory.
- China, where their import duties are being applied in what appears to be a discriminatory manner. Goods are being re-exported, so duty is not supposed to be an issue, but how this works in practice seems to be at the whim of officials. (Very hard to prove of course, but we have missed out on a significant export order as a result).
- Chinese continuing to change the importing landscape.
- Codes.
- Complexity of paper work exporting into China.
- Constant change of regulations in China, some at short or no notice.
- Countries interpretation of Codex Alimentaire food regs which leads to import bans on products that shouldn't.
- Entry into South America is difficult - high import tariffs and barriers to entry.
- Europe - however we set up a UK base to get around that.
- Export department.

- Finland. Challenging when they require all CE certification paper work be filled out in Finnish language.
- Fumigation of timber for Australia – this is both a cost and add time to shipments.
- In Fiji there is a high tariff on packaging products.
- In most South American territories have prohibitive duties.
- Indonesia, Malaysia Rule changes, Philippines AANZFTA Certs of Origin not working.
- Introduction of honey testing that Manuka honey throws a false positive result which has meant shipments being stopped in USA and China, and possibly France (unknown outcome at this stage).
- Italy requires us to fumigate the finished wigs (a $50 unnecessary cost) and Brazil imposes protectionist duties & tariffs on nearly 100%, even though no similar product exists.
- Just the level of information to build dossiers to meet the targeted countries level of regulatory compliance.
- Mainly an inconvenience, but food safety is paramount.
- Need for NZ qualifications to be recognised offshore as equivalent to overseas country qualification standards.
- New Caledonia, French Polynesia.
- NZ regulations don't conform to ICAO, FAA or EASA, or we don't have full ICAO, FAO or EASA compliant systems in place. Therefore, international customers are less willing to buy from us.
- OMAR.
- Phytosanitary requirements and tariff's in countries make product uncompetitive with other exporting countries.
- Quarantine.
- Registration issues for our products in Latam / Russia.
- Restrictions on the transfer of funds from the host country but students wanting to study offshore.
- Russia blocking NZ registration.
- Indonesian "Decrees".
- Seemingly unusual laboratory test results on food items for antibiotic use or sugar adulteration.
- Tariff ring fences around EU and Taiwan.
- Tariff barriers in a number of markets – specifically Korea, India, Japan, EU, Turkey.
- Tariff levels for certain products in certain markets make those countries unprofitable to export to.
- Tariff of the classification of our fruit in USA.
- The cost of clearing customs in Australia for cheese.
- There are many countries that impose tariffs/duties on horticultural products.
- Tied aid and requirements for company/consultancy firm to be registered in the country provided the development assistance funding.
- To be GST registered in Australia, one must have a registered company structure there, and with that a resident director - running an Australian company from NZ has many challenges due to regulatory requirements, simple things like some banking matters require visiting a branch, impossible when head office ops is domiciled in NZ.
- Treatment or grade standards that result in making our products compliant not cost effective to export - China, Australia.

- UAE, UK, Australia. Prior registration of products, need to provide all details including formulas, need authentication legal and consular, costly and time – consuming.
- USA - MAF regulations mainly due to the Light Brown Apple Moth in an export floriculture crop several years ago.
- We are trying to export chicken flavour pies to Korea, but chicken is prohibited from Korea for some reason.

### 9. Did the strikes at the Ports of Auckland recently impact on your exports?

| | Frequency | Percent |
|---|---|---|
| Yes | 33 | 19.8 |
| No | 134 | 80.2 |
| Total | 167 | 100.0 |

### If yes, what value would you estimate your business lost?

Dollar figure losses ranged from $5,000 to $250,000, with one respondent having lost $4,000 a week.

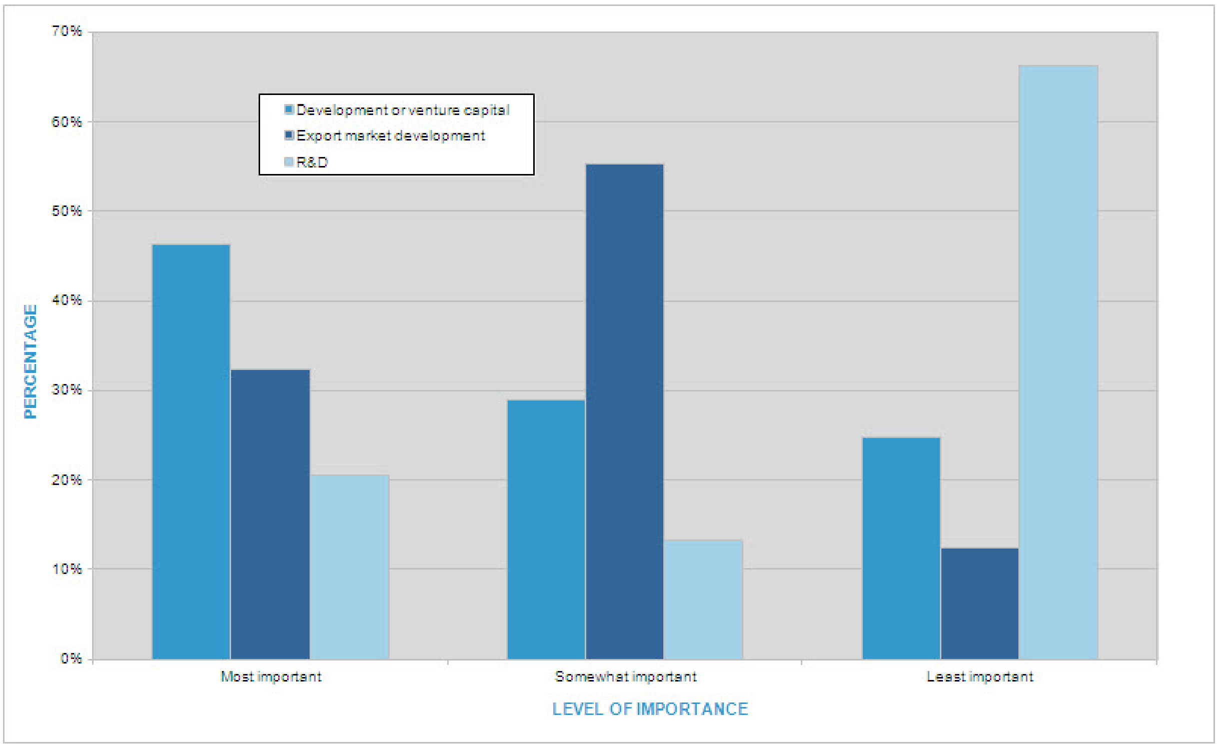
Other comments were:

- Delay getting product to Australia - loss of sales.
- Delays in sea freight deliveries required us to air freight in additional materials at extra cost, and we faced financial penalties and loss of customer goodwill for missing agreed shipping dates. Measurable financial cost of the dispute is around $15k, actual costs are significantly higher.
- Did mean re-routing things to Tauranga though, for us easier and cheaper but not the normal route for LCL honey to EU.
- Difficult to value.
- Affected overall ability to deliver to customers in a timely manner. Impact was largely due to time requiring sorting alternative options due to increased administrative work.
- Export knowledge, not things.
- Hard to estimate, time delay and customer frustration. Any additional cost unfortunately passed on to importers and exporters as we are a service provider.
- Hard to tell more affected our profit as we air freighted urgent materials in to meet customer demand rather than loose the sale but definitely had an impact.
- Impact was around access to empty shipping containers. We modified our shipping programme so there were no lost sales but it was of significant inconvenience to our operation.
- Inconvenience of delayed shipments and additional freight.
- It increased our costs. We import fabric to make garments to then export. Fabric was late so we had to pay to bring it in by air in some cases.
- Late delivery of containers, we managed the customer expectation and no financial loss. However there was a loss of confidence that shipping to another country will create delays to deliveries compared to competitors in country who do not have this barrier.
- Late pick up of containers.

- Loss of Goodwill, and potential new customers. Incalculable!
- Not so much a loss of exports but an extra cost for alternative transport, fees, and added time wasted.
- Only in a minor way, but they caused delays and uncertainty in shipments to Vietnam of our partially completed goods, which are finished and exported from Vietnam.
- Unsure exactly.
- We did not lose any business but had to make alternative arrangements, including air freight, to meet promised delivery dates for some stock lines.
- We didn't loose any money but were late to supply stock to customers.

## 10. Please rank the following issues in their order of priority and importance for your business:

| Option | Most important | Somewhat important | Least important |
|---|---|---|---|
| Development or venture capital | 46.3% | 29.0% | 24.7% |
| Export market development | 32.3% | 55.3% | 12.4% |
| R&D | 20.5% | 13.3% | 66.3% |

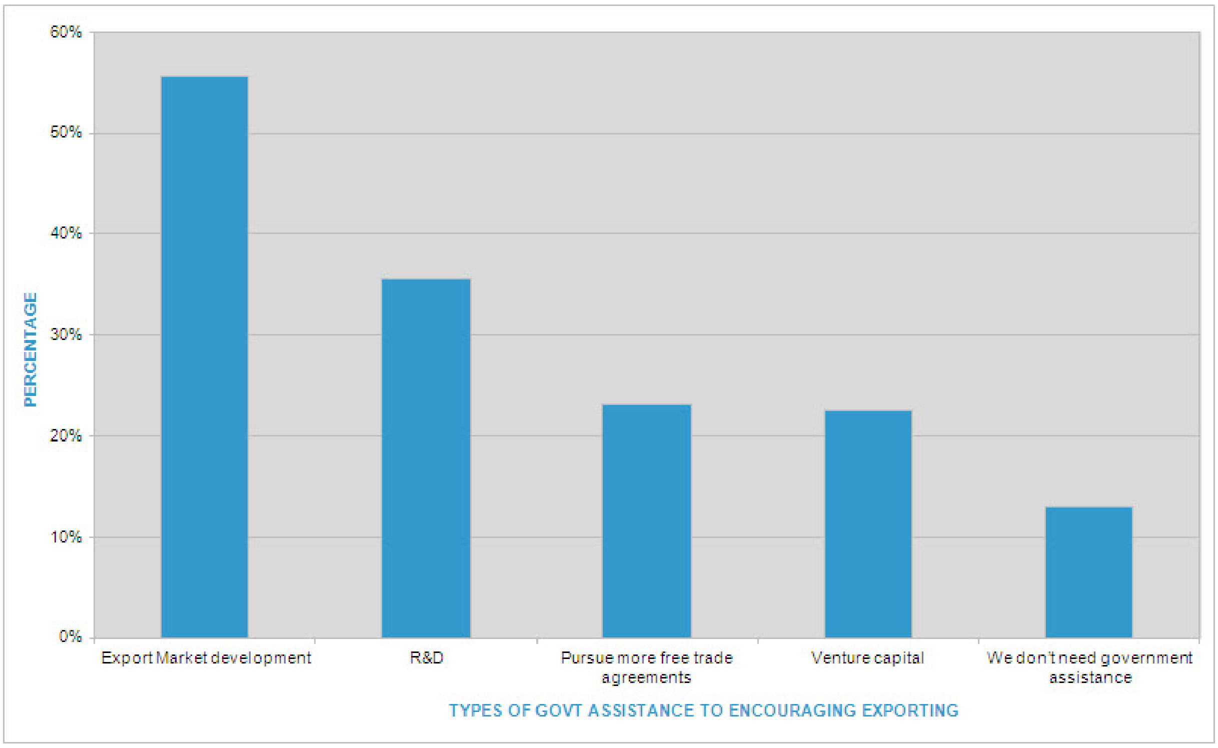


## 11. Is the Government doing enough to encourage exporting?

| | Frequency | Percent |
|---|---|---|
| Yes | 63 | 38.7 |
| No | 100 | 61.3 |
| Total | 163 | 100.0 |

## 12. What types of government assistance if any would you favour to encourage exporting?

| Government Assistance | Favour (%) |
|---|---|
| Export Market development | 55.6 |
| R&D | 35.5 |
| Pursue more free-trade agreements | 23.1 |
| Venture capital | 22.5 |
| We don't need government assistance | 13.0 |
| Total | 100.0 |



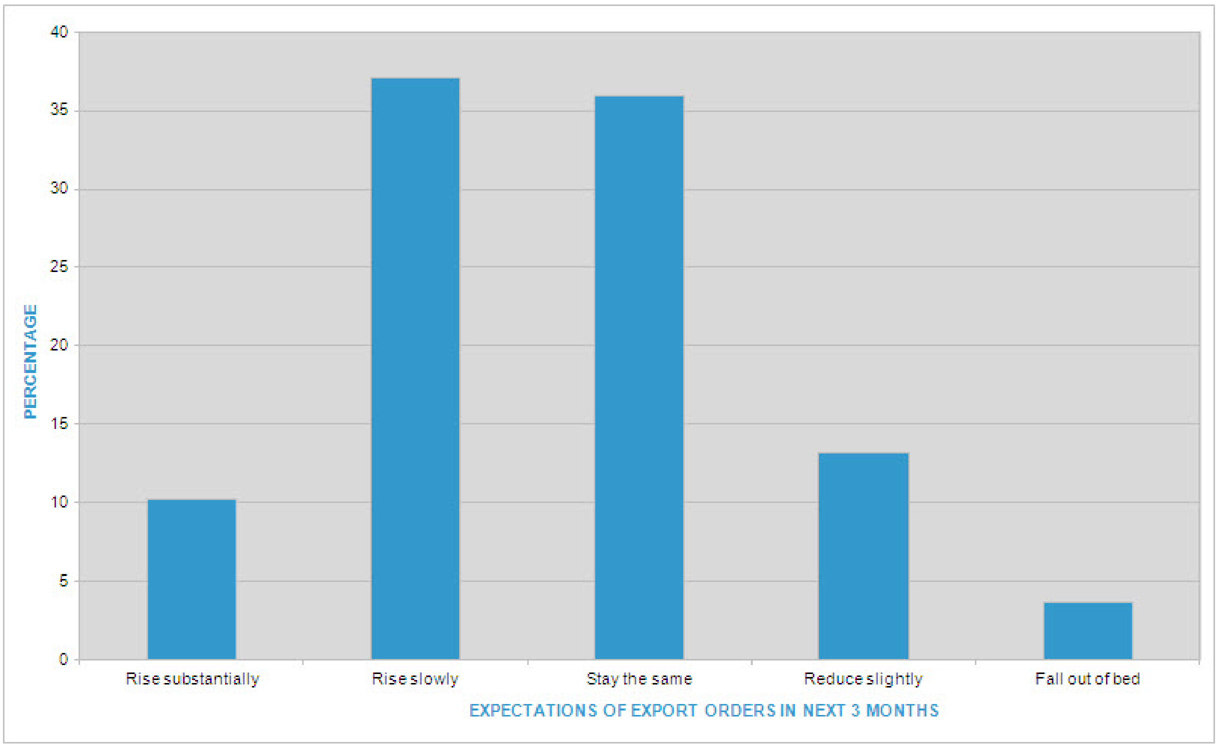
# EXPORTING PROFILE

### 13. What proportion of your output is exported?

| | Number | Median (%) | Mean (%) |
|---|---|---|---|
| What proportion of your output is exported? | 167 | 56.0 | 53.2 |

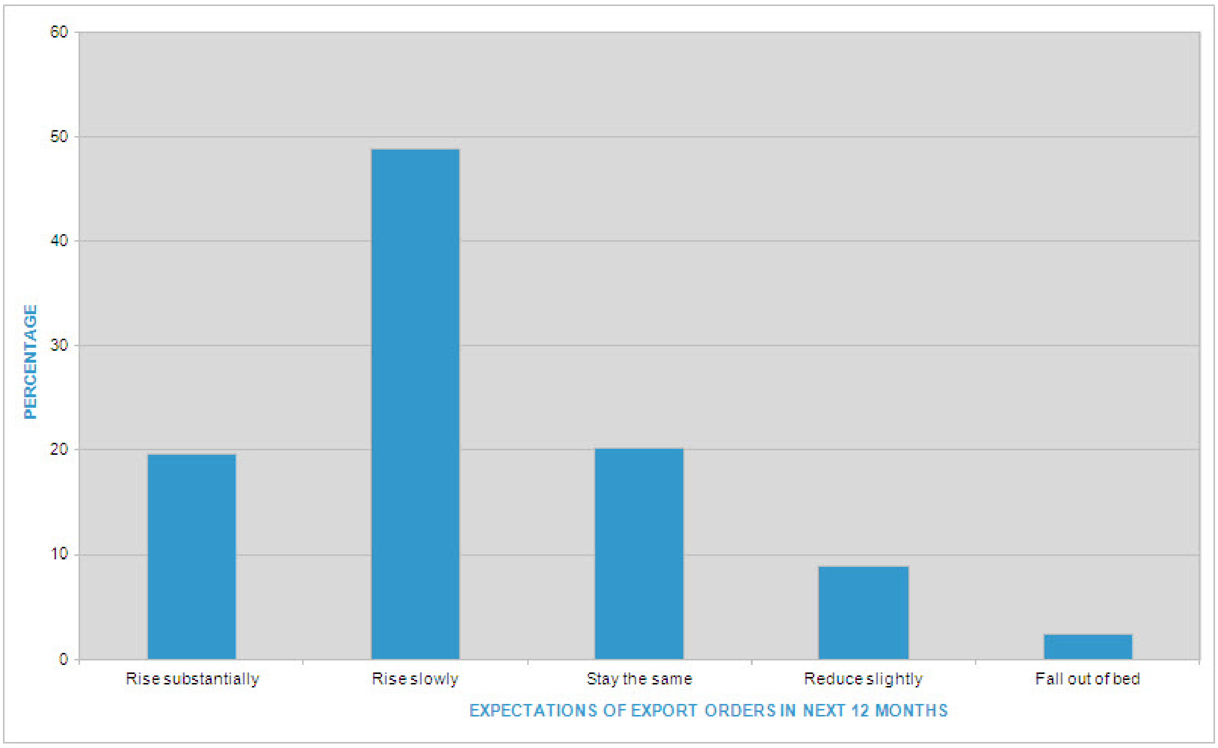
### 14. In the next 3 months do you expect your export orders across all markets to:

| | Frequency | Percent |
|---|---|---|
| Rise substantially | 17 | 10.2 |
| Rise slowly | 62 | 37.1 |
| Stay the same | 60 | 35.9 |
| Reduce slightly | 22 | 13.2 |
| Fall out of bed | 6 | 3.6 |
| Total | 167 | 100.0 |



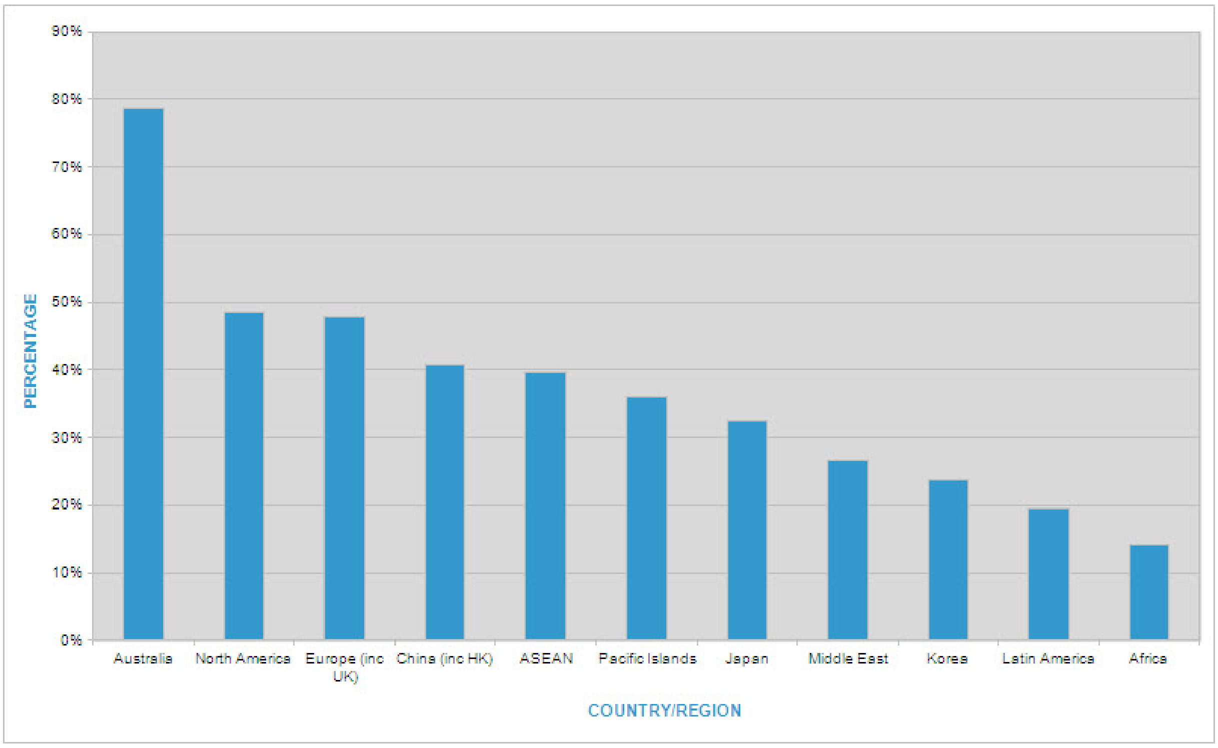
### 15. In the next 12 months do you expect your export orders across all markets to:

| | Frequency | Percent |
|---|---|---|
| Rise substantially | 33 | 19.6 |
| Rise slowly | 82 | 48.8 |
| Stay the same | 34 | 20.2 |
| Reduce slightly | 15 | 8.9 |
| Fall out of bed | 4 | 2.4 |
| Total | 168 | 100.0 |



### 16. Which of the following regions do you export to? Please tick all that apply:

| Region | Yes (%) |
|---|---|
| Australia | 78.7 |
| North America | 48.5 |
| Europe (inc UK) | 47.9 |
| China (inc Hong Kong) | 40.8 |
| ASEAN | 39.6 |
| Pacific Islands | 36.1 |
| Japan | 32.5 |
| Middle East | 26.6 |
| Korea | 23.7 |
| Latin America | 19.5 |
| Africa | 14.2 |
| Total | 100.0 |




### 17. Do you expect to enter any new market regions in the next 12 months?

| | Frequency | Percent |
|---|---|---|
| Yes | 65 | 40.1 |
| No | 97 | 59.9 |
| Total | 162 | 100.0 |

### 18. What percentage growth do you expect in the following markets for your products/services?

| Region | Number | Median (%) |
|---|---|---|
| Australia | 107 | 10 |
| North America | 76 | 10 |
| Europe (inc UK) | 73 | 5 |
| China (inc HK) | 65 | 10 |
| ASEAN | 70 | 5 |
| Pacific Islands | 62 | 0 |
| Japan | 53 | 2 |
| Middle East | 51 | 5 |
| Korea | 47 | 0 |
| Latin America | 48 | 0 |
| Africa | 50 | 0 |

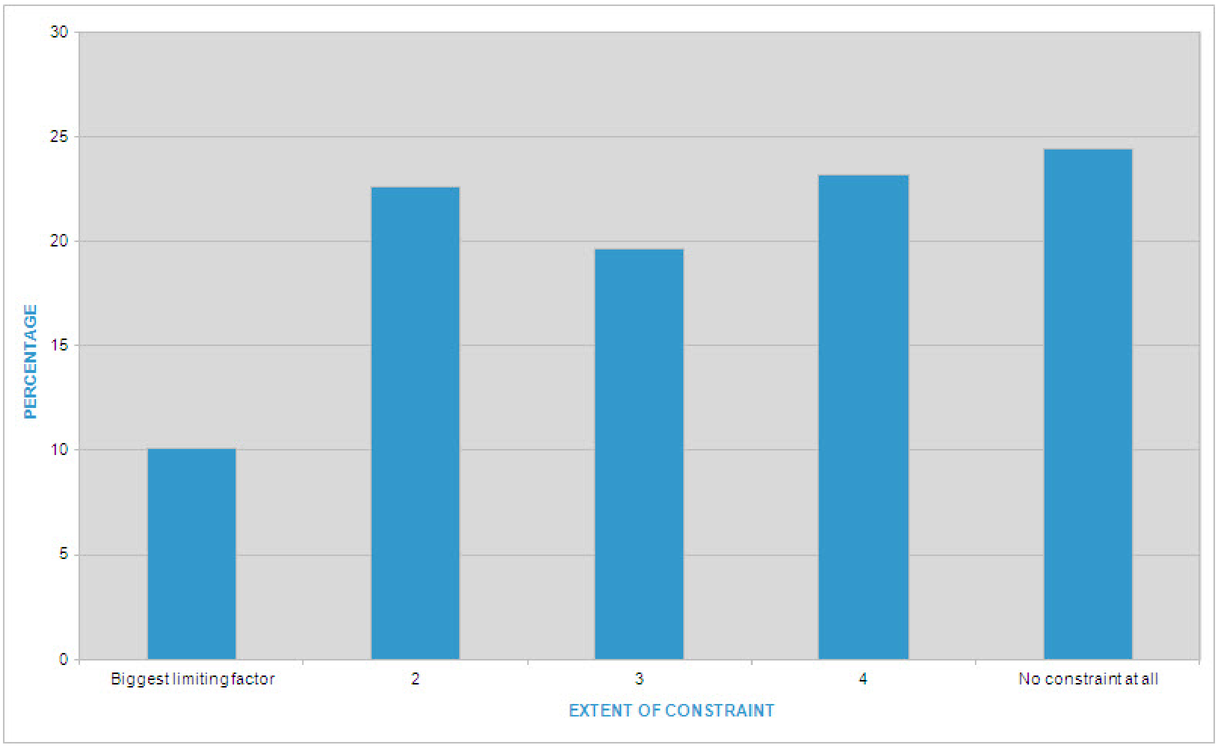
### 19. Are you able to access enough skilled staff to grow your business?

| | Frequency | Percent |
|---|---|---|
| Yes | 125 | 74.9 |
| No | 42 | 25.1 |
| Total | 167 | 100.0 |

### 20. Please indicate the extent that a lack of capital is a constraint to growing your exports?

(Where 1 = by far the biggest limiting factor, to 5 = no constraint at all.)

| | Frequency | Percent |
|---|---|---|
| 1 | 17 | 10.1 |
| 2 | 38 | 22.6 |
| 3 | 33 | 19.6 |
| 4 | 39 | 23.2 |
| 5 | 41 | 24.4 |
| Total | 168 | 100.0 |

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