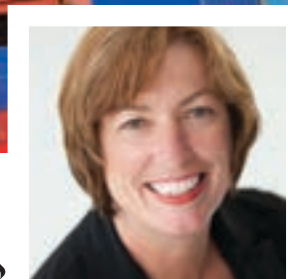


# ELECTION MANIFESTO

## EXPORTING 2014

BusinessNZ   
The voice of business



From **Catherine Beard**  
Executive Director, ExportNZ



## 1 GROWING BIGGER COMPANIES INTERNATIONALLY

### ExportNZ supports efforts to keep the NZ Dollar at a competitive level against our main trading partners.

ExportNZ recognises that the value of the dollar is influenced significantly by commodity prices and the relativity in our economic performance against the US and EU, but policymakers should keep an open mind as to solutions. The Reserve Bank should continue to target inflation and be independent from political interference, and the Government of the day can take the pressure off the dollar by keeping spending in check and balancing the budget. Bigger Government debt equals higher country risk and higher cost of borrowing. Government tax and spend policies lead to priming the domestic economy at the expense of the tradeable sector, higher interest rates and a higher currency. Policies that take the inflationary pressures out of the market are positive, such as freeing up land for new houses to rebalance supply and demand and making consenting processes quicker and more affordable.

### Pursue Free Trade Deals like TPP

ExportNZ encourages bi-partisan support from our leading political parties for continuing to pursue high quality free trade agreements. These are important to keep our exporters globally competitive. In a world where some countries have free trade deals, we risk sitting on the side-lines and losing our competitiveness if we are not included. Given that the highest tariff barriers still tend to be on primary sector exports and these are our biggest export earners, New Zealand has a lot to gain if we get this right and a lot to lose if we do not.

FTAs need to be comprehensive and aim at tariff elimination. As well as tariffs and market access, FTAs provide an opportunity to reduce the cost of doing business, increase the speed and optimise the operation of supply and value chains. These latter elements are as important as tariffs in today's global markets.

**"THE RESERVE BANK SHOULD CONTINUE TO TARGET INFLATION AND BE INDEPENDENT FROM POLITICAL INTERFERENCE AND THE GOVERNMENT OF THE DAY CAN TAKE THE PRESSURE OFF THE DOLLAR BY KEEPING SPENDING IN CHECK AND BALANCING THE BUDGET."**

### Continue to invest more as the budget allows in overseas market assistance for Exporters

Exporters value the assistance they get from NZTE and MFAT in overseas markets and they tell us this is the most important assistance from Government they could get. As our exporters are increasingly looking to invest in developing markets in the Asia Pacific, Latin America and the Middle East – they need more help than they did in the more traditional English-speaking markets. Exporting successfully in Asia requires a long investment horizon to build relationships and trust, to find good partners in those markets and to really understand language and cultural issues.

## 2 GROWING BIGGER COMPANIES DOMESTICALLY

Political parties should have a policy on how to grow bigger companies domestically. Bigger companies will have bigger balance sheets and greater capability to perform and compete in overseas markets.

### Population Policy

A larger domestic population would lead to larger local demand. We are not a small country; we are a large country with a small population. How big do we want to be by 2050 and are we planning for sustainable growth? Australia is predicted to grow by 13 million people by 2050 just on current birth rates and immigration settings. Bigger populations lead to economies of scale and increased investment in infrastructure and logistics, etc. The OECD suggests that Australia's scale more than compensates for the adverse effects of distance from markets.

**"WE ARE NOT A SMALL COUNTRY; WE ARE A LARGE COUNTRY WITH A SMALL POPULATION. HOW BIG DO WE WANT TO BE BY 2050 AND ARE WE PLANNING FOR SUSTAINABLE GROWTH?"**

### Strategic use of Government procurement

Government is responsible for around 40% of GDP and is one of the largest project spenders in the NZ economy. In the absence of many large multinationals in NZ, coupled with a small domestic market, Government should help grow bigger companies by ensuring the economic benefits of using local suppliers are factored into their procurement purchasing policy. There are some good examples of companies (such as in IT) that have had a successful partnership with a big government client such as a DHB, which has helped them refine their product or service and go on to be highly successful exporters.

Government procurement should not be used to protect local companies from international competition, but to give them the opportunity to become bigger and more internationally competitive with products and services that can be sold in international markets.

To be successful, Government needs to ensure that the cost of tendering etc. is not so high as to be a barrier to the many small to medium-sized companies in the New Zealand economy.

In addition, Government procurement policy should be careful not to destroy the local business ecosystem with the pursuit of "All of Government" Contracts in a small economy. The perception of suppliers is that this is all about least cost supply, rather than an evaluation of quality and service and innovation. If AOG contracts reduce the quality and diversity of suppliers to Government in the pursuit of low and potentially unsustainable pricing, then the local business ecosystem could be thinned out to the detriment of the economy.

### Access to finance

Growing bigger companies requires access to finance and capital when you need it. ExportNZ is supportive of moves to allow new ways of accessing capital; from new rules for crowd funding, to greater investment in the Venture Investment Fund and the Angel investment part of the market. We support innovative ways to allow companies to list in the capital markets at a lower cost. The rules around access to finance need to protect investors but they also need to reduce cost and complexity for companies to take advantage of them. ExportNZ supports the important role that the Export Credit Office performs with the various products it offers to assist with overseas projects.

### We support Competition Policy keeping things fair and competitive

It is hard to grow from a small domestic company into a larger exporting company if you are dealing with buyers or suppliers that have significant market power. This is a common feature in a small economy and affects everything from logistics to energy to infrastructure services to supermarkets.

The Food and Beverage Information Project undertaken by MBIE shows there is big potential in added value food and beverage exports from New Zealand, and much of the food and beverages listed in the top 10 categories are sold through supermarkets<sup>1</sup>. To encourage new investment in added value food and beverage it is important that there is good transparency and oversight in this market, and indeed in any market where there are a few dominant players.

1. <http://www.med.govt.nz/sectors-industries/food-beverage/pdf-docs-library/information-project/coriolis-report-investors-guide.pdf>



PHOTO: DAMIAN ALEXANDER

**EXPORTNZ IS SUPPORTIVE OF MOVES TO ALLOW NEW WAYS OF ACCESSING CAPITAL; FROM NEW RULES FOR CROWD FUNDING, TO GREATER INVESTMENT IN THE VENTURE INVESTMENT FUND AND THE ANGEL INVESTMENT PART OF THE MARKET.**

**Collaborate onshore to compete offshore**

One way to grow bigger companies of scale is for smaller companies to work together in overseas markets (we are starting to see some good collaborations in wine, avocados, marine, aviation, etc.) and we need to ensure that this is facilitated by NZTE and allowed by competition policy rather than obstructed. Policy initiatives such as the Primary Growth Partnership are starting to result in some good collaborations we are told. So any policy that supports greater collaboration we would support (more Path to Market initiatives with companies from the same sector group, for example, and the facilitation of collaborative clusters).

ExportNZ supports the unlocking of the Māori export potential as an important contributor to Aotearoa NZ Inc. Māori are investing in business for both current and future generations and will be the businesses of scale in the NZ economy as a result.

**More investment in capability building**

Ensuring NZ firms are export ready requires them to be export capable. This includes embracing innovation (Callaghan Innovation), design (Better by Design), efficient practice (LEAN manufacturing), getting better at winning tenders (Better by Procurement), and having good management capability.

**“ONE WAY TO GROW BIGGER COMPANIES OF SCALE IS FOR SMALLER COMPANIES TO WORK TOGETHER IN OVERSEAS MARKETS (WE ARE STARTING TO SEE SOME GOOD COLLABORATIONS IN WINE, AVOCADOS, MARINE, AVIATION ETC.)”**

ExportNZ supports investment in capability building and advocate extending these sorts of programmes to more firms. We need to ensure the cost of engaging in these programmes and accessing these resources (transaction costs in accessing grants for example) do not outweigh the benefits.



**FOR MORE DETAIL ON OUR POLICY THINKING SEE  
LIFTING EXPORT PERFORMANCE; NZIER  
A COPY CAN BE FOUND ON OUR WEBSITE.**

[www.exportnz.org.nz](http://www.exportnz.org.nz)