

Kotahitanga Te Reo Wairuatanga
 Kaitiakitanga Ukaipotanga Whakapapa
 Pukengatanga Rangatiratanga Manaakitanga
 Whanaungatanga

INCREASING EXPORTS

Improving our export performance will increase Māori economic growth

Improving our export performance will lead to increased earnings and Māori achieving enhanced economic prosperity – which will contribute to a growing Māori economy.

Benefits of export trade

Export trade has three key benefits:

- *access to larger markets* – growth opportunities are created by the ability to sell goods and services to a larger number of people than is possible on-shore;
- *risk spreading* – firms involved in overseas trade are able to diversify their revenue risks, while also being exposed to certain new risks such as exchange rate fluctuations, the opportunity to manage risk is enhanced by external trade; and
- *benefits from doing what we are best at* – external trade creates potential growth in incomes through allowing specialisation.

There can be little doubt that external trade is beneficial in terms of increasing incomes and also choices. It is not necessarily the case that the country that is able to produce a certain good or service the cheapest should do so. It is about comparative advantage – what matters is that a country is relatively better at producing one good than another, compared to the trading partner – that is, have a relative cost advantage.

Unique advantage of Māori exporters

Dairy, tourism, meat, wood, and seafood continue to be key export-earning sectors for New Zealand. These sectors mirror where the Māori business assets are heavily concentrated – this is an opportunity and advantage for Māori to drive forward “New Zealand Inc” exports and trade.

Māori goods and services have a unique point of difference that can be utilised as a comparative advantage over other traders – that is tikanga Māori (such as kaitiakitanga, kotahitanga, whanaungatanga) – which is inherent to Māori goods and services, and Māori ways of doing business.

This is an under-leveraged global value proposition, not only for the Māori economy but for the New Zealand economy as a whole. Overseas markets are increasingly responsive to cultural distinctiveness such as Māori branding. Branding is vital to tell the story of the product or services, to explain its whakapapa – this ultimately adds value and creates a niche product/service.

As well as creating unique products and services, Māori are increasingly recognised for a distinct method of conducting business. Māori business people tend to understand relationships, and the importance of building business out of strong relationships, rather than the “winning a business deal” focused approach.

The shift in the global power base from the traditional ‘western’ economies to rapidly expanding economies of Asia, in particular, China and India, has presented new opportunities for Māori. This includes building on the strong Māori presence in fishing, agriculture, forestry and tourism, through expanding opportunities to develop Māori-branded niche exports of high-value products and tourism experiences for the vast Asian market. In addition, there is a strong cultural empathy between Māori and Asian business interests, and the measured and respectful way in which Māori firms conduct business in Asia is acknowledged and recognised.

There is an increasing pool of successful Māori export enterprises that are proving to be exemplars for other Māori enterprises considering export opportunities. Potential future growth can be achieved for other up-coming Māori businesses through converting assets and intellectual knowledge capital into innovative, enterprising, and commercially-sound activities within a robust tikanga framework.

New Zealand exports – key facts for the year ended June 2010

New Zealand's merchandise exports were valued at \$40.7 billion in the year ended June 2010, down 5.5 percent from \$43.0 billion in the June 2009 year. This annual decrease is the first for a June year since 2003. In comparison, the total value of New Zealand's imports for the year ended June 2010 was \$40.0 billion, down 13 percent from \$46.1 billion in the June 2009 year (Statistics NZ, Global New Zealand – International trade, investment, and travel profile: Year ended June 2010).

Export markets

- Australia continued to be New Zealand's principal export market, receiving 24 percent or \$9.7 billion of New Zealand's exports for the year ended June 2010.
- China has become New Zealand's second largest export market, receiving 10 percent of total exports or \$4.1 billion.
- The United States is the third-largest export market, receiving 8.7 percent of total exports or \$3.6 billion.
- Exports to APEC economies accounted for 71 percent of New Zealand's total exports and were worth \$29 billion in the year ending June 2010.
- The European Union accounted for 12 percent (\$5.0 billion) of total exports.

Key export sectors

- Dairy continued to be New Zealand's largest export earner in the June 2010 year, accounting for 22 percent of total merchandise exports and valued at \$8.9 billion. Meat and wood were our two next-largest export products, accounting for 12 and 6.5 percent of total exports, respectively.
- In the year ending June 2010, 69 percent of all exports were primary products and 26 percent were manufactured goods. Of the primary products, 51 percent were processed. Of the manufactured goods, 65 percent were elaborately transformed. New Zealand exported 39 percent of all manufactured goods and 17 percent of all primary products to Australia. Seventy-nine percent of manufactured goods exported to Australia were elaborately transformed.
- In the year ended June 2010, New Zealand's service exports were worth \$12.2 billion, down \$542 million from the June 2009 year. New Zealand imported services to the value of \$12.2 billion in the year ended June 2010, down \$1.3 billion from the June 2009 year (Stats NZ Global New Zealand – International trade, investment, and travel profile: Year ended June 2010).

The dairy, fishing/seafood, tourism and other high earning export sectors are already recognised for leveraging New Zealand's comparative advantage via export growth. Māori own significant assets in these sectors. In relation to the fishing/seafood sector, because Māori own a significant share of the total fishing quota (20 to 25%), and Māori owned companies control about 40% of the catch, it is considered that Māori are well placed to capitalise on the growth in fisheries and aquaculture industries. Māori fishing interests are therefore also well placed to contribute to New Zealand's export markets in the fishing sector.

Government's role in increasing exports

There are strong linkages between Māori interests in key sectors (primary sector, infrastructure development, energy generation, and tourism) and the Government's broader Economic Growth Agenda – for example, high value manufacturing and services, processed food and dairy are considered to be high value where more effective targeting of additional government action will produce results; other priority sectors under the Economic Growth Agenda that align with Māori interests, include meat, forestry, viticulture, tourism, aquaculture/fishing, horticulture, wool, and screen production.

At the moment the Government is seeking strengthened strategic planning and operational coordination from across government agencies here in New Zealand to support the coherence of delivery offshore, with a particular focus on New Zealand's trade and economic interests. The Government has set aspirational goals to catch up with Australia's income per person by 2025 and to increase exports to 40 percent of GDP.

A series of strategy papers for key countries and regions are being prepared by teams from across government, with input from business and other stakeholders. The key countries/regions to be covered are: India, China, the US, Australia, the EU, ASEAN (Association of South East Asian Countries) and the Middle East. The papers will help inform decisions by Ministers on a set of high level goals in relation to those countries and regions for the period up to 2015. These papers are still in development, however, the opportunities and advantages of promoting Māori export goods and services are being acknowledged in the development of the strategies. For example, to "explore the potential for Māori business as a point of difference for establishing commercial and strategic relationships with China" has been recognised as a key intervention in the NZ Inc China Strategy.

Looking to the future — how do we increase exports?

As outlined above, there is significant scope for new trade opportunities through new export markets (China, India, and other Asian markets). Building on the strong Māori presence in fishing, agriculture, forestry, and tourism, there are expanding opportunities for Māori to develop Māori-branded niche exports of high-value products and tourism experiences for the vast Asian market.

We will be able to increase our exporting capability and capacity by developing an understanding of international markets, and to increase 'supply chains' by focusing on the value-add component of products and services. In relation to understanding of and access to international markets, this could be done through market research, as well as linking Māori businesses together with key partners including established exporters and government export promotion agencies. Furthermore, consideration should be given to changing the range of export products, with a focus on facilitating better utilisation of assets and diversification of the asset base, and through investments in new export markets and products. There might be opportunities to develop niche products incorporating Māori culture in environmental, cultural, health, traditional and other sectors. Other opportunities could be generated from so-called "weightless" information technologies that might offer export opportunities for Māori businesses, based on their existing strengths in various sectors of the economy.

Because of New Zealand's small size and distance from world markets, New Zealand businesses face unique problems in operating offshore. This impedes the growth of traded products and therefore productivity growth. There has been some intensive effort by New Zealand Trade and Enterprise to target firms with high growth potential in international markets. However, there might be scope for considering targeted strategies to growing the number of Māori firms and related interests to compete internationally. While this effort is a useful step in the right direction of supporting firms to innovate and internationalise, there is scope to do more, including helping firms to build overseas networks and connections, especially in the growth economies of China and India, and other Asian markets. For example, the Free Trade Agreements recently negotiated with China and ASEAN countries contain high quality trade facilitation mechanisms that need to be developed on an ongoing basis.

Discussion

- What are the long term focus areas for Māori and New Zealand to capture the gains from the unique point of difference that Māori businesses have in competing globally?
- What are the likely opportunities and risks for Māori businesses increasing their presence in Asian and other markets?
- What can Māori businesses do to mitigate any barriers/challenges they face in reaching their export potential?
- How do we increase integration between Māori businesses and other overseas-based interests (e.g. Australian firms operating in Asia) for developing joint ventures and other business arrangements?
- How do we increase the effort of trade promotion activities and assistance from the Government's overseas posts to target and provide tailored support to Māori businesses overseas?
- Can we improve the capability of Māori firms to do business in Asia through enhanced in-market support, including the use of Māori business people in Asian markets with an understanding of the dynamics of Māori business interests, and possibly working with the private sector to provide sales and marketing networks in Asian markets?
- How do we protect the "Māori export brand" as a high-quality, value-added brand unique to New Zealand?