

Former envoy queries cost of trade agenda

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MARKETS
Export

THE government is walking a tightrope trying to impose its values on trading partners while demanding they open their markets to New Zealand's exports, according to its former trade envoy.

Mike Petersen, who served both Labour and National governments as special agricultural trade envoy between 2013 and 2019, said such an approach is not out of step internationally. Increasingly trade agreements are more than just about opening up markets to the free flow of goods and services.

But this is not without risks for a trade-dependent country like NZ, Petersen warned.

The debate is in the spotlight after Farmers Weekly revealed negotiations for a long-awaited trade agreement with the Gulf Co-operation Council (GCC) were derailed after Trade Minister Damien O'Connor insisted on "updating" them to better reflect the Labour Party's Trade for All Agenda.

Introduced in 2020, the Trade for All Agenda emphasises issues such as climate change, labour rights, gender equality and the rights of indigenous people, among other issues, as priorities for NZ trade negotiators.

Petersen said a deal worth up to \$60 million a year to NZ exporters is now at risk after the Middle Eastern club of six oil-rich nations withdrew its previous offer to scrap tariffs on agricultural products.

"The deal as it had been proposed had pretty much been agreed," Petersen said.

"I do not know if I would call it naïve, but they would have

been well aware that putting other things on the table risked unravelling the whole deal."

The GCC includes Saudi Arabia, the world's largest oil producer, and Qatar, the largest exporter of natural gas, and the scene of hundreds of deaths of immigrants working on football stadiums ahead of last year's football World Cup.

It is understood the GCC withdrew its offer after O'Connor demanded commitments from the GCC on climate change and workers' rights, including to "adopt and maintain laws which govern acceptable conditions of work with respect to minimum wages, hours of work and health and safety".

Petersen said such demands were always going to be difficult for the GCC to meet.

But NZ's new demands raised other questions for Petersen.

Just how deeply should NZ interfere in the domestic affairs of sovereign states under the guise of trade negotiations?

"Do we really have the ability



INFLUENCER: Former special agricultural trade envoy Mike Petersen questions whether New Zealand has the right to get involved in the domestic policies of nations with which it trades.

to influence other societies?" Petersen asked.

"Because that is what we are talking about here.

"We are not just talking about other agricultural sectors [in other countries], we are talking about wider society and that is quite a big weight to bear for a small trading country like NZ."

Petersen said NZ had previously "taken pride" in not meddling in other countries' affairs when

pushing its trade interests.

While travelling to the United States, the United Kingdom and Europe as the government's trade envoy, Petersen said he was frequently asked his view on those countries' practice of heavily subsidising the output of their agricultural industries.

"My standard line was that it is not for me to try and interfere in your domestic settings.

"They are not decisions that NZ should be making for you. "We have championed our cause and put our case about why we think we should have an opportunity in those markets. We have not generally interfered in domestic markets."

Aside from the moral questions it raises, Petersen said Trade for All has the potential to act against NZ's economic self-interest – as was evident from the GCC's response.

"Is the cost of non-entry [into trade agreements] too large to bear by sticking to those principles?

"People frowned on us when we did the China deal because it looked like we were getting into bed with the same sorts of values.

"And you could still argue that today ... but look at the economics

of the China deal and what it has done for NZ.

"If we hadn't done that deal we would have been absolutely screwed."

Despite its criticisms, Petersen isn't sure National would turn back the clock.

“We may end up ruling ourselves out of some markets that could be quite lucrative for the NZ economy.”

Mike Petersen
Former special agricultural trade envoy

Even though it has played badly with the GCC countries so far, the government has concluded deals with the UK and the European Union since introducing Trade for All three years ago.

"I think we are in a position now where Trade for All has become a core part of the way we do things.

"I do not know if the Nats would do it any differently to be honest.

"But it does mean that we may end up ruling ourselves out of some markets that could be quite lucrative for the NZ economy."



RISKY BUSINESS: A deal worth up to \$60 million a year to NZ exporters is now at risk after Middle Eastern oil-rich nations, including Qatar, withdrew its previous offer to scrap tariffs on agricultural products.

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