

NZ largest per capita market in Pacific

Anthony Haas asks Mr James Ganderton, Canadian Trade Commissioner in Wellington, and Mr Peter Finkle, Department of Trade and Industry trade services division director and former New Zealand Trade Commissioner in Vancouver, their views on Canada-New Zealand trade relations.

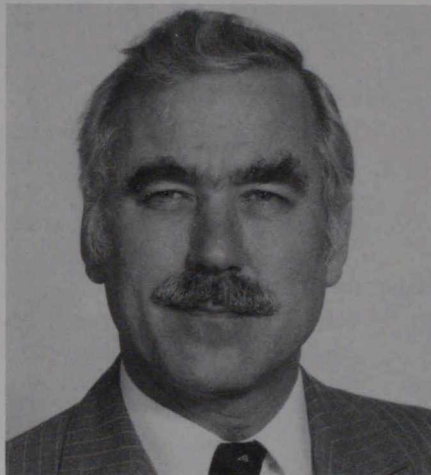
The Canadian New Zealand economic relationship is moving ahead more rapidly during the eighties than it seemed to earlier. From a Canadian perspective, Mr Ganderton, what do you think are the significant historical trends in the bilateral economic relationship? And what do you think are going to be the significant economic cooperation opportunities in the future that traders should watch for?

Ganderton: Historically New Zealand has been an export market for manufactured products. 72 percent of the exports to NZ are in the form of completely finished or semi-finished products as opposed to raw materials. On the other hand, the NZ exports to Canada have been primarily of agricultural products. Canada sees New Zealand as a small but very mature market. Canada sells more to New Zealand on a per capita basis than it does to any other country in the Pacific including Japan, one of our major trading partners.

In 1977, total exports to New Zealand were \$C82M. In 1985 Canadian exports to New Zealand were \$C185M. To Canadians it's a market which is very valuable for small and medium sized exporters. New Zealanders do not consume vast production lines of products out of Canadian plants, so therefore New Zealand is an effective and useful market for the small and medium-sized exporters.

And what is the New Zealand view of the key points in the economic relationship, Mr Finkle? Where does New Zealand see the growth prospects?

Finkle: Canada has always been an important market for New Zealand — it has usually figured in the top 10 of our export markets; but after saying that, Canada, while important, may have been a neglected market. It is our second biggest market for beef, and our lamb trade is growing. But if you take out those two



Mr Ganderton

items, you have really taken out most of the value in money terms of our export market. The growth that has occurred over the past 10-15 years, like the Canadian companies finding New Zealand markets for manufactured goods, has been in more processed foodstuffs, newer dairy products and items such as processed animal by-products. Now it is a market which is about 2 percent of our total New Zealand exports, and a market which, while relying to some extent on our primary agricultural products, is moving ahead fairly quickly on the more processed and manufactured goods.

I think looking to Canada is a natural movement. New Zealand exporters have learnt to put their toe in the water of exporting to Australia, tended then to look perhaps to the United States as the next market to move into, and then on to Canada. Successive New Zealand trade commissioners in Canada thought they were ignoring that market. But perhaps timing is everything and certainly in the past year there would be a growing amount of interest in Canada and the opportunities in that market as a separate market to the United States.

Among New Zealand's international options, how would you rate Canada?

Finkle: I think it's an ideal market for New Zealand. I don't see our trade development to Canada taking away the livelihood of Canadian manufacturers of the same products that we produce. There will be machinery that has been developed, for example, from our agricultural



Mr Finkle

industry — it might be ear-tags, or particular syringes for animal vaccines, or cattle-herding products which have a market in Canada. It could even be a market for particular fish species that we develop in New Zealand. It sounds somewhat like taking coals to Newcastle but there is no reason at all that with niche marketing, there will not be many openings for New Zealand products in Canada.

Because of the vast size of Canada, there may be a market for our products in say, the western seaboard, which are not marketable on the eastern seaboard. There have been stories of New Zealand toothpaste, for example, sold in Vancouver, while there is certainly a very large toothpaste industry in eastern Canada. New Zealand reinforcing rods for the construction industry have been sold in British Columbia and Alberta. It has been more competitive than railing it all the way across from Hamilton, Ontario.

Australasia

Mr Ganderton: New Zealand has got used to being looked at by many other countries as a very small option in the international range of connections. To what extent is New Zealand a significant option for any particular sector or strategy for Canada?

Ganderton: I think that New Zealand by itself would be a small option in any marketing company's eyes, so we in the Canadian Government have tried to combine the New Zealand and Australian markets together in the eyes of the Cana-