New Zealand

Introduction

With a population equivalent to that of Metropolitan Toronto, New Zealand is sometimes dismissed as a small and distant market. Nevertheless, it is a $100-million market, particularly profitable for small- to medium-sized export companies.

Since 1984, the New Zealand economy, once one of the most highly regulated and protected in the developed world, has undergone radical liberalization designed to force New Zealand industry to become more internationally competitive. The import licensing regime has been dismantled and a significant program of tariff reductions has been implemented. Government subsidies have been eliminated and other forms of protection for business have been abandoned or reduced. While the process of adjusting to these reforms has been difficult, the New Zealand economy has begun to show signs of strength.

Business Environment

Canada and New Zealand enjoy excellent bilateral trading relations based on the Trade and Economic Co-operation Agreement (signed August 1981, effective January 1982). This replaced the 1932 Canada-New Zealand Trade Agreement, and provides for the exchange of preferential tariffs, among other things. The Agreement also provides a mechanism for consulting on the state of the relationship and encourages closer business co-operation. The next meetings are scheduled for fall 1995.

In recent years, Canadian exports to New Zealand have increased. In 1993, exports rose to approximately $117.5 million, up from $104 million in 1992. Increased sales of fertilizers, wood and mechanical appliances accounted for most of this growth, although value-added exports, such as electronic and industrial equipment, precision equipment, sporting equipment and pharmaceuticals were also up by about 30 percent. New Zealand's exports to Canada have consistently outpaced Canadian sales there, driven in large measure by significant sales of bulk commodities. Valued at $253.5 million in 1993, New Zealand exports have risen steadily (up 25 percent from 1992).

Market Opportunities

- **Agri-food:** New Zealand traditionally imports food items that are not produced locally. Canada, with 5 percent of the imported food market, is an established supplier of canned salmon, canned sardines, pork (for processing in New Zealand) and white beans. Canada has a reputation with both importers and consumers that can serve as a sound basis for efforts to introduce new lines of food products. Opportunities for Canadian exporters lie in specialty cheese, confectionery, canned and frozen fish, canned and frozen vegetables and fruit, pet foods, convenience meals, sauces, apples and pork products in consumer packages.
- **Consumer Goods:** Increased purchasing power arising from the New Zealand government's switch to a market-driven economy and the dismantling of the import licensing system presents Canadian exporters with an unprecedented opportunity to expand sales of consumer goods, particularly hardware, housewares and giftware items. Canada has traditionally been a preferred source of imports in this sector, and the relaxation of import protection has only served to reinforce this trend.
- **Forestry:** The sale of harvesting rights to half of the Crown plantation forest holdings (550 000 hectares of mature radiata pine) is well under way, and "the decade of development in the forest industry" is beginning. Many Canadian forestry equipment and consulting companies are already established in the New Zealand forestry sector, and the eventual requirements for new equipment offer opportunities for other Canadian manufacturers.