

Rt Hon John Key

Prime Minister

3 May 2015

Speech Notes



Speech to NZ Institute of International Affairs

Good afternoon.

It's a pleasure to be here today to discuss New Zealand's place in the world, which is always the focus of much debate.

The debate revolves around issues like whether we should join trade agreements, welcome immigration or join international efforts to combat terrorism.

Two schools of thought stand out.

One is a very defensive position.

Put up barriers to imports and restrict investment.

Be suspicious of foreigners, especially those who don't look or sound like us.

And they would tell those with the gumption and drive to travel across the world in search of a brighter future here that we are not that interested in having them.

Other people think New Zealand's future is in being an open, outward-facing country, welcoming of people and ideas from other countries, and part of wide-reaching global supply chains.

They think we should be a good global citizen and promote ourselves on the world stage.

I'm firmly of the latter view.

Fortress New Zealand simply doesn't work.

New Zealand has tried it before and it failed.

We sought shelter in tariffs and subsidies because we believed that's what we needed to do to survive.

We tried to protect our businesses from the full force of international competition and our citizens from such evils as cheap imports.

But we didn't get ahead. In fact, quite the opposite.

We were inefficient, insulated and inward-looking.

Then in the 1980s we were forced to forge our own path.

We went through enormous reforms, cutting subsidies, tearing down trade barriers and opening ourselves up to the world.

And we emerged as a free trade trailblazer, setting the standard in a variety of industries and helping create the prosperity we enjoy today.

The differences between then and now are stark.

Some of the wines we made then you'd struggle to sell to university students today.

Now Marlborough sauvignon and Central Otago pinot are sold and savoured around the world.

In 1975 our national sheep flock was 75 million strong.

Today, it's less than 30 million but through investment in R and D and the incredibly hard work of our farmers we produce as much lamb meat now as we did then.

Our farmers are world leaders because we forced ourselves to do better, build new markets and find newer, more efficient ways of doing things.

And because we forced ourselves to front up, we have gone from producing goods that could never have competed internationally to products that excel on the world stage.

We got better because we had to and we are now reaping the rewards.

The same goes for immigration.

No-one should fear people who want to come here and contribute, no matter where in the world they are from.

There's no world-wide conspiracy to take jobs from New Zealanders or suppress wages or buy all of our houses.

Immigrants make an incredible contribution, bringing capital, skills, knowledge and experience.

They support existing businesses or start their own.

And they bring contacts, expertise and differing views and ideas which contribute to the richness of our communities.

They join the tens of thousands of Kiwis moving home because they want to live, work and raise their families in New Zealand.

We should embrace that.

They also promote New Zealand to the world – part of the reason we've seen a record 3.2 million tourists arrive in the past year.

The equivalent of three-quarters of our entire population travelled all the way down to the bottom of the world because they like what we have to offer.

We know how lucky we are in New Zealand and we want to share that.

And while our booming tourism industry throws up some capacity issues – yet another problem of success - we are working with the industry and local councils to get on top of those.

Since 2012 we have had an open skies air services policy which places as few restrictions as possible on airlines wanting to fly here.

As a result almost all the world's major airlines now do so.

It also means more options and cheaper fares for New Zealanders wanting to travel the world.

And immigration supports our tourism industry by ensuring efficient and speedy visa decisions for applicants.

We have visa waiver arrangements with more than 50 countries to make it easier and more attractive for people to visit.

We also want people to invest here.

Almost \$100 billion in foreign capital was invested here last year.

That creates jobs and businesses and provides funding to get infrastructure projects off the ground.

The new \$200 million Park Hyatt in Auckland and the \$35 million Sofitel in Wellington will create jobs during construction and when the hotels are up and running.

They also add to our tourism infrastructure.

Christchurch has been chosen as a location for one of only seven international "xones" established by Vodafone.

These are purpose built spaces to support startups and encourage innovation.

And the Queenstown Resort College is educating young New Zealanders in Otago and Northland.

These are just a few examples.

New Zealand has benefited immensely from investment which has come from all around the world.

Those investors see our growing economy, booming tourism, strong migration and a large pipeline of construction projects which will continue to stimulate growth.

They see our strong track record and growth forecasts of around 3 per cent on average over the next few years.

Ultimately these investors chose New Zealand because they see opportunity here.

They believe in our future.

So do I.

This Government knows we can compete and we will succeed.

Because history has shown we can.

No one owes us a living, we must earn it.

Trade, investment, migration – they make New Zealand a better place.

That's why agreements like TPP are so important – and why New Zealand pushed so hard for it.

I want to spend some time today talking about the TPP and how it fits into the Government's wider programme of building ties across Asia and the Pacific.

The farmers, growers and manufacturers of 1960s New Zealand could never have imagined the opportunities we are creating today.

We are exceptionally well-placed to take advantage of those and I want to lead a country that does exactly that - an open and confident country that backs itself on the world stage.

As I've said many times, we won't get rich selling things to 4.5 million New Zealanders.

But we could by selling to 4.5 billion people overseas.

That's why we support strong international connections.

And why we focus so strongly on making it as easy as possible for our businesses to succeed through good public policy.

We understand the benefits that free trade agreements deliver and the opportunities they offer.

I back our farmers, our manufacturers, our ICT companies and in fact all our export industries to succeed.

If we can get an equal crack at world markets, we're up there with the best in the world.

That opportunity is what free trade is about for New Zealand.

And the TPP is our most significant free trade deal to date.

It will open up access to 800 million people around the world.

On current trade volumes, tariff savings will reach \$274 million a year once TPP is fully implemented.

It will give our exporters an equal opportunity to sell their goods and services in markets including the world's first and third largest – the US and Japan.

We often talk about the overall benefits to New Zealand, but this deal matters to individual businesses and workers in every region of the country.

The orchardist in Hawkes Bay, the winegrower in Marlborough, the dairy farmer in Waikato and the IT provider in Auckland all stand to benefit.

Removing those tariffs and non-tariff barriers will make it easier for them to compete.

In total, the deal is forecast to add at least \$2.7 billion a year to New Zealand's GDP by 2030.

And as we saw from our FTA with China, these agreements have a tendency to exceed our expectations.

Since we became the first developed country to sign an FTA with China in 2008 our exports to that country have almost tripled.

It is now our first or second-largest trading partner, depending on what you count and when you count it.

Trade with China is now worth more than \$20 billion a year and our goal is \$30 billion by 2030.

Opposition to TPP tends to flare up then fall away again pretty quickly because nothing much of substance is ever raised.

And most of what is in TPP is also in our existing China and Korea FTAs, neither of which has killed off democracy, wrecked the environment, led to wholesale obesity, or whatever the current anti-TPP message is.

Trade agreements are always a matter of give and take.

But New Zealand is already an open, transparent and trade-friendly country, which means only a fraction of TPP's obligations will require us to change what we already do now.

The only significant cost comes from extending New Zealand's copyright period from 50 to 70 years.

This cost – in terms of foregone savings on books, films, music and other works – increases gradually over more than 20 years and averages around \$55 million a year over the very long term.

Some people think that cost is overstated.

As you probably all know, other potentially far-reaching proposals to do with PHARMAC and intellectual property that were raised earlier in the negotiations were not included in the final deal.

We will continue to honour the Crown's Treaty of Waitangi obligations.

Parliament remains sovereign and we will continue to legislate in the best interest of New Zealanders. No one dictates to New Zealand.

The next step is to introduce the TPP legislation to Parliament next week.

This follows a series of meetings around the country to better inform the public, as well as the release of the TPP text and the opportunity for the public to submit on it.

The Trans-Pacific Partnership Agreement Amendment Bill will make the legislative changes needed to ratify TPP.

This includes applying preferential tariff rates, intellectual property obligations, and increasing the investment screening thresholds for significant business assets.

After introduction the TPP Bill will go through the standard parliamentary process, including further opportunities for public submissions to the Select Committee.

These amendments will only come into effect once TPP enters into force for New Zealand, which could be late 2017 or early in 2018.

And we won't stop with the TPP.

We also hope to upgrade our existing FTA with China and we're in negotiations with the EU and the Gulf States as well as with the other nations involved in the Regional Comprehensive Economic Partnership talks.

It's worth reminding ourselves that 99.9 per cent of our potential customers live overseas – many in the fast-growing Asia-Pacific region.

Through the TPP, ASEAN and our bilateral agreements New Zealand is incredibly well placed to take advantage of the opportunities opening up there.

Once TPP is in place our trade agreements will cover almost the entire Pacific Rim – a region of incredible potential.

The Asia-Pacific will be the major driver of global economic growth for the foreseeable future.

It's part of the reason why President Obama is so focused on getting TPP over the line in the US – which we remain optimistic he will be able to do.

For the US the TPP is about taking advantage of economic growth as well as maintaining leadership in the region.

Everyone wants the US there, but if they're not the region won't stand still – others will look to fill the vacuum.

In my opinion, though, US leadership remains strong and it remains in its best interest to join TPP.

The sheer weight of population and the growing middle class in China and other rapidly developing countries is driving innovation and change at rates we've not seen before.

That's good for our region and for the world.

New Zealand will be part of that if we keep our outward, open focus.

That will help us continue to drive economic growth for the benefit of all New Zealanders.

Building a first-class economy will mean a first-class health system, education for our young people and modern infrastructure.

Actually I think most New Zealanders are on the side of openness – we are a nation of travellers, curious about the world and driven to see more of it.

New Zealand has become more multi-cultural, more global and more diverse and we are much better for it.

And just because we promote ourselves and we are welcoming does not mean we have no safeguards or restrictions.

Take the Overseas Investment Office process.

Foreign buyers of sensitive land must go through a rigorous application process and prove they offer greater benefits to New Zealand than would be obtained through a domestic sale.

And for a foreigner to come here they must show they have the skills or the capital or the right attitude to make a difference.

I believe we have the right balance between encouraging investment and ensuring that investment benefits New Zealand.

We work so hard to build people, diplomatic and security ties with the world.

A lot of you will have been a part of that effort across your working lives.

You've helped to build the reputation we have today as a solid, considered and consistent international voice.

We might be 4.5 million people at the bottom of the world but we punch above our weight on the international stage.

You don't get onto the UN Security Council on the first ballot if you are not held in high regard by your peers.

Or have a former Prime Minister with a shot at being the next UN Secretary General.

Not only is Helen Clark hugely talented and qualified, she stands on a platform burnished by New Zealand's role and reputation on the international stage.

It's why being a New Zealander is such a major part of her pitch.

And we know – and much of the world does too - that she would do an incredible job and it's why we will do everything we can to help her get there.

We work hard to build our international connections.

We have 56 MFAT posts around the world and diplomatic relations with 132 countries – more than two-thirds of all those represented at the UN – in order to promote our national interests.

NZTE covers all 192 countries we have a trading relationship with, creating new links and opportunities for our businesses.

And I have travelled to 45 countries as Prime Minister to strengthen our relationships, forge new ties and open doors for New Zealand.

It's also why we are members of Five Eyes and we are playing our part in the international efforts to degrade and destroy ISIL.

We send peacekeepers around the world.

We currently have Defence Force personnel deployed on 14 operations across 10 countries

We are obliged to pull our weight.

And it's not the New Zealand way to shirk our responsibilities or shrink from a challenge.

The risks facing the world are many – economic, conflict and terror-related – and they are too great for any one country to face alone.

Ladies and Gentlemen.

New Zealand has carved out an enviable reputation on the world stage.

We have done that through being consistent, fair, principled and ambitious for ourselves and the world.

We have led the way on free trade, played our role as peacemaker and stood alongside our allies in conflict zones.

We continue to use our seat on the UN Security Council to provide a considered and consistent voice on issues ranging from terror to refugee crises and climate change.

And to give a voice to small countries such as our Pacific neighbours where they have otherwise struggled.

Under this Government we will continue to promote ourselves and to build our international connections.

Our vision for New Zealand is a more open, more confident, more integrated and more prosperous country that plays its part on the international stage.

We will continue to look for opportunities that benefit all New Zealanders and we will remain the honest broker.

It's important that we grasp those opportunities, whether they're on our backdoor step in Asia and the Pacific or further afield.

The job is far from finished. In many ways, it's just beginning.

My Government is motivated to continue working hard to ensure we become the more prosperous and ambitious nation I envisaged when I became Prime Minister.

If we do that, I know we can deliver the opportunities New Zealanders deserve.

Thank you.

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