

International Trade Policy - An Inclusive and Sustainable New Zealand Approach

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Abstract — At present, New Zealand's foreign trade is facing the problems of small scale, unbalanced development and low level of market structure. The external pressures to New Zealand's foreign trade include the constraints of resources and environment and the challenge of the improvement of production standards. This article discusses how our trade and international policy better support economic development for all New Zealanders, especially boost benefits among SMEs, ethnic community, Māori people and female group, from three perspectives of inclusive and sustainable development, environmental and green recovery, and potential new growth points in international trade revenue, to generally reflect New Zealand's full range of economic, social and environmental interests.

Keywords — economic wellbeing, social inclusivity, environmental sustainability, trade development, international policy, trade-led recovery

I. INTRODUCTION

Internationally, "inclusive growth" requires that one country's development should not harm or restrain other countries and that development among countries should be coordinated, stable and mutually beneficial. Domestically, it requires that all links of the whole industrial chain of product can reasonably distribute the gains from foreign trade, especially not to occupy the interests of low-income groups. Opening to the outside world at a higher level could be part of the approach or answer to ensure that the fruits of trade development will be shared by all New Zealanders. This paper initially informs on the debate about what an inclusive and sustainable trade development should be like. The second section looks at the policy options for the government to facilitate a green and environmental recovery after the global public crisis of COVID-19. It then assesses potential new growth points in New Zealand's future trade development.

II. TRADE DEVELOPMENT IN THE MODE OF INCLUSIVE AND SUSTAINABLE GROWTH

A higher-standard trade cooperation means greater market access and higher quality of openness. New Zealand has strong trade relations with China, Australia, the United States, South Korea and Japan, thus it can start with these markets of which the country has already possessed a certain understanding and take "from product export to device export, from capital output to technology and service output, from advantage of real economy to advantage of finance and monetary" as the development direction to dig deeper in foreign trade revenue. Take advantage of finance and monetary for example, it may be realized by facilitating NZ dollar's international pricing and settlement, developing NZ dollar's cross-border interbank payment, boosting the internationalization of domestic financial institutions, infiltrating the services of domestic financial institutions into New Zealand businesses and trade, and gradually fostering the ability to provide financial services at local.

Free trade of a higher level also means shifting from openness based on the flows of goods and factors of production to openness with institutional guarantees in the areas of management, standards, rules and norms. The sensitivity of enterprises to the improvement of institutional environment is higher than that to the improvement of policy preference. New Zealand can implement institutional opening-up in two directions. On one hand, through the construction of free trade zones and free trade ports in domestic, we can explore the achievements of openness that can be replicated from bottom up. On the other, through rules negotiations at international level, including negotiations on economic and trade agreements and investment treaties, we would enable the unity of domestic and international rules from top to bottom.

In the new round of global production development, New Zealand's international policy for trade development of higher standard to ensure domestic sustainable and inclusive growth could have the following options:

Above all, innovate the management model and clarify the boundary between the government and the market. Several measures can include upgrade the administration system of pre-access national treatment plus negative list to enhance the opening degree, transparency and regulation of the investment environment, improve the anti-monopoly law and the provisions on the procedures for administrative departments for industry and commerce to investigate and handle monopolization and abuse of dominant market position, further encourage fair competition among state-owned, private and foreign-funded enterprises that are not on the positive list to fully release the potential of private enterprises and SMEs and improve their ability of exploring the international market. Fortify in-process and after-event market supervision to ensure national security is also critical. High-standard trade and investment rules bring unexpected risks to sovereign security and global production chains. Therefore, free trade should make better use of exception clauses and non-conforming measures to deal with unreasonable allegations of breach of contract. New Zealand could formulate a scientific evaluation and early warning system for the sustainable development of foreign trade, while actively searching a flexible, efficient and low-cost dispute settlement system.

Second, accelerate the trade development in services. The development of telecommunication, tourism, transportation, commerce and other basic services is highly related to whether the ethnic community and Māori group can attract foreign capital and talents, so New Zealand would actively promote the upgrading of internal structure of modern service trade and expand the export of knowledge-intensive services. Specifically, the government could help develop characteristic trade by making the best of cultural or natural endowment advantages and local unique tourism resources in ethnic areas, improve service facilities, strengthen environmental protection of tourist attractions and scale up tourism service trade; encourage trade in construction services to go global; develop emerging service trade including information technology; promote overseas market expansion of emerging service sectors such as finance, accounting, insurance, and communication in the form of commercial presence. The expansion of services exports is also an important means to increase women's employment, particularly in the information processing sector. Meanwhile, the government could actively organize the personnel of foreign trade enterprises to carry out lectures and training and cultivate high-quality foreign trade talents for the ethnic community. Preferential policies should be adopted to support outstanding foreign trade officials seconded to ethnic regions, which can also increase the opportunities for ethnic talents to communicate with their counterparts at home and abroad.

Third, optimize the mix of export commodities and sharpen the competitive edge of export enterprises. The industrial structure of New Zealand is unbalanced, so is its ethnic region. New Zealand's top five export products are milk and cream, butter and other fats and oils derived from mil, untreated coniferous wood, frozen boneless bovine meat, frozen unboned meat of sheep (WITS, 2019). Such export commodity structure reflects that the country should actively implement the strategies of rejuvenating trade through science and technology and winning on superior quality; change the competition from price to brand and comprehensive strength of the enterprise, transforming the country's comparative advantage into the products and industries. Taking the international market as the guide, New Zealand could increase the high-tech transformation of traditional labour-intensive export industries that have been well developed and start from raising the level and added value of its export commodities to expand the export of products and services with independent intellectual property rights and brands. This can be realized by, for example, constructing a national export base of high and new technology to give full play to enterprises' independent innovation abilities; stabilizing and strengthening New Zealand's industries and products with significant advantages through technological innovation and scale expansion to make them key nodes that are hard to replace in global industrial chain; working on the generation of world-class industrial clusters in such as integrated circuits, bio-medicine and artificial intelligence. New Zealand could build a brand promotion, evaluation, and protection system as well as a platform or channel for independent brands to enter international market and foster a number of internationally influential export brands. The policies work in close conjunction with this strategy of

rejuvenating trade through science and technology can include introduce more effective incentives on finance, insurance, fiscal and tax rebates; increase the training of IP talents and provide legal support and information services for the application of intellectual property; protect the enthusiasm of domestic enterprises in exporting products with independent intellectual property and technological innovation; and promote the management system of intellectual property in New Zealand to conform to international standards. Such establishment of strategic export pillar industries and upgrading of export commodities also play an indispensable role in improving the economic benefits of ethnic groups and are conducive to unleash employment momentum of women.

Fourth, narrow the regional gap in New Zealand to promote all-round economic development. The inclusive growth of foreign trade requires that more regions will acquire the opportunity to participate in trade development. To do this, on one hand, the government could accelerate infrastructural construction, speed up building treaty ports, and expand the opening area of hub ports in relatively backward regions to create a favourable foreign trade environment and attract investment in transportation, energy, communications, and water conservancy to alleviate the main bottleneck restricting the economic development of ethnic areas; actively publicize natural resources, labour resources and potential market advantages of ethnic regions, and guide investment in featured agriculture, featured light industry, tourism and other projects of ethnic communities, to improve the scale effect and visibility of their featured products. On the other hand, vigorously promote the project in producing energy-saving products that benefit people of all classes and impel local private capital to enter endogenous power that is conducive to stimulating the economic growth and consolidating the foundation of sustainable development. For instance, guide private investment to enter the logistics sector and expand financing channels for private enterprises; encourage the private capital to engage in transport, public services, finance, energy, telecommunications, education, medical care, and poverty alleviation projects.

Fifth, improve export market concentration and optimize export market configuration. Inclusive growth of foreign trade requires that attention should be paid to the optimal allocation of export destinations in developing broader foreign trade. Except for deepening the trade cooperation with the top five export-concentrated markets of China, Australia, U.S., Japan and South Korea (WITS, 2019), we should diligently expand markets in EU, ASEAN, Russia, Latin America, Eastern Europe and Africa and rationalize the layout of New Zealand's export market among regions, developed and developing countries. Specifically, with the signing of RCEP, New Zealand could move quickly on the negotiation of bilateral free trade agreements with other member states, so as to enhance the level and breadth of economic cooperation and make the trade relations between New Zealand and more countries deeply integrated.

Sixth, enhance our voice in international trade, innovate cooperation platforms, and expand communication channels. In the new round of structural adjustment in global trade governance, New Zealand would be more active to seek the position equal to its own comprehensive strength, play a crucial role in the rule-based governance of global trade, and build a higher level of institutional environment for opening-up to adapt to the new trade expansion pattern. New Zealand would enhance its voice in the multilateral trading system and regional economic organizations to strive for favourable external environment; proactively participate in formulating or revising the international economic rules, so that New Zealand's foreign trade can operate safely and effectively under and its foreign enterprises can be protected by fair and reasonable trade rules; advocate free trade and fight against all forms of trade protection; further establish and deepen free trade areas with more countries and regions based on equality and mutual benefit. To speed up the resumption of personnel, trade and investment movements, as a first step, New Zealand may consider taking specific bilateral economic and diplomatic actions with selected partner countries through “fast pass” in people-to-people exchanges, “green pathway” in cargo circulation, or “life channel” in food security. To speed up the resumption, New Zealand could take its national advantage of primary industry as the breakthrough to deepen strategic consensus with partner countries. Except for reinforcing cooperation with international organizations including FAO, WFP and IFAD, guiding the construction of demonstration enterprises in primary export, supporting international enterprises to join global agricultural supply chain, and accelerating the internationalization of major primary brands, New Zealand may also consider holding cloud exposition for primary products with certain countries to enhance bilateral agricultural trade and investment, building technology promotion and information exchange platform of bilateral agricultural cooperation, and initiating some strategy or project on food, agriculture and forestry with, for instance, East Asian countries and ASEAN.

III. GREEN AND ENVIRONMENTAL RECOVERY IN THE WAKE OF GLOBAL CRISIS

Grounded on preceding inclusive and sustainable trade stimulus, this section focuses on the measures from three tiers for New Zealand to achieve green recovery.

First of all, as a critical strategy at the national level, implementing green recovery requires top-level design and overall planning at high-order position to form a situation of systematic and comprehensive promotion. In the meantime, it is necessary to improve the regulation system in general environment protection, renewable energy, green production and consumption, and green finance, so as to form a synergy between high-level governance and law-based promotion. Moreover, address potential carbon barriers and export barriers actively. The government may consider setting up a global green economic and trade department, focussing on responding to foreign environmental issues in investment and trade. The department would convoy domestic carbon neutrality by advancing global certification standards, establishing international institutions of carbon trading, strengthening international low-carbon technology cooperation, and urging the infrastructural construction meeting carbon emission standards to prevent the spread of carbon barriers by the U.S. and Europe.

Secondly, foreign trade enterprises need guidance from two directions. First, companies should change the original mode of production, sales and management, deal with all links of production and sales according to environmental protection standards, change the marketing strategy of pursuing profit maximization at the expense of resources, and reformulate the green marketing strategy that pays attention to carbon neutrality, to create a green business philosophy. Foreign trade enterprises should seize the opportunity of national support for developing low carbon economy and join forces with scientific research institutions in improving environmental protection technology and developing high efficiency and energy saving products to make environmental label products the foreign trade-oriented products. In order to realize these, there must be “green talents” to join. “Green talents” are not only familiar with green laws and regulations of other countries, but also familiar with the latest environmental protection situation of international trade. They can also improve the utilization efficiency of enterprises' resources and carry out green management through reasonable allocation of resources. Second, SMEs should be guided to upgrade technologies and carry out green transformation. Under the economic digitalization, the upgrading of enterprise production technology is largely digital upgrading. In view of the situation that the process of green recovery is partially affected by the lack of digital transforming technology of SMEs, central and local governments could step up cultivating a number of benchmark enterprises in digital transformation, construct public service platform for SMEs' solutions, and introduce mature digital service providers to assist digital transformation of enterprises. The government may also consider adopting public-private partnership to leverage market capital to engage in the digital upgrading of SMEs and improve the situation of high cost and insufficient capacity in green transformation of local enterprises through increasing investment.

Lastly, at the guarantee level, green finance should play an indispensable role in supporting the recovery of real economy. The government could incorporate carbon neutrality into the monetary macro-prudential assessment system, reduce the tolerance of non-performing green assets, build a stress test tool in line with the financial institutions to analyse their credit, trading and market risks, and develop environmental, social, and governance (ESG) products of financial institutions. New Zealand would cultivate the innovation ability of generating multi-dimensional carbon finance products. This requires New Zealand to bring its green debt standards into line with international standards as soon as possible, and at the same time improve the identification standards of green projects and green industries in the financing process. New Zealand could establish flexible quantitative standards and constantly revise them in practice, so that they will eventually guide the green debt issuance and green financing and standardize the development model and direction of green industries, driving green recovery to embark on a scientific path. Indicators of ethnic and Māori identity and female executives should also be included in the assessment criteria for relevant preferential incentives to apply so as to stimulate their involvement in carbon financing.

To conclude, we should actively involve in global conversations on trade and environment in the interests of New Zealand and promote its own experience in green development to gear to international conventions. In multilateral cooperation institutions, New Zealand can export mature green energy technology and environmental governance mechanism to partner countries to carry out long-term strategic partnership in green economy and digital economy. When conditions permit, New Zealand's green investment in relevant countries should be increased to facilitate local recovery. This will not only promote the external circulation of New Zealand's economy, but also motivate New Zealand to take a noticeable position in global green industrial, supply and value chain restructuring.

IV. NEW ZEALAND'S POTENTIAL NEW GROWTH POINTS

First, foster a digital ecosystem and improve the country's competitiveness in the global digital trade landscape. New Zealand may consider cultivating few diversified cultural cities with central node status in the global digital trade network, such as international hub ports, then constructing new high-quality infrastructure and public service system and introducing several internet

platform enterprises engaged in digital content with commercial advantages in the city. By closely connecting market elements including upstream and downstream enterprises, customers, financial services, R&D and business intermediaries in the digital value chain, it will efficiently allocate pooled resources, promote new industrial organizations and ecology, and transform the advantages of digital economy into new dynamics in digital value chain. As different economies in the world converge into a network of common interests, data value enables sovereign overflow and physical partitions break-down and contributes to the evolution of digital platforms into trans-border digital ecosystem, thereby increasing the scale and frequency of value flows in an New Zealand-dominated digital trade networks.

Second, take digital trade as an opportunity to activate the “digital gene” of commercial banks. The existing financial products and modes of operation of commercial banks are not yet able to provide the financial services needed by the increasingly digitized enterprises that trade with them. On one hand, New Zealand’s commercial banks should promote the digital transformation of cross-border finance and support market subjects in digital trade. Digital trade is an advanced form of cross-border e-commerce. Digital trade platforms help “buy and sell globally” through more powerful tools and means. Its corresponding is not only the consumer-oriented internet, but also the popularization and application of industrial internet. Faced with huge changes in actors, objects, modes and channels of digital trade, commercial banks must change their business models accordingly and innovate institutions in international business and fintech to provide diverse financial services. Around cross-border logistics, cross-border payments, electronic authentication, data transmission, online trading, credit system, risk control and other key links, commercial banks should design cross-border financial framework with online concept, meeting the actual needs of digital trade players. On the other, New Zealand’s commercial banks should expand new channels for financial services of digital trade. There are three ways. The first is to develop digital online business to enhance the competitiveness of foreign trade enterprises, such as providing services of fast settlement and online payment for foreign trade customers, carrying out electronization of document review and letter of credit to improve the processing efficiency of trade income and expenditure and reduce the financial cost of enterprises. Second is to strengthen cooperation with new forms of internet business, realize complementary advantages in user groups, consumption scenarios, and product positioning, and expand financial business to areas such as co-branded credit cards on e-commerce platforms. “Platforms” have become hubs for gathering resources and balancing supply and demand. Except for shopping, travel, and payment platforms, the trading of commodities including energy and agricultural products, futures, and land property rights are also gradually “platformed”. Thus, the last is to integrate e-commerce consumption, bulk commodities, derivatives, and government public service platforms to draw more accurate pictures of enterprises through data sharing and analysis, drive supply chain and intellectual property financing, expand customer base and create a mutually beneficial “financial ecosystem” for market entities, platforms and banks.

V. CONCLUSION

On the whole, in further developing foreign trade and conducting green recovery, New Zealand would seek common interests in political and economic interaction with others and recognize the situation while maintaining strategic focus. Unlike domestic trade, cross-border trade is influenced by international political relations. Political mutual trust is the cornerstone of promoting bilateral economic and trade cooperation. Generally, politics must serve the economy, but sometimes the economy is forced to be subordinated to politics. Only by recognizing and accommodating differences and respecting each other's sovereignty and development interests can countries achieve robust advancement of trade cooperation. New Zealand could take the initiative to build political mutual trust by strengthening high-level leadership dialogue. New Zealand could make greater efforts in creating opportunities to consolidate the public support and exploit public diplomacy led by local councils and NGOs, so that lay a sound foundation for inclusive growth. The world is changing volatily and erratically, and New Zealand's development path has not been smooth. We should be soberly aware that there are still many obstacles in front of us. Among all, New Zealand would attach special attention to the big-power relations between China and the U.S. What we need more is a cool head, nerves of steel and steady strategic resolve to forge ahead and stay on the course of our own development. It is also a great test of New Zealand's political wisdom. New Zealand and its partners should make full use of their economic complementarity and broad market attraction, strengthen the role of economic ties and resolve disputes through consultation and negotiation. We should bear in mind our overall national situation, take long-term strategic considerations, remain unmoved by few disturbances in the international structure, and focus on New Zealand’s sustainable development, while striving to manage risks, reduce resistance and expand the potential for cooperation to improve the external environment of New Zealand.

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