New Zealand Chambers of Commerce and Industry
Submission on the Trans Tasman Mutual Recognition Agreement

March 2003

Introduction

1 New Zealand Chambers of Commerce and Industry welcome the opportunity to comment on the Trans Tasman Mutual Recognition Agreement ("TTMRA") and the Mutual Recognition Agreement ("MRA").

2 New Zealand Chambers of Commerce and Industry speak for the interests of businesses and their communities throughout New Zealand. Our goal is to promote faster economic growth for New Zealand, through vibrant regional and national economies that create sustainable business development and employment opportunities. A natural extension of this goal is to take an active interest in the role of trade and international agreements and negotiations, such as CER and its components, which affect the vitality of New Zealand business.

3 Through our organisation, we represent around 20,000 businesses – most of these are the small to medium enterprises that are the backbone of business in New Zealand. The Chambers exist to promote, support, and encourage these sustainable, profitable businesses. We do this because Business is the key wealth creator in our economy. Sustainable, profitable companies provide economic growth and ensure that additional resources are available to support our communities and create jobs for New Zealanders.

4 As a result of the Chambers' goals to promote New Zealand business, the issues surrounding the TTMRA, a practical building block towards free trade, alongside the wider implications of CER, are of obvious interest to our organisation and the businesses we represent. Chambers support an open economy, with removal of distortions and reduced costs to business. We are committed to positive government/business partnerships, which give strength and focus to mutually-agreed outcomes. As stated in the text of the TTMRA agreement the objective of the arrangement is to remove regulatory barriers to the movement of goods and services and to thereby facilitate trade between the two countries. In doing so, transparency in trading arrangements will be increased, innovation increased and the compliance costs for businesses reduced. These objectives tie in implicitly with the Chambers' goals – facilitating trade and promoting growth.

CER and the TTMRA

5 This year's review of the TTMRA, one of the key components of the CER agreement, coincides with the twentieth anniversary of this agreement between New Zealand and Australia. CER has been an undoubted success for both countries and stands as a model for other like-minded nations wishing to establish a comprehensive and open trading and economic policy environment.

The success of the agreement to date has been shown by the growth in Trans Tasman trade and the extensive commercial integration which has occurred in the period since CER was negotiated. Australia remains New Zealand's most important economic partner and New Zealand remains a very significant market for Australian products and investment. Each partner can continue to contribute to the competitiveness and economic performance of the other, given appropriate policy settings on either side of the Tasman.

6 Mutual recognition agreements such as the TTMRA and the MRA are a central element in the CER Agreement, now the most comprehensive free trade agreement in the world. Not only does the TTMRA act to remove differences in national regulatory systems as barriers to trade, it also constitutes a powerful basis for improving regulatory systems through co-operation between the two countries and the incorporated Australian states systems.

7 As noted in the Terms of Reference, the TTMRA is aimed at fostering and enhancing trade and workforce mobility between the contracted states, enhancing the international competitiveness of Trans Tasman business sectors, and enhancing the capacity of New Zealand and Australia to influence international norms and standards. These aims spell out precisely why this agreement is key to the future success of New Zealand trade and industry, both in a Trans Tasman and in a more global context, and why the Chambers are in support of the agreement as well as supporting the continued efforts to expand its scope and function.

8 As with the other instruments designed to foster and develop trade between New Zealand and Australia, the Chambers view the TTMRA as both strengthening the trade positions of the individual members in a bilateral sense, and ensuring that the Trans Tasman economy as a whole is actively consolidated and more competitively placed in the global marketplace. Furthermore by consolidating the terms of the TTMRA it is hoped that the arrangement can provide a model of cooperation to extend to other economies, in particular within the APEC community where, alongside Australia, much of New Zealand's trade focus is now directed. Indeed, perhaps one of the key areas of potential that can be found with CER and TTMRA is the ability for their frameworks and principles to be more widely applied in the negotiation of international free trade agreements. As mentioned earlier, CER is one of the most comprehensive free trade agreements in existence internationally, and many of the salient features of the agreement, such as the TTMRA component, could be of great benefit to future bilateral trade negotiations and agreements.

9 Underpinning the Chambers' support for the TTMRA is the fact that the agreement is the embodiment of free trade between the two countries. By removing supplementary barriers to trade and competition, the TTMRA ensures that comparative advantage in the widest Trans Tasman sense of the term defines business and trade interaction. Furthermore, by facilitating workforce mobility, the TTMRA enables the free flow of labour to the markets where it can most productively and profitably be utilised. It's provisions have allowed for the free movement and recognition of labour sources on both sides of the Tasman, resulting in favourable employment and production results.

The future of TTMRA

10 The remaining challenge for the TTMRA is to try and move on the areas that were initially left outside of the agreement. There have been some successes to date in certain areas of the "special exemptions." We believe this indicates potential for the TTMRA to extend its coverage. Indeed in 2001 the Australian Communications Authority and the Radio Spectrum Management Group of the New Zealand Ministry of Economic Development signed a Memorandum of Understanding setting out agreed principles to sustain the TTMRA on electromagnetic compatibility regulation, previously an area of "special exemption". This positive development confirms the will of both signatories to work towards the goal of an integrated Trans Tasman economy and has set a benchmark for other regulators covered in the TTMRA programme.

Conclusion

11 Irrespective of the TTMRA's remaining exemptions, the agreement has realised significant gains for trade between the two countries. It has succeeded in enforcing a greater discipline on regulators, ensured greater co-operation between regulatory authorities, and provided greater opportunities for both parties to enhance their influence internationally. Through these opportunities, both parties have the potential to further expand and mature and to better position their industries to access markets in outer lying regions. It is the overall success and significant gains from the agreement that must remain the focus of the TTMRA and of CER in general. Whilst there are certain to be industry specific concerns and disputes in certain sectors, these must remain in perspective. While such disputes, largely concerning professional tension with competing standards should not be downplayed, it is important that individual concerns do not overshadow an arrangement that has otherwise resulted in significant successes and seamless integration on both sides of the Tasman. Indeed, a survey of Wellington Regional Chamber of Commerce members on the impact of the TTMRA has indicated that the agreement has been well adopted and integrated into business practice. Where this has not been the case, we recommend that the governments and sectors involved work concertedly towards achieving equivalence in their respective industry standards.

12 In summary, New Zealand Chambers support the ongoing partnership of the TTMRA and the opportunities that it has afforded, and continues to afford New Zealand and Australian businesses alike. Via TTMRA, the CER signatories have enjoyed a high level of open market relations and industry interaction. The Chambers continue to support such endeavours and look forward to the next review period when it is hoped that further progress will have been made.

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26 March 2003