

THE 28TH JOINT MEETING OF THE NEW ZEALAND-KOREA AND KOREA-NEW ZEALAND BUSINESS COUNCILS JOINT STATEMENT

The 28th Joint Meeting of the New Zealand-Korea Business Council (NZKBC) and the Korea-New Zealand Business Council (KNZBC) was held in Seoul on 24 March 2015.

The joint meeting was held the day following the signing of the Free Trade Agreement between the two countries by the trade ministers of the two countries, the Hon. Tim Groser and Trade, Industry & Energy Minister Yoon Sang-jick, witnessed by Her Excellency Park Geun-hye, President of the Republic of Korea, and the Right Honourable John Key, Prime Minister of New Zealand.

Congratulatory remarks were made to the meeting by Melissa Lee, Member of the New Zealand Parliament. Introductory comments were made by the Chairman of the New Zealand Korea Business Council, Dr Kum Ki Lee, and the Deputy Chairman of the Korea New Zealand Business Council Mr Michael Park. Dr Lee hoped that the joint meeting would create greater opportunities for economic cooperation between two countries.

For his part Mr Park said that in all his 43 years of dealing with trade between the two countries, the signing of the Korea New Zealand Free Trade Agreement the previous day would stand as the single most momentous event.

The 28th Joint Meeting applauded the two governments for having finally negotiated the Agreement. It recognised that this historic event marked the beginning of a new era in trade relations between the two countries. The meeting urged the parliamentarians of both countries to quickly approve the agreement, and thus clear the way for its early implementation.

The agreement would surely produce economic benefits for both economies. Furthermore it was also apparent that the Free Trade Agreement would do much to enhance the already positive bilateral relationship the two countries enjoy across a wide spectrum of activities beyond trade. The wider range of people-to-people links envisaged in the Agreement is especially welcome.

While delegates were pleased that the Agreement covered most products and services, it also noted that there were some products that were not covered, such as frozen velvet, which one of the speakers at the meeting mentioned. However it was noted there are a number of mechanisms for reviewing the agreement over time, and it was hoped that any such exclusions can in due course be incorporated into it through these.

The delegates of the two countries noted that there had already been some useful growth in the merchandise trade between the two countries since the holding of the 27th Joint Business Council meeting in 2011. The meeting was informed that two-way merchandise trade between the two countries had reached NZ\$4.06 billion dollars in 2014, which represented almost 30% growth over that period.

However New Zealand's exports to Korea had increased by just 5% since that meeting, to reach a total of NZ\$1.67 billion in 2014. On the other hand New Zealand's imports from Korea had risen by 58% over the same period to reach NZ\$2.29 billion.

It was noted that New Zealand imported about NZ\$510 of Korean goods per capita last year. New Zealand delegates to the meeting acknowledged the high-quality reputation that many Korean brands now enjoyed with New Zealand consumers. Clearly lots of them owned Korean mobile phones, televisions, and motor cars themselves! However the fact that Korea only imported about NZ\$35 of New Zealand goods per capita, indicated the huge potential for New Zealand to do better in the Korean market, especially now that the Free Trade Agreement is about to enter into force.

The Korean and New Zealand delegates to the meeting all felt there was still much scope to enhance the trade in both goods and services between the two countries. The meeting was pleased to learn from the New Zealand Trade Commissioner in Seoul about the plans his office was developing to take advantage of the Free Trade Agreement, and to hear which sectors he considered to represent the best prospects for future expansion.

The meeting was also pleased to learn that a series of meetings will be held around in New Zealand in the near future to promote this new Agreement, and the opportunities it opens up. Experts from Korea may also be invited to participate in these meetings.

Delegates recognised that trade in services would become ever more important in world trade, and in exchanges between our two countries. Considerable numbers of Koreans already undertake some form of study in New Zealand, while many young New Zealanders travel to Korea to help teach English. The meeting noted that the New Zealand Prime Minister had attended a function in Seoul the previous day promoting New Zealand as an education destination, and that he had also attended a meeting aimed at boosting New Zealand's profile as a tourist destination. The meeting was pleased to note that there had been a significant re-bounce in recent months in the numbers of Koreans visiting New Zealand.

The meeting felt that while the damages arising from the Global Financial Crisis appeared to have largely subsided, there were still major geo-political issues which could damage world trade. In this context, presentations made at the meeting underscored how important it was for exporters of the two countries to continue to strive wherever possible to move higher up the respective value chains.

Those at the meeting again noted the relative lack of substantive investment flows between the two countries, compared with the substantial level of activities in other areas of the economic and trading relationship. The meeting suggested that the two Councils encourage their Governments to continue to foster favourable conditions to encourage greater investment flows between the two countries. These efforts should take advantage of the complementary industrial structures of the two countries especially in high-tech and knowledge-based industries, and in light of recent developments in science and technology exchanges between the two countries.

The meeting was addressed by Sir Graeme Harrison, the Chairman of the NZ International Business Forum. It welcomed the prospect that the Forum would add its weight to the work of the Councils to enhance business input into increasing the trade flows between the two countries.

During the course of the meeting a Memorandum of Understanding was signed by the Korea-New Zealand Business Council, and the Kiwi Chamber. This document encourages each organisation to promote the activities of the other.

It was agreed that the next joint meeting should be held in New Zealand at an appropriate time in the near future.

24 March 2015
Seoul

Lee Kum-ki
Chairman
New Zealand-Korea Business Council



Michael Park
Deputy Chairman
Korea-New Zealand Business Council

