

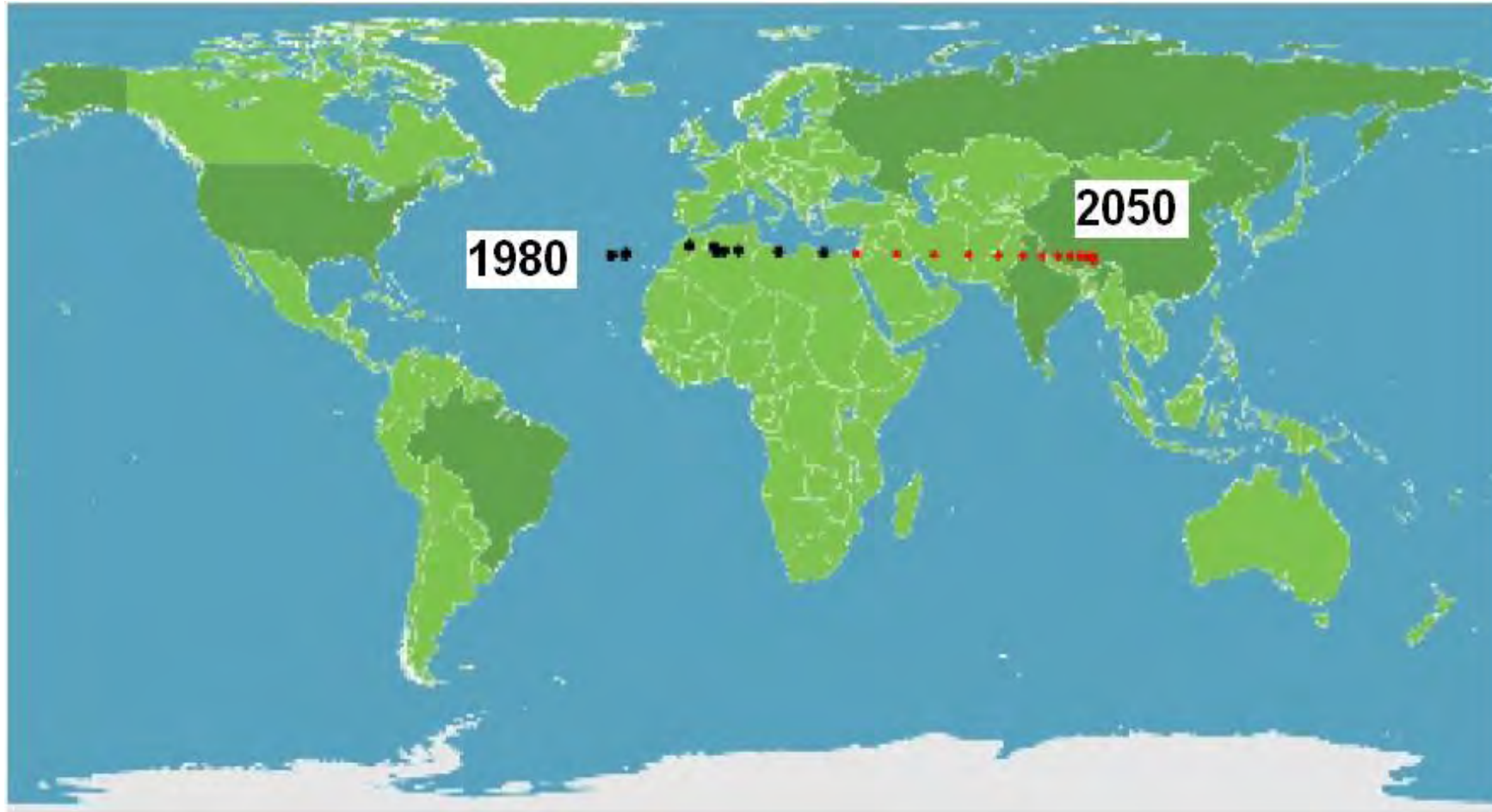
# **ASEAN**

## **OUR BIGGEST TRADING REGION**

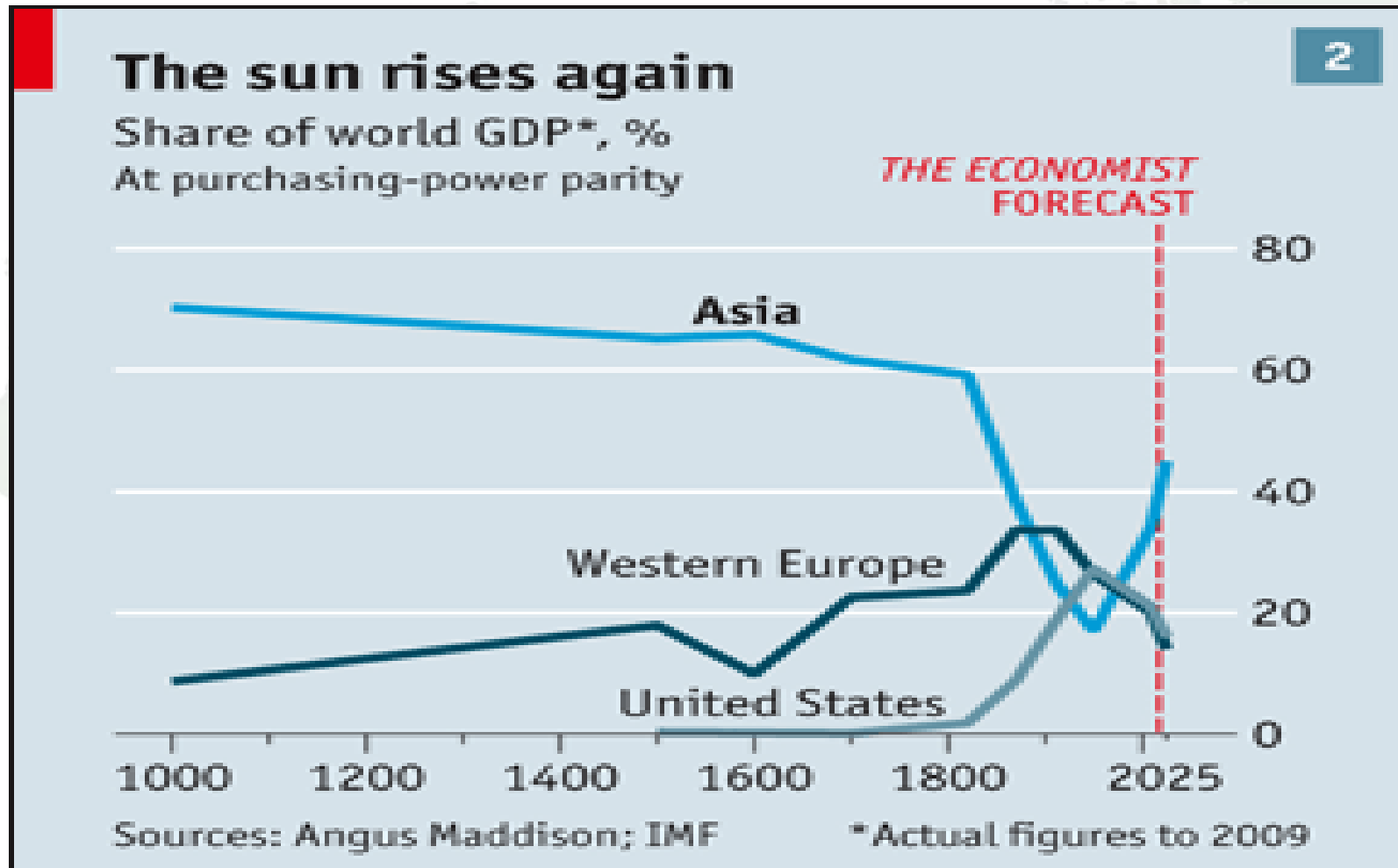
**Presentation to  
Natural Products NZ Conference  
Friday 21 March 2014**

**by David Catty, Executive Director  
ASEAN NZ Business Council**

# Shift of Power from West to East

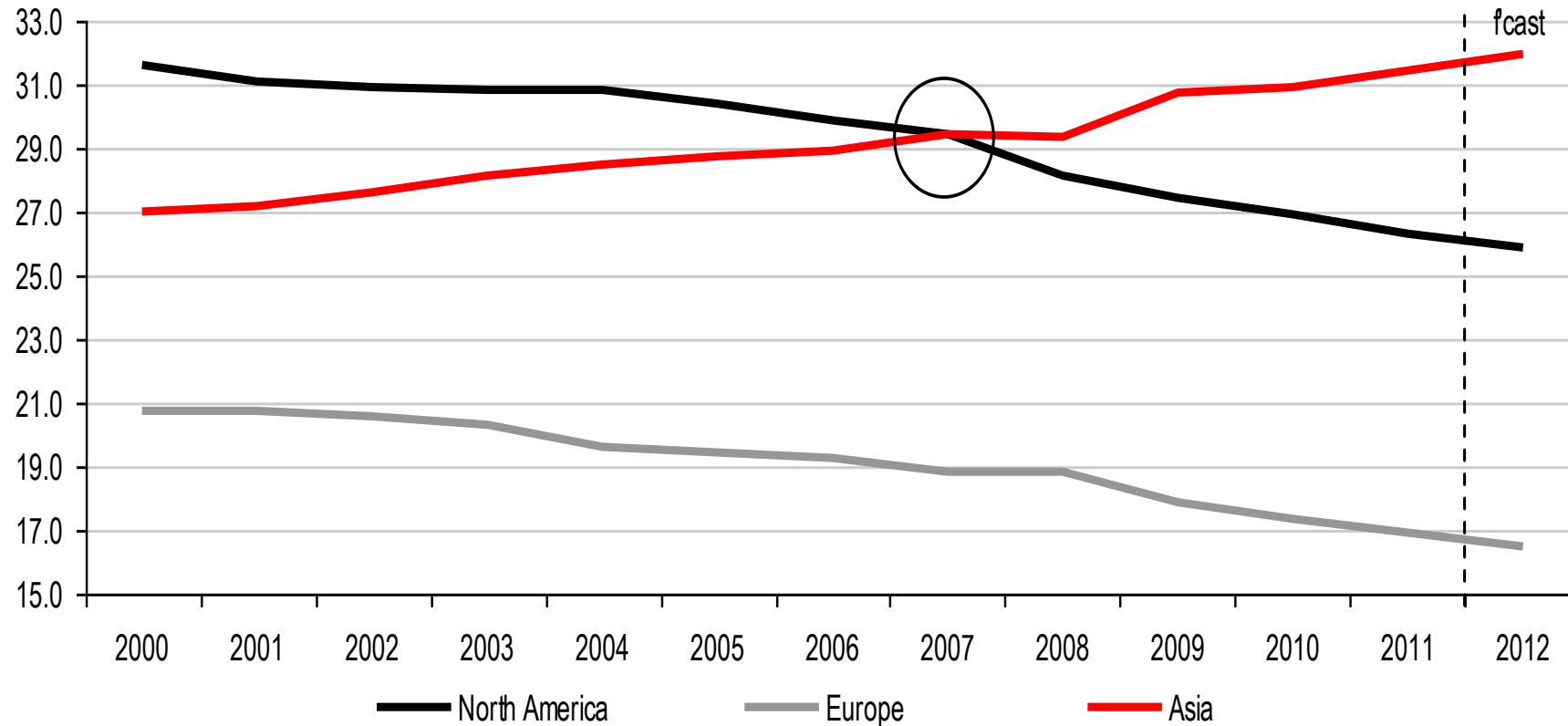


# Asia Share of World GDP over 1000 years!



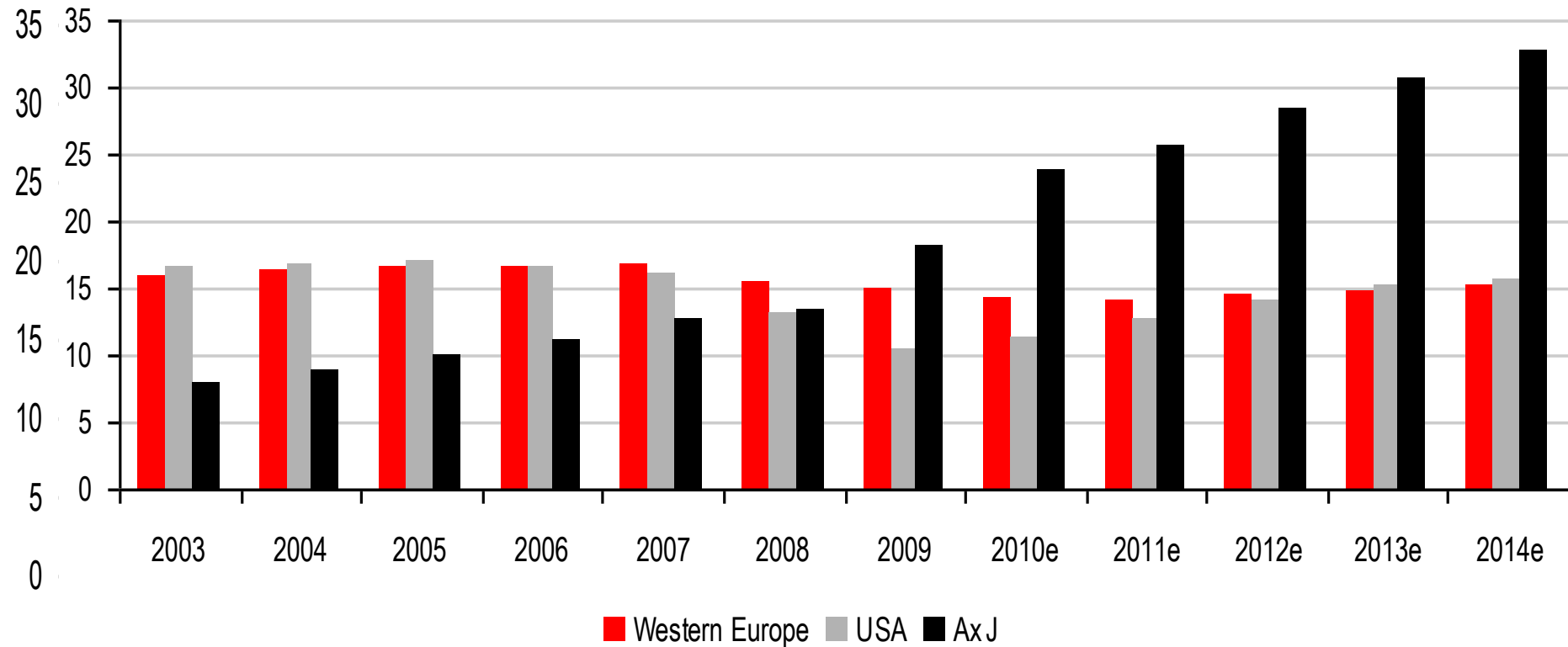
## Asia is now the biggest consumer of crude oil (% of world demand)

source: HSBC Chief Economist



## Booming car sales: Asia outstripping the West since 2009

source HSBC Chief Economist





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# ASEAN

- **INDONESIA**
- **MALAYSIA**
- **PHILIPPINES**
- **SINGAPORE**
- **THAILAND**

\*\*\*\*\*

- **BRUNEI DARUSSALAM**
- **VIET NAM**
- **LAOS**
- **MYANMAR (BURMA)**
- **CAMBODIA**



# ASEAN





**At the 12th ASEAN Summit in 2007, the Leaders affirmed their strong commitment to accelerate the establishment of an ASEAN Community by 2015.....**

**.... We will create a stable, prosperous and highly competitive ASEAN Economic Region in which there is a free flow of goods, services and investments, a freer flow of capital, equitable economic development and reduced poverty and socio-economic disparities.**



**Established 1967**

**Population 620 million**

**GDP USD 2.3 trillion**

**Total trade USD 2.5 trillion**

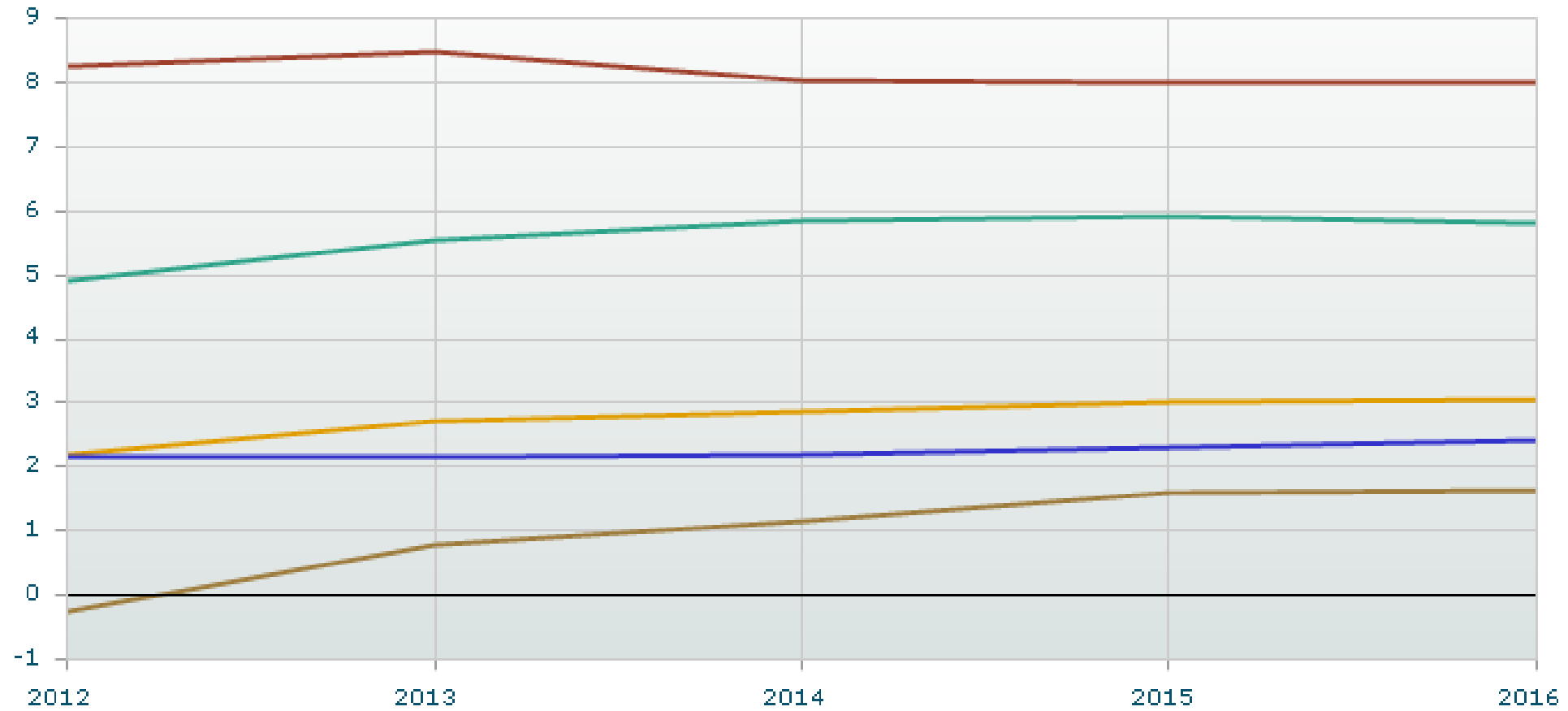
**Full ASEAN community by 2015**

**Trade with NZ – NZD 11.9 billion –  
biggest trade region ?**



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# China, ASEAN, World, N America , Europe Real GDP Growth (EIU)



# The emerging middle class ...

## - ASEAN per capita GDP growth

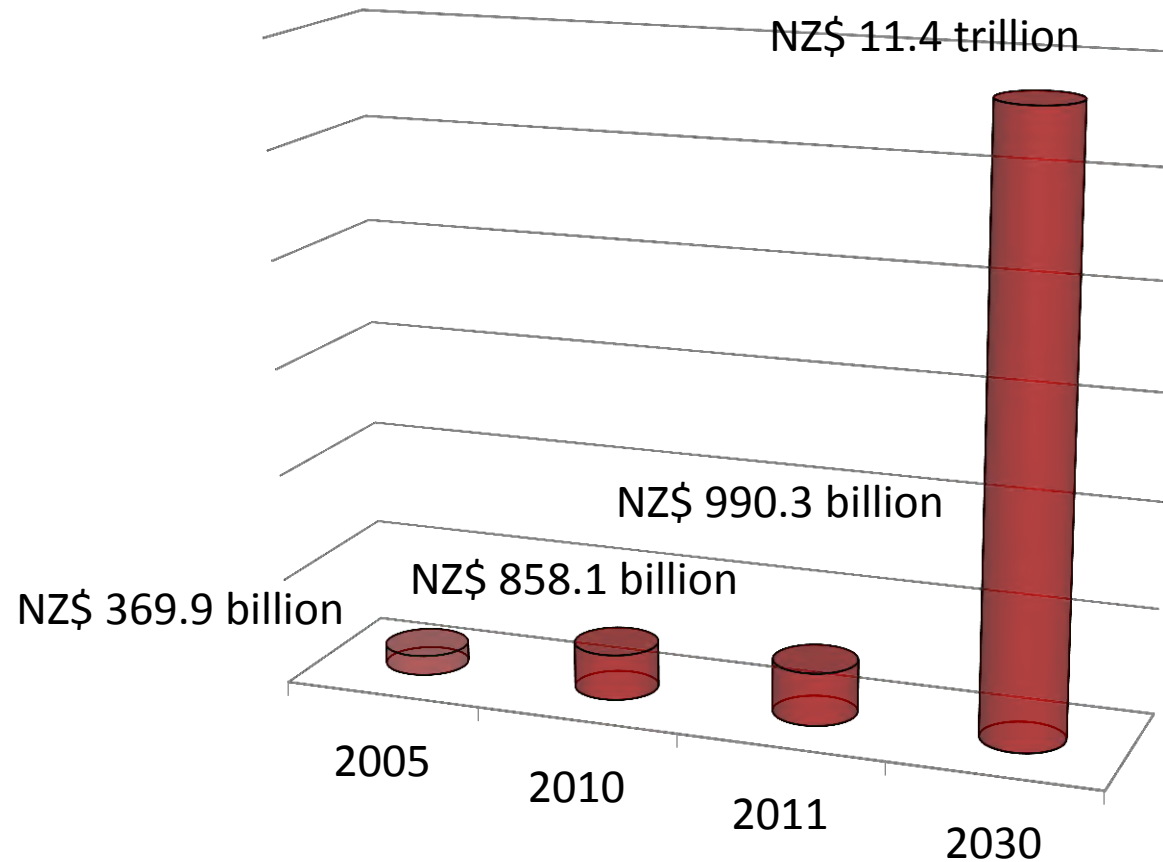
per capita GDP in US\$000

Country	2009	2014	increase%
Brunei Darussalam	37.0	40.0	9
Cambodia	0.8	1.1	45
Indonesia	2.2	3.1	42
Lao	0.9	1.2	33
Malaysia	7.4	9.7	30
Myanmar	0.4	0.5	16
Philippines	1.7	2.1	21
Singapore	36.0	42.0	17
Thailand	4.0	5.3	34
Vietnam	1.0	1.6	53



# Indonesia's GDP

*The Indonesian economy is predicted to be the world's sixth largest in 2030*



*Sources: the Indonesian Bureau of Statistics and  
Standard Chartered*



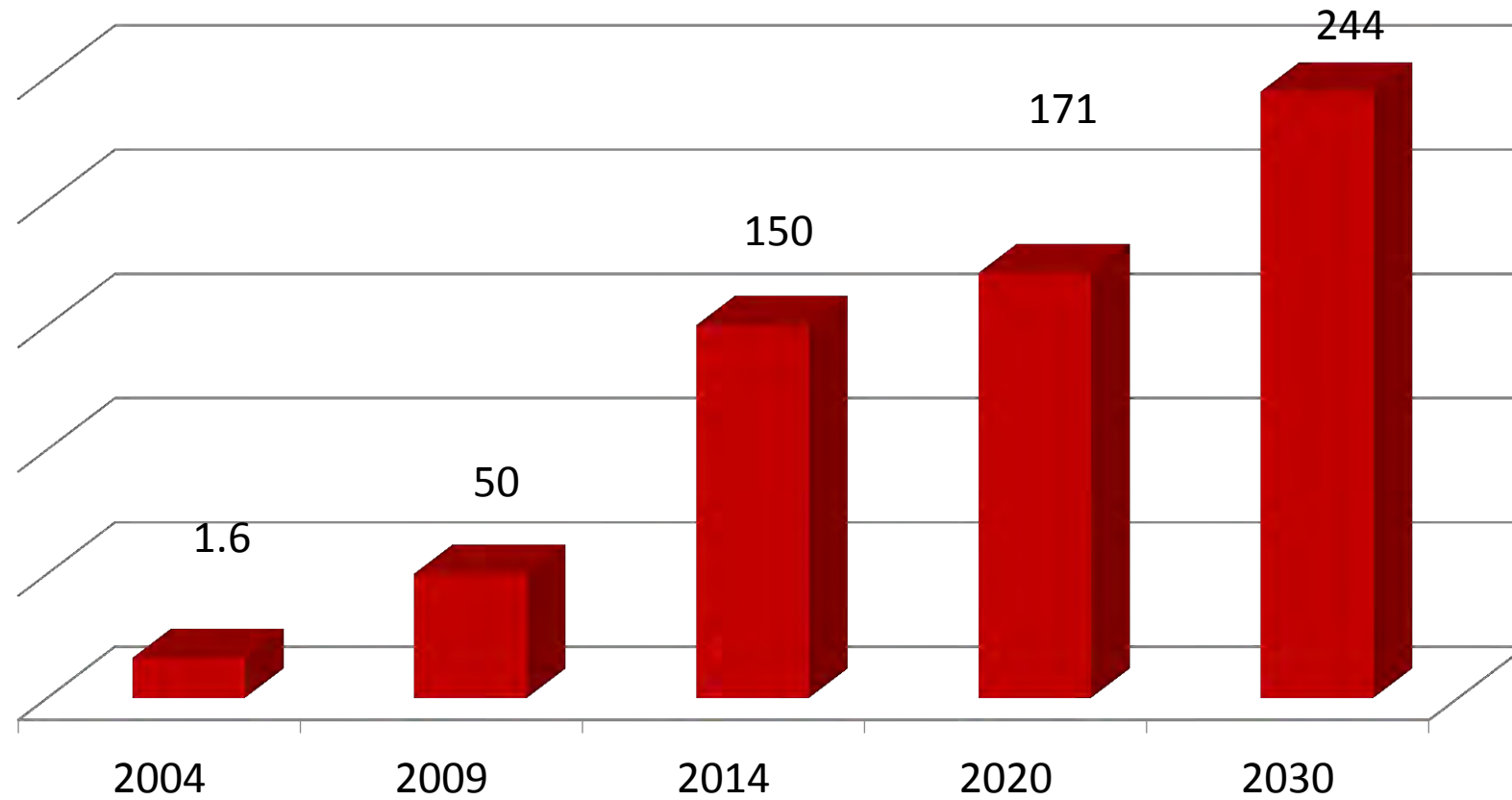
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# Indonesia's Middle Class

(one with a disposable household income of over US\$ 3,000 a year)

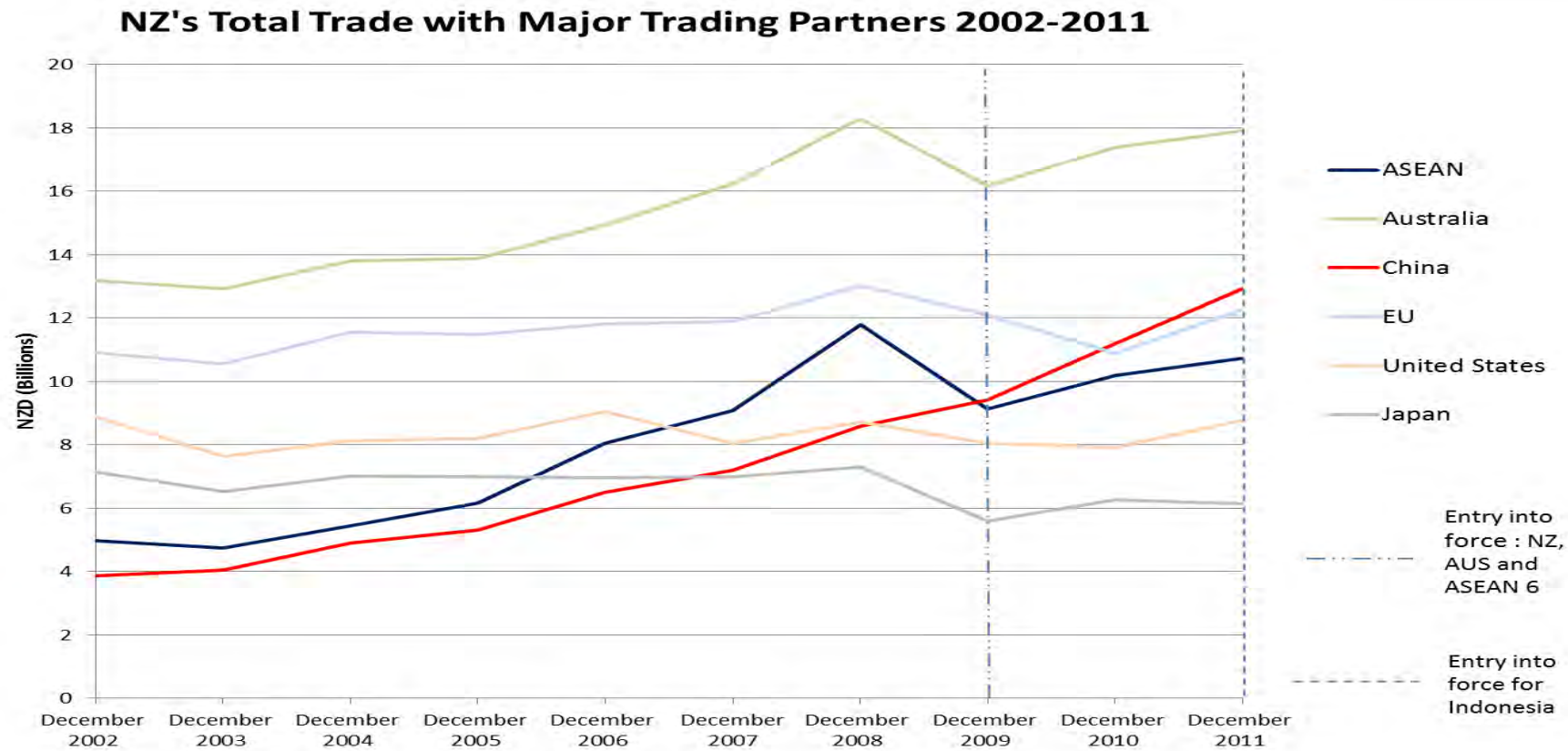
## The country's bourgeoisie is bigger than that in India and elsewhere in the region

*(in million people)*



*Sources: Nomura, the World Bank, CEIC, Standard Chartered*

# NZ trade with major trading partners (MFAT)



\*Thailand Entry into Force (EIF) was 12 March 2010; for Laos and Cambodia EIF January 2011.



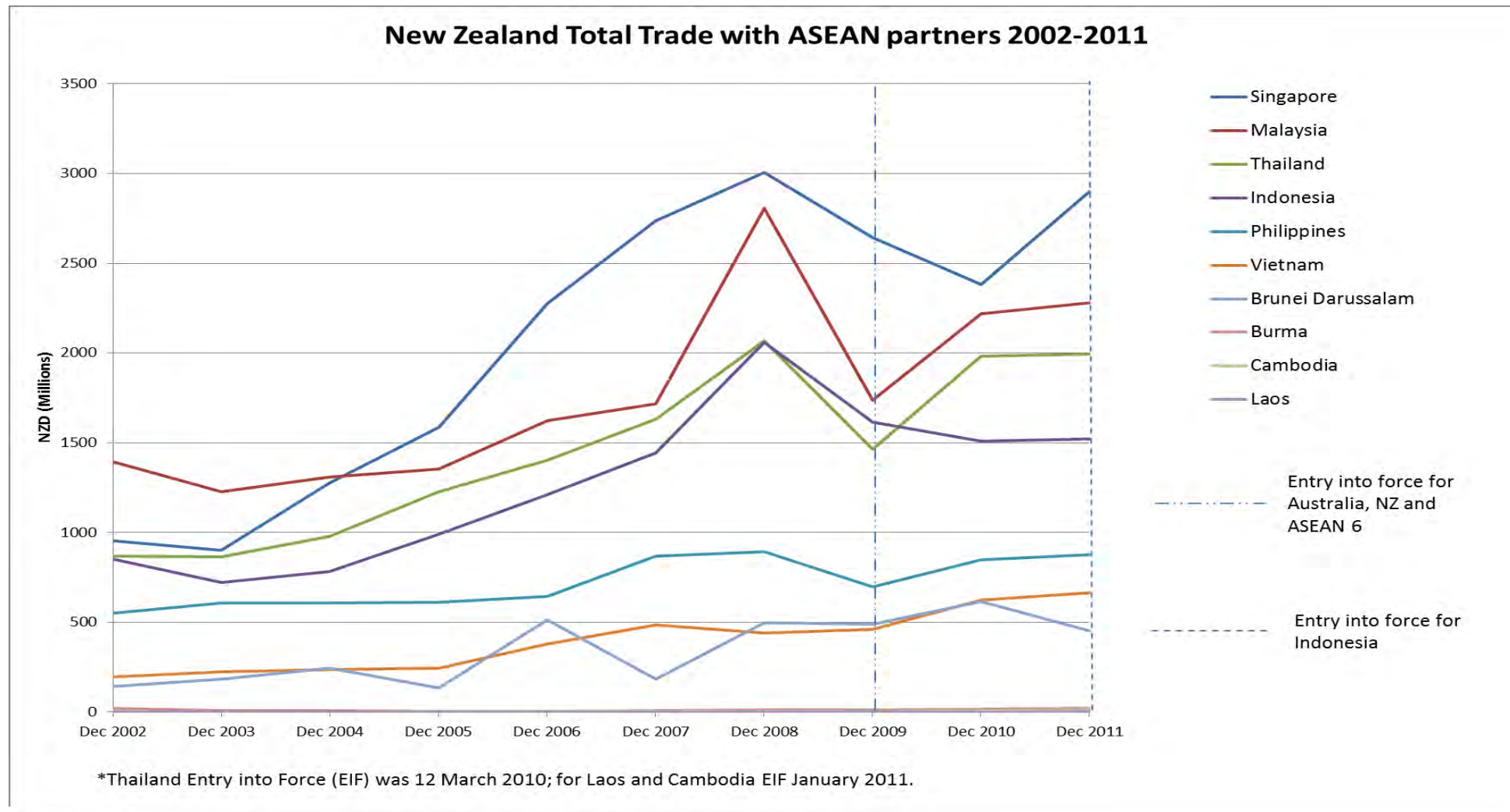
# Comparative Trade

(nzd bl – Y/E Jun 13 – Dept Stats Merchandise Trade)

	EXPORT	IMPORT	TOTAL
AUSTRALIA	9.5	6.9	16.4
CHINA	7.7	7.8	15.5
EU	4.5	7.4	11.9
ASEAN	4.3	7.6	11.9
USA	4.1	4.2	8.3
JAPAN	2.9	3.0	5.9



# NZ ASEAN trade breakdown by market (MFAT)



# ASEAN trade with NZ

(nzd ml – Y/E Jun 13 – Dept Stats Merchandise Trade)

	<b>EXPORT</b>	<b>IMPORT</b>	<b>TOTAL</b>	<b>RANK</b>
<b>MALAYSIA</b>	<b>836</b>	<b>2054</b>	<b>2890</b>	<b>6</b>
<b>SINGAPORE</b>	<b>888</b>	<b>1732</b>	<b>2620</b>	<b>9</b>
<b>THAILAND</b>	<b>633</b>	<b>1614</b>	<b>2247</b>	<b>10</b>
<b>INDONESIA</b>	<b>837</b>	<b>806</b>	<b>1642</b>	<b>12</b>
<b>VIETNAM</b>	<b>451</b>	<b>385</b>	<b>836</b>	<b>22</b>
<b>BRUNEI</b>	<b>7</b>	<b>819</b>	<b>826</b>	<b>23</b>
<b>PHILIPPINES</b>	<b>672</b>	<b>140</b>	<b>812</b>	<b>24</b>



# NZ ASEAN Commodities

y/e Jun 13 -Dept Stats

## Exports

<b>Dairy</b>	<b>50%</b>
<b>Meat</b>	<b>6.3%</b>
<b>Forestry</b>	<b>6.0%</b>
<b>Malt extract</b>	<b>2.7%</b>

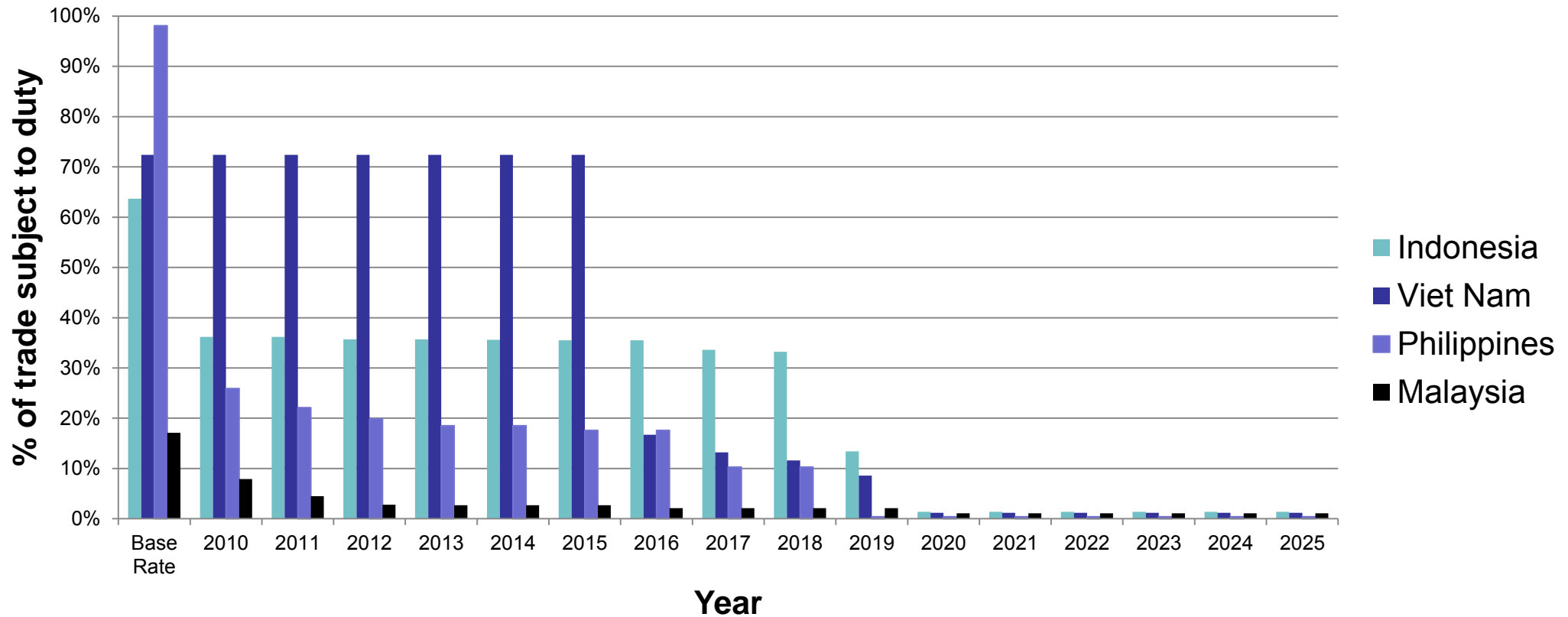
## Imports

<b>Petroleum/oil</b>	<b>41%</b>
<b>"Consumer products"</b>	<b>11%</b>
<b>Vehicles</b>	<b>9%</b>
<b>Oil cake</b>	<b>4%</b>



# AANZFTA: Tariff Reduction (MFAT)

## Tariff Reduction under AANZFTA: Indonesia, Viet Nam, Philippines and Malaysia



# Preference Margins: China and Thai CEP

(MFAT)

	CHN	Thai
Cereals	15	22
Dairy	8	14
Fish & fish products	9	8
Fruit and vegetables	9	33
Textiles and clothing	10	23
Beverages	12	33

# Multiplication and Overlap of Agreements

- **NZ has overlapping FTA agreements with Thailand, Malaysia, Brunei, Singapore**
- **ASEAN+ FTA agreements with Japan, Korea, and China**
  - negotiating with India and the EU.
- **ASEAN is now placed at the centre of the regional economic integration agenda**
  - **RCEP**
- **489 trade agreements registered with the WTO; 90% FTA.**

SOURCE: mfat

# ASEAN Opportunities

- **Further FTA tariff reductions**
- **Emerging middle class market**
- **Manufacturing in ASEAN , exporting elsewhere**
- **Food safety focus**
- **F & B incl Infant Food, Wine, Seafood, Agritechnology**
- **Education in NZ but also in market**
- **Engineering services e.g. geothermal**
- **Aviation**
- **I.T.**
- **Construction**
- **Promising markets**



# Natural Products in ASEAN

- **Emerging middle class spending power**
- **Reducing tariffs under ASEAN FTAs**
- **NZ seen as clean, green**
- **AEC 2015 should see harmonisation within ASEAN**
- **Multinationals moving into ASEAN markets**
- **Halal cosmetics market continues to grow**
- **Vietnam/Philippines now “hungry” for new brands**
- **Seek niche not price markets**
- **Assisting self sufficiency in Indonesia**





# Challenges

- **Non tariff barriers (NTBs)**
- **The “C” word**
- **Different cultures and protocols**
- **Adapting product to market**
- **Finding the resource to commit long-term**

# Success Factors

- **Strong commitment (be prepared to make a mistake and re-start)**
- **Appropriate channels, agent / distributor selection**
- **Niche and best route to market**
- **Strong, long term partnerships**
- **Direct customer contact**
- **Adapt product to market**
- **Collaboration where appropriate**
- **Understand the cultures and the protocols**
- **IT'S A MARATHON NOT A SPRINT !**

# **Gavin Faull's Ten Commandments for Success (well, nine of them anyway!)**

- **Get out into the market**
- **Learn**
- **Listen**
- **Work with others**
- **Pick yourself up if you fall**
- **Must eat noodles**
- **Travel**
- **Share success**
- **Don't listen to negative people**



# ASEAN Strategy issues for NZ Inc

- **NZ Inc ASEAN Strategy launched 2013**
- **ASEAN is not well known in NZ**
- **NZ is not well known in ASEAN**
- **Trade Commissioner in Indonesia, Rep in Myanmar**
- **Ambitious 5 year targets in trade, education, investment**
- **Focus strategy?**
- **Clarify investment policy**
- **Education (e.g. no Bahasa studies in NZ despite 250 million popn)**
- **Immigration – don't impede export opportunities**

# Thanks for listening, Folks!

- Asia is a crucial area of engagement, Indonesia Tier 1 target
- ASEAN – a market which can't be ignored
- Heaps of opportunities in a generally favourable and friendly environment
- We need to elevate our profile in ASEAN and promote ASEAN in New Zealand too
- **Why not join ANZCBC ?**

– email [dcatty@asean.org.nz](mailto:dcatty@asean.org.nz) [www.asean.org.nz](http://www.asean.org.nz)



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