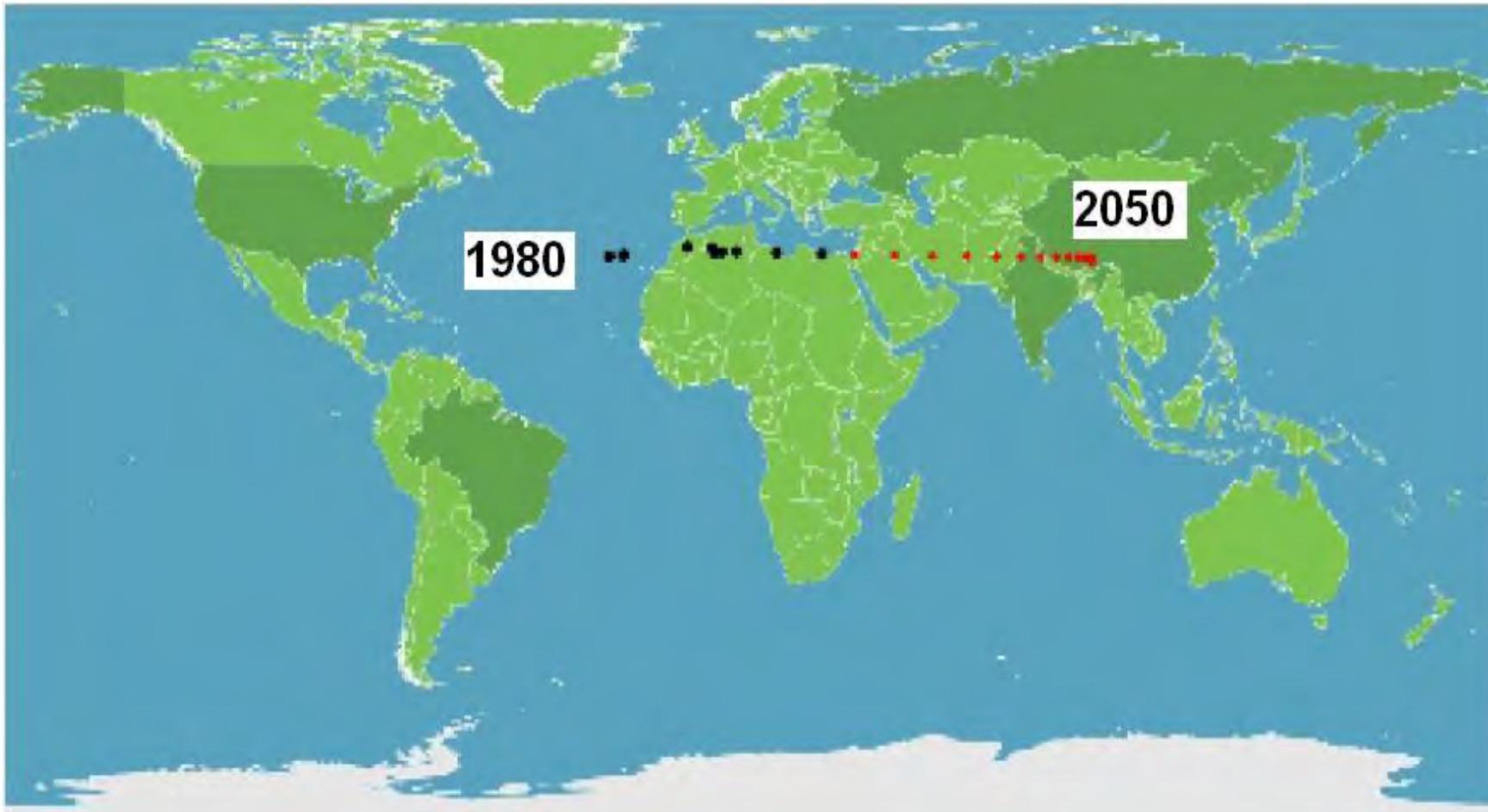


# **ASEAN OUR BIGGEST TRADING REGION**

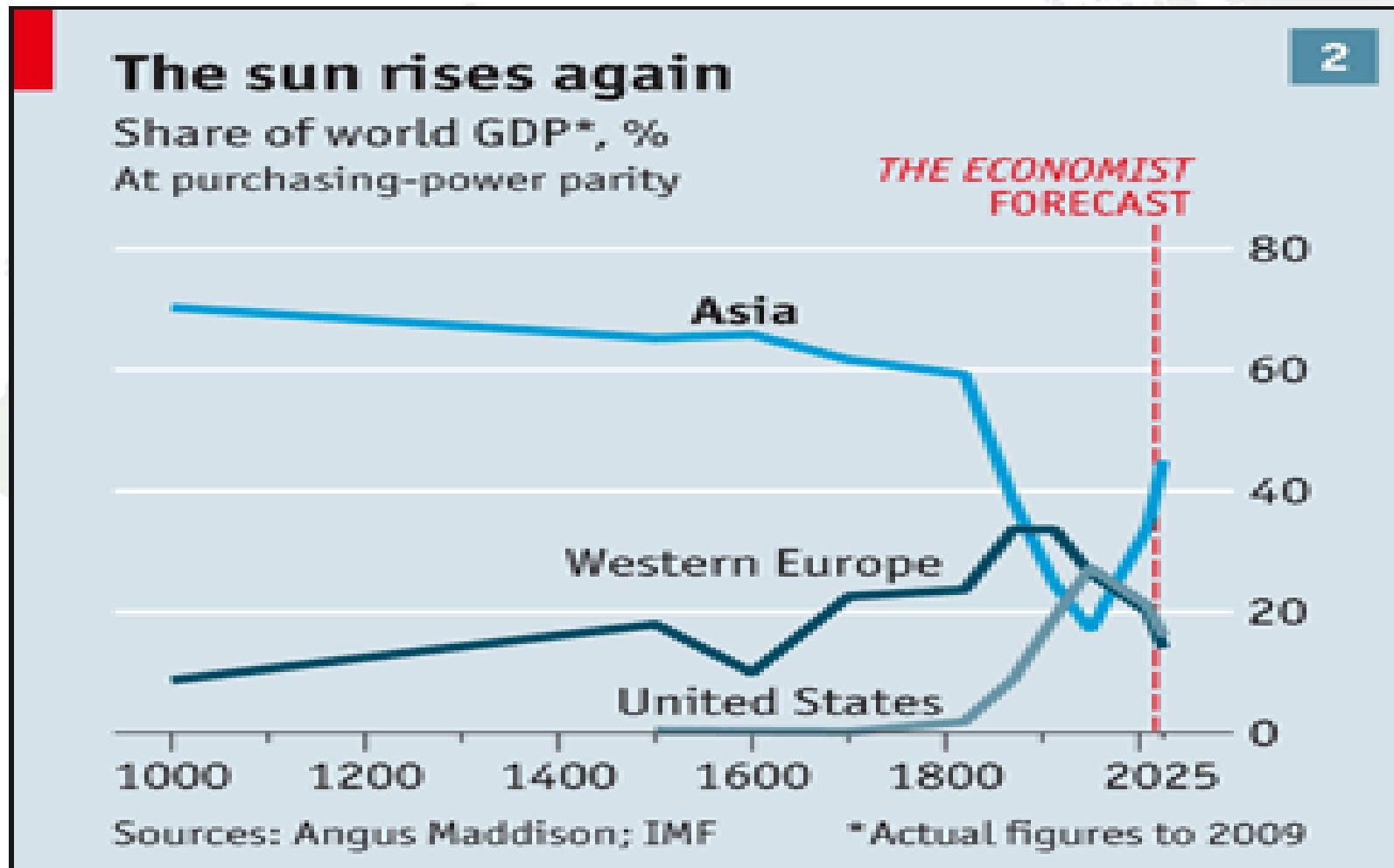
**Presentation to  
Natural Products NZ Conference  
Friday 21 March 2014**

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

# Shift of Power from West to East

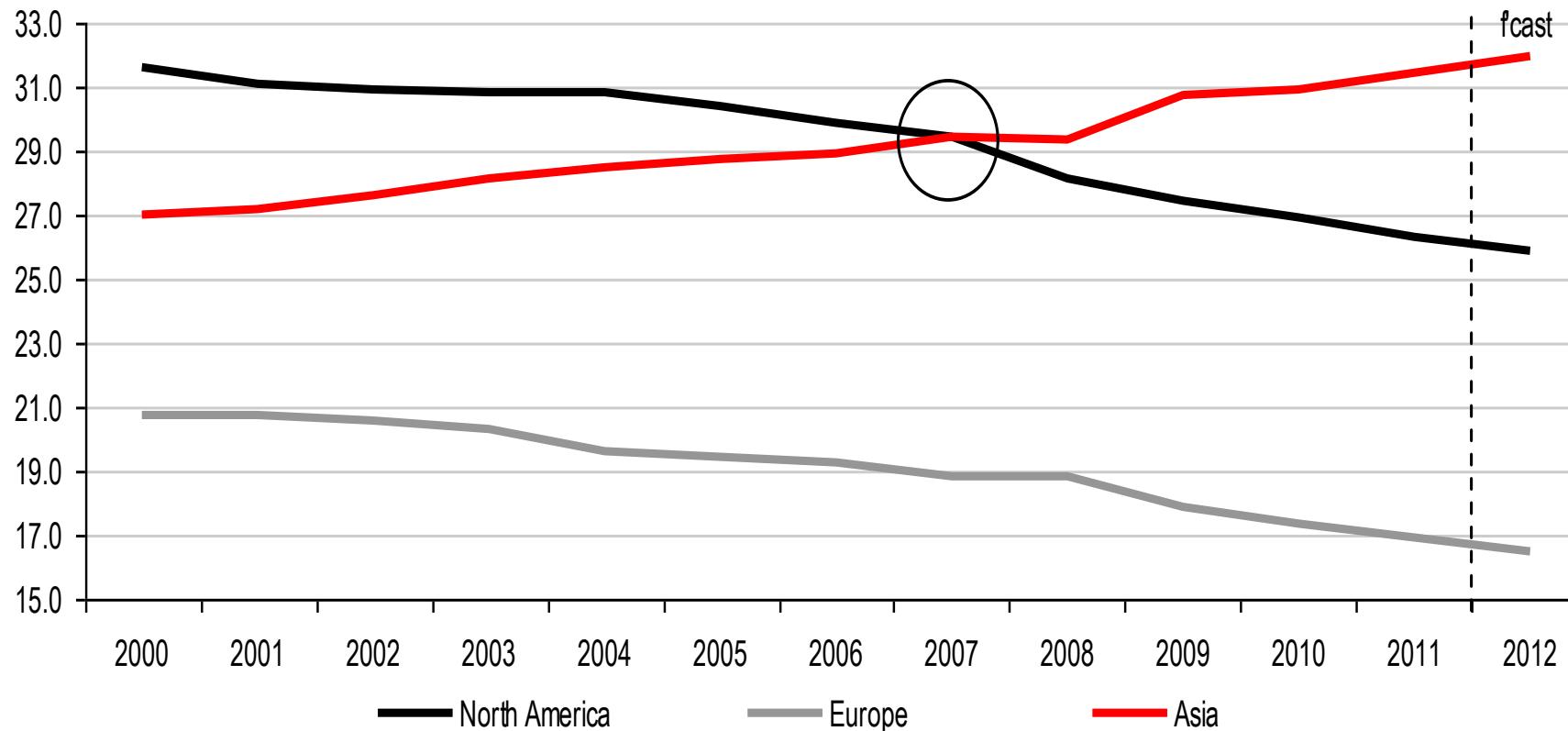


# Asia Share of World GDP over 1000 years!



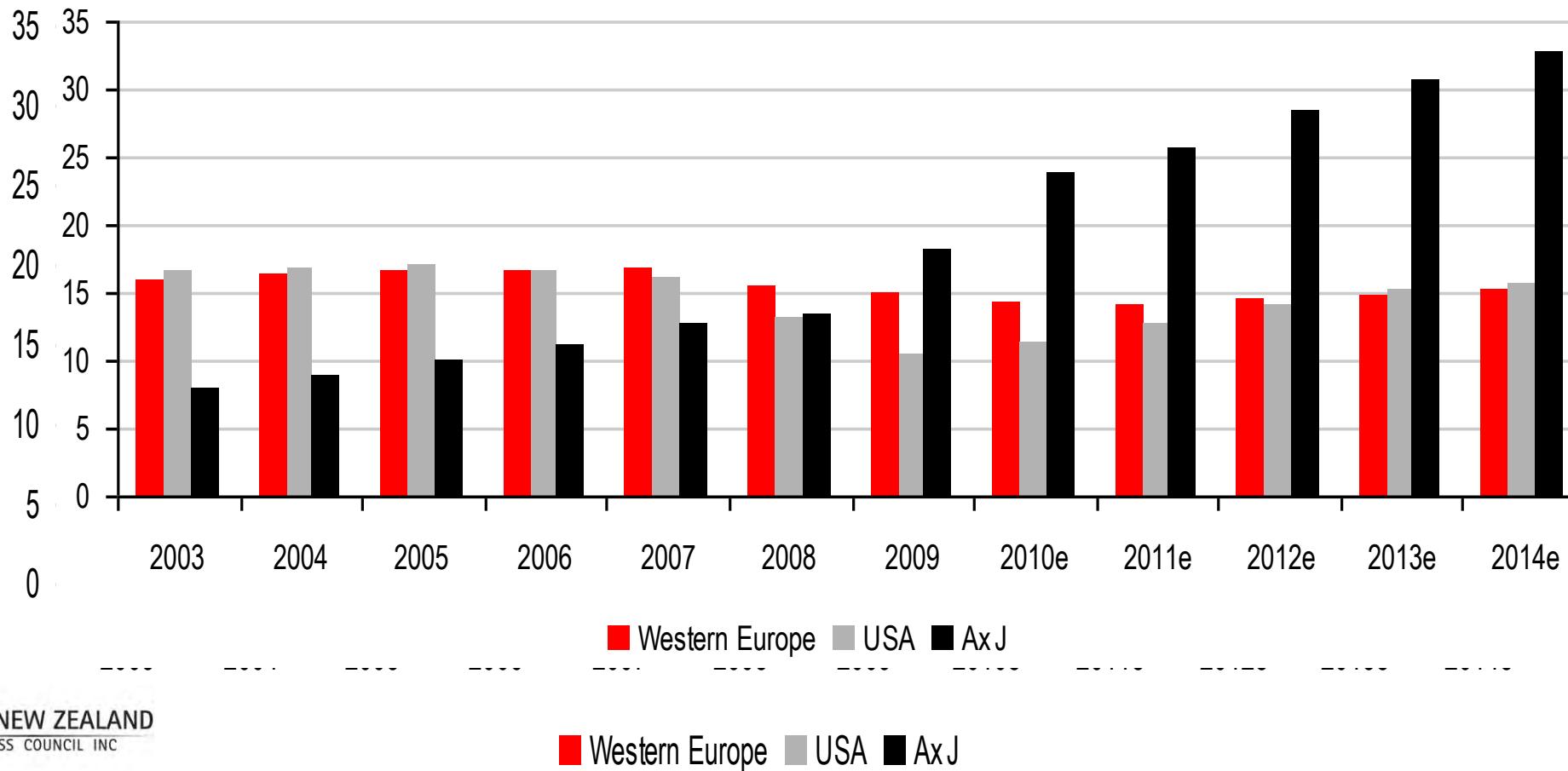
## Asia is now the biggest consumer of crude oil (% of world demand)

source: HSBC Chief Economist



# Booming car sales: Asia outstripping the West since 2009

source HSBC Chief Economist





# 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**

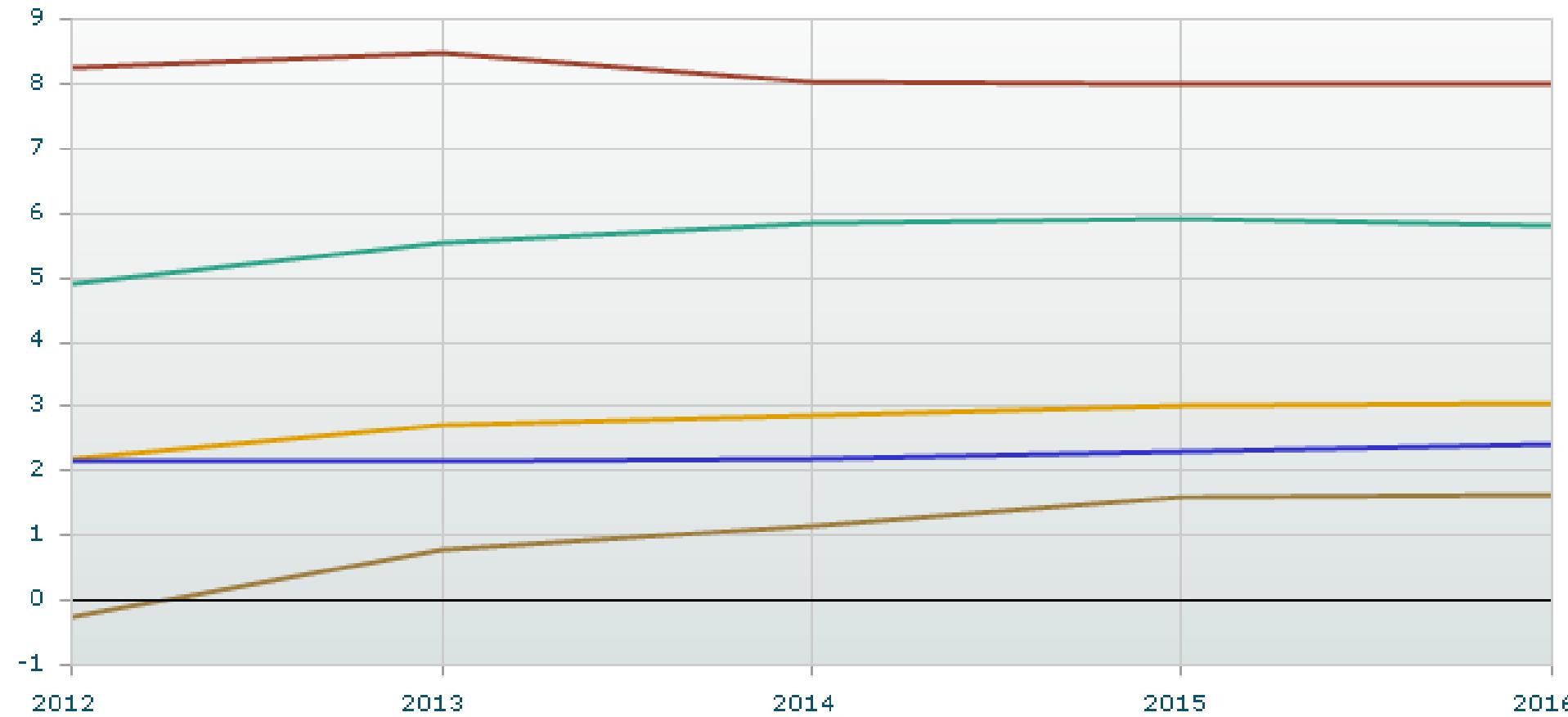
**Total trade USD 2.5 trillion**

**Full ASEAN community by 2015**

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

# China, ASEAN, World, N America , Europe Real GDP Growth

(EIU)



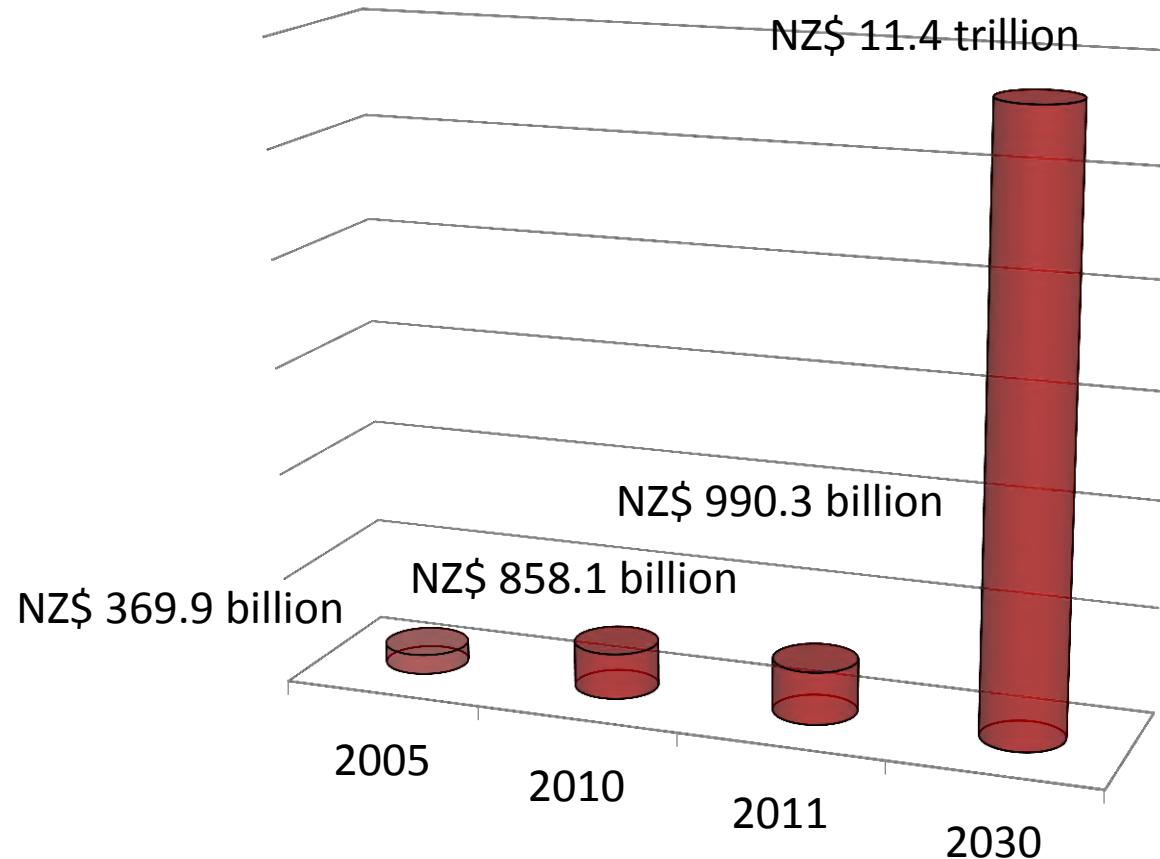
# The emerging middle class ... - ASEAN per capita GDP growth

per capita GDP in US\$000

<u>Country</u>	<u>2009</u>	<u>2014</u>	<u>increase%</u>
Brunei Darussalam	<b>37.0</b>	40.0	9
Cambodia	0.8	1.1	<b>45</b>
Indonesia	2.2	3.1	<b>42</b>
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	<b>36.0</b>	42.0	17
Thailand	4.0	5.3	34
Vietnam	1.0	1.6	<b>53</b>

# Indonesia's GDP

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



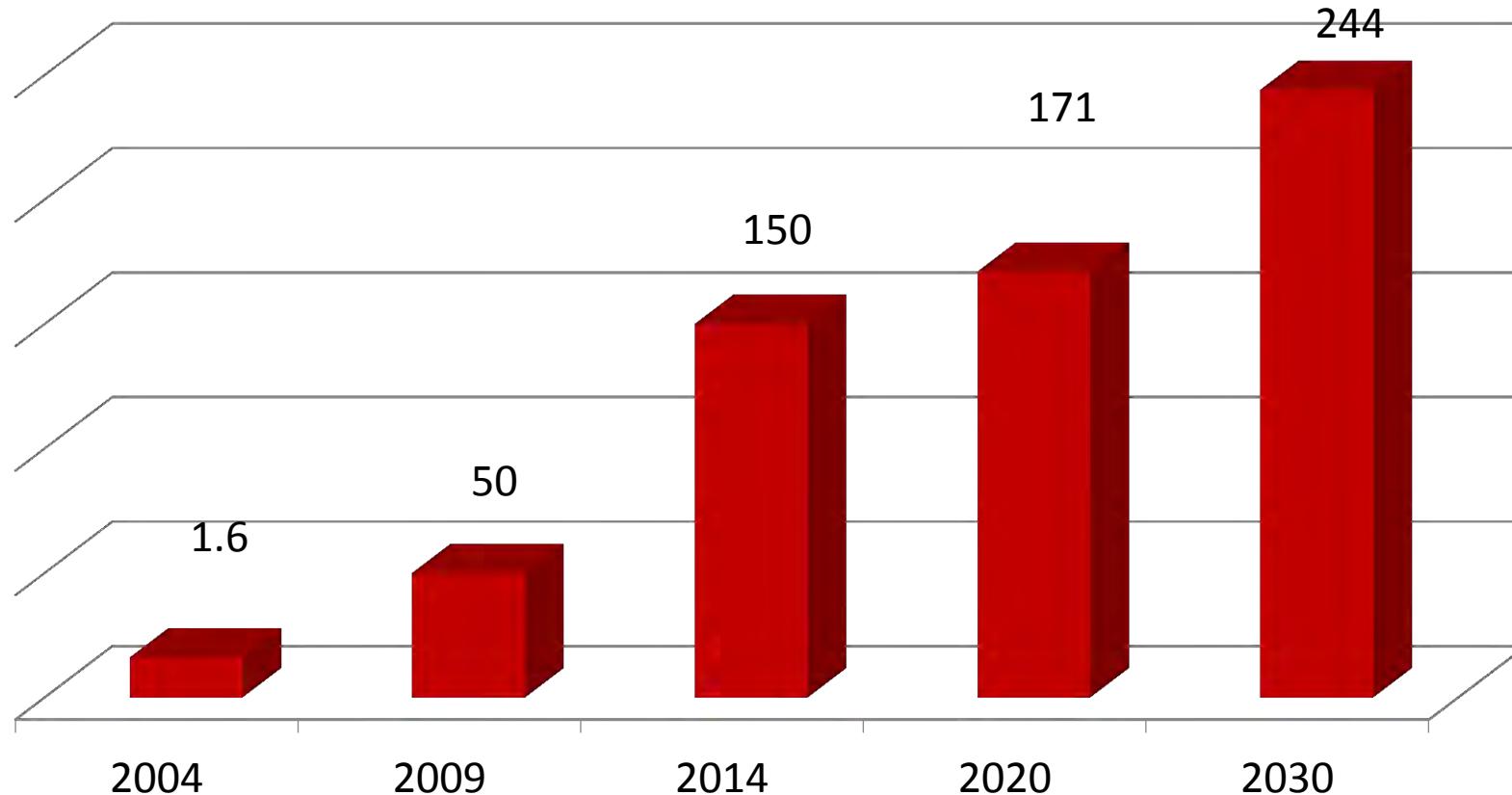
*Sources: the Indonesian Bureau of Statistics and  
Standard Chartered*

# Indonesia's Middle Class

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

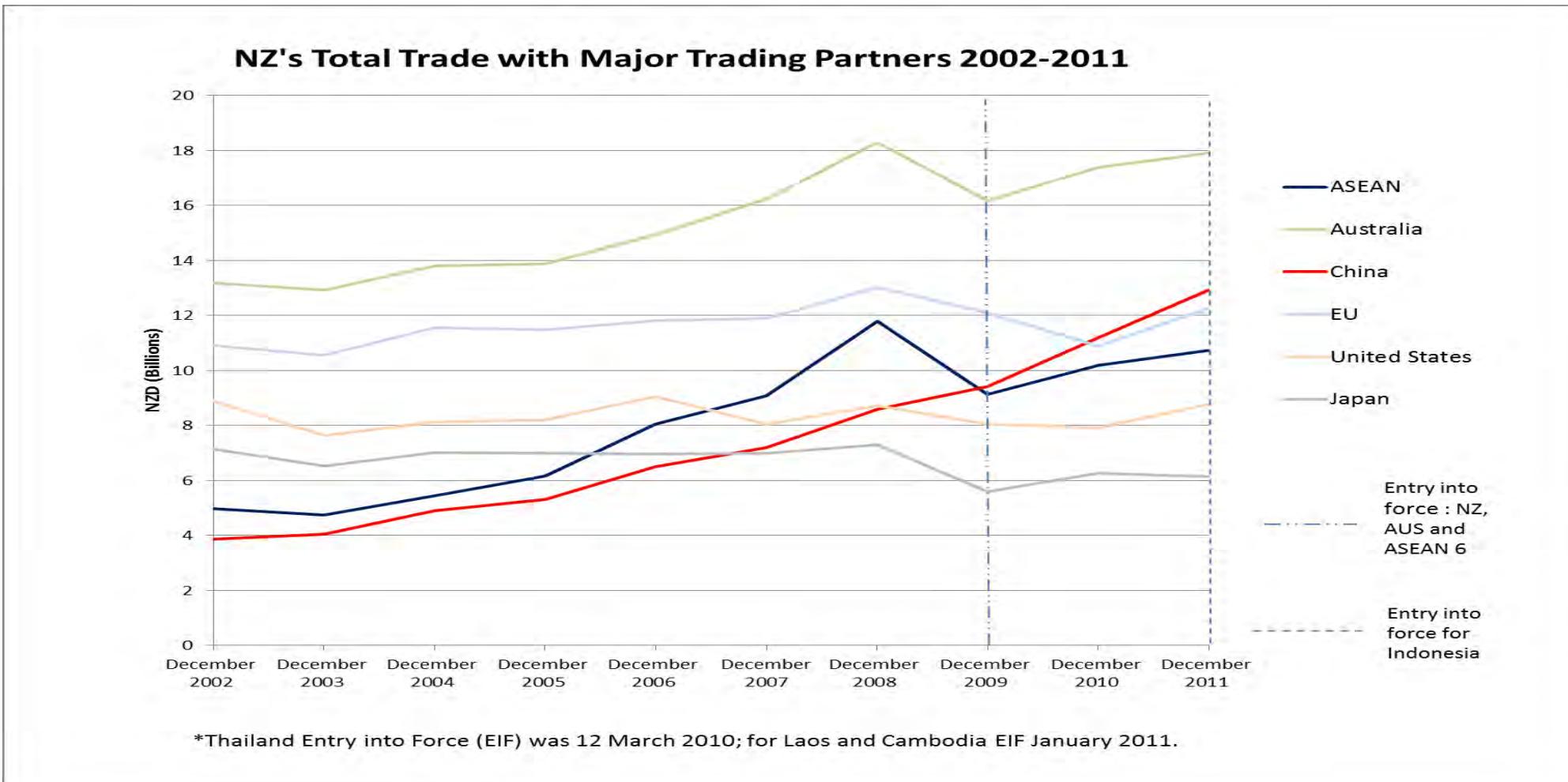
## The country's bourgeoisie is bigger than that in India and elsewhere in the region

*(in million people)*



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

# NZ trade with major trading partners (MFAT)

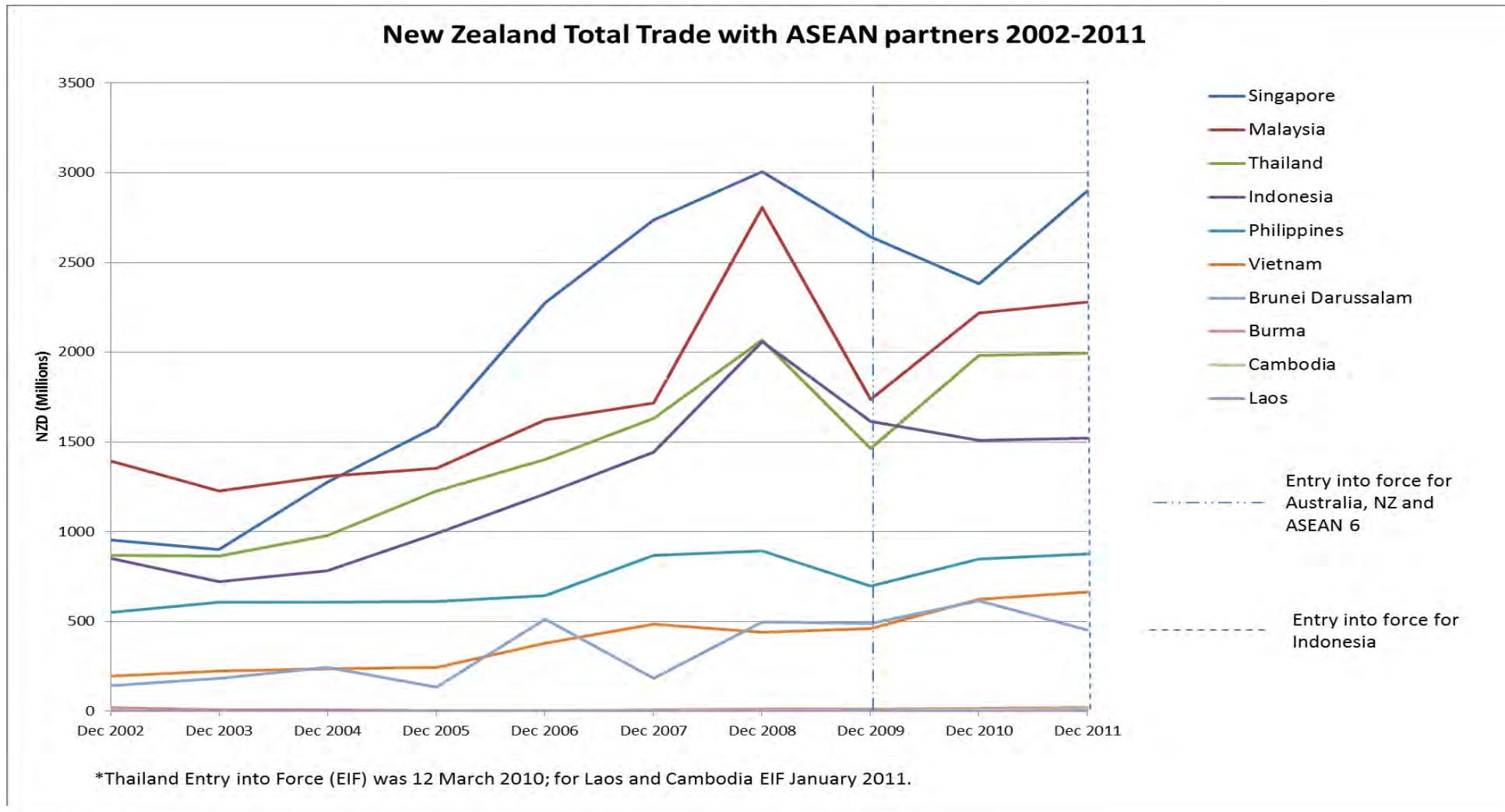


# Comparative Trade

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

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

# NZ ASEAN trade breakdown by market (MFAT)



# ASEAN trade with NZ

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

	EXPORT	IMPORT	TOTAL	RANK
<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

Dairy	50%
Meat	6.3%
Forestry	6.0%
Malt extract	2.7%

## Imports

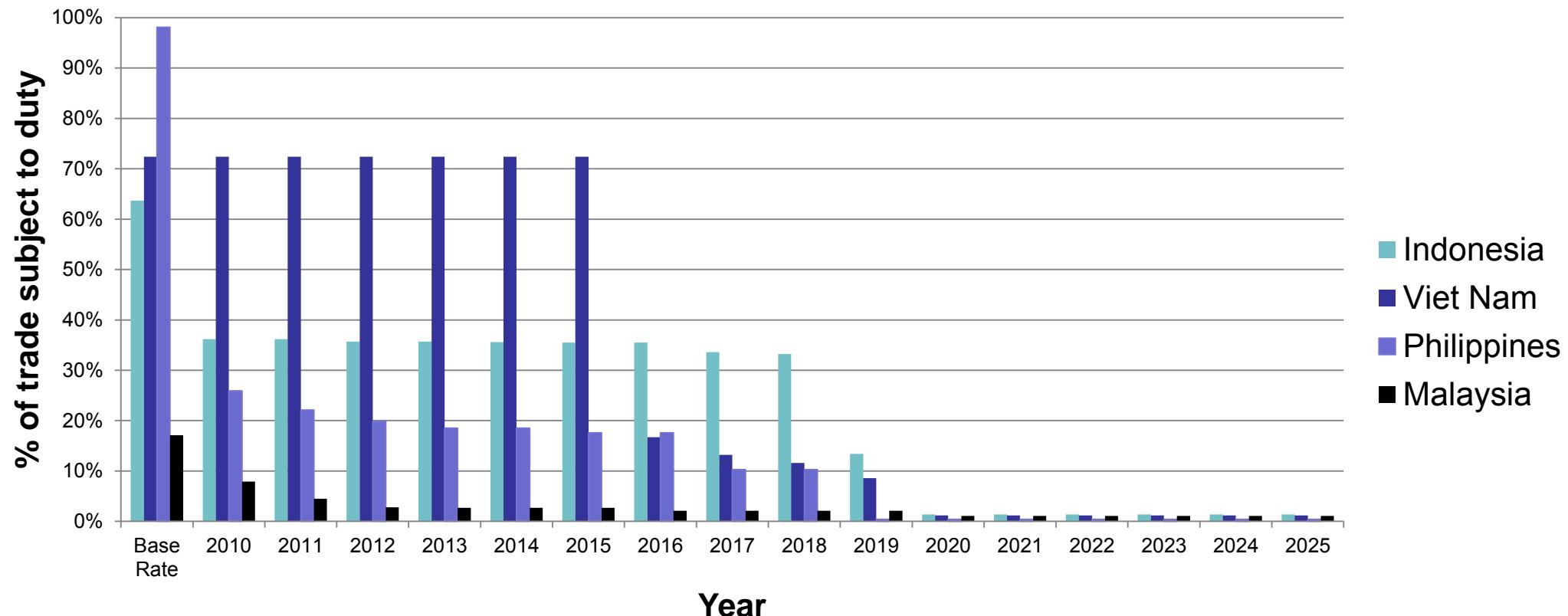
Petroleum/oil	41%
“Consumer products”	11%
Vehicles	9%
Oil cake	4%



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# 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, Agritechology**
- **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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