



Committee On Finance

Max Baucus, Ranking Member

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Baucus Explores U.S. –New Zealand Free Trade Agreement with Prime Minister

(AUCKLAND, NEW ZEALAND) Today, Senator Max Baucus, the Ranking Democrat on the Senate Finance Committee, which has jurisdiction over international trade, met with New Zealand Prime Minister Helen Clark to discuss strengthening trade ties between the United States and New Zealand through a possible free trade agreement. Senator Baucus is in New Zealand with a trade delegation representing a range of Montana businesses, as well as national companies.

“Prime Minister Clark and I agreed that our trade relationship is strong and flourishing,” said Baucus. “We also agree that we must work to strengthen this vigorous relationship, perhaps through a free trade agreement between our two countries. The Asia Pacific region is home to the world’s fastest growing economies and it is critical Montana businesses participate in this growth.”

Baucus continued, “Exports of Montana products to New Zealand increased more than sevenfold over the last 5 years. I will continue to work to ensure Montana businesses benefit from trade with New Zealand, and this trade mission is a critical part of that work. My Montana friends and I are here to build relationships, find opportunities, and discuss solutions to common challenges. It’s very exciting.”

New Zealand is an important economic partner for the United States and for Montana. Last year, merchandise trade between the United States and New Zealand exceeded \$4 billion U.S. dollars and services trade reached \$2 billion. New Zealand is one of Montana’s top 25 export markets.

While in New Zealand, Baucus also met with the Foreign Minister, the Trade Minister, and addressed the New Zealand-U.S. Council. He travels on to Australia today where he and the delegation will meet with Prime Minister John Howard. Remarks to the New Zealand-U.S. Council are below.

REMARKS TO THE NEW ZEALAND-UNITED STATES COUNCIL SENATOR MAX BAUCUS Auckland, New Zealand December 2, 2004

“It is a pleasure to be here this evening in this beautiful city. This is my first visit to New Zealand. I am grateful for your welcome and your hospitality.

I also want to thank all of you for the work you do every day. Groups like the New Zealand-United States Council play a critical role in building the case for trade. Your success stories prove again and again why lowering barriers and leveling the playing field make trade a win-win proposition.

I am especially pleased to be able to introduce you to the impressive group of Montanans who have accompanied me on this trade mission. They represent the full diversity of Montana's economy -- farming, ranching, manufacturing, tourism, and the service sector. Their presence here is a testament to the potential that we all see for a growing and mutually beneficial trading relationship between the United States and New Zealand.

That relationship is already flourishing. Last year, merchandise trade between our countries exceeded \$4 billion U.S. dollars. There was an additional \$2 billion in trade in the service sector. Exports of Montana products to New Zealand increased more than sevenfold over the last 5 years. Equally important to Montana, New Zealand kept a cool head and did not overreact to the recent BSE scare with a ban on U.S. beef – a major product in our state and critical to our economy.

As good as this trading relationship already is – it could be even better. That is why I have long been an advocate for closer economic ties between our countries. In fact, back in 2001, I introduced legislation to authorize fast-track consideration of a free trade agreement with New Zealand. I continue to believe a free trade agreement makes sense – so long as it is the right agreement. And the U.S.-Australia free trade agreement is a good model to follow.

Frankly, it would have made sense to include New Zealand in the Australia negotiations in the first place. Like Australia, New Zealand is a strong market for American manufactured goods and services. Like Australia, New Zealand can serve as a launching pad for reaching Asian markets. And New Zealand is a developed country with a strong legal system, which sets the stage for a high-standards agreement.

The right free trade agreement with New Zealand makes sense for Montana. You might not guess this, but – relatively speaking – New Zealand is a more important market for Montana than it is for the United States as a whole. While New Zealand is the United States' 49th largest trading partner, it is one of Montana's top 25 export markets – not far behind Malaysia and more important than Thailand or the Philippines.

That doesn't mean it would be easy. I know that negotiating a free trade agreement with New Zealand would raise sensitive issues for Montana's farmers and ranchers, some of whom are here with me today. But I also know that facing difficult trade issues head-on pays off in the end.

That is why I am so proud of my role in securing strong protections for Montana products, including beef and sugar, in the free trade agreement with Australia. Because I engaged constructively in those negotiations, negotiators on both sides met me half way. Those strong protections for agriculture would not have been in the agreement had I just said "no" to negotiating with Australia from the start.

Using our agreement with Australia as a starting point, I am optimistic that, if negotiations were launched, we could reach an agreement that is good for New Zealand, good for the United States, and good for Montana. But economic cooperation should not focus solely on a bilateral deal. Instead, we should also be looking for way the United States and New Zealand can work together on multilateral and regional trade issues.

First, of course, is the WTO Doha Round. We need to keep pressing for progress toward a global deal. Trade liberalization at the global level gives all countries the broadest possible benefits. This is especially critical for agriculture. In the end, the greatest prospects for both Montana's and New Zealand's farmers and ranchers are in third markets. And that future awaits a breakthrough that is best pursued in the WTO. So I certainly hope we can continue to work together toward that result.

I also think the United States needs to increase its focus on regional trade integration within the Asia-Pacific region. Ask any global business, and you will hear that the key growth markets for the next decade are in this region. Five of the top ten U.S. trading partners are in Asia. So are seven of the last decade's eleven fastest growing economies. More than half the world's population lives in the Asia-Pacific region. But we in the Government must pursue trade in this region with the same zeal as our business leaders do. We seem to forget sometimes that the United States is a Pacific country, too.

The momentum toward Asia-Pacific economic integration is growing. In early September, ministers from the ten ASEAN countries met in Jakarta to discuss accelerating the pace of their economic integration, both internally and with other countries in Asia. They set timetables for free trade agreements with Japan, South Korea, Australia, and – as you know – with New Zealand as well. They also made progress on free trade agreements with China and India.

Economic integration in the Asia-Pacific region can help create a larger market for U.S. goods and improve U.S. competitiveness – but only if we claim a seat at the table. And many countries in the region would like us to be more engaged, if only to check the rising power of China – a partner to many countries in the region, but also a major competitor.

The United States and New Zealand should work together to make sure that Asian economic integration is pursued in a way that benefits the broader Asia-Pacific region, of which we are both a part. One step in that direction is to revitalize the Asia-Pacific Economic Forum. Allowing APEC to fall into a secondary role in regional trade discussions has created a void that has encouraged Asian countries to look inward and define their region more narrowly. APEC is one place to start broadening the regional economic vision again.

But whether advancing APEC, the WTO, or a free trade agreement with New Zealand, the opportunities will be enormous. As will be the challenges. I often compare these challenges to the Soviet launch of the Sputnik satellite. The enormity of the task inspired the energy and creativity to launch a satellite of our own and ultimately win the space race. As you know, that success would not have been possible without the great New Zealand engineer William Pickering, who helped design the American Explorer 1 satellite.

Similarly, our future successes will also not be achieved unaided, but require the cooperation and inspiration of others. That is why the work of the New Zealand-United States Council is so essential. It is why my friends from Montana undertook this trade mission.

My time here in New Zealand has been productive – if all too brief. I hope that the connections made and the ideas exchanged during these two days will lead to new commercial and professional relationships as we move forward. Thank you again for your hospitality.

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