



Exploring the impact of regional economic integration on NZ's ports

The potential contribution of computable general equilibrium (CGE) modelling

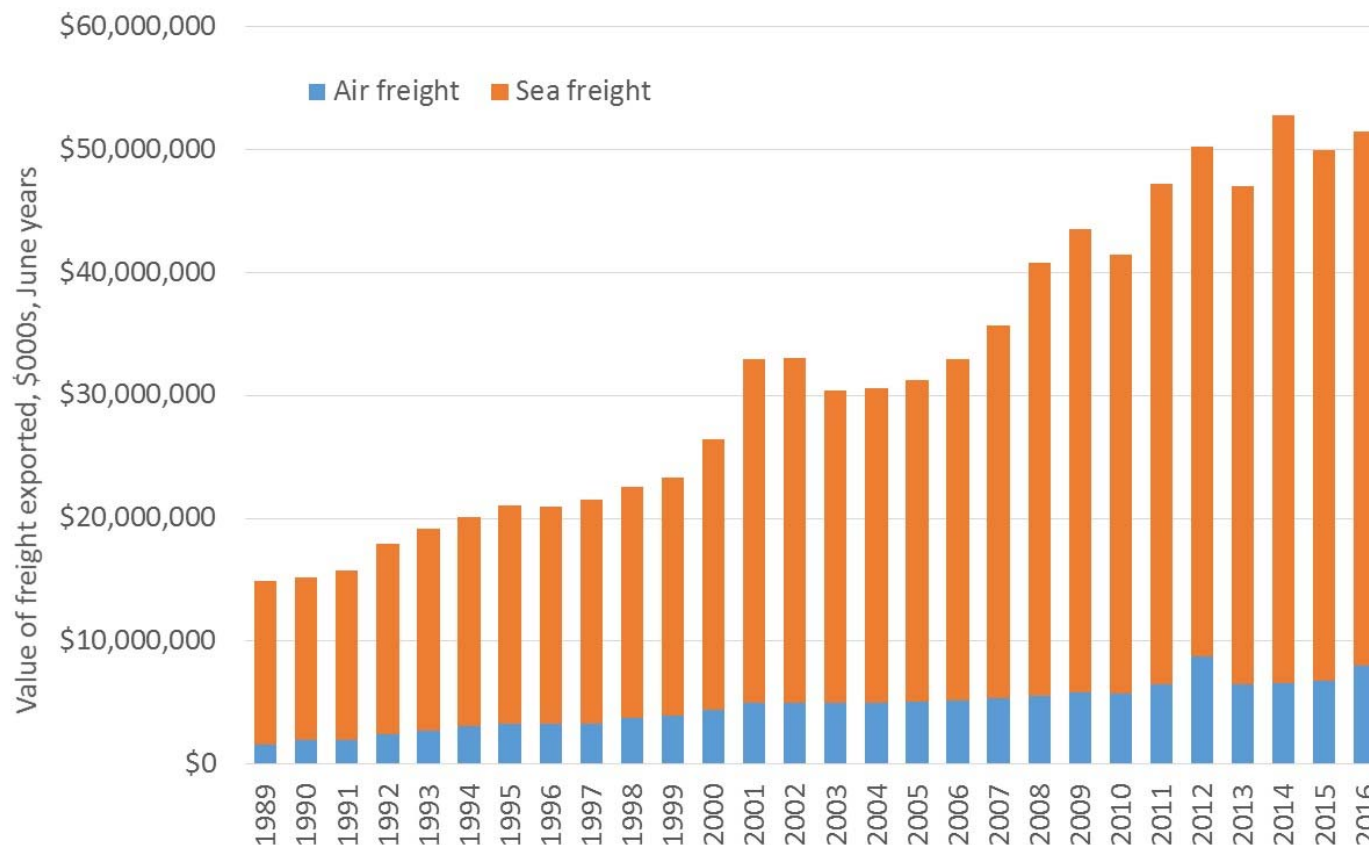
John Ballingall, Deputy Chief Executive, NZIER

PECC Seminar: Managing the blue economy – future of ports and shipping in the Asia-Pacific region

6 December 2016



Kiwi exporters rely on sea freight

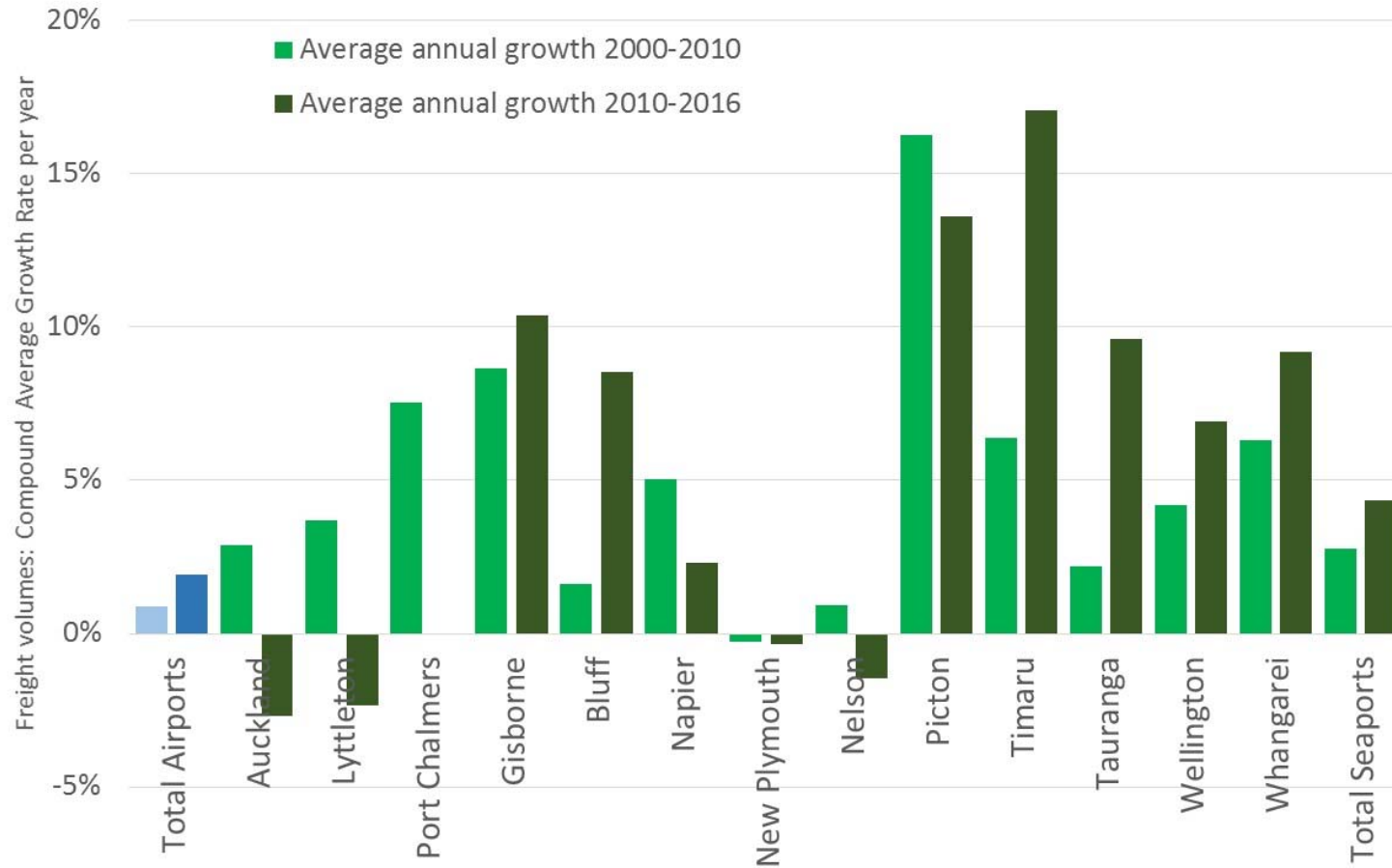


Sea freight

- 85% by value
- 99.7% by weight

Source: Statistics New Zealand

Significant variances in growth in sea freight volumes



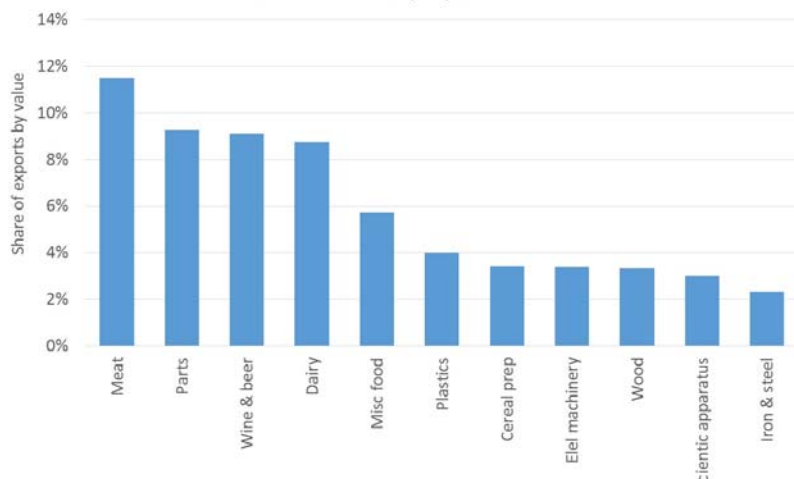
Source: Statistics New Zealand

What's behind the growth rates?

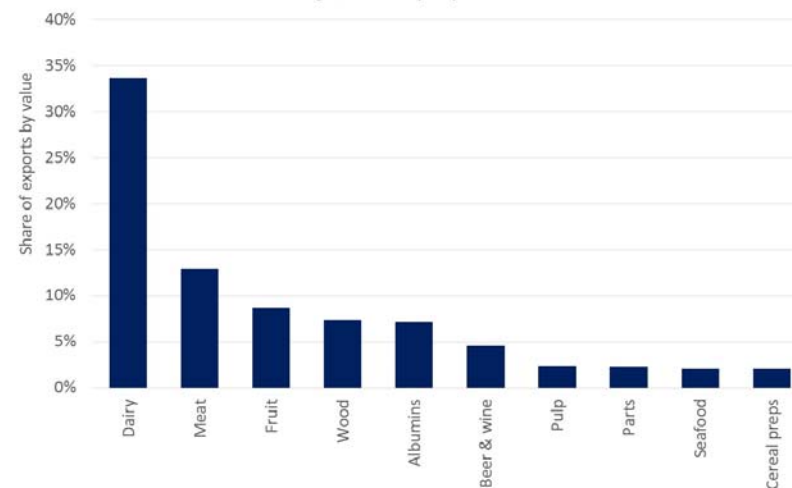
- Domestic production patterns
- Foreign demand for New Zealand goods
- Kiwis' demand for imports
- Supply-side initiatives by ports

Ports have different commodity mixes

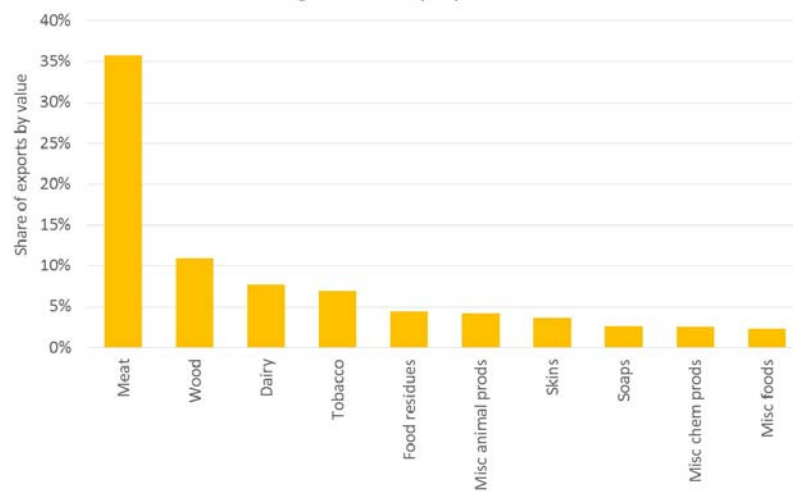
Auckland Port's key exports to APEC



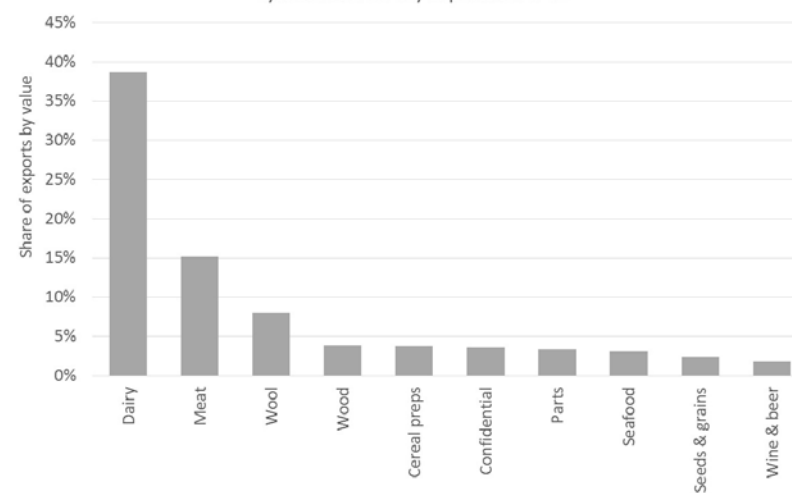
Tauranga Port's key exports to APEC



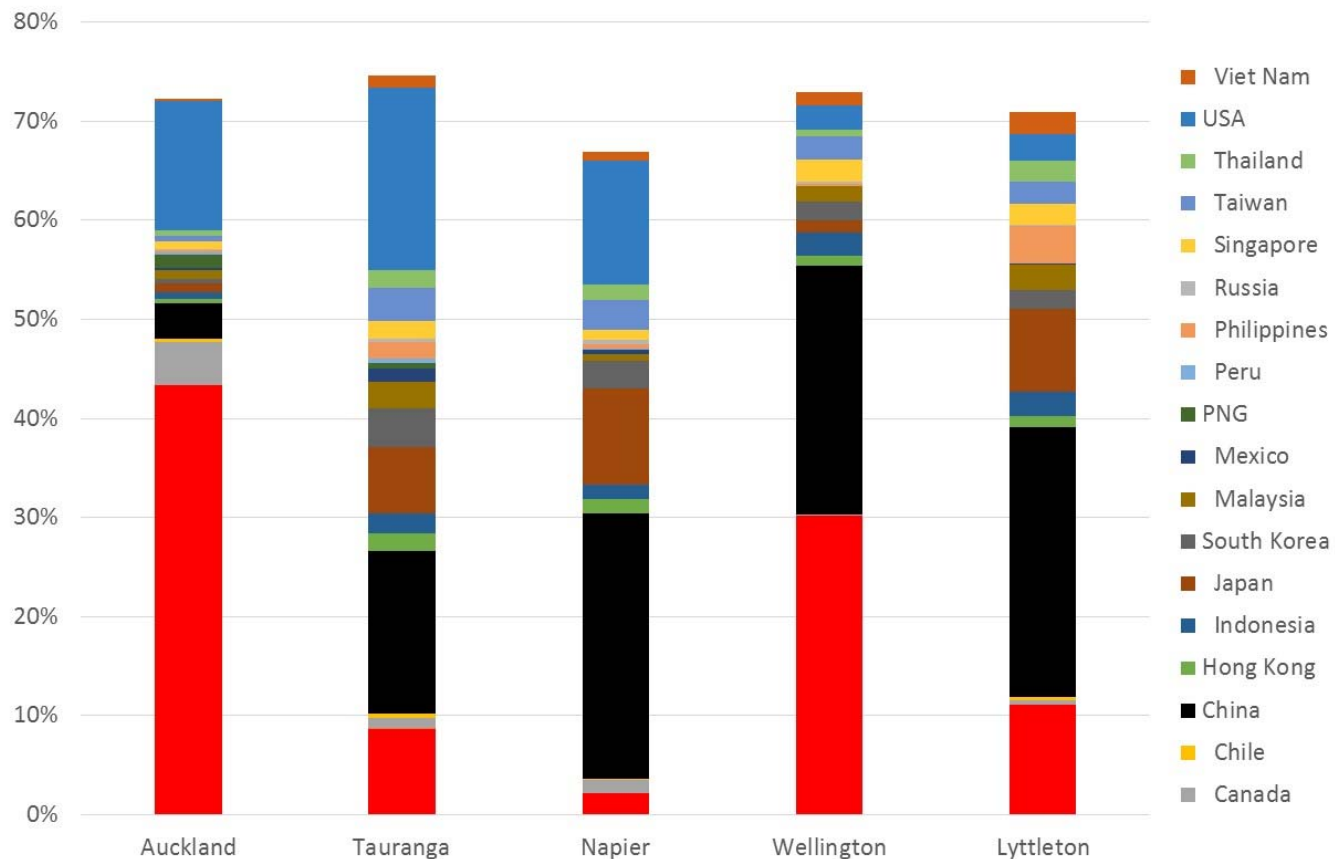
Wellington Port's key exports to APEC



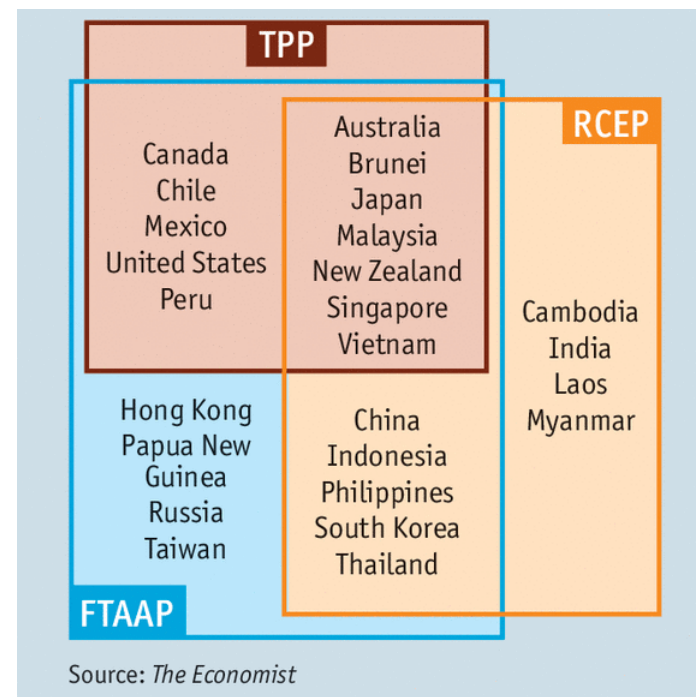
Lyttleton Port's key exports to APEC



And different export market mixes



Farewell TPP; hello FTAAP?



Economist.com

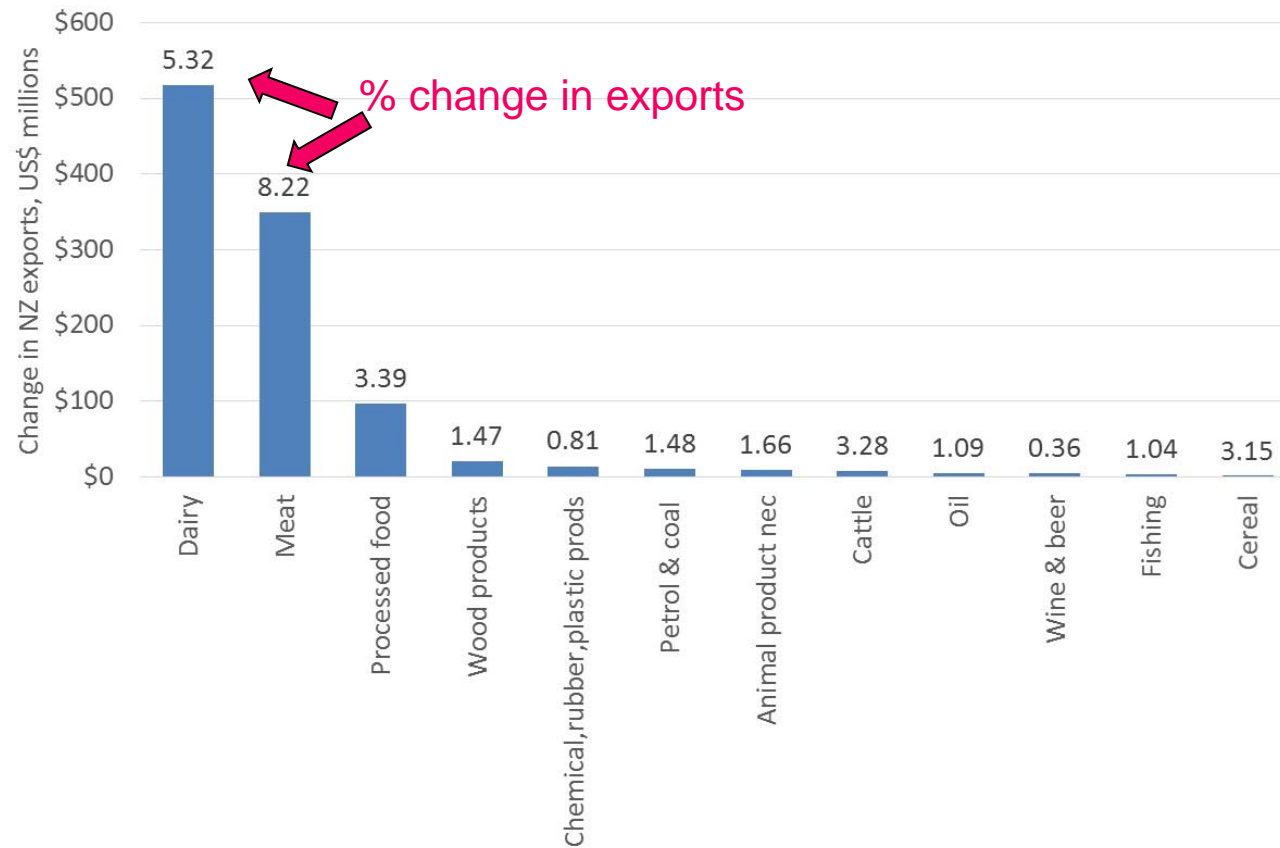
How might FTAAP affect NZ ports?

- If a high-quality FTAAP becomes a reality, it would lead to:
 - Tariffs falling
 - Use of NTBs being constrained
 - Services and investment liberalisation
 - Trade facilitation improvements
 - Behind the border regulatory streamlining
- Expect changes in the mix of:
 - Products that New Zealand firms export
 - Markets that they export to

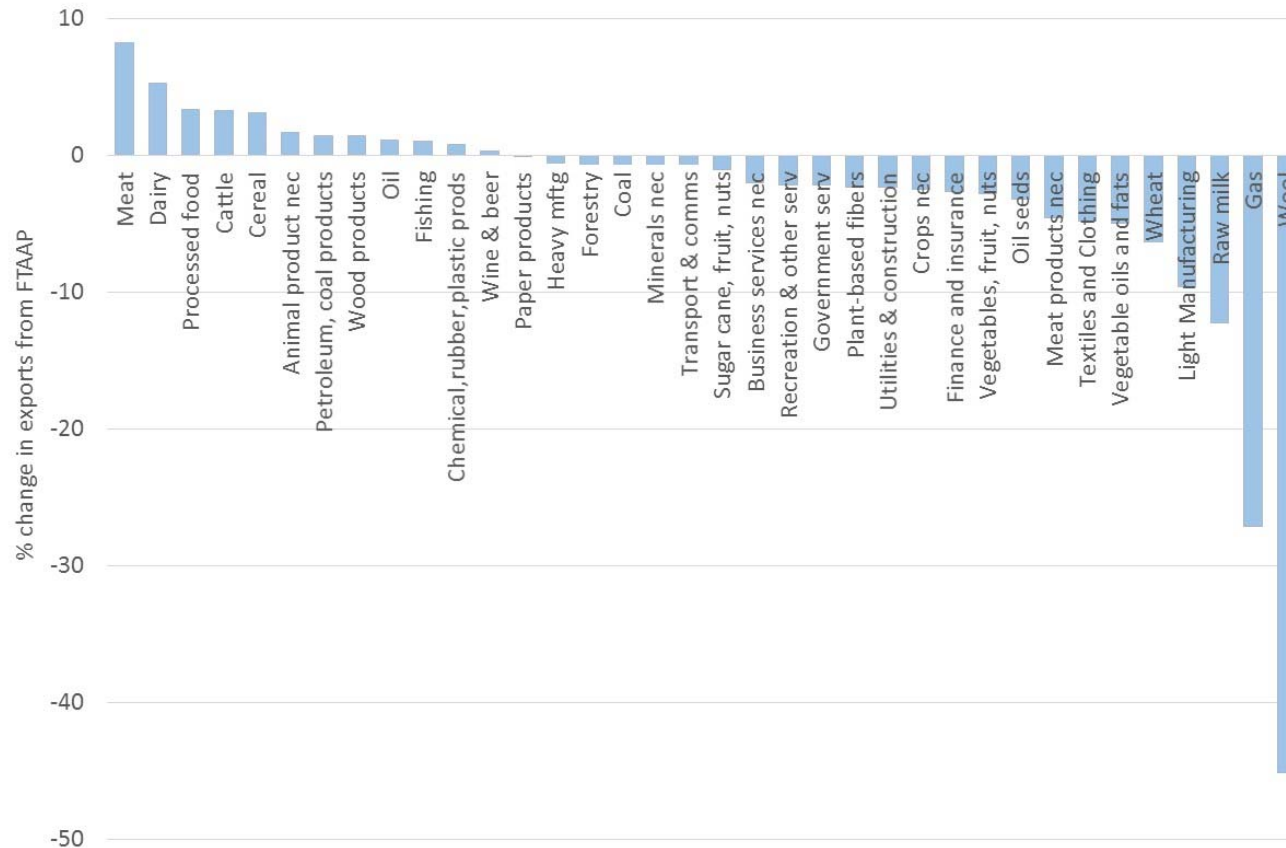
Modelling FTAAP

- We use the GTAP model of global trade
- 57 sectors
- 130 countries/region
- Production within and between countries adjusts to changes in relative prices
- Simulate full liberalisation of all tariffs on APEC trade, apart from dairy (50% cut)
- Illustrative only

FTAAP will support export growth in key areas of NZ strength

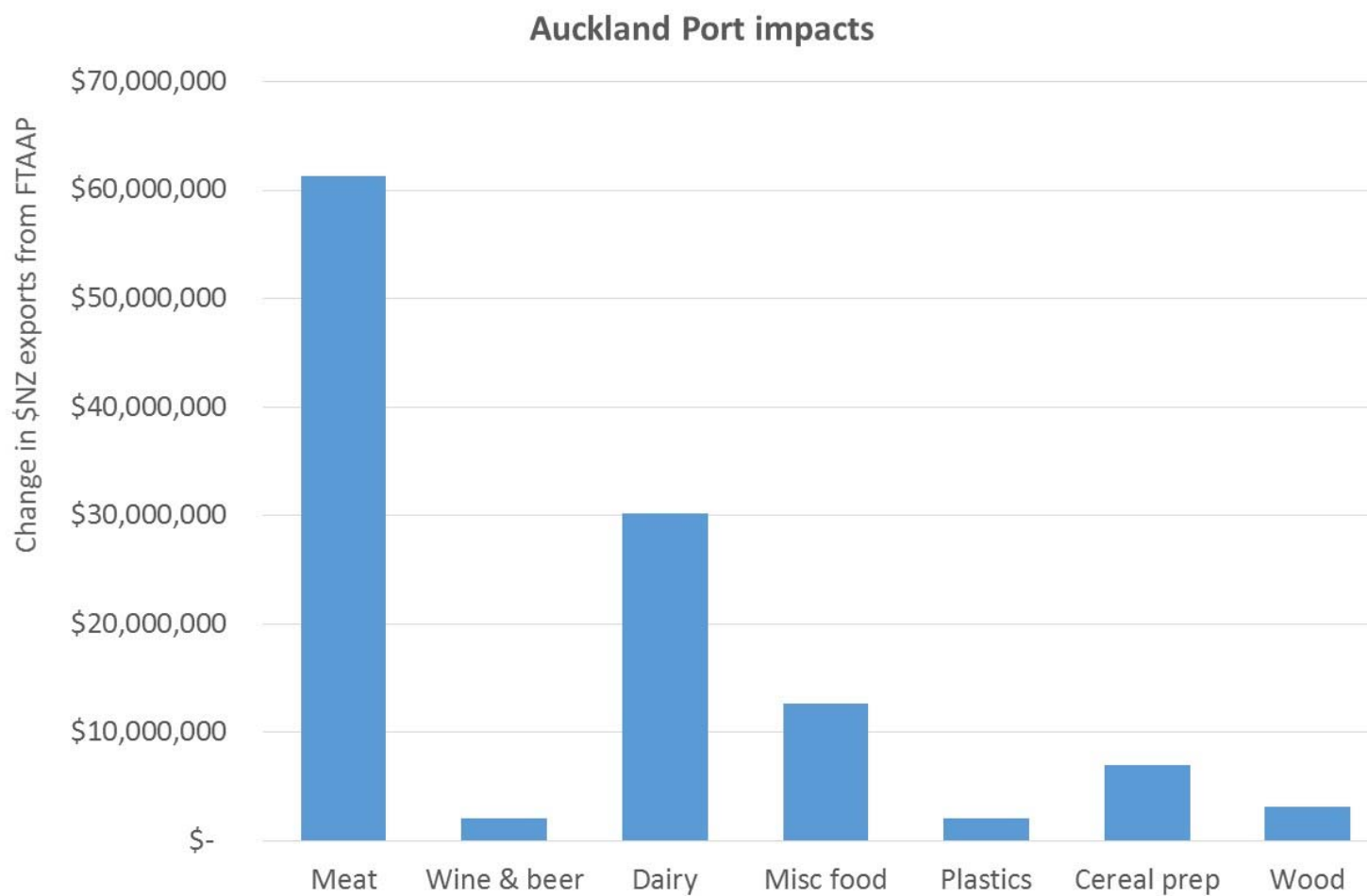


But not *all* sectors can grow due to limited resource availability

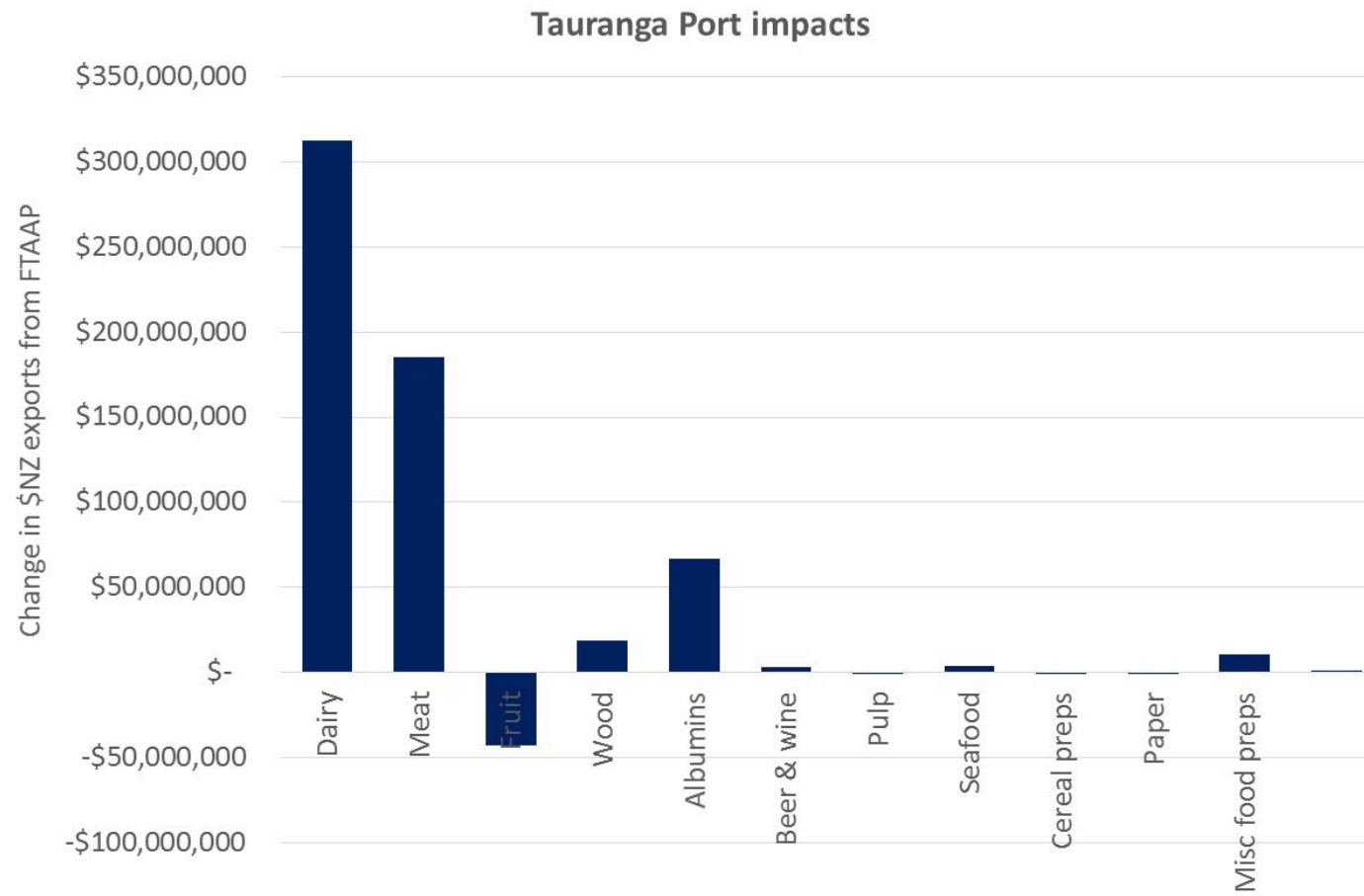


We can apply these export change results to each port's mix

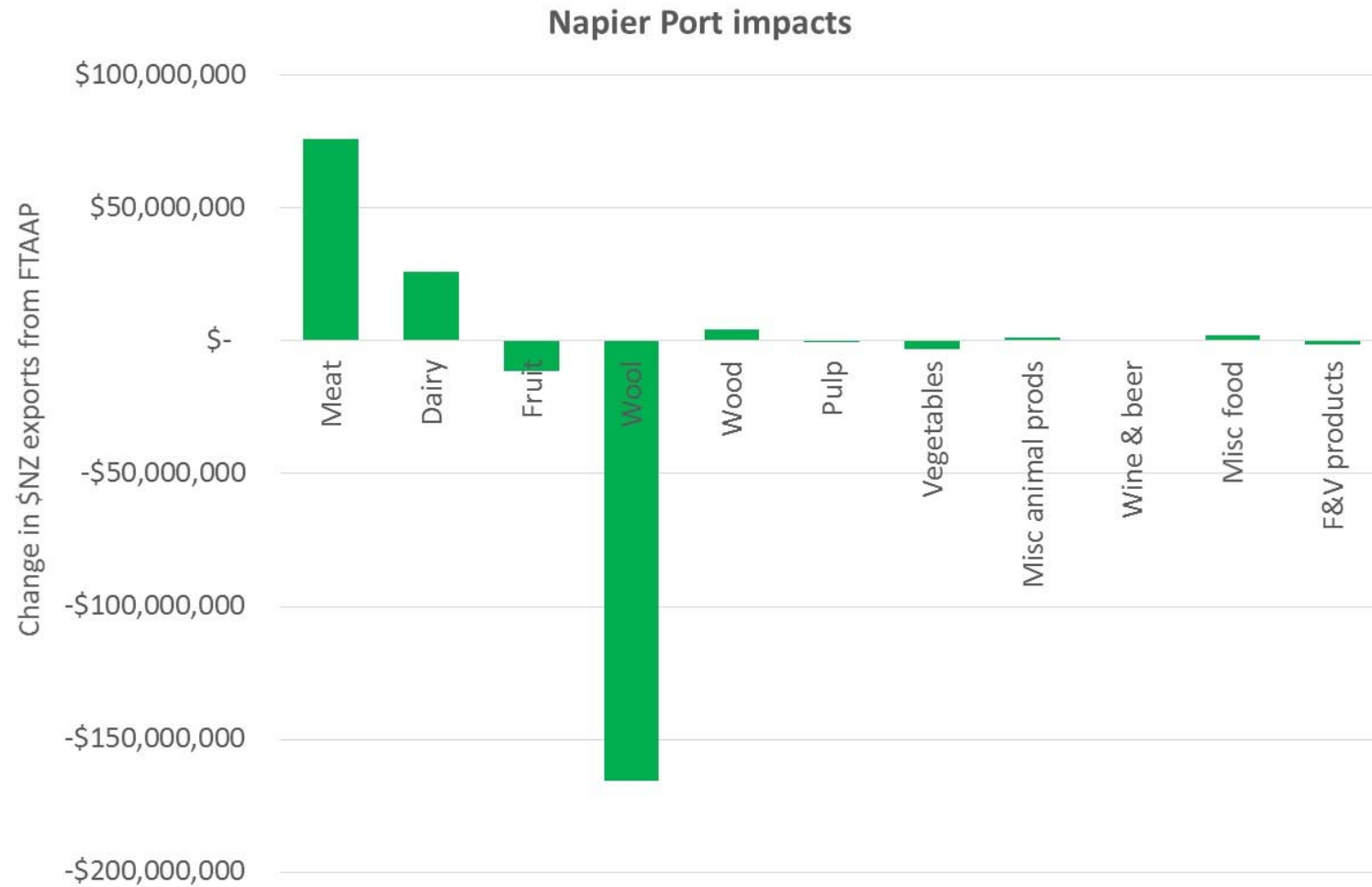
Different impacts by port: Auckland



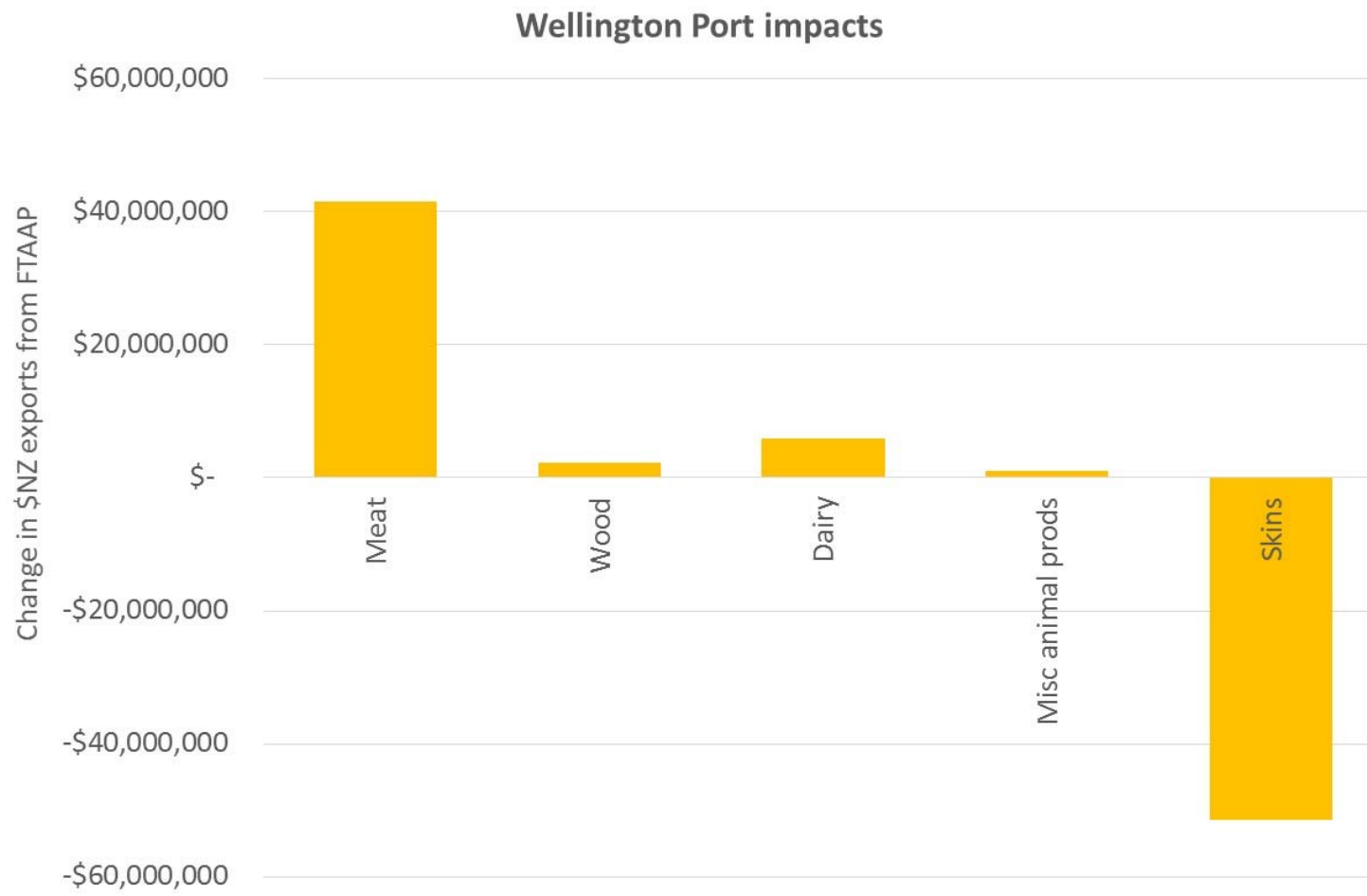
Tauranga



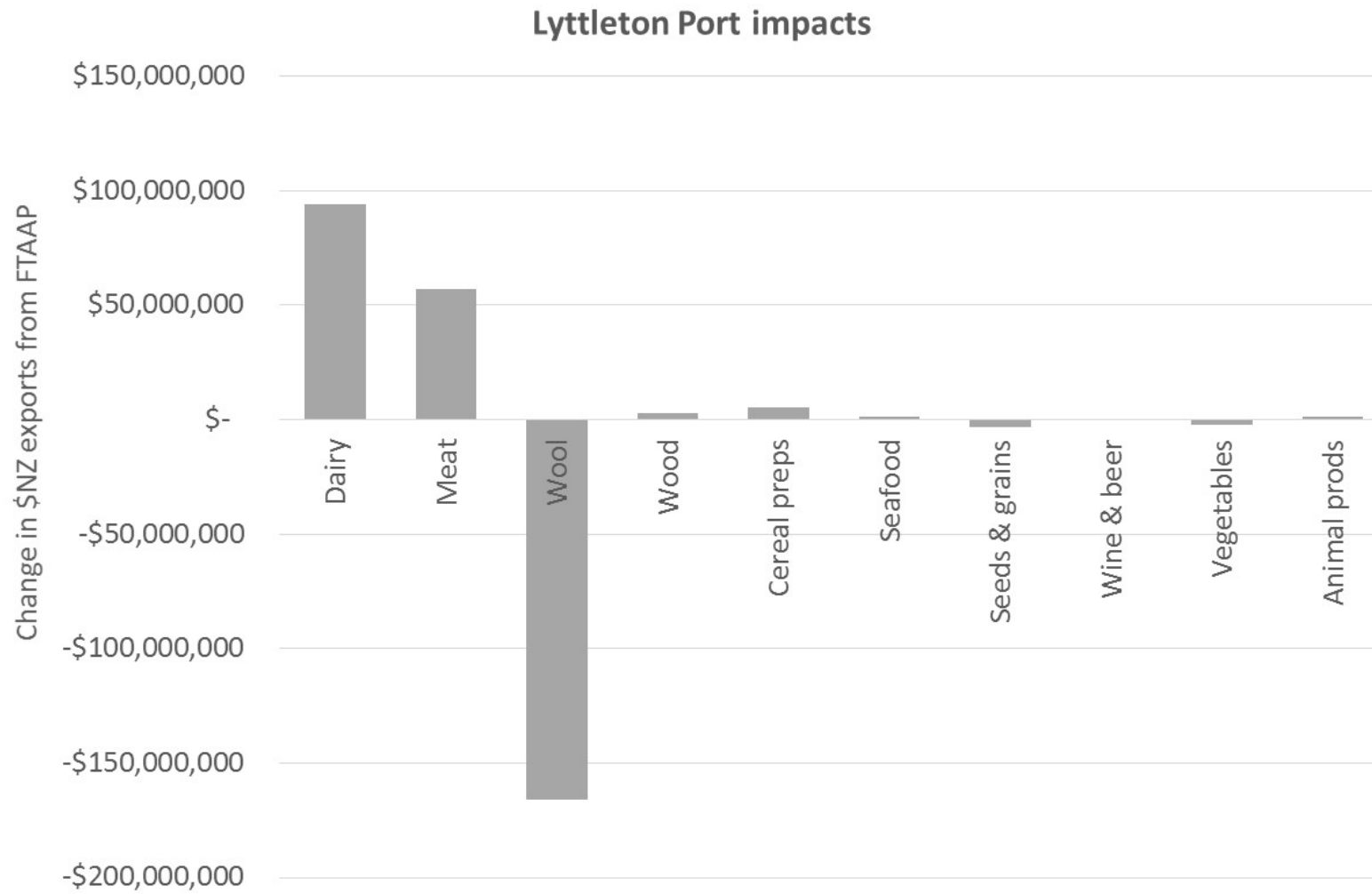
Napier



Wellington



Lyttleton



Takeaways

1. Check the date carefully!
2. Regional economic integration initiatives will continue in some shape, form or acronym
3. This will change:
 - What New Zealand produces and exports
 - Where we export to
 - The demand for ports' export services in New Zealand
4. Port-level impacts depend on commodity and export market mix, and expected changes in export patterns
5. CGE modelling can be used to help ports/shipping companies consider future regional trade patterns