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Living and adapting on the edge: New Zealand's trade and trade policy in a changing world

The golden weather for international trade is over

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From dependence to diversification: New Zealand's trade and trade policy path

New Zealand's economic growth has long depended on its ability to sell to the world, but the way it has done so has changed profoundly over time. For much of the 20th century, export success rested on a narrow set of agricultural products sold almost exclusively to a single market. That model delivered early prosperity but proved fragile. Over the past five decades, New Zealand has been forced, often painfully, to diversify its products, markets, and trade relationships. The result is an economy that is far more outward-looking, resilient, and strategically engaged, even as it continues to face the structural challenges of distance, scale, and global protectionism.²

Early success and structural vulnerability

New Zealand's relative standing in the world income-per-head tables has been sliding since about the early 1920s (Briggs 2003). Trading agricultural produce with the United Kingdom (UK) for manufactured products was initially a remarkable success story. Once refrigeration allowed perishable dairy and meat products to reach distant markets in good condition, New

Key points

- Geography and scale have long shaped New Zealand's trade, with diversification driven by external shocks such as the UK's entry into the European Economic Community (the forerunner to the European Union).
- Economic reforms and CER repositioned exports toward productivity, innovation, and market responsiveness.

New Zealand's economic performance over the last 25 years has been driven by dairy exports and access to the Chinese market, enabled by earlier domestic reforms.

- An active FTA strategy has anchored New Zealand in the Asia-Pacific. The main remaining barriers are regulatory and behind-the-border, making cooperation and alignment increasingly important.
- New Zealand's strength comes from remaining nimble. Agriculture remains a core comparative advantage, while services play a growing role in sustaining export competitiveness.
- New Zealand does best when it engages in practical, economically coherent initiatives rather than grand bargains.
- In a more fragmented global economy, New Zealand's strategy must focus on disciplined adaptation, deeper integration with trusted partners, and extracting greater value from existing agreements.

¹ cited by Tracy Epps at: <https://www.lawsociety.org.nz/news/publications/lawtalk/lawtalk-issue-963/international-trade-law/>

² Compare with the discussion of productivity in Conway (2016).

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Zealand was able to exploit its natural endowments.

We could produce dairy, meat, and wool efficiently and, for a time, enjoyed one of the highest standards of living in the world.

However, this success rested on a set of favourable conditions that proved fragile. New Zealand has always faced the headwinds of distance and scale.

Distance from consumers increases transport costs, increases exposure to shipping disruptions, and limits the ability to respond quickly to changing demand for high-value products. A lack of scale compounds the challenge, as we are unable to capitalise on initial successes.

Table 1 New Zealand's relative standing in the world income-per-head tables has been sliding since about the early 1920s

Growth in GDP for five periods from 1870; Compound annual growth rate (CAGR)

Period*	CAGR
1870–1914: Farming	4.30%
1914–1934: War, struggle, depression	1.30%
1934–1966: Long expansion	4.40%
1966–2002: Off the OECD pace	2.30%
2002–2025: Advent of China	2.54%

Note: Based on Rankin 1999, Easton (1990), Statistics NZ

Source: Briggs 2003 and NZIER

When the rules worked against New Zealand's interests

Fast forward from the miserable times of the world depression of the thirties to the bright new world being put together post-World War II. These challenges intensified. The British economy, New Zealand's principal market and economic anchor, began to falter amid war debts, industrial decline, and slower growth. At the same time, and for much of the rest of the 20th century, the countries that could afford to buy New Zealand's agricultural outputs were often unwilling to allow their consumers to do so (Nixon and Yeabsley 2002).

These protectionist pressures were embedded in the post-war international trading system. Although the General Agreement on Tariffs and Trade (GATT) was designed to reduce barriers to trade generally, agriculture was largely exempted from its disciplines.

These factors created persistent challenges for New Zealand's export-led growth model.

They explain why early prosperity proved difficult to sustain, and why New Zealand's relative economic position began to slip despite continued efficiency and innovation in agricultural production.

The 1947 negotiations in Havana yielded a large draft agreement to create an International Trade Organisation (IMF 1950), which it soon became clear would not be ratified by the United States. A slimmed-down version focused on what would and could be acceptable was put into force as the General Agreement on Tariffs and Trade. This set of Articles was the rules of the trade game for the next 50 years.

But still, agricultural trade was 'second class'. The restrictions on trade-distorting subsidies and protectionism by quantitative restrictions

did not apply.³ The attitudes of Europe and the United States carried the day.

For example, in 1955, the United States insisted on and obtained a “temporary” agricultural waiver under threat that it might otherwise withdraw from the GATT altogether. This waiver remained in force for almost 40 years and was used to justify import restrictions and quota systems for products such as dairy (Sharma 1998). For efficient agricultural exporters like New Zealand, this significantly constrained access to high-income markets and limited the gains that might otherwise have flowed from comparative advantage. New Zealand still has very limited access to the USA market for products such as dairy.⁴

Keeping on and on

New Zealand’s policy was to keep on going. After all, we had negotiated preferential access to the UK market in the Ottawa Agreement during the 1930s (Nixon and Yeabsley 2002).

But of course, this was not forever. From the late 1950s onward, it became ever clearer that the British future lay with Europe and that we needed to adjust our trading patterns – even before the UK’s entry into the European Economic Community in 1973.

The transition for New Zealand was painful. More than 90 percent of its butter and around three-quarters of its cheese were exported to the UK, and accession meant the abrupt loss of preferential access. New Zealand negotiated special, but explicitly temporary, access arrangements during Britain’s accession, underscoring that New Zealand could no longer rely on its historic role as “Britain’s farm”.

Slowly, but with increasing success, reliance on wool, meat, and dairy exports to the UK was reduced. This was the result of selling into

other markets and finding additional products to sell, thanks to a more realistic exchange rate and sustained promotional efforts.⁵

Losing Britain and learning to adapt

With Britain increasingly focused on Europe, New Zealand was forced to look elsewhere. Australia was the obvious candidate, but the economic relationship had long been uneasy. From sharp biosecurity disputes in the 1920s through to deeply entrenched protection on both sides of the Tasman, the relationship was characterised more by friction than cooperation.

Getting the Australian relationship right

The first serious attempt to formalise the relationship came with the New Zealand–Australia Free Trade Agreement (NAFTA) in 1966. In practice, the agreement was poorly structured and cumbersome. Vested interests on both sides ensured that sensitive sectors were carved out, reform was slow, and the agreement delivered little meaningful liberalisation. NAFTA became a trade agreement in name only. Despite this, some useful deals were done on a bilateral basis – so Australian concessions on newsprint and carpets were matched by New Zealand lowering barriers to Australian motor vehicles.

Ironically, it was this failure that set the stage for future success. The shortcomings of NAFTA shaped the design of its successor, the Australia-New Zealand Closer Economic Relations (CER) agreement. Signed in 1983, CER marked a decisive break from incrementalism. It was comprehensive, rules-based, and deliberately structured to minimise the ability of interest groups to block reform. Together with the domestic reforms that followed in the late 1980s, CER laid the foundations of New Zealand’s modern trade policy and transformed the trans-Tasman relationship from a defensive, protectionist arrangement into one of the deepest and

³ At least to products classified in Chapters 1–25 of the Harmonised System.

⁴ With the notable exception of casein, luckily classified in Chapter 35 of the Harmonised System due to its use in adhesives.

⁵ See Homewood et al. (2008) for a history of such efforts.

most durable economic partnerships in the world.

One feature was the recognition that trade was more than exports.⁶ Imports from efficient suppliers contributed substantially to consumer welfare. Eager acceptance of this benefit became a foundation of New Zealand's approach to trade.

Coupled with the reforms of 1984, CER assisted in transforming the New Zealand economy from an inward-looking, focused on selling a limited range of temperate-zone products, to an outward-focused economy looking to do business with the world.

From multilateralism to strategic FTAs

CER set the scene for a veritable explosion of FTAs in the 21st century. Inspired by another failure – that of the WTO tariff rounds recently – over the past 25 years, New Zealand has pursued an increasingly active trade policy across bilateral, plurilateral and multilateral settings. This 'full court' activism occurred at least in part because of the failure of the global trading system to conclude a comprehensive multilateral agreement⁷ since the Uruguay Round of GATT, which entered into force in 1995. While multilateral progress has stalled,⁸ the Uruguay Round continues to exert a strong influence on the design and content of modern trade agreements, particularly through its disciplines on tariffs, services, intellectual property, and dispute settlement.

In this environment, New Zealand has decisively shifted toward preferential trade agreements as its primary vehicle for advancing its trade interests. To date, New Zealand has concluded 17 free trade

agreements that are currently in force, with a further three awaiting ratification. Together, these agreements cover more than 70 percent of New Zealand's total global trade and provide access to over 2.5 billion consumers worldwide. They include major agreements with Australia (CER), China, the UK, the European Union, and large regional groupings such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the Regional Comprehensive Economic Partnership (RCEP), and ASEAN.

A striking feature of New Zealand's trade strategy has been its strong regional focus. Many agreements have been concluded with economies in the Asia-Pacific, a region characterised by rapid growth, rising incomes, and strong demand for New Zealand's goods and services. This reflects a deliberate judgement about where long-term trade and investment opportunities are most likely to lie, and where deeper economic relationships can be built over time. Agreements with Singapore, Thailand, Malaysia, South Korea, Hong Kong, Chinese Taipei, and Pacific Island countries under PACER Plus reinforce this outward-looking, regionally anchored strategy.

⁶ The idea that exports alone matter for a country is called mercantilism and is undergoing a revival at present in the US under President Trump – see below.

⁷ Small-country trade negotiators like New Zealand appreciate large-scale rounds as they yield wider benefits than those possible with the limited resources available, which are typically focused on key bilateral issues.

⁸ This does not mean the multilateral system has been entirely static. Progress has occurred in specific areas where political urgency has been high and interests

aligned. Recent agreements on fisheries subsidies and export controls illustrate that, when pressure is strong and coalitions form around clearly defined problems, multilateral outcomes remain possible. While incremental and difficult, such outcomes suggest that the WTO retains institutional relevance, even if comprehensive liberalisation has proven elusive and its dispute settlement mechanism is defunct due to successive US presidents' failure to agree to new members to top up the Appellate Body.

Figure 1 New Zealand's free trade agreements



Source: NZIER update to Ministry of Foreign Affairs and Trade (2024)

These agreements have been effective in reducing traditional trade barriers, particularly tariffs. In several cases, the impacts have been substantial. Trade with Thailand, for example, has more than tripled since the bilateral FTA entered into force in 2005. More significantly, China has become New Zealand's largest trading partner following the signing of the China-New Zealand FTA in 2008 and its subsequent upgrade in 2022. These outcomes illustrate the value of early, high-quality agreements with fast-growing economies. However, strong growth in bilateral trade does not automatically translate into a higher export share of national income. In small, rapidly growing economies, population growth can increase domestic absorption and shift resources toward non-tradeable sectors, thereby suppressing export intensity even

when trade agreements are successful. This underscores that market access is a necessary but not sufficient condition for lifting export performance relative to GDP.

Formal agreements were supplemented by other mechanisms that promoted economic cooperation. New Zealand has also benefited from participation in APEC. While APEC's original ambition, particularly the Bogor Goals agreed in 1994, has not been fully realised, the forum has played an important role in shaping trade policy norms and advancing practical cooperation in the Asia-Pacific.

For New Zealand, APEC has provided a platform to promote trade facilitation, regulatory cooperation, and economic integration in the world's most dynamic

region, complementing the country's formal trade agreements.

Beyond commodities: agriculture and services reconsidered

New Zealand's range of economic reforms⁹ of the mid-1980s represented a decisive break from a highly protected, inward-looking economic model and were particularly significant for the export sector. Before the reforms, our international trade was undertaken within a framework of heavy state intervention, including agricultural subsidies, export incentives,¹⁰ import licensing, and (as had once been common) a fixed exchange rate supported by capital controls. These arrangements insulated exporters from market signals, distorted production decisions, and tied export performance closely to fiscal support rather than international competitiveness. The reforms, initiated by the Fourth Labour Government from 1984, were driven by a severe currency-based macroeconomic crisis and a recognition that this model was no longer sustainable in a volatile global economy.

The withdrawal of agricultural and industrial subsidies fundamentally reshaped New Zealand's export base (Sandrey and Reynolds 1990). Subsidies had encouraged production that was viable only with government support, including farming on marginal land and a focus on a narrow range of traditional commodities. Removing these supports exposed exporters directly to world prices and input costs, forcing a rapid reallocation of resources toward activities where New Zealand had a genuine comparative advantage. This shift took place across the economy as high levels of protection on manufactured products were reduced, and imports from cheaper sources benefited consumers.

While the short-term adjustment was painful, particularly for employees of protected urban industries and pastoral agriculture, the longer-

term effect was to push exporters toward diversification, productivity gains, and greater responsiveness to overseas demand. The growth of horticulture, viticulture, niche food products, and higher-value processed exports reflected this shift from volume-based, subsidy-dependent exports to market-led specialisation.

The decision to float the New Zealand dollar in March 1985 was equally critical for exporters. Under the previous fixed exchange rate regime, exchange rate misalignments had periodically undermined export competitiveness and contributed to balance-of-payments crises, requiring abrupt devaluations and ad hoc controls. A floating exchange rate allowed relative prices to adjust continuously in response to changes in global commodity prices, capital flows, and terms of trade. For exporters, this meant greater exposure to exchange rate volatility, but also a more transparent and predictable framework in which profitability depended on productivity, innovation, and risk management rather than political decisions about the currency. Over time, the float reduced the need for crisis-driven interventions that had previously disrupted export planning.

Taken together, these reforms embodied a clear philosophical shift: economic decisions about how New Zealand connected to global markets were to be made by firms and households, through the market, not by government. Exporters were no longer shielded from international competition or supported through targeted assistance; instead, they operated within a neutral policy framework that emphasised price signals, competition, and openness. While this approach imposed significant short-term adjustment costs, it laid the foundations for an export sector that was more flexible, diversified, and resilient. This meant the New Zealand tradeable sector was better able to

⁹ See various contributions to Silverstone, Bollard and Latimore (1996).

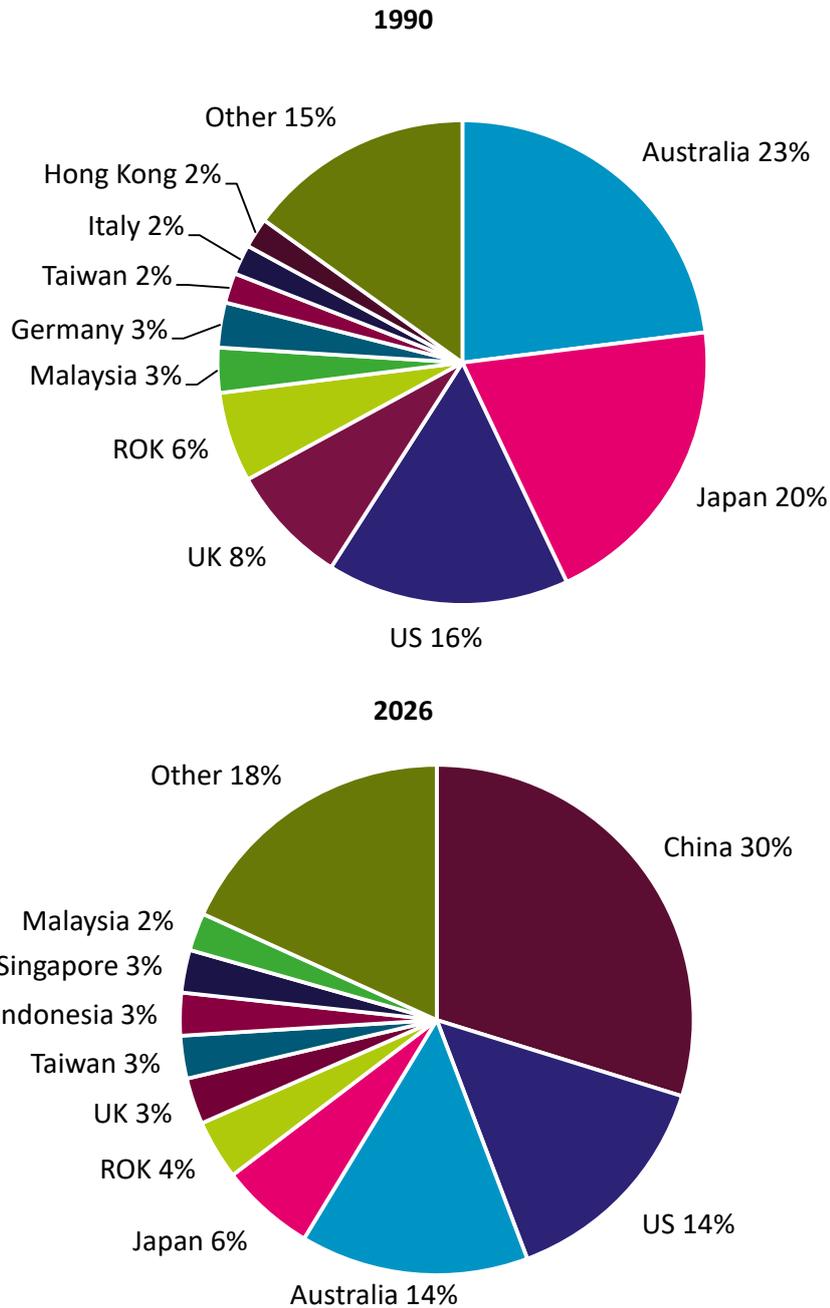
¹⁰ See Yeabsley (2008).

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adapt to changing global conditions without relying on fiscal or regulatory protection. Yet these reforms were not simply a domestic macroeconomic reset. They fundamentally altered the relationship between New

Zealand's internal economic structure and its external trade strategy. From this point on, trade policy and domestic reform moved together rather than creating tension.

Figure 2 New Zealand's top trading partners



Source: Statistics NZ

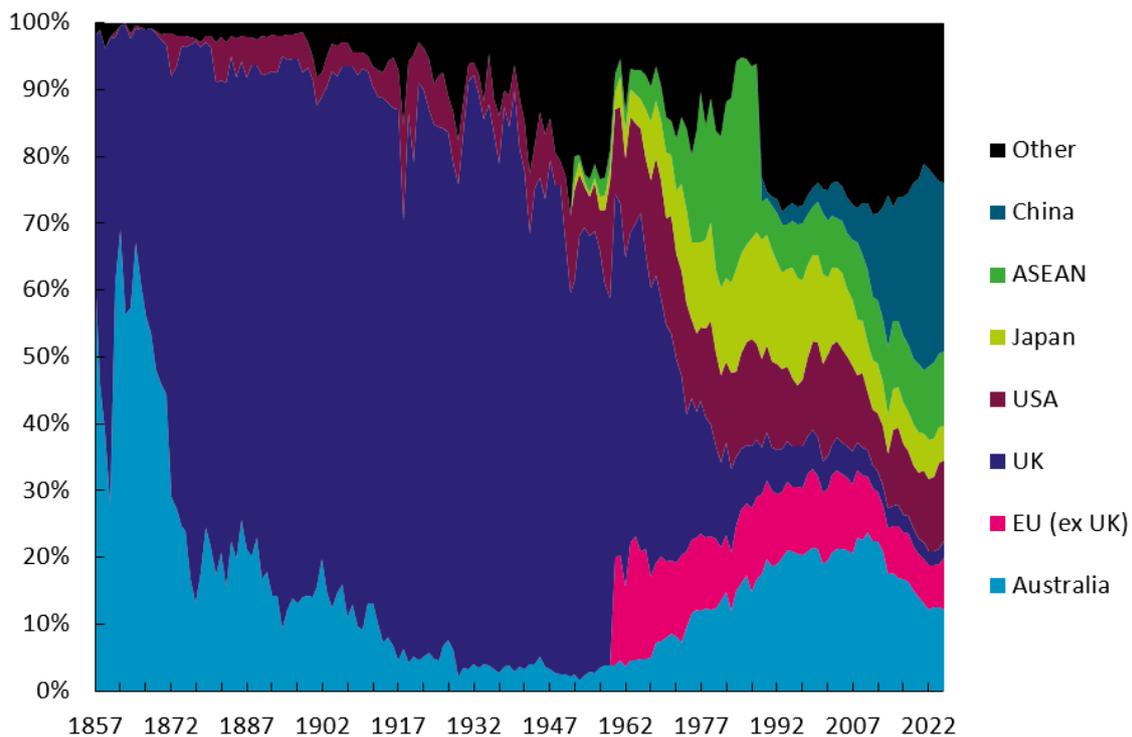
New Zealand's trade policy evolution and its domestic economic reforms were mutually reinforcing. The liberalisation of the mid-1980s did not simply improve macro and microeconomic performance; it reshaped the structure of the tradeables sector and enabled a more ambitious and credible trade strategy.

Competitiveness now depends on productivity and innovation rather than policy support. This domestic shift made comprehensive, rules-based agreements such as CER both possible and credible. CER was not simply a bilateral market-access arrangement; it reinforced structural reform by embedding

competitive discipline and regulatory cooperation across the Tasman.

The interaction between reform and integration transformed the export base. Traditional pastoral agriculture remained central, but production diversified into horticulture, specialised food products, forestry, and increasingly services. Export performance became more market-driven. Services grew both as direct exports and as embodied inputs in goods, reflecting a more complex and capability-intensive export structure.

Figure 3 New Zealand exports by country



Source: Briggs (2003), Statistics NZ, NZIER data1850.

This helps explain an apparent paradox. New Zealand is more diversified and better integrated than in the 1970s, yet exports as a share of GDP have not risen markedly (McKenzie 2024). Global trade growth has slowed since the mid-2000s. Domestic

population growth and housing expansion have increased the weight of non-tradeables. Distance and small firm scale remain structural constraints. The issue is not policy failure, but the interaction of reform success with enduring geographic and scale realities.

These structural features shape the next phase of trade strategy. With tariffs already low across most major partners, the marginal gains from additional conventional FTAs are diminishing. The remaining barriers are increasingly regulatory and behind-the-border. Addressing these requires alignment of standards, mutual recognition, and deeper institutional cooperation; areas where domestic regulatory quality and firm capability matter directly.

The logic of “deeper rather than simply broader” integration, therefore, follows from the structural transformation that began in the 1980s. Trade policy cannot substitute for domestic capability; it amplifies it. In a slower-growing and more fragmented global economy, extracting value from existing agreements and reducing compliance frictions across trusted markets will matter more than securing headline tariff reductions alone.

Added value, more to it than meets the eye?

In the 1980s, New Zealand agriculture was widely portrayed as a sunset industry, with little prospect of long-term export success.¹¹

In practice, the reforms of that decade underpinned New Zealand’s enduring comparative advantage in temperate-zone agriculture, enabling producers to supply globally traded products at lower cost than many competitors. (Remembering that temperate zone agricultural products are relatively niche.)

Despite this, critics have continued to focus on the sector’s structural and behavioural characteristics, particularly cooperative ownership models, which are often argued to constrain firms’ ability to pursue value-added strategies. In economic terms, the claim is that dynamic efficiency gains from branding, product differentiation, and downstream

integration should outweigh the productive efficiencies of commodity-focused production.

This long-running debate has resurfaced recently following Fonterra’s decision to divest its consumer businesses and return capital to farmers. While there is a strong case that incremental innovation within existing production systems will, in most cases, deliver higher and more reliable returns than large-scale shifts into consumer branding, the durability of the cooperative model in dairy and kiwifruit reflects deeper structural realities. Cooperatives help mitigate the challenges of distance and limited scale, since the commercial risks associated with establishing and sustaining high-value consumer brands are materially higher than for commodity exports.

In countries such as Ireland, Denmark, Switzerland, and the United States, these risks are eased by agricultural subsidies and proximity to hundreds of millions of consumers. By contrast, New Zealand cooperatives operate 2,000–12,000 kilometres from their markets, face tariffs, quotas, and subsidised competitors, and are subject to market access restrictions. When inevitable commercial missteps occur, they are far more costly and harder to recover from than those of the competition. The development of consumer products amplifies commercial risks, a point critics completely overlook or misunderstand.

The rise and rise of services

Since the economic reforms of the 1980s and the introduction of CER, New Zealand has experienced a profound structural transformation. Services now dominate both gross domestic product (GDP) and employment, as they do in other advanced economies, and their role in our international trade scene has changed the whole situation.

¹¹ This kind of thinking was not just reflecting the effects of agricultural protectionism, but earlier theorising summed up in what came to be known as the Prebisch-Singer hypothesis. The prices of primary commodities were said

to be in a long term decline relative to manufactured goods.

Both imports and exports of services have grown steadily over time. While services have traditionally been viewed as largely non-tradeable, this distinction has become increasingly blurred.¹²

Focusing on exports, a substantial share of New Zealand's export value now reflects services delivered directly to offshore consumers or embedded within goods exports, such as design, logistics, research and development, marketing, and compliance activities. When these embodied services are taken into account, services contribute significantly (Social Investment Agency 2014).

New Zealand's service exports remain concentrated in a small number of large sectors, most notably tourism and travel services, which include accommodation, transport, and retail spending by international visitors, and international education, which generates significant export earnings from international students studying in New Zealand. Transportation and logistics services also play a critical role, supporting both goods exports and international connectivity. Alongside these traditional strengths, there has been rapid growth in higher-value, knowledge-intensive services, including professional, scientific, and technical services such as engineering, IT, software development, and management consulting. Financial services, digital services, and creative industries have become increasingly important, benefiting from digital delivery and global reach.

The rising prominence of services reflects several structural shifts. Manufacturing firms increasingly compete based on service-related capabilities rather than physical production alone, a process often described as the

“servicification” of manufacturing (Statistics NZ 2019). Digital technologies have reduced barriers to exporting services, enabling faster growth in IT, software, and financial services. At the same time, firms have become more specialised, outsourcing non-core functions to service providers, while global demand for high-value services in areas such as finance, technology, healthcare, education, and the creative industries has risen.

As a result, services are now a central driver of economic growth, productivity, and innovation in New Zealand. They are increasingly tradeable, scalable, and deeply integrated into goods-producing sectors, underpinning competitiveness across the economy and shaping New Zealand's engagement with key international markets, including Australia, China, the United States, and the European Union.

The puzzle: why have we grown at all?

New Zealand's economic story contains a paradox. The country faces persistent structural constraints: distance from major markets, small domestic scale, and limited influence over global trade rules. For more than a century the principal strategy for overcoming these constraints has been export-led growth.¹³

Yet the results appear puzzling. Despite an active trade policy and extensive market diversification, exports as a share of GDP have not increased over time.¹⁴ Distance, small firm scale, and the growth of domestic non-tradeable sectors continue to limit export intensity, particularly in the 1970s and 1980s.

Nevertheless, New Zealand's economic performance improved after about 2000. Growth strengthened, export earnings expanded, and the economy proved more

¹² For instance, franchising has meant that a range of industries previously seen as non-tradeable like retailing, fast food and accountancy are characterised by international brands.

¹³ This is because we saw ourselves as suffering from Balance of Payments constrained growth even before

the relevant analysis existed – See Thirlwall (2011) for an overview.

¹⁴ In fact, over the 20 year period between 2004-2024 exports as a percentage of GDP have declined by 16% [according to WorldBank data](#)

resilient than earlier decades might have suggested.

The explanation lies less in a broad transformation of the export structure than in a combination of structural reform and a favourable shift in external demand. The economic reforms of the 1980s created a more flexible and competitive version of basically the same export sector. When China's rapid growth generated strong demand for dairy products, New Zealand was unusually well placed to respond. The resulting expansion of dairy exports to China has been a central driver of improved export earnings and economic performance over the past 25 years.

This experience highlights a broader point. New Zealand's trade outcomes are shaped not only by domestic policy settings, but by the nature of the relationships it forms with major partners.

Core relationships illustrate the different challenges New Zealand faces in navigating the global trading system:

- Australia: deep integration
- China: opportunity
- United States/European Union: constrained access
- ASEAN/India: new opportunities or continued constrained access?

Where are we now?

The economy is in much better shape

The New Zealand economy has changed markedly since the 1970s, shifting from a highly protected, agriculture-dependent market to a more diversified and service-oriented economy. In the early 1970s, agriculture accounted for around 12 percent of GDP, and exports were heavily concentrated on the UK (Statistics NZ 2012). Following the UK's entry into the European Economic Community, New Zealand diversified its production base and export markets, expanding into horticulture, forestry,

tourism, and services, which now account for around two-thirds of GDP.

Structural reforms in the 1980s removed subsidies and protection, leading to significant short-term adjustment costs but ultimately to a more resilient, market-responsive economy. Macroeconomic performance has also improved: the instability of the 1970s, marked by oil shocks, high inflation, and repeated recessions, has given way to generally lower inflation, higher employment, and stronger policy institutions.

In terms of income, New Zealanders are better off. Real GDP per capita increased by over 60 percent between 1970 and 2010 and has roughly doubled since the mid-1970s in inflation-adjusted terms. However, these gains have been uneven. Housing affordability has deteriorated sharply, with the house price-to-income ratio rising from around 2.7:1 in 1980 to about 7.7:1 by 2025, eroding improvements in living standards for many households (Auckland Council 2020; Statistics NZ 2012).

Overall, while New Zealand is wealthier and more economically resilient than in the 1970s, high housing costs and weak relative income growth compared with other advanced economies continue to constrain perceived prosperity.

Trade policy in an era of great power rivalry: confronting the elephant in the room

Trump has dominated the global trade agenda, and the outlook for the world economy is increasingly uncertain. The wider drift away from a rules-based international trading system threatens the stability and predictability on which small, open economies like New Zealand rely.

The return of overt protectionism, most visibly amid great-power rivalry, has weakened confidence in the global trading system and will weigh on global growth for years to come. The primary risk for New Zealand exporters is not immediate trade disruption, but slower growth in key markets as trade barriers rise and uncertainty increases.

Fundamentally, New Zealand has always understood that the rules-based system was imperfect, particularly for agriculture, and that major economies often bent those rules to their advantage. The system nonetheless delivered sufficient stability and incremental progress to justify continued engagement. The recent retreat of the United States from that system creates additional challenges, but it does not eliminate New Zealand's ability to act.

New Zealand is a small, open economy operating within a system largely shaped by larger powers. It cannot set the global agenda, determine the course of great power rivalry, or compel multilateral outcomes. Its influence is exercised at the margin. Recognising this constraint is essential to strategic clarity.

Compounding this is uncertainty about how the 'trade policy market' will evolve. It is not yet clear whether fragmentation will deepen, stabilise, or give way to renewed cooperation in some areas. Appetite for deeper integration will vary across partners and across time.¹⁵ In some relationships, there may be scope to advance mutual recognition, regulatory alignment, or new forms of cooperation. In others, political or strategic constraints may limit progress.

In this environment, flexibility becomes a strategic asset. Rather than pursuing a single doctrinal path, New Zealand's trade policy must remain adaptive, sustaining engagement in the multilateral system where practical progress is possible, deepening integration with trusted partners where incentives align, and extracting greater value from agreements already in place.

History suggests New Zealand has been most successful when it has focused on practical, economically coherent initiatives rather than unattainable grand bargains. CER remains the clearest example of this approach. One area with significant potential remains mutual

recognition of standards and other behind-the-border measures. These reduce compliance costs, increase certainty, and allow firms to scale across markets. International evidence suggests standards alignment can account for a material share of new trade growth (NZIER 2024). Extending elements of the CER and Trans-Tasman Mutual Recognition Agreement model into ASEAN and beyond, through coalitions of the willing where appetite exists, offers a realistic and high-return pathway, but only where partners are prepared to move.

The lesson is not that New Zealand can shape the global order, nor that deeper integration will always be available. Rather, in a more fragmented and uncertain world, New Zealand's trade success will depend on disciplined adaptation that preserves options, moving when opportunities arise, and quietly deepening integration where trust and alignment permit.

For a country long shaped by distance and scale, trade policy has been about influencing the rules and navigating them well.

This insight is the first in a series examining how New Zealand's trade and trade policy are adapting to a more fragmented and uncertain global economy. Subsequent pieces will explore in greater detail the strategic choices New Zealand faces to sustain export performance in a more contested world trading system.

¹⁵ In this respect taking advantage of windows of opportunity when they arise is critical. The window will

shut at some point and may not open again for many years.

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