

Strengthening Economic Relations between Australia and New Zealand

April 13, 2012

I thank the Australian government for its invitation to participate in written consultation on the above topic.

In my limited capacity and knowledge on macro and micro economic factors and relationship between nations around the world, I will make the following comments.

I am assuming that the term 'Economic Relations' has a broader meaning suggesting trade between the two countries and economic cooperation based on mutual agreements. Based on that understanding of the definition of the term 'Economic Relations', I wish to point out the following.

I am an Australian citizen and primarily I would address the topic based on my perspective in the best interest of Australia. Apart from publicly available information, I do not have any understanding of New Zealand. I have never been to New Zealand except on two or three occasions when I transited during my flights to Los Angeles at the Auckland airport. I could not say the same about Australia, I have a very good understanding of Australia's economy, its international trade statistics, its strategic relationship among countries in Asia Pacific and beyond.

When I arrived in Australia in 1983, Australia was relatively an unknown country among its neighboring countries. It was also the same year when Broken Hill Propriety Ltd (BHP) came into existence. Needless to say that over the years BHP went on to become one of the world's largest companies.

During those years of economic growth, I have witnessed many changes in Australia. Until then from my understanding Australia's trade figures were unimpressive and Gross Domestic Product (GDP) was relatively insignificant among OECD countries.

Historical evidence points to somewhat insignificant trade relationship between Australia and New Zealand before I arrived in Australia in 1983, however the level and depth of such a trade is unknown to me and therefore I choose not to comment on it.

From an international perspective New Zealand remains a largely unknown country in the world as far as international trade is concerned. Currently its biggest trading partner I assume is the United States. Even though Australia and New Zealand are former British colonies, I do not believe that culturally the two countries have all that much in common. The indigenous population in the two countries is vastly different in

traditions. Australian aboriginals are nomadic in nature that differs greatly from the Maori culture that is predominantly of an islander nature. I won't go into further details of the differences in culture because then I would be deviating from the topic of discussion.

If Australia intends to improve its trade and economic relationship with New Zealand, from an Australian perspective the most important question to ask would be how it would benefit Australia. International trade and economic partnership can only flourish if there are significant mutual benefits. As I had indicated in one of earlier paragraphs, I am making this submission based on an Australian perspective only.

Currently Australia's largest trading partner is the United States. In past few years, Australia has significantly increased its trade relations with several countries in Asia including China. The growth that China had experienced in the past ten years is somewhat waning gradually due to domestic factors. This may not necessarily affect the growth of the Asian countries in general including the developing world economies China and India.

In the broader context, I do not know where New Zealand is placed in the international trade equation significance and therefore I do not really know how a strengthened 'Economic Relations' with New Zealand would benefit Australia. I guess all international trade and economic relationship would be based on mutual benefit. In this regard Austrade, under the auspices of the Department of Foreign Affairs and Trade, Australia's foremost trade authority, would know more about such a complex topic.

If you have any comments regarding my submission, please write to me at joelkrose@email.com.