

## **MFAT re India FTA**

### **ALENZ submission to MFAT: How can we learn from existing FTAs in the drafting / negotiation of New Zealand's FTA with India.**

#### Background

The Aluminium Extruders Association of New Zealand (ALENZ) represents the interests of five private companies across New Zealand who extrude aluminium sections for the construction, marine and transport sectors. Refer <https://alenz.nz>

Since 1959 these businesses have been major employers in our regional centres providing resilience in New Zealand's manufacturing and construction sectors.

ALENZ members support free trade. We want to support MFAT in the negotiating of the free trade agreement with India and the development of new trade clauses which ensure that local manufacturing is not decimated as a result of changing geopolitical factors and the internal economic conditions of our trading partners which can severely impact upon local manufacturing.

The experience of COVID has demonstrated the critical need for resilience of local manufacturing and the inter connectedness of local supply chains across local manufacturing and other sectors which enable our economy to survive, exports to be maintained and our people employed.

#### Learning from earlier FTAs and how changing geopolitical circumstances can undermine local manufacturing

The market for local extrusions in New Zealand continues to grow as aluminium supplants traditional structural materials owing to aluminium's higher strength to weight ratio and higher corrosion resistance. The transition to a lower emission economy has seen increased use of aluminium, particularly in solar installations.

The market for aluminium extrusions, products like those manufactured in New Zealand (i.e. tariff codes 76042909/76042100) has grown by a third over the last decade.

Most of this growth has been accounted for by imports, and in the last two years imports of products like those manufactured in New Zealand, sourced from China have risen at an alarming rate.

The construction slowdown in China has resulted in Chinese extruders seeking export growth and in 2024 imports of 76042100 (hollows) increased by 51% over the previous year at an average value per kg 33% below the value per kg of all imports of 76042100. Given that aluminium extrusion costs are much the same the world over this is alarming.

Since 2017 ALENZ has maintained a "best manufactured cost model" for extrusion manufactured in China, (based on LME values for aluminium and alloys, manufacturing costs

benchmarked against India and freight from China). The average value of imports of 76042100 from China in last three months of last year was \$1.00 below best manufactured cost in China.

Analysis of import shipment declarations over the last three years revealed that in 2021 imports from China of products like those manufactured in New Zealand, which were significantly below best manufactured cost, totalled 4.1% of extrusion imports. The following year this had increased to 8.7% and by 2024 imports from China significantly below best manufactured cost amounted to 21% of all imports of extrusion products like those manufactured in New Zealand.

How can NZ take these recent learnings into future FTAs to ensure local manufacturing is not destroyed by changing geopolitical factors and the economic conditions in our FTA partner countries.

ALENZ proposes that MFAT introduces a chapter in future FTAs which:

- acknowledges the value to New Zealand of local manufacturing, delivering resilience of our economic future
- includes recognition of best manufactured cost models (by sector) as a benchmark for products like those manufactured in New Zealand
- institutes electronic monitoring of imports, like those manufactured in New Zealand
- secures immediate introduction of tariffs (safeguards) on imports below best manufactured cost without the need for local manufacturers to implement costly dumping /subsidy trade cases.

This parcel of actions would serve to acknowledge the role of New Zealand's manufacturing overall, and aluminium extrusion in particular, and provide a pathway to ensure the survival of local manufacturing when changing geopolitical and / or conditions of the local economies of our FTA partners inadvertently threaten the livelihood of local manufacturing.

ALENZ members thank MFAT for their open engagement and willingness to explore new initiatives to secure resilience of local manufacturing in New Zealand. We would appreciate the opportunity to brief the negotiating officials in person if possible.