

Public Sector, "Buy NZ" and Free Trade Agreements

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How does a campaign for the public sector to "Buy NZ", to aid job retention for example, fit with New Zealand's pro-free trade foreign policy agenda?

New Zealand, for understandable reasons, takes a strong pro-free trade line internationally. Yet there is political and commercial pressure domestically for the public sector to "Buy NZ" instead of buying offshore.

Can the public sector be pushed to source goods and services locally, while NZ seeks access to others' markets?

Central Government has procurement obligations, called the Mandatory Rules, requiring non-discrimination against international suppliers. However, subsequently, an obligation was imposed required agencies to justify decisions to buy off-shore.

Seemingly overlooked, amidst the cry to "Buy NZ" is that the Mandatory Rules are the direct manifestation of New Zealand's wider policy objectives: the strong free trade stance internationally.

The Mandatory Rules implement the existing TPP (previously known as P4) free trade agreement,¹ which the USA and New Zealand

are using as the basis of their free trade negotiations.

In pushing back on the application of the Mandatory Rules, there is, in effect, push back on New Zealand's wider free trade objectives. The "Buy NZ" campaign is interesting, when it comes to public procurement, given the international free trade stance.

Ultimately, does a Buy NZ campaign save jobs in net terms, particularly where greater returns may be possible by focussing on lucrative foreign markets, opened up by free trade agreements. Is a "Buy NZ" approach consistent with greater economic benefit for New Zealand, or does it just preserve inefficient providers? Now that's something that is worth assessing carefully, against the background of two inconsistent drivers, free trade and favouring local suppliers.

Can New Zealand have its cake and eat it too?

¹ *Trans-Pacific Strategic Economic Partnership Agreement*: <http://www.mfat.govt.nz/Trade-and-Economic-Relations/Trade-Agreements/Trans-Pacific/index.php>.

We welcome your feedback on this article and any enquiries in relation to its contents. This article is intended to provide a summary of the material covered and does not constitute legal advice. We can provide specialist legal advice on the full range of matters contained in this article.

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Solicitors

PO Box 10842 • Level 7 • 107 Customhouse Quay • Wellington • New Zealand
DDI + 64 (4) 499 4841 • MOB + 64 (27) 445 3452 • FAX + 64 (4) 471 1833