

POST-CABINET PRESS CONFERENCE: MONDAY, 22 MAY 2017

PM: Good afternoon, ladies and gentlemen. As you know, I got back yesterday from a trip to Japan and Hong Kong, where I met a cross-section of political and business leaders in both places. It was a very successful trip, and I found strong interest and knowledge of New Zealand from pretty much everyone that I met. Particularly pleasing was to hear first-hand from Japanese Prime Minister, Shinzo Abe, that Japan is committed to driving forward the Trans-Pacific Partnership. Trade is the lifeblood of this economy. To maintain and certainly to improve our standard of living, we need to continually open up new markets to our exporters, who have a good track record of pushing open any doors that Governments open into new markets.

In that regard, it's very encouraging that Ministers from the 11 remaining TPP countries unanimously agreed at a meeting co-chaired by New Zealand in Hanoi yesterday to explore ways to move the trade deal forward. Even without the US, improving access to Japan, the world's third-largest economy, and the other trans-Pacific markets will be a benefit to New Zealand directly, and, I believe, through the strategic interest of better economic integration in the region.

The immediate benefit of a TPP 11 would be an annual tariff saving of more than \$200 million. So this agreement will deliver commercial as well as strategic benefits to New Zealand, it will help to knit the dynamic Asia-Pacific economies more closely together, and, importantly, at this time, champion open markets when there is significant international uncertainty and more discussion about protectionism.

As you also know, on Thursday finance Minister Steven Joyce will present the 2017 Budget. It is one I'm particularly looking forward to, partly because I'll get to sit down through the long Budget speech for the first time in 9 years, but, mainly, it's because after 8 years of hard work by New Zealanders to get the Government's books back in shape, we now have significant choices and significant positive choices. You can expect that Budget 2017 will make responsible use of this opportunity, because we'd like to maintain the capacity for more such opportunities in the future.

We won't be doing what the last Government did when New Zealand was last in surplus, which was to increase spending by 50 percent over the 5 years to 2009 for no decisive or discernible improvement in public services, and certainly no changes in people's lives—and probably better music at the time. It can be hard to find the off button, can't it, particularly with politicians. The money in the Government's accounts has been earned by hard-working taxpayers, and we want to ensure that in election year, when there's a temptation for bidding wars, that we make the biggest difference we can with those surpluses.

In the House this week, we will look to make more progress on the Statutes Repeal Bill and another interesting bill, the Point England Development Enabling Bill. You've all heard about Labour's housing policy, but it happens that when it comes to actual developments, they're opposed to them and, as I understand, it will be voting against the Point England Development Enabling Bill, which would enable significant developments in the Tāmaki area of Auckland, just as they are opposing vigorously the Three Kings development in Auckland, somewhat in contradiction to their conceptual policy.

Mr Joyce will deliver the Budget on Thursday. I'll be in Wellington until Thursday, and in Auckland and Whangarei on Friday. Any questions?

Media: Prime Minister, have you heard of someone called "Fat Leonard"?

PM: Called?

Media: "Fat Leonard"—also known as Leonard Glenn Francis.

PM: I think—well, I wouldn't say I know the guy. I think you're referring to this story in *The Guardian*, is it?

Media: Yeah.

PM: About our defence services?

Media: Yeah.

PM: Yep.

Media: So you have heard of him?

PM: Well, I've just had a quick glance at the story.

Media: Are you concerned that New Zealand Navy officers might've accepted bribes in exchange for knowingly accepting higher prices?

PM: I'd be very concerned if that happened, but, as far as I know, no one's made that allegation.

Media: Have you made any queries about the allegations made in the media story you've seen?

PM: Oh, I've only just seen the story, so no, I haven't.

Media: Do you think the navy should investigate? They're saying that they're not going to investigate those officers at the time, and nor are they planning to.

PM: Well, they'd need some reason to investigate. There'd need to be some evidence, I would assume, but I haven't discussed it with them.

Media: I mean, he's in prison. Is that not enough evidence?

PM: Well, there'd need to be evidence that the, you know, navy officers had gone about it and gone about their job of securing contracts in some way that was inappropriate or improper, I would imagine. But you're best to address that to the navy.

Media: But don't you think it's enough that they deal with the company that has been found guilty of acting in that way?

PM: Well, again, there would need—I would imagine that, in the navy's mind, they need to see some evidence. But, look, it is a matter for the navy to sort that out. We'd be concerned if the alleged—if there was any evidence that the alleged activities elsewhere that led to the imprisonment were part of New Zealand procurement. I've been and watched that procurement process pretty much up close for 8 years. I haven't seen any indication that that's how the New Zealand armed forces do business.

Media: Is it worth looking at it, though, to make sure that what happened there was above board?

PM: Well, look, I haven't seen a navy statement or any explanation for it, so I'd prefer not to comment on that in detail until I've seen it. But I'd imagine there would need to be some evidence that there was some problem.

Media: I mean, it's better to be safe than sorry, though, isn't it? Cause there are three US navy officers already been charged with accepting bribery. This guy in question is in prison. New Zealand paid them \$700,000 between 2007 and 2011. Shouldn't we investigate to make sure that we're clean?

PM: Well, as I've said, it's a matter for the navy, and you're best to address the questions to them. As I think we've said before, just because there's allegations doesn't automatically mean that something might have happened, so you'd, you know—personally, from my understanding of how our procurement system works, I'd be very surprised if any New Zealand public servant was involved in anything of that nature. But it's a matter for the navy to sort out.

Media: Can the public be confident, though, that public service departments are capable of investigating themselves, given what's just happened at the Ministry of Transport?

PM: Well, that's a matter for the State Services Commission. I think it's really important that the public have confidence in the capacity of the public service to pick up bad, you know, activity that's wrong or illegal or even inappropriate, and the State Services Commissioner has the obligation of making sure that that is the case. You know, Government is somewhat at arm's length from those processes. They are purposefully, by legislation, carried out by the public service, not by the politicians, so the public service has to ensure that—just as politicians have to make sure that the political process is seen to be clean, the public service has the obligation to make sure that the activities of the public service are of the highest integrity and seen by the public to be that way. So, yeah.

Media: Do you still have confidence in the integrity of the Auditor-General?

PM: Well, that's a matter for the Parliament. If I made a comment on the Auditor-General, who's appointed by Parliament precisely because they scrutinise Government, that would be attacking the independence of the Auditor-General and of Parliament. So it is really a matter for the Speaker and the Parliament, who appoint the Auditor-General. So that they are independent in their examination of Government, it's a matter for them to take these issues into account.

Media: Do you have confidence in the position of the CEO of the Ministry of Transport then?

PM: Well, the State Services Commission or DPMC looked into the question of whether issues were handled appropriately, and decided that they were. If there was any new information, such as from these whistleblowers, then, of course, they have to take that into account, because you'd need to make sure that the employees were treated fairly. They're alleging they weren't. You'd have to make sure that they got a fair deal and weren't punished for bringing things to the notice of the management.

Media: Martin Matthews wasn't in his Auditor-General position. Do you think there could be scope for another investigation into his actions when he was at the ministry?

PM: Well, if there was new information, then I'd expect the State Services Commission to act on it. So they'll have to form a view as to whether this information that's become available today is new information.

Media: Last year a National Party staff member put a photo on Facebook from inside the Budget lock-up—on Facebook—before the embargo had lifted. The communications manager at the time, Cam Cotter, said later it was an oversight. Has National taken any steps to ensure that this sort of thing won't be happening again?

PM: Oh, I can recall the discussion about that last year. It was taken very seriously, and you can be sure that the Treasury, I think, who oversee the embargo, will be making sure that doesn't happen this year. But the, you know, Minister of Finance may have views of that on his own, because he, ultimately, works with the Treasury on it.

Media: Prime Minister, are we losing the war on meth?

PM: Well, there's a range of—look, the damage done by meth is far too much. It's far too nasty. It's leading to, you know, broken-down, dysfunctional families, long jail terms, and wrecking lives and property, so it is a curse. Government and the Police and Customs, in particular—and now Housing Corporation New Zealand and others—you know, are all working on different aspects of meth. There has been a meth strategy, which is becoming much more mainstream to our justice system. Of course, we're not getting the results that we would want, because the right result is none of the destruction that meth wreaks.

Media: So are we losing the war? You're saying that we're not getting the results that we want. Are we losing the war on meth?

PM: Well, I don't know what that means and I'm not quite sure what measure you would use. All we know is that there's too much wreckage from it and there's lots of people concerned about it, and lots of practical activity trying to stem the flow of it into the country, including sharing intelligence with other countries and so on, trying to get closer to the source of it, and trying to prevent people going on it here, and then having to clean up the mess afterwards when they get on it.

Media: So why not take a different approach and treat it as a public health issue rather than a criminal issue?

PM: Well, again, I'm not entirely sure what different thing you would do to take a public health approach. The Government is open to any advice about a better way to do it, but it does have to be aimed at, you know, positive action that has an impact.

Media: So decriminalising it—that's what that means.

PM: Well, no.

Media: You mentioned a number of Government departments involved. Is there enough cohesion in the strategy, you know, to tackle the war on meth?

PM: I think there is a degree of cohesion, and from what I have seen, that's growing, as they integrate their understanding of the supply into New Zealand—the way that it's distributed here—and then trying to deal with the fallout for families. Even that response is getting more integrated. But there's still far too much coming in, far too much damage being wreaked, and those efforts have to continue to improve.

Media: Just in terms of families, what is the Government doing to reduce the harm to children exposed to meth?

PM: Well, look, it harms children in just about every way that's possible, because it messes up the parents. It's often associated with serious offending, which leaves children without parents because the parents end up in jail, and in those contexts the more effective interventions seem to be interventions like Whānau Ora, where they're working alongside the families over time in a context where there's some relationship of trust despite the offending or the use of meth. My advice is that that has some success, but, again, not enough success.

Media: Prime Minister, the Ministry for the Environment estimates that it's going to cost us \$14.2 billion over 10 years to buy enough international carbon credits to meet our Paris Agreement target. Should we be spending that much on, basically, paying other countries to reduce their emissions rather than focusing that money on reducing our own?

PM: Well, that's the whole point of the emissions trading scheme, as it sends a price signal that demonstrates exactly what sort of costs are likely to occur in the future, and then the pricing helps sort out what's the best way to do it—whether it is to reduce carbon emissions or to buy carbon credits. So if you look ahead, for instance, and look at some of the work now being done on how transportation should change, will change, then if it moves away from fossil fuels, and particularly in New Zealand, to renewable sources of energy such as hydro- or wind-powered electricity, then you could see a substantial reduction in the need for carbon credits. You know, there's quite a lot of uncertainty, but I have to say we're a bit optimistic that despite there being, you know, significant estimates of the costs, between the incentive to plant trees here and the price-driven incentives to reduce carbon emissions, we'll be able to meet the commitments.

Media: Does that not leave us exposed, though, if the carbon price goes up? I mean, there's not a set carbon price so does an over-reliance on that leave us exposed if it does increase in the future?

PM: Well, if it increases, that's the real cost of reducing the carbon. You know, New Zealand's made these commitments. I think there's strong public support for those commitments. They will have costs, particularly if technology doesn't change, but, you

know, technology is changing, whether it's the possibilities with electric vehicles and ride sharing, which are quite considerable, through to, you know, all the science that's going into animal breeding to change emission patterns there.

Media: So is there a possibility that we might need to push this target out—this agreement?

PM: No, we're not looking at changing it. But I think everyone understands there will be costs that come with achieving it, and that's the incentive to take all the kinds of actions that people might think are desirable.

Media: Should we be expecting anything else on housing in the Budget? I note you haven't made new decisions yet on the Housing Infrastructure Fund. Will we be expecting those on Thursday, or other policies affecting housing?

PM: Mr Joyce is doing the Budget on Thursday; I'm not doing it on Monday. But, as you know, there's a lot of things going on with housing. We've just made some big announcements about the house-building programme, and you've got the Housing Infrastructure Fund there. I think that the point to keep in mind about housing is the detail is everything. There's going to be political debate about housing policy, the 100,000 houses from the Labour Party, and so on. I mean, anyone can write that down or talk about it, but you don't get a single house until every detail, from the subdivision through to the building consent through to the financing, is completed. So the Housing Infrastructure Fund—the couple of billion that's committed to Housing Corporation's building programme—is, you know, the result of enormous amount of detail work about what you can actually execute, and, as I pointed out earlier, while our political opponents talk about a KiwiBuild policy, they've actually, in practice, got a no-build policy. That is, where developments are proposed in their communities, they are opposing them. And how you would ever get a hundred thousand houses built if you were against the Point England Enabling Bill and opposed to the Three Kings development—it's just ridiculous. There's no credibility in those undertakings to build lots of houses if you're opposed to actual houses getting built.

Media: Why weren't you a bit more ambitious with the housing plans that you announced last week? Because at the beginning of the year you talked about—there were 69,000 houses that could be built on Housing New Zealand land in Auckland, but this plan doesn't take you quite there.

PM: Well, it's the result of several years of work, building on the experience from Hobsonville, Northcote, Tāmaki, about what's feasible. As I said, housing is all about the detail, and until you get all the details right, you don't get a single house. Our opponents have a set of concepts they're talking about, but when it comes to actual houses they are actively opposing them—voting against the development in the Parliament this week. They've delayed Three Kings for 3 years, just because the community there doesn't want some houses. So there's no credibility in a policy if you can't say where they're going to be built, how you're going to pay for them, and, more particularly, how you're going to get a council to make the decisions that will allow the houses to be built. Because Government doesn't make those decisions; councils make them.

Media: You talk about what's feasible. Amy Adams last week was mentioning that she thinks pressures in the construction industry mean that you couldn't have announced more houses to be built in that case. You've been working on that for 2 years, though; surely you could also look at policies in order to try and grow the construction industry at the same time. So do you stand by her explanation of that?

PM: Yes. The construction industry is very dependent on skills. It's one of the reasons why we have skilled migration. So if you have a policy that says you're going to build a hundred thousand houses but you're opposed to any individual development and you're going to shut down migration—cutting it by tens of thousands—there's no way you're going to be able to get the houses built. I mean, it's just dumb. So, yes, it is a constraint. That's one of the reasons we defended having migration of skilled people, because we found from

Christchurch that's how you got the houses built. If we hadn't allowed the migration of skilled people, you would have still-rising house prices in Auckland because of a shortage of supply—sorry, in Christchurch. Because we allowed migration of skilled people, the houses have been built, house prices in Christchurch are flat to falling. And that is a pretty good result from pretty intense demand in Christchurch. So the Labour Party policy of shutting down migration completely contradicts their policy of building thousands of houses.

Media: The point is, if 2 years ago when you started work on this policy, if you'd recognised then that there would be construction industry pressures stopping you from building more than 12,000 houses, or whatever it is, to go into the private market, then that could've been announced at the same time. Was there any thought of that in order to try and build the capacity of the construction industry, which would have allowed you to announce the bigger number last week?

PM: Well, the main constraint in the construction industry is around the availability of skills, and I'm pleased that the National Party has defended and will continue to defend migration policy that allows for the skills to come in to build our infrastructure and our houses, because alongside the house building is also, by far, the largest infrastructure-building programme in a generation. It's all laid out in the 10-year plan, the 20-year, 30-year infrastructure plan—it's all been laid out for 4 or 5 years and we've kept adding to it. So that's been the best thing for building—the construction industry's capacity has been to show the long-term plan so that it's worth them investing in the plant, in the financing, in the risk management, in the project management, in the skilled people, because they know they're going to be able to keep building. And I think, you know, the construction industry has grown at 20 percent compound growth, like six times faster than the economy, for the last 4 or 5 years, and continues to grow.

Media: The construction industry knows that it's going to be able to source skilled migrant labour. Doesn't that give them a disincentive to back training programmes for young people? That's the question here—that when you started working on the policy 2 years ago, couldn't there also have been incentives or noises or soundings out with the construction industry about a training programme for local people so that they wouldn't have to bring people in?

PM: Well, they're doing—but you have to do both to get this rate of growth. So they've got, I think it's now BCITO's, thousands of apprentices—the highest number it's ever had. And so they're doing both, and they're investing more in the local training because they can see the pipeline out ahead of them, which now looks quite, you know, a long, steady pipeline, and they've been using some skilled migrants as well.

Media: Will the Government have to relax the rules around the skilled migrant categories to achieve this continued increase in construction and the Government's own plans?

PM: Well, we haven't seen a reason to do that yet. But, again, you know, there's quite a wide range of demand for skills, and we're in the position of being open to migration when the other political parties who want all the houses built want to stop the people coming in who are going to build them. So they need to explain their policy. Ours is pretty clear: we're going to build for growth and we're going to get the skills in where there's gaps, and New Zealanders are getting trained. It's the best opportunity in a generation—two generations—for anyone who's interested in a trade. The Opposition parties have to explain their policy, which is, they want to build thousands of houses in theory. In practice, they're against building any new houses, because when they get the opportunity they oppose it, including voting against it in the Parliament this week, and they're trying to shut down migration, which is where we get some of the skills that we need to build the houses.

Media: So why not loosen the settings to allow us to build even more houses?

PM: Well, we think, with migration running at the current levels is about right—about the right balance between bringing skills in and, as mentioned before, the incentive to train locals.

Media: The TPP—how serious are you about the US coming back to the table? Because you made several comments in interviews over the weekend about perhaps incentivising the US to come back, which is in contrast to what the trade Minister has said, which is that we just need to move on from the US and forget about them and get on our way with TPP 11. So how serious are you about that US factor and them actually coming back at some point?

PM: Well, no—we're not saying different things. I mean, one of the reasons—one of the incentives for the TPP 11 to proceed is that a trade agreement in action is one that the US could join again in the future. If you're in Viet Nam and it doesn't proceed, then it's unlikely you're going to get a free trade agreement with the US, and remember the US is the largest prize for everyone. So we just believe that pushing on is viable because a lot of these countries still want a regional trade agreement with the US. Now we can't, you know, exercise any leverage over them; what we can do is get this agreement in place and operating on the terms that were largely negotiated with the US. Other countries are coming along because they believe, as we do, as Japan does, that it maintains the possibility that in the future the US will join.

Media: The strategic relevance stuff that you talked about, as well, in the weekend around North Korea, different things going on [*Inaudible*] etc. Andrew Little's response to that yesterday was that that's ridiculous—the TPP is completely separate from that sort of stuff and we would have a good relationship with countries like Japan [*Inaudible*], regardless of any sort of a trade deal. What's your response to that?

PM: I think it's just Labour trying to dance on the head of a pin of being, you know, for free trade and against it at the same time, because that reflects the internal conflicts and, you know, they'll have to sort themselves out over the next wee while. Yes, of course we'll have a relationship with Japan as time goes on, but it'll be a bigger, better, more positive relationship because we're working in unison to achieve something that's going to be valuable for us, which is, you know, got a bit more depth to it than just turning up and saying "Hello."

Media: Do you think it's realistic, though, for countries like Malaysia, Canada, and those countries to actually agree to an unchanged deal? Because they currently are very keen on changing it now the Americans are not involved.

PM: Well, the indications from the weekend meeting, which is only just completed, are pretty positive. I mean, those issues will be tested—no doubt about it—but our sense is that there's a growing view that if you really want this to happen, you can't have renegotiation because everyone would want to renegotiate a different bit. That speed is important, and the gains to be made from, you know, this group of countries being able to demonstrate the degree of cooperation and integration are pretty considerable in helping maintain stability in the Asia-Pacific.

Media: How long will renegotiation take—2 years, 5 years, 10 years?

PM: Oh, who—look, it could take 2 years, 5 years, which is one of the reasons we're not keen on renegotiation. Even though some of the terms aren't ideal for us, equally Malaysia or Viet Nam or Canada can argue terms aren't ideal for them. So it is a bit of an all-or-nothing process. At the moment that looks positive, but it will get tested over the next 6 months.

Media: When you talk about the US possibly joining it, are you basically talking about waiting out a presidential term, until there's a new President that's more enthusiastic about it?

PM: Well, that's up to them, but we think that in the long run, liberal, open economies end up taking the view that trade's good for them rather than bad for them.

Media: Is a NAFTA rewrite along TPP lines the best way of getting the US—the current administration—to change its view and buy into the TPP? Because that's the next brick in

the wall, isn't it, in the TPP rewrite involving two TPP members, Canada and Mexico? If they can renegotiate NAFTA along TPP lines and get the US to regard that as being their achievement, is that likely to make Mr Trump more likely to buy into it next year?

PM: Look, if they were able to do that, that may be the case, but I think you'd be—I wouldn't want to speculate at this stage about where the US administration would end up on NAFTA. I mean, they've had some pretty strong views on it, so it's hard to say. It seems, you know, quite a challenge to them to renegotiate something similar to an agreement that the administration has rejected, but they might. They might be able to get to that point. It would certainly make it a lot more seamless.

Media: How's the investigation into Alfred Ngaro going?

PM: Oh, there was work done to go back and check whether he'd had any role in any contracts, and the answer to that was no.

Media: Has he apologised to you yet?

PM: Oh, about a week ago.

Media: Has he apologised to Alan Johnson?

PM: I understand he's had a conversation with him. I can't tell you exactly what was said, but, look, Alfred has a good relationship with the NGO sector. He was well respected for his own work before he came into Parliament and he's done a good job as a Minister, and I think they'll have a good, constructive relationship.

Media: Has this harmed his relationship with the sector now?

PM: No, I don't think it has, just simply because he's well known, his work's well known. He's done a good job in his early time as a Minister. And in the end, you know, I think the sector knows the Government's very clearly focused on results, regardless of people's political alignments. And that's how we work.

Media: You don't think that any of those organisations, like Salvation Army, would be wary of his motives, sitting at the table with him now, based on what he said?

PM: No, I don't think so. I think they've had their own discussions with Alfred and they'll make their own judgments. I mean, these are people with insight and integrity, and they're always working with Ministers in a National Government where, you know, quite a few of the people don't agree with our political philosophy or everything we believe. But as long as Alfred can do what the Government does, which is show that it's focusing on getting the emergency housing in place, getting the Housing First policy up and going, building more social houses, doing deals with these organisations, which simply weren't possible under the old State housing monopoly—couldn't be done—because they were regarded as, you know, bad people who couldn't run social housing. I think those circumstances will, you know, overwhelm any misgivings about, you know, a few things a politician said.

Media: In his speech this morning, Mr Trump identified Iran as being the main source of instability in the Middle East. Does that have any diplomatic implications for our attempts to rekindle our sheep meat, kiwifruit, and education exports to Iran?

PM: Look, I don't think there's anything new—well, look, I haven't seen Mr Trump's speech, but I don't think there'd be anything new about something of a testing relationship between Iran and the US. As a small, open, global economy, it's our job to navigate our way and our interests, which don't always align with even our good friends. And so we won't take the same view, necessarily, as the US about every country we deal with.

Media: And there's no implications of being seen as, perhaps, trading with what is perceived to be the enemy?

PM: Not that we can see, no.

Media: Prime Minister—Immigration New Zealand, rather, said that their advanced passenger processing systems was out for 3 hours today. They said it was part of a global

outage. There were outages in Australia as well, and some reported around the world. Have you had any information on the cause of this outage?

PM: No, but I hope they get to the bottom of it. If it was anything to do with us, I'm just pleased to hear it's up and going and people are getting back on their airplanes again.

Media: Has Alfred Ngaro apologised to Willie Jackson?

PM: I understand he's spoken to him. Again, I wouldn't know exactly what was said. OK?

Media: Prime Minister, what do you think about Rocket Lab's plans to send up a test rocket some time over the next week or so?

PM: I think it would be—whenever it happens, it will be an amazing achievement for a boy from Invercargill.

Media: Prime Minister, do you like the fact New Zealand has a space agency that Australia doesn't?

PM: I'm quite impressed by that, particularly since it's, as I said, all been driven by a boy from Invercargill. He's got this incredible set of skills, ranging from raising finance, running a large, complex organisation, all his international negotiations, as well as technically brilliant. And there's a lot like him in Invercargill.

Media: How worried are you about it going wrong? You know, we've all seen disasters in the past with rockets blowing up.

PM: Oh, look, I think everyone understands this is a risky business and I think Rocket Lab have taken the right approach, which is that you'll only believe it, they'll only believe it, when the rockets are taking off regularly and reliably. So, yes, I think they're quite concerned about whether it's going to work or not, and we just wish them every success because it would be a marvellous achievement to set up that industry, particularly in that part of the country, in the Māhia Peninsula, where the ongoing success would have quite a positive impact on the town of Wairoa, which is also in the process of getting a large Treaty settlement. So things are looking up for a part of the country with some of the toughest economic and social challenges.

Media: What did you mean when you said that there is a strategic advantage to New Zealand and Japan taking the lead with the TPP? Is that to be taken as saying we prefer Japan takes the lead in writing the rules for trade in this region, rather than China via the RCEP?

PM: Well, in the first place it's pretty impressive that Japan is taking this lead because 6 or 7 years ago they had no real interest in trade negotiations at all. Secondly, this couldn't advance, really, without them, as the largest economy in the TPP, wanting it to happen in preference to other arrangements that they might be able to make. Again, it's in New Zealand's interest to work with those who want to achieve the same things as us, and in this case, I suppose, surprisingly, it's ended up being Japan on the TPP just in the same way as, surprisingly, it's ended up with President Xi of China being a kind of global standard-bearer for principles of open trade and investment. So not quite what we expected to be the case but we'll work with them.

Media: So it doesn't signal a preference for Japan to be taking the lead in uniting the trade issues in the region rather than China?

PM: Well, it signals that New Zealand's identified this opportunity, and, I might say, our trade Minister and trade diplomats have done a great job of getting some progress on it. Japan's who's there—as you know, we've discussed endlessly our free-trade agreements with China.

Media: But do we prefer Japan rather than China taking the lead?

PM: Well, in this case, Japan happens to be the country in TPP. We already have a trade agreement with China.

Media: You agreed that you see this as a strategic advantage from Japan, which seems to signal that you prefer them taking the lead rather than China, which is the other game in town.

PM: Well, I think that's over-reading it a bit. I mean, the benefit is you've now got a large economy taking a lead on regional economic integration, one which in the past, certainly before Prime Minister Abe's time, had not shown a great deal of interest in it. Of course, there's tensions in the region. Japan has its interests. China has its interests. The US has its interests. Part of our task as a small country is to navigate those sometimes competing interests to our advantage. Thanks very much.

conclusion of press conference