



As the world's two largest economies engage in talks aimed at scaling back their trade dispute, New Zealand has reaffirmed its commitment to free trade. Last October, the country ratified the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

With its large number of export-focused industries, New Zealand has had to be pragmatic about trade, given the size of its economy and its geographic distance to the world's largest markets. It was the first developed country to sign a free trade agreement (FTA) with China, its largest trading partner followed by Japan and Korea.

"We are a geographically isolated nation that places huge reliance on the economic benefit derived from engaging in trade. We need some predictability around that and that is why we really focus and support multilateral agreements," explained **Prime Minister Jacinda Ardern**, who expanded New Zealand's FTA with Singapore and initiated new trade talks with the European Union.

According to the Ministry of Foreign Affairs and Trade (MFAT) and New Zealand Trade and Enterprise (NZTE), about 70% of Kiwi exports, valued at close to US\$29 billion, go to countries in the Asia-Pacific, with the bulk of those goods coming from the country's agricultural sectors, such as dairy, meat and poultry, fruit, horticulture and wool.

Capitalizing on the country's clean and green image, home-grown food producers such as **Fonterra** (milk), **Zespri** (kiwifruit), **Mainland Poultry** and **Comvita** (manuka honey) have found huge success in Asia, establishing a strong brand presence with millions of consumers. The country's distance from many countries has isolated it from avian diseases that could have infected its poultry and eggs, making New Zealand one of the world's most trusted food suppliers.

Beyond agribusiness, New Zealand is keen to share its know-how with the rest of the Asia-Pacific. With fewer than 5 million people, New Zealand still imposes an assertive presence within the global culture of innovation.

Through the efforts of the Ministry of Business, Innovation and Employment (MBIE) and the government agency Callaghan Innovation, among others, the country has created a dynamic ecosystem for start-ups that presents profitable opportunities for Asian investors.

"We've been doing quite a bit of work in making sure that we encourage early-in-cycle innovative companies. But then as they grow and need to scale, there is an opportunity for some investment from Asia," **MBIE Chief Executive Carolyn Tremain** said.

New Zealand's regulatory framework ensures the protection of intellectual property without being too restrictive, which has allowed the technology sector to flourish. Innovative companies like **Xero** and **Rocket Lab** have already gained global recognition for their technological achievements, while fast-growing companies such as **Aquafortus**, **Robotics Plus**, **Revolution Fibres** and **Lanaco** are setting their sights on aggressively expanding to Asia. Ranked the least corrupt country in the world by Transparency International and the easiest place to do business in the world by the World Bank, New Zealand is taking its state-sector solutions to the world. It set up the

Government-to-Government Partnerships Office (also known as G2G Know-How), which is jointly overseen by MFAT and NZTE, to share its expertise in areas such as agribusiness, disaster management and education with other governments.

Kiwi companies, such as **Datacom**, have significantly contributed to building New Zealand's IT infrastructure and are eager to share its expertise by participating in projects in the Association of Southeast Asian Nations (Asean) region.

The combination of stability and agility has also helped New Zealand to establish itself as a conduit for foreign investment between Asia, Oceania and the Americas.

The **New Zealand Stock Exchange** and its subsidiary **Smartshares**, for instance, have created a pathway with exchange traded funds that will make New Zealand a cost-competitive and lucrative market for Asian investors. ■

NZ: THE NEXT FRONTIER FOR ASIAN INVESTMENT?

New Zealand's capital markets have become increasingly open to foreign investment. Owned by the **New Zealand Stock Exchange (NZX)**, **Smartshares** is a pioneering provider of exchange traded funds (ETFs) that offers investors in Asia a cost-effective way to gain exposure to the New Zealand market.

Regional investors have shown greater interest in New Zealand in recent years because of its above-average market performance.

Available through local brokers, Smartshares ETFs offer diversified, low-fee exposure to New Zealand's equity, debt and cash markets. The company also offers products that track global and regional indices across a wide range of asset classes. Going forward, it is about to get much easier for investors outside New Zealand to access their Smartshare ETFs.

Helping to set up a cross-border funds regime in the region, Smartshares is building partnerships through Asia-Pacific Economic Cooperation to establish the Asia Region Funds Passport in New Zealand. This new scheme will allow approved fund managers to sell their managed fund products to investors in other countries in the region.

Smartshares was the only New Zealand fund manager selected when the pilot pro-

gram was launched in 2018. Implemented also in Australia, Japan, South Korea and Thailand, the initiative is expected to challenge the well-established UCITS regime in Europe.

Under this passport system, investors with funds across multiple countries must choose one country as its domicile. Despite its distance to most countries in the region, New Zealand is in an excellent hub for these cross-border funds because of its stability.

"We are proud to be ranked by the World Bank as the easiest place to do business. We have trustworthy institutions, such as the Reserve Bank of New Zealand, as well as effective regulators and competitive access to global service providers," **Smartshares CEO Hugh Stevens** explained.

"New Zealand has strong, robust and transparent regulatory frameworks. We are close to Australia but are different from Australia. All this makes New Zealand a nimble provider of investment products for Asia-Pacific investors. We expect the cross-border funds market to become as competitive as the European market over time and New Zealand is very well placed to succeed," he added. ■

<https://smartshares.co.nz/new-zealand-exposure>



Smartshares CEO Hugh Stevens



KIWI START-UP CLEANS UP INDUSTRIAL SLUDGE

Envied around the world for its clean and green surroundings, New Zealand's homegrown companies are exporting their knowledge and technology to solve pollution-related issues, and at the lead of this charge is Auckland-based start-up **Aquafortus**.

"More than 300 billion tons of wastewater are generated globally every year. This is equivalent to the size of North America's Lake Erie or 132 million Olympic swimming pools. Treating this wastewater typically costs US\$20 to US\$900 per ton, with the bulk of that in energy costs," **Aquafortus CEO Daryl Briggs** said.

As regulators around the world gradually move toward zero liquid discharge (ZLD) systems, many industries, such as petrochemical, pharmaceutical, textiles and semiconductors, are gearing up for full compliance.

Aquafortus has patented ZLD technology that is able to take wastewater with high levels of salinity and separate the brine into dry mineral salt and clean water at an economically viable cost.



"We can extract all the water from wastewater for not much energy, compared to other technologies currently in the market. We can reduce operating expenses by up to 60%," Briggs said.

Having already secured a US\$40 million licensing agreement with a U.S. oil and gas company, the three-year-old start-up is shifting its focus on the Asia-Pacific region for its next licensee.

"Asia is the major growth engine of the global economy. It is critical that Aquafortus be a part of that engine. It is one of the markets with the greatest need for our technology," Briggs said.

With expansion in mind, the start-up hopes to find strategic partners in the Asia-Pacific, particularly those with well-established distribution and logistics networks that can help build a global supply chain. At the same time, it wants to publicize its groundbreaking technology around the world.

"We are here. We can solve your problems, and it won't be as costly as you think," he said. ■

www.aquafortus.com

NEW ZEALAND SHARES TECH-DRIVEN GOVERNANCE

Apart from the lush landscapes and natural beauty that draw thousands of tourists, New Zealand has gained global recognition for clean governance. The country is ranked No. 1 in the world for ease of doing business and transparency—in part because of the government's readiness to adopt new technologies and digitalization. This achievement, however, was not reached overnight.

Operating for more than 50 years, locally owned, IT-based service provider **Datacom** has played a huge part in the New Zealand government's journey to digitalize processes and records in a citizen-centric manner.

"New Zealand, as a country, is very innovative. It embraces new technology and we generally lead in the world when we try new things," **Datacom New Zealand Managing Director Vernon Kay** said.

With a local workforce that has grown to almost 3,000 and a global workforce of more than 6,000, Datacom collaborates closely with both the private sector and government, with the former taking up around half of the workload on its private cloud service, which is backed by a network of highly secure, reliable tier-four data centers.



Datacom New Zealand Managing Director Vernon Kay

"We build solutions. One of the most successful parts of our business has been our payroll system. Today, one out of every seven people in New Zealand gets their salary through a Datacom system," said Kay, who oversaw the rollout of that same payroll system in Australia.

Datacom has seen sharp growth in its professional services business because of the continuing trend of digitalization across the country.

"We probably have close to 1,000 people assigned to that side of the business," Kay said.

Backed by its success in helping New Zealand's government agencies, Datacom is hoping to expand further in the region and in Southeast Asia, particularly in Malaysia and the Philippines, where it already has offices.

"Our international markets are really important to us. We have a strong presence in Australia and New Zealand, and we are growing our markets in Asia, Europe and the Americas," Kay said. ■

www.datacomgroup.net

DATACOM

NEW ZEALAND: NO LONGER A BIG INVESTMENT SECRET

"Asian investors miss out on opportunities in New Zealand," said **Royal Reed**, founder, director and principal of **Prestige Law**, which helps Mandarin-speaking clients navigate the country's business and investment landscape.

While New Zealand has promoted itself aggressively to Chinese businesses over several years, the desired groundswell of investment has not quite fully materialized. The biggest challenge is that many profitable investment opportunities remain unknown to Chinese investors.

"The amount of innovation occurring here is very much underrated. New Zealand is a very popular secret for really smart investors," Reed said.

With offices in Auckland, Taipei, Shanghai and London, Prestige Law is focused on its mission to serve as a bridge between Kiwi and Chinese cultures, as a trusted partner that can facilitate overseas business. ■

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