U.S. COMMERCIAL SERVICE
United States of America
Department of Commerce

U.S. Country Commercial Guides

2017

New Zealand

U.S. Department of Commerce | International Trade Administration

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Market Overview

The United States is New Zealand's third most important trading partner after China and Australia. (New Zealand has free trade agreements with both China and Australia.) In 2016, New Zealand goods imports from the U.S. totaled US$4 billion and represented 11.3% of New Zealand's total imports. U.S. aircraft parts, agricultural machinery, medical and pharmaceutical products are key items sold to New Zealand.

The foundation of New Zealand's economy is exporting agricultural products such as dairy products, meat, forest products, fruit and vegetables, and wine. In 2016, New Zealand goods exports to the U.S. totaled US$3.7 billion (or 11.8% of New Zealand's total exports).

The top five reasons why U.S. companies should consider exporting to New Zealand are:

- New Zealand is an English-speaking culture
- New Zealand is a stable democracy
- New Zealand businesses consistently rank highly for honesty and integrity
- New Zealand business practices are similar to those in the United States
- New Zealand's market size is ideal for New-To-Export companies and for testing New-To-Market products

The January 2017 withdrawal by the United States from the Trans-Pacific Partnership (a 12-country trade agreement among Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam) was a disappointment to the New Zealand Government's trade interests. New Zealand is playing a lead role to explore options for a "TPP 11" but will continue to pursue a free trade agreement with the United States.

A significant portion of New Zealand's trade is in US dollars. Fluctuations in the NZ/US exchange rate can affect New Zealand dollar export receipts. Exchange rate: 1 NZ$ = 1.43 U.S. cents (as of May 2017).

Market Challenges

- Competition is relatively open in most sectors.
- New Zealand's small population and distance from the U.S. mean U.S. exporters should develop special business models given the unique conditions. American exporters are advised to monitor exchange rates and shipping rates.

Market Opportunities

- Innovative technologies that reduce costs and increase productivity are well received across all sectors.
- New Zealand's building and construction sectors are performing strongly due to the rebuild of Christchurch and Auckland's population growth, but the Christchurch reconstruction bounce has begun to wane.
- Infrastructure upgrades: roads; telecommunications; irrigation
- Machinery and technologies for adding value to New Zealand's primary products

Market Entry Strategy

- Successful market entry strategies for New Zealand have three common elements: understanding the market; selecting the optimal partner; and providing ongoing support to that partner in the market.
- A common language and familiar business framework may lead Americans to overlook New Zealand's cultural and market differences. It is vital to understand the New Zealand context for a product or service, including competitors, standards, regulations, sales channels, and applications.
- Estimates of sales, market share, or demand should rely on comprehensive, product- or technology-specific market research.
- Success in the New Zealand market requires establishing a local sales presence.

For most American exporters this means appointing an agent or distributor. In New Zealand, American firms often choose to give responsibility for marketing and sales to a distributor in Australia or elsewhere in the region, especially if the distributor has a subsidiary office in New Zealand. The distance from trading partners causes New Zealand firms to stress the importance of local support and service. Representatives of American companies should visit New Zealand to meet prospective partners and demonstrate ongoing support, as this is common practice of competitors, many of which are just across the Tasman Sea in Australia.

- Performing due diligence is important, and numerous resources are available.

Political Environment

State Debarment New Zealand

Selling US Products & Services

Using an Agent to Sell US Products and Services

We advise American companies to establish a local sales presence to improve their market position and chances of success in New Zealand. While some businesses will open a subsidiary in New Zealand, for most American exporters this means appointing an agent or distributor. Whether a distributor can "cover" the New Zealand market from a base in Australia, or elsewhere in the region, depends on the industry and the product or service. We encourage American firms to research three key determinants: the purchasing practices of their target customers, the competitive climate in the New Zealand market, and the importance of after-sales service.

New Zealand can offer steady and profitable sales, but it is also a competitive market. New Zealand agents and distributors are aware of global developments in their industries and participate in trade shows worldwide as both exhibitors and attendees. This activity places them in direct contact with new and competing products and technologies. American companies need to demonstrate the competitive advantages of their own products or services.

Establishing an Office

Establishing a permanent office in New Zealand can take several forms, all similar to structures available in the United States.

1. INDIVIDUAL PROPRIETOR: As in the United States, an individual may establish a business without incorporation, subject to various formalities and authorizations that apply to specific types of activities. The owner has the sole responsibility for the operation and is personally liable for the business' debts.
2. PARTNERSHIP: Partnerships and the general principles relating to the rights and liabilities of partners are similar to those applicable under local or American law. Generally, a partner is jointly and separately liable for all debts of the firm while a partner.

A special partnership, similar to a limited partnership under English law, may be formed for transaction of business other than banking and insurance. Such a partnership must be registered and consist of general partners and special partners. Special partners may invest in, but not transact, the business of the partnership.

3. COMPANY: The Companies Act of 1993 governs all new companies and existing companies that re-register under the new Act. Companies may have limited or unlimited liabilities, however, the majority of companies are established as limited liability companies (Ltd). The shareholders of limited liability companies are liable to creditors on dissolution only to the extent of any unpaid calls on their shares. A limited liability company must have the word "Limited" as the last word of its name.

The Registrar of Companies grants the required registration and the Inland Revenue Department (IRD) assigns an IRD number. New companies must have at least one share, one shareholder, and one director. The New Zealand Companies Office provides guidance on the steps and documentation required to incorporate (see link in the Web Resources section). Companies must maintain proper accounting records and prepare an annual report, including financial statements for shareholders. Companies also must file an annual return at the Companies Office.

In New Zealand, the Companies Act also provides for companies incorporated outside the country to conduct business. An overseas company must not conduct business in New Zealand unless the name of the overseas company has been registered with the Registrar of Companies. Overseas companies must file an annual return with the New Zealand Companies Office. However, please note that registration with the New Zealand Companies Office does not imply creditworthiness or good standing and, taken alone, should not substitute for the process of due diligence.

Repatriation of overseas capital and capital gains is permitted. The New Zealand Government allows the remittance of profits, interest, and dividends earned by

overseas investors. This policy applies to loan, direct, and portfolio investments. American companies, however, are encouraged to seek advice from legal counsel on tax policy and implications.

Franchising

Traditionally, most New Zealand businesses are small. Approximately 97 percent of New Zealand's businesses have fewer than 20 employees. Franchising has become an important business model in New Zealand. By purchasing a franchise, New Zealand investors take advantage of the benefits of scale offered by a larger corporation such as brand recognition, marketing, operations support, and training. New Zealand boasts one of the world's highest per-capita ownership of franchises.

Direct Marketing

Direct marketing is a popular sales channel in New Zealand.

The deregulation and privatization of New Zealand's postal system (NZ Post) has opened competition for special mailing services. NZ Post offers standard services from bulk mailing rates, data processing, and bonded goods storage to remittance processing. Private companies also offer all of these services except for mail processing.

Telemarketing is used for direct sales, lead generation, inquiry qualification, customer service operations, research, validation of previous orders, promulgating advertising messages, public image building, credit handling, and an 0800 number (akin to toll-free 800 numbers in the U.S.) marketing.

Likewise, direct marketing through mass e-mail is growing at a rate similar to that in the United States but with the same legal concerns and negative perceptions regarding "spam." We advise American companies to consider the advantages and limitations of direct marketing carefully. A direct mail campaign should be, at best,

a component of a larger marketing plan and should involve a local presence to provide effective follow-up.

Joint Ventures/Licensing

There are no compulsory requirements for foreign companies to form a joint venture with a New Zealand entity when starting up operations. Some U.S. firms do choose for their own strategic reasons to join forces with established New Zealand firms to manufacture and market their products. Licensing by the New Zealand Government for export and import activity was repealed as part of the significant deregulation of the economy that began in 1984.

Selling to the Government

New Zealand has effectively removed all barriers to foreign firms' bidding and winning procurement contracts. Government procurement follows the principle of best value through competition. There is no domestic preference policy or discrimination against foreign suppliers. The New Zealand Government, however, encourages "full and fair opportunity" for New Zealand suppliers. Procurement decisions are made at the individual department or agency level.

Procurement information for most government agencies can be found on their websites. There is no official or comprehensive list of government procurement opportunities. Two websites provide information about many tender opportunities: the Industry Capability Network New Zealand website and the Government Electronic Tenders Service (GETS). GETS also provides information on the New Zealand government's procurement policy. New Zealand is in the process of acceding to the World Trade Organization's Government Procurement Agreement (GPA), and at present the Government of New Zealand views its procurement policy as exceeding the requirements of the GPA.

Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to the "*Project Financing*" Section in "*Trade and Project Financing*" (below) for more information.

Distribution & Sales Channels

Auckland is New Zealand's largest city and its largest commercial center. The majority of company head offices are based in Auckland. The Ports of Auckland is New Zealand's largest commercial port, handling more than US$14 billion of goods per year, substantially exceeding that of major rival Port of Tauranga. Ports of Auckland manages the movement of 60% of New Zealand's imports and 40% of its exports, respectively 50% of the North Island's container trade, and 37% of all New Zealand's container trade.

Sales agents can be employed to market a variety of products including materials produced to customer specifications and consumer goods for mass distribution. Even before the legal authorization of parallel importing, New Zealanders preferred to buy directly from manufacturers when possible. To counter wholesale purchase preferences, sales agents often employ specially trained personnel to offer technical and sales support.

Importer-distributors are a more common channel for products requiring technical knowledge, service, repairs, or spare parts. The size of the New Zealand market usually allows one or at most two distributors per unique product/manufacturer. Many handle multiple manufacturers' products. A stocking importer or distributor is important where continuity of supply is a selling point, such as for certain industrial or consumer goods. Large New Zealand retailers also work through purchasing agents or consolidators in the United States and other countries. Numerous subsidiaries of foreign manufacturers import directly from parent companies and distribute products to round out or supplement their domestic production. Import and distribution by a New Zealand branch or subsidiary is

common when the volume is substantial and the foreign parent wishes to retain control of distribution.

New Zealand's modern distribution infrastructure supports any supply-chain or inventory control strategy. A number of well-established companies with nationwide networks perform a broad range of other functions such as trading, transportation, packaging, manufacturing, and distribution at both the wholesale and retail levels. These firms are usually excellent representatives for new products seeking to penetrate the New Zealand market, although they usually import products to complement existing lines.

Express Delivery

International and national fast express delivery services are offered nationwide by a wide number of organizations. DHL, FedEx and UPS ship to and from New Zealand. Parcels sent from the U.S. to New Zealand typically take five to seven working days to arrive at their final destination (includes Customs clearance).

Selling Factors & Techniques
eCommerce

Overview

Online shopping has been embraced by mainstream New Zealand consumers seeking good products at a good price at their convenience. In 2015, Neilsen Research recorded close to 2 million adults (1,952,000) made a purchase via the internet. New Zealanders online purchases total approximately $3 billion. The amount spent by New Zealanders on overseas websites is estimated at $1 billion. Travel is the lead eCommerce purchase. Other popular online purchases include women's and men's clothing, entertainment, fast food, books/eBooks, and music downloads.

Current Market Trends

New Zealand consumers will continue to shop online for convenience, price and value.

Online sales to New Zealand-based customers by local retailers include a 15% Goods and Services Tax (GST), however, international online purchases don't attract GST for goods under $400. Changes to New Zealand's GST Act are anticipated soon to take place to help local business. Further details covering e-Commerce and GST can be reviewed via the New Zealand Inland Revenue Department website.

Domestic eCommerce (B2C)

The Amazon and Alibaba platforms are significant e-Commerce operators in this market. In 2016, Amazon and Alibaba both announced plans to set-up warehousing in Australia to service Australia and New Zealand. (In March, 2017 Alibaba opened its warehouse in Melbourne, Australia.)

Cross-Border eCommerce

Australia, China, U.K., and the United States are the leading sources for products bought online by New Zealand customers. New Zealand Post's YouShop service offers delivery addresses in China, U.K. and United States to facilitate online trade between vendors and New Zealand customers who typically don't service this market. Further details about YouShop are available via this link.

B2B eCommerce

B2B eCommerce sector has not grown in New Zealand as rapidly as B2C. There is a significant volume of SaaS/ cloud-based services provided to New Zealand businesses, including the following notable sectors:

- IT Consulting
- Data Security and Storage

- Import & Export of digital content by various sectors including publishing, entertainment (including gaming), production, manufacturing, architectural, graphic and other design categories and general software.
- Financial Technology (fintech) solution providers
- Insurance and risk-management solutions
- Supply chain and 3PL solutions

Alibaba's Australia presence is perceived positively by the New Zealand Government. Alibaba is promoted as another tool to help New Zealand exporters sell online to Chinese customers. New Zealand Trade and Enterprise has hosted several forums to help New Zealand exporters explore the growing Chinese commerce channel known as daigou. (Literally translating to "buying on behalf of," a daigou is a shopping agent buying products to send back to clients in China.)

Premier Li Keqiang's March 2017 visit to New Zealand was accompanied by the announcement of several new initiatives involving eCommerce to facilitate increased trade between Chinese and New Zealand businesses, including in premium categories such as chilled meats, etc.

eCommerce Services

Online appointment scheduling offered by many small companies e.g. hairdressers, beauty clinics etc. is gaining popularity as local consumers gain confidence with the programs.

eCommerce Intellectual Property Rights

It is recommended U.S. companies protect their IPR by registering with a national IP office like the Intellectual Property Office of New Zealand (IPONZ).

Popular eCommerce Sites

Trade Me, New Zealand's largest auction and classifieds site is the most popular local online shipping site. Other popular local sites include Air New Zealand and major retail chains including Farmers and The Warehouse.

Online Payment

Many online customers are comfortable using their credit cards directly. Credit card payments via Paypal are recognized as a better way to protect credit cards details.

Mobile eCommerce

The ownership and usage of smart phones in New Zealand is very high – 90% of New Zealanders own at least one smart phone. New Zealand's shoppers are using their mobile devices to research products, check where they can buy products and whether they are in-stock, compare prices whilst in-store, get feedback from friends via social media, and purchase products.

Digital Marketing

Stuff hosted by Fairfax is New Zealand's leading website for news. Stuff's advertising attracts 56% of Internet uses monthly. TradeMe also offers advertising options for U.S. companies.

Major Buying Holidays

The lead-up to Christmas is the busiest period for local online shoppers. Christmas-day uploads on TradeMe (unwanted gifts), Boxing Day (December 26) and Valentine's Day (February 14) are also major "buying holidays."

Singles Day (11/11) is gaining more recognition in New Zealand. A few New Zealand companies are actively using live streaming technology and social media to achieve marketing success on China's Singles Day.

Social Media

Most New Zealand organizations have a social media presence – social media is a phenomenon in New Zealand. Facebook is the most popular social media forum, and within Facebook, FMCG Food, Retail, Services, Fashion and Beverages are the top industry sectors. The top Facebook and Twitter brand is Air New Zealand.

Trade Promotion & Advertising

New Zealand has around 30 daily newspapers. Eight of these are daily newspapers with circulation greater than 25,000. The paper with the largest circulation is *The New Zealand Herald*, published in Auckland with a circulation of over 200,000. Other major dailies include *The Dominion Post* and *The Press*. There are three national Sunday newspapers, the *Sunday Star Times, the Sunday News* and the *Herald on Sunday.* New Zealand has one major business journal, the *National Business Review*, but its circulation does not exceed 20,000. There are more than 6,000 magazines regularly available in New Zealand. Of this number, 650 are published in New Zealand.

New Zealand's newspapers are available in both print and online formats. Online readership is very popular, and trends in usage are intrinsically linked with increased smartphone ownership. Stuff.co.nz, published by Fairfax New Zealand Ltd., recently announced that its readership is more than 2 million.

New Zealand has five national television stations, a pay television vendor that offers five additional choices, a hybrid fiber-coaxial cable company, and satellite service. A State-funded indigenous language channel is available and the emerging digital platform, *Freeview*, makes another 12 or so small channels available. *Television New Zealand* (TVNZ), the operator of two of the four free-to-air commercial channels, is a State Owned Enterprise (SOE). TVNZ has two further (small) channels available on Digital *Freeview* platform. *TV3 Network Services Ltd.*

(TV3) is a privately owned commercial network. It operates both TV3 and TV4. About 96 percent of the population receives TV3.

Prime Television Ltd is a free-to-air network, which began broadcasting in New Zealand in 1998. Prime is fully owned by SKY Network Television.
There are two self-regulatory bodies in New Zealand's advertising industry, the Advertising Standards Authority and the Advertising Standards Complaint Board. Additionally, the Broadcasting Standards Authority (statutory) is responsible for approving codes of broadcasting practice, including advertising, developed by radio and television.

Pricing

There are no government price control regulations. A Goods and Services Tax (GST) of 15% is applied to all goods and services.

Sales Service/Customer Support

Sales service and customer support is important for New Zealand retailers and manufacturers. The New Zealand buyer is discerning. The entrance of U.S.-based retailers and franchises has contributed to increased service expectations. At the industrial level, service and technical support remains an important competitive factor.

Protecting Intellectual Property

Several general principles are important for effective management of intellectual property ("IP") rights in New Zealand. First, it is important to have an overall strategy to protect your IP. Second, IP may be protected differently in New Zealand than in the United States. Third, rights must be registered and enforced in New Zealand, under local laws. For example, your U.S. trademark and patent registrations will not protect you in New Zealand. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular

country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Granting patents is generally based on a first-to-file (or first-to-invent, depending on the country), first-in-right basis. Similarly, registering trademarks is based on a first-to-file (or first-to-use, depending on the country), first-in-right basis, so you should consider how to obtain patent and trademark protection before introducing your products or services to the New Zealand market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in New Zealand. It is the responsibility of rights holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors.
Companies may wish to seek advice from local attorneys or IP consultants who are experts in New Zealand law. The U.S. Commercial Service can provide a list of local lawyers.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. Government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the responsibility of a rights holder to promptly pursue its case.

In any foreign market companies should consider several general principles for effective management of their intellectual property. For background on these

principles please link to our article on Protecting Intellectual Property and also Corruption.

IP Attaché Contact For New Zealand

Name: Peter Fowler
Address: U.S. Embassy Bangkok
Room 302, GPF Witthayu Tower A, 93/1 Wireless Road, Bangkok, Thailand
Telephone: 66 2-205-5913
Email: Peter.Fowler@trade.gov

Due Diligence

It is always advisable to conduct due diligence on potential partners. Due diligence usually happens as part of the final evaluation and negotiation of a procurement – not all procurement activities require detailed due diligence. It depends on their value and the nature of the goods or services. The main types of due diligence for procurement activities are:

- referee checks
- Companies Office checks
- audited accounts' checks
- credit checks
- insurance certificate checks
- compliance certificate checks
- site visits
- clarifications of methodology and approach to delivery

The U.S. Commercial Service offers a fee-based International Company Profile (ICP profile program that provides U.S. companies with a detailed report evaluating potential business partners. Our specialists will gladly investigate the financial strength of a company and provide useful information gleaned from many different sources. These reports are required by some export financing organizations. Upon request, detailed questions will be asked of the overseas firm, and the company will

be personally visited by one of our experts. For further information, please refer to Janet.Coulthart@trade.gov.

Local Professional Services

Local professional services such as accounting, consulting, human resource, and finance are widely available and perform to a high standard. Several U.S. and global service providers operate in New Zealand's cities. The U.S. Commercial Service can provide a list of local lawyers.

Principle Business Associations

The Ministry of Business, Innovation and Employment (MBIE) is the New Zealand Government's lead business facing agency. MBIE's purpose is to grow the New Zealand economy which it does by working with businesses to make them more competitive. MBIE has responsibility for over 35 statutory bodies and advisory boards.

Limitations on Selling US Products and Services

Specific to all countries, prohibited and restricted items include biological hazards, drugs, weaponry, explosives and indecent material. New Zealand Customs is responsible for enforcing this policy.

Web Resources

Government Electronic Tenders Service
Industrial Capability Network
Intellectual Property Office of New Zealand
New Zealand Companies Office
New Zealand Customs Office
Ministry of Business, Innovation & Employment

Leading Sectors for US Exports & Investments

Agriculture Equipment

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

New Zealand is one of the largest global exporters of internationally traded dairy commodities. It also exports large volumes of beef and sheep meat, wool, fruit, vegetables, and wine. New Zealand farmers do not receive government subsidies.

Fluctuations in global commodity prices are intrinsically linked with New Zealand's demand for U.S. agricultural equipment. A downturn in 2015/2016 dairy prices has impacted farm spending and reflects in the country's trade data for agriculture equipment. 2017 dairy farming prices are improving and the forecast is more positive than the previous year.

From the U.S., New Zealand's big ticket imports are combine harvesters, large-horse power tractors (100-hp and up), center-pivot irrigation systems, and agricultural implements. New Zealand farmers are receptive to innovative and new technologies that help get farm tasks done more efficiently.

	2014	2015	2016	2017 (Estimated)
Total Local Production*	250,000,000	250,000,000	250,000,000	250,000,000
Total Exports	232,080,843	234,717,310	221,144,439	222,000,000
Total Imports	680,841,041	478,993,502	427,360,061	430,000,000
Imports from the US	154,856,849	125,400,475	96,124,247	100,000,000

	2014	2015	2016	2017 (Estimated)
Total Market Size	698,760,198	494,276,192	456,215,622	458,000,000
Exchange Rates	1.21	1.43	1.44	1.43

Source: Trade Policy Information System (TPIS), ITA
*Guess-estimate

Leading Sub-Sectors

Dairy effluent systems
Irrigation equipment
Internet/wireless networks for the farm
Wastewater systems

Opportunities

In March, 2017 the New Zealand Government announced TradeAgenda 2030. TradeAgenda 2030 provides additional funding to the Ministry of Primary Industries (MPI) to help New Zealand commodity exporters. The program will increase MPI's presence in Europe and South East Asia, establish an export regulatory advice service to help exporters navigate complex regulatory environments, accelerate work on priority non-tariff barriers, expand MPI's Economic Intelligence Unit to provide market insights and economic information to support exporters and government agencies, help identify market opportunities and develop export strategies, and support work on market access, systems audit and assurance monitoring.

Long-term, TradeAgenda 2030 will create equipment sales due to new and/or strengthened existing markets.

Web Resources

Federated Farmers
Ministry of Agriculture
Statistics New Zealand
Fieldays (trade show)

Agricultural Sector: Consumer Oriented Food Products

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

New Zealand's total imports of consumer-oriented foods are annually increasing. In 2015, Australia was the leading supplier with 35% market share, followed by the United States (14%) and China (4.6%). Over the past decade, New Zealand consumers have increasingly demanded more healthy, quality foods (including organic). New Zealand is the seventh largest market for U.S. fresh stone fruits (peaches, plums and nectarines) and the 12th largest market for fresh oranges. No poultry meat imports (except canned) can currently enter New Zealand. Commercial imports of turkey meat will begin mid-2017. (Stringent biosecurity regulations mean unprocessed products cannot be imported into New Zealand unless an import health standard is developed for that product.)

Two supermarket chains dominate the New Zealand retail grocery sector. Foodstuffs New Zealand has an estimated 43% market share and Progressive Enterprises, a subsidiary of Woolworth Australia has a 43% share.

	2014	2015	2016 (Estimated)	2017 (Estimated)
Total Imports	2561	2389	2450	2500
Imports from the US	392	340	399	450
Exchange Rates	1.21	1.43	1.44	1.43

Leading Sub-Sectors

Simple, healthy foods with less processing and fewer artificial preservatives, flavors, colors and sweeteners

Consumers are seeking meat products where the animals have received less or no hormone growth promotants and antibiotics.
Snacks are very popular: chips; health bars and confectionery

Opportunities

New Zealand consumers desire fruits through-out the year. The U.S. can supply counter-seasonal fruit. Fresh fruit has high growth potential.

Dried fruits and nuts cater to consumer demand for good quality and healthy foods.

Snack foods: confectionery; cookies

Web Resources

Source: USDA Foreign Agriculture Service, Wellington, New Zealand: Foreign Agriculture

Aircraft Parts

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

U.S. aircraft represent more than 50 percent of New Zealand's aircraft fleet (both fixed wing and helicopters). There are approximately 4500 registered aircraft in New Zealand comprising of around 500 models. The composition of the fleet means U.S. aircraft parts are required by overhaul and maintenance providers. New Zealand's fleet make-up contributes to the United States as the leading source of aircraft parts. Trade figures include aircraft engine re-exports to Australia and the United States.

Most of New Zealand's 800 aviation and related companies are small and privately owned. An exception is Air New Zealand with a majority shareholding held by the New Zealand Government. Pacific Aerospace, based in Hamilton, New Zealand is the only commercial manufacturer of aircraft.

Aircraft are important to New Zealand's economy particularly this country's tourism and trade sectors. New Zealand is geographically isolated from its trading partners. Exporters of perishable products such as seafood and flowers rely on the aviation sector for shipping to international markets. There is a strong history of agricultural aviation in New Zealand. Approximately 99% of all travelers to New Zealand arrive by air.

	2014	2015	2016	2017 (Estimated)
Total Local Production*	150,000,000	150,000,000	150,000,000	150,000,000
Total Exports	103,189,240	102,434,104	122,917,074	120,000,000
Total Imports	2,069,133.754	1,907,372,818	1,775,403,078	1,800,000,000
Imports from the US	1,405,096,344	1,163,699,425	1,103,739,069	1,110,000,000

	2014	2015	2016	2017 (Estimated)
Total Market Size	2,115,944,514	1,954,938,714	1,802,486,004	1,830,000,000
Exchange Rates	1.21	1.43	1.44	1.43

Source: Trade Policy Information System (TPIS)
*Guess-estimate

Leading Sub-Sectors

Unmanned Aerial Vehicles (UAVs) - or 'drones' - are rapidly growing in popularity, for both recreational and commercial uses

Air New Zealand, this country's national airline is committed to a high level of maintenance/comfort/safety on all its aircraft creating a steady market for spares, accessories, and service over the next decade.

Opportunities

New Zealand Defence Force upgrades:

replacement of the 757 transport aircraft
replacement of the P4 Orion surveillance aircraft
replacement of the C130 Hercules tactical airlift aircraft

Air New Zealand forecasts its total future aircraft capital expenditure through to 2021 will be approximately NZ$1.6 billion.

Air New Zealand has signed an eight year licensing agreement to overhaul and repair auxiliary power units produced by Honeywell Aerospace at its Christchurch engineering and maintenance base.

Web Resources

Air New Zealand
New Zealand Aviation Association
New Zealand Civil Aviation Authority

New Zealand Defence Force
New Zealand Ministry of Defence

Defense

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

New Zealand's Defence Force (NZDF) in partnership with the New Zealand Ministry of Defence contributes to this country's security interests. This includes ensuring New Zealand's trade routes are clear and safe for shipping. NZDF prime components: the Air Force, Army and Navy represent approximately 14,000 personnel (regular force, civilian and reserves.)

Funded by tax-payers, procurements follow core principles including best value for money over the life of the product and open and effective competition. NZDF spends approximately US$420 million annually on goods and services. The 2016 Defence White Paper outlines this country's defense policy objectives, and how NZDF will be structured and equipped to deliver on these objectives to 2030 and beyond. The 2016 Defence White Paper signals investment of around US$14 billion over the next fifteen years in new capability and infrastructure.

NZDF manages purchases of assets with a life cost of under NZ$15 million; every day goods and services such as clothing, food, medical gear and supplies and products to help operate NZDF camps and bases. The Ministry of Defence is involved in major procurements. NZDF and the Ministry procurements are a combination of Foreign Military Sales (Government-Government) and direct commercial sales. Depending on their scale and complexity, some procurement projects extend over several years which means early engagement by industry is vital for success.

	2014	2015	2016	2017 (Estimated)
Total Local Production	0	0	0	0

	2014	2015	2016	2017 (Estimated)
Imports from the US*	150,635,635	164,699,813	72,021,135	166,000,000
Estimated Total Market Size	200,000,000	200,000,000	100,000,000	200,000,000
Exchange Rates	1.21	1.43	1.44	1.43

Source: Bureau of Economic Analysis, ITA, Commerce
*includes only military end use data (both the FMS and DCS programs)

Leading Sub-Sectors

Aerospace
Maritime

Opportunities

New Zealand Defence Force big-ticket upgrade proposals:

Replacement of the 757 transport aircraft

Replacement of the P4 Orion surveillance aircraft

Replacement of the C130 Hercules tactical airlift aircraft

Replacement of the ANZAC frigates

Replacement of the naval tanker, Endeavour

A single dive and hydrographic vessel

Web Resources

Government Electronic Tenders
Ministry of Defense
New Zealand Defense Force

Franchising

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

New Zealanders' preference for self-employment builds a solid foundation for franchising by alleviating the risks associated with a start-up business. Per capita, New Zealand has a high uptake of franchise operations.

Currently, all indications are that franchising continues to attract the interest of new franchisees, in particular for American brands which are well-regarded. The reasons for ongoing strong performance in this sector are:

Increased levels of business activity across the economy
Increased and sustained levels of business confidence

Liquid capital available for investment in franchising as a result of low interest rates and strong residential property values

Higher profitability and sustainability of revenues attributed to the franchising sector

New Zealand has no franchise-specific laws. The sector relies on generic business law (e.g. contract law, intellectual property law, and fair trading law) and self-regulation. This is done through the Franchise Association of New Zealand (FANZ) – a voluntary organization that requires members to adhere to a Code of Practice and Code of Ethics. In June 2009, a Government review of the franchising sector decided there was no need for the introduction of franchise-specific regulation.

Some industry sectors are clearly in advanced maturity/ decline stages of their life-cycles. A clear example of these would be the DVD-rental segment

represented in New Zealand by Blockbuster Video. Most DVD rental operators have closed operations or now concentrate on niche markets (collectibles, educational video etc.).

The key challenge for franchisors exploring the New Zealand market is a lack of access to deep pools of capital. Most American franchisors offer potential franchisees (all other criteria being met) some flexibility in pricing, fees etc. due to this constraint.

Accurate statistics for the overall size of the market, local vs. international franchises, and related data are unavailable. The summary data provided above is considered robust and reliable, according to industry experts.

Leading Sub-Sectors

Accommodation / healthy dining / quick service restaurants

Retail Trade

Consumer technology services & consumables supplies

Business services

Education/ tutoring services and content

Home maintenance and home-based services

Elder care

Opportunities

There are no large trade events in this sector held in New Zealand.

Web Resources

Franchising New Zealand

ICT

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

Information and Communications Technology (ICT) technology is used throughout the New Zealand economy. ICT, including subsectors telecommunications, IT hardware, IT software, IT services, Internet services and wireless technologies, is viewed as a key tool by the New Zealand Government to increase local productivity and enhance innovation. New Zealand's ICT sector comprises around 7,500 organizations. Most multinational brands are distributed in New Zealand.

Internet-accessible devices such as tablets and smartphones are increasing demand by New Zealanders for Internet access and for faster Internet speeds. The New Zealand Government is improving broadband services via two significant investments: the Ultra-Fast Broadband Initiative and the Rural Broadband Initiative. The Ultra-Fast Broadband Initiative will bring fiber-optic technology to homes, schools, hospitals, and businesses. The Rural Broadband Initiative will deliver broadband Internet to rural communities at a cost and service level comparable with urban areas.

Opportunities arise and are seized continuously in an intensely competitive, very fast-paced market. Characterized by endless innovation, the consumer market (commercial and personal) for ICT goods and services in New Zealand is an early and enthusiastic adopter of new systems and processes. It is an ideal test-bed for a range of similar markets such as Australia, Japan, Europe, and Canada.

	2014 ($ million)	2015	2016	2017 (Estimated)

	2014 ($ million)	2015	2016	2017 (Estimated)
Total Local Production*	498.360	523.278	538.976	565.928
Total Exports	1,490	1,520	1,640	1,750
Total Imports	2,800	3,200	3,600	3,800
Imports from the US	268.426	255.041	268.480	272.000
Total Market Size	1,810	2,200	2,500	2,620
Exchange Rates	1.21	1.43	1.44	1.43

(*total market size = (total local production + imports) - exports*)
Source: Trade Policy Information System (TPIS)
*Estimated.

Leading Sub-Sectors

Consumer technology including wearables and WiFi connected smart devices

Home Automation products and cloud-based services

Cloud-based commercial services including streaming content

Data Warehousing and related products & services

Gaming and networked entertainment

Financial and educational technology

American manufacturers and suppliers of EdTech will find the New Zealand market to be open, engaged and interested in learning about any new products and services. This is also an excellent "test-bed" market for innovative educational technology, and can provide a springboard to larger European and Asian market segments.

New Zealand's education system is an enthusiastic early adopter of technology. Both the primary and tertiary education sectors have actively absorbed digital systems into the delivery of content and management of teaching systems, whether independent or teacher-led.

The Ministry of Education has focused on delivering high-speed broadband connectivity to schools across the country and is committed to this approach into the future.

Tertiary education providers including polytechnics and universities all offer extensive libraries of content, linking students with peer-reviewed journals addressing a comprehensive range of educational disciplines and fields of study. This content is delivered in rich multi-media format wherever available, and is kept up to date through access to the latest available software and hardware.

EdTech customers include early childhood education centers, schools, tertiary institutions, vocational, and lifelong learning, as well as corporate and workplace training, consumers wanting personalized learning, and information at work and in the home.

New Zealand has a diverse financial services industry and a thriving ecosystem for innovation. However until recently there has been no central forum or source of data to manage, represent or collect industry information. In response to this growing need the New Zealand Technology Industry Association convened a working group to establish a **financial innovation and technology** association with a view to bring together and grow the local community. This association, FinTechNZ, was launched in February 2017.

New Zealand businesses are active users of financial technology, and purchase a wide range of American products & services in this category. New

Zealand companies also innovate actively in this space, with particular growth seen in Payment Systems and Blockchain/Bitcoin solutions.

There is little substantive data available on the volume of bilateral trade in this category, but it can be stated that this is a key growth area for New Zealand's economy, and American firms will find a range of partnership, testing/validation and sales opportunities.

Opportunities

There are no large trade events in this sector held in New Zealand.

Web Resources

Franchise Association of New Zealand
Ministry of Economic Development
Statistics New Zealand

Medical Equipment

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

New Zealand's health system comprises public, private, and voluntary sectors that coordinate with each other to provide and fund healthcare to an aging population. More than 78% of health care is Government funded. Improving performance and ensuring New Zealand's medical expenditure is spent appropriately is the basis of procurement decisions.

Medical technology is a key market segment for U.S. exporters, who supply around 60% of total imports.

The United States supplies an estimated 65% of New Zealand's medical technology. This is bolstered by strong recognition of the quality of US-made products, and the reliability of supplier relationships. The value of such goods imported into New Zealand is estimated at $500 million.

Anecdotal evidence suggests that the best opportunities in the New Zealand medical device market for U.S. firms lie in sectors where New Zealand suppliers cannot compete, such as equipment requiring high capital expenditure to produce or acquire; equipment supporting newly introduced and approved procedures; innovative developments on existing lines that deliver efficiencies or cost-savings to a heavily-loaded public health system; and highly specialized equipment that cannot be produced in New Zealand due to resource constraints.

	2014 ($ million)	2015 ($ million)	2016 ($ million)	2017 (Estimated, $ million)
Total Local	370.87	716.01	747.88	735.15

	2014 ($ million)	2015 ($ million)	2016 ($ million)	2017 (Estimated, $ million)
Production*				
Total Exports	819.32	804.34	843.40	868.07
Total Imports	1418.45	1065.34	1101.82	1167.92
Imports from the US	238.65	233.5	262.70	294.49
Total Market Size	970.0	977.0	1006.3	1035.0
Exchange Rates	1.21	1.43	1.44	1.43

Source: Trade Policy Information System (TPIS)
*Guess-estimate

Leading Sub-Sectors

There is strong growth in innovation and R&D activity in health technology in New Zealand. This sector appears to be driven more strongly by industry / corporations than by traditional university-based research. Budgets therefore tend to be higher; nevertheless many projects with global potential find capital constraints in New Zealand that hinder their growth objectives. Such companies quickly move offshore. This is an opportunity not fully exploited by U.S. firms, as many opportunities are picked up by Asian and European partners.

Telehealth and wearable technology have experienced a significant upturn in interest as well as R&D capital investment. U.S. providers have noted this trend. New Zealand as a hub for innovative models of healthcare delivery, especially through the public health system, is increasingly recognized as a pivotal location for validation and commercial growth strategy development in the sector.

In 2015, the top five medical technology segments in New Zealand as measured by the number of companies manufacturing locally were: assistive technology; single-use technology including consumables such as disposable kits, testing equipment etc.; reusable diagnostic or analytic equipment; hospital hardware including ambulatory; and orthopedic devices

Opportunities

There are no large trade events in this sector held in New Zealand.

Web Resources

Medsafe
Ministry of Health
Pharmac
Statistics New Zealand

Travel and Tourism

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

New Zealanders are avid travelers. All full-time employees receive a generous leave package comprising four weeks' paid annual leave plus 11 statutory public holidays. Traveling internationally for pleasure is something many New Zealanders aspire to do as regularly as they can afford to. Passport ownership in New Zealand is one of the highest globally. Long-haul trips from New Zealand to the U.S. are typically planned well in advance. Over the past two years, increased airline capacity from New Zealand to the United States, combined with competitive airfares has helped spur travel.

For the year ending December 2015 (most current year end statistic), a record number of New Zealanders visited the United States (296,000 people). The United States is the most popular long-haul destination for New Zealand travelers. In 2015, 84% of travelers surveyed as vacationing/visiting friends and family and one-third of travelers experienced their first-ever U.S. visit. Source: National Travel & Tourism Office.

Flights direct from Auckland to the U.S. are scheduled by Air New Zealand (five routes), Hawaiian Airlines, American Airlines and United Airlines.

	2014	2015	2016 (Estimated)	2017 (Estimated)
Total New Zealand Travelers to the U.S.	260,501	296,000	292,000	290,000
Exchange Rates	1.21	1.43	1.44	1.43

Source: National Travel & Tourism Office, ITA, Commerce

Leading Sub-Sectors

Adventure Tourism

National Parks

Shopping

Theme Parks

Trade Events/Business

Opportunities

Brand USA New Zealand coordinates an annual Discover America seminar program. This event which takes place in February is an opportunity for U.S. travel and tourism bureau to meet and update New Zealand's travel trade on new/existing destinations and pricing changes. The Discover America seminar program takes place in Auckland and alternates every two years between Wellington and Christchurch.

New Zealand's Visit USA Committee manages a similar program for New Zealand's regional centers.

Web Resources

Brand USA New Zealand
Office of Travel and Tourism Industries
Statistics New Zealand
Visit USA New Zealand

Customs, Regulations & Standards

Trade Barriers

The U.S. pharmaceutical industry has voiced strong concerns over access to New Zealand's pharmaceutical market, in which the Government of New Zealand is the primary purchaser of pharmaceuticals in the country. Some U.S. pharmaceutical companies have even left the market or substantially scaled back operations since the Pharmaceutical Management Agency (PHARMAC) was created in 1993. PHARMAC administers the Pharmaceutical Schedule of over 2,000 medicines, which lists medicines that are entitled to subsidies from the New Zealand Government. It also manages the Exceptional Circumstance program (medical funding for people with rare conditions). In 2010, PHARMAC's role was significantly expanded to buy hospital drugs (which formerly were done by district health boards) and some medical equipment. Within the budget, which is set by the Minister of Health, PHARMAC essentially decides what medicines to fund, negotiates prices with pharmaceutical companies, and sets the subsidy levels and conditions.

Industry representatives have criticized PHARMAC's lack of transparency, timeliness, and predictability in the reference pricing process and the onerous approval processes and delays in reimbursing new products. Combined, these issues create an unfavorable environment for innovative medicines. While New Zealand does not restrict the sale of approved pharmaceuticals that do not receive a pricing subsidy, most private medical insurance companies will not cover the cost of these medicines and doctors are often reluctant to prescribe them. The small market size for private purchasing of pharmaceuticals outside of PHARMAC makes it unsustainable for pharmaceutical companies to rely solely on this market. When PHARMAC declines a pharmaceutical on a sole supply tender, the company is essentially excluded from market access in that therapeutic area. (Note: Sole supply tendering occurs when PHARMAC funds a company to supply 100 percent of the New Zealand public market. The period of the sole supply tender may last for years. There is no right to view the basis for the decision or appeal the decision.) PHARMAC also uses a rigidly capped budget to fund both growth in volume of

existing medicines and the purchase of new medicines. As a result, the budget relies on savings on existing medicines to fund the inclusion of new innovative medicines, which in practice severely restricts the entrance of new medicine.

Because of such concerns, PHARMAC has said that it is working to improve transparency and increase stakeholder involvement in its processes. The pharmaceutical industry has also reached out to partner with the government of New Zealand and other stakeholders in achieving better provision of quality medicines, as well as better health and economic outcomes.

The Patents Act 2013 does not contain provisions for patent term restoration. This is not in keeping with international best practices. Industry estimates say that the regulatory approval process for new drugs in New Zealand is approximately three years after the date of approval in the country of first launch. Entry into New Zealand's market is also delayed by the timeliness of the PHARMAC approval process, which is essential to make the market viable for pharmaceutical companies. As such, New Zealand will not have a mechanism to restore patent terms for pharmaceutical products to recover lost time from the regulatory approval process.

For more information and help with trade barriers please contact:

International Trade Administration
Enforcement and Compliance
(202) 482-0063
ECCommunications@trade.gov
Enforcement And Compliance

Import Tariff

The New Zealand Ministry of Commerce grants tariff concessions to goods unavailable from New Zealand manufacturers.

Most tariffs range from zero to 10%. These duty rates apply mostly to clothing, footwear, and carpeting. Most passenger vehicles and almost all computer software and hardware enter tariff-free. Alcoholic beverages (including beer, wine, and spirits), tobacco products, and some petroleum products are subject to excise duties that also apply to similar items that are produced domestically.

All imported goods are liable to a 15% Goods and Service Tax (GST). This tax is payable on the sum of the Customs value of the goods, any Customs duty payable thereon, and freight and insurance costs incurred in transporting the goods to New Zealand. The government implements an import transaction fee of NZ$18 on every commercial import that has a duty and/or liability of NZ$50 or more. The fee is not charged on private import declarations for goods valued under NZ$1,000.

Import Requirements & Documentation

There are few documentation requirements for the import and export of goods. The New Zealand Customs Service website outlines the minimal requirements. The importer, or a Customs House Broker acting for the importer, must make all import declarations electronically.

The Ministry of Agriculture and Forestry (MAF) requires that exporters' declarations include a statement that any wooden or plywood packing case, crates, wooden containers, or cargo pallets destined for New Zealand have been inspected before shipment. These goods must be free from bark and visible signs of insect and fungal infestation. This declaration must accompany all bills of lading and other shipping documents. For more information on prohibited items, please visit the Ministry of Primary Industries (which is responsible for biosecurity) website: Biosecurity

Fruits, plants, and seeds must be accompanied by certificates from the appropriate authorities in the country of origin to the effect that the items have been examined and found to be free of disease. In the United States, the U.S. Department of

Agriculture issues these certificates. The certificates should be forwarded to the consignee in New Zealand and accompany the consignment. The Ministry of Agriculture may inspect the shipment on arrival and, if signs of insect infestation are present, order the consignment to be either fumigated or denied entry.

The New Zealand Food Safety Authority (NZFSA) allows the import of U.S. bovine products based on a case-by-case assessment requirement. No poultry meat imports (except canned) can enter New Zealand. Commercial imports of turkey meat will begin mid-2017.

Labeling/Marking Requirements

New Zealand prohibits the importation of all goods bearing false or deceptive trademarks. New Zealand also prohibits the entry of any foreign manufactured goods that bear the name or trademark of a New Zealand manufacturer or trader, the name of a place in New Zealand, or words that would associate the goods with New Zealand, unless the names or words are accompanied by a definite indication of the country of origin.

There is no general requirement that the country of origin be indicated on all imported goods. The country of origin must, however, be shown on footwear, clothing items, and dry-cell batteries.

Various prepared, blended, compounded, mixed, or imitation foodstuffs require compliance with detailed regulations regarding labeling. In general, food labeling requirements in the U.S. market exceed those of the New Zealand market. Paints containing lead, wool products, electrical appliances and equipment, footwear, drugs, toilet preparations, and food products must also be specially labeled. Regulations also provide that all packaged goods bear an indication of the net weight of the contents and specify how such weights are to be indicated for each commodity. All weights and measures should be quoted in metric units.

New Zealand has a labeling standard for genetically modified (GM) food. Under the standard, the label listing ingredients for food products, with certain exceptions, must include the words "genetically modified" if genetic material or protein from genetic modification is present. It is the responsibility of food businesses applying the food label, re-labeling food, or selling the food to meet this standard's requirement. This includes manufacturers, packers, importers, and sometimes retailers. A number of exceptions exist for the labeling of GM food.

With the exception of movie film and dangerous goods, there are no regulations governing the marking of outside packing cases.

U.S. Export Controls

New Zealand participates in a variety of multilateral arrangements and agreements that control the export and re-export of strategic items, including missiles and missile components, nuclear and nuclear-related materials, chemicals and chemical equipment, biological agents and equipment, defense equipment and defense-related goods, as well as some industrial "dual use" items that could be used for military or civilian purposes. For these items, permission to export must be obtained from New Zealand Customs, which acts on the advice of the Ministry of Foreign Affairs and Trade.

A list that consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single search as an aid to industry in conducting electronic screens of potential parties to regulated transactions is available here: Consolidated Screening List

Temporary Entry

New Zealand admits samples of negligible value duty free. For example, small shipments of trade catalogs, price lists printed outside New Zealand, and advertising products produced abroad are admitted duty free. However, these items must bear the name and address of the foreign manufacturer. These items may not be

designed to advertise the sale of products by any company, firm, or individual with a business established in New Zealand. Temporary, duty-free admission of advertising films is permitted.

Samples of commercial value may be imported temporarily under bond or deposit of the duty amount to which they are liable. Such samples are subject to the same customs regulations and duties in New Zealand as are ordinary commercial shipments of the commodities represented. There is no provision for the prepayment of such duties in the United States.

Prohibited & Restricted Imports

Although a pervasive system of import licensing controls was abolished in the mid-1980s, New Zealand maintains controls on the importation of a variety of goods based on criteria such as "community protection," protecting the earth's ozone layer, controlling toxic substances, and safeguarding consumers. New Zealand also maintains a strict quarantine regime to protect its agricultural and forestry industries from pests or disease contamination.

Among the controlled products are firearms and other weapons, explosives, controlled drugs, hazardous wastes, radioactive substances, pesticides, plants, animals, and animal and plant products. Publications, films, audio recordings, and computer disks are restricted for objectionable material. Some agricultural goods (e.g. poultry) are restricted for phytosanitary reasons. New Zealand also complies with United Nations sanctions prohibiting importation of goods from sanctioned countries. Detailed information is available from New Zealand Customs.

Customs Regulations

Duty on New Zealand imports is typically calculated as a percentage of the cost of the goods free on board (f.o.b.). In some cases, duty is calculated on the basis of a charge on a specific unit of weight, volume, or other measurement ("specific" rate).

Occasionally duty is calculated on the basis of a combination of ad valorem and specific rates. Ad valorem duty is assessed on the f.o.b. value of the goods.

The rate of duty payable is determined by the classification of the goods in the New Zealand Tariff, which is based on the Harmonized Commodity Description and Coding System.

For all general Customs enquiries, U.S. companies should contact the National Contact Centre on the numbers listed below. These numbers and email address are monitored from Monday to Friday, 7:00 am to 6:00 pm (excluding public holidays).

Toll-free within New Zealand:	0800 428 786 (0800 4 CUSTOMS)
Calling from the U.S.:	+64 9 927 8036
Fax within New Zealand:	09 927 8019
Faxing from the U.S.:	+64 9 927 8019
Email:	feedback@customs.govt.nz

Standards for Trade

Overview

New Zealand Standards cover a wide variety of subjects, including design, safety, specifications, performance, and quality of products. Adoption of these standards is generally voluntary, but can be made compulsory through a statutory reference. Compliance with these Standards may be an important factor in sales promotion and production certification ("S" Mark). New Zealand operates under the metric system of weights and measures. New Zealand Standards use the identifier "NZS". Joint Australian and New Zealand Standards use the identifier "AS/NZS". New Zealand cooperates with several of its major trading partners on reciprocal recognition and acceptance of standards.

The Trans-Tasman Mutual Recognition Arrangement (TTMRA) between New Zealand and Australia integrates both countries' standards. Products sold in

one economy may legally be sold in the other, regardless of differences in standards or other sale-related regulatory requirements.

Standards

The New Zealand Standards Council oversees the development and adoption of standards. Standards New Zealand is the national standards body and represents New Zealand in the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC).

Recognizing the close ties between the two economies, Standards New Zealand cooperates closely with Standards Australia to develop joint Australian-New Zealand standards (ASNZS) that are based, to a large extent, on international standards. The Active Co-operation Agreement with Standards Australia is also intended to meet both nations' obligations under World Trade Organization (WTO) Standards.

Testing, inspection and certification

New Zealand has an agreement with the European Union known as the Mutual Recognition of Conformity Assessment (NZ/EU MRA) - for Conformité Européenne (CE) Marking. The NZ/EU MRA enables exporters to assess conformity (testing, inspection, and certification) with standards in their own country before the goods are shipped.

The EA MLA is recognized internationally by ILAC (International Laboratory Accreditation Cooperation) and IAF (International Accreditation Forum). This means that a test report or certificate accredited by an EA MLA signatory is also recognized by the signatories to the IAF and ILAC multilateral agreements. In this way, the EA MLA acts as an international passport to trade.

The accreditation authority for ISO 9000 certifying bodies in New Zealand is the Joint Accreditation System - Australia and New Zealand (JAS-ANZ), established in 1991.

International Accreditation New Zealand (IANZ) is the national authority for accrediting technical professional services. Its primary role is the accreditation of testing and calibration laboratories and inspection bodies. IANZ accredits laboratories against the international standard ISO/IEC 17025: "General Requirements for the Competence of Testing and Calibration Laboratories." It also accredits specific professional activities, including radiology services and pharmacies.

New Zealand's certification requirements are not perceived as burdensome by U.S. exporters.

U.S. testing laboratories can set-up in New Zealand and test U.S. products to comply with domestic regulatory requirements.

Publication of technical regulations

Standards New Zealand publishes and distributes standards.

Contact Information

Asure Quality
Energy Safety Service
Health Quality and Safety Commission
International Accreditation New Zealand
Standards New Zealand

Trade Agreements

In March 2017, Prime Minister Bill English announced New Zealand's updated trade strategy, which aims to have free trade agreements (FTAs) cover 90 percent of New Zealand goods exports by 2030, up from the current 53 percent. Trade Agenda 2030 sets the direction of New Zealand's trade policy for the next 10-15 years.

New Zealand has successfully concluded free trade agreements with 16 WTO members including:

- Since 1983, New Zealand and Australia have traded through a Closer Economic Relationship (CER), which is a free trade agreement eliminating all tariffs between the two countries. The rules of origin under the CER do not, however, permit products to enter Australia duty free from New Zealand unless the products are of at least 50 percent New Zealand origin. Additionally, the last manufacturing process must be carried out in New Zealand.
- New Zealand concluded a Closer Economic Partnership (CEP) agreement with Singapore that entered into force on January 1, 2001.
- New Zealand concluded a concluded a CEP agreement with Thailand that entered into force on July 1, 2005.
- New Zealand concluded an FTA with China that entered into force on October 1, 2008.
- New Zealand and Malaysia signed an FTA October 26, 2009 which entered into force in January 2016.
- New Zealand concluded a CEP with Hong Kong, which entered into force on January 1, 2011.
- New Zealand concluded a FTA with Korea in 2014 and the FTA entered into force on 20 December 2015.

New Zealand is currently negotiating separate FTAs with the European Union and India, as well as block trade agreements with Russia, Belarus, and Kazakhstan.

Licensing Requirements for Professional Services

In New Zealand, registration is required by law for professional services such as accounting, consulting, human resource, and finance.

Web Resources

Immigration New Zealand
Ministry of Foreign Affairs

Investment Climate Statement

Executive Summary

New Zealand has an open, transparent economy where businesses and investors can generally make commercial transactions with ease. Major political parties are committed to an open trading regime and sound rule of law practices, and the country enjoys minimal corruption. This is regularly reflected in high global rankings in the World Bank's Ease of Doing Business report and Transparency International's Perceptions of Corruption. In the aftermath of the GFC, the government made changes to the financial system to shore up investor confidence. Significant legislative changes included: the establishment of a regulatory body, the Financial Markets Authority under the Financial Markets Authority Act, introduction of the Financial Markets Conduct Act, the Financial Reporting Act, and the Anti-Money Laundering and Countering Financing of Terrorism Act.

More recently the government has introduced initiatives under its Business Growth Agenda that promote New Zealand as a destination for overseas investment. In 2015 the Government introduced an Investment Attraction Strategy to attract more "high quality" foreign direct investment; attract multinationals to undertake research and development in New Zealand; and attract individual investors and entrepreneurs to migrate and reside in New Zealand.

In its strategy, the New Zealand Government aims to leverage existing offshore networks of the Ministry of Foreign Affairs and Trade (MFAT), New Zealand Trade and Enterprise (NZTE), Immigration New Zealand (Immigration NZ), and Kea New Zealand (a New Zealand government business networking initiative) to generate investment leads.

There has been strong activity in New Zealand's early-stage capital markets. Growth in angel investment activity sourced domestically and internationally over the last few years has been largely driven by the rise of investment in software companies, technology, and food and beverage companies. In its Regional Investment Attraction program, the Government has identified sectors by region that are working to attract foreign investment, including forestry in Northland and energy in Taranaki. Other sectors to be targeted include those in which New Zealand has a competitive advantage, or those that are considered high quality, niche, and/or value-added such as premium food and beverage, specialized manufacturing, agricultural expertise and technology, ICT/digital, and shared services.

Half of New Zealand's foreign direct investment comes from Australia, with the United States ranking second, constituting about eight percent. Similarly, over half of New Zealand's outward direct investment goes to Australia, with the United States ranked second at about 17 percent.

In 2016 the Government issued new guidelines and increased resources for the entity that reviews certain foreign investment, the Overseas Investment Office, in response to investors' concerns that waiting times for decisions were too long, and that the screening for certain investment types was unclear.

New Zealand will hold its general election in September 2017, and a new government could decide to review and possibly alter the foreign investment framework, or how it promotes New Zealand as destination for foreign investment.

The 2017 Investment Climate Statement for New Zealand uses the exchange rate of NZD 1 = USD 0.71.

Table 1

Measure	**Year**	**Index/Rank**	**Website Address**
TI Corruption Perceptions Index	2016	1 of 176	Transparency Index
World Bank's Doing Business Report "Ease of Doing Business"	2017	1 of 190	Doing Business Rankings
Global Innovation Index	2016	17 of 128	Global Innovation Index

Measure	Year	Index/Rank	Website Address
U.S. FDI in partner country ($M USD, stock positions)	2015	USD7,200	BEA Fact Sheet
World Bank GNI per capita	2015	USD40,020	World Bank Indicator

Openness To, and Restrictions Upon, Foreign Investment

Policies Towards Foreign Direct Investment

Foreign investment in New Zealand is generally welcomed and encouraged without discrimination. With minimal corruption, New Zealand has an open, transparent economy, where businesses and investors can generally make commercial transactions with ease. With few exceptions, foreigners may invest in any sector of the economy, and there are generally no limits on foreign ownership or control.

New Zealand has a rapidly expanding network of bilateral investment treaties and free trade agreements with investment components designed to facilitate increased investment. New Zealand also has a well-developed legal framework and regulatory system, and the judicial system generally upholds the sanctity of contracts.

There are no restrictions on the inflow or outflow of capital, and expropriation is not an issue.

Investment disputes are rare, and there have been no major disputes in recent years involving U.S. companies. The mechanism for handling disputes is the judicial system, which is generally open, transparent and effective in enforcing property and contractual rights.

Private entities generally have the right to freely establish business enterprises, and both real and intellectual property rights are well protected. In international indices with investment-related aspects, New Zealand consistently receives high scores. The OECD ranks New Zealand seventh most restrictive of 60 countries on their FDI Regulatory Restrictiveness Index for 2016.

In 2016 the Government introduced its International Investment Attraction Strategy to lift the rate of private business investment as a percentage of

GDP, in part to fulfil specific targets in the Government's Business Growth Agenda. The strategy includes cross-agency participation in initiatives that involve the Ministry of Business, Innovation, and Employment (MBIE), MFAT, the Ministry for Primary Industries (MPI), NZTE, Immigration NZ, Callaghan Innovation, and the New Zealand Treasury. Its three priorities are to attract more "high-value" foreign direct investment, increase the number of multinational companies to undertake their research and development in New Zealand, and to attract and retain individual investors and entrepreneurs to reside in New Zealand.

The strategy includes targets for the number of new international companies undertaking R&D and doubling the amount of capital that migrant investors bring to New Zealand. To attract more individual investors and entrepreneurs, over the past two years the Government has added more visa categories for investors, and is trialing a four-year Global Impact Visa program that targets younger, high-impact entrepreneurs, and start-up teams to launch global ventures in New Zealand. The Government has offered tailored promotional events to key offshore markets in order to secure investors and entrepreneurs to New Zealand, and aims to offer applicants a responsive, personalized service to facilitate further investment. Under certain criteria, foreign businesses and individuals can bid alongside New Zealand businesses for contestable funding offered by the government for research and innovation grants.

In its Regional Investment Attraction program, the government has identified sectors by region that are working to attract foreign investment, including forestry in Northland and energy in Taranaki. During 2016, the Government made changes to visas and increased incentives for new migrants to live in regions outside Auckland.

The NZTE is New Zealand's primary investment promotion agency.

The New Zealand-United States Council, established in 2001, is a non-partisan organization funded by business and the Government. It fosters a strong and mutually beneficial relationship between New Zealand and the United States through both government-to-government contacts, and business-to-business links. The American Chamber of Commerce in Auckland provides a platform for New Zealand and United States businesses to network and liaise with each other, and with government agencies.

Limits on Foreign Control and Right to Private Ownership and Establishment

The New Zealand Government does not discriminate against foreign investors, but has placed separate limitations on foreign ownership of Air New Zealand and Spark New Zealand (Spark), the latter formerly known as Telecom Corporation of New Zealand until 2014.

According to Air New Zealand's constitution, no person who is not a New Zealand national may hold or have an interest in equity securities which confer 10 percent or more of the voting rights without the consent of the Minister of Transport. There must be a maximum of eight directors and a minimum of five directors of Air New Zealand. At least three directors must be ordinarily resident in New Zealand. The majority of the Air New Zealand Board of directors must be New Zealand citizens. In 2013 the Government sold down its stake in Air New Zealand from 73 percent to 53 percent to raise money to pay down debt.

The constitution of Spark requires that at least half of the Board be New Zealand citizens and at least one director must live in New Zealand (or otherwise meet the requirements of Section 1(d) of the Companies Act 1993). Their constitution also requires that no person shall have a relevant interest in 10 percent or more of the voting shares without the consent of the Minister of Finance and the Spark Board, and no person who is not a New Zealand national shall have a relevant interest in more than 49.9 percent of the total voting shares without the written approval of the Minister of Finance. The restriction referred to as "Kiwishare obligation" has been in place since Spark was privatized in 1990, and is motivated in part because of the vital emergency 111 service it provides.

A demerger of Spark in 2011 to create telecommunications infrastructure provider Chorus, meant that Spark would be free to compete with other telecommunications retailers and would no longer be subject to the Kiwishare obligation under the Telecommunications Amendment Act 2011. This particular part of the Act was not subject to public comment or industry submission as it was removed late in the Parliamentary process. However as a natural monopoly and telecommunications infrastructure provider, Chorus was made subject to the Kiwishare obligation.

Total foreign acquisition of 10 percent or more of Chorus voting shares requires approval by New Zealand shareholders and the Chorus board. Any foreign investor wishing to acquire 49.9 percent or more of Chorus' voting shares must obtain separate government approval. In 2014 the Crown decided to waive this restriction when a private company was granted approval to acquire an interest not exceeding 15 percent of Chorus shares. Chorus' Constitution provides that the Board must comprise between five and twelve Directors, and that a majority of Directors

(including the Chairman) must meet the independence requirements, and requires at least half of the Board to be New Zealand citizens.

The New Zealand Overseas Investment Office (OIO) screens foreign investment that falls within certain criteria. Under the Overseas Investment Act 2005, the OIO requires consent be obtained by overseas persons wishing to acquire or invest in significant business assets, sensitive land, farm land, or fishing quota, as defined below.

A "significant business asset" includes: acquiring 25 percent or more ownership or controlling interest in a New Zealand company, where the value of the New Zealand company's assets (including its 25 percent or more subsidiaries) in New Zealand exceeds NZD100 million (USD 71 million); establishing a business in New Zealand where the business is carried on for more than 90 days in any year and the total expected expenditure to be incurred, before commencing the business to establish it exceeds NZD100 million; or acquiring business assets in New Zealand where the total value of consideration provided exceeds NZD100 million. For all three categories the threshold is increased for Australian non-Government investors to (currently) NZD498 million (USD353 million) in accordance with the 2013 Protocol on Investment to the New Zealand-Australia Closer Economic Relations Trade Agreement.

OIO consent is required for overseas investors to purchase or acquire an interest (when that interest is three years or more) in "sensitive land" either directly or through acquiring an ownership or control interest of 25 percent or more in a person who owns or controls the sensitive land. Sensitive land includes any which: exceeds five hectares (12.35 acres) and is non-urban land; forms part of or adjoins the foreshore or seabed as defined in Section 6 of the OIO Act; exceeds 0.4 hectares and forms part of the Conservation Act 1987 or is proposed land for a reserve or public park; is subject to a Heritage Order, or is a historic or *wahi tapu* area (sacred Maori land); or is considered "special land" that is defined as including the foreshore, seabed, riverbed, or lakebed, and it must be first offered to the Crown by the current owner. If the Crown accepts the offer, it can only acquire that part of the "sensitive land" that is "special land" and can acquire it only if the overseas person completes the acquisition of the sensitive land.

Heritage Orders are issued under the Resource Management Act 1991 and ensure the protection of an item and surrounding area. A register of *wahi tapu* areas is maintained by the national historic heritage agency, Heritage New Zealand. For land purchases, foreigners who do not intend to live in New Zealand indefinitely must provide a management proposal covering any historic, heritage, conservation, or public access matters and any planned economic development. The proposal would generally be made a condition of consent.

The Waitangi Tribunal was established by the Treaty of Waitangi Act 1975 to hear Maori claims relating to the loss of land and resources as a result of historical breaches by the Crown of the Treaty of Waitangi signed in 1840. Maori land claims may not be lodged relating to privately owned land and affect only land owned by the Crown or Crown Entities. Some private land titles are noted with a memorial recording that the land, when Crown land, would be subject to a claim and therefore repurchased by the Crown for market value at some future time. No land in New Zealand has to date been the subject of a repurchase decision.

Where a proposed acquisition involves "farm land" (land used exclusively or principally for the purpose of agriculture, horticulture or pastoral purposes, or for the keeping of bees, poultry, or livestock), the OIO cannot approve the purchase by an overseas person unless the land is first advertised and offered on the open market in New Zealand to persons who are not overseas persons, in accordance with the procedure set out in the OIO Regulations. The Crown can waive this requirement in special circumstances at the discretion of the relevant Minister.

Commercial fishing in New Zealand is controlled by the Fisheries Act 1996 and parts of the Fisheries Act 1983 that have not been repealed. In order to achieve sustainable management of fisheries resources, the Fisheries Act 1996 sets out a quota management system that means no commercial fishing of a species controlled by the Act can be undertaken within New Zealand's territorial waters without the ownership of a fishing quota specifying the quantity of fish that may be taken. The OIO Act and OIO Regulations, together with the Fisheries Act, requires consent from relevant Ministers in order for an overseas person to have an interest in a fishing quota or an

interest of 25 percent or more in a business that directly or indirectly, owns or controls a fishing quota.

For investments that require OIO screening, the investor must demonstrate the necessary business experience and acumen to manage the investment, demonstrate financial commitment to the investment, be of "good character", and not be a person who would be ineligible for a permit under New Zealand immigration law. Any application to purchase land must also satisfy a "substantial and identifiable benefit to New Zealand" test (also known as the "counterfactual test"), unless the investor intends to live in New Zealand indefinitely.

The OIO monitors foreign investments after approval. All consents are granted with reporting conditions, which are generally standard in nature. Investors must report regularly on their compliance with the terms of the consent. Offenses include: defeating, evading, or circumventing the OIO Act; failure to comply with notices, requirements, or conditions; and making false or misleading statements or omissions. If an offense has been committed under the Act, the High Court has the power to impose penalties, including monetary fines, ordering compliance, and ordering the disposal of the investor's New Zealand holdings.

Large-scale overseas purchases of farmland have been a source of public controversy for a number of years. A review of the OIO Act in 2009 stemming from a judicial challenge led to changes in the regulations (Overseas Investment Regulations 2005) and a Directive Letter. The directive established new rules providing ministers with increased power to consider a wider range of issues when assessing foreign investment in sensitive assets. Two additional factors added to the benefit test were an "economic interests" factor that allows ministers to consider whether New Zealand's economic interests are adequately "safeguarded and promoted," and a "mitigating" factor that enables ministers to consider whether an overseas investment provides adequate opportunities for New Zealand oversight or involvement.

Controversy about foreign ownership has been focused on the South Island high country and coastal areas. There have been debates over the merit of foreign ownership itself, and the prospect of restricted public access. Growing overseas interest in New Zealand hunting and fishing tourism has made it very profitable to enclose land for luxury tourist developments. There has been concern that New

Zealanders would be denied access to land in favor of high-paying tourists. There has been opposition to proposals by the government to consider public right to cross farmland in certain circumstances. Farming organizations maintain that permission for reasonable access is usually willingly given, but landowners must continue to have discretion.

Foreign investment in residential property has also received significant public attention and has been linked to rising house prices due to the absence of capital gains tax. Under the Taxation (Bright-line Test for Residential Land) Bill, properties bought on or after October 1, 2015, will accrue tax on income earned if the house is bought and sold within two years, unless it is the owner's main home or another exception applies. Foreign purchasers will be required to have both a New Zealand bank account and a New Zealand Inland Revenue (IRD) tax number, and they will not be entitled to the "main home" exception. The IRD number, together with any other taxpayer identification number held in countries where the purchaser pays tax on income, will need to be submitted to the property lawyer completing the Land Transfer Tax Statement.

In 2015 provisions introduced in the Taxation (Land Information and Offshore Persons Information) Bill amended the Land Transfer Act 1952 and Tax Administration Act 1994, to enable Land Information New Zealand (LINZ) to collect additional information when property is bought and sold, and to pass this information to the IRD. Buyers and sellers will have to provide their IRD number and other details when transferring property unless it is the "main home." Those who are tax resident elsewhere must provide their IRD number from that country, and offshore persons need a working New Zealand bank account in order to get a New Zealand IRD number. The provisions apply from April 1, 2016, and the "main home" exemption does not apply to offshore persons or trusts. While the Government has ruled out a "foreign ownership register," this legislation aims to assist the IRD to follow up on all people who have tax obligations relating to residential property.

In practice, the Government's approval requirements have not been an obstacle for U.S. investors.

Other Investment Policy Reviews

Not applicable.

Business Facilitation

The New Zealand government has a strong commitment to continued efforts to streamline business facilitation. According to the World Bank's Ease of Doing Business 2017 report New Zealand is ranked first in "Starting a Business", "Dealing with Construction Permits", and in "Registering Property".

There are no restrictions on the movement of funds into or out of New Zealand, or on the repatriation of profits. No additional performance measures are imposed on foreign-owned enterprises. However overseas investors must adhere to the normal legislative business framework for New Zealand-based companies. This includes the Companies Act 1993, the Securities Act 1978, the Financial Markets Authority Act 2011, the Financial Markets Conduct Act 2013, the Takeovers Act 1993, the Commerce Act 1986, the Financial Reporting Act 2013, and the Anti-Money Laundering and Countering Financing of Terrorism Act 2009.

In order to combat the escalating use of New Zealand shell companies for illegal activities, the Companies Amendment Act 2014 and the Limited Partnerships Amendment Act 2014 introduced new requirements for companies registering in New Zealand. From October 2015 companies must have at least one director that either lives in New Zealand, or lives in Australia and is a director of a company incorporated in Australia. All new companies incorporated in New Zealand from May 2015 must provide the date and place of birth of all directors, and provide details of any ultimate holding company. The Acts introduced offences for serious misconduct by directors that results in serious losses to the company or its creditors, and aligns the company reconstruction provisions in the Companies Act with the Takeovers Code.

The Companies Office holds an overseas business-related register, and provides that information to persons in New Zealand who intend to deal with the company or to creditors in New Zealand. The information provided includes where and when the company was incorporated, if there is any restriction on its ability to trade contained in its constitutional documents,

names of the directors; its principal place of business in New Zealand, and where and on whom documents can be served in New Zealand.

For further information on how overseas companies can register with the government through MBIE, go to: Register an Overseas Company

In 2016 the New Zealand Parliament passed the New Zealand Business Number (NZBN) Act, which enables eligible entities to be allocated a unique identifier to conduct business more efficiently and to interact more easily with the government while at the same time protecting the entity's security and confidentiality of information. All companies registered in New Zealand have had NZBNs since 2013. The Act extends the allocation of NZBNs to other kinds of businesses such as sole traders and partnerships. For more information see: New Zealand Business Numbers

Tax registration is recommended when the investor incorporates the company with the Companies Office, but is required if the company is registering as an employer and if it intends to register for New Zealand's consumption tax, the Goods and Services Tax (GST), which is currently 15 percent. Companies importing into New Zealand or exporting to other countries which have a turnover exceeding NZD 60,000 (USD 42,600) over a 12 month period must register for GST. From October 1, 2016 the Taxation (Residential Land Withholding Tax, GST on Online Services, and Student Loans) Act 2016 requires non-resident suppliers of services, and digital downloads to New Zealand resident customers to register and return GST on their supplies if the supplies exceed, or are expected to exceed, NZD 60,000 in a 12 month period. Cross-border "remote" services and intangibles include e-books, music, videos and software purchased from offshore websites to New Zealand-resident consumers. Non-resident suppliers will be required to determine whether a customer is a New Zealand resident on the basis of two set pieces of information. Special conditions apply to cross-border suppliers of telecommunication services. Offshore telecommunications providers are required to charge GST on services provided to non-resident consumers that are temporarily in New Zealand (for example, inbound roaming services), if the total value of their supplies exceeds the NZD 60,000 registration threshold. New Zealanders must pay GST on goods that are not considered "low-value imported goods" on a *de*

minimis basis as determined by Customs New Zealand, in addition to customs duty if applicable.

The NZTE also provides information and assistance for overseas investors wanting to invest in New Zealand at NZTE.

Outward Investment

The New Zealand government does not place restrictions on domestic investors to invest abroad.

NZTE is the Government's international business development agency. It promotes outward investment and provides resources and services for New Zealand businesses to prepare for export and advice on how to grow internationally.

Customs New Zealand operates a business outreach program that advises New Zealand manufacturers and exporters on how to maximize the benefit from FTAs New Zealand has signed in order to improve the competitiveness of their goods offshore, and on how to meet requirements such as rules of origin.

Bilateral Investment Agreements and Taxation Treaties

New Zealand currently has signed bilateral investment treaties (BITs) with four partners: Argentina (August 1999), Chile (July 1999), China (November 1988), and Hong Kong (July 1995), but only the BITs with China and Hong Kong have entered into force. Besides these treaties, the country has concluded a number of economic agreements that also contain provisions on investment.

New Zealand has a Trade and Investment Framework Agreement with the United States that entered into force on October 2, 1992. The Trans-Pacific Partnership would have been the first comprehensive trade agreement between the United States and New Zealand.

New Zealand and Australia trade through a Closer Economic Relationship (CER), which is a free trade agreement eliminating all tariffs between the two countries. However, the rules of origin under the CER do not permit products to enter Australia duty free from New Zealand unless the products are of at least 50 percent New Zealand origin. Additionally, the last manufacturing process must be carried out in New Zealand. The enactment of the Free Trade Agreement (FTA) between Australia

and the United States on January 1, 2005, removed any tariff disadvantage to U.S. firms that choose to re-export products from New Zealand to Australia.

New Zealand concluded a Closer Economic Partnership (CEP) agreement with Singapore that entered into force on January 1, 2001.

New Zealand concluded a CEP agreement with Thailand that entered into force on July 1, 2005. The FTA contains a specific chapter on investment.

New Zealand has a Trade and Investment Framework Agreement with Mexico that entered into force on October 21, 1996.

New Zealand concluded an FTA with China that entered into force on October 1, 2008. The FTA contains a specific chapter on investment.

New Zealand and Malaysia signed an FTA October 26, 2009, that entered into force on August 1, 2010. The FTA contains a specific chapter on investment.

New Zealand concluded a CEP with Hong Kong, which entered into force on January 1, 2011.

New Zealand has an agreement on Economic Cooperation with the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, which entered into force on December 1, 2013. The agreement established rules between the two countries based on international best practice to facilitate investment flows and provide for the balanced protection of investment.

An FTA between New Zealand, Australia, and the Association of South East Asian Nations (ASEAN) entered into force January 1, 2010. The FTA contains a specific chapter on investment.

New Zealand has an FTA with the Republic of Korea that entered into force December 20, 2015. The FTA contains a specific chapter on investment.

New Zealand signed the Trans-Pacific Strategic Economic Partnership Agreement (the P4 Agreement) with Brunei, Chile, and Singapore that entered into force on May 28, 2006.

New Zealand concluded work on an FTA with the Gulf Cooperation Council (GCC) on October 31, 2009, but the agreement has not yet been signed.

New Zealand is in negotiations on the Pacific Agreement on Closer Economic Relations Agreement (PACER Plus) with Australia, Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Nauru, Niue, Palau, Papua New Guinea, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.

New Zealand is also negotiating an FTA with India, and entered into negotiations with the European Union in October 2015. Negotiations for a Russia-Belarus-Kazakhstan FTA were put on hold in May 2014.

New Zealand joined the Regional Comprehensive Economic Partnership (RCEP), launched at the East Asia Summit in November 2012. The RCEP developed among 16 countries: the ten members of ASEAN (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam) and the six countries with which ASEAN has existing FTAs – Australia, China, India, Japan, Korea, and New Zealand. There have been 17 rounds of negotiations as of March 2017.

New Zealand has 40 bilateral income tax treaties and 11 information sharing agreements currently in force. The Convention between the United States of America and New Zealand for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income signed in 1982 was replaced by a new treaty signed in December 2008, which came into force on November 12, 2010. New Zealand has an intergovernmental agreement with the United States for their Foreign Account Tax Compliance Act (FATCA), which entered into force on July 3, 2014.

New Zealand is a party to the OECD's Convention on Mutual Administrative Assistance in Tax Matters, and to the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit-Shifting (BEPS). New Zealand is working with the OECD to develop a global response to BEPS tax strategies. In 2017 the New Zealand Government released consultation documents on proposals outlining how multinationals shift profits from their New Zealand sales offshore, even when these sales are driven by New Zealand- based staff. The proposals also address multinationals that use interest payments to shift profits offshore, and the implementation of New Zealand's entrance into the international convention for aligning its double tax agreements with OECD recommendations.

An inquiry into New Zealand's foreign trust regime following the "Panama Papers" incident found New Zealand's tax treatment of foreign trusts is appropriate, but recommended changes to the regime's disclosure requirements, which were subsequently legislated.

According to the World Bank's 2017 Doing Business Report, New Zealand is ranked 11th in "Paying Taxes."

Legal Regime

Transparency of the Regulatory System

The New Zealand government policies and laws governing competition are transparent, non-discriminatory, and consistent with international norms. New Zealand ranks highly on the World Bank's Global Indicators of Regulatory Governance scoring a 5.4 out of a possible 6, but is marked down on indicators measuring public consultation and report availability.

Overseas investors that do not require OIO approval are generally subject to the same laws and regulations as New Zealand-based businesses.

Draft bills and regulations are generally made available for public comment, through a public consultation process, including FTAs, investment laws and regulations.

In 2008 the New Zealand Treasury became responsible for the strategic coordination of the Government's regulatory management system. The Regulatory Quality Team (RQT) within the Treasury exercises stewardship over the regulatory management system to maintain and enhance the quality of government-initiated regulation. The Treasury's responsibilities include the oversight of the performance of the regulatory management system as a whole and making recommendations on changes to relevant government and Parliamentary systems and processes. These functions complement the Treasury's role as the government's primary economic and fiscal advisor. In its regulatory role the Treasury reports to the Minister for Regulatory Reform.

After the Government commissioned a report by the Productivity Commission into regulatory institutions and practices in 2014, it directed seven major regulatory departments – the Department of Internal Affairs (DIA), IRD, MBIE, Ministry for the Environment, Ministry of Justice, MPI, and the Ministry of Transport – to report back on the performance and condition of their regimes, and their plans for improvement, and to be transparent about how they manage their regulatory regimes.

In July 2015 the Government announced a program to lift regulatory quality and chose to implement most of the 44 recommendations set out in the Productivity Commission's report which noted that New Zealand's large stock of regulation was not keeping up with a changing world.

While regulations are not in a centralized location as the Federal Register, the Government now requires the major regulatory departments to publish an annual regulatory stewardship strategy.

The Minister for Regulatory Reform is supported in their role by a Parliamentary Under-Secretary, who helps to identify superfluous and redundant legislation to be repealed; oversees the implementation of the Government response to the Productivity Commission report; and provides advice to the Minister for Regulatory Reform on the capability and performance of regulators, as well as on how to improve the quality of Regulatory Impact Statements.

In 2001 Cabinet agreed that all Regulatory Impact and Business Cost Compliance Statements (RIS/BCCS) must be lodged on the responsible department's website and that the department's website link for each RIS/BCCS be published by the Treasury on their dedicated website: Regulatory Impact and Business Cost Compliance Statements.

RIS/BCCS are prepared to support the consideration of regulatory proposals and are published at the time the relevant legislation is introduced to Parliament or the regulation is gazetted, or at the time of Ministerial release. A RIS provides a high-level summary of the problem being addressed, the options and their associated costs and benefits, the consultation undertaken, and the proposed arrangements for implementation and review.

While some standards are set through legislation or regulation, the vast majority of standards are developed through Standards New Zealand, now a business unit within MBIE. The Standards and Accreditation Act 2015 set out the role and function of the Standards Approval Board which commenced from March 2016. Standards New Zealand operates as it did previously as a Crown entity, but by moving within a government department it no longer offers membership subscription services, and instead operates on a cost-recovery basis only. The majority of standards in New Zealand are set in coordination with Australia.

In September 2016 the Statutes Repeal Bill was introduced into Parliament and aims to remove 124 pieces of legislation, and parts of eight other Acts, and will reduce the number of public Acts by more than 10 per cent. Under consideration for repeal are the Finance Act 1991 and the New Zealand Stock Exchange Restructuring Act 2002.

One law that draws consistent criticism from both foreign and domestic investors as a barrier to investment is the Resource Management Act 1991. The Act regulates access to natural and physical resources such as land and water. Critics contend that the resource management process mandated by the law is unpredictable, protracted and subject to undue influence from competitors and lobby groups. There have been several well publicized cases in which it was alleged that companies have used the objections submission process under the law to stifle competition. Investors have also raised concerns that the law is unequally applied between

jurisdictions because of the lack of implementing guidelines. To address some of these concerns, the Resource Management Amendment Act 2013 and the Resource Management (Simplifying and Streamlining) Amendment Act 2009 were passed. The Resource Legislation Amendment Bill, which includes about 40 individual proposals that would overhaul the 1991 Act, is currently going through the Parliamentary process.

In 2014 New Zealand joined the Open Government Partnership, and the Government published its second National Action Plan in October 2016. Areas of commitment include advancements in access to open data, public engagement, openness with the government budget process, and access to legislation.

In March 2017 management of the Government's Open Government Information and Data Program (Open Data NZ) was transferred from LINZ to Statistics New Zealand (Stats NZ). Initiatives over the past few years include websites dedicated to helping business (Business Figures; MBIE's Sectors Dashboard, Tourism Dashboard, and Regional Economic Activity Tools), online access for businesses to Stats NZ surveys, public consultation meetings on how to improve data supply, and the Data Futures Partnership which advocates greater data sharing and use across citizens, consumers, businesses, Māori, non-governmental organizations, and government. In the most recent open Data Barometer Global Report, New Zealand ranked fourth equal.

International Regulatory Considerations

In recent years the New Zealand Government has introduced laws to enhance regulatory coordination with Australia as part of their Single Economic Market agenda agreed to in 2009. In February 2017 the Patents (Trans-Tasman Patent Attorneys and Other Matters) Amendment Act 2016 took effect creating a single body to regulate patent attorneys in both countries. Other areas of regulatory coordination include insolvency law, financial reporting, competition policy, consumer policy and the 2013 Trans-Tasman Court Proceedings and Regulatory Enforcement Treaty, which allows the enforcement of civil judgements between both countries.

In 2016 the Financial Markets Authority issued two notices, the Disclosure Using Overseas GAAP Exemption and the Overseas Registered Banks and Licensed Insurers Exemption Notice, which ease compliance costs on overseas entities by allowing them under certain circumstances to use United States statutory accounting principles (overseas GAAP) rather than New Zealand GAAP, and the opportunity to

use an overseas approved auditor rather than require a New Zealand qualified auditor.

New Zealand is a Party to the World Trade Organization's (WTO) Agreement on Technical Barriers to Trade (TBT). Standards New Zealand is responsible for operating the TBT Enquiry Point on behalf of MFAT. From 2016, Standards New Zealand became a business unit within MBIE governed under the Standards and Accreditation Act 2015. Standards New Zealand establishes techniques and processes built from requirements under the Act and from the International Organization for Standardization.

The Standards New Zealand TBT enquiry point service provides a website for producers and exporters for recently proposed TBT Notifications and associated documents such as draft or actual regulations or standards. Documents not online can be requested. They also provide businesses concerned about proposed measures contact details for the Trade Negotiations Division of MFAT.

Technical Barriers to Trade

Legal System and Judicial Independence

New Zealand's legal system is derived from the English system and comes from a mix of common law and statute law. The judicial system is independent of the executive branch and is generally open, transparent, and effective in enforcing property and contractual rights. The highest appeals court is a domestic Supreme Court, which replaced the Privy Council in London and began hearing cases July 1, 2004. New Zealand courts are independent and impartial, and the decisions of judges are subject only to the law. The courts can recognize and enforce a judgment of a foreign court if the foreign court is considered to have exercised proper jurisdiction over the defendant according to private international law rules. New Zealand has well defined and consistently applied commercial and bankruptcy laws. Arbitration is a widely used dispute resolution mechanism inside New Zealand, and is governed by the Arbitration Act 1996, Arbitration (Foreign Agreements and Awards) Act 1982, and the Arbitration (International Investment Disputes) Act 1979.

In 2016 the omnibus Judicature Modernization Bill was passed and divided into 23 separate pieces of legislation dedicated to improving and modernizing the New Zealand court system, including allowing the use of electronic processes by courts, improving the sharing of court information through information-sharing agreements pursuant to the Privacy Act 1993, the establishment of a new judicial panel to be set up in the High Court to hear particular types of commercial cases,

increasing the monetary limit of the District Court's civil jurisdiction, and improving accessibility by requiring final written judgments to be published online.

Legislation to modernize and consolidate laws underpinning contracts and commercial transactions was enacted on March 1, 2017. The Contract and Commercial Law Act 2017 consolidates and repeals 12 Acts that date between 1908 and 2002, and will come into force on September 1, 2017.

The Interest on Money Claims Act 2016 provides for the award of interest as compensation for a delay in the payment of debts, damages, and other money claims related to civil proceedings. It introduces a single statutory system for the award of interest, aimed at providing greater certainty for the court award of interest on money claims and promoting clarity, simplicity, consistency, and aiming to deter litigation. It replaces all current legislation for the award by courts and tribunals of interest on money claims, applies to most money claims, and includes the replacement of the use of simple interest with compounding interest.

Laws and Regulations on Foreign Direct Investment

New Zealand's regulations governing foreign investment are liberal by international standards. Overseas investments in New Zealand assets are screened only if they are defined as sensitive within the Overseas Investment Act 2005, as mentioned in the previous section. The OIO, a dedicated unit located within LINZ, administers the Act. The Overseas Investment Regulations 2005 set out the criteria for assessing applications and whether the investment will benefit New Zealand. The government ministers for finance and for land information are responsible for assessing the OIO recommendation and making the ultimate decision. Decisions made by the government ministers on OIO applications can be appealed by the applicant in the New Zealand High Court. For more see: Regulations on Overseas Investment

In situations where New Zealand companies are acquiring capital injections from overseas investors that require OIO approval, they must meet certain criteria regarding disclosure to shareholders and fulfil other responsibilities under the Companies Act 1993. Failure to do so can affect the overseas company's application process with the OIO.

Recently New Zealand's overseas investment regime has been in the spotlight following two high profile cases prompting the Government to undertake a review and make subsequent changes to OIO regulations.

In 2015 an application was denied for China's Shanghai Pengxin's NZD 88 million (USD 62 million) purchase of the 13,800 hectare Lochinver farm. The

denial received media attention because the OIO had recommended that the sale proceed, but the government ministers responsible for approvals were not satisfied that the purchaser could produce sufficient evidence of the "counterfactual test" referred to in the previous section 2.2. The company sought a judicial review (which was ultimately withdrawn) of the ministers' decision, claiming the requirement was vague and could damage investor confidence in New Zealand. In response to the concern that was expressed, the New Zealand Government made public assurances that the case did not signal a change in investment policy by New Zealand.

A special interest group lodged multiple complaints over a three-year period with the New Zealand Ombudsman, relating to 108 decisions made by the OIO to withhold information redacted from some of the summaries of its decisions on applications. In 2016 the Ombudsman met with representatives of the OIO and the group, and reported that the meeting led to a review by the OIO of its procedures and a revised decision in respect of information withheld, and accepted that in many cases prices paid by applicants for OIO consent could be released.

In 2016 the Government reviewed and clarified their "good character" requirement after it emerged that farm land approved for purchase in 2013 by the OIO had been bought through a trust set up with the help of "Panama Papers" law firm Mossack Fonseca. The purchasers from Argentina had not disclosed a pollution offence they had been prosecuted (but not convicted) for relating to another of their companies. The OIO could have forced the sale of the farm land had the purchasers been convicted, however their offence had not led to conviction and the OIO instead issued a formal warning.

In addition to clarifying the "counterfactual" and "good character" tests, the Government increased resources for the OIO in response to investors' concerns that decisions on applications were taking too long, and that the process for existing investors to lodge future applications was unduly onerous. Resources have been increased to the OIO Enforcement Team to ensure their assessment of breaches is prioritized and to determine which penalties should apply. In order to better direct resources for the applications that need more attention, the Government also introduced targeted exemptions for some investors through the Overseas Investment Amendment Regulations (No. 2) 2016 which took effect on February 1, 2017.

Opposition parties have sought to capitalize on controversial OIO cases. During 2016 two opposition political parties lodged complaints regarding two separate OIO cases. One party lodged complaints with the Companies Office and the Financial Markets Authority (subsequently dismissed) regarding alleged misrepresentation by a New Zealand company that was acquiring a capital injection from a Chinese company. The other requested the Auditor-General to investigate the failure of a Malaysian company to deliver on conditions required in their approval for land that was granted in 1996.

Competition and Anti-Trust Laws

The New Zealand Commerce Commission (ComCom) is an independent Crown entity charged with enforcing legislation that promotes competition. The key competition law statute in New Zealand is the Commerce Act 1986, which covers both restrictive trade practices and the competition aspects of merger and acquisition transactions. In addition, the Commerce Commission also enforces a number of pieces of legislation that, through regulation, aim to provide the benefits of competition in markets with certain natural monopolies, such as the dairy, electricity, gas, airports, and telecommunications industries.

The Commerce Act 1986 ensures that contracts, arrangements, or understandings that have the purpose or effect of substantially lessening competition in a market are prohibited, unless authorized by the ComCom. Before granting such authorization, the ComCom must be satisfied that the public benefit would outweigh the reduction of competition.

The Act also empowers the ComCom to block a merger or takeover that would result in the new company gaining a dominant position in the market. However, the enforcement of any right under any copyright, patent, protected plant variety, registered design, or trademark does not necessarily constitute abuses of a dominant position.

In 2016 the Government announced a targeted review of the Commerce Act to investigate alternative enforcement mechanisms other than cease-and-desist, and to review Section 36 of the Act on the prohibition on misuse of market power.

In 2016 the Government announced changes to the Dairy Industry Restructuring Act 2001 (DIR) and introduced the Dairy Industry Restructuring Amendment Bill in March 2017. The DIR is the legislation that authorized the amalgamation of New Zealand's two largest dairy co-operatives to create Fonterra Co-operative Group Limited (Fonterra). The DIR is designed to mitigate the risks associated with the substantial market power held by Fonterra, by allowing for contestability in the New

Zealand raw milk market and access to other dairy goods or services supplied by Fonterra to be regulated if necessary. Among other things, the DIR requires that Fonterra must accept all applications from farmers wanting to become supplying shareholders.

In 2012 the DIR was amended to add the requirement that the ComCom review Fonterra's Milk Price Manual, and to make final reports by December 15 each year. The DIR also empowers the Minister of Primary Industries (MPI) to call for a competition review of the dairy industry, which MPI did on June 2, 2015. The ComCom released its report in March 2016 and made recommendations to create a pathway to deregulation, for the market share thresholds to increase, and for another review to be conducted in five years' time. The Government requested public submissions on its subsequent proposals to amend the DIR, and announced changes in October 2016. One of these changes is that Fonterra will no longer be required to sell regulated milk to large, export-focused processors from the start of the 2019/20 season.

The ComCom is also charged with monitoring the telecommunications sector. Under the 1997 WTO Basic Telecommunications Services Agreement, New Zealand has committed to the maintenance of an open, competitive environment in the telecommunications sector. Key reforms of the sector, through legislation enacted in 2001 and 2006, include the appointment of a commissioner responsible for resolving commercial disputes, the introduction of regulated services, the strengthening of the monitoring and enforcement, and the operational separation of Spark.

In 2016 the Government announced a review of the Telecommunications Act 2001 to provide certainty for the sector after 2020, and to support competition, innovation and investment in the sector. As mentioned in the previous section, Chorus Limited provides New Zealand's telecommunications infrastructure and demerged from Spark in 2011.

Chorus won contracts from the Government to build 70 percent of New Zealand's new ultra-fast broadband network and has received subsidies. Chorus is listed on the NZX stock exchange and the Australian Stock Exchange (ASX), and has American Depositary Shares traded on the over the counter market in the U.S. By law Chorus cannot sell directly to consumers and instead provides wholesale services to retailers. As a monopoly, the ComCom regulates Chorus charges based on what it would cost to replace the Chorus copper network, using the most efficient combination of modern technologies.

In 2013 the Government publically challenged the ComCom recommendation to lower copper broadband prices and bowed to public pressure to not override their decision, following Chorus having taken the ComCom to court over the matter. In February 2015 Spark complained the ComCom had set charges too low affecting net profit, and after a review the ComCom announced Chorus would be allowed to charge a higher rate for use of its copper network to retailers.

In February 2017 the Government announced it would take a different approach to the regulation of copper services, and focus the new regulations primarily on New Zealand's fiber network. It is seeking feedback on proposals to change the Telecommunications Service Obligation (TSO), and in areas where fiber is available, the Government is proposing to deregulate the copper network from 2020 and remove the TSO obligation. In areas, typically rural, where fiber is not available, the TSO obligation will be retained and Chorus will be required to continue supplying copper services at prices capped at 2019 levels. For more see: Review of Telecommunications Act.

The ComCom has a regulatory role to promote competition within the electricity industry under the Commerce Act and the Fair Trading Act 1986. As natural monopolies, the electricity transmission and distribution businesses are subject to specific additional regulations, regarding pricing, sales techniques, and ensuring sufficient competition in the industry. In February 2017 the OECD's International Energy Agency (IEA) released its five-yearly review of the New Zealand energy market which made recommendations for the structure, governance and regulation of the electricity distribution service sector, and for network regulation and retail market reforms to ensure efficient transmission pricing.

Recently, the motor fuel market has become more concentrated since Shell New Zealand sold its transport fuels distribution business in 2010, and Chevron its retail brands Caltex and Challenge in 2016 to Z-Energy. Z-Energy supplies around 50 percent of the transport fuel market and the ComCom directed Z-Energy to divest 19 retail sites and one truck stop in locations where it considered competition would be substantially reduced as a result of the merger.

The Commerce (Cartels and Other Matters) Amendment Bill is currently before Parliament. It amends the Commerce Act 1986 to strengthen civil sanctions for cartel behavior – a draft provision to criminalize cartel behavior was removed - and makes amendments to provisions regarding jurisdiction. The Bill introduces a regime to allow the ComCom to seek remedies against mergers that take place outside New Zealand but which affect competition in a New Zealand market. It allows the ComCom to apply to the New Zealand High Court for a declaration to determine if the acquisition of a controlling interest in a New Zealand company by

an overseas person will have an effect of "substantially lessening" competition in a market in New Zealand.

The ComCom has two international cooperation arrangements (signed with Australia in 2013 and Canada in 2016) that allow the sharing of compulsorily acquired information, and provide investigative assistance. The arrangements help effective enforcement of both competition and consumer law.

For more information see: ComCom.

Expropriation and Compensation

Expropriation is generally not an issue in New Zealand, and there are no outstanding cases. New Zealand ranks first in the World Bank's 2017 Doing Business report for "registering property" and for "protecting minority investors."

The Public Works Act 1981 provides the Government with the statutory authority to acquire land for a public work. The Government has the power to acquire or take land for a wide variety of purposes and may negotiate for the land in the same way as a private purchaser. While the Government's powers are wide, it can only acquire land, whether by negotiation or compulsorily, in accordance with the Act. Where voluntary agreement cannot be reached the Act provides for compulsory acquisition by the Crown through the Minister of Lands. This power is exercised only after reasonable endeavors have been made to negotiate in good faith the sale and purchase of the land. The owner has the right to object in the New Zealand Environment Court. However, the right to object relates only to the taking of the land, not to the amount of compensation payable. If the owner disagrees on the amount of compensation offered, they can request the issue of compensation be determined by the Land Valuation Tribunal. For more on landowners rights when the Government seeks to acquire private land see: Landowners Rights.

In July 2016 the Government announced a USD720 million Housing Infrastructure Fund that included the possibility it was considering the use of the Public Works Act to override private title for housing developments in cities experiencing housing shortages. The Government is also considering the possibility of talking with local councils to charge an extra rate on unimproved land as a disincentive to "land banking."

Dispute Settlement

ICSID Convention and New York Convention

New Zealand is a party to both the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (the Washington Convention), and to the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards.

Proceedings taken under the Washington Convention are administered under the Arbitration (International Investment Disputes) Act 1979. Proceedings taken under the New York Convention are now administered under the Arbitration Act 1996 [which repealed the previous relevant legislation, the Arbitration (Foreign Agreements and Awards) Act 1982].

Investor-State Dispute Settlement

Investment disputes are rare, and there have been no major disputes in recent years involving U.S. companies. The mechanism for handling disputes is the judicial system, which is generally open, transparent and effective in enforcing property and contractual rights.

International Commercial Arbitration and Foreign Courts

Arbitrations taking place in New Zealand (including international arbitrations) are governed by the Arbitration Act 1996. The Arbitration Act includes rules based on international commercial arbitration (the United Nations Commission on International Trade Law Model). Parties to an international arbitration can opt out of some of the rules, but the Arbitration Act provides the default position.

The Arbitration Act also gives effect to the New Zealand Government's obligations under the Protocol on Arbitration Clauses (1923), the Convention on the Execution of Foreign Arbitral Awards (1927), and the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958). Obligations under the Washington Convention are administered under the Arbitration (International Investment Disputes) Act 1979 as mentioned previously.

Forms of dispute resolution available in New Zealand include formal negotiations, mediation, expert determination, court proceedings, arbitration, or a combination of these methods. Arbitration methods include 'ad hoc,' which allows the parties to select their arbitrator and agree to a set of rules, or institutional arbitration, which is run according to procedures set by the institution. Institutions recommended by the New Zealand Government include the International Chamber of Commerce

(ICC), the American Arbitration Association (AAA), and the London Court of International Arbitration (LCIA).

The Arbitration Amendment Act 2016 passed in October 2016, amends the Arbitration Act 1996 to provide for the appointment of an "appointed body" to exercise powers which were previously powers of the High Court. It also provides for the High Court to exercise the powers in the event that the appointed body does not act, or there is a dispute about the process of the appointed body. These amendments come into force on March 1, 2017. Further, in March 2017 the Arbitration Amendment Bill was introduced Parliament to align the definition of "arbitration agreement" with the foreign approaches to the adoption of the Model Law provisions, and would bring New Zealand law into line with foreign legislation.

Bankruptcy Regulations

Bankruptcy is addressed in the Insolvency Act 2006, the Receiverships Act 1993, and the Companies Act 1993. The Insolvency (Cross-border) Act 2006 implements the Model Law on Cross-Border Insolvency adopted by the United Nations Commission on International Trade Law in 1997. It also provides the framework for facilitating insolvency proceedings when a person is subject to insolvency administration (whether personal or corporate) in one country, but has assets or debts in another country; or when more than one insolvency administration has commenced in more than one country in relation to a person.

New Zealand bankrupts are subject to conditions on borrowing and international travel, and violations are considered offences and punishable by law.

In the World Bank's Doing Business 2017 Report New Zealand is ranked 34th in "resolving insolvency". While the insolvency framework does not require approval by creditors for the sale of substantial assets, nor provide the right to request information from the insolvency representative, the framework requires approval from creditors for the selection of the insolvency representative and gives creditors the right to object to decisions made on creditors' claims.

The registration system operated by the Companies Office within MBIE, is designed to enable New Zealand creditors to sue an overseas company in New Zealand, rather than forcing them to sue in the country's home jurisdiction. This avoids attendant costs, delays, possible language problems and uncertainty due to a different legal system. An overseas company's assets in New Zealand can be liquidated for the benefit of creditors. All registered 'large' overseas companies are required to file financial statements under the Companies Act 1993. See: Managing an Overseas Company.

Industrial Policies

Investment Incentives

New Zealand has no specific economic incentive regime because of its free trade policy. The New Zealand government, through its bodies such as Tourism New Zealand and NZTE, provides assistance in certain sectors such as tourism and the export of locally manufactured goods.

In the Media and Entertainment sector, the New Zealand government announced changes to the structure and the level of support for international and New Zealand film and television productions in December 2013. Key technical changes that became effective from April 1, 2014, included combining the Large Budget Screen Production Grant and Screen Production Incentive Fund into a new grant called the New Zealand Screen Production Grant; increasing the grant rebates from 15 percent for international productions to 20 percent, with an additional five percent available for productions that meet a significant economic benefit points test; introducing a single 40 percent grant for New Zealand film and television productions that meet the significant New Zealand content points test; and allowing for New Zealand productions (between NZD 15 million to NZD 50 million or USD 11 million to USD 36 million) to receive a grant on the basis that the Crown receives a share of any revenue, for reinvestment in the screen sector.

In the Energy and Mining sector, the New Zealand Government introduced the annual Oil and Gas Block Offers in 2012 as a means to raise New Zealand's profile among international investors in the allocation of petroleum exploration permits. The government conducts the process in consultation with industry, iwi (Maori tribes), and the local governments affected.

Callaghan Innovation is a stand-alone Crown Entity established in February 2013. It connects businesses with research organizations offering services, and the opportunity to apply for government funding and grants that support business innovation and capability building. Callaghan Innovation requires businesses applying for any of their research and development grants to have at least one director who is resident in New Zealand and to have been incorporated in New Zealand, have a center of management in New Zealand, or have a head office in New Zealand.

For more information see: Grants and Incentives

Foreign Trade Zones/Free Ports/Trade Facilitation

New Zealand does not have any foreign trade zones or duty-free ports.

Performance and Data Localization Requirements

The Government of New Zealand does not maintain any measures that are alleged to violate the Trade Related Investment Measures text in the WTO. There are no performance requirements or incentives associated with foreign investment. However, for those investments that require OIO approval and are subject to reporting requirements, investors must report regularly on their compliance in accordance with the terms of the consent agreement. Consent holders are generally (as a condition of consent) required to report annually to the OIO for up to five years from consent, but if benefits are expected to occur after that five-year period, monitoring will reflect the time span within which benefits will occur. Paragraphs 13 to 16 of the 2010 Directive Letter explain the level of OIO monitoring in relation to conditions of consent.

New Zealand does not generally have data localization requirements. However under certain circumstances approval is required from the Commissioner of Inland Revenue to store electronic business and tax records outside of New Zealand under Section 22(2BA) of the Tax Administration Act 1994 and the Taxation (Business Tax, Exchange of Information, and Remedial Matters) Act 2017.

While data localization and cloud computing is not specifically legislated for, all businesses must comply with the Privacy Act 1993 to protect customers' "personal information."

Recently the government announced its intention to revise the Privacy Act 1993 and to provide the Privacy Commissioner with more power. The Government seeks to clarify whether an agency will be accountable for information it outsources to service providers for storage or processing purposes, specifically proposed the agency will be accountable regardless of whether the service provider is located in New Zealand or offshore. If the service provider is located offshore the New Zealand agency will not be accountable where the offshore service provider discloses information because foreign laws require them to.

Protection of Property Rights

Real Property

New Zealand recognizes and enforces secured interest in property, both movable and real. Most privately owned land in New Zealand is regulated by the Land Transfer Act 1952 (as amended) and the Land Transfer Regulations 2002. These

provisions set forth the issuance of land titles, the registration of interest in land against land titles, and guarantee of title by the State. The Register-General of Land develops standards and sets an assurance program for the land rights registration system. New Zealand's legal system protects and facilitates acquisition and disposition of all property rights.

The Land Transfer Bill introduced to Parliament in 2016 seeks to modernize, simplify and consolidate land transfer legislation. If passed it will repeal the 1952 Act, and will maintain the Torrens system of land title in which land ownership is transferred through registration of title instead of deeds, a system which has been in operation in New Zealand since the nineteenth century. The Bill includes new provisions to prevent mortgage fraud, to protect Māori freehold land, and to extend the Registrar-General's powers to withhold personal information to protect personal safety.

Regulations regarding land leasing by foreign or non-resident investors is governed by the OIO Act. About eight percent of New Zealand land is owned by the Crown. The Land Act 1948 created pastoral leases which run for 33 years and can be continually renewed. Rent is reviewed every 11 years, basing the rent on how much stock the land can carry for pastoral farming. The Crown Pastoral Land Act 1998 and its amendments contain provisions governing pastoral leases that apply to foreign and domestic lease holders. Other sectors that U.S. investors favor in New Zealand include wine and forestry.

The types of land ownership in New Zealand are: Freehold title, Leasehold title, Unit title, Strata title, and cross-lease. The majority of land in New Zealand is freehold.

LINZ holds property title records that show a property's proprietors, legal description and the rights and restrictions registered against the property title, such as a mortgage, easement or covenant. A title plan is the plan deposited by LINZ when the title was created. Property titles do not contain information about the value of the property.

No land tax is payable, but the local government authorities are empowered to levy taxes, termed as "rates," on all properties within their territorial boundaries. Rates are assessed on either assessed annual rental value, land value or capital value. There is no stamp duty in New Zealand. GST is charged on the supply of goods and services made in New Zealand by a registered person in the course or furtherance of a taxable activity, provided that the supply made is not an exempt supply (for example, the supplies of financial services and residential rental accommodation). Registration is optional if supplies do not exceed NZD 60,000 (USD 42,600) in any 12-month period.

When commercial property is sold, GST may need to be added to the purchase price. A purchaser who pays the tax may be entitled to a refund. When land is transferred between GST-registered parties, the transaction must be zero-rated for GST, provided that the purchaser intends to use the land to make taxable supplies and the land is not intended to be used as a principal place of residence by the purchaser or an associate. If all these conditions are not satisfied, GST must be charged by a GST registered vendor, unless the sale is part of a sale of a business as a going concern, which may be zero-rated. A mortgagee sale is subject to GST if the mortgagor would be liable to pay GST on the sale.

While there is no comprehensive capital gains tax in New Zealand, profits made on the sale of any asset (including land) is assessable as income, where the asset is purchased as part of a dealing or investment business, or for the purpose of resale or where there was an undertaking or scheme entered into for the purpose of making a profit. Profits from the sale of land are taxable, where construction, development or subdivision is involved, and if a consent or zoning change has or will benefit the land, and if the land is sold within 10 years.

Mortgages and liens are available in New Zealand. There is no permanent government policy as such that discriminates lending to foreigners. However the Reserve Bank of New Zealand (RBNZ) introduced a macro-prudential tool as a means to curb rising house prices. In October 2013 the RBNZ introduced a series of temporary loan-to-valuation ratio restrictions on banks' lending to investors and owner-occupiers wanting to purchase residential housing. As of March 2017, banks are limited to lending residential investors who have less than a 40 percent deposit, to be no more than 5 percent of their total new lending in that category. In 2016 this restriction was extended to apply from residential property purchased in Auckland to that purchased nationwide.

In 2016 three of the largest banks in New Zealand announced they would stop issuing home loans to people with foreign income who were not New Zealand or Australian citizens or did not hold a current permanent residency visa, regardless of whether or not they reside in New Zealand. There were also limitations placed on lending to citizens and permanent residents who used foreign income to service loans and did not reside in New Zealand.

A registered memorandum of mortgage is the usual form used to create a lien on real estate to secure an indebtedness. There is no mortgage recording or mortgage tax in New Zealand. When a lien secured by real property is foreclosed, there is a statutory process that must be followed which overrides the mortgage form itself. There are statutory requirements to be met and legal costs relating to foreclosing a lien on real property. There are no restrictions on foreign lenders securing their

advances over real estate in New Zealand. However, on any mortgagee sale lenders would need to comply with the requirements concerning foreign ownership of land if the buyer or the land falls within certain criteria.

There are some statutory controls imposed on the amount of interest which may be charged on a loan secured by real property (and private and government agencies that monitor and report on interest charges) that ensure that interest rates and costs are not excessive or illegal. There are no laws that that restrict the ability to make a borrower or guarantor personally liable for indebtedness secured by real property.

Property legally purchased but unoccupied can generally not revert to other owners. However in 2014 a case of "adverse possession" arose in the case of a deceased estate. In the Land Transfer Amendment Act 1963 if a person possesses another person's land continuously for a minimum of 20 years without objection from the legal owner, the squatter can apply to LINZ for ownership. LINZ transfers title if there is no response to their notices issued. Generally it is considered a narrow exception to the legal principle that a registered owner's right to land cannot be taken without consent.

The Registrar General of Land claimed adverse possession exists to address situations where the registered landowner has effectively "abandoned the land", or died or no heir has come forward. In general land possession should be obvious, even brazen, such as fencing the land, grazing livestock or planting crops and trees. Under the 1963 law, registered landowners do not have to be contacted directly before ownership is transferred. The law was designed to reflect the Crown's desire that land be used productively rather than abandoned.

Intellectual Property Rights

New Zealand has a generally strong record on intellectual property rights (IPR) protection and is an active participant in international efforts to strengthen IPR enforcement globally. It is a party to nine World Intellectual Property Organization (WIPO) treaties and actively participates in the Trade Related Aspects of Intellectual Property Rights (TRIPS) Council. New Zealand is currently not party to the WIPO internet treaties (the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty).

New Zealand implemented the Madrid Treaty in December 2012, allowing New Zealand companies to file international trade marks through the Intellectual Property Office of New Zealand (IPONZ). IPONZ also overhauled their systems to allow for online application and management, to cut down administration and

compliance burdens. Since 2013, an online portal hosted on the IPONZ and IP Australia websites has allowed applicants to apply for patent protection simultaneously in Australia and New Zealand with a single examiner assessing both applications according to the respective countries' laws.

New Zealand is a party to the multilateral Anti-Counterfeiting Trade Agreement (ACTA), which is aimed at establishing a comprehensive international framework that will assist parties to the agreement in their efforts to effectively combat the infringement of intellectual property rights, in particular the proliferation of counterfeiting and piracy.

The principal legislation governing copyright protection in New Zealand is The Copyright Act of 1994. Under the legislation, copyright protection is granted for the author's lifetime plus 50 years from the calendar year, in which the author died, for literary, dramatic, musical, and artistic works; and for 50 years from the calendar year in which they were made, for sound recordings and films. In April 2008, New Zealand passed the Copyright (New Technologies) Amendment Act, which is aimed at bringing the original copyright law up to date with digital technology. Among other things, the amendment required that internet service providers (ISPs) have a policy in place to address termination for repeat offenders. The industry attempted to form a voluntary code to address how this would be accomplished; however, agreement between rights holders and ISPs was never reached. As a result, the government intervened to establish more prescriptive legislation.

In April 2011, the Copyright (Infringing File Sharing) Amendment Act was passed, repealing Section 92A of the Copyright Act. The Act puts in place a three notice regime intended to deter illegal file sharing. Alleged infringers may receive up to three warnings within a nine month period that infringement has occurred. The legislation enables copyright owners to seek the suspension of the internet account for up to six months through the District Court. The account holder has the right to challenge the notice.

The 2011 Act also extends the jurisdiction of the Copyright Tribunal, enabling it to hear complaints and award penalties of up to NZD 15,000 (USD 10,650). Despite backlash from the New Zealand internet community, the Act came into force in September 2011. Although many rights holders initially expressed optimism over the legislation, they have since expressed concerns about subsequent implementing regulations issued by MBIE, which allow ISPs to charge up to NZD 25 (USD 17.75) for processing an allegation of copyright infringement. The cost has deterred some rights holders from using the system.

Trademarks in New Zealand are protected under the Trade Marks Act of 2002, which entered into force in 2003. The legislation has been amended several times, and the most recent amendment is the Trade Marks Amendment Act 2011. The amendment prescribes that all trademarks must be classified according to the Nice classification system (in accordance with New Zealand's accession to the Nice Agreement in 2013). To bring New Zealand in line with its obligation under the Madrid Protocol, the amendment establishes the Patent Office as New Zealand's office of origin and provides for regulations to be made in regards to international registrations. The amendment also revises provisions regarding parallel importing, suspension of border protection notices, removal of licensees on the Trade Marks Register, and more.

In September 2016 the Smoke-free Environments (Tobacco Standardized Packaging) Amendment Act was passed. The law makes it illegal for tobacco companies to print any branding on cigarette boxes, only allowing the name in small plain type with graphic warnings about the risks of smoking. The "plain" packaging will be "brown/green" in color no tobacco company marketing imagery will be allowed. The legislation was initially introduced in 2013 but was delayed due to concerns about challenges to a similar law in Australia.

New Zealand meets the minimum requirements of the TRIPS Agreement, providing patent protection for 20 years from the date of filing. The New Zealand Government grants both product and process patents.

The Patents Act 2013 replaced the Patents Act 1953. The legislation brought New Zealand patent law into substantial conformity with Australian patent law. Consistent with Australian patent law, an 'absolute novelty' standard is introduced as well as a requirement that all applications be examined for "obviousness" and utility. The Patents Act stops short of precluding from patentability all computer software and has a provision for patenting "embedded software". It also bars the patenting of plants and plant varieties (although some may still be protected under the Plant Variety Rights Act). Methods of medical treatment are now explicitly excluded from patentability, but can still be pursued in New Zealand as "Swiss form" versions.

The New Zealand Government did update its copyright regulations in November 2016 [by amending the Copyright (Application to Other Countries) Order 1995] to provide nationals of countries who have recently joined the WTO, the Berne Convention for the Protection of Literary and Artistic Works, and the Universal Copyright Treaty, with copyright protection in New Zealand. The amendments to the Order also help ensure New Zealand's copyright owners receive reciprocal protection in those countries. The regulation update took effect on January 1, 2017.

New Zealand passed the Agricultural Compounds and Veterinary Medicines Amendment Act in November 2016. The Act extends the period of protection for confidential information given in support of an application to register an innovative trade name product from five to eight years, and also expands the scope of data protection coverage to include confidential information provided in support of applications to register non-innovative trade name products and uses. Data protection for innovative products, including new uses, has been extended to ten years, and for non-innovative products including reformulations and new uses, the Act introduces data protection of five years. The Act qualifies new-use applications for data protection if they: result in a product being used on an additional species of plant or animal or a new pest or disease; or allow different application rates, methods or withholding periods.

In November 2016, the Government passed a bill that amends the Geographical Indications (Wine and Spirits) Registration Act 2006. The amendment enables New Zealand wine and spirit makers to register the geographical origins of their products. The 2006 Act and its 2016 amendment will enter into force in 2017 and will be administered by IPONZ. Currently Geographical Indications are protected in New Zealand by the Fair Trading Act 1986 and common law tort of "passing off" [the ability to prove loss or damage from misrepresentation of a trade mark]. Geographical Indications may be registered under The Trade Marks Act 2002, including as a collective or certification trade mark.

Customs New Zealand seizes counterfeit items at the border, and collected approximately 39,500 clothing and household items in 2016. Customs administers the border protection measures which are set out in the Trade Marks Act 2002 and the Copyright Act 1994 in respect of intellectual property and its role is to intercept any suspected counterfeit goods and report it to the rights holder for action. Rights holders can lodge a border protection notice under the Trade Marks and/or Copyright Acts. It is an offence under the Trade Marks Act to counterfeit a registered trade mark or import or sell goods with a falsely applied registered trade mark. Maximum penalties are five years' imprisonment or a NZD 150,000 (USD 106,500) fine.

In cases where Customs intercepts suspected counterfeit or pirated goods at the border – for which a notice has been filed – Customs will investigate further and determine whether these goods infringe the holder's intellectual property rights. If there is infringement, Customs will seize the goods and give the holder ten working days to initiate court proceedings against the importer. This period may be extended up to a total of 20 working days if there is good reason to do so.

In cases where an importer concedes that their goods have infringed intellectual property rights, the importer may consent to the goods being surrendered to the Crown. If the trademark or copyright owner chooses not to take any court action, then Customs is obliged by law to release the goods back to the importer.

New Zealand is not on the USTR's Special 301 report list.

For additional information about national laws and points of contact at local IP offices, please see WIPO's country profiles at WIPO Country Profile.

Financial Sector

Capital Markets and Portfolio Investment

New Zealand policies generally facilitate the free flow of financial resources to support the flow of resources in the product and factor markets. Credit is generally allocated on market terms, and foreigners are able to obtain credit on the local market. The private sector has access to a variety of credit instruments. New Zealand has a strong infrastructure of statutory law, policy, contracts, codes of conduct, corporate governance, and dispute resolution that support financial activity and allow it to thrive. The banking system, mostly dominated by foreign banks, is world class in electronic banking, and is rapidly moving New Zealand into a "cashless" society.

New Zealand sovereign debt maintains high credit ratings with stable outlooks from the three credit rating agencies: Fitch Ratings, Moody's Investors Service, and Standard & Poor's. Fitch Ratings revised its outlook from positive to stable in January 2016 based on lower commodity prices and a slower rate of external debt reduction than expected. Standard & Poor's affirmed its AA rating in January 2017, and Moody's affirmed its Aaa rating in December 2016.

New Zealand has a full range of other financial institutions, including a securities exchange, investment firms and trusts, insurance firms and other non-bank lenders. Non-bank finance institutions experienced difficulties during the 2008 financial crisis due to risky lending practices, and the government of New Zealand subsequently introduced legal changes to bring them into the regulatory framework. This included the introduction of the Non-bank Deposit Takers Act 2013 and associated regulations which impose requirements on exposure limits, minimum capital ratios, and governance.

The issuance of securities used to be regulated by the Securities Commission under the Securities Act 1978 and the Securities Markets Act 1988. Both Acts were repealed under the Financial Markets (Repeals and Amendments) Act 2013. In 2011, New

Zealand passed the Financial Markets Authority Act 2011 which established a consolidated market conduct regulator for the financial sector, the Financial Markets Authority (FMA), replacing the Securities Commission, which no longer exists. In 2014, the FMA began operating under a wider mandate when the Financial Markets Conduct Act (FMC) 2013 and the Financial Reporting Act (FRA) 2013 came into effect. The FMC provided a new licensing regime to bring New Zealand financial market regulations in line with international standards. It expanded the role of the FMA as the primary regulator of fair dealing conduct in financial markets, provided enforcement for parts of the Financial Advisers Act 2008 to strengthen protections and increase transparency for investor assets held by custodians, and allowed for equity crowd-funding and employee share schemes. The FRA aims to reduce compliance costs for most small to medium-sized companies by no longer requiring them to produce complex financial statements.

Legal, regulatory, and accounting systems are transparent. Financial accounting standards are issued by the New Zealand Accounting Standards Board (NZASB), a committee of the External Reporting Board (XRB) and established under the Crown Entities Act 2004. The NZASB has delegated authority from the XRB to develop, adopt and issue accounting standards for general purpose financial reporting in New Zealand. The NZASB operates under the financial reporting strategy established by the XRB Board. The NZASB's accounting standards are based largely on international accounting standards, and generally accepted accounting practices (GAAP). Smaller companies (except issuers of securities and overseas companies) that meet proscribed criteria face less stringent reporting requirements. Entities listed on the stock exchange are required to produce annual financial reports for shareholders together with abbreviated semi-annual reports. Stocks in a number of New Zealand listed firms are also traded in Australia and in the United States.

Small, publicly held companies not listed on the NZX may include in their constitution measures to restrict hostile takeovers by outside interests, domestic, or foreign. However, NZX rules generally prohibit such measures by its listed companies.

In 2015 New Zealand had a market capitalization of listed domestic companies of 42.8 percent of GDP, and market capitalization of USD75.5 billion. Reasons for the small size of the NZX include the dairy sector's underrepresentation (Fonterra as a co-operative is not fully listed), and New Zealand investors being fairly risk averse instead preferring residential property and bank term deposits than equities for investment. For the first time New Zealand investment in residential property exceed NZD1 trillion in 2016 according to RBNZ data.

New Zealand adheres to IMF Article VIII and does not place restrictions on payments and transfers for international transactions.

Foreign investors are able to get credit on the local market, however there is less variety compared with larger developed countries, in terms of credit instruments.

Money and Banking System

New Zealand banks are regulated by the RBNZ under the Reserve Bank of New Zealand Act 1989. The RBNZ is statutorily independent and is responsible for conducting monetary policy and maintaining a sound and efficient financial system. The New Zealand banking system consists of 25 registered banks and more than 90 percent of their combined assets is owned by foreign banks, mostly Australian. There is no requirement in New Zealand for financial institutions to be registered to provide banking services, but an institution must be registered to call itself a bank.

Under section 70 of the Reserve Bank of New Zealand Act 1989 (the Act), any person may apply to become a registered bank. The Act prescribes what factors the Reserve Bank must take into account when determining an application. In the process of registering an institution to become a registered bank, the Reserve Bank has regard to both qualitative and quantitative criteria. Bank applicants who are incorporated overseas are required to have the approval of their home supervisor to conduct banking business in New Zealand, and the applicant must meet the ongoing prudential requirements imposed on it by the overseas supervisor. Accordingly, the conditions of registration that apply to branch banks mainly focus on compliance with the overseas supervisor's regulatory requirements.

The RBNZ has no requirement to guarantee the viability of a registered bank or provide permanent deposit insurance. However, in response to the 2008 global financial crisis, the New Zealand Government announced in October 2008 that it would guarantee certain retail deposits up to NZD one million for two years.

While the scheme has been generally successful, in 2010 the Government paid out NZD 1.6 billion (USD 1.1 billion) to cover investor losses when New Zealand's largest locally owned finance company, South Canterbury Finance, went into receivership. Following an investigation by the Serious Fraud Office (SFO), the company directors were acquitted of the major charges pursued by the SFO in December 2014.

New Zealand's banking system relies on offshore wholesale funding markets as a result of low levels of domestic savings. Banks are relying more on offshore funding as household credit growth has increased. Banks are able to fund in international markets relatively easily at reasonable cost, but are vulnerable to global market volatility, geopolitics, and domestic economic conditions.

The four large New Zealand banks have capital well above the regulatory requirements with high quality capital, and with headline capital ratios below the global average for large banks. However the ongoing vulnerability of banks to existing and emerging risks, together with changes to the Basel Committee on Banking Supervision's international standards for bank capital and the findings of Australia's Financial System Inquiry, has prompted the RBNZ to undertake a review of bank capital requirements. The review will assess the overall level of capital required, as well as the definition of capital and the method of setting risk weights on credit exposures.

The four largest banks (ASB, ANZ, BNZ and Westpac) control 87 percent of the retail and commercial banking market measured in terms of total banking assets. With the addition of KiwiBank, that rises to 91 percent. The penetration of New Zealand's major banks has increased significantly since the introduction of the voluntary superannuation scheme, KiwiSaver in 2007. The increase in their market share is also a result of the appointment of the other three additional banks as default KiwiSaver providers in 2014. Of the major banks, only ASB and ANZ were appointed as part of the initial six default providers for the initial seven-year term from 2007. In 2016 there were over 2.6 million KiwiSaver members, and the amount invested in KiwiSaver schemes is estimated to be NZD 36 billion.

Macro prudential measures introduced in October 2013 have introduced loan-to-value ratio restrictions, defined as those with loans greater than 80 percent of value. These declined from 24 percent in September 2013 to 6 percent of new loans issued in February 2015. Further macro prudential measures were introduced by the RBNZ to reduce banks' risk exposure, and some voluntarily announced they would cease lending to foreigners for residential property purchases. Banks remain exposed to agriculture, short term offshore borrowing, and household debt. In 2016 the RBNZ estimated household debt to be 168 percent of disposable income, though debt servicing burdens have been dampened by falling interest rates. To counter the potential risk to borrowers from higher interest rates, the RBNZ is considering, under the Government's suggestion, introducing debt to income ratios as another macro prudential tool to assist banks on limiting their exposure.

The New Zealand banking system has one of the lowest ratios of non-performing loans to gross lending in the OECD at just 0.6 percent compared with the OECD median is 4.4 percent. Total bank assets in 2016 were NZD 505 billion (USD 359 billion), and total non-bank lending institutions (NBLI) had assets of NZD 15 billion (USD 10.7 billion).

The Non-bank Deposit Takers Act 2013 came into force on May 1, 2014, and aims to strengthen the regulatory regimes for NBLIs and the powers of the RBNZ to detect

and intervene if an NBLI becomes distressed or fails. It also requires licensing of NBLIs and that they have suitable directors and senior officers.

The NBLI sector comprises non-deposit taking finance companies and non-bank deposit takers, such as credit unions, building societies and deposit-taking finance companies. While lending by NBLI is small, the sector provides a large share of consumer lending. NBLI sector lending nearly halved in size following the GFC, with particularly large declines in residential property and in commercial. The LVR restrictions do not seem to have led to an increase in NBLI lending with NBLI mortgage lending falling NZD 233 million (USD 165 million) between the introduction of the LVR policy in October 2013 and September 2016.

Parliament passed the Reserve Bank of New Zealand (Covered Bonds) Amendment Act 2013, which provides greater certainty and transparency for covered bonds issued by banks. The Act, which came into effect on December 10, 2013, provides for covered bond programs to be registered and monitored by the Reserve Bank, allowing bond holders to have access to a specific pool of assets (the "cover pool") in the event that the bank fails. The total size of the cover pool will be limited to ten percent of a bank's assets.

In recent years, several foreign-owned banks have sought to register a branch alongside their existing New Zealand subsidiary, arguing that this 'dual registration' would better facilitate local lending opportunities. In June 2016, the RBNZ consulted on a revised approach to dual registration intended to clarify expectations on applicants.

There are some restrictions on opening a bank account in New Zealand, such as providing proof of income and needing to be a permanent New Zealand resident of 18 years old or above. Setting up a bank account before entering New Zealand can be easier in order to set up overseas bank transfers. Access to money in the account will not be granted until the individual presents one form of photo ID and a proof of address in-person at a branch of the bank in New Zealand. Some banks will require a copy of the applicant's visa. If the applicant does not apply for an IRD number, the tax rate on income earned will default to the highest rate of 33 percent. New Zealand banks typically have a dedicated branch for migrants and businesses to set up banking arrangements.

Foreign Exchange and Remittances

Foreign Exchange

New Zealand has revoked all foreign exchange controls. Accordingly, there are no such restrictions on the transfer of capital, profits, dividends, royalties or interest

into or from New Zealand. However, withholding taxes apply to certain payments out of New Zealand—for example, dividends, interest and royalties. In addition, withholding taxes also apply to returns of capital gains to non-residents in certain circumstances and on the payment of profits to certain non-resident contractors.

There are no restrictions on the inflow or outflow of capital, and the currency is freely convertible. Full remittance of profits and capital is permitted through normal banking channels. There is no difficulty in obtaining foreign exchange.

Remittance Policies

The Pacific Islands are the main destination of New Zealand remittances. Anti-money laundering laws have been tightened and as part of these efforts, New Zealand banks have been reducing their exposure to potential risks, including closing the accounts of money transfer operators (MTOs), the financial groups or middlemen through which remittances are sent.

According to World Bank data, remittances made up nearly 33 percent of Tonga's GDP in 2015. This ranked it fourth in the world in terms of reliance on remittances, followed by 18 percent of Samoa's GDP, and 14 percent for the Marshall Islands.

In 2016 the New Zealand Government wrote to the major banks to ask them to explain their approach to de-risking and providing remittance services. In March 2017 the New Zealand Treasury released the findings of a report it commissioned to identify problems affecting cost and access to remittance services between New Zealand and the Pacific including understanding the drivers of bank account closures in New Zealand. It also sought to develop a set of feasible policy options to address the issues in the New Zealand remittance market that would maintain access and reduce costs of remitting money from New Zealand to the Pacific.

Other workers affected by the reduction in the number of MTOs include hundreds of Filipino migrant workers involved in rebuilding Christchurch, in the wake of a 2011 earthquake, and recently settled refugees from Syria.

New Zealand is working with the banking sector to improve the bankability of small money transfer operators and to develop low cost products for seasonal migrant workers as part of their Recognized Seasonal Employer Scheme. New Zealand is also using its membership in global fora to encourage a coordinated approach to reviewing and addressing the issue of high remittance costs.

New Zealand is working with partner governments and agencies in the Pacific to explore ways of reducing costs in the receiving country, such as through the adoption and use of electronic payments systems infrastructure.

Reports of New Zealand banks reducing their banking services for remittance service providers began to emerge shortly after the implementation of the Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Act in 2013. The Act requires banks to collect additional information about their customers and if a bank reasonably believes a transaction is suspicious it must report it to the New Zealand Police. If a bank is unable to comply with the Act in its dealings with a customer, it must not do business with that person. This would include not processing certain transactions, withdrawing the banking products and services it offers, and choosing not to have that person as a customer.

In October 2013, the Financial Action Task Force (FATF) recognized the significant progress New Zealand had made in addressing deficiencies identified in the 2009 mutual evaluation report, and removed it from the "regular follow-up process". This progress included the implementation of the AML/CFT Act, strengthening and expanding its supervisory framework, and introducing a new cross-border cash reporting regime.

Sovereign Wealth Funds

In September 2003, the New Zealand Superannuation Fund was created by the New Zealand Superannuation and Retirement Income Act 2001. The fund was designed to partially provide for the future cost of New Zealand Superannuation, which is a universal benefit paid by the New Zealand government to eligible residents over the age of 65 years irrespective or income or asset levels. The Government plans to introduce legislation that will incrementally raise the age of retirement to 67 years by 2040.

The Act also created the Guardians of New Zealand Superannuation, a Crown entity charged with managing and administering the fund. It operates by investing initial government contributions (and the associated returns) in New Zealand and internationally, in order to grow the size of the fund over the long term. Between 2003 and 2009, the government contributed NZD 14.9 billion (USD 10.6 billion) to the fund, and contributions are scheduled to resume from 2020, once the government considers it fiscally prudent to do so. The government plans to withdraw money from the fund around 2031 to help pay for New Zealand Superannuation.

The guardians have a stated commitment to responsible investment, including environmental, social and governance factors, which is closely aligned to the United Nations Principles for Responsible Investment. It is a member of the International Forum of Sovereign Wealth Funds, and is also signed up to the Santiago Principles.

In January 2017, the fund was valued at NZD 33.14 billion (USD 23.5 billion) of which 41 percent was in North America, 22 percent in Europe, 17 percent in New Zealand and 6 percent in Australia. Over half of the fund is in developed markets equity 55.7 percent, 12.4 percent in fixed income, 10.7 percent in emerging markets equity, 5.4 percent in timber, 4.7 percent in private equity, and 4.3 percent in New Zealand equity.

In October 2016 the fund announced a multi-faceted climate change strategy including a commitment to significantly reducing the Fund's exposure to both fossil fuel reserves and carbon emissions. The Guardians said it would report publicly on the levels of reduction in the Fund's carbon footprint, for both carbon emissions and fossil fuel reserves, from 2017.

The fund explicitly excludes companies that are directly involved in the manufacture of cluster munitions, the manufacture or testing of nuclear explosive devices, the manufacture of anti-personnel mines, the manufacture of tobacco, and the processing of whale meat. In 2013 the fund divested a group of five U.S. companies due to their involvement with nuclear weapons.

State-Owned Enterprises

The Commercial Operations group in the New Zealand Treasury is responsible for monitoring the Crown's interests as a shareholder in or owner of organizations that are required to operate as successful businesses, or that have mixed commercial and social objectives. The Treasury defines five broad categories of organizations which include: Crown-Owned Entity Companies, Crown Financial Institutions, Crown Research Institutions, Companies the Crown Holds Shares in, and State-Owned Enterprises (SOEs).

SOEs are subject to the State-Owned Enterprises Act 1986, are registered as companies, and are bound by the provisions of the Companies Act 1993. The board of directors of each SOE reports to two ministers, the Minister of Finance and the relevant portfolio minister. A list of SOEs and information on the Crown's financial interest in each SOE is made available in the financial statements of the government at the end of each fiscal year. For a list of the SOEs see: List of State-Owned Enterprises.

Most of New Zealand's SOEs are concentrated in the energy and transportation sectors. Private enterprises are allowed to compete with public enterprises under the same terms and conditions with respect to markets, credit, and other business operations. For example, Contact Energy, a publicly listed company, is allowed to sell energy in direct competition with Meridian Energy Limited, which is an SOE.

Under SOE Continuous Disclosure Rules, SOEs are required to continuously report on any matter that may materially affect their commercial value.

In 2014, the government completed its program of asset sales, which involved the partial sale of three energy companies and Air New Zealand, with the government retaining its majority share in each.

In recent years there has been question whether government support to help Solid Energy, constitutes a subsidy or bailout. Solid Energy is New Zealand's leading coal producer and in 2009 was valued at around NZD 3 billion (USD 2.1 billion). It has mines in the Waikato, the West Coast of the South Island, and Southland. It exports coal to coke manufacturers and steelmakers, mainly India, China, and Japan, and supplies industrial users throughout New Zealand. While the company went into voluntary administration in August 2015, two years earlier as a result of public concern that NZD 100 million from the proceeds from the 2013 Government asset sale program would go towards recapitalizing the company rather than pay down public debt, led to Treasury revealing Solid Energy had actually been placed under a program of "intensive monitoring" in June 2012, after the company had presented a cost-cutting plan which Treasury did not believe was credible or achievable. It also emerged that the company had gone to the government with an ambitious plan to expand into areas such as oil and gas exploration, transforming into a national resources company. At the time the company was NZD 389 million in debt, and Treasury advised any Government assistance could be viewed as a subsidy and therefore as preferential treatment. The Government spent NZD 128 million (USD 90.9 million) of public money and in order to keep the mines in operation, the company went into voluntary administration.

Privatization Program

The New Zealand government has not announced any upcoming privatization programs.

The New Zealand Public Private Partnership (PPP) Program is coordinated by the Treasury and represents a long term contract for the delivery of a service, where the provision of the service requires the construction of a new asset, or the enhancement of an existing asset, that is financed from external (private) sources on a non-recourse basis and where full legal ownership of the asset is retained by the Crown.

Successive New Zealand governments have embarked on several programs since 1988, as a means to reduce government debt, and as a means to move non-strategic businesses to the private sector with the expectation of improving efficiency and

raising economic growth. Beginning in 2013 the government, citing a desire to reduce debt, embarked on an 18-month partial-privatization program selling substantial portions of their ownership of three energy companies and Air New Zealand. The bulk of the initial share float was made available to New Zealand share brokers and international institutions, and unsold shares were made available to foreign investors. Foreign investors are free to purchase shares on the secondary market. Generally the float prices are lower and sales are constrained by New Zealand's relatively small financial market capacity limiting its ability to absorb new issues.

Historically New Zealand governments have also sold airports, forestry, telecommunications, railway, and one of the larger sales the Bank of New Zealand. Outcomes for individual companies have been mixed, while some have prospered others have gone into financial distress and some of those have required government finance or repurchase of shares.

After Spark was privatized, the government retained a Kiwishare obligation of at least 10 percent due in large part to its emergency services. Since Chorus demerged from Spark, only the former has a restriction on foreign ownership as mentioned in the earlier section.

Responsible Business Conduct

The government of New Zealand actively promotes corporate social responsibility (CSR), which is widely practiced throughout the country. There are a number of New Zealand NGOs that are dedicated to facilitating and strengthening CSR, including the New Zealand Business Council for Sustainable Development, the Sustainable Business Network, and the American Chamber of Commerce in New Zealand.

New Zealand uses both the OECD due diligence guidance for responsible supply chains of minerals from conflict-affected and high-risk areas, and the OECD Guidelines for Multinational Enterprises. MBIE has developed a short version of the guidelines to assess the social responsibility 'health' of enterprises, and for assessing the actions of governments adhering to the guidelines. MBIE is the national point of contact for raising issues in New Zealand. If further action is needed, they provide resolution assistance, such as mediation, but do not adjudicate or duplicate other tribunals that assess compliance with New Zealand law. MBIE are assisted by a liaison group that meets once a year, with representatives from: Ministry of Justice, Ministry for the Environment, MFAT, New Zealand Council of Trade Unions, Business New Zealand, the Engineering, Printing and Manufacturing Union, and the New Zealand Business Council for Sustainable Development.

The Australian Centre for Corporate Social Responsibility has produced an annual report since 2009 reviewing the State of CSR in Australia and New Zealand.

Corruption

New Zealand is renowned for its efforts to ensure a transparent, competitive, and corruption-free government procurement system. Stiff penalties against bribery of government officials as well as those accepting bribes are strictly enforced. New Zealand consistently achieves top ratings in the Transparency International's Corruption Perception Index (CPI). In 2016, Transparency International ranked New Zealand 1st (tied with another) out of 176 countries, scoring 90 out of 100.

The legal framework for combating corruption in New Zealand consists of domestic and international legal and administrative methods. Domestically, New Zealand's criminal offences related to bribery are contained in the Crimes Act 1961 and the Secret Commissions Act 1910. The New Zealand government has a strong code of conduct, The Standards of Integrity and Conduct, which applies to all State Services employees and is rigorously enforced. The Independent Police Conduct Authority considers complaints against New Zealand Police and the Office of the Judicial Conduct Commissioner was established in August 2005 to deal with complaints about the conduct of judges. New Zealand's Office of the Controller and Auditor-General and the Office of the Ombudsman take an active role in uncovering and exposing corrupt practices. The Protected Disclosures Act 2000 was enacted to protect public and private sector employees who engage in "whistleblowing."

New Zealand opted to join the GATT/WTO Government Procurement Agreement in 2012, citing benefits for exporters, while noting that there would be little change for foreign companies bidding within New Zealand's totally deregulated government procurement system. In October 2014, the WTO agreed on the terms for New Zealand's accession to the GPA, which came into effect in August 2015. New Zealand supports multilateral efforts to increase transparency of government procurement regimes. New Zealand also engages with Pacific island countries in capacity building projects to bolster transparency and anti-corruption efforts.

In November 2015 the government passed an amendment to the AML-CFT Act 2013 that introduced a range of measures to tackle money laundering, bribery and drug-related crime. The Anti-Money Laundering and Countering Financing of Terrorism Amendment Act 2015 strengthened the foreign bribery offence to respond to recommendations made by the OECD Working Group on Bribery, and increased penalties for bribery and corruption in the private sector to bring them into line with public sector bribery offences.

Internationally, New Zealand has signed and ratified the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. In October 2006, the OECD examined New Zealand for compliance with the convention. New Zealand has also signed and ratified the UN Convention Against Transnational Organized Crime. In 2003, New Zealand signed the UN Convention Against Corruption and ratified it in December 2015.

The RBNZ supervises banks, life insurers, and non-bank deposit takers. The FMA supervises issuers of securities, licensed supervisors, fund managers, brokers and custodians, financial advisers, derivatives issuers, DIMS providers and peer to peer lending and equity crowd funding service providers. The DIA supervises casinos, non-deposit taking lenders, money changers, money remitters, payroll remitters, debt collectors, factors, financial lessors, safe deposit box vaults, non-bank credit card providers, stored value card providers and cash transporters, and any other reporting entities not supervised by the RBNZ or FMA. The Ministry of Justice is responsible for drafting and administering the AML/CFT Act and regulations. The New Zealand Police Financial Intelligence Unit collates information required under the legislation.

Following a review of New Zealand's foreign trust regime in 2016, the government announced it would be accelerating phase two of the AML/CFT Act to extend it to other professions, and potentially add minor changes that could affects sectors already subject to the Act. The Amendment Bill extends the Act to other sectors dealing in large amounts of cash including lawyers, accountants, real estate agents, gambling service providers, and some high-value goods dealers such as auctioneers, jewelers, motor vehicle dealers, antique and art dealers, second hand dealers and pawnbrokers, and other businesses that accept or provide large amounts of cash.

In response to the review on New Zealand's foreign trust regime prompted by the Panama Papers incident in April 2016, the Government acted on most of the recommendations to maintain its reputation as transparent and free of corruption. The Taxation (Business Tax, Exchange of Information, and Remedial Matters) Act 2017 amends the Tax Administration Act 1994 for foreign trust registration and disclosure. The changes are intended to deter offshore parties from misusing New Zealand foreign trusts and signal the importance of complying with the disclosure rules.

There were two high profile cases in New Zealand in 2016 that involved public officials standing trial for corruption and bribery offences, in both instances the defendants were found guilty. While generally non-discriminatory, public perception is mixed on the issue of name suppression. In one of the cases media successfully challenged a three-year suppression ruling in the High Court during the trial.

Areas of assessment identified by Transparency International where New Zealand can improve include: access to information, order and security, fundamental rights and civil justice, lack of constraints on government powers and criminal justice, and regulatory enforcement.

The Ministry of Justice provides guidance to companies and NGOs in how to combat corruption and bribery. How to Combat Bribery and Corruption

U.S. firms have not identified corruption as an obstacle to investing in New Zealand.

The New Zealand Government Rules of Sourcing were first published in October 2013, replacing the Mandatory Rules for Procurement by Departments issued by the Ministry of Economic Development in 2006. The third edition has been approved by the Ministers of Finance and State Services and was endorsed by Cabinet on March 30, 2015 and has applied since July 1, 2015. A range of mechanisms are used to bind agencies to applying the rules, including the Whole of Government Direction under section 107 of the Crown Entities Act 2004. Information on the rules are available at the MBIE site under: Government Procurement.

Resources to Report Corruption

The Serious Fraud Office and the New Zealand Police investigate bribery and corruption matters. Agencies such as the Office of the Controller and Auditor-General and the Office of the Ombudsmen act as watchdogs for public sector corruption. These agencies independently report on and investigate state sector activities.

Serious Fraud Office

P.O. Box 7124 - Wellesley Street
Auckland, 1141
New Zealand
www.sfo.govt.nz

Transparency International New Zealand is the recognized New Zealand representative of Transparency International, the global civil society organization against corruption.

Transparency International New Zealand
P.O. Box 5248 - Lambton Quay
Wellington, 6145
New Zealand
www.transparency.org.nz

Political and Security Environment

New Zealand is a stable liberal democracy with almost no record of political violence.

Labor Policies and Practices

The New Zealand labor market is experiencing a tightening in labor market conditions with the unemployment rate trending down as net migration rates hit record levels. Youth unemployment remains high at around 22 percent, compared with the overall rate of 5.2 percent for 2016. MBIE produces immediate, long term skill, and Canterbury skill shortage lists, with construction workers and engineers in high demand. The rise in net migration is comprised of returning New Zealand citizens, international students, and professionals. The Government recently relaxed visa rules for international students, however there is concern this could be contributing to the worsening youth unemployment rate. There have been reports of exploitation of migrant workers in the hospitality, agriculture, viticulture, and

construction industries. New Zealand operates a Recognized Seasonal Employer Scheme that allows the horticulture and viticulture industry to recruit workers from overseas - mostly from the Pacific Islands - for seasonal work to supplement their New Zealand workforce. A similar program was introduced for construction workers in Canterbury, and for tourism and hospitality workers in Queenstown.

Workers with skills on the immediate lists will find it easier to apply for temporary work visas and, in the case of long-term shortages, resident visas. However MBIE operates under strict criteria in order for occupations to be listed. Immediate skill shortages exist mainly in the construction, trades, engineering, health, and agriculture industries. For more see: Skill Shortages in New Zealand

The Government has introduced a range of initiatives and funding for apprentice programs, particularly in construction where activity is high mostly in Christchurch and Auckland. The Government announced the Apprenticeship Reboot scheme in January 2013 as a means to get more apprentices qualified, especially in construction trades. The government introduced comprehensive reform in April 2014 to industry training by passing the Industry Training and Apprenticeships Amendment Bill to provide support to all apprentices, and to set skill standards and quality assurance frameworks for all Industry Training Organizations (ITOs). In 2016 the government revealed apprenticeship numbers had increased 11 percent as a result of the reform. However, according to the Building and Construction ITO, demand for new houses in 2016/17 is predicted to be more than 28,000, and the current labor market is only able to support the building of 15,000 houses per year.

Labor laws are generally well enforced, and disputes are usually handled by the New Zealand Employment Relations Authority. Its decisions may be appealed in an Employment Court. MBIE is responsible for enforcement of laws governing work conditions. Unions have the right to organize and collectively bargain.

A number of employment statutes govern the workplace in New Zealand. The most important is the Employment Relations Act (ERA) 2000, which repealed the Employment Contracts Act 1991. Other key legislation that supplements the ERA includes the Employment, Equal Pay Act 1972, Health and Safety at Work Act 2015, Holidays Act 2003, Minimum Wage Act 1983, the Parental Leave and Employment Protection Act 1987, Volunteers Employment Protection Act 1973, and Wages Protection Act 1983.

MBIE provides guidance for employers on minimum standards of employment mandated by law, guidelines to help promote employment relationship, and optional guidelines that are useful in some roles or industries. Agreements on severance and

redundancy packages are usually negotiated in individual agreements. For more see: New Zealand Employment

The Employment Relations Act 2000 requires registered unions to file annual membership returns with the Companies Office, the government agency responsible for administering the register of incorporated societies and charitable trust boards. In 2013, there were 371,613 union members representing 16.6 percent of the total employed force. The ten largest unions accounted for almost 80 percent of the total union membership.

As part of a trend to continually update employment legislation, the Employment Relations Amendment Act 2014 came into effect on March 6, 2015. The main changes the Act introduced concerned collective bargaining arrangements, the requirement to notify employers of strikes in advance, enabling them to make deductions from the wages of employees who are partially on strike, and allowing employers to make reasonable restrictions on rest and meal breaks.

In 2016 Statistics New Zealand estimated union membership at 377,900 or 18.3 percent of the number of employed. The health care and social assistance, and education and training industries were the most unionized, with over 40 percent of those employed in each sector being union members. Given the size of those sectors, this means that almost half of union members in New Zealand work in only two industries.

Regarding coverage by a collective employment agreement, 19 percent of employees (which is larger than the estimated number of union members) said their employment agreement was a collective and 66 percent said it was an individual agreement. Even though employment rights mandate that every employee has a written employment agreement, close to 8 percent or 160,000 said they had no agreement (which is illegal under legislation), and a further 7 percent of employees didn't know what kind of employment agreement they had.

The number of work stoppages is generally on a downward trend. According to the latest data available from MBIE, there were 13 stoppages in 2014, up from six in 2013 (the lowest number on record since the series began in 1986), but consistent with ten in 2012, and 12 in 2011, and with lower numbers of employees involved and work days lost. The 13 work stoppages that occurred in 2014 involved 1,564 employees, 1,148 lost person-days of work, and cost an estimated NZD 300,000 in lost wages and salaries. In comparison, in 2005 there were 60 stoppages involving 17,752 employees, costing NZD 4.8 million and resulting in 30,028 lost person-days of work.

From April 1, 2017 the adult (employees who are 16 and over and are not new entrants or trainees) minimum wage is NZD 15.75 (USD 11.18) per hour. The new entrants and training minimum wage is NZD 12.60 (USD 8.95) per hour.

New Zealand underwent its most significant workplace health and safety reform leading to the Health and Safety at Work Act 2015 and the formation of the work health and safety regulator WorkSafe New Zealand. MBIE is the primary policy agency for workplace health and safety.

In March 2016 Parliament passed the Employment Standards Legislation Bill which amended five pieces of legislation, including Employment Relations Act 2000. It extended parental leave to more workers, strengthened enforcement of employment standards, addressed issues such as "zero-hour contracts" and other unfair employment practices.

The NZ Government has an adequate labor inspectorate system to identify and remediate labor violations and hold violators accountable, investigates and prosecutes unfair labor practices, such as harassment and/or dismissal of union members; and investigates and prosecutes instances of forced and/or child labor. From April 2017, the Government is introducing stand-down periods during which time employers who breach employment standards law will be banned from recruiting further migrant workers, following a Labor Inspectorate investigation. Employers who have incurred an employment standards-related penalty will be banned from recruiting migrant labor for defined stand-down periods ranging from six months to two years, depending on the severity of the case.

In May 2016 the Fisheries (Foreign Charter Vessels and Other Matters) Bill passed in 2014 came into full effect requiring all foreign charter fishing vessels to reflag to New Zealand and operate under New Zealand's full legal jurisdiction. The legislation was part of a range of measures that followed a Ministerial inquiry in 2012 into questionable safety, labor and fishing practices on some foreign-owned vessels. Other measures the Government introduced include: compulsory individual New Zealand bank accounts for crew members; Observers on all foreign-owned fishing vessels; and independent audits of charter parties to ensure crew visa requirements – including wages – are being adhered to.

In 2016 the Government ratified the ILO's Maritime Labor Convention to ensure fair treatment of seafarers and to protect the reputation of New Zealand exports. The ratification came into force March 9, 2017. More than 99 per cent of New Zealand's export goods by volume are transported on foreign ships, and the Convention will apply to about 890 foreign commercial cargo and cruise ships visiting New Zealand annually, and approximately 30 New Zealand ships.

In November 2016, the Government introduced the Maritime Transport Amendment Bill to Parliament. The Bill aims addresses the risks associated with alcohol and drug use in the commercial maritime sector and takes steps to protect New Zealand's coastline. The proposed changes will require commercial maritime operators to have drug and alcohol management plans, including random testing for staff carrying out safety sensitive activities. Maritime New Zealand will mandate drug and alcohol management plans, and will have the power to undertake additional drug or alcohol testing, as part of their oversight and monitoring role. The Bill also enact changes related to the Supplementary Fund Protocol, which helps protect New Zealand's coastline by increasing legal liability for companies in the event of a major oil tanker spill. It would also exercise New Zealand's right to exclude the costs of wreck removal, cargo removal and remediating damage from hazardous substances from liability limits. The Bill was prompted in part by New Zealand's worst maritime environmental disaster when the 41,890 ton MV Rena [owned by a Greece-based company] ran into a reef in October 2011 causing 331 tons of oil to leak into the ocean. By 2016, the cost of clean-up had risen to more than NZD 500 million.

In 2017 media reported public concern over the transparency and visibility of the Government's Recognized Seasonal Employer Scheme (RSE). Specifically concern was raised regarding the amount overseas vineyard workers are being charged for accommodation and petrol. The Government has been operating the RSE for ten years which was set up to provide economic assistance to Pacific Island economies while filling the need for seasonal labor in New Zealand in fields like viticulture and horticulture. Contractors and Immigration NZ, which oversees the scheme claim there are systems already in place to ensure deductions are reasonable and not exploitative. While Immigration NZ considers proposed deductions, they do not set guidelines because they consider prices for petrol and accommodation to be market driven and can vary significantly between regions. RSE workers pay half their return airfare to New Zealand, while their employer pays the rest. The Government requires RSE-approved contractors to enter into an Agreement to Recruit, and to provide Immigration NZ with a list of the deductions they intend to make, which they then consider. There is no dedicated union to negotiate on RSE workers' behalf. In 2009, to ensure equal treatment for New Zealand workers on minimum wage, changes were made to the RSE allowing employers to make deductions even if RSE workers' net pay fell below the minimum wage, at that stage then NZD 12.50 an hour.

OPIC and Other Investment Insurance Programs

As an OECD member country and developed nation, New Zealand is not eligible for OPIC programs. Although the New Zealand Government does not provide OPIC-like services to encourage New Zealand investment in developing countries, New Zealand is a member of the Multilateral Investment Guarantee Agency (MIGA). It also has an export insurance program administered under the New Zealand Export Credit Office (NZECO). NZECO provides credit guarantees to protect exporters against uncontrollable events and aims to help build the capacity of New Zealand exporters to offer long-term finance terms to international buyers.

Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country source	**Host Country**	**USG or international source**	**USG or international**	**USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other**
Economic Data	**Year**	**Amount**	**Year**	**Amount**	
Host Country Gross Domestic Product (GDP) ($M USD)	2016	$188,041	2015	$173,754	World Bank GDP Rank
Foreign Direct Investment	**Host Country source**	**Host Country source**	**USG or international source**	**USG or international source**	**USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other**
U.S. FDI in partner country ($M USD, stock positions)	2016	$5,607	2015	$7,176	BEA FDI in partner country
Host country's FDI in the United States ($M USD, stock positions)	2016	$2,902	2015	$585	Host Country's FDI

	Host Country source	Host Country	USG or international source	USG or international	USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Total inbound stock of FDI as % host GDP	2016	39%	2013	46%	Total Inbound Stock of FDI

* Host country statistics differ from USG and international sources due to calculation methodologies, and timing of exchange rate conversions. Almost a third of inbound foreign direct investment in New Zealand is in the financial and insurance services sector. Statistics New Zealand data available at Statistics New Zealand.

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data (2015)					
From Top Five Sources/To Top Five Destinations ***(US Dollars, Millions)***					
Inward Direct Investment			**Outward Direct Investment**		
Total Inward	$66,839	100%	Total Outward	18,032	100%
Australia	34,508	52	Australia	8,226	46
United States	5,481	8	United States	3,000	17
Singapore	3,971	6	China, P.R.: Hong Kong	1,359	8
China, P.R.: Hong Kong	3,506	5	Singapore	1,132	6
Japan	3,319	5	United Kingdom	1,038	6
"0" reflects amounts rounded to +/- USD 500,000.					

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total (2015)			**Equity Securities (2016)**			**Total Debt Securities (2015)**		
All	$76,9	100	All	$48,3	100	All	$29,3	100

Portfolio Investment Assets								
Countries	95	%	Countries	88	%	Countries	83	%
Australia	22,379	29	Australia	17,267	36	United States	7,880	27
United States	21,692	28	United States	15,123	31	Australia	5,960	20
U.K.	4,948	6	U.K.	2,312	5	U.K.	2,336	8
Japan	3,011	4	Japan	1,614	3	Germany	1,358	5
Germany	2,138	3	Cayman Is.	1,268	3	Japan	1,340	5

Contact for More Information

Andrew Covington
Economic Officer
U.S. Embassy Wellington
PO Box 1190
Wellington 6140
New Zealand
+64-4-462-6000

Trade & Project Financing

Methods of Payment

The main sources of capital for financing imports or new development in New Zealand are undistributed profits, the share market, merchant banks, insurance companies, savings banks, finance companies (including hire-purchase or leasing companies), private sources, investment by overseas companies in New Zealand branches, subsidiaries, joint venture companies, and foreign capital inflows. The New Zealand Government has set up a venture capital program that aims to match NZ$100 million in public funds with NZ$200 million of private funds. Although there is a broad array of suppliers of debt, the smaller population means there are relatively fewer New Zealand sources of early stage equity, including venture capital.

In New Zealand, standard private financial products are available to support, import, and export opportunities. Local financial institutions offer secured bank credit and trade finance products (e.g., sight draft, irrevocable letters of credit, etc.). Open account purchase agreements are quite common among long-time trading partners.

Banking Systems

The Reserve Bank of New Zealand oversees the banking system of New Zealand. Like the U.S. Federal Reserve, it formulates and implements monetary policy, monitors banks, manages currency issuance, and acts as the central bank of New Zealand. It grants banking licenses and operates the Exchange Settlement Account System (ESAS), through which banks make regular, high-value payments with each other. Additionally, the Reserve Bank provides clearing and settlement services to the financial markets for high-value debt and equities. New banks have to apply for a separate license for foreign exchange trading, but this usually poses no difficulty.

There are 24 registered banks in New Zealand. To reduce bank failures, registered banks must meet minimum standards. Overseas entities own more than 90 percent of the country's banking assets. TSB Bank Limited of New Plymouth, SBS Bank, and Kiwi Bank, a government-established bank operated out of NZ Post shops are

the only domestically owned banks. Additionally, finance companies, insurance companies, and building societies are engaged in capital formation and investment. The Securities Commission regulates these institutions.

Banks in New Zealand provide customary retail and commercial business including depository services, lending, and foreign exchange services. These banks maintain the usual correspondent relationships with banks around the world.

The Government of New Zealand's liberalization of the banking system has ended almost all restrictions on the number, activities, and ownership of banks operating in New Zealand. There are no limits on the number of licenses granted, and foreign-owned institutions have full equality with nationally based firms. In general, banks operate on an "at your own risk" policy for both management and depositors. Customers' deposits are not covered by any system of depositors' insurance.

Foreign Exchange Controls

There are no major controls on foreign exchange trading.

US Banks & Local Correspondent Banks

Citibank New Zealand, based in Auckland, provides banking services to corporations, institutions and public sector clients.

JP Morgan covers New Zealand from its Sydney, Australia office.

ExIm Bank does not have a New Zealand presence.

American Express, Mastercard and Visa are all widely available through New Zealand's five retail banks. Apple Pay is available through the ANZ Banking Group.

Project Financing

Debt and venture capital financing are readily available at New Zealand market rates. Low residential savings rates require banks to obtain higher cost offshore funds to meet loan demand. Vendors often offer financing for large equipment

purchases. Commercial banks, often operating in a consortium, provide project financing in New Zealand.

Multilateral Development Banks:

New Zealand is not a developing country, therefore government donor programs, multilateral institutions, and development banks, such as USAID, The World Bank, or the Asian Development Bank, do not lend into New Zealand.

Financing Web Resources

Reserve Bank of New Zealand

Business Travel

Business Customs

New Zealand business customs are similar to those practiced in the United States: corporate dress; business cards etc. It is a common and courteous practice to make and keep appointments in a timely manner. Senior level officials are as accessible for relevant business consultations as their peers are in the United States. Gifts are not standard practice.

Travel Advisory

The State Department consular information sheet for New Zealand can be found at: State Department Travel Information

Visa Requirements

Under the Visa Waiver Program, U.S. passport holders can visit New Zealand for 90 days or less without a visa. U.S. citizens with Global Entry membership traveling to New Zealand may use a dedicated lane arriving at Auckland, Wellington and Christchurch International Airports. The lanes will streamline border processing for U.S. Global entry members. To be eligible to use the lanes, U.S. Global Entry members simply present their Global Entry card, their U.S. passport and arrival documentation. This initiative is the result of an agreement between New Zealand and the United States to improve the border experience for travelers flying between the two countries. U.S. Global Entry members will still be subject to standard customs, immigration and biosecurity processes on arrival in New Zealand.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links:

State Department Visa Website

In New Zealand, consular activities are undertaken at the American Consulate General, Auckland: US Embassy New Zealand

Currency

New Zealand's unit of currency is the dollar (NZ$).

All major credit cards can be used in New Zealand, with Visa and MasterCard accepted nationwide.

There is no restriction on the amount of foreign currency that can be brought in or taken out of New Zealand. However, every person who carries more than NZ$10,000 in cash in or out of New Zealand is required to complete a Border Cash Report. Foreign currency can easily be exchanged at banks, some hotels and Bureau de Change kiosks, which are found at international airports and most city centers.

Telecommunications/Electric

New Zealand has a modern telecommunications infrastructure. Mobile phones operate on GSM and CDMA systems. Internet access is available in hotels and through wireless hotspots and Internet cafes. Internet speeds can be slow compared to the United States. The New Zealand Government is improving broadband services via two significant investments: the Ultra-Fast Broadband Initiative and the Rural Broadband Initiative. The Ultra-Fast Broadband Initiative will bring fiber-optic technology to homes, schools, hospitals, and businesses. The Rural Broadband Initiative will deliver broadband Internet to rural communities at a cost and service level comparable with urban areas.

New Zealand's telephone line density ratio is slightly over 477 lines per 1,000 persons, which is comparable to U.S. and European ratios. The switchgear and line qualities are more than satisfactory for facsimile transmission. The country supports many long distance billing services (Telecom, AT&T, Sprint, and more). 2Degrees, Vodafone and Telecom are the three cellular networks. Vodafone and Telecom offer rental services for visitors.

Electricity is supplied throughout New Zealand at 230/240 volts (50 hertz), although most hotels and motels provide 110 volt AC sockets (rated at 20 watts) for electric

razors only. For all other equipment, an adapter/converter is necessary, unless the item has a multi-voltage option.

Transportation

Most travelers to New Zealand arrive by air. Regular direct return flights to New Zealand are provided by American Airlines flies from LAX; United Airlines from San Francisco and Hawaiian Airlines from Honolulu. Air New Zealand, the national air carrier flies directly from Auckland-LAX; Auckland-San Francisco and Auckland-Houston.

New Zealand is well equipped with both public and private transportation options that can be booked through the Internet or travel agents. Automobiles are right hand drive and traffic travels on the left side of the road.

Language

New Zealand is an English-speaking country. Maori is the language of the indigenous people of New Zealand. By law, Maori is an official language. New Zealand sign language is the third official language. New Zealand's literacy rate is 99 percent.

Health

The standard of public health is high. The New Zealand health system consists of public, private, and voluntary sectors that interact to provide and fund health care. The public sector provides free treatment at hospitals for emergency and major medical problems, including maternity and geriatric care and free dental treatment for those less than 18 years of age. American travelers to New Zealand are encouraged to obtain supplemental health insurance prior to entering the country to provide coverage against unforeseen health problems or accidents.

Local Time, Business Hours and Holidays

New Zealand business operates on a five-day (Monday through Friday) work week. Retail outlets are open until 6 p.m. with extended hours Thursday/Friday and in December. Most supermarkets and gas stations open 24 hours a day.

2017 Holidays:	
January 2	New Year's Day – January 1 is a Sunday
January 3	Day after New Year's Day observation
January 23	Wellington Anniversary (Wellington only)
January 30	Auckland Anniversary (Auckland only)
February 6	Waitangi Day
April 14	Good Friday
April 17	Easter Monday
April 25	ANZAC Day
June 5	Queen's Birthday
October 23	Labor Day
November 17	Canterbury Anniversary Day (Christchurch only)
December 25	Christmas Day
December 26	Boxing Day

Daylight Saving commences on the last Sunday in September, when 2:00 a.m. becomes 3:00 a.m. It ends on the first Sunday in April, when 3:00 a.m. becomes 2:00 a.m. New Zealand is 17 hours ahead of U.S. EST during Daylight Saving.

Ocean surrounds New Zealand, allowing for a temperate climate. The Southern Hemisphere's seasons are opposite the Northern Hemisphere with summer weather during the five-month November-to-March period. Temperature extremes are confined to mountainous areas in the North and South Islands.

Temporary Entry of Materials or Personal Belongings

New Zealand admits samples of negligible value duty free. Small shipments of trade catalogs and price lists printed outside New Zealand and advertising products produced abroad are admitted duty free if they bear the name and address of the foreign manufacturer and are not designed to advertise the sale of those products by any company, firm, or individual with a business established in New Zealand. Personal belongings (goods) up to NZ$1000 may be brought into New Zealand.

Travel Related Web Resources

Embassy of New Zealand in the United States
Ministry for Primary Industries (MPI)
New Zealand Customs
New Zealand Immigration
U.S. Consular
Weather