



NEW ZEALAND'S PRIDE

New Zealand's export-dominated economy has become a role model for the UAE's capital

BY HEBA HASHEM

Most of us have watched blockbusters filmed in New Zealand, such as *Avatar* or *The Lord of the Rings*, and will be familiar with the island's expanse of lush vegetation, fertile pastures and rolling farmlands. These landscapes represent the country's largest sector of its tradable economy – agriculture.

As one of only two countries internationally to export more than half of its total food production, New Zealand has earned a global reputation for the superior quality of its dairy, meat, horticulture and seafood.

Complementary economies

Agriculture is where the GCC region is lacking, given the shortage of water and arable land. While the past decade was marked by investments in large tracts of land in Africa, the trend is shifting to New Zealand and Australia, thanks to higher levels of transparency.

"There is about NZ\$1.6 billion [\$1.24 billion] in annual two-way trade and most exports from the UAE are oil-based. As for products imported by the UAE, milk powder accounts for two thirds and food and beverage accounts for the vast majority," says Haylon Smith, trade commissioner for the Middle East, Africa and Pakistan at the New Zealand Trade and Enterprise.

The figure is a substantial increase to the 2009 value of around

\$436 million, reflecting steady growth in bilateral trade and positioning the UAE as New Zealand's 12th largest trading partner.

Emirates Investment Group, a Sharjah-based company focusing on private equity and venture capital investments, is among the UAE companies exploring agricultural assets in the island country. "There is more political stability [in Australasia] and it is more investor-friendly now," says chief executive Syed Husain.

Exporters get busy

As much as 90 percent of New Zealand's agricultural production is exported worldwide according to Smith. "The produce is high quality, healthy and halal, which makes it a perfect fit for the GCC market."

Dairy products and chilled meat currently make up the largest portion of New Zealand's exports into the UAE. Some are imported by local firms such as Shahab Ahmed General Trading, the exclusive distributor of halal meat producer Affco and Talleys French fries.

Other brands are being brought in directly by the producers. Meat exporter ANZCO and kiwi fruit exporter Zespri have established Middle East representative offices, and Fonterra, the world's largest dairy exporter, recently opened an ingredients



New Zealand's capital city Auckland

warehouse in Dubai to support its regional distribution.

“Our ingredient imports into this region have continued to grow 10 per cent year on year and our investment in this facility reflects this growth. By storing product in market, we can provide our customers with greater flexibility,” says Miles Hurrell, Fonterra’s general manager for the Middle East, Africa and the Commonwealth of Independent States.

One of the biggest dairy investments in the region was made by New Zealand’s government, which committed \$4.6 million to establish an agribusiness service hub and demonstration farm in Dammam, Saudi Arabia.

Beyond agriculture, infrastructure developments have been drawing in prominent names from New Zealand’s construction industry. “Many contractors come into the UAE on a project basis and more construction companies are looking at setting up here,” says Smith.

“Framecad [steel firm] does prefabricated housing using lightweight steel and has the ability to build a significant number of buildings in a very short time. Pultron Composites also supports the construction sector by producing fibreglass reinforced beams for concrete buildings.” Both firms have established facilities in Jebel Ali free zone and are serving the wider region.

World’s least corrupt

Two-way trade between New Zealand and the GCC might have picked up in recent years but as New Zealand’s minister for primary industries, Nathan Guy, recently said during a speech in Saudi Arabia, there is room for improvement.

An imbalance occurs in the breakdown of trade. While imports by New Zealand from the GCC amounted to \$2.6 billion in 2013, exports stood at just over \$1 billion.

“New Zealand is very much open for business and we are one of the easiest countries in the world to do business with.

Abu Dhabi chose New Zealand as a model economy in its Economic Vision 2030, a blueprint for a sustainable and high value added economy...

Incorporating a business takes only one day and registering a property takes two day,” says Smith.

Tied with Denmark, New Zealand ranked among the least corrupt nations out of a list of 177 in the corruption perceptions index carried out by Transparency International, a global coalition combatting corruption, last year. It also ranked as the third easiest place to do business out of 189 economies and the top-ranking for protecting investors in the doing business report from the World Bank Group this year.

It is no wonder Abu Dhabi chose New Zealand as a model economy in its Economic Vision 2030, a blueprint for a sustainable and high value added economy, based on the latter’s success in developing a large export base.

Could distance hinder future trade? According to Smith, that is unlikely. “For us, exporting to distant markets is nothing new. One of the products launched here recently was a chicken brand which is now available in Spinneys. Those chickens are purchased in New Zealand and within 24 hours are flown to UAE supermarkets so that they are sold fresh.

“New Zealand has approximately four million people. One million of them live around the world. We travel widely and are very well connected internationally”.