



# Te Waipounamu and Asia

South Island business  
connections with Asia  
now and in the future

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Run in partnership with Ngāi Tahu Tourism, The Dark Sky Project near Takapō (Tekapo) is the world's first gold status and the largest Dark Sky Reserve. The South Island is an emerging aerospace and space innovation hub.  
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Wilderness, Christchurch, New Zealand

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Work on ladder in apple orchard

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Marlborough vineyard

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## Foreword

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The South Island has enjoyed prosperous business links with Asia since the 18th century. Traders exported products they harvested and gathered to the region, including tens of thousands of sealskins to Canton (Guangzhou) from the 1790s to 1820s. Gold miners then arrived from China in large numbers from 1866, expanding contact with Asia across Otago, Southland and the West Coast. The first group of Indian workers arrived with their employer in Christchurch in 1854.

Fast-forward to the 21st century and South Island businesses have an impressive ability to turn opportunities into long-lasting business success. They remain just as attuned as their forebears to Asia's growing global economic importance and the market opportunities that exist. According to the research we present here in *Te Waipounamu and Asia*, the South Island's business links with Asia are diverse and long-standing, and companies want to grow their Asia connections further. We also see that for businesses not yet linked to Asia, a keen appetite exists to get started.

The Asia New Zealand Foundation has produced this report to highlight the depth and breadth of South Island business engagement with Asia; to share the key lessons learned by businesses when nurturing and growing that engagement; to encourage businesses with existing links to grow further, and to show businesses with an interest in Asia that success is possible.

The research demonstrates that a successful Asia strategy requires commitment and flexibility, including a willingness to learn and appreciate cultural factors and ways of operating. South Island businesses already engaging with Asia have also highlighted the value of tapping into practical knowledge, support, and networks that are available here in New Zealand. But the awareness and uptake of the kind of support readily available, through government agencies and chambers of commerce, for example, is not always high.

This research has provided the Asia New Zealand Foundation with more visibility of the Asia capability and knowhow that exists in the South Island. The report highlights the value of businesses sharing their experiences and giving greater visibility to untapped sources of Asia knowledge and skills. This talent pool includes our diaspora of Asia heritage, domestic students studying Asian languages and commerce, and recent 'COVID returnees' from Asia to New Zealand.

We know Asia holds huge potential for South Island businesses that are prepared to develop the right capabilities and find the right partners. In 2020 the Foundation opened an office in the South Island and has been steadily boosting its presence across our programmes. This report provides an excellent starting point for helping South Island businesses to make the most of the opportunities Asia holds.



**Simon J Draper**

Executive Director,  
Asia New Zealand Foundation Te Whītau Tūhono

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In early 2020 I took up a new role as the Asia New Zealand Foundation's South Island Establishment Manager and started engaging with business communities across Te Waipounamu.

One thing that quickly struck me was the range and depth of Asia connections among those I met. Companies and entrepreneurs at networking events, contacts in incubators and sector bodies, even fellow passengers on planes: all seemed to have been on their own Asia business journey in one form or another — usually (but not always) with positive and rewarding outcomes.

The range of countries mentioned, and the sectors involved, was a quick reminder that any stereotypes I harboured about local Asia business links were very outdated.

These discussions were also a good reminder of the huge pool of Asia experience and knowledge that exists across the South Island. As our research points out, a lot of enduring business links have been forged, despite rapid economic transformation in many Asian markets. We have a substantial body of advice and insights to tap into.

But could we do more? Are we using the full range of local expertise available to help us on our Asia journey? And do some companies and sectors still consign Asia to the too hard basket, due to lack of knowledge, perception of isolation, networks and overall confidence?

The research presented in this report does not advise companies where they should enter or go to next in Asia, or provide commercial strategic advice about 'how to do business in Asia'. But I hope it will provide inspiration, and generate a discussion about how the South Island can best build on the present to drive more prosperous business with Asia in the future. As the globe slowly emerges from the COVID-19 era, Asia will, if anything, be more important to New Zealand's economic future than before. I trust you will find this report useful, to illustrate future potential.



**Alistair Crozier**

Director Business, Manager South Island  
Asia New Zealand Foundation Te Whītau Tūhono



## Introduction

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The Asia New Zealand Foundation commissioned Christchurch-based research company Research First to conduct a survey of South Island-headquartered businesses in late 2020 and early 2021.

One hundred and fifty South Island businesses participated in the research: one group (115 companies) with existing business links to Asia; and another (35 companies) without links to Asia that were considering establishing business links. The overall sample was designed to achieve a representative spread of sectors, business size, and geographic location across the South Island. A methodology section (page 39) provides an overview of sample characteristics and research methods.

The purpose of the research is to gain an understanding of the breadth and depth of links between South Island businesses and Asia; key challenges faced by businesses in building and maintaining their Asia business links; the 'Asia capabilities' of firms; as well as South Island business sentiment towards future Asia-focused growth.

For businesses interested in Asia, but which have not yet developed links, we wanted to understand their perceptions of the opportunities and challenges associated with developing links, and how equipped they felt to get started. For both groups, we wanted to understand their knowledge of the business support available to help grow or develop their Asia links. We also asked all businesses about the current impacts of COVID-19 on their business, and the extent to which the pandemic was impacting growth appetite and strategies.

The report consists of three parts:

- Part one highlights the diversity of connections that exist between South Island businesses and Asia; perceptions of the importance of Asia to business; and the key motivations of South Island businesses when they developed Asia links.
- Part two explores how businesses build and maintain their Asia business links, examining the strategies businesses use when starting out and how businesses build and maintain their 'Asia capabilities', and respond to events such as COVID-19.
- Part three explores businesses' views of their key growth challenges, and what forms of support and assistance they require. This section incorporates the views of firms with no existing links with Asia, exploring what they see as their key challenges in getting started.

The report concludes with a summary of Asia economic trends, as well as advice and suggestions from the Asia New Zealand Foundation's business programme on how to activate or extend business links with Asia.

**South Island businesses engage with Asia in a range of ways. We've adopted an inclusive definition of 'Asia business links' within the research to refer to a range of business activities. These include goods exports to Asia (including e-commerce and digital trade), two-way investment, the manufacture of goods in Asia and import of components for New Zealand manufacturing, goods imports, joint ventures or partnering with Asia-based companies, and the provision of services to Asian customers who are visiting New Zealand (for example in tourism and education).**

## Key insights

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### **South Island businesses are connected right across Asia.**

Many businesses have links to North Asia with 50 percent trading with China, and 28 percent trading with Japan. More than half of businesses surveyed were also connected to Southeast Asia.

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### **There is no 'typical' business when it comes to links with Asia.**

Businesses in a variety of sectors have links with Asia, including manufacturers and service providers — not just primary production and tourism.

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### **South Island business links with Asia stand the test of time.**

Fifty-seven percent of businesses in our sample have been doing business with or in Asia for at least 10 years, and 70 percent for at least five years.

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### **Businesses with existing Asia links want to grow them more.**

Seventy-one percent of businesses intend to try and grow their Asia business links. Of those businesses interested in growth, the majority want to expand into new Asian markets.

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### **Establishing and maintaining Asia business links requires proactivity.**

Eighty-one percent of companies surveyed were partly, mostly or entirely proactive — waiting to be discovered was rarely a strategy.

---

### **Language capability and market knowledge are critical**

when developing links with Asia. These were assessed by businesses as bigger challenges than competition, logistics or trade barriers.

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### **Personal connections shone through as the key to opening doors in Asia.**

Existing personal connections made the biggest difference for companies entering Asian markets.

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### **There are untapped resources in the South Island for developing Asia capability**

and more can be done to promote their use to businesses interested in Asia. They include organisations with specialist Asia knowledge and skills, international students, domestic graduates with Asia capabilities including language skills, diaspora communities, and 'COVID returnees' with Asia business experience.

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### **COVID-19 presents an ongoing challenge for businesses.**

In the short to medium term, travel restrictions and logistics issues will be particular challenges for companies seeking to grow new links with Asia.

## South Island-Asia economic links: exports and imports in 2020

### Exports

Value of export cargo  
going to Asia from key  
South Island ports in 2020

**\$0.97B**

Picton

**\$0.437B**

Nelson

**\$4.3B**

Lyttelton  
Christchurch

**\$0.826B**

Christchurch Airport

**\$1.1B**

Timaru

**\$2.5B**

Port Chalmers  
Dunedin

**\$1.5B**

Bluff

Total value of South Island  
cargo exports from South  
Island ports to Asian markets

**\$10.8B**

SI - Asia total

### Imports

2020 cargo imports  
from Asia (cif NZ\$\*) by  
South Island ports

**\$0**

**\$0.093B**

**\$2.2B**

**\$0.125B**

**\$0.251B**

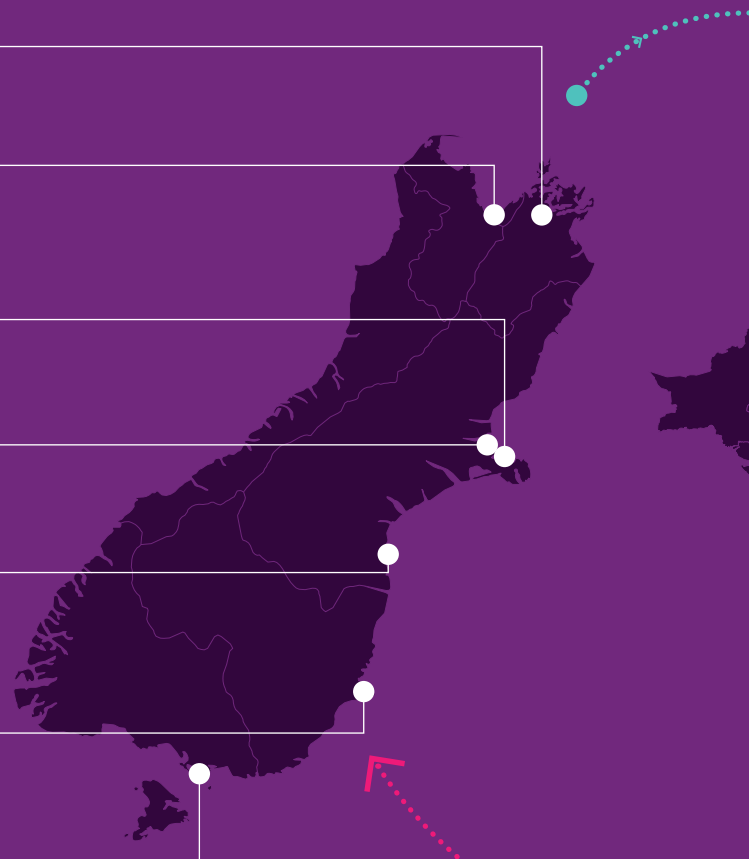
**\$0.2B**

**\$0.19B**

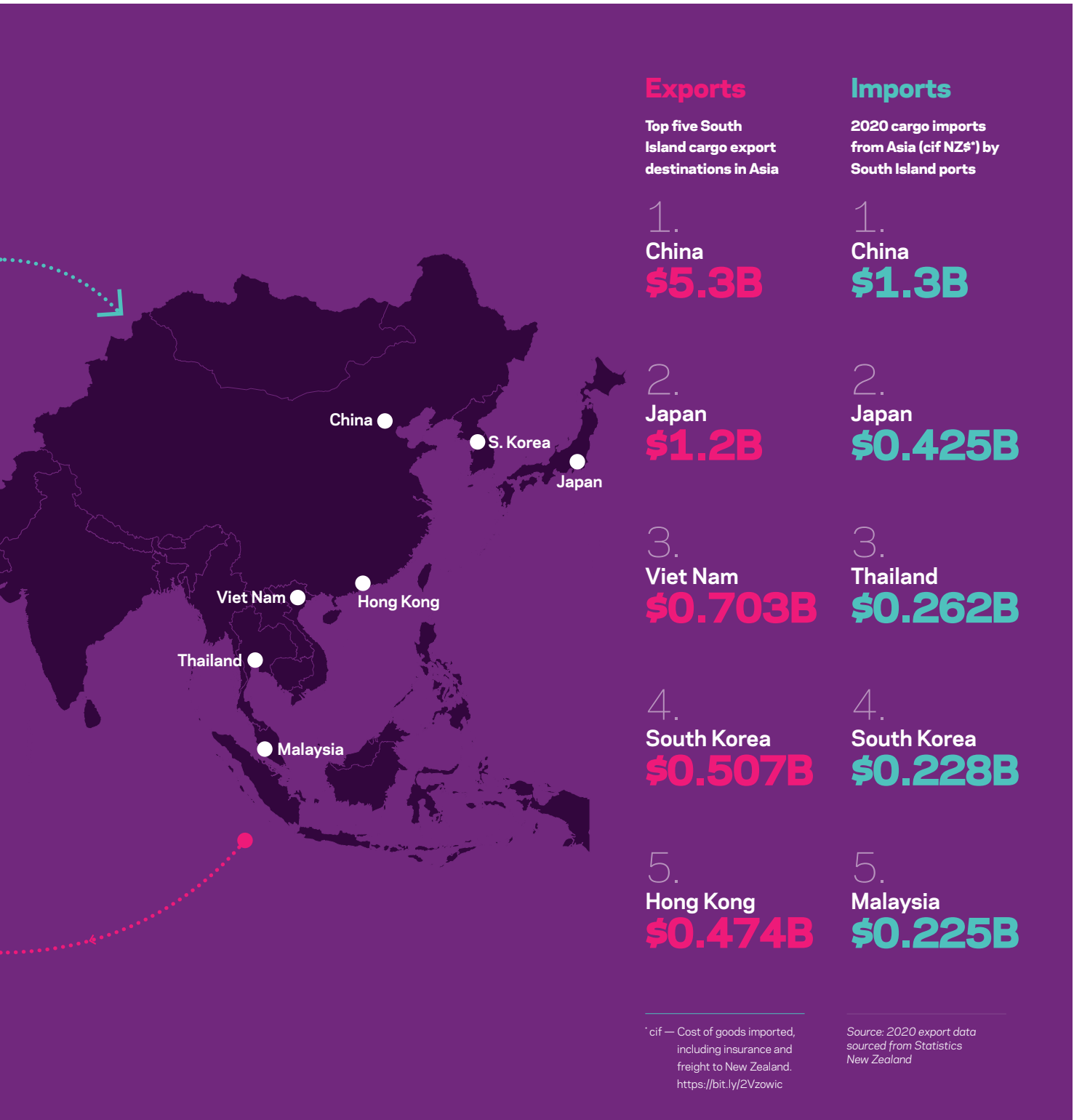
Total value of South  
Island cargo imports from  
all Asian markets

**\$3.1B**

Asia - SI total







\* cif — Cost of goods imported, including insurance and freight to New Zealand.  
<https://bit.ly/2Vzowic>

Source: 2020 export data sourced from Statistics New Zealand

**The digital and e-commerce landscape is changing daily in Asia. How Southland businesses leverage technology both to tell an appealing and unique regional brand story and better connect with consumers is key for the region's future growth.**

”

Graham Budd,  
Chief Executive,  
Great South (Southland)



# Part 1: **Understanding South Island business links with Asia**

This section explores the diversity of connections that exist between South Island businesses and Asia; the importance of Asia to South Island businesses; and the key motivations of South Island businesses for developing their Asia links.

## Key findings



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**South Island businesses engage with markets across Asia. Many businesses have a strong focus on North Asia, but others have created links with Southeast and South Asia.**

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**Over half (57 percent) of businesses surveyed have been working with Asia for over 10 years. Once established, relationships are enduring.**

---

**Most businesses see these links as a critical part of their business success — not optional extras.**

## South Island businesses have a wide range of links with Asia

South Island businesses have links to a wide range of markets across Asia, and many firms are linked to more than one Asia market (see figure 1). Fifty percent of businesses surveyed have links to China and close to a third (28 percent) are linked to Japan.

More than half of South Island businesses are linked to at least one market in Southeast Asia (including Singapore, Malaysia, Thailand, Philippines, Indonesia and Cambodia).

Comparatively few (eight percent) South Island businesses in our survey are engaged with South Asia (e.g. India and Sri Lanka).

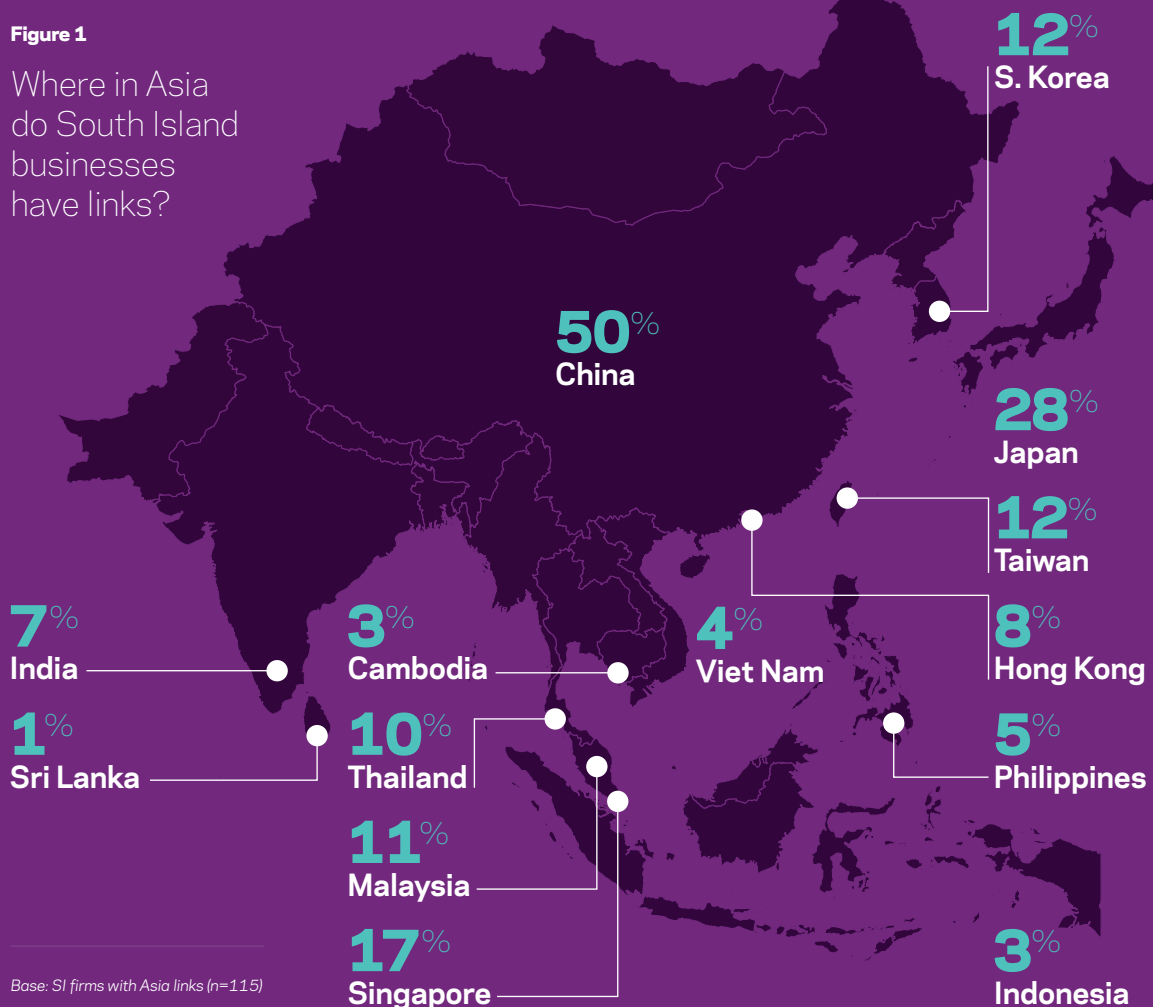
**Future opportunities lie in being proactive not reactive, being what's in it for us not what's in it for me, having more deeper richer relationships and less high level fleeting connections.**



Ben Chapman,  
Managing Director,  
Tourism Partners Ltd (Queenstown)

Figure 1

Where in Asia do South Island businesses have links?



Base: SI firms with Asia links (n=115)

## How critical is the Asia market for South Island businesses?

South Island businesses engage in a range of commercial activities with Asia. As expected, by far the largest focus is on the import and export of goods and services in both directions (see figure 2).

Ten percent of respondents engage with Asia through research and development collaboration. A smaller number of businesses (six percent) said they invested or received investment.

South Island businesses consider their connections to Asia an important part of their overall success. Sixty-one percent of business tell us that their links

with Asia are either a 'very important' (30 percent) or 'important' (31 percent) part of their business (see figure 3).

Our data finds businesses that have been engaging with Asia the longest are also the businesses most likely to state that their Asia links are 'very important' to their overall business. This group is also most likely to state that they intend to try and grow their Asia business links further.

As New Zealand businesses gain knowledge and confidence in Asia over time, the more aware they are likely to become of new opportunities.

Figure 2

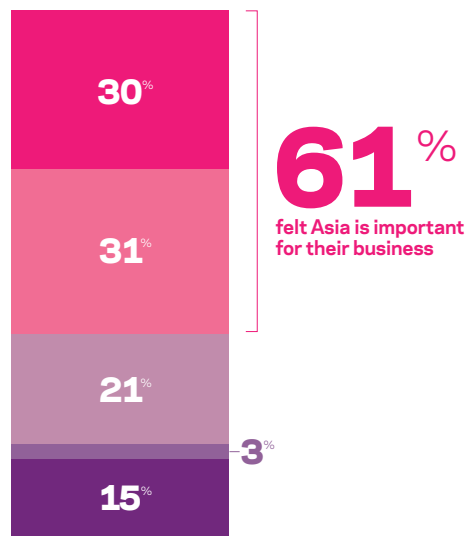
What types of commercial activities link South Island businesses with Asia?



Base: SI firms with Asia links (n=115)

Figure 3

How important is Asia for South Island businesses?



- Extremely important
- Important
- Neutral
- Unimportant
- Very unimportant

Base: SI firms with Asia links (n=115)



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## Why is Asia important for South Island businesses?

We asked South Island businesses what motivated them to develop their Asia business links. Several common themes emerged:

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Market potential:

**Asian markets offer scale, diversity and dynamism unparalleled elsewhere in the world**

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Innovation and quality:

**Asia provides some of the highest quality product offerings and is a site of research, development, and innovation**

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Talented staff:

**South Island businesses are attracted by the human resource potential of Asia for their businesses**

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The feeling is mutual:

**Businesses in Asia are also interested in South Island business across a range of industries**

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Logistics:

**Although the pandemic has proved challenging, New Zealand is connected by sea and air links to more locations in Asia than ever before**

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Strong connections:

**New Zealand is well integrated into many markets across Asia as a result of trade agreements and growing two-way trade**

Many businesses often listed a combination of these motivating factors, indicating that South Island businesses have a range of compelling reasons for establishing Asia business links.

## South Island businesses are in it for the long-term

More than half of South Island businesses in our survey have had Asia business links for more than a decade (57 percent), and more than two-thirds (70 percent) of businesses have been connected to Asia for at least five years.

These findings suggest that South Island businesses have both valued and benefited from their Asia trade connections, and because of this, have invested in sustaining these connections over time (see figure 4).

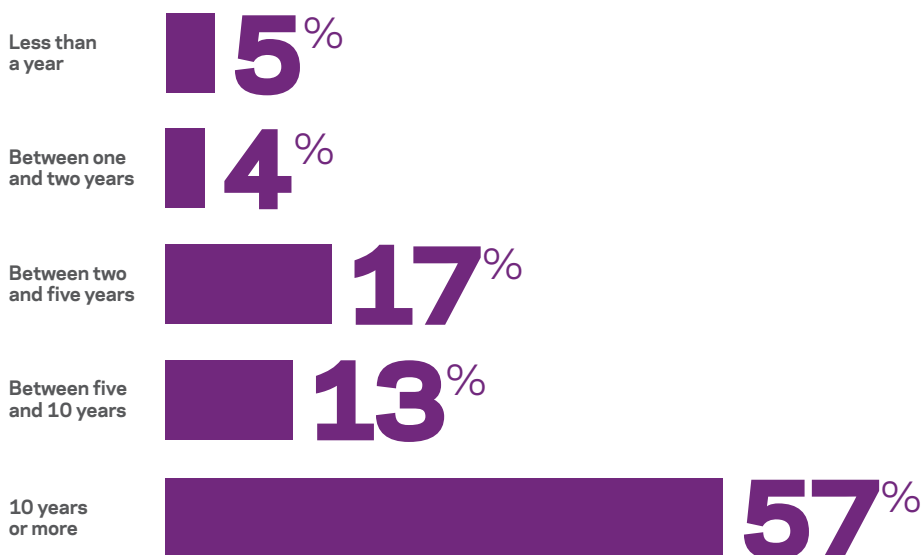
**Led by domestic leisure travel and steady growth in cargo, Asian aviation continues to place more new plane orders and remains the largest air market in the world. While China still offers us the fastest growth escalator coming out of the pandemic, there are strong indications that Japan and South Korea will play an important role for the South Island.**



Justin Watson,  
Chief Aeronautical & Commercial Officer,  
Christchurch International Airport Ltd

**Figure 4**

How long ago did you establish your Asia business links?





## Part 2: **Building links with Asia**

This section explores: how businesses build and maintain their Asia business links; how they develop their Asia capabilities; the areas in which businesses tend to struggle when building links with Asia; and reflections on the impact of COVID-19.

# Key findings



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**Establishing personal connections is deemed critical to business success in Asia.**

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**Most businesses are underutilising or unaware of support options that are available.**

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**Existing personal connections made the difference when establishing a business link with Asia.**

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**Lack of language skills and market knowledge were the biggest challenges when entering Asian markets.**

## Getting started with Asia: personal connection is critical

One of the most important factors identified by New Zealand business starting out in Asia was having access to local Asia knowledge and experience. These businesses told us that networking pays off, with close to half (48 percent) of those surveyed stating that having business partners (e.g. a supplier or distributor etc) already known to them with knowledge of Asia was a useful source of advice and support for getting started.

A further 26 percent of businesses reported drawing on the knowledge and insights of personal connections and professional contacts to activate their Asia business links. For example, several businesses told us that they were able to establish partnerships with Asia-based firms because of professional connections held by staff who had

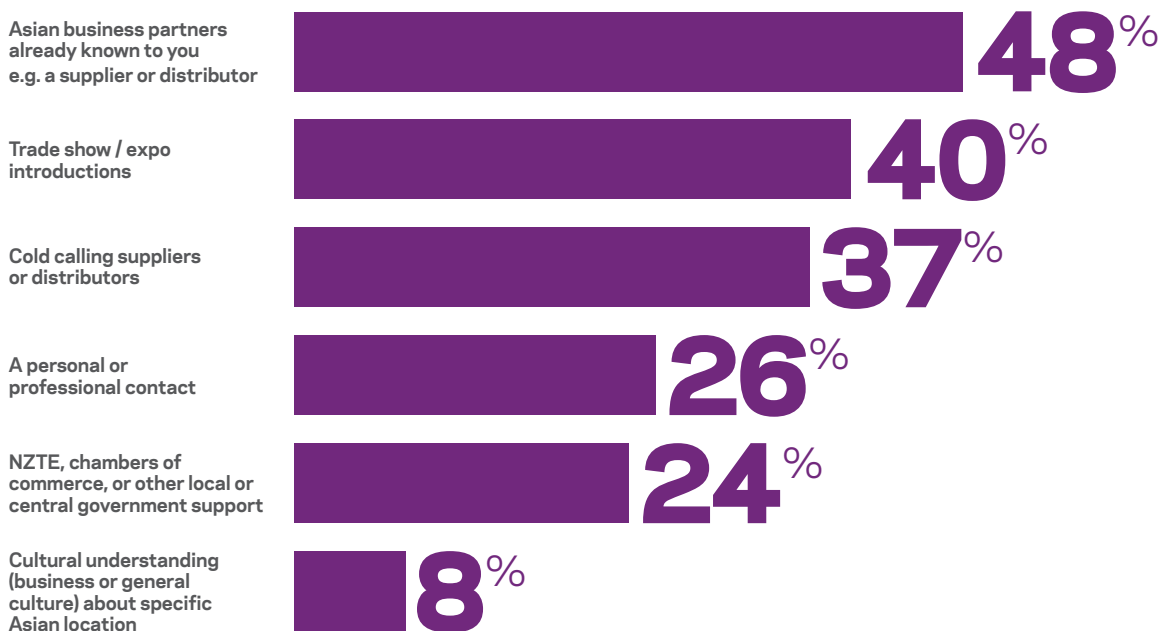
previously lived in Asia. Other businesses spoke of the way in which supportive friends or colleagues outside of their business made introductions which proved invaluable for developing new business connections in Asia.

This is higher than the proportion of businesses (24 percent) that reached out for assistance and guidance to knowledgeable and well-networked organisations like chambers of commerce, New Zealand Trade and Enterprise (NZTE), local government, and public sector support agencies.

A high percentage of companies (40 percent) said they made connections 'cold' at trade shows and expos.

Figure 5

What forms of support/advice did you find useful for establishing your Asia business links?



## Getting started with Asia: South Island businesses are proactive

The majority of businesses (53 percent) said they had been proactive creating trade connections with Asia (see figure 6). For others (18 percent), the initial impetus for connecting had come from prospective business partners in Asia. A Christchurch-based wholesaler recounts that they were approached by a Japanese company to supply one of their products to Japan. According to another Canterbury-based wholesale trade business:

**“We had been asked on numerous occasions if we would supply our products to customers in Taiwan, China and Korea as well as Singapore”.**

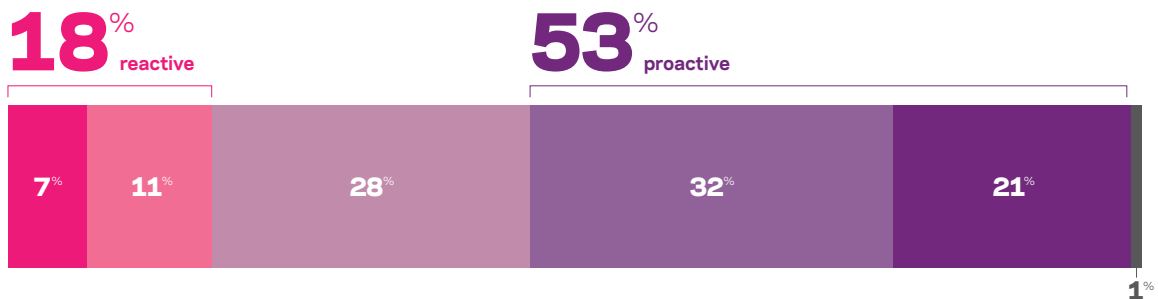
**We need to stop holding the same views of our parents’ generation. Things have changed immeasurably across Asia and will continue to change. We need to understand others’ perspectives before we can form our own.**

”

Ben Chapman,  
Managing Director,  
Tourism Partners Ltd (Queenstown)

Figure 6

When you established your Asia business links, would you say you were...



- Entirely reactive
- Mostly reactive
- A bit of both
- Mostly proactive
- Entirely proactive
- Don't know

Base: SI firms with Asia links (n=115).



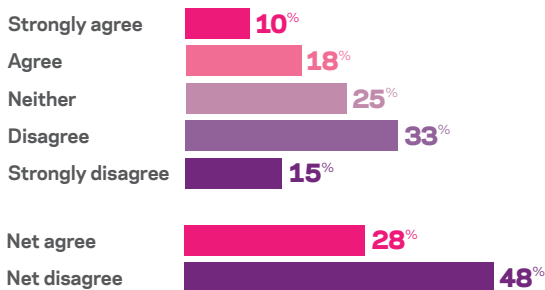
## Asia capabilities: many businesses learn as they go

In the next two sections we explore how South Island businesses rate their Asia capabilities such as cultural knowledge, language capability and market expertise when setting out. Our findings demonstrate the challenges South Island businesses face as they set out to build their Asia business links.

We first asked businesses whether they felt they knew 'a lot about Asian business and culture' when they first started creating business links with Asia. Close to half (48 percent) of businesses felt they did not possess much knowledge, meaning a significant number of businesses developed their business links from a place of low Asia knowledge (refer figure 7). A smaller number of firms (28 percent) felt they did possess useful Asia knowledge.

Figure 7

Do you agree or disagree with the following statement: when we started out we knew a lot about Asian business and cultures



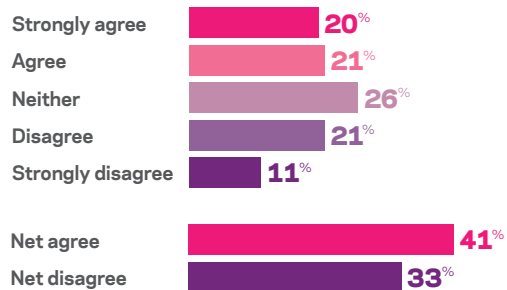
When asked about access to advice and support to assist South Island businesses to develop and grow their Asia links, one third (32 percent) felt they were able to access support and advice to assist them to grow (see figure 8). Forty-one percent found accessing support and advice more challenging and a quarter of firms (26 percent) reported a mixed experience.

A number of firms told us that a key barrier to accessing support was simply not knowing the kind of knowledge and support they would require over time.

Our overall finding is that many South Island businesses learn as they go, and that more can be done to boost the Asia capability of South Island firms through support and guidance.

Figure 8

Do you agree or disagree with the following statement: when we started out we found it hard to access support/advice to help us grow our Asia business links



Base: SI firms with Asia links (n=115).

## Challenges faced by businesses establishing links with Asia

The two most common challenges faced by South Island businesses endeavouring to do business in Asia were a lack of relevant language skills (54 percent) and a lack of detailed market knowledge (49 percent).

Business rated these two factors as significantly more problematic than in-market competition, the difficulty of finding local partners, logistics, or regulatory issues.

This finding reinforces the importance of ensuring South Island firms can access opportunities to develop and build their 'Asia capabilities' early in their venture.

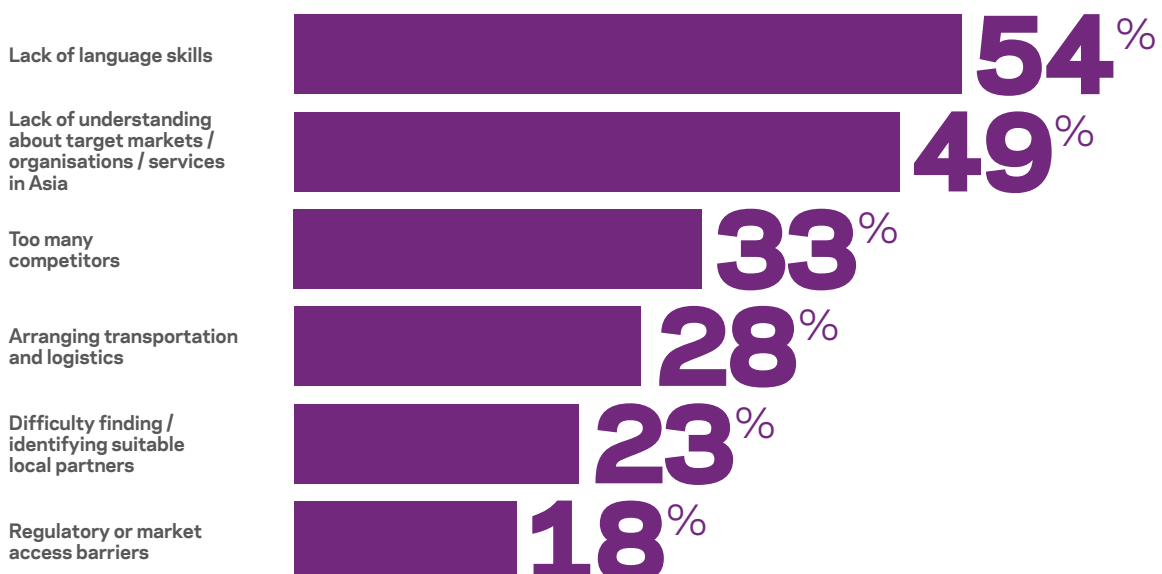
**Growing consumer awareness towards health and wellness and a plant-based diet among the middle class in Asia will present significant opportunities for Southland and Fiordland, in terms of export, investment and tourism offerings.**

”

Graham Budd,  
Chief Executive,  
Great South (Southland)

**Figure 9**

Which of the following factors were most challenging for your business when establishing Asia business links?



## Maintaining business links with Asia

South Island businesses are largely proactive when it comes to maintaining their Asia business connections. Nearly half of businesses (45 percent) said they continue to take a proactive approach with Asia (see figure 10). Around a third of businesses (30 percent) with existing links take a balanced approach, sometimes creating connections, and sometimes responding to business opportunities as they arise.

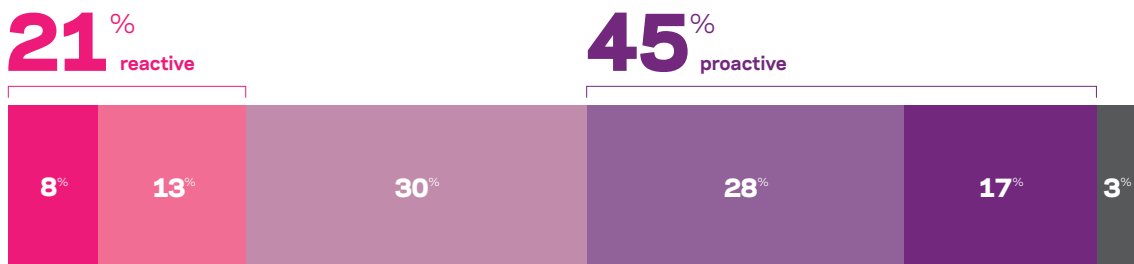
**Our focus since COVID-19 began has been to keep in touch with our key stakeholders and colleagues in China. Sustainable relationships during difficult times demonstrate sincerity and a commitment to the future. This has been well received with very exciting outcomes.**

”

Jan Fitz-Gerald,  
Founder,  
Institute of Global Engagement New Zealand (Christchurch)  
and Queenstown Resort College QRC.

**Figure 10**

Thinking of your ongoing business links with Asia would you say your approach is...



- Entirely reactive
- Mostly reactive
- A bit of both
- Mostly proactive
- Entirely proactive
- Don't know

Base: SI firms with Asia links (n=115).

## The impact of COVID-19

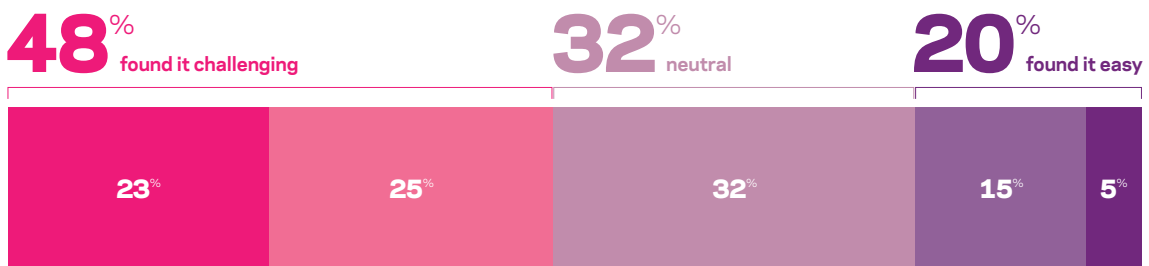
COVID-19 has been a significant disruption for businesses everywhere. We asked South Island businesses how challenging the pandemic has been for maintaining their Asia business links.

It is interesting to note that over half of South Island businesses (52 percent) said it was neutral or easy to maintain their Asia business during the first year of the pandemic. Other businesses assessed maintaining links during COVID-19 to be extremely challenging (23 percent) or challenging (25 percent). Sectors reliant on the movement of people (such as tourism and export education) have disproportionately borne the brunt of border closures compared to businesses trading in goods, tech and investment.

Businesses took action in different ways to shore up their Asia links in response to COVID-19. In some cases they boosted their communications and engagement efforts with business partners in Asia. Others increased their advertising and promotion spending. Some business established or expanded their e-commerce capabilities. As we explore in Part 3, while the pandemic has been disruptive, the majority of South Island businesses said they were interested in growing their links further.

Figure 11

How challenging has the pandemic been on your Asian business links?



- Extremely challenging
- Challenging
- Neutral
- Easy
- Extremely easy

Base: SI firms with Asia links (n=115).



## Part 3: **Good to grow: the future of South Island businesses in Asia**

This section focuses on business aspirations for new or further growth with Asia; perceptions of key growth challenges; and what forms of support and assistance businesses feel they need to succeed in growing their Asia business links.

# Key findings



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**Positive experiences are encouraging South Island businesses to explore new opportunities to grow and diversify their markets.**

---

**There is strong appetite to grow business links and forge new connections, despite some businesses feeling they lack the necessary skills.**

---

**COVID-19-related travel restrictions as well as shipping and border clearance issues are seen to be barriers to growing new business connections with Asia.**

---

**Businesses remain alert to Asia's increasing importance as an economic partner for New Zealand, despite the impact of the pandemic.**



## A strong appetite for growing Asia links

South Island businesses with existing links to Asia have a keen interest in growing their business with Asia further. Close to three quarters (71 percent) of businesses with existing links say they will try and grow their Asia connections further (see figure 12).

Many (37 percent) South Island businesses see potential for further growth in existing markets (see figure 13). But others are interested in new connections in different markets, again mirroring the diversity of current links. South Island businesses see opportunity in North Asia (including China and Japan) as well as South Asia (including India) and Southeast Asia (including Viet Nam).

Figure 12

Do you intend to grow your Asian business links?

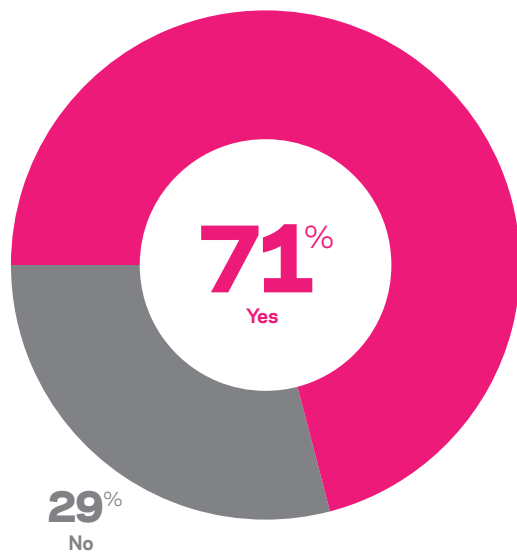
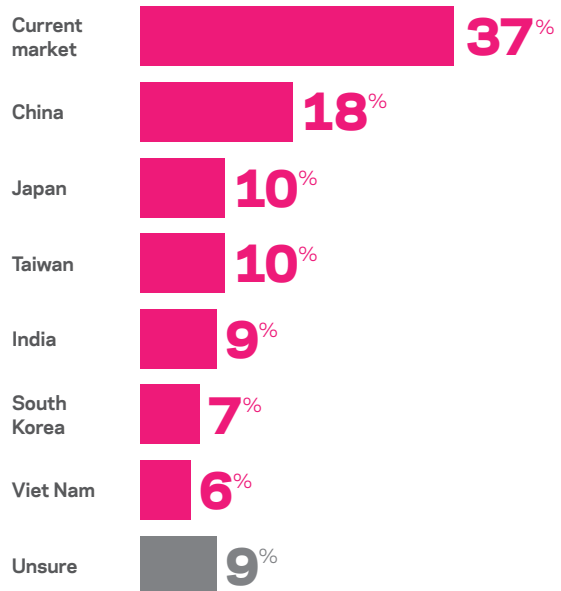


Figure 13

Which other Asian markets interest you?



Base: SI firms with Asia links (n=115)

## Challenges to growth

While many South Island businesses want to grow their Asia business links, businesses are also aware that there will be challenges. Unsurprisingly, the ongoing impacts of the pandemic are top of mind for many. A fifth of businesses (20 percent) report that COVID-19 travel restrictions are likely to affect their ability to grow new links, while other businesses report logistics, regulatory issues, finding the right partner, and language barriers as key future challenges (see figure 14).

Other challenges raised by firms include shipping and border clearance issues (10 percent) exacerbated by the pandemic — as well as currency and pricing concerns (nine percent), and language barriers (seven percent).

**Figure 14**

What challenges does your business expect to face when entering new markets?

**20%**

Ability to travel / pandemic border restrictions

**10%**

Shipping and border clearance issues

**9%**

Currency and pricing concerns

**7%**

Language barriers

**6%**

Local and cultural knowledge

### Restrictions on travel

An inability to travel freely is viewed as a key challenge as it makes face-to-face meetings or attendance at industry events difficult. According to one South Island business:

**“The lack of travel for face-to-face meetings are a real issue... contact via Zoom and Teams is a very poor substitute. When the vaccines take effect we will resume business travel.”**

Manufacturing business,  
Canterbury

Another business in the tourism sector commented that even with vaccinations and borders reopening, travel demand may be lower in the future:

**“I suspect people will travel less, thus less business for us.”**

Tourism business,  
Southland

Given the importance of trade fairs and expos in establishing and maintaining links with Asia (see page 17) it's no surprise that their disruption will be challenging, a sentiment expressed by another South Island company interested in offshore business travel:

**“An issue will be travel to trade fairs — either because of cancellations or nervousness about visiting due to quarantine requirements, or exposure to COVID-19.”**

### Shipping and border clearance challenges

Shipping and getting goods across borders is another challenging area, again exacerbated by the impacts of the pandemic. One business observed that airfreight challenges could prove a barrier for growth:

**“There are growing restrictions being placed on our products in terms of airfreight, such that we may not wish to expand beyond current levels.”**

Another business stated that shipping and border issues were already impacting their status quo:

**“Logistics will be the biggest challenge... maintaining existing supply chains.”**

### Uncertain global economic outlook

Other businesses wonder about the global economic conditions and how well-placed New Zealand will be in the post-COVID world. These businesses said there was anxiety about what would happen to the exchange rate in a post-vaccine world and what this would mean for competitiveness.

One business said they were facing challenges across a number of fronts:

**“Shipping disruption, political environment, market access, tariffs and increased trade barriers competitor volume.”**

Agriculture business,  
Canterbury

**The lightbulb moment for me personally was when I realised that my fixed expectations were not always going to work out. The market and everything in the market can change so rapidly, much more quickly than English speaking markets. I realised I was swimming against the tide, I had to just change course and go with the flow. To be successful you have to be able to adapt to rapid change, quickly. An ability to have a number of different scenarios or business plans up your sleeve is really helpful.**

”

Kyle Murdoch,  
Managing Director,  
Nature Film NZ Ltd (Dunedin)

## Gearing up: 35 businesses interested in Asia but not yet engaged

The report has highlighted how South Island businesses have built and maintained Asia business links, but what about South Island businesses who have yet to get started? We wanted to speak with South Island businesses yet to trade with Asia, to understand their motivations, plans, and how they see the opportunities and potential challenges associated with developing Asia business links.

We surveyed 35 businesses with an interest in Asia but not yet trading with Asia. We found these businesses had clear motivations for establishing Asia business links, were aware of possible challenges they might encounter, and had an understanding of the kind of support and advice they would require along the way.

**[In the past], not many NZ businesses charted the Asian markets because there were not many successful examples to follow; and vice versa. There are immense opportunities for those who desire to change this.**

”

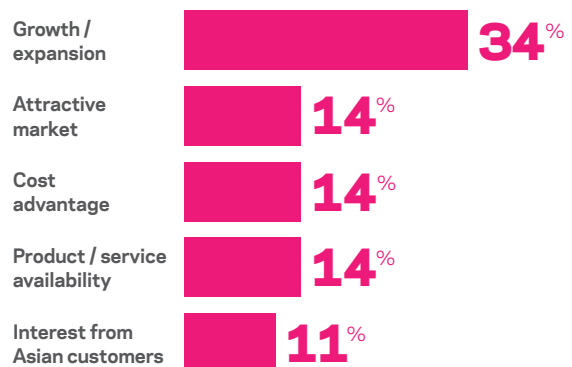
Jeffrey Ling,  
Head of Startups,  
Ministry of Awesome (Christchurch)

## Motivations

Around half (48 percent) felt that Asia offered significant growth opportunities or attractive market conditions. Other businesses mentioned cost advantages, product or service availability, and interest from Asia-based customers (see figure 15).

Figure 15

What is your business's main motivation for considering Asia business links?



## Challenges

While aware of the opportunities in Asia, many (49 percent) of the businesses new to Asia felt they would encounter challenges in establishing business links (see figure 16).

The four top challenges anticipated by these businesses align closely with the challenges listed by businesses with established links on page 20. Navigating language differences and knowledge gaps were the two most common challenges for both groups, pointing to the importance of accessing support and investing in developing Asia capability early in the business cycle (see figure 17).

Figure 16

How challenging do you think it will be to establish Asia business links?

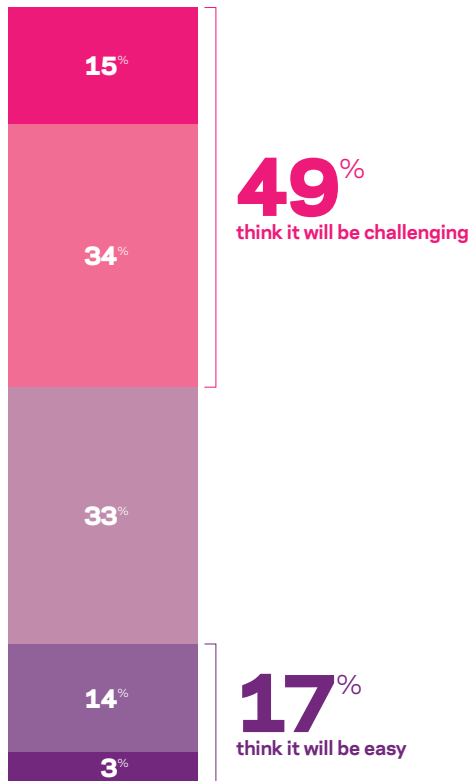


Figure 17

Creating Asia businesses links for the first time — top four challenges businesses expect to face



- Extremely challenging
- Challenging
- Neither / Neutral
- Easy
- Extremely easy

SI firms without current Asia links (n=35)

## What forms of business support or advice do businesses want?

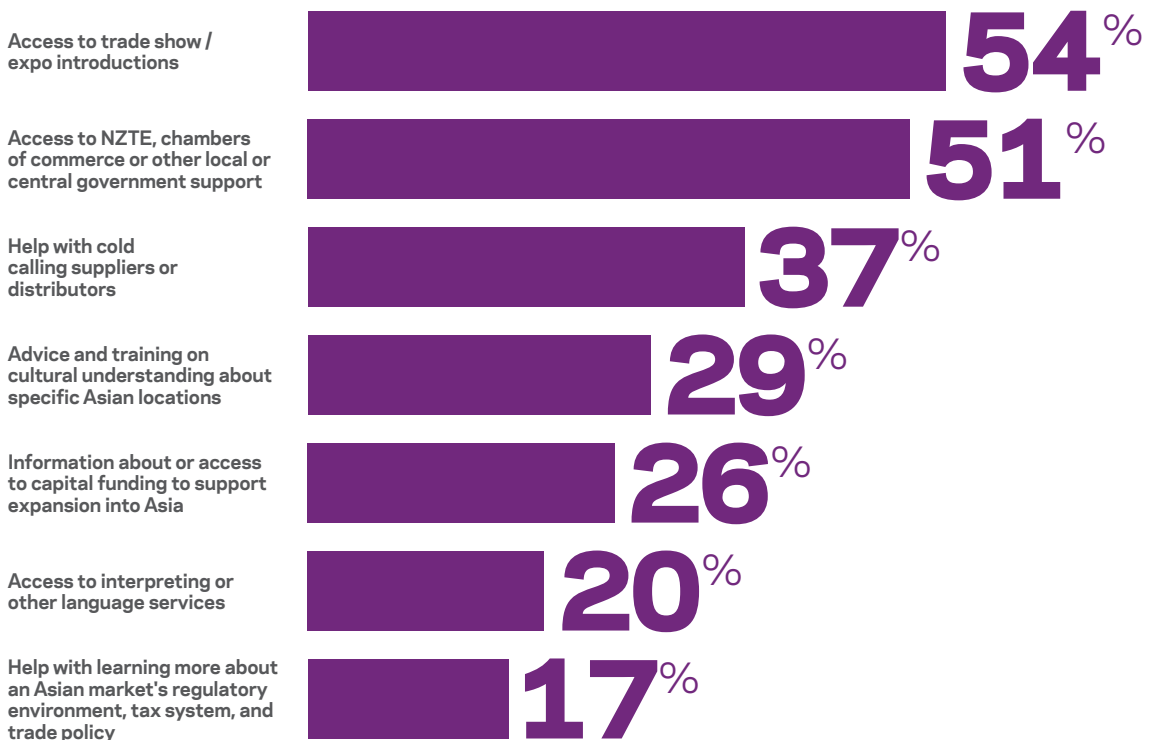
We asked businesses what forms of support or advice would be most useful for helping them to establish new business connections with Asian markets. Businesses identified a range of avenues for advice and support, many of which were found to be highly useful for businesses who have already gone on to successfully build business links with Asia (see page 18).

For businesses yet to trade with Asia, more than half (51 percent) identified New Zealand Trade and Enterprise (NZTE), local chambers of commerce or other support agencies as being useful to them (see figure 18).

Also popular was the prospect of receiving guidance to access relevant trade shows and expos (54 percent). Many businesses (37 percent) also had an interest in seeking help or leads for cold calling suppliers or distributors. Several businesses also highlighted their interest in receiving support to boost their 'Asia capabilities'; for example, close to a third (29 percent) said they were interested in receiving support to increase their understanding about particular Asian markets and cultural contexts.

**Figure 18**

Support or advice that would be useful to establish links with an Asian market



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## What forms of advice and support do businesses perceive they can access in New Zealand versus offshore?

We asked businesses about the support and advice they thought they could access in New Zealand, compared to the forms of advice and support they perceived they could tap into offshore.

In response, businesses told us that they were more likely to seek financial and language support within New Zealand rather than offshore. Conversely, businesses felt they would reach out to offshore sources of support for market intelligence, information about government and legal systems, guidance about business culture and other related areas (see figure 19).

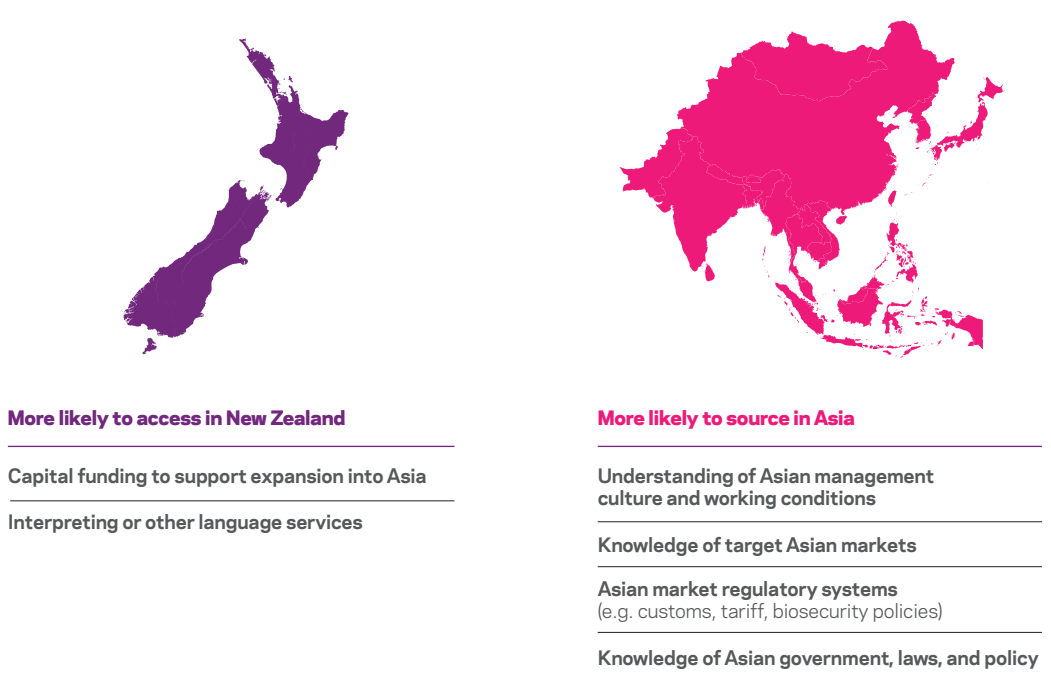
The 35 businesses surveyed who are yet to trade with Asia understand the opportunities available in Asia and are aware of challenges they may face. These businesses also understood how useful developing connections via industry events, chambers of commerce and government organisations, or receiving advice on potential partners would be for their success.

Businesses yet to develop links with Asia felt they would most likely have to source market knowledge and expertise offshore rather than in New Zealand. However, as the final section of this report explains, there are a myriad of local South Island avenues for developing knowledge, expertise, and connections.

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**Figure 19**

Which of the following skills / knowledge / resources do you think you can access in New Zealand, and which do you feel you will have to source in Asia?





## Conclusion

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This research has explored the connection between South Island businesses and Asia. It has examined the factors that have helped to grow those connections, and equally, some of the barriers that have held businesses back. Despite the impact of COVID-19, overall there is a clear sense of opportunity and possibility within the South Island private sector.

Businesses are aware of the opportunities they have to grow and diversify their business, and with the right support, are confident they can sustain that business over time. Further, the research has shown that there are a diverse range of business interests across goods, services and investment, as well as a wide geographic spread across Asia — but with particular interest in North Asia.

Many businesses spoke about the range of support services they draw on to help establish and grow their businesses, including those available domestically in New Zealand and those offered offshore. In the following section, we offer some 'top tips' and helpful links to businesses inspired to grow their trade in Asia!

**Relationships are about taking your time to build trust and respect, making regular country visits (more than once a year), being authentic and enjoying some social times together. Things just clicked for us after about the third visit to government representatives, as they believed our intentions were genuine. Now, doors are opened and meetings arranged within a very short period of time. This period has been well worth the investment of time and travel.**

”

Jan Fitz-Gerald,  
Founder,  
Institute of Global Engagement New Zealand (Christchurch)  
and Queenstown Resort College QRC.



# Future focus: growth on the horizon

This section looks at the overall business outlook in Asia and the possibilities for New Zealand businesses to forge or grow their links.

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## Future focus: growth on the horizon

Asia will become of greater economic importance to New Zealand over time, meaning that possibilities for forging and growing Asia business links will increase rather than diminish.

Asia business outlook and trends:

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**Many Asian economies have bounced back in 2021 and are growing further despite COVID-19.** HSBC predicts solid economic growth in 2022 for key economies in Asia but at different speeds. The economies of China (5.6 percent), India (6.3 percent), and Japan (1.3 percent) are all expected to grow in 2022.<sup>1</sup>

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**Southeast Asian economies as a whole will grow by 5.1 percent in 2022.** According to the Asian Development Bank, economic growth in 2022 will be particularly strong in Viet Nam (7.0 percent), Malaysia (5.7 percent) and the Philippines (5.5 percent).<sup>2</sup>

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**Asian economies will begin to demand imports at a rate greater than their export growth.** According to the Asian Development Bank rebounding economies in Asia will grow their imports at a faster rate than their exports.<sup>3</sup>

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**Asia is at the forefront of e-commerce innovation and growth.** According to Bain & Company, 70 percent of people in Southeast Asia are active online, representing 400 million consumers. Online services grew rapidly in many Asian markets in 2020, including in education, retail, and financial services.<sup>4</sup>

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**By 2030, Asia's population will be 250 million larger, the equivalent of another Indonesia.** According to PwC, close to 65 percent of the global middle class will live in Asia by 2030.<sup>5</sup>

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**Half of global consumption growth will come from Asia over the next decade.** According to McKinsey consumption growth in Asia 2020-2030 is expected to approach \$10 trillion.<sup>6</sup>

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**Asia's growth will keep food import demand high.** According to PwC the impacts of climate change and other environmental challenges will impact food production in Asia, increasing reliance on global supply chains.<sup>7</sup>

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**Asia will dominate international trade growth.** According to McKinsey half of global trade growth will come from Asia to 2030. Forty-five percent of this will come from intra-Asia trade growth. Asia is expected to contribute 57 percent of global e-commerce logistics growth 2020-2025.<sup>8</sup>

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**New Zealanders are positive about the economic impact of Asia on New Zealand over the next 10 to 20 years.** According to the Asia New Zealand Foundation's 2020 *New Zealanders' Perceptions of Asia and Asian Peoples* feel positive about how Asia will impact New Zealand in terms of economic growth, flows of tourism, technological innovation, and flows of investment.<sup>9</sup>

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1. HSBC Bank (2021). *Macro Monthly Market Outlook: May 2021*.

2. Asian Development Bank (2021). *Asian Development Outlook 2021*. Manila: ADB.

3. Ibid.

4. Bain & Co, Google, Tamasek (2020). *E-conomy Southeast Asia report*.

5. PwC Singapore (2019). *Asia Food Challenge report*. Singapore: PwC.

6. McKinsey & Company (2021). *The future of Asia: Consumers*.

7. PwC Singapore (2019). *Asia Food Challenge report*. Singapore: PwC.

8. McKinsey & Company (2021). *The future of Asia: Consumers*.

9. Asia New Zealand Foundation (2021), [www.asianz.org.nz](http://www.asianz.org.nz).





# Top tips for South Island businesses

In the following section, the Asia New Zealand Foundation shares tips for South Island businesses in their engagement with Asia.

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## Find the right partner

Your first Asia contact, whether in New Zealand or Asia, previously known to you or brand new, may not be your right Asia business partner. Take time to establish the right relationship — this is fully in line with Asian culture, and will help to ensure your due diligence is robust. This is likely to require more than one visit to the Asian market you are focused on. There is sometimes a temptation to move quickly given the costs and time that travel requires, and the warm and generous manaakitanga / hospitality you are sure to receive. As a New Zealander resident in Asia for 30 years has remarked to us, don't leave your common sense on the plane when you fly to Asia. Suggesting your prospective partner also visits you (when travel permits) could be another way to test their seriousness about your new relationship.

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## Ask around

Our research confirms the diversity of South Island business links with Asia. This means the chances are high that once you identify a new market, or strike problems in an existing one, someone in your city or region already has relevant experience. They needn't be in the same sector as you to be able to provide some great insights into the local culture and doing business on the ground. We've found that most New Zealand companies are generous in sharing this kind of information.

But how to find them? Regional chambers of commerce and economic development agencies (EDAs) in the South Island, our large banks and other professional service companies will all have a good idea of who is doing what across their members and customers. New Zealand Trade and Enterprise (see below) also works closely with a wide range of customers focused on Asia. A range of New Zealand-Asia business councils (based in the North Island but welcoming members from across Aotearoa) have a respective focus on China, Japan, India, South Korea and ASEAN markets. Diaspora businesspeople also have deep knowledge of their home markets. All can help you to connect with Asia experience.

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## Consult the experts

According to survey responses, a high number of South Island companies found business partners and customers by participating in expos and trade shows. Could other methods be equally effective? New Zealand Trade and Enterprise advises New Zealander exporters on different ways to find their niche in Asia, and can identify potential investors and suppliers as well. Since the onset of COVID-19 they have expanded the number of customers they work with, and have established a comprehensive online platform to provide market intel and insights. If your last contact was some time ago, we recommend re-engaging.

Back home, chambers of commerce and ExportNZ are among those offering a range of training and market readiness workshops with an Asia focus. The Ministry of Foreign Affairs and Trade produces a range of high-quality market reports with input from diplomatic staff on the ground across the region.

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## Host an international intern

Many companies in our survey told us they would go to Asia to seek Asia knowledge. Let Asia come to you! South Island tertiary institutions tell us it can be difficult to find intern placements for their international students, including from Asia. We highly recommend giving this a try. Many Asian students arrive in New Zealand with significant professional experience in their home countries, and want to find ways to gain local experience and put their academic and business knowledge to work. Immigration regulations permit internships. This could be a great way to develop content for your e-commerce channel, translate an equipment manual in an Asian language, or just find out more about consumer tastes and preferences back home. Who knows, like many South Island companies, you might just find your specialist employee becomes indispensable.

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## Go local

The South Island is awash with other local talent as well. Asian language study at tertiary institutions is popular (particularly Chinese and Japanese), often combined with specialist business papers with an Asia focus. Young South Islanders are as adventurous as always, and may have travelled or lived in Asia with the support of the Prime Minister's Scholarships for Asia (PMSA), the Japanese Government's JET English teaching programme, or their own OE experiences teaching and working in markets like South Korea and Taiwan. Asia New Zealand Foundation interns also return from Asia with a solid working knowledge of local business culture and environment. COVID-19 has seen many young New Zealanders with solid Asia experience return home. Seek them out! Taking on a young engineer who also speaks an Asian language and has lived in one of your target markets can only bring upsides.

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## Keep in touch with us

**The Asia New Zealand Foundation equips businesses and businesspeople with the knowledge, networks and confidence to engage successfully with Asia. We offer paid business internships in Asia markets to tertiary graduates. We enable business leaders and thought leaders from Asia to inject inspiring Asia stories into New Zealand business sectors and conferences. We offer two-way entrepreneur exchanges between New Zealand and Southeast Asia. And our Leadership Network, our leadership development programme for emerging business and other leaders, equips New Zealanders with skills and connections they will use for a lifetime. Our South Island office and business programme stand ready to talk to you about your Asia business interests at any time.**

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## Helpful links

As well as your local economic development agency (EDA) and chamber of commerce, the following organisations can provide you with additional Asia business information:

### Asia New Zealand Foundation

[www.asianz.org.nz](http://www.asianz.org.nz)

### New Zealand Trade and Enterprise

[www.nzte.govt.nz](http://www.nzte.govt.nz)

### Ministry of Foreign Affairs and Trade

[www.mfat.govt.nz](http://www.mfat.govt.nz)

### ExportNZ

[www.exportnz.org.nz](http://www.exportnz.org.nz)

### Centres of Asia Pacific Excellence

[www.cape.org.nz](http://www.cape.org.nz)

### ASEAN-NZ Business Council

[www.asean.org.nz](http://www.asean.org.nz)

### Japan New Zealand Business Council

[www.jnzbc.com](http://www.jnzbc.com)

### India New Zealand Business Council

[www.inzbc.org](http://www.inzbc.org)

### Korea New Zealand Business Council

[www.knzbc.nz](http://www.knzbc.nz)

### New Zealand China Council

[www.nzchinacouncil.org.nz](http://www.nzchinacouncil.org.nz)

### New Zealand China Trade Association

[www.nzcta.org.nz](http://www.nzcta.org.nz)

**Consumers in Asia are becoming increasingly interested and educated on where goods come from and how they are made. Companies that can showcase a genuine and authentic manufacturing story are benefiting from this. Companies that can go one step further by using data and tech to individualise each product, and share the story of that products' source with its consumers, will benefit further.**

”

Florence van Dyke,  
Co-Founder,  
Chia Sisters (Nelson)





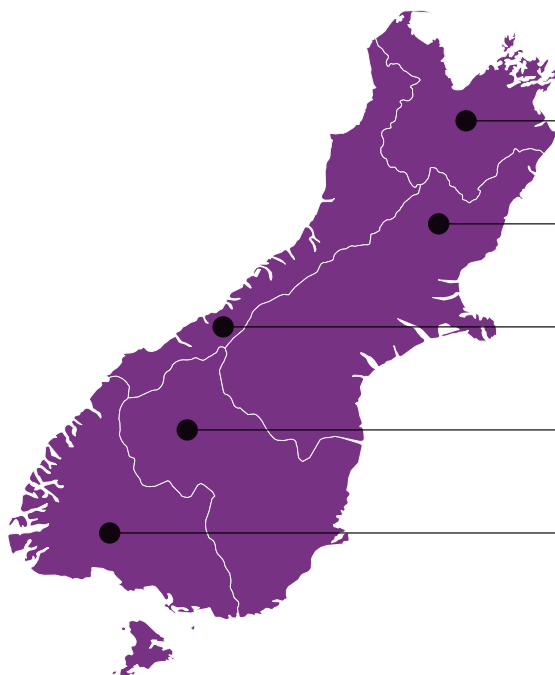
# Methodology

Between November 2020 and February 2021 Research First Ltd surveyed 150 South Island businesses. Respondents were sorted into two groups. The first group (n=115) consisted of South Island headquartered companies with current business links with Asia. The second group (n=35) consisted of South Island headquartered companies who expressed interest in developing links in the future. A telephone survey was administered for each group. For the first group, questions were asked in detail about their current links with Asia, their history of Asia business engagement, the impacts of COVID-19 on their business, and their Asia growth aspirations. The second group were asked about their interest in creating Asia business links, their planning process for creating Asia business links, and the impact of COVID-19 on their business.

The survey used a selection approach rather than a sampling design, i.e. businesses were selected on the basis of having links with Asia or having a desire to link with Asia. The report is a research case study of an important sub-set of South Island businesses and does not claim to be statistically representative. The report findings accord with the Foundation's experience of researching and engaging with New Zealand businesses over time.

The research team endeavoured to ensure respondent selection reflected the South Island's geographic and economic diversity.

In addition to this anonymised research, the Asia New Zealand Foundation spoke to South Island business leaders independently, and their quotes are woven throughout this report.



#### South Island population composition compared to the survey sample

Region	Population share	Business no. share	Employee no. share	Survey share
Nelson / Marlborough / Tasman	13.6%	14.5%	13.3%	11%
Canterbury	55.4%	51.6%	54.3%	57%
West Coast	2.8%	2.6%	2.6%	3%
Otago	19.4%	21.3%	21.0%	22%
Southland	8.7%	10.0%	8.9%	7%

### South Island business size composition compared to the survey sample

Sector	South Island	Survey
<b>Small business</b> (fewer than 20 employees)	<b>41%</b>	<b>75%</b>
<b>Medium business</b> (20 - 49 employees)	<b>10%</b>	<b>11%</b>
<b>Large business</b> (50 or more employees)	<b>49%</b>	<b>15%</b>

### Survey sample by sector

Sector	Survey
<b>Agriculture</b>	<b>15%</b>
<b>Construction</b>	<b>7%</b>
<b>Education and training</b>	<b>3%</b>
<b>Forestry, fishing and mining</b>	<b>8%</b>
<b>Information media and telecommunication</b>	<b>3%</b>
<b>Manufacturing</b>	<b>11%</b>
<b>Professional, technical, and scientific services</b>	<b>10%</b>
<b>Retail trade</b>	<b>10%</b>
<b>Tourism</b>	<b>26%</b>
<b>Wholesale trade</b>	<b>8%</b>

**We're inspired to cultivate our connections with Asia, not only through whakapapa, but with the diversity of people, technologies, and perspectives. Haere tonu. Hasten your building of relationships in Asia. The connections we've made there have given us several competitive advantages.**

”

Vincent Egan,  
Co-Founder,  
Māui Studios Aotearoa Ltd



# About the Asia New Zealand Foundation Te Whītau Tūhono

The Asia New Zealand Foundation Te Whītau Tūhono is New Zealand's leading non-partisan, non-profit authority on Asia.

We were set up in 1994 to build New Zealanders' knowledge and understanding of Asia. We rely on a mix of public, philanthropic and corporate funding.

The Foundation works in partnership with influential individuals and organisations in New Zealand and Asia to provide high-level forums, cultural events, international collaborations, school programmes and professional development opportunities.

Our activities cover more than 20 countries in Asia and are delivered through programmes with a focus on arts, leadership, entrepreneurship, sports, business, media, education, research and informal diplomacy (Track II). We have three offices: in Auckland, Wellington and Christchurch.

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