

IT'S TIME

How New Zealand can bring together Latin America and Asia

Written by **ALEXANDER LYALL**

Is it time for work to begin again on the Southern Link project? Here, we identify the opportunities which have arisen since the easing of COVID-19 restrictions, and how New Zealand can take advantage of these.

In the early months of 2020, the world came to a screeching halt. The disruption caused by the COVID-19 virus to all facets of life was unprecedented, with global commerce lying among the wreckage. Travel became impossible, supply chains were disrupted and economies faced recession.

As COVID-19's economic impacts begin to fade, reminders of a world eager to connect emerge. From the perspective of our region, it is hard not to notice the enthusiasm for the Comprehensive and Progressive



Agreement for Trans-Pacific Partnership (**CPTPP**). Originally a group of 11 countries, the number has since expanded to 12 with the United Kingdom joining in July this year. The number may also expand soon. Uruguay, Ecuador and Costa Rica have formally applied while Colombia has expressed interest. From Asia, Taiwan applied in late 2021. China and South Korea have publicly expressed interest.

A great Southern Link between Asia and Latin America

In short, the Southern Link seeks to



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In a good spot

→ New Zealand is ready to bring Latin America and Asia together



establish New Zealand as a business and economic hub between Asia and Latin America. The hub would allow businesses and community leaders to plan, collaborate, and resolve disputes. New Zealand could also allow its infrastructure, such as ports and airports, to facilitate efficient trade between the continents.

Asia and Latin America are two emerging market players. Both also have large populations, with Latin America having over 600 million people and East and Southeast Asia collectively having over 2 billion. Work putting the Southern Link in motion will see New Zealand in a position to facilitate trade and tourism between these behemoths.

To be clear, the Southern Link is not a new idea. Work had already started both prior to, and after, COVID-19, undertaken by multiple

organisations. This includes the Ministry of Foreign Affairs and Trade, New Zealand China Council and the Centres of Asia-Pacific Excellence (CAPE). For further information, please see the report [The Southern Link: Developing a Global Supply Chain](#) authored by the New Zealand Institute of Economic Research (NZIER) and commissioned by the Ministry of Foreign Affairs and Trade and New Zealand China Council.

The benefit of having any trade link supported by credible and effective dispute resolution services was identified by the Argentine Chamber of Commerce for Asia and the Pacific in 2019 when it reached out to the New Zealand International Arbitration Centre (NZIAC) to enter into a memorandum of understanding for the purpose of *inter alia* promoting New Zealand as a fair, safe and

neutral regional hub for international dispute resolution and seat for international arbitration in the Trans-Pacific Region under NZIAC's international dispute resolution rules.

Geographically and historically, New Zealand is best placed

Traditionally seen as an isolated country, New Zealand in fact sits in a strategic spot. Anybody who lives here understands all too well its distance from Europe. However, less has been said about its placement as the only country with a population in the millions to sit evenly between Asia and Latin America. As an example, Santiago is an 11-hour flight from Auckland. This distance is far, but minor compared to the flight times between Santiago and the many capitals of Asia.

New Zealand has other advantages. As outlined in the report above, New Zealand does not simply benefit from its geography. There are several factors which make New Zealand a sensible choice for such a hub:

- **Mutually accessible time zone.**

The time zone between eastern Asia and Latin America ranges between 10 and 12 hours. A neutral time zone which allows for a typical gap of 6 hours with Latin America, and a 6-hour gap with Asia will make communication far more manageable. This will alleviate burdens for businesses on either side of the globe trying to reach one another.

- **Stress-free airports.** The Auckland and Christchurch airports are known for having minimal congestion. This provides security and ease for travel and the transportation of goods.

- **Multi-lingual.** English is the de facto language of business. However, New Zealand is also home to a large diaspora of many communities from Asia and Latin America. Speakers of Spanish, Portuguese, Mandarin, Korean, Tagalog, as examples, are not difficult to find in New Zealand.

Fair, prompt and cost-efficient dispute resolution

As is the nature of global commerce, an increase in relationships will lead to an increase in disputes. Fortunately, problems associated with this reality are mitigated if the hosting country has robust and transparent institutions. This is an apt description for New Zealand.

New Zealand is ranked

second equal on Transparency International's global Corruption Perceptions Index, equal to Finland and behind only Denmark. In the Asia-Pacific region, New Zealand sits in first place. New Zealand's ease in accessing justice is partially the reason that the Argentine Chamber of Commerce sought a memorandum with NZIAC to provide dispute resolution services.

New Zealand's track record

New Zealand offers more than a physical location. Access to the country can provide insight into how New Zealand has been so successful in forging trade and investment relationships with so many of our neighbours. For a small country, New Zealand has done well to assemble the number of bilateral and multilateral agreements that it has. Among New Zealand's achievements in this area:

- **The Trans-Pacific Strategic Economic Partnership Agreement in 2005.** This was developed and signed with Singapore, Peru and Brunei. This has been described as a partnership which *set the scene* for the CPTPP. The partnership had the effect of reducing most tariffs between the partners.

- **The New Zealand-China Free Trade Agreement.** The FTA provided access to the world's second largest economy. New Zealand's ability to have this developed, signed and ratified was notable as it was the first so-called developed country in the world to do so.

- **Te Tiriti principles in the CPTPP.** New Zealand was able to establish exceptions within the CPTPP for

Te Tiriti o Waitangi. This means Aotearoa New Zealand can always work to forge Te Tiriti partnerships without fear of breaching any provision under the CPTPP. This insight and experience will be useful to countries in both Latin America and Asia intending on allowing similar protections.

Conclusion

Relations between Asia and Latin America are moving quickly, but New Zealand's geography is not. It will always sit here, perfectly centred between Asia and Latin America. New Zealand's economic, legal and historical advantages are just as rock solid. It is now time to use these to our and the Asia-Pacific region's advantage.

About the authors

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Alexander Lyall is a Research Clerk in The ADR Centre's Knowledge Management team, working with NZDRC and NZIAC. He gained his LLB from the University of Canterbury, and he also holds a BA in political science, media studies, and Te Reo Māori. His writing has previously been published by Radio New Zealand, The Spinoff and The Press. Alexander can speak Spanish and has been trying to learn Mandarin for nearly two years.