The Last Bus Stop on Earth

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That was how one local Cabinet minister described New Zealand a few years ago, and it's true that New Zealand has a long way to go to find a sizeable market for its wares. But that just makes New Zealanders more determined.

While agricultural products still account for a large fraction of exports, New Zealand has been shaking off its image of millions of sheep with a concerted push into new ideas and innovation. There is much talk of the 'weightless economy', where exports don't have to rely on the weight and cost of freight travel. High Tech is of course the answer, and New Zealand is rapidly changing its image.

New Zealand has its own unique mix on offer. It differs in many technologies from Australia, with that country's history of mining. New Zealand is into biotechnology, based upon its agricultural heritage, and it also has built considerable strengths in ICT and data visualisation. Its nine universities are heavily into commercialisation. New Zealand universities, per dollar invested, produce more than twice the number of new companies than the US average, and over 50% more than Canada. New Zealand's eight Crown Research Institutes, while government-owned, were moved to a commercial footing in the early nineties. Some of its larger firms, such as Fonterra dairy products and Fisher and Paykel health care, maintain sizeable research capacities of their own, but the country is peppered with small groups thinking laterally (wackily would sometimes be a better description) to produce, for example, portable sensors and analysers which operate at a fraction of the cost of main-line instruments.

Much of this work uses a radically different approach to the problem at hand. New Zealanders tend to think differently, and are unlikely to go along with the 'received wisdom' on how something should be done. The results are astonishing, but two large problems arise around the 'proof of concept' stage. Firstly, the New Zealand venture capital market is far from mature, and struggles to find sufficient capital to spread risk among several ventures. Secondly, access to market is indeed difficult from the last bus stop.

Therein lies the reason for UK interest in New Zealand. New Zealand scientists are creative, innovative and commercially-minded, while New Zealand firms are small but very active in knowledge company start-ups. The lack of venture capital and access to markets means that there are many brilliant ideas waiting for the right conditions. From a trade point of view, New Zealand's 4 million people, in an area slightly larger than the UK, with a huge fisheries zone, offer a fertile field for collaboration in new products when combined with the UK's own scientific expertise, manufacturing capacity, and access to capital and markets.

What's the catch? Well, getting the UK's attention requires persistent effort. UK organisations are often unwilling to visit New Zealand on the off chance of finding a viable collaborator. Quite a bit of brokering is needed to introduce potential partners to each other. Even then, UK firms will ask why they have to travel that far for something they might do closer to home.

The answer lies in the remarks of those who do make the journey. Departing missions are likely to say something like "Wow, we had no idea. Why didn't you tell us about this place before? Their trade show was on a par with the best in the business. They don't mess around and are pragmatic and straightforward to deal with. They speak English, operate under a similar legal system, and have good IP protection".

A new R&D tax credit of 15% was implemented in 2007. New Zealand regulations are light-handed and responsive, and there is good assistance to commercialise research. New Zealand has recently signed a Free Trade Agreement with China. It is attuned to Asian time zones and people, and its own out-of-phase time zone and seasons can be used to advantage.

UK Trade and Investment already has a presence in New Zealand, but last year the High Commission moved to augment their work by engaging Dr Steve Thompson as science officer to build commercially orientated collaborations between research organisations with a commercial intent and/or firms with a research arm. Steve has worked in New Zealand's science system for ten years, and knows the senior players well. He works just upstream of UKTI in forming links that will go on to commercial exploitation.

Workers in this space may need some assistance to visit New Zealand. Once in the country, a joint team is generally formed with UKTI and NZ Trade and Enterprise (NZTE) colleagues to open as many doors as possible. NZTE is keen to see collaborations as a win-win for both countries and they contribute a portion of the costs of the science officer, as do UKTI, Northern Ireland, DIUS and the FCO.

Results to date are encouraging, with two investments arising, several agreements signed, and three missions completed, in health, vaccines, and greenhouse gases (GHGs). The latter is big business in New Zealand, with half its GHGs coming from livestock in the form of methane and nitrous oxide.

As the science position moves into full gear, six more missions are planned in Functional Foods; Dairy and Red Meats; Renewable Energy; Ag/Bio, Extremophiles (bugs which live in strange places); and Advanced Sensors. Contact *Steve.Thompson@fco.gov.uk* for details.