

New Zealand

RISK & COMPLIANCE REPORT

DATE: March 2018

Executive Summary - New Zealand	
Sanctions:	None
FAFT list of AML Deficient Countries	No
Higher Risk Areas:	Not on EU White list equivalent jurisdictions
Medium Risk Areas	Weakness in Government Legislation to combat Money Laundering
<p>Major Investment Areas:</p> <p>Agriculture - products:</p> <p>dairy products, lamb and mutton; wheat, barley, potatoes, pulses, fruits, vegetables; wool, beef; fish</p> <p>Industries:</p> <p>food processing, wood and paper products, textiles, machinery, transportation equipment, banking and insurance, tourism, mining</p> <p>Exports - commodities:</p> <p>dairy products, meat, wood and wood products, fish, machinery</p> <p>Exports - partners:</p> <p>Australia 21%, China 15%, US 9.2%, Japan 7% (2012)</p> <p>Imports - commodities:</p> <p>machinery and equipment, vehicles, aircraft, petroleum, electronics, textiles, plastics</p> <p>Imports - partners:</p> <p>China 16.4%, Australia 15.2%, US 9.3%, Japan 6.5%, Singapore 4.8%, Germany 4.4% (2012)</p>	
<p>Investment Restrictions:</p> <p>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.</p>	

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 screens foreign investment that falls within certain criteria. Under the auspices of the Overseas Investment Act 2005, New Zealand's Overseas Investment Office (OIO) screens foreign investments that would result in the acquisition of 25 percent or more ownership of, or a controlling interest in "significant business assets" (significant business assets are defined as assets valued at more than NZD100 million). Government approval also is required for purchases of land larger than 5 hectares (12.35 acres) and land in certain sensitive or protected areas, or fishing quota. If the land or fishing quota to be purchased is owned by a company or other entity, approval will be required if the investor will be acquiring 25 percent or more equity or a controlling interest.

In general, there has been no restriction on foreign purchasers in the privatization of assets, except for the ceilings on foreign ownership stakes in Air New Zealand and the Telecom Corporation of New Zealand. To preserve landing rights, no more than 49 percent of Air New Zealand, the national flagship carrier, can be owned by foreigners. A single foreign investor can hold a maximum of 49.9 percent of the total voting shares of Telecom New Zealand. In addition, under the Fisheries Act 1983, foreigners can only lease New Zealand fishing rights.

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Section 1 - Background

The Polynesian Maori reached New Zealand in about A.D. 800. In 1840, their chieftains entered into a compact with Britain, the Treaty of Waitangi, in which they ceded sovereignty to Queen Victoria while retaining territorial rights. That same year, the British began the first organized colonial settlement. A series of land wars between 1843 and 1872 ended with the defeat of the native peoples. The British colony of New Zealand became an independent dominion in 1907 and supported the UK militarily in both world wars. New Zealand's full participation in a number of defense alliances lapsed by the 1980s. In recent years, the government has sought to address longstanding Maori grievances.



Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

New Zealand is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in New Zealand was undertaken by the Financial Action Task Force (FATF) in 2009. According to that Evaluation, New Zealand was deemed Compliant for 8 and Largely Compliant for 17 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for 1 of the 6 Core Recommendations.

Key Findings from latest Mutual Evaluation Report (2009):

On 25 June 2009, the Anti-Money Laundering and Countering Financing of Terrorism Bill (AML/CFT Bill) was introduced in Parliament for its first reading. It was referred to Select Committee thereafter and reported back to Parliament on 14 September 2009. The AML/CFT Bill was enacted on 15 October 2009.

Between 2004 and 2008, 197 investigation files associated with money laundering were created. Over 75% of the files investigated by the New Zealand Police (NZ Police) over this period related to fraud-associated activity (predominantly Internet-banking fraud). Drug-related activity is the second most investigated offence associated with money laundering (ML), making up 10% of the total ML associated files. Other common predicates were robbery, theft, blackmail, and burglary.

Most money laundering occurs through the financial system; however, the complexity usually depends on the sophistication of the offenders involved. There appears to be a higher degree of sophistication in laundering the proceeds of crime now than in previous years. Since 2007, the purchase of real estate, the use of professional services and foreign exchange dealers have been popular means to launder funds. Prior to this, the majority of proceeds of crime were laundered through retail bank accounts.

The New Zealand authorities consider the risk of terrorist financing (FT) to be low. This assessment results from the investigation of all suspicious transaction reports (STRs) and suspicious property reports (SPRs) submitted to the financial intelligence unit (FIU) pursuant to the Terrorism Suppression Act (TSA). None of these investigations found any confirmed evidence of FT and, consequently, there have been no prosecutions or convictions for FT in New Zealand.

The ML offences are largely in line with international requirements, but for a few technical deficiencies. The statistics demonstrate that the offence is being actively enforced. The confiscation regime is generally sound, and is put to frequent and effective use. Confiscation without conviction (civil forfeiture) is not currently available in New Zealand, but is provided for in the Criminal Proceeds (Recovery) Act, which will come into force on 1 December 2009.

The Ministry of Justice is the lead agency in New Zealand for AML/CFT measures. It is coordinating and implementing the current AML/CFT review that is being undertaken by the New Zealand Government. New Zealand has adequate and effective mechanisms in place for domestic coordination and co-operation, both at the policy and operational levels.

Overall, New Zealand's measures relating to criminalisation, provisional measures, confiscation and international co-operation are quite robust. However, compliance with the FATF standards relating to preventive measures for both the financial and designated non-financial businesses and professions (DNFBP) sectors shows a number of essential gaps. Important elements are not addressed in either law, regulation, or other enforceable means. New Zealand's AML/CFT reforms, which are meant to substantially address these issues, should be implemented as soon as possible.

Key recommendations made to New Zealand include: continue the initiated reforms of the AML/CFT system; ensure that the AML/CFT Bill currently before Parliament is enacted without undue delay enabling the introduction of broader preventative measures applicable to all financial institutions and DNFBP; enhance regulation and supervision for AML/CFT purposes; ensure that the competent authorities which are ultimately designated to ensure compliance with AML/CFT requirements are provided with adequate funding, staff and technical resources, and AML/CFT training; introduce licensing requirements and comprehensive 'fit and proper' criteria for all financial institutions (not just banks); and introduce effective, proportionate and dissuasive civil or administrative sanctions, applicable to financial institutions and DNFBP, for failure to comply with AML/CFT requirements.

2013 Asia Pacific Group on Money Laundering Yearly Typologies Report - Trends

Several large scale operations led by the Organised and Financial Crime Agency New Zealand have demonstrated the ongoing ML threat posed by organised criminal groups involved in methamphetamine supply. Financial elements of these recent cases are still under investigation, however, it is clear that multiple laundering methods have been employed including:

- Use of businesses, including traditional cash intensive businesses;
- Extensive control of valuable assets;
- Use of casinos;
- Some use of precious metal bullion.

Prosecutions of ML have been predominantly drugs, fraud and tax evasion related.

There has been a rapid increase in reporting to the FIU following the commencement of the new AML/CFT regime. One immediate result is greater detection of widespread internet

based scams, including use of victims to launder proceeds of crime, predominantly through the remittance sector.

US Department of State Money Laundering assessment (INCSR)

New Zealand was deemed a 'Monitored' Jurisdiction by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

New Zealand is not a major regional or offshore financial center. Money laundering cases are infrequent in New Zealand. However, authorities note it is difficult to estimate the extent of money laundering activities, since every serious crime that generates proceeds could lead to a money laundering offense.

Money laundering generally occurs through the financial system, but the purchase of real estate and other high-value assets as well as the use of foreign exchange dealers have become increasingly popular methods of laundering money. Narcotics proceeds (mostly from methamphetamine and cannabis sales) and fraud-associated activity (primarily internet banking fraud) are the primary sources of illicit funds. International organized criminal elements, mostly from Asia, are known to operate in New Zealand, but not to a wide extent. Local gangs represent a disproportionate number of homicides and drug offenses, and have been implicated in money laundering cases. New Zealand is a low threat environment for terrorist finance.

New Zealand has a small number of casinos, which operate gaming machines and a variety of table games.

DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR ILLEGAL DRUG SALES THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO

CRIMINALIZATION OF MONEY LAUNDERING:

"All serious crimes" approach or "list" approach to predicate crimes: Combined approach
Legal persons covered: criminally: YES civilly: YES

KNOW-YOUR-CUSTOMER (KYC) RULES:

Enhanced due diligence procedures for PEPs: Foreign: YES Domestic: YES
KYC covered entities: Banks, exchange offices, and money service businesses; credit card companies; mortgage lenders; casinos; securities brokers/dealers; safekeeping providers; asset and individual or collective portfolio managers; and life insurance or other investment-related insurance entities

SUSPICIOUS TRANSACTION REPORTING (STR) REQUIREMENTS:

Number of STRs received and time frame: 10,353: July 1, 2013 – June 30, 2014

Number of CTRs received and time frame: Not available

STR covered entities: Banks, exchange offices, and money service businesses; credit card companies; mortgage lenders; casinos; securities brokers/dealers; safekeeping providers; asset and individual or collective portfolio managers; and life insurance or other investment-related insurance entities

MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:

Prosecutions: 12: July 1, 2014 - June 30, 2015

Convictions: 2: July 1, 2014 - June 30, 2015

RECORDS EXCHANGE MECHANISM:

With U.S.: MLAT: NO Other mechanism: YES

With other governments/jurisdictions: YES

New Zealand is a member of the FATF and the Asia/Pacific Group on Money Laundering (APG), a FATF-style regional body.

ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:

The Organized Crime and Anti-Corruption Legislation Bill passed into law on November 5, 2015. In conjunction with the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 the legislation bring New Zealand into line with international standards. The Bill has been split into 15 Amendment Acts and most are in effect, except for the Anti-Money Laundering and Countering Financing of Terrorism Amendment Act, which does not come into force until July 2017. Changes enacted by the Bill allowed the New Zealand government to ratify the UN Convention Against Corruption on December 2, 2015.

Provisions in the Bill include amending the money laundering offense to specify that intent to conceal is not required. The dual criminality requirement for money laundering offenses committed outside New Zealand has been removed where New Zealand has jurisdiction over the primary offense that gives rise to the money laundering. Civil liability can be imposed on an entity for its failure to report to the Financial Intelligence Unit (FIU) an international wire of an amount greater than NZ\$1,000 (approximately \$650) or a domestic transaction involving physical cash greater than NZ\$10,000 (approximately \$6,500). Other key aspects of the Bill include: introducing new offenses to address identity crime, including selling or passing on identity information; amending the Policing Act 2008 to expressly provide the police with power to share information with international counterparts; strengthening the foreign bribery offense; and increasing penalties for bribery and corruption in the private sector to bring them into line with public sector bribery offenses.

The Companies Amendment Act 2014 came into effect on May 1, 2015. This legislation and the Limited Partnerships Amendment Act 2014 help prevent the misuse of New Zealand companies (shell companies) and limited partnerships by overseas criminal organizations. As a result of the legislation, all New Zealand-registered companies and limited partnerships must have a director or general partner who lives in New Zealand or is a director of a company in a prescribed enforcement country; all directors must provide their places and dates of birth; and all companies must supply their ultimate holding company details (if applicable). The Registrar of Companies has enhanced powers to investigate

noncompliance by companies and limited partnerships; introduce offenses for serious misconduct by directors that results in significant losses to the company or its creditors; and align the company reconstruction provisions in the Companies Act with the Takeovers Code.

The United States has been designated as a “prescribed foreign country” in New Zealand’s Mutual Assistance in Criminal Matters Act 1992, enabling New Zealand to process requests for assistance from the United States on a reciprocal basis. In practice, New Zealand and U.S. authorities have a good record of cooperation and information sharing in this area. New Zealand regularly cooperates in international money laundering and terrorist financing initiatives and investigations. Information sharing with New Zealand’s international counterparts has since been legislated into the Policing Amendment Act 2015, as provided for under the Organized Crime and Anti-Corruption Legislation Bill.

Current Weaknesses in Government Legislation (INCRS Comparative Tables):

According to the US State Department, New Zealand does not conform with regard to the following government legislation: -

Record Large Transactions - By law or regulation, banks are required to maintain records of large transactions in currency or other monetary instruments.

States Party to United Nations Convention Against Corruption - States party to the United Nations Convention against Corruption (UNCAC), or a territorial entity to which the application of the Convention has been extended by a party to the Convention.

EU White list of Equivalent Jurisdictions

New Zealand is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

Failed States Index

[To view Failed States Index Ctrl + Click here](#)

Offshore Financial Centre

New Zealand is not considered to be an Offshore Financial Centre

US State Dept Narcotics Report

No report available

US State Dept Trafficking in Persons Report 2016 (introduction):

New Zealand is a country whose government fully complies with the Trafficking Victims Protection Act's (TVPA) minimum standards.

New Zealand is a destination country for foreign men and women subjected to forced labor and sex trafficking and a source country for children subjected to sex trafficking within the country. Foreign men and women from China, India, the Philippines, countries in the Pacific and Latin America, South Africa, and the United Kingdom are vulnerable to forced labor in New Zealand's agricultural, construction, and hospitality sectors, or as domestic workers. Some foreign workers are charged excessive recruitment fees, experience unjustified salary deductions, non- or underpayment of wages, excessively long working hours, restrictions on their movement, passport retention, and contract alteration. Some migrant workers are forced to work in job conditions different from those promised during recruitment but do not file complaints due to fear of losing their temporary visas. Foreign men aboard foreign-flagged fishing vessels in New Zealand waters are subjected to forced labor. Foreign women from Asia are at risk of coercive or forced prostitution. Some international students and temporary visa holders are vulnerable to forced labor or prostitution. A small number of Pacific Island and New Zealand (often of Maori descent) girls and boys are at risk of sex trafficking in street prostitution. Some children are recruited by other girls or compelled by family members into prostitution.

The Government of New Zealand fully meets the minimum standards for the elimination of trafficking. The government passed and enacted the Omnibus Crime Bill, which amended the definition of trafficking to define the offense as one of exploitation not requiring transnational movement. The government increased prosecutions of traffickers, but the punishments imposed were insufficient given the seriousness of the crimes. The government made its first certifications of trafficking victims and increased efforts to inform visa holders of worker rights and support services. The government continued to implement the Fisheries Foreign Charter Vessels Amendments, scheduled to come into full effect May 1, 2016, which led two fishing vessels considered at high risk of labor exploitation to choose not to renew their licenses to fish in New Zealand waters to avoid the additional scrutiny. The government expanded compliance checks to ensure work contracts matched those used to apply for work visas and met legal standards. The government, however, did not consistently identify trafficking victims in vulnerable sectors and continued to treat possible forced labor cases as labor violations.

US State Dept Terrorism Report 2010

Overview: New Zealand continued working cooperatively with the United States and other countries on bilateral, regional, and global levels to fight terrorism, including nuclear terrorism. New Zealand particularly took an active leadership role in the Asia-Pacific region in multilateral counterterrorism organizations. New Zealand focused a great deal of effort on helping build the capacity of small Pacific island countries in all areas of counterterrorism and actively contributed to international efforts to counter the radicalization of Islam and violent extremism.

Countering Terrorist Finance: New Zealand is not a major regional or offshore financial centre and was a low threat environment for terrorist finance. Under the Financial Transaction Reporting Act 1996, financial institutions were required to report transactions suspected of being linked to money-laundering to the New Zealand Police Financial Intelligence Unit (FIU). In 2010, the FIU received approximately 3,040 Suspicious Transaction Reports.

In February 2010, New Zealand announced its first designations of non-UN listed terrorist entities; 14 non-UN listed entities were designated. All designated terrorist entities are subject to criminal sanctions under New Zealand law and those prosecutions based on non-UN lists are subject to court challenge.

New Zealand provided funding for the Asia-Pacific Group on Money Laundering's 2010 technical assistance and training program with Pacific Island countries.

Regional and International Cooperation: New Zealand actively worked in the Asia-Pacific region on counterterrorism issues and demonstrated a strong commitment to building the counterterrorism capabilities of the small island states of the Pacific region, in particular, legislative and operational capacity building projects.

On November 16-18, New Zealand and the United States co-hosted the Trans-Pacific Symposium on Dismantling Transnational Illicit Networks in Christchurch. Over one hundred officials from 23 Pacific Rim economies and several international organizations participated. The event brought together law enforcement, customs, and other agencies from around the Pacific basin to discuss how to best counter transnational illicit activity, including terrorist-related threats. The event concluded with the Co-Chairs' Summary of Outcomes document in which participants agreed to increase cooperation in the region.

On March 29-30, New Zealand hosted the Second ASEAN Regional Forum (ARF) inter-session meeting on maritime security in Auckland. New Zealand, Indonesia, and Japan jointly chaired the meeting, which included 150 delegates representing the 26 member nations of the ARF with the exception of North Korea.

New Zealand continued its active contribution to the Global Initiative to Combat Nuclear Terrorism (GICNT) with a particular focus on supporting GICNT activities in the Asia-Pacific region and working with GICNT partners to develop a "model GICNT tabletop exercise".

Countering Radicalization and Violent Extremism: The Government of New Zealand continued its funding of counter-radicalization work in Southeast Asia out of the Ministry of Foreign Affairs' Asia Security Fund. Most of New Zealand's funding went to cross-cultural and interfaith projects focused on youth, media, and education. The government also contributed to the development of 'Know Your Neighbors,' a regional education resource

aimed at high school students in Southeast Asia and Australasia that sought to build greater understanding and respect of different cultures and religions, thereby helping to bridge some of the divides between societies around the region.

International Sanctions

None applicable

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	89
World Governance Indicator – Control of Corruption	100

The risk of corruption for businesses in New Zealand is minimal. The country routinely finds itself among the least corrupt countries in the world, according to all major ranking institutions and indexes. Transparent institutions and rigorous law enforcement effectively curtail corruption. The regulatory environment is favorable for businesses, and acquiring licenses or public services often takes only one day. Active and passive bribery in the private and public sector are prohibited by the Crimes Act and the Secret Commissions Act. Penalties range between fines of NZD 2,000 and 14 years of imprisonment. Public officials may not ask for or accept gifts according to the State Services Commission Code of Conduct. Facilitation payments are illegal, except for a narrow exception for foreign public officials. **Information provided by GAN Integrity.**

US State Department

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 2012, Transparency International ranked New Zealand first equal (out of 180 countries and territories), with a rating of 90. The highest possible score (i.e. least corrupt) is 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 New Zealand Police has its own Code of Conduct that applies to all New Zealand Police employees, 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 was enacted to protect public and private sector employees who engage in "whistleblowing".

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 is currently working to ratify it. 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. 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.

Corruption and Government Transparency - Report by Global Security

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Section 3 - Economy

Over the past 30 years, the government has transformed New Zealand from an agrarian economy, dependent on concessionary British market access, to a more industrialized, free market economy that can compete globally. This dynamic growth has boosted real incomes - but left behind some at the bottom of the ladder - and broadened and deepened the technological capabilities of the industrial sector.

Per capita income rose for ten consecutive years until 2007 in purchasing power parity terms, but fell in 2008-09. Debt-driven consumer spending drove robust growth in the first half of the decade, fuelling a large balance of payments deficit that posed a challenge for policymakers. Inflationary pressures caused the central bank to raise its key rate steadily from January 2004 until it was among the highest in the OECD in 2007-08. The higher rate attracted international capital inflows, which strengthened the currency and housing market while aggravating the current account deficit.

The economy fell into recession before the start of the global financial crisis and contracted for five consecutive quarters in 2008-09. In line with global peers, the central bank cut interest rates aggressively and the government developed fiscal stimulus measures. The economy pulled out of recession in 2009, and achieved 2%-3% growth from 2011 to 2015. Nevertheless, key trade sectors remain vulnerable to weak external demand and lower commodity prices. In the aftermath of the 2010 Canterbury earthquakes, the government has continued programs to expand export markets, develop capital markets, invest in innovation, raise productivity growth, and develop infrastructure, while easing its fiscal austerity.

Agriculture - products:

dairy products, sheep, beef, poultry, fruit, vegetables, wine, seafood, wheat and barley

Industries:

agriculture, forestry, fishing, logs and wood articles, manufacturing, mining, construction, financial services, real estate services, tourism

Exports - commodities:

dairy products, meat and edible offal, logs and wood articles, fruit, crude oil, wine

Exports - partners:

China 17.5%, Australia 16.9%, US 11.8%, Japan 6% (2015)

Imports - commodities:

petroleum and products, mechanical machinery, vehicles and parts, electrical machinery, textiles

Imports - partners:

China 19.4%, Australia 11.8%, US 11.7%, Japan 6.6%, Germany 4.7%, Thailand 4.2% (2015)

Banking

The Reserve Bank of New Zealand oversees the banking system of New Zealand. 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 19 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.

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.

Stock Exchange

The New Zealand Stock Exchange (NZSE) began life as a number of regional stock exchanges during the gold rush of the 1870s. In 1974 these regional exchanges were amalgamated to form one national stock exchange, the New Zealand Stock Exchange.

On 24 June 1991, NZSE implemented a computerised trading system, and abolished the open outcry market. As at 31 March 2009, there are 232 listed issuers with a total market capitalisation of NZD 57.40 billion. NZX participants, also called brokers, provide services including investment advising and trading services to investors, and securities issuance and underwriting to issuers.

Section 4 - Investment Climate

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. Changes to monetary policy, taxation, and other related regulations are usually well-signaled by the government. Since the 2008 global financial crisis, the government has made changes to the financial system to shore up investor confidence. Significant legislative changes include the establishment of a regulatory body, the Financial Markets Authority, under the Financial Markets Authority Act 2011, implementation of the Financial Markets Conduct Act 2013, the Financial Reporting Act 2013, and the Patents Act 2013, which makes the criteria for granting a patent stricter.

The 2016 Investment Climate Statement for New Zealand uses the exchange rate of NZD 1 = USD 0.67.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2015	4 of 168	http://www.transparency.org/cpi2015#results-table
World Bank's Doing Business Report "Ease of Doing Business"	2016	2 of 189	doingbusiness.org/rankings
Global Innovation Index	2015	15 of 141	globalinnovationindex.org/content/page/data-analysis
U.S. FDI in partner country (\$M USD, stock positions)	2014	7,760	http://bea.gov/international/factsheet/factsheet.cfm
World Bank GNI per capita	2014	41,070	data.worldbank.org/indicator/NY.GNP.PCAP.CD

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward 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 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. Private entities generally have the right to freely establish business enterprises, and property rights (both real property and intellectual property) are generally well protected. New Zealand has a sound financial system. Both inbound and outbound investment continue to increase. New Zealand consistently receives high scores on international indices of investment related aspects.

Other Investment Policy Reviews

Not applicable.

Laws/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. The Overseas Investment Office (OIO), a dedicated unit located within Land Information New Zealand, administers the Act. The Overseas Investment Regulations 2005 set out the criteria for assessing applications and whether the investment will benefit New Zealand. Further details on the screening process are described below in "Screening of FDI".

Overseas investments that do not require such approval need to 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, and the Financial Reporting Act 2013.

There are no restrictions on the movement of funds into or out of New Zealand, or on repatriation of profits. No additional performance measures are imposed on foreign-owned enterprises.

For further information, go to www.business.govt.nz, which is operated by the Ministry of Business, Innovation and Employment. In addition, www.nzte.govt.nz, which is operated by New Zealand Trade and Enterprise, provides information and links for overseas investors wanting to invest in New Zealand.

Business Registration

In order to prevent the increasing 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.

Industrial Promotion

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) 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.

Limits on Foreign Control and Right to Private Ownership and Establishment

The government of New Zealand does not discriminate against foreign investors, but has placed separate limitations on foreign ownership of Air New Zealand and Spark New Zealand, the latter formerly Telecom Corporation of New Zealand. The constitution of Spark New Zealand provides 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 New Zealand 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.

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.

Foreign investment in residential property has received significant public attention and is often linked to rising house prices, due in part to the absence of a capital gains tax. In 2015, the New Zealand government passed the Taxation (Bright-line Test for Residential Land) Bill. Under the rule, 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.

Privatization Program

Not applicable.

Screening of FDI

New Zealand screens foreign investment that falls within certain criteria. Under the auspices of the Overseas Investment Act 2005, New Zealand's Overseas Investment Office (OIO)

screens foreign investments that would result in the acquisition of 25 percent or more ownership of, or a controlling interest in “significant business assets” (significant business assets are defined as assets valued at more than NZD100 million (USD67 million). The Protocol on Investment to the New Zealand-Australia Closer Economic Relations Trade Agreement (CER), raises the threshold for Australian investors before they have to seek approval to NZD477 million (an amount which is indexed to GDP and increases over time). Government approval also is required for purchases of land larger than 5 hectares (12.35 acres) and land in certain sensitive or protected areas, or fishing quota. If the land or fishing quota to be purchased is owned by a company or other entity, approval will be required if the investor will be acquiring 25 percent or more equity or a controlling interest.

For those investments that require 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, unless the investor intends to live in New Zealand indefinitely.

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. That proposal would generally be made a condition of consent.

The OIO also 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 Overseas Investment Act of 2005 in 2009-2010 stemming from a judicial challenge led to changes in the regulations (Overseas Investment Regulations 2005), and a Directive Letter. Although the Overseas Investment Act 2005 itself was not changed, the directive established new rules that apply to applications received from 2011 onward. The new implementing rules provided government ministers with increased power to consider a wider range of issues when assessing foreign investment in sensitive assets, primarily large-scale overseas ownership of farmland and vertically integrated primary production companies. Two additional factors are now assessed under the benefit test: 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.

Besides applying to land, such as that adjoining the foreshore or under conservation, the rules now include “sensitive land,” defined as “large” areas of farmland ten times the average size for the relevant farm type using Statistics New Zealand data. For example, the average dairy farm is 199 hectares, according to New Zealand statistics, which means the threshold that triggers the screening is 1,990 hectares. Likewise, the average sheep farm is 531 hectares, so the threshold would be 5,310 hectares.

An application was denied in 2015 for the first time since 2011: China's Shanghai Pengxin's NZD88 million purchase of the 13,800 hectare Lochinver farm. The denial received media attention because the OIO had recommended that the sale proceed, but government ministers were not satisfied that the purchaser could produce sufficient evidence of the "substantial benefit to New Zealand – a key requirement for applications of sensitive land of this size." The company sought a judicial review of the ministers' decision, but withdrew the request in April 2016. The farm was purchased by a New Zealand company after the investment was blocked.

In practice, the government's approval requirements have not been an obstacle for U.S. investors. The OIO approved 129 applications in 2015 and 148 in 2014.

Competition Law

The Commerce Commission reviews transactions for competition-related concerns. Information can be found at www.comcom.govt.nz.

2. Conversion and Transfer Policies

Foreign Exchange

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

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. New Zealand is 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.

There were reports during 2014 of New Zealand banks reducing their banking services for remittance service providers due to concerns over potential breaches of the Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Act, which was implemented 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.

Allegations made by remittance companies of breach of contract and violation of competition laws perpetrated by banks continued throughout 2015. Banks, regulators, and remittance companies continue to work together to find ways to work within the AML/CFT Act and at the same time keep a commitment to lower the costs to customers of remittances.

There are no restrictions on the movement of funds into or out of New Zealand, or on repatriation of profits.

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

3. Expropriation and Compensation

Expropriation is not an issue in New Zealand, and there are no outstanding cases.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

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 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.

Bankruptcy

Bankruptcy is addressed in the Insolvency Act 2006, the full text of which can be found at www.legislation.govt.nz.

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

Investment Disputes

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 Arbitration

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 [see 4.4.1].

New Zealand does not have a Bilateral Investment Treaty or a Free Trade Agreement in force with the United States.

Forms of alternative 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 New Zealand Dispute Resolution Center (NZDRC) is the leading independent, nationwide provider of private commercial, family and relationship dispute resolution services in New Zealand. NZDRC also provides international dispute resolution services through the related entity New Zealand International Arbitration Center (NZIAC). A specialist building and construction dispute resolution service is provided through the Building Disputes Tribunal. The Arbitrators and Mediators Institute of New Zealand Inc (AMINZ), is an industry body for those who undertake dispute resolution in New Zealand.

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].

Duration of Dispute Resolution – Local Courts

There is no standard timeframe for resolution of investment disputes.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

The government of New Zealand does not maintain any measures that are alleged to violate the Trade Related Investment Measures text in the World Trade Organization. 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 with the terms of the consent agreement.

Investment Incentives

See Section 1.4 Industrial Promotion.

For more information see: <http://www.business.govt.nz/support-and-advice/grants-incentives>

Research and Development

Callaghan Innovation is a stand-alone Crown Entity that was 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.

Performance Requirements

The OIO monitors consent holders for compliance with any conditions imposed on their consent. 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.

Data Storage

Not applicable.

6. 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.

See Section 1.5 Limits on Ownership for information on the Bright-line test.

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. While New Zealand is not party to the WIPO internet treaties (the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty), the government is currently conducting a treaty examination process for both in order to fulfill obligations necessary to enact the Trans-Pacific Partnership (TPP) agreement.

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. Copyright owners who can provide evidence of infringement can request that internet service providers (ISPs) notify alleged infringers to stop infringing activity. The account holder may receive up to three warnings within a nine month period that infringement has occurred. Should the alleged infringement continue, 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.

This amendment to the Copyright Act 1994 also extends the jurisdiction of the Copyright Tribunal, enabling it to hear complaints and award penalties of up to NZD 15,000 (USD 10,050). 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 the Ministry of Business, Innovation and Employment (MBIE), which allow ISPs to charge up to NZD 25 (USD 17) 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.

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 legislation removes the 1953 Act provision for pre-grant opposition and introduces a "re-examination" provision which can be invoked at any time after acceptance of an application, a provision potentially of concern, as it differs from general international practice. Re-examination will be limited to issues of novelty and inventive step based on documented prior art.

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.

Regulations governing the Patents Act 2013 came into force in September 2014. The regulations cover fees, timeframes, application processes, and powers of the Commissioner of Patents. It also refers directly to the Budapest Treaty, although New Zealand is not a signatory to the treaty itself.

The government has indicated some changes to Intellectual Property legislation will need to be changed to fulfil obligations under the TPP. The changed legislation is expected to be introduced to Parliament in 2016.

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

Customs New Zealand seizes counterfeit items at the border, with about 43,000 items collected in 2014. Customs' role is to intercept any suspected counterfeit goods and report it to the rights holder for action. 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. 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 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.

Resources for Rights Holders

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Embassy point of contact: Andrew Covington CovingtonAK@state.gov

Local lawyers list: <http://newzealand.usembassy.gov/lawyers.html>

7. Transparency of the Regulatory System

New Zealand's regulatory, legal, and accounting systems are generally transparent and consistent with international norms. Proposed laws and regulations are regularly published in draft form for public comment via the internet, and lawmakers generally make every effort to give public submissions due consideration. 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 sets out the role and function of a Standards Approval Board to commence from March 2016. Standards New Zealand will continue to operate as it did previously as a Crown entity, but moving within a government department means it will no longer offer membership subscription services, and will instead operate on a cost-recovery basis only. The majority of standards in New Zealand are set in coordination with Australia.

There are a number of laws and policies that govern New Zealand's competition policy. 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. It also sets forth regulation of industries and sectors with certain natural monopolies, such as the dairy, electricity, airports, and telecommunications industries. The Commerce Act 1986 is overseen and enforced by New Zealand's Commerce Commission, an independent Crown entity that prohibits misleading and deceptive conduct by traders, and promotes competition through the enforcement of legislation. In general, any contracts, arrangements, or understandings that have the purpose or effect of substantially lessening competition in a market are prohibited, unless authorized by the Commerce Commission. Before granting such authorization, the commission must be satisfied that the public benefit would outweigh the reduction of competition.

The Commerce Commission can block a merger or takeover that would result in the new company gaining a dominant position in the market. The use of a dominant market position to lessen or prevent various specified types of competition is contrary to the Act's provisions. 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.

The Dairy Industry Restructuring Act 2001 (DIR) 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. The Commerce Commission holds both an enforcement and adjudication role to

ensure the dairy industry complies with the Commerce and Fair Trading Acts. An amendment to the DIR in 2012 introduced the requirement that the Commerce Commission review Fonterra's Milk Price Manual to ensure it is consistent with Section 150A, and to make a final report by December 15 each year. The DIR also empowers the Minister of Primary Industries to call for a competition review of the dairy industry if certain market share thresholds are met as stated in Section 147, or if a report has not been requested before June 1, 2015 under Section 148A. A review was requested by the Minister on June 2, 2015 and the Commerce Commission released its report in March 2016 making 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.

To ensure competition in "natural monopolies," such as telecommunications and electricity, the government has increased oversight. Under the 1997 WTO Basic Telecommunications Services Agreement, New Zealand committed to the maintenance of an open, competitive environment in the telecommunications sector. Key reforms of the sector, through legislation enacted in December 2001 and December 2006, included the appointment of a commissioner responsible for resolving commercial disputes, the introduction of regulated services (including local loop and bitstream unbundling), the strengthening of the monitoring and enforcement arrangements for regulated services, and the operational separation of Spark New Zealand.

One law that draws consistent criticism as a barrier to investment (from both foreign and domestic investors) 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, passed its first reading in Parliament in December 2015.

8. Efficient 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 reaffirmed its AA rating in March 2016, and Moody's affirmed its Aaa rating in March 2015.

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 Advisors 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.

Money and Banking System, Hostile Takeovers

New Zealand banks are regulated by the Reserve Bank of New Zealand (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.

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 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.

The Non-bank Deposit Takers Act 2013 came into force on May 1, 2014, and aims to strengthen the regulatory regimes for non-bank deposit takers and the powers of the Reserve Bank to detect and intervene if a non-bank deposit taker becomes distressed or fails. It also requires licensing of non-bank deposit takers and that they have suitable directors and senior officers.

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.

Following the 2008 global financial crisis, banks in New Zealand performed relatively well. No banks failed, and there were relatively low levels of mortgage defaults.

9. Competition from 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. 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 of New Zealand at the end of each fiscal year.

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.

OECD Guidelines on Corporate Governance of SOEs

Although the SOEs are set up by the State-Owned Enterprises Act of 1986, they are regulated by the provisions of the Companies Act and are registered as public companies. Unlike Crown entities, the SOEs are structured as companies because they provide public services via market determined prices. The Commercial Operations unit (previously the Crown Ownership Monitoring Unit (COMU)), which is part of the New Zealand Treasury, is responsible for overseeing the SOEs and provides “shareholding” ministers with advice on the SOE performance. The board of directors of each SOE reports to two ministers, the Minister of Finance and the relevant portfolio minister.

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 of income or asset levels.

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 ten billion) to the fund, and contributions are scheduled to resume from 2020. 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.

In February 2016, the fund was valued at NZD 28.1 billion (USD 18.8 billion) of which 39 percent was invested in North America, 27 percent in Europe, 16 percent in New Zealand, six percent in Japan, five percent in Australia and the remaining seven percent in Asia, South America, and Africa.

The New Zealand Government also administers two pension funds for public sector employees: the Government Superannuation Fund which was closed to new members in 1992, and the State Sector Retirement Savings Scheme which began in 2004.

10. 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.

11. Political Violence

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

12. 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 2015, Transparency International ranked New Zealand 4th out of 168 countries.

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, which 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.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

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.

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

13. Bilateral Investment Agreements

Bilateral Taxation Treaties

New Zealand currently has signed bilateral investment treaties (BIT) 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 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 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 concluded a CEP agreement with Thailand that entered into force on July 1, 2005. The FTA contains a specific chapter on investment.

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

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 December 1, 2013.

The agreement established rules between the two based on international best practices to facilitate investment flows and provide for the balanced protection of investment.

A Free Trade Agreement between New Zealand, Australia, and the Association of South East Asian Nations (ASEAN) was signed on February 27, 2009. The FTA contains a specific chapter on investment.

In March 2015, an FTA was signed with the Republic of Korea which contains a specific chapter on investment.

In February 2016, New Zealand signed the regional Asia-Pacific trade agreement called the Trans-Pacific Partnership (TPP) with Brunei Darussalam, Chile, Singapore, the United States, Australia, Canada, Mexico, Malaysia, Peru, Japan, and Vietnam. It has not yet entered into force.

New Zealand is currently 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 Free Trade Agreements (FTAs) – Australia, China, India, Japan, Korea, and New Zealand. There have been 12 rounds of negotiations as of May 2016.

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.

14. Foreign Trade Zones/Free Ports/Trade Facilitation

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

15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

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

Economic Data	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2015	167,182	2014	200,000	http://data.worldbank.org/country

Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2015	\$5,574	2014	\$7,760	http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Host country's FDI in the United States (\$M USD, stock positions)	2015	\$2,749	2014	\$1,011	http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Total inbound stock of FDI as % host GDP	2015	41.6%	2013	46.3%	http://data.oecd.org

* Statistics New Zealand.

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	\$76,652	100%	Total Outward	\$18,998	100%
Australia	40,589	53	Australia	10,238	54
United States	6,090	8	United States	3,188	17
United Kingdom	5,651	7	Singapore	1,339	7
Hong Kong	4,215	5	United Kingdom	1,061	6
Japan	3,796	5	Malaysia	708	4
"0" reflects amounts rounded to +/- USD 500,000.					

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets		
Top Five Partners (Millions, US Dollars)		
Total	Equity Securities	Total Debt Securities

All Countries	\$76,995	100%	All Countries	\$47,612	100%	All Countries	\$29,383	100%
Australia	22,379	29	Australia	16,418	34	United States	7,880	27
United States	21,692	28	United States	13,812	29	Australia	5,960	20
U.K.	4,948	6	U.K.	2,612	5	U.K.	2,336	8
Japan	3,011	4	Japan	1,671	4	Germany	1,358	5
Germany	2,138	3	Cayman Is.	1,318	3	Japan	1,340	5

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

Legal system:

common law system, based on English model, with special legislation and land courts for the Maori

International organization participation:

ADB, ANZUS (US suspended security obligations to NZ on 11 August 1986), APEC, ARF, ASEAN (dialogue partner), Australia Group, BIS, C, CD, CP, EAS, EBRD, FAO, FATF, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IEA, IFAD, IFC, IFRC, IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), MIGA, NSG, OECD, OPCW, Paris Club (associate), PCA, PIF, Sparteca, SPC, UN, UNCTAD, UNESCO, UNHCR, UNIDO, UNMISS, UNMIT, UNTSO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO






















Section 6 - Tax

Exchange control

There are no exchange controls in New Zealand. While foreign investment into New Zealand is encouraged, sensitive assets are protected by the Overseas Investment Act 2005. Consent must be obtained from the Overseas Investments Office for the acquisition of significant business assets (exceeding NZ\$100 million), sensitive land (non-urban land of more than five hectares, offshore islands, land adjacent to lakes and the foreshore, or land of conservational or historical significance) and fishing quotas.

Treaty and non-treaty withholding tax rates

New Zealand has exchange of information relationships with 94 jurisdictions through 41 DTCs, 20 TIEAs and 1 multilateral mechanism, Convention on Mutual Administrative Assistance in Tax Matters.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Anguilla	TIEA	11 Dec 2009	not yet in force	Yes	Yes	
Australia	DTC	26 Jun 2009	19 Mar 2010	Yes	Yes	
Austria	DTC	21 Sep 2006	1 Dec 2007	No	No	
Bahamas, The	TIEA	18 Nov 2009	not yet in force	Yes	Yes	
Belgium	DTC	15 Sep 1981	8 Dec 1983	Yes	No	
Bermuda	TIEA	16 Apr 2009	23 Dec 2009	Yes	Yes	
Canada	DTC	31 May 1980	29 May 1981	Yes	No	
Canada	DTC	3 May 2012	not yet in force	Yes	Yes	
Cayman Islands	TIEA	13 Aug 2009	30 Sep 2011	Yes	Yes	
Chile	DTC	10 Dec 2003	21 Jun 2006	Yes	No	
China	DTC	16 Sep 1986	17 Dec 1986	Yes	No	
Chinese Taipei	DTC	11 Dec 1996	15 Dec 1997	Unreviewed	No	
Cook Islands	TIEA	9 Jul 2009	13 Dec 2011	Yes	Yes	
Curaçao	TIEA	1 Mar 2007	2 Oct 2008	Yes	Yes	
Czech Republic	DTC	26 Oct 2007	29 Aug 2008	Yes	Yes	
Denmark	DTC	10 Oct 1980	22 Jun 1981	Yes	No	
Dominica	TIEA	16 Mar 2010	not yet in force	No	Yes	
Fiji	DTC	27 Oct 1976	11 Feb 1977	Unreviewed	No	
Finland	DTC	12 Mar 1982	22 Sep 1984	Yes	No	
France	DTC	30 Nov 1979	19 Mar 1981	Yes	No	
Germany	DTC	20 Oct 1978	21 Dec 1980	Yes	No	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Gibraltar	TIEA	13 Aug 2009	13 May 2011	Yes	Yes	
Guernsey	TIEA	21 Jul 2009	8 Nov 2010	Yes	Yes	
Hong Kong, China	DTC	1 Dec 2010	9 Nov 2011	Yes	Yes	
India	DTC	17 Oct 1986	3 Dec 1986	Yes	No	
Indonesia	DTC	25 Mar 1987	23 Jun 1988	Yes	No	
Ireland	DTC	19 Sep 1986	26 Sep 1988	Yes	No	
Isle of Man	TIEA	27 Jul 2009	27 Jul 2010	Yes	Yes	
Italy	DTC	6 Dec 1979	23 Mar 1983	Yes	No	
Japan	DTC	30 Jan 1963	19 Apr 1963	Yes	No	
Japan	DTC	10 Dec 2012	25 Oct 2013	Yes	Yes	
Jersey	TIEA	27 Jul 2009	27 Oct 2010	Yes	Yes	
Korea, Republic of	DTC	6 Oct 1981	22 Apr 1983	Yes	No	
Malaysia	DTC	19 Mar 1976	2 Sep 1976	No	No	
Marshall Islands	TIEA	4 Aug 2010	not yet in force	Yes	Yes	
Mexico	DTC	16 Nov 2006	16 Jun 2007	Yes	Yes	
Netherlands	DTC	15 Oct 1980	18 Mar 1981	Yes	No	
Niue	TIEA	29 Aug 2012	31 Oct 2013	Yes	Yes	
Norway	DTC	20 Apr 1982	31 Mar 1983	Yes	No	
Papua New Guinea	DTC	29 Oct 2012	not yet in force	Unreviewed	Yes	
Philippines	DTC	29 Apr 1980	14 May 1981	Yes	No	
Poland	DTC	21 Apr 2005	16 Aug 2006	Yes	Yes	
Russian Federation	DTC	5 Sep 2000	4 Jul 2003	Yes	No	
Saint Kitts and Nevis	TIEA	24 Nov 2009	not yet in force	Yes	Yes	
Saint Vincent and the Grenadines	TIEA	16 Mar 2010	not yet in force	Yes	Yes	
Samoa	TIEA	24 Aug 2010	26 Mar 2012	Yes	Yes	
Singapore	DTC	21 Aug 2009	12 Aug 2010	Yes	Yes	
Sint Maarten	TIEA	1 Mar 2007	2 Oct 2008	Yes	Yes	
South Africa	DTC	18 Feb 2002	23 Jul 2004	Yes	No	
Spain	DTC	28 Jul 2005	31 Jul 2006	Yes	No	
Sweden	DTC	21 Feb 1979	14 Nov 1980	Yes	No	
Switzerland	DTC	6 Jun 1980	21 Nov 1981	No	No	
Thailand	DTC	22 Oct 1998	14 Dec 1998	Unreviewed	No	
Turkey	DTC	22 Apr 2010	28 Jul 2011	Yes	Yes	
Turks and Caicos Islands	TIEA	11 Dec 2009	not yet in force	Yes	Yes	
United Arab Emirates	DTC	22 Oct 2003	4 May 2004	Yes	No	
United Kingdom	DTC	4 Aug 1983	16 Mar 1984	Yes	Yes	
United States	DTC	23 Jul 1982	2 Nov 1983	Yes	No	
Vanuatu	TIEA	4 Aug 2010	not yet in force	No	Yes	
Viet nam	DTC	5 Aug 2013	not yet in force	Unreviewed	Yes	
Virgin Islands, British	TIEA	13 Aug 2009	not yet in force	Yes	Yes	

Methodology and Sources

Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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