

MEDIA RELEASE

NZIER study for TradeWindow finds digital trade will drive fundamental changes in trade and unlock major economic gains to be shared across the supply chain

13 December 2021

Auckland, NZ. A new report from the New Zealand Institute of Economic Research (NZIER) finds that digital trade solutions have the potential to drive fundamental changes in the supply chain and unlock economic benefits equivalent to a major trade agreement for every country pairing that adopts digital trade.

The report titled "*Digital Trade is the way forward for New Zealand*", was commissioned by TradeWindow to quantify the possible economic benefits from increased adoption of digital trade. The study found that a further NZ\$9-18 billion of value could be unlocked over 10 years by trade between New Zealand and its APEC trading partners if digital trade is more fully adopted.

NZIER's Chris Nixon said the New Zealand Government is making positive strides towards operationalising digital trade initiatives.

"Our report highlights there is a long way to go to realise the full benefits of digital trade globally, however more trade agreements are starting to take account of international digital transactions, with a number including binding commitments on data flows. Emerging international agreements, such as the Digital Economic Partnership Agreement - DEPA - which includes NZ, Chile, Singapore and hopefully soon South Korea and Canada are among the pace-setters on this," he says.

The report notes that China has recently formally requested to join the other members and applicants of DEPA, and that the economic case is strong for it to do so. NZIER quantifies possible economic gains of NZ\$405 million - \$1,584 million per year in the New Zealand-China trade lane alone through the adoption of digital trade.

The 35-page report identifies an array of gains from the increased adoption of digital trade. These include:

- *productivity gains* from moving away from paper-based systems
- *connectivity gains* as digital systems for building trust break down long standing cultural and regulatory barriers
- *predictive gains* from being able to 'foresee' supply and demand with greater accuracy and plan accordingly
- *visibility gains* – enhancing security and certainty of provenance; and
- *inclusiveness gains* – enabling smaller and less sophisticated exporters and importers to get started sooner, easier and more safely in global trade.

"It comes as no surprise to those working in the supply chain that the cost reductions are significant. Recent examples showed that a single shipment could pass through 30 different organisations, with up to 200 communications about that shipment. These communications are impeded if they use systems that do not talk to each other, e.g. pieces of paper. If a form is missing or there is a problem with some information, then delays are inevitable," Mr Nixon said.

Mr Nixon says the benefits of digital trade have been particularly apparent during the pandemic and this has increased the openness of exporters – large and small – to adopt digital solutions for trade documentation.

“The benefits of digital trade solutions have been brought into stark contrast during the pandemic when it has not been possible to deliver the right paper (with wet signatures and stamps) to the right ports in the appropriate timeframe,” he says.

“If we can increase understanding through outreach programmes to MSMEs and SMEs and demonstrate the value of digital trade, we will begin to realise that the cost reductions are truly significant.”

The report was commissioned by TradeWindow, a trade-tech company helping importers, exporters, freight forwarders, and customs brokers working on the frontline of global trade. The company is an active champion for the increased adoption of digital trade by particularly trade-dependent nations such as New Zealand, Australia and across Asia and South America.

TradeWindow CEO AJ Smith welcomed the report.

“These positive findings come at a time when the New Zealand Government is playing an active leadership role with the other APEC economies to encourage the adoption of digital trade. It is helpful to see the economic benefits quantified and also to appreciate that these benefits are shared across the supply chain with the producer, transport companies, regulatory agencies and customer and consumer. Everyone benefits when trade flows more efficiently, and trade begets more trade,” Mr Smith says.

The full NZIER report is available at:

<https://tradewindow.io/about-us/news-and-insights/blogs/>

ENDS

About TradeWindow:

Founded in December 2018, TradeWindow is an early-stage software company that provides digital solutions for exporters, importers, freight forwarders, and customs brokers to drive productivity, increase connectivity, and enhance visibility. TradeWindow's software solutions integrate to form a cohesive digital trade platform that enables customers to more efficiently run their back-end operations, share information and securely collaborate with a global supply chain made up of customers, ports, terminals, shipping lines, banks, insurance companies, and government authorities.

www.tradewindow.io

Further information:

Piet de Jong, For TradeWindow communications
piet.dejong@baldwinboyle.com, +64 21 812 766