

## **New Zealand China Council 2014/15 Chairman's Report**

I am pleased to present the New Zealand China Council Chairman's Report for the 2014/15 financial year and to update the Council on developments.

### **The New Zealand China Relationship**

The past 12 months have seen, as we have come to expect, significant developments in the relationship between New Zealand and China, so it is important to highlight just a few of the events and issues in the last year.

The New Zealand China bilateral relationship has continued to flourish, with approximately 50 ministerial visits between the two countries and the highlight being the visit to New Zealand by President Xi Jinping in November 2014, where the China Council strongly supported one of the key events. This visit saw the agreement by Leaders to characterise the relationship as a Comprehensive and Strategic partnership as well as the planned upgrade of the 2008 landmark New Zealand-China FTA. In addition, Prime Minister Key visited China for APEC November 2014 and while there opened our newest diplomatic mission in Chengdu, central China.

The 2014/15 year saw the Leaders' growth target from \$10 billion in 2010 to \$20 billion by 2015 fulfilled a year early, with China becoming our largest merchandise trading partner in 2014. However, in the year to June 2015 merchandise exports finished down 28.5% to \$8.269 billion. China's share of NZ's exports fell from 22.6% to 17.1%. So while China is now our second largest merchandise-trading partner, to put this fall in exports into perspective, the \$3.3 billion decrease was greater than our total exports to Singapore, Indonesia, Thailand and the Philippines combined, and six times our exports to India.

Despite the fall in dairy exports, it was not all bad news, our key service exports; education and tourism, both showed strong growth, in particular tourism growing at more than 30% for the year. Other products such as meat, seafood, forestry and processed foods showed growth. Inbound investment has also seen considerable growth and besides investment in food and food processing, we've also seen investment into aviation, manufacturing, tourism and infrastructure, and three of China's major banks opened in 2014/15.

The 2014/15 year was not without challenges including food safety and regulatory issues, housing issues in Auckland and tourist driver safety issues have together clouded otherwise positive relationship gains. In addition, in 2015 Australia signed off their FTA with China after ten years of negotiations.

The Chinese economy has seen turbulent times, with the realization that the "new normal" has serious implications for the Chinese economy, as well as debt rising to 28% of GDP. China is however continuing to reach out through the "One Belt One Road" and 21st Century Maritime Silk Road strategic initiatives, both of which reflect China's goal to lift the economies of the Asia/Pacific region.

Another initiative driven by China is the Asia Infrastructure Investment Bank, which was strongly supported by New Zealand. China's e/m/s-commerce market is now the second largest in the world, impacting the way business is done and how we will trade with China in the future.

### **The 2014/15 China Council Programme**

Early in the year, the Council committed to focusing on the four pillars; Language and Culture, Value from Investment and Information Dissemination and Trade Access. These are the key themes directing China Council activity throughout the 2014/15 year, which included:

- The inaugural media awards in July 2014 with 12 applications, followed in April 2015 by Liam Dann's visit programme to China that generated 8 articles on the Chinese economy.
- The Council also sponsored a number of events throughout the year, including the visit of Prof. David Shambaugh and Victoria University conference in Wellington.
- In conjunction with NZTE, NZCTA and Asia NZ Foundation, the Macro/Micro forum in Auckland. This was supported by the visit programme for Mary Boyd from the Economist in November 2014; in that week, she participated in 16 events/activities and with more than 360 participants.
- In late 2014, the Council worked with ABAC and IBF in support of China's APEC Year, starting with the China Business Forum in early 2014, culminating in the business delegation to the ABAC CEO Summit in 2014.
- This was followed by the sponsorship and support of the visit by President Xi Jinping in November 2014.
- During the year, the China Council also supported the Chinese Chamber of Commerce business Awards in December 2015 and the NZCTA China Business Awards in May 2015.
- The Council also set up an event for the Chinese Investment Promotion Agency in November 2014, their first in New Zealand.
- In June 2015, the Chairman of NZCC and Executive Director visited China to speak the 4th Global Think Tank and the visit included visits to Beijing, Shanghai Guangzhou, Shenzhen and Hong Kong.
- The Council cooperated with a wide range of board member and supporting organizations, including; MFAT, NZTE, IBF, NZCTA, Asia NZ Foundation, NZCA, and Confucius Institute, as well as the Chinese Embassy and visiting Chinese leaders and officials. Through the members of the Council and the Executive Director, the Council participated in and supported more than 60 events in 2014/15.
- In addition, the Council was increasingly involved in the media, generating and being involved in more than 50 articles, interviews and Opeds, as well as increasing involvement in other media such as LinkedIn (350 followers) and Twitter (150 followers). The Council also produced and released reports on the Australia's FTA with China and Chinese language during the year.

## **Membership**

Membership of the Council now stands at 17 on the Executive Board and 16 on the Advisory Board. Changes to the Council membership included:

- From the Executive, 2014/15 saw the departure of Sir Peter Gluckman, John Allen, Tim White and Roy Crawford and the addition of Martin Thomson NZCTA Chair, Brook Barrington CEO of MFAT and Harlene Haynes Universities New Zealand Chair, Vice Chancellor University of Otago.
- The Advisory saw the departure of Raymond Huo, Daniel Harrison, Mike Houlihan, Jordan Lee and John McKinnon and the addition of Rick Ellis from Te Papa, Lincoln Dam from NZCTA Young Associate, Simon Draper Asia NZ Foundation and David Shearer, Labour Party Representative.

(note: current membership list is attached)

## **The Year Ahead: 2015/16**

The year ahead will be as busy as 2014/15. Typically, a China programme should consist of 60% to 70% planned and 40% to 30% flexible, enabling an organization to incorporate events and activities as they emerge and have the ability to respond to the inevitable critical issues. The 2015/16 year will see a further increase in the number and range of activities, including:

- The 2016 China Council Media Awards and visit to China by Chris Adams; 2014/15 winner.
- The China Council is working to restart the Trade Access programme; with the FTA Upgrade, this is a priority activity for 2015/16
- The Council currently has 2 sponsorship activities planned for the year: China Language Week in September and the China Summit that is usually held in October
- Aside from the China Language week, the council will continue to work with Asia New Zealand Foundation and Confucius Institute, as well as media, on changing the Chinese language study landscape
- With Sputnik there will be 2 statistics updates during the year, including more commentary and developing ways to deliver a higher level of publicity, including through briefing sessions
- The Council will continue to engage with the Prime Minister, firstly through board meetings at the start and end of the year. In addition, the Council has agreement from PMO in principle to jointly host an event to give a key-note address on the New Zealand China relationship. Lastly, we understand that the Prime Minister will travel to China in 2016, so when we have more information, we will determine ways to support and leverage off this visit.

- We are also planning two inwards visits in 2016: the first is an American businessman with almost 40 years experience in China and the second is Mark Tanner, the founder/CEO of China Skinny.

The NZ China relationship is about people, so I would like to thank you, the New Zealand China Council members, for your support, participation and contribution to meetings, events and activities. In particular, to Cathy Quinn of Minter Ellison Rudd Watts for their contribution of legal services and support to the Council; Christopher Luxon from Air New Zealand for getting us safely to all destinations, and Bruce Hassall from PwC for financial management services. I would also like to thank PwC, ANZ, NZTE, MERW and Ngai Tahu who have made their office facilities and staff available to the Council for events and meetings.

Sincere thanks also to the team from the Ministry for Foreign Affairs and Trade for their on-going financial support to the Council and in conjunction with New Zealand Trade and Enterprise for providing on-going additional funding for our Executive Administrator. Finally sincere thanks to our Executive Director Patrick and Executive Administrator Tania for their energy, enthusiasm and commitment to the China Council.

The New Zealand China Council has now had 3 strong years of growth and development and is increasingly seen as an important part of the New Zealand China relationship. This is only possible through your participation and commitment, and financial support of the NZ China Council programmes.

Sincerely,



Sir Don McKinnon  
Chairman,  
New Zealand China Council

## **New Zealand China Council (as at June 2015)**

### **Executive Board**

Sir Don McKinnon, Chairman, NZ China Council  
Rt Hon. Dame Jenny Shipley, company Director  
Sir Graeme Harrison, Chairman ANZCO Foods Ltd and IBF  
Martin Thomson, Chair NZCTA, Partner DLA  
Brook Barrington, Secretary, Ministry of Foreign Affairs and Trade  
Peter Chrisp, Chief Executive, New Zealand Trade & Enterprise  
John Wilson, Chairman, Fonterra Co-operative Group  
Christopher Luxon, Chief Executive, Air New Zealand  
Peter McBride, Chairman, Zespri  
Harlene Haynes, Universities New Zealand Chair, Vice Chancellor University of Otago  
David Green, Managing Director, Institutional, ANZ Bank  
Bruce Hassall, Chief Executive, PwC  
Cathy Quinn, Chair, Minter Ellison Rudd Watts  
Tony Browne, Chairman, NZ Contemporary China Research Centre  
Peter Clark, Chief Executive, PF Olsen  
Ngahiwi Tomoana, Chair Ngati Kahungunu  
Arthur Loo, Partner, Loo & Koo

### **Advisory Board**

Sir Mark Solomon, Chairman Ngaitahu  
Sir Stephen Tindall, Chairman, Tindall Foundation  
Danny Chan, Deputy Chair, ACG Colleges  
Dave Bromwich, President, NZ China Friendship Society  
Meng Foon, National President, New Zealand Chinese Association  
Charles Finny, Chair, Education NZ  
Rick Ellis, Chief Executive, Museum of New Zealand  
Steven Wong, Chairman, United Chinese Association  
Dr Jian Yang, MP, Parliament  
David Shearer, Labour Party Representative  
Simon Draper, Executive Director, Asia New Zealand Foundation (Aug 2015)  
Fran O'Sullivan, Columnist, NZ Inc  
John Penno, Chief Executive, Synlait  
Peter Landon-Lane, CEO/Chairman, Chair Science NZ and Plant & Food  
Brent Robinson, CEO Rakon  
Lincoln Dam, Future Leaders representative, Young Associates (NZCTA)

### **IBF Contributors**

Steve Yung, CEO Sealord  
Phil O'Rielly, CEO Business New Zealand  
James Parsons, Chair Beef and Lamb New Zealand  
Paul Gestro, Bank of New Zealand