

ANNUAL GENERAL MEETING 4 DECEMBER 2020

CHAIR'S REPORT

I am pleased to present my report for the 2019-20 financial year and to update the Council on recent developments.

The New Zealand China Relationship

This reporting timeframe covered an extraordinary period, and can most usefully be viewed through the prism of a “pre” and “post” COVID analysis.

Whilst the arrival of Covid-19 had a significant impact on education, tourism and people-to-people exchanges, overall New Zealand's goods trade has held up with exports growing from \$18.97 billion to \$19.4 billion over the reporting period.¹ Recent statistics demonstrate even stronger growth, with China accounting for 28% of New Zealand's exports in the year to August 2020.² Unfortunately services have not fared as well, with Covid-19 having a major impact on our tourism and education sectors. Investment has also slowed, with many investors waiting for borders to re-open to consider opportunities.

The political relationship underpins our trade and economic relationship, and in an increasingly challenging geopolitical environment, maintaining this relationship is crucial.

As observed by the Prime Minister earlier this year, it is natural that countries given the uniqueness of their particular histories, political systems and world views, have differing perspectives on some issues. New Zealand is an open democracy. We take a principles based approach to our foreign policy and make our decisions independently, informed by our values and own assessment of New Zealand interests.³

It is vital during a period of increasing uncertainty to continue to make decisions carefully, and to also ensure these decisions are communicated appropriately and constructively. In an increasingly polarised world, we must also continue to value and protect New Zealand's traditional bipartisan approach to international affairs.

High level engagement remains an important key to maintaining and fostering the relationship, and is instrumental in promoting understanding. It is positive that leaders from both countries have kept dialogue open throughout this period. Several ministers visited China in the second half of 2019, and high level engagement continued during Covid-19 via electronic means. As soon as we are able, we will need to prioritise recommencing in-person engagement.

We must also focus on developing a clear strategy for re-engaging with China post pandemic. Recent calls to diversify our trading relationships are valid. Trading a

¹ https://statisticsnz.shinyapps.io/trade_dashboard/

² <https://www.stats.govt.nz/reports/new-zealand-now-overseas-trade-at-september-2020>

³ <https://www.beehive.govt.nz/speech/speech-notes-prepared-china-business-summit>

A new strategic plan has been approved by the Council, which can be accessed [here](#). The Plan retained the overarching vision of building a strong and resilient relationship with China but provided sharper focus on the Council's values, and key goals, which are engaging, informing, connecting and initiating.

In addition, the Executive Team has focused on improving the Council's governance structure and internal policies, and has transitioned the Council to an online accounting system.

Membership

At the close of the reporting period (June 2020) the NZCC had 19 Council and 5 Executive Committee members. The reporting period spanned the Council's restructure, which resulted in significant membership change. Changes included:

- From the Executive Board: the departures of Rt Hon Dame Jenny Shipley (former Prime Minister of New Zealand); Tony Browne (Chair, NZ Contemporary China Research Centre); Grant Guilford (Vice Chancellor, Victoria University of Wellington); Arthur Loo (Partner, Loo & Koo); and Cathy Quinn (Partner, MinterEllisonRuddWatts).
- From the Advisory Board (which was dissolved end of 2019): the departures of Dave Bromwich, President, NZ China Friendship Society; Sam Brosnahan, Future Leaders representative; Naisi Chen, Future Leaders representative; Simon Draper, Executive Director, Asia New Zealand Foundation; Charles Finny, Chair, Education NZ; Jennie Hu, Founder International Artists' Residency; Raymond Huo MP, Labour Party; David Lei Wang, Chair, China Chamber of Commerce in New Zealand; Andrew Sayers, Hong Kong New Zealand Business Council (HKNZBC); Steven Wong, Chair, United Chinese Association; Helene Wong, Writer; and Dr Jian Yang former MP, National Party.

I would like to express my sincere thanks to all departing members for their contribution to the Council's work.

We are working to diversify the Council's membership, and this year offered two positions for **Next-Generation ('Next Gen') young leaders**. These are two year rotational positions, with Next Gen members participating in Council meetings and assisting with Council initiatives. We received a large number of high quality applicants, and selected Nathalie Harrington and Ben Abraham as our inaugural Next Gen representatives.

The Council's Programme

The Council's traditional mode of engagement via in-person events transitioned in the second half of the reporting period to online platforms. Key activities included:

- A joint event with Business NZ involving the **Minister for Climate Change**, Hon James Shaw, where ninety representatives from business and government agencies attended a panel discussion focused on the outlook for climate change and environmental co-operation with China.
- Launch of an **investment report** providing an update on Chinese FDI into NZ. Key findings included: China (including Hong Kong) was New Zealand's second largest investor, providing just over 7.6% of total foreign direct investment in 2017, significantly behind Australia (over 55%). Chinese investment is well diversified, driving key projects and improvements in the capital intensive primary and food and beverage industries, as well as the tourism, infrastructure and construction sectors. Investment from China is spread evenly between the main centres and the regions.
- I attended the **BRI Forum** in Shanghai in October 2019 and delivered an address titled "The Scope of New Zealand-China BRI Co-operation. I provided an overview of our relationship with China, talked about how New Zealand could work with China under the BRI framework, and the potential benefits brought by the Southern Link.
- The Council hosted a discussion with 40 key stakeholders on the **upgrade of the New Zealand – China FTA** following the government announcement that negotiations to upgrade the existing FTA had been concluded. The discussion was led by Barney Riley, Chief Negotiator from the Ministry of Foreign Affairs & Trade. Discussion focused on the political and commercial benefits brought by the upgrade.

In addition to the events mentioned above, the Chair and Executive Director spoke at more than a dozen events including to the NZ China Youth Leadership Summit, the Christchurch China Forum, Chartered Accountants Australia/NZ, China Chamber of Commerce and NZ-China Friendship Society. Given the transition to Covid, the second half of the year primarily focused on new media formats, including webinars.

The Council has maintained regular engagement with relevant government agencies as well as the New Zealand Embassy and Consulate-Generals in China and cooperating actively with a wide range of supporting organisations in both countries.

Advocacy and communications

One of the Council's most important goals is to not only keep New Zealanders educated and informed about the importance of the relationship, but also the ever-changing commercial environment. The Council has developed a strong communications platform and our views are carried in media in New Zealand and China, and in China focused stories across the globe. Media coverage of the NZ-China relationship over this period has been dominated by the impact of Covid-19 on trade, US-China conflict and its impact on New Zealand, and China's new Hong Kong security law and the NZ government's position.

Commentary from the Council has been carried across a broad range of media outlets, including national TV and radio interviews (Newstalk ZB, TVNZ etc.), and international outlets (including South China Morning Post and the Financial Times). Interviews with Chinese media, particularly Xinhua and CGTN have been carried by

a significant number of media outlets across China. Most interviews focused on the impact of Covid-19 on trade between NZ and China, and provided a good opportunity for the Council to highlight New Zealand's effective response to the pandemic.

During the 2019/20 year we refreshed the Council's website to have a more modern look and feel, and further developed the Council's strong social media presence, covering Twitter, LinkedIn and WeChat. Throughout the lockdown period, the Executive Team focused on new ways to engage, including setting up a podcast platform. The podcast provides a platform to address topical issues, as well as curate China stories – with a number of high profile New Zealanders sharing their 'China journeys'.

Sponsorship was provided to the Chinese Language Week 2019 (during which our Next Generation members released a series of language videos), and the annual Chinese Bridge Speech Competition.

The Year Ahead

A number of activities are already planned (or completed) for 2020-21, including:

- Commissioning a report, and hosting a panel discussion to provide a fact base for the debate on New Zealand's economic reliance on China.
- Commissioning, completing and rolling out research findings on the value of the Southern Link.
- Re-commencing the Council's public perceptions research
- Pushing forward Working Groups focused on key projects, including climate change, packaging and community engagement.
- Continuing to use our expanding communications and social platform to inform New Zealanders about the importance of the relationship
- Sponsoring and supporting events which enhance the trade and investment relationship and people to people links
- Forging greater connections with Chinese track-two organisations and counterpart organisations in like-minded jurisdictions.

Appreciation

I would like to thank all Executive Committee and Council members for your support, participation and contribution to meetings, events and activities. I express my appreciation to the Ministry of Foreign Affairs and Trade and NZTE for their on-going financial and other valuable support to the Council.

We thank Air New Zealand for the generous provision of travel funding. We thank Chris Brown, Peter Graczer and the team at Sputnik for their valuable communications advice; Michael Tan and Stephen Zou at PwC for financial management services; and colleagues at MinterEllisonRuddWatts for legal services.

In its eighth year, the Council continues to be the leading organisation in New Zealand advocating for a stronger, more resilient relationship with China which meets New Zealand's interests. In an increasingly complex global environment, the Council continues to play a crucial role.

A handwritten signature in black ink, appearing to read 'Don McKinnon', with a stylized, flowing script.

Rt Hon Sir Don McKinnon
Chairman
New Zealand China Council