

ANNUAL GENERAL MEETING 11 DECEMBER 2019

CHAIR'S REPORT

I am pleased to present my report for the 2018-19 financial year and to update the Council on recent developments.

The New Zealand China Relationship

New Zealand's relationship with China has continued to deliver significant value, particularly in terms of growing trade and economic linkages, but also increasingly in people-to-people, cultural and scientific exchanges. Prime Minister Jacinda Ardern's first official visit to Beijing on 1 April 2019 demonstrated that the relationship is in good heart and, at the time of writing this report, the announcement of the conclusion of the NZ/China FTA Upgrade provides further evidence that both countries are focused on working to enhance the relationship even further. Prime Minister Ardern has spoken of the relationship as one of New Zealand's "most important and far-reaching" and President Xi Jinping has described it as "one of the closest held by China with western developed countries".

Such positive comments do not come out of thin air – they are the result of careful diplomacy and relationship-building undertaken at the most senior levels and supported by organisations like the NZ China Council. This becomes all the more important at times of geo-political tension as we are experiencing at present. There is today unprecedented attention focused on the development of our relationship both domestically and externally. Sometimes this attention can be overly focused on the negative: while, inevitably, as two distinct societies and cultures, New Zealand and China will have differences – sometimes significant – on some issues including human rights and regional security, this should not detract from the value of working together where it makes sense to do so. As the Prime Minister has said "China is a friend and despite our different perspectives on some issues, our relationship I believe is a mature and resilient one".

The Council's Programme

Advancing NZ interests and building strength and resilience into the relationship is the key focus of the Council's work programme which has been pursued on multiple fronts in the year under review:

Belt and Road Initiative (BRI) – A Strategic Pathway

The Council has worked to continue to draw attention to opportunities arising from the China's Belt and Road Initiative, building on our report which was launched in May 2018. In 2018-19 the Council implemented a series of outreach events with interested parties in the main centres around New Zealand: BRI events were held in Dunedin, Alexandra, Queenstown, Nelson, Hamilton and Tauranga in August 2018, Blenheim in October 2018 and Hastings in February 2019.

We continue to follow BRI developments closely. In November 2018 the Executive Director joined number of New Zealand businesses attending the inaugural China International Import Expo (CIIE) in Shanghai. In May 2019 the Chair and Executive

Director joined Trade Minister Parker's business delegation to the second Belt and Road Forum in Beijing.

Building the Southern Link

One of the proposed initiatives highlighted in the Council's BRI report was the opportunity to position New Zealand as a conduit for trade, travel and tourism between China (and the rest of Asia) and South America. To explore this concept more fully, the Council brought together a number of interested parties to host a major international conference in Auckland on 25 June.

The event was held at the Aotea Centre with 150 participants. It was co-hosted by the Council, the Latin America NZ Business Council, Fudan University in Shanghai, the Chilean Pacific Foundation and the Argentine Council for International Relations (CARI). Sponsorship was obtained from Auckland Airport, Christchurch NZ, First Global Logistics, ICBC, LatAm CAPE, NZ Post, NZTE and PwC.

Trade Minister Parker gave the opening address. The Chinese Ambassador HE Wu Xi and former Trade Minister Groser both gave key note addresses. Representatives from Argentina, Chile and China attended and spoke at the event. The core group and sponsors including international guests met on 26 June for further discussions.

The event was covered positively by New Zealand and international news media, achieved more than 15 media posts across 12 media outlets including one national, one international TV story, national radio, online coverage and reports in Chinese media in New Zealand.

The event was a major undertaking for the Council and came at a useful time in the development of the relationship. Since the conference the Council has continued to lead the Working Group established to take forward the conference outcomes.

China – NZ Year of Tourism 2019

The year of Tourism is a shared New Zealand and Chinese Government initiative aimed at advancing the overall bilateral relationship and the two countries' respective tourism strategies. In support of the Year of Tourism, the Council built Year of Tourism branding and messaging into the Council's communications and events programmes and held a well-attended reception, addressed by the Chinese Ambassador, followed by a visit to the Terracotta Warriors Exhibition at Te Papa in Wellington in February.

Advocacy and communications

One of the Council's primary tasks is to explain the relationship to both New Zealanders and our Chinese friends. The Council has developed a strong communications platform and our views are carried widely in media in New Zealand and from time to time in China itself. Our commentary is posted on the Council's website and supplemented by our social media channels in both English (Twitter) and Chinese (WeChat).

The Council provided sponsorship for the biannual NZCTA China Business Awards (June 2019) and has continued to support the work of Global China Connect at the

University of Canterbury. Sponsorship was offered for several other cultural events and awards, including the Chinese Language Week 2018, during which the Council once again released a series of language videos, and the annual Chinese Speech Competition.

Events and visits

In addition to the BRI events mentioned above the Council held a number of other events, including:

- a gala dinner to welcome the Chinese Ambassador Mme Wu Xi (August 2018)
- breakfast with departing NZTE Regional Director Greater China Glen Murphy, who shared his experiences of helping kiwi exporters grow their business in China (October 2018)
- dinner with Professor Ren Xiao from Fudan University, who was brought to New Zealand by Asia New Zealand Foundation (March 2019)
- the 2nd Next Generation Leadership Event, which brought together an energetic group of young New Zealanders to discuss ideas for the future of the relationship (April 2019)
- events in Auckland, Wellington and Christchurch associated with the Council-sponsored visit by one of Australia's leading specialists on China, Professor James Laurenceson of the Australia China Relations Institute, Sydney (May 2019)
- breakfast with visiting American China specialist Dr Elizabeth Economy (June 2019)

The Council welcomed several senior Chinese delegations to New Zealand including from the China Chamber of International Commerce (CCOIC), Chinese Academy of Social Sciences (CASS), Chinese People's Association for Friendship with Foreign Countries (CPAFC) and the China Council for the Promotion of International Trade (CCPIT). Visits to China by the Chair and Executive Director have served to strengthen the Council's contact base in China.

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.

Membership

Membership of the Council currently stands at 16 on the Executive Board and 14 on the Advisory Board. Changes to the Council membership in the last year included:

- From the Executive Board: the departures of Brook Barrington (Secretary, MFAT) replaced by Chris Seed; Peter McBride (Chair, Zespri) replaced by Bruce Cameron; Dame Kerry Prendergast (Chair, Tourism NZ) replaced by Stephen England-Hall; Ngahiwi Tomoana (Chair, Ngati Kahungunu); Brian Stanley (Chair, Wood Council); and Pania Tyson-Nathan (CEO, NZ Maori Tourism)
- From the Advisory Board: the departures of Meng Foon replaced by Richard Leung; Geraint Martin, John Penno, and Sam Ricketts.

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

Review of Structure and Governance

Over the course of the last year the Council has been working on a review the Council's governance and structure to take account of developments in the relationship and to enhance our effectiveness and advocacy. A review team comprising Paul Goodwin, Mark Averill and Cathy Quinn has worked hard to develop some proposals for the Council's Executive Board and we are grateful for their work. Decisions are now pending.

The Council's Executive Director Stephen Jacobi has continued to show exemplary leadership and brings enormous energy to his role. Stephen has advised that he wishes to step down from the Council on conclusion of his contract at the end of December 2019. While we will miss Stephen's commitment, this does provide an opportunity to recruit a new full-time Executive Director for the Council for 2020 and beyond.

The Council is fortunate to be able to count on an experienced and dedicated executive team in Associate Director Jane Yang and Executive Administrator Tania Tang. David Pine has continued to represent the Council well in the South Island.

The Year Ahead

A number of activities are already in planning for 2019-20, including:

- Implementing the decisions arising from our review of governance and structure
- Continuing to build the BRI Strategic Pathway and to develop the Southern Link concept
- Releasing new reports on Chinese investment into New Zealand and our second public perceptions of the relationship
- 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
- Continuing to welcome senior Chinese visitors and make Council visits to China.

Appreciation

I would like to thank all 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 which enables our regular visits to China.

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 Cathy Quinn and colleagues at Minter Ellison for legal services.

In its seventh 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 a difficult global environment, the work of the Council is more needed than ever.

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

MEMBERSHIP OF THE NEW ZEALAND CHINA COUNCIL (AS AT 30 JUNE 2019)

Executive Board

Rt Hon Sir Don McKinnon, Chairman, NZ China Council
Rt Hon Dame Jenny Shipley, former Prime Minister of New Zealand
Mark Averill, CEO and Senior Partner, PwC
Tony Browne, Chair, NZ Contemporary China Research Centre
Bruce Cameron, Chair, Zespri
Danny Chan, Deputy Chair, ACG Colleges
Peter Chrisp, Chief Executive, New Zealand Trade & Enterprise
Stephen England-Hall, CEO, Tourism NZ
Paul Goodwin, Managing Director, Institutional, ANZ Bank
Grant Guilford, Vice Chancellor, Victoria University of Wellington
Arthur Loo, Partner, Loo & Koo
John Loughlin, Chair, Meat Industry Association
John Monaghan, Chair, Fonterra Co-operative Group
Cathy Quinn, Partner, Minter Ellison Rudd Watts
Chris Seed, Secretary, Ministry of Foreign Affairs and Trade
Martin Thomson, Chair NZCTA, Partner DLA Piper

Advisory Board

Sam Brosnahan, Future Leaders representative
Dave Bromwich, President, NZ China Friendship Society
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
Richard Leung, Chair, NZ Chinese Association
Fran O'Sullivan, Columnist, NZ Inc
Andrew Sayers, Hong Kong New Zealand Business Council (HKNZBC)
Steven Wong, Chair, United Chinese Association
Helene Wong, Writer
Dr Jian Yang MP, National Party

NZIBF Financial Contributors

Malcolm Bailey, Chair New Zealand International Business Forum (NZIBF)
Kirk Hope, CEO Business New Zealand
Andrew Morrison, Chair, Beef and Lamb NZ
Steve Yung, CEO Sealord