



## ANNUAL GENERAL MEETING 9 DECEMBER 2022

### CHAIR'S REPORT

I am pleased to present my report on the work and activities of the New Zealand China Council for the 2021-22 financial year, my first since my appointment as Chair at last year's Annual General Meeting.

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

As New Zealand and China mark the milestone of 50 years of bilateral diplomatic relations in December 2022, we also face the reality that management of the relationship has never been more complex at any stage over those five decades.

China's continuing emergence as a confident regional and global power, and the response of the United States and many of New Zealand's other partners in the region to its continuing rise, have created an increasingly tense and uncertain environment within which to manage New Zealand's important political, trade and other ties with China. A heightened focus on China's activities in the Pacific, as well as other issues which cause concern for many New Zealanders such as the situations in Xinjiang and Hong Kong and cross-strait relations, have impacted public perceptions of China and challenged our government, businesses and other sectors in our community to reconsider approaches to engagement.

The lasting impacts of COVID have exacerbated this situation. Lockdowns in both countries in 2021-22 disrupted supply chains, increased logistics costs and created significant market uncertainties for New Zealand exporters to China. But equally damaging, the lack of opportunities for bilateral visits precluded the opportunity for in-person discussions to work through difficult issues and differences and improve understanding.

Despite these disruptions, bilateral trade in goods and services totalled NZ\$37.70 billion in the year to December 2021, up from \$31.30 billion in 2020 and \$33.41 billion in 2019. Considering that New Zealand's tourism and education exports (17% per cent of our exports in 2019) contracted 75 percent between 2019 and 2022 due to COVID disruptions, the role that the Chinese goods market once again played to support the New Zealand economy through challenging times is clear. This is why a 'China plus' approach to market diversification remains a reality for many exporters including Council members.

The upgrade of our bilateral Free Trade Agreement in early 2022 was another positive indication of the strength and depth of our relations with China. China's formal application to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Digital Economic Partnership Agreement (DEPA) signalled that China is not turning inwards but remains interested in expanding regional economic integration, even if challenges to doing so remain.

A strong political relationship is an essential foundation for trade and all other aspects of New Zealand-China engagement. Speaking to our Council in May this year Minister Mahuta underlined that while the past year had seen a recalibration of the bilateral relationship this had been gradual rather than a “sudden lurch”, and that New Zealand would continue to engage with China in a way that was “predictable, consistent and respectful”. Prime Minister Ardern has spoken publicly in similar terms. Acknowledgement of the importance of the relationship and its balanced management at a senior level was reassuring during a tumultuous year.

### **Structure and Governance**

The Council’s structure has remained unchanged in 2021-22, comprising a council of up to 30 members, an executive committee responsible for administration, working groups focused on specific projects and an executive team of three staff.

The Council has retained a committed membership of leaders representing a range of key sectors. The Executive Committee met five times in 2021-2022, providing much appreciated guidance and oversight for the Council’s executive team on areas including the Council’s work plan, budgetary management and financial procedures, membership issues and specific initiatives and projects.

Executive Director Rachel Maidment resigned from her position at the end of 2021. I take this opportunity to thank Rachel for her professional and focused leadership of the Council’s activities during the very challenging COVID period and wish her well for her future endeavours. Alistair Crozier commenced as incoming Executive Director on 28 March 2022, and has already proved his worth.

### **Membership update**

At the end of the financial year on 30 June 2022 the Council had 24 members and six Executive Committee members. The Council members included three representatives of the New Zealand International Business Forum (NZIBF) - Fonterra, Zespri and the Meat Industry Association - with a further three NZIBF members (BusinessNZ, Beef + Lamb New Zealand and Sealord) providing much appreciated financial support.

Membership changes during the reporting period were:

#### Council

Derek McCormack (Vice-Chancellor, Auckland University of Technology) and Richard Leung (former National President, New Zealand Chinese Association) left the Council.

Jenny Too (National President, New Zealand Chinese Association) and Sir Richard Taylor (Co-founder, Weta Companies) joined the Council. (University of Waikato Vice-Chancellor Professor Neil Quigley’s membership was confirmed early in the 2022-23 year.)

At the end of her Next Generation (“NextGen”) two-year term on the Council, Nathalie Harrington accepted an invitation to transition to the Executive Committee supported by her employer MinterEllison. Our second NextGen member Ben Abraham accepted the offer of a one-year extension to his Council term to mid-2023, to compensate for disruptions caused by Covid.

### Executive Committee

Billie Moore (Head of Government Affairs, Tourism New Zealand), Colum Rice (Senior Partner, PwC NZ); Fiona Acheson (NZTE Regional Director, China) and Miriana Stephens (Director, Wakatū) stepped down from the Executive Committee.

Nathalie Harrington joined the Committee as noted above. NextGen Executive Committee member Luke Qin extended on the committee for a further year.

I express my thanks to all departing Council and Executive Committee members for the contributions they each made to the Council’s work.

### **The Council’s Work Programme**

In 2021-22 the Council delivered a wide range of activities to advance the four stated goals in our Strategic Plan 2020-23, with the aim of “retaining and building a strong and resilient relationship”:

1. *Convene a high level and diverse group of key stakeholders from both the public and private sectors to engage on China*

- The Council maintained and replenished a **diverse membership** across government, business, iwi, the education system, creative industries, the New Zealand Chinese community and next generation emerging leaders.
- We continued an **active dialogue with senior New Zealand Government leaders** on the importance of good management of the bilateral relationship. The Council met Deputy Prime Minister and Minister of Finance Hon. Grant Robertson at our December 2021 meeting, and Minister of Foreign Affairs Hon. Nanaia Mahuta at our May 2022 meeting.
- The Chair and Executive Director also met Hon Damien O’Connor to discuss the Council’s Southern Link initiative.

2. *Inform New Zealanders about the relationship, and catalyse longer term thinking*

In the current challenging environment with limited chances for New Zealanders to experience China for themselves, it is even more important for the Council to advance this key objective. To do this the Council continued to commission research, maintain a strong presence in traditional media and across social media platforms, and take up public speaking opportunities.

- The Council published two new **research reports**. In November 2021 *The Southern Link – Developing a global value chain* presented an economic case for New Zealand to become a regional transportation and logistics hub between China/Asia, Latin America, Australia and the Pacific given a combination of unique strengths, with a particular focus on e-commerce. In April 2022 *In Perspective – The New Zealand-China trade and business relationship 2022 update* looked closely at New Zealand's current level of export exposure to China and advocated that businesses continue to take their own decisions on level of exposure, including the option of a 'China and' or 'China plus' approach to market diversification.
- **Media commentary** by the Chair and Executive Director was carried across a broad range of media outlets including national TV and radio (Newstalk ZB, RNZ and AM Show etc.), and we spoke with Chinese media such as CCTV, Xinhua, China Daily and CGTN. We also shared more strategic thinking on management of the bilateral relationship through the use of **opinion articles (op eds)**. My [article](#) "It's no longer enough to view China through a single lens" was published on Stuff and the Dominion Post in April 2022.
- The Chair and Executive Director gave a range of **speeches and presentations** to public and closed New Zealand audiences. Examples included my presentation on China to the VUW Professional Development Programme (National Security) for New Zealand government officials, briefings to corporate boards and senior management teams, regular presentations to the China Capable Public Service Masterclass programmes, and various roles as panel discussants in online and offline seminars.
- The Council grew its **social media** presence on LinkedIn and Twitter, and in Chinese language on WeChat with the aim of connecting with the non-English speaking Chinese community in New Zealand. Projects such as **explainer videos** on aspects of Chinese life and culture, and Council **podcasts** with informed contacts able to provide deep dive analysis of focus topics, formed part of this engagement.
- The Council sponsored the 2021 **New Zealand Chinese Language Week**. We produced video material on differences between Mandarin and Cantonese, and introduced Chinese characters and Chinese surnames with the assistance of Council members (thank you Greg Foran and Sir Richard Taylor) and our Next Generations members.

### 3. *Grow connections by developing relationships with track two partners and supporting engagement and visits.*

Border restrictions in New Zealand and China rendered bilateral visits impossible in 2021-22. To compensate for this lack of direct personal connection, the Council focused on remote online engagement to ensure relationships and dialogue continued.

- We joined the New Zealand International Business Forum and China's Centre for China and Globalization to co-chair a **track two dialogue** on the Comprehensive and

Progressive Agreement for Trans-Pacific Partnership (CPTPP) in March 2022. Discussion topics included challenges and opportunities in areas such as state-owned enterprises, digital trade environment and labour standards.

- The Packaging and Climate Change Working Group identified valuable new Chinese contacts for the New Zealand export sector in the area of recycling and sustainable packaging, and participated in an online dialogue with the **China Association of Circular Economy** to explore these areas further.
- A Climate Change dialogue in February 2022 with the **China Development Institute** focused on net-zero emission strategies and green transportation. We continue to engage with MFAT on potential ways to support bilateral collaboration on electric vehicles.

#### 4. *Spearhead innovative initiatives- that foster cooperation and bring benefits.*

- The work of the **Southern Link Working Group** was an example of the Council's focus on innovation, drawing together a range of contacts across government, airlines and airports, exporters and business chambers to commission a new report on the economic potential that the Southern Link holds for New Zealand should the private sector wish to pursue this. This work was commended by the Deputy Prime Minister at our December 2021 Council meeting.

### **The Year Ahead**

Several activities are already planned/underway for the 2022-23 year, including:

- Commissioning research on New Zealand's services trade with China.
- Scoping research on scientific research collaboration between New Zealand and China
- Advancing Working Group initiatives including setting up a Future Food Working Group.
- Expanding communications and social media platforms including the launch of the Council's Instagram account to target a younger demographic.
- Sponsoring and supporting events that enhance the trade and investment and people to people links through speaking opportunities for the Chair and Executive Director.
- Strengthening our Next Generation programme to engage young professionals and emerging leaders in the Council's work.
- Establishing a new track two dialogue between the Council and the Chinese People's Institute of Foreign Affairs (CPIFA).
- Supporting the government to mark the 50<sup>th</sup> anniversary of bilateral relations between New Zealand and the People's Republic of China.
- Assessing opportunities for Council travel to China in 2023.

## **Appreciation**

I thank all Council and Executive Committee members for their committed support and valued contribution to Council meetings, events, and activities.

The Council could not continue its work without the financial support of its members. Thank you to the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise for the provision of much appreciated government grants, and to other members for financial subscriptions received. I also acknowledge with gratitude members contributing 'in kind' support: PricewaterhouseCoopers for financial management services, MinterEllison RuddWatts for legal services and Air New Zealand for travel support.

John McKinnon  
Chair  
New Zealand China Council



## **MEMBERSHIP OF THE NEW ZEALAND CHINA COUNCIL (AS AT 30 JUNE 2022)**

### **Council Members:**

1. John McKinnon, Chair, NZ China Council
2. Andrew Poole, Chief Executive and Managing Partner, MinterEllisonRuddWatts
3. Anna Mowbray, Chief Operating Officer, ZURU
4. Arihia Bennett, Chief Executive Officer, Te Rūnanga o Ngāi Tahu
5. Ben Abraham, Next Generation member
6. Bruce Cameron, Chair, Zespri
7. Chris Seed, Secretary, Ministry of Foreign Affairs and Trade
8. Danny Chan, Deputy Chair, ACG Colleges
9. Fran O'Sullivan, New Zealand Herald and newzealandinc.com
10. Greg Foran, CEO, Air NZ
11. Heida Donegan, Corporate and Commercial Partner, Dentons Kensington Swan
12. Justin Watson, Chief Aeronautical and Commercial Officer, Christchurch International Airport
13. Kiri Nathan, Co-founder of Kiri Nathan Fashion Ltd.
14. Mark Averill, CEO and Senior Partner, PwC
15. Mark Tanner, Founder and Managing Director, China Skinny
16. Martin Thomson, Chair NZCTA, Partner DLA Piper
17. Paul Morgan, Chair of Wakatū Incorporation
18. Peter Chrisp, Chief Executive, New Zealand Trade & Enterprise
19. Peter McBride, Chair, Fonterra Co-operative Group
20. René de Monchy, CEO, Tourism NZ
21. Jenny Too, National President, New Zealand Chinese Association
22. Sir Richard Taylor, Co-founder, Weta Companies
23. Sirma Karapeeva, CEO, Meat Industry Association
24. Steven Boyce, Head of Institutional Relationships & Corporate Finance, ANZ (Acting Member)

### **Executive Committee Members:**

1. John McKinnon, Chair NZ China Council
2. Andrew White, Regional Director Greater China, NZTE
3. Luke Qin, Next Generation member
4. Nathalie Harrington, Senior Solicitor, Minter Ellison
5. Paula Wilson, Director North Asia Division, MFAT
6. Simon Tucker, Director Global Stakeholder Affairs, Fonterra

### **NZIBF Financial Contributors (non-Council members):**

Beef + Lamb New Zealand  
BusinessNZ  
Sealord