



## ANNUAL GENERAL MEETING 8 DECEMBER 2023

### CHAIR'S REPORT

It is my pleasure to present my report on the work and activities of the New Zealand China Council for the financial year to 30 June 2023.

#### **The bilateral relationship: re-opening and re-engagement**

The 12 months that are the focus of this report constituted a year of two distinct halves for the New Zealand-China relationship. Even as we approached the end of 2022 it was difficult to know how and when China might re-open to the world. By mid-2023 it was sometimes easy to forget that it had been closed at all, following the unexpectedly rapid re-opening of China's borders and the progressive dismantling of remaining Covid restrictions in both countries.

The quick resumption of official visits in both directions demonstrated a strong desire for re-engagement. This included at leadership level, with China visits in the first half of 2023 by Minister of Foreign Affairs Hon Nanaia Mahuta in March and by Prime Minister Rt Hon Chris Hipkins in June, as well as visits here by China's ministers of science and technology and education. Our Council also organised our own China visit in May 2023, our first since 2019, and I and several Council members accompanied the Prime Minister on his June visit.

It was also pleasing to see the number of senior New Zealand business and other sector leaders revisiting a country most had not seen for several years. Chinese tourist and student arrivals into New Zealand restarted slowly, but we are now seeing encouraging momentum due not least to the resumption of direct flights almost to pre-Covid levels.

If there had been any lingering doubt, it was evident from time spent in China that it had not stood still since its borders closed in 2020. The country's strengthening response to climate change challenges including the expansion of new energy and electric vehicle sectors, e-commerce channels in overdrive, and stronger consumer interest in local brands and products were some of the most obvious new features of a society that continues to change at 'China speed'.

But not all aspects of China's exit from the Covid period were easy. Economic recovery in the first half of 2023 was patchy, and remains so. All major economies have experienced post-pandemic economic challenges, however, and China opened a year after almost all others. It will be its success in coping with medium and long-term structural issues that will determine its future trajectory. It is clear that previous high GDP growth rates are a thing of the past. But modest growth in such a large economy will still contribute significantly to global GDP, and to New Zealand's own economic growth through trade. The growth of our goods exports to China slowed in 2022-23 relative to some other major markets but China

remained by far our largest market, up 2.9 per cent year on year in the 12 months to 30 June to NZ\$20.4 billion. Goods imports from China also increased, up 3.5 per cent YOY to NZ\$19.1 billion.

2022-23 was another challenging year for China diplomatically as strategic competition and clash of values continued to pervade its relationships with the United States, the European Union, Australia and others. China's position on Russia's war on Ukraine continued to be called into question especially in Europe, as did some of its actions in the South China Sea. But this did not mean that countries wished to be antagonistic towards China. There was amongst many a pragmatic realisation that containment or exclusion of China is neither possible nor desirable.

This continues to create a highly complex environment in which New Zealand must manage its relationships with China, our regional neighbours and our other traditional and emerging partners. Our Council has continued to advocate for New Zealand to take a balanced and sensible approach to both the opportunities and difficulties with which the NZ-China relationship presents us. Despite lagging consumer confidence in 2023 China remains by far New Zealand's largest trade partner. This and the necessity of its inclusion in a global response to climate change and environmental protection, the regional and global economy and the management of regional security issues, all argue for a continuation of a similarly level-headed approach in future.

### **Structure and Governance**

The Council's structure remained unchanged in 2022-23. The model of a council of up to 30 members, a smaller executive committee responsible for guidance and oversight, working groups established to focus on specific projects, and a three-person executive team, has proved fit for purpose and an effective way to leverage limited resources. Alistair Crozier continued to lead the executive team as Executive Director. Jane Yang resigned as Assistant Director after six years of committed efforts during the difficult pandemic years and was replaced in May 2023 by Summer Xia.

### **Membership update**

As at 30 June 2023 the Council had 24 members and 7 Executive Committee members (see annex). A further two organisations – BusinessNZ and Beef + Lamb New Zealand provided financial support through the NZ International Business Forum (NZIBF).

There were several membership changes during the 2022-23 year:

#### Council

Arihia Bennett (Te Rūnanga o Ngāi Tahu, funded by Te Puni Kōkiri) and Next Generation ("NextGen") member Ben Abraham left the Council. I thank these two members for their support for and contributions to the work of our Council.

Chief Executive Officer Antonia Watson replaced Steven Boyce as ANZ Bank's representative on the Council, continuing the bank's long and valued association. The Ministry for Primary Industries represented by Chief Executive Ray Smith joined the Council as a new member, reflecting the importance of New Zealand's primary produce exports to China. Future food entrepreneur Cleo Gilmour joined us as a new NextGen member and has already made a strong contribution as Chair of our new Sustainable Food Working Group.

### Executive Committee

Steven Boyce ANZ Bank Ltd transitioned onto the Executive Committee from his role as an Acting Member of the Council.

### **The Council's Work Programme**

In 2022-23 the Council delivered a wide range of activities to advance the four stated goals in our Strategic Plan, 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*

- **Sectoral diversity** of the Council was maintained, to ensure that as many sectors as possible with an interest in the bilateral relationship are engaged in our dialogues and activities.
- We maintained a tempo of high level discussions with **elected New Zealand leaders** on management of NZ-China relations. In December 2022 we met then Prime Minister Rt Hon Jacinda Ardern. And in May 2023 we welcomed Minister of Foreign Affairs Hon. Nania Mahuta and National Party spokesperson for trade and agriculture Hon. Todd McClay. We look forward to continuing this engagement with the new New Zealand government elected in October 2023.
- I and several Council members also accompanied the **visit by the New Zealand Prime Minister** Rt Hon Chris Hipkins' and delegation to China in June 2023.
- Together with the Ministry of Foreign Affairs and Trade and the New Zealand China Trade Association, on 9 December 2022 we co-hosted New Zealand's official lunch to mark **50 years of bilateral relations** with the People's Republic of China. Our 200 guests included the Prime Minister, ministers and mayors, China's Ambassador and Consuls-General to New Zealand, former prime ministers and ambassadors to China, Māori and Chinese community leaders, and senior representatives across diverse sectors.

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

- The Council released two new **research reports**. In December 2022, *Resuming Normal Service? Assessing Future Prospects for New Zealand - China Services Trade*

focused on the expected rebound in tourism and education service exports to China as well as emerging service sectors with potential to expand engagement in China. In June 2023 we published *Collaborative Horizons: Exploring Science and Research Partnerships between New Zealand and China* to shine light on China's growing importance as a research partner for New Zealand and the benefits both sides receive through collaboration in a diverse range of disciplines.

- We also released four new **podcasts**, on Chinese language learning, the 20<sup>th</sup> Communist Party Congress, Services Trade and New Zealand perceptions of China's climate change response, and published three **opinion pieces** by the Chair and Executive Director in New Zealand online media. Both the Chair and ED also participated regularly in **interviews with local media** over the year.
- The Chair and Executive Director took the opportunity of **speaking engagements** to share thinking on the New Zealand-China relationship, at the invitation of bodies including the North Asia Centre of Asia-Pacific Excellence, NZ Institute of International Affairs, the Aspen Institute, Young Enterprise Trust, the University of Auckland Business School, NZ local governments and China-focused businesses and sector bodies.
- The Council also presented regularly at **China Capable Public Service** masterclasses delivered on behalf of the NZ Government by the Contemporary China Research Centre at Victoria University of Wellington.
- We posted regular information and updates on our Council **website**, and expanded our **social media** activity with a new foray into Instagram to target a young audience in addition to our established channels on Twitter (now X), LinkedIn and WeChat. In 2022-23 our website visitors increased by 22.5%, LinkedIn followers by 25.8% and Twitter (X) followers by 20%.
- We again sponsored the annual **New Zealand Chinese Language Week** and supported the week through our social media and podcast activities.

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

It has been very encouraging to see a rapid resumption of two way visits at all levels between New Zealand and China following the removal of border restrictions in both countries:

- In December 2022 we held online our first Track II Dialogue with the **Chinese People's Institute of Foreign Affairs**, a new dialogue mechanism for us under a memorandum of understanding signed earlier that year. The first dialogue was held online.
- In May 2023 I led a **New Zealand China Council visit to China**, our first in-country engagement at any level since 2019. During a busy week we visited New Zealand diplomatic missions, track two partners, New Zealand and Chinese companies and business chambers and a university, in Shanghai, Beijing, Shenzhen and Hong Kong.

Partner institutes on our programme included the Chinese People's Institute of Foreign Affairs (CPIFA), the China Center for Globalisation (CCG) and the China Development Institute (CDI).

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

- Our **working groups** on climate change, sustainable packaging and the Southern Link logistics initiative continued to operate. Our working groups bring together public and private sector representatives to address key challenges and be a catalyst for progress. Each working group needs a robust case for establishment, assessed against five criteria: Is there an opportunity to be pursued or problem to be solved? Will this support the New Zealand-China relationship? Is anyone else doing this? Is there a clear outcome? And can the Council deliver?
- We maintained two **NextGen** seats on the Council to ensure the input of young professionals into our Council's work, and initiated an event with other institutional partners to promote different pathways for our NextGen network to strengthen their engagement on the NZ-China relationship.

### **The Year Ahead**

The 2023-24 year is already underway and has seen a continuation of energy and activities in the bilateral relationship so far. Our Council key focus areas for the year ahead will be:

- Discussions with newly elected New Zealand Government leaders on the bilateral relationship.
- Support for high-level bilateral visits in each direction.
- Council travel to China in the first half of 2024.
- Establishment of a new Sustainable Food Working Group and commissioning of research on China's sustainable protein future, with potential in-market follow-up activities in 2024.
- Research on the evolving nature of New Zealand's China supply chains.
- A second Track II Dialogue with the Chinese Institute of Foreign Affairs (CPIFA).
- Consideration of a new Council Constitution, as required under the new Incorporated Societies Act 2022; and approval of a new Strategic Plan to guide our work in 2024-27.

### **Appreciation**

Membership of the New Zealand China Council and our Executive Committee requires a commitment of time and focus fitted around very busy leadership roles. I thank all members for their continued interest in the bilateral relationship and the work of the Council, and for the many individual contributions of time and expertise that members make to our programmes, meetings and events.

I also acknowledge with much gratitude the continued funding support received from the Ministry of Foreign Affairs and Trade and New Zealand Trade & Enterprise; and from members through their subscription payments, also Business NZ and Beef + Lamb New Zealand which provide funding support but do not sit on the Council. As a small non-profit organisation these contributions are essential to our operation. We also receive valuable in-kind support from members Pricewaterhouse Coopers for financial management services, MinterEllisonRuddWatts for legal services and Air New Zealand for travel support.

A handwritten signature in black ink, appearing to read 'John McKinnon'. The signature is fluid and cursive, with a large initial 'J'.

John McKinnon  
Chair



## **MEMBERSHIP OF THE NEW ZEALAND CHINA COUNCIL (AS AT 30 JUNE 2023)**

### **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. Antonia Watson, CEO, ANZ Bank NZ Ltd
5. Bruce Cameron, Chair, Zespri
6. Chris Seed, Secretary, Ministry of Foreign Affairs and Trade
7. Cleo Gilmour, Co-founder LILLO Desserts (NextGen member)
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, CEO, 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 of NZ China Trade Association
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. Ray Smith, Director-General, Ministry for Primary Industries
21. René de Monchy, CEO, Tourism NZ
22. Jenny Too, National President, New Zealand Chinese Association
23. Sir Richard Taylor, Co-founder, Weta Companies
24. Sirma Karapeeva, CEO, Meat Industry Association

### **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
7. Steven Boyce, Head of Institutional Relationships & Corporate Finance, ANZ Bank NZ Ltd

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

Beef + Lamb New Zealand  
BusinessNZ