NEW ZEALAND

Ko Te Kaunihera o Aotearoa me Haina
New Zealand China Council
新西兰-中国关系促进委员会

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An update on the New Zealand-China investment relationship in 2025

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About The New Zealand Institute of Economic Research (NZIER)

New Zealand Institute of Economic Research (NZIER) is an independent, not-for-profit economic consultancy that has been informing and encouraging debate on issues affecting Aotearoa New Zealand, for more than 65 years.

Our core values of independence and promoting better outcomes for all New Zealanders are the driving force behind why we exist and how we work today. We aim to help our clients and members make better business and policy decisions and provide valuable insights and leadership on important public issues affecting our future.

We are unique in that we reinvest our returns into public good research for the betterment of Aotearoa New Zealand.

Our expert team is based in Auckland and Wellington and operates across all sectors of the New Zealand economy. They combine their sector knowledge with the application of robust economic logic, models and data and understanding of the linkages between government and business to help our clients and tackle complex issues.

About the New Zealand China Council

The New Zealand China Council is a New Zealand-led, New Zealand-funded organisation which acts as a cross-sector, peak body for the New Zealand-China relationship. The Council was established in 2012 as part of the New Zealand Government's NZ Inc Strategy for China.

The Council's unique value proposition derives from its role in bringing together a high-level influential group of key players to engage on the relationship. Our members include the leaders of government agencies, primary produce and other exporters, the tertiary education sector, tourism sector, Te Ao Māori and the Chinese communities of New Zealand, and emerging leaders.

The New Zealand China Council discusses the bilateral relationship with New Zealand and visiting Chinese leaders, commissions research such as this, contributes its voice to public dialogue on the relationship and maintains a network of influential non-government contacts in China. We also spearhead innovative initiatives that advance the New Zealand-China relationship in positive ways.

Authorship

This paper was prepared at NZIER by Chris Nixon and Tom Dunn, and at the New Zealand China Council by Alistair Crozier.

Contents

1 Foreword by the Chair

New Zealand benefits greatly from both inward and outward international investment.

As a recipient of foreign direct investment (FDI), we receive not just capital but also foreign market knowledge and opportunities, innovation and technology transfer, and long-term cooperative partnerships. Investor migration attracts successful individuals to contribute to our economy.

Investing outward (ODI) grows the scale of our companies, and integrates us in local supply chains and export markets.

Recognising these opportunities, the New Zealand China Council maintains an active interest in two-way investment cooperation between New Zealand and China. This is the Council's third report on two-way investment, following earlier papers in 2015 and 2018.

In 2018 my predecessor wrote in a foreword to the Council's previous bilateral investment report: "In recent years China has emerged as a major trade partner but the pattern of investment growth, while significant, has tended to lag behind the expansion of the relationship generally. New Zealand ODI to China has risen even less rapidly."

In 2025 we see largely the same situation.

There are some good reasons for this. Our bilateral trade relationship with China, underpinned by our groundbreaking 2008 free trade agreement, is New Zealand's largest and is therefore always likely to run ahead of investment.

New Zealand has different bilateral economic models with other countries. Closer Economic Relations with Australia provides alternative conditions and opportunities, for example. (Australia contributes over half of New Zealand's FDI.)

New Zealand is also overwhelmingly a net recipient rather than source of international investment. It is unsurprising that our relationship with China mirrors this situation.

Lastly, China has its own range of policies governing both inward and outward investment which are sometimes at odds with New Zealand's own policies and the interests of our business sector.

But within that macro context, the overall stock of two-way investment between New Zealand and China has continued to grow – in the case of FDI from China, at a rate faster than New Zealand's overall FDI growth in 2014-2024.

As both economies leave Covid behind but confront a fast-changing range of new challenges, it is useful to again review the shape and tempo of bilateral investment cooperation. There are some promising emerging areas where progress has been made. And it is always valuable to assess if there are areas where both countries are missing out on investment cooperation opportunities, and why.

I trust readers will find this a useful update on the shape and trends of recent bilateral investment. The report does not aspire to be an encyclopaedic record of all investment in both directions, corporate and individual. Rather, we hope it will provide a snapshot of some notable sectors, and spur thinking on potential areas for future growth.

I thank New Zealand China Council members PwC New Zealand and ANZ Bank New Zealand Ltd for contributing valuable support towards the cost of producing the report – we greatly appreciate the consistent support of both companies for the Council's work.

I also acknowledge the expertise that Chris Nixon and Tom Dunn at the New Zealand Institute of Economic Research (NZIER) have contributed to the report as co-authors, presenting current investment data in an easily digestible way.

Lastly, thank you to all readers for taking time to read this report and for your interest in the work of the Council.

John McKinnon, Chair, New Zealand China Council
August 2025

2 Executive Summary

2014-2024 bilateral investment data

- It is difficult to ascertain exact levels of Chinese investment in New Zealand given the distinction between immediate and ultimate sources of capital. It is also useful to monitor foreign direct investment (FDI) from sources like Hong Kong.
- In 2014-2024 recorded Chinese FDI in New Zealand grew by 106% to NZ$ 1.4 billion, faster than New Zealand's overall FDI growth.
- But most of this increase occurred in 2014-19. Since 2019 there has been a small decrease in cumulative Chinese investment in New Zealand (while our total global FDI increased 38%) – China's share of New Zealand FDI has therefore declined.
- In 2014-2024 New Zealand ODI to China increased by 37% to NZ$ 117 million. But New Zealand's share of foreign investment in China has also declined.
- China, New Zealand's largest trade partner, ranks 12th as a source of FDI (Hong Kong is 5th) and 8th as an ODI destination.
- Chinese data reports investment in both directions at significantly higher levels than New Zealand data.

Current New Zealand investment policies

- The goal of New Zealand's foreign investment policy is to welcome sustainable, productive and inclusive investment from overseas on a country-neutral basis, while recognising that foreign investment can also pose risks.
- A national interest test remains a core element of New Zealand's policy. This is applied on a case-by-case basis, permitting flexibility but also increasing the risk of uncertainty for investors.
- Recently announced plans to amend the Overseas Investment Act, and to establish Invest New Zealand as a new promotion and attraction entity, have the stated aim of creating a more welcoming and streamlined channel for foreign investors.
- New Zealand's bilateral investment treaties with China and Hong Kong are rare examples of this model. Two-way investment is also promoted in the New Zealand-China Free Trade Agreement.
- In line with the Most Favoured Nation principle China now enjoys a higher screening threshold of $200 million for non-government investment, after this was offered to parties to the CPTPP.

Case studies of Chinese investment in New Zealand

- The New Zealand dairy sector is a good example of an established sector for Chinese investment, involving some of the world's largest dairy companies. Recent top-up investments in New Zealand companies by their Chinese investors demonstrate the value of long-term partnerships.
- The pet food sector is an example of a newer focus for Chinese investment, illustrating again that export success in China generates investment interest.
- Chinese investment in the New Zealand game development sector carries global benefits, not just a focus on the Chinese market.
- Chinese property investment in New Zealand has evolved, due in large part to policy settings, from private home purchases to residential and commercial property development.

- Public Infrastructure and renewable energy are sectors where China has not invested heavily despite solid credentials. Investment in key strategic infrastructure is very unlikely, but less sensitive areas contain potential.
- Māori business is another sector with potential for more Chinese investment, given shared values and the instinctive cut-through which Māori often have when engaging with China.

Investor migration

- China was the largest source of applicants under New Zealand's previous Investor 1 and Investor 2 policies, peaking at over 300 Chinese approved applications in 2016 (72.6% of total approvals).
- Approval of Chinese applicants under the 2022-2024 Active Investor Plus Visa (AIPV) policy was very low, as for all applicants.
- Implementation of the newest Active Investor Plus Visa (AIPV) policy from 1 April 2025 has attracted most interest from the United States (117 applications) followed by China (36) and Hong Kong (33).
- The objective of the current AIPV policy is to attract active and ongoing investment in New Zealand. China's authorised personal outward investment channel, QDII, has goals perceived to be at odds with New Zealand policy. This is a subject of current active debate.

China's current policies on foreign investment

- China continues to signal strongly that it welcomes foreign investment. Its list of prohibited areas for foreign investment has shortened and encouraged sectors have expanded, spearheaded by pilot free trade zones.
- China's moves to provide foreign investors in China with status equal to local companies, including in areas like government procurement, contains opportunities but also challenges for New Zealand companies.
- Data protection, national security and other laws passed by China in recent years present new challenges for New Zealand and other foreign investors.

New Zealand investment in China

- New Zealand remains overwhelmingly a net recipient rather than source of foreign investment (NZ$ 158 billion FDI vs NZ$ 30 billion ODI). This is also the case in the New Zealand-China relationship (NZ$1.43 billion FDI vs NZ$ 117 million ODI).
- At least 60 New Zealand companies have an in-market presence in China in 2025. Joint venture and Wholly Foreign-Owned Enterprise (WFOE) investments such as representative offices are popular models. Larger investments are scarce.
- A number of New Zealand's high-profile investments in China a decade ago have been divested, or the New Zealand investor has gone out of business or been acquired by a foreign purchaser.

(Concluding observations can be found in Section 8 below)

3 2014-2024 bilateral investment relationship data

1. NZIER has collated the following data for global two-way investment for New Zealand and China in 2014-2024, and for the bilateral investment relationship.

2. To start with a caveat, unlike trade flows it is difficult to capture bilateral investment data with accuracy. This is because capital is often routed through third economies, which are the *immediate* sources of investment (i.e. from which funds are directly transferred) as opposed to the *ultimate* source (i.e. where the controlling investor resides). New Zealand's official statistics typically reflect the immediate investor. This explains why small economies like the British Virgin Islands and Cayman Islands rank highly as sources of FDI into New Zealand and other countries; and why investment from ultimate source countries (including China, but also other economies) can be under-estimated.

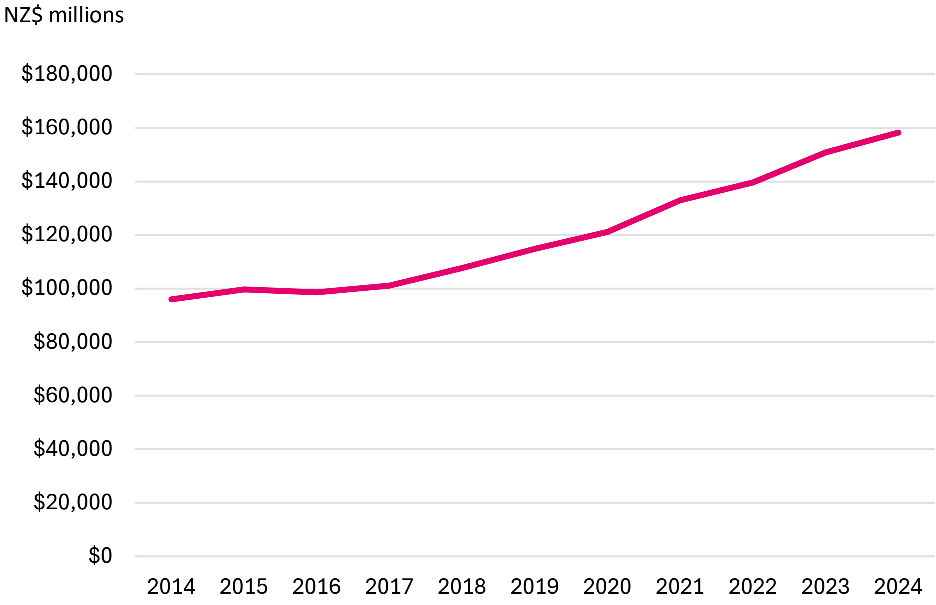
3. We also note that although the Hong Kong Special Administrative Region (SAR) is a part of the People's Republic of China, under the 'one country two systems' model its economy has a high degree of autonomous separation and is thus treated as a separate investment partner in New Zealand official statistics. Linked to the point above, some recorded investment from Hong Kong will undoubtedly be traced back ultimately to China. For this reason, it is useful to consider investment from Hong Kong alongside that recorded for China.

3.1 New Zealand's global two-way investment

FDI - Foreign direct investment (inward to New Zealand)

a) Total global FDI into New Zealand 2014-2024

Figure 1 - Total FDI stock in New Zealand



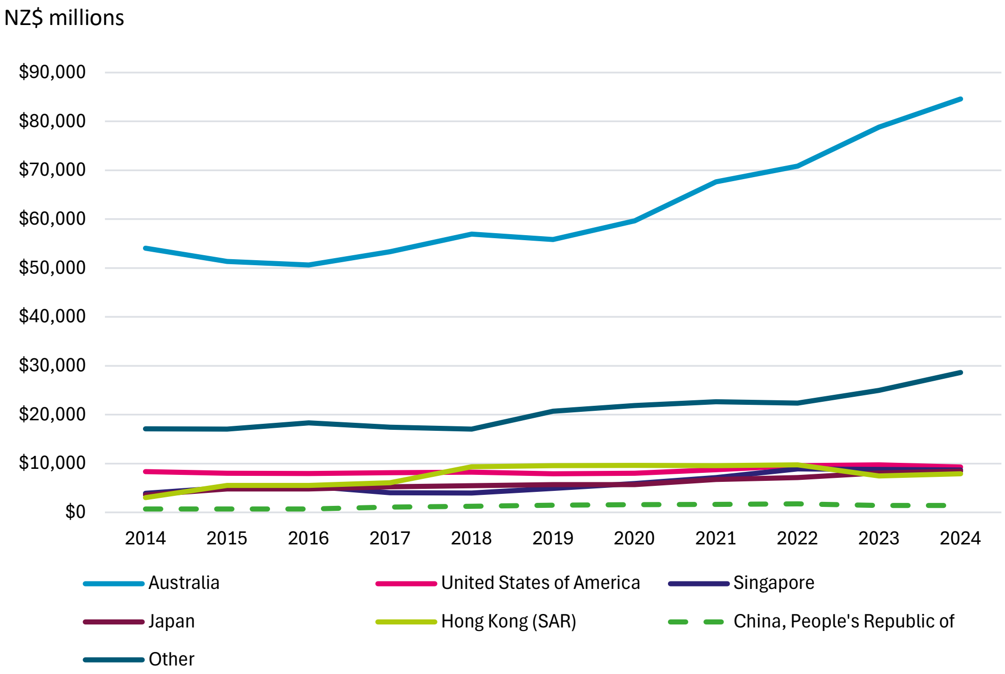
Source: Statistics NZ

4. New Zealand FDI stock grew steadily over the past 10 years, averaging 5% growth per annum. Total FDI stock stands at approximately $158 billion in 2024 (March years): **Figure 1**.

b) New Zealand's main FDI source countries 2014-2024

5. Australia is by far the largest cumulative source of New Zealand's FDI. It dwarfs all other sources with 54% of total stocks (NZ$ 84.6 billion). United States is second with 5% of total stock (NZ$ 9.2 billion), followed by Singapore (NZ$ 8.7 billion), Japan (NZ$ 8.5 billion) and Hong Kong (NZ$ 7.9 billion). China accounts for 0.9% of New Zealand's FDI (NZ$ 1.4 billion). But Hong Kong and China combined represent New Zealand's third largest source of FDI. **Figure 2**.

Figure 2 - Top 5 countries & China FDI stock in New Zealand

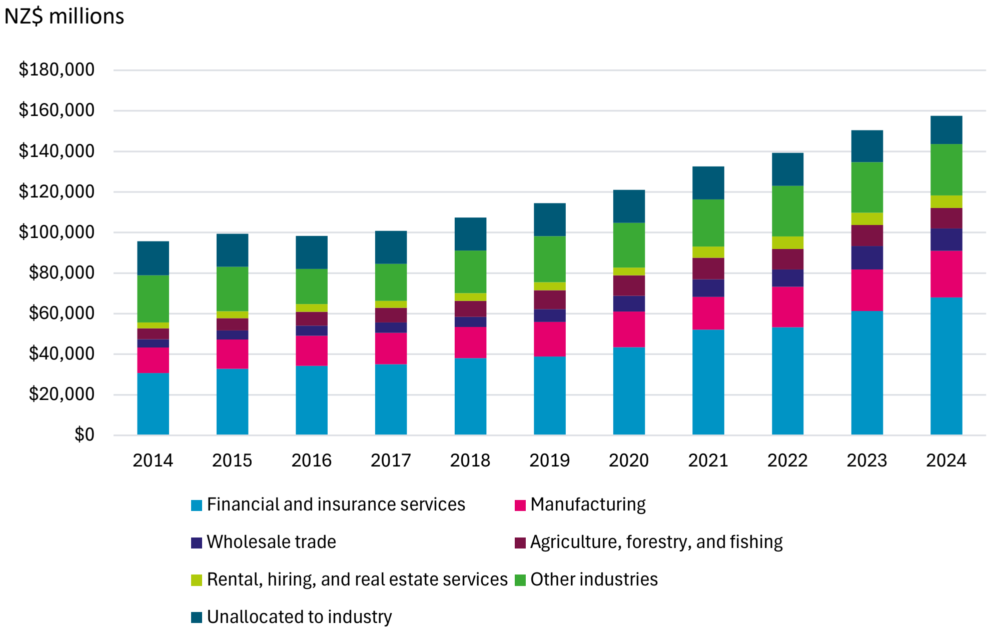


Source: Statistics NZ

c) New Zealand's main sectors receiving global FDI

6. The New Zealand finance and insurance services sector receives the bulk of FDI, NZ$ 68 billion or 43% of the total. Remaining FDI is split between manufacturing, wholesale trade, land and sea-based industries, rental, hiring, real estate services, and other activities: **Figure 3**.

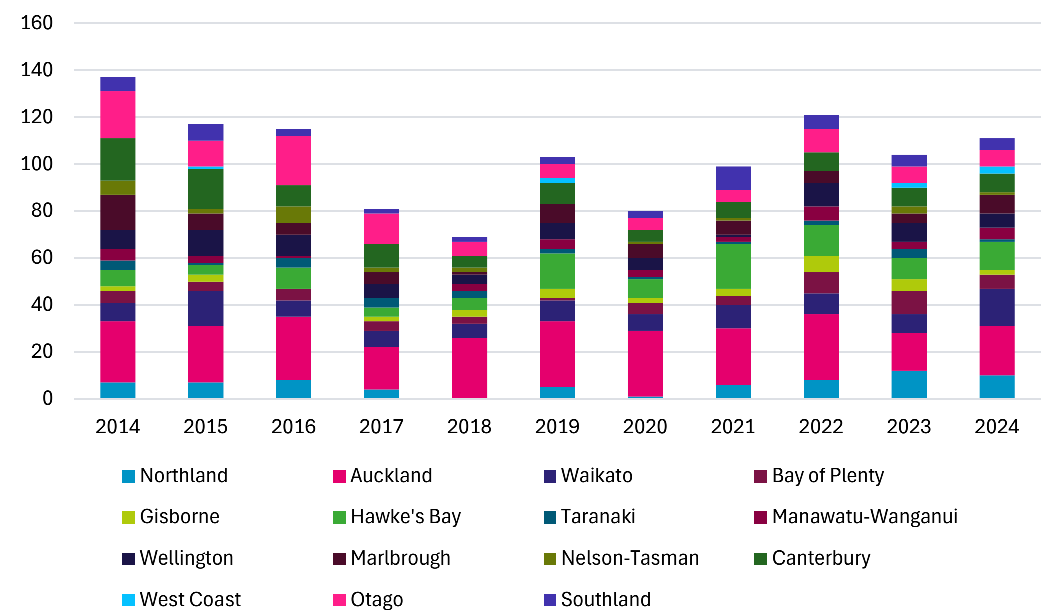
Figure 3 - FDI stock in New Zealand by sector



Source: Statistics NZ

d) *New Zealand's main regions receiving global FDI*

Figure 4 – Flow of OIO investment decisions in New Zealand by region



Source: KPMG, Land Information New Zealand (LINZ)

7. According to investment decisions of the New Zealand Overseas Investment Office (OIO) the flow of FDI into New Zealand's regions is broadly even. (While not all foreign investments in New Zealand

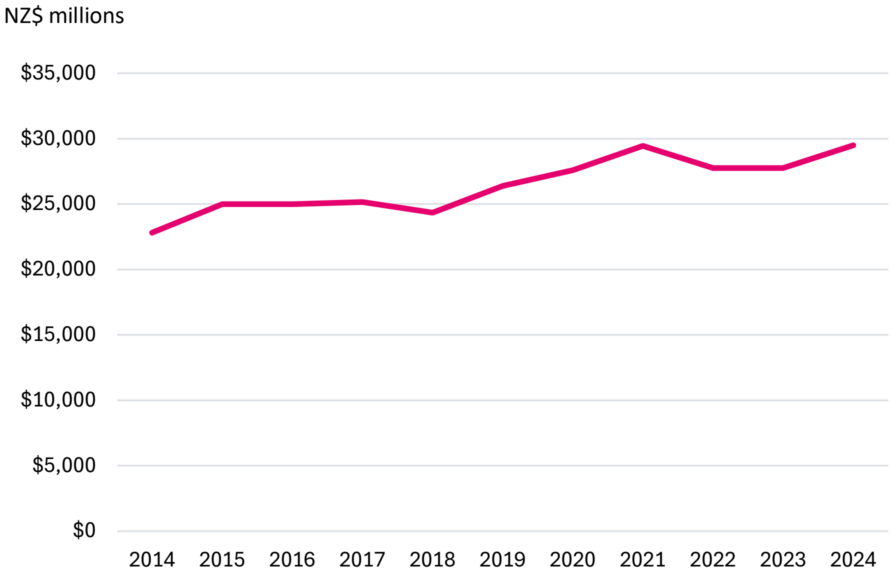
require OIO approval, this indicator is the most accurate available way to track the regional spread of FDI.) By this measure, the Auckland region leads the way with 18% of the total decisions: **Figure 4**.

ODI – Overseas Direct Investment (outward from New Zealand)

a) Total global outwards ODI from New Zealand 2014-2024

8. The total stock of New Zealand's outward ODI has risen over the last decade. But we remain overwhelmingly a net receiver of foreign investment. Unlike our FDI there has been a bumpy rather than linear increase of ODI. Our cumulative ODI has now reached NZ$ 30 billion in 2024, up from $22.5 billion in 2014, a 33% increase over ten years: **Figure 5**.

Figure 5 - Total ODI stock from New Zealand



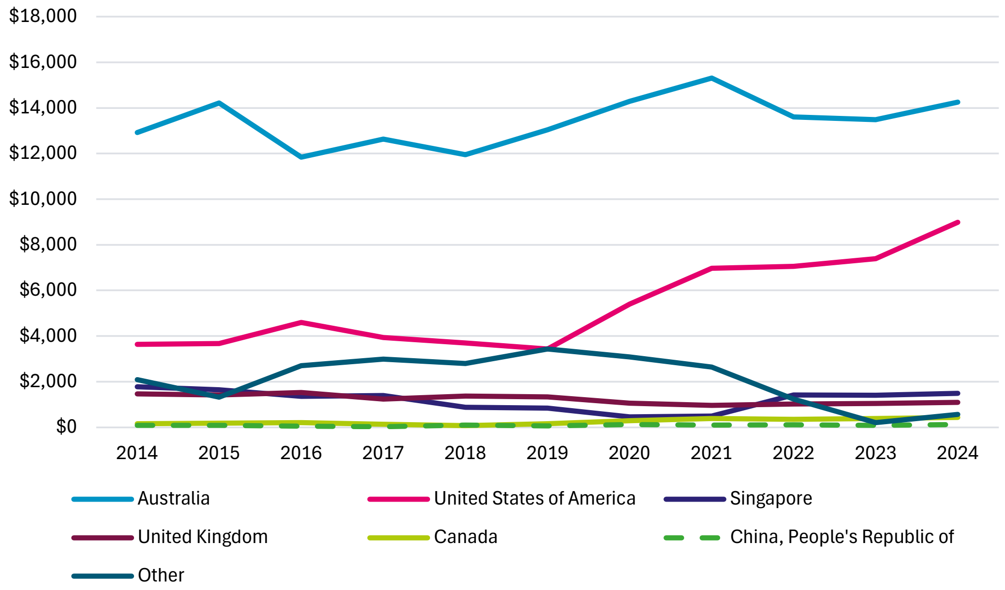
Source: Statistics NZ

b) New Zealand's main destination markets for ODI 2014-2024

9. Australia is the largest destination for New Zealand OD: While the total stock of ODI varies from year to year the stock there in 2024 was approximately NZ$ 14.2 billion. The next largest destination is the United States with approximately NZ$ 9 billion (a rapid increase from NZ$ 3.43 billion in 2019); then Singapore (NZ$ 1.49 billion), the United Kingdom (NZ$ 1.09 billion) and Canada (NZ$ 431 million): **Figure 6**.

Figure 6 - Top 5 countries total ODI stock from New Zealand

NZ$ millions

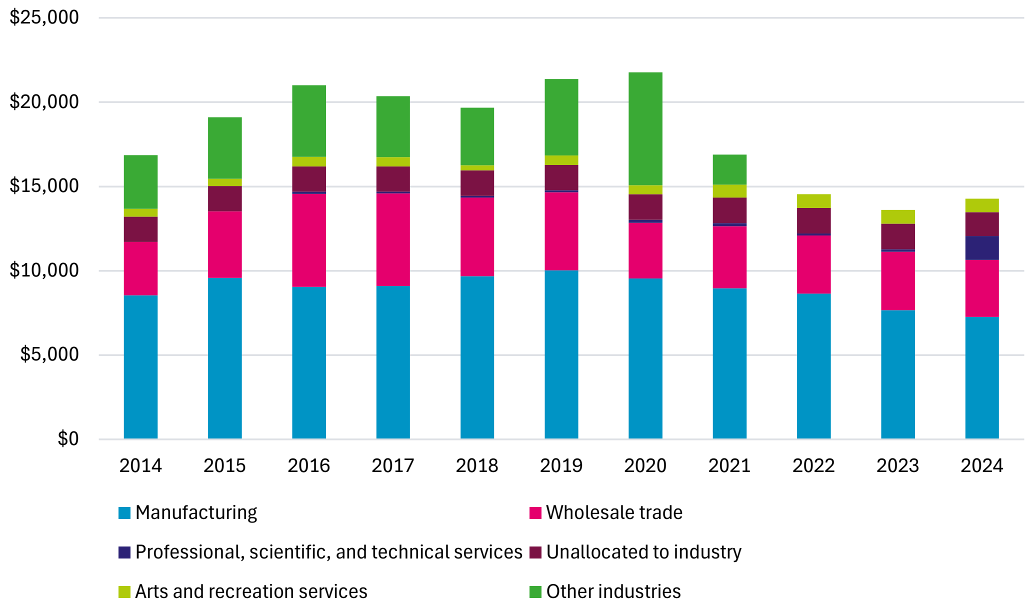


Source: Statistics NZ

c) New Zealand's main sectors for global ODI

Figure 7 - Total ODI stock from New Zealand by sector

NZ$ millions



Note: Values are not available for all industries due to confidentiality

Source: Statistics NZ

10. The small size of New Zealand's ODI outflow means that a significant amount of the ODI is not reported for confidentiality reasons. From the data NZIER has been able to obtain, manufacturing comprises just over 50% of the total outflow of ODI, followed by wholesale trade. Together they make up 75% of our total reported ODI: **Figure 7**.

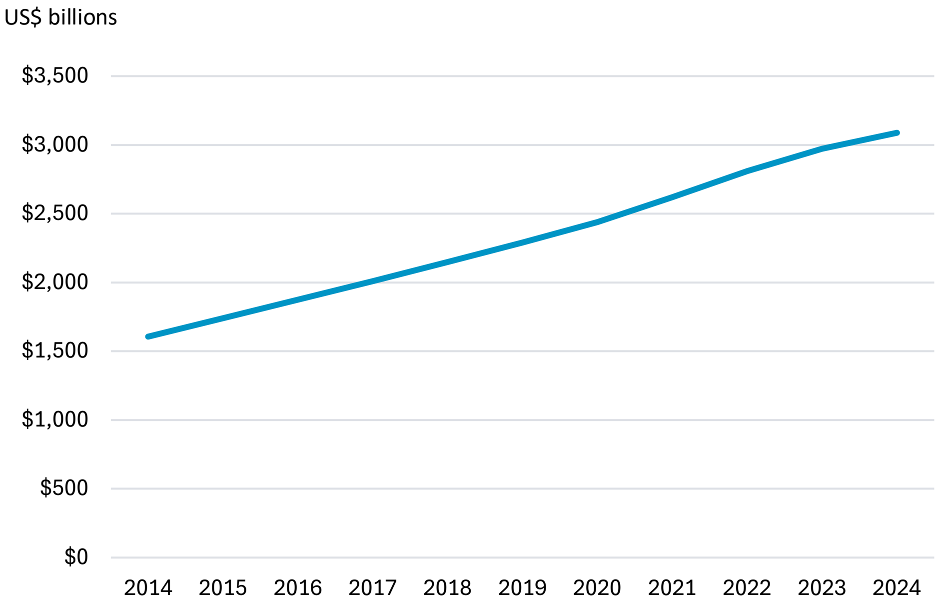
3.2 China's global two-way investment

FDI – Foreign Direct Investment (inward to China)

a) Total global FDI into China 2014-2024 (cumulative)

11. Total FDI stock into China has almost doubled in the past 10 years rising from US$ 1,605 billion to US$ 2,973 billion. The year-on-year growth rate has averaged between 6% and 8% per year: **Figure 8**.

Figure 8 - Total FDI stock in China 2014-2024

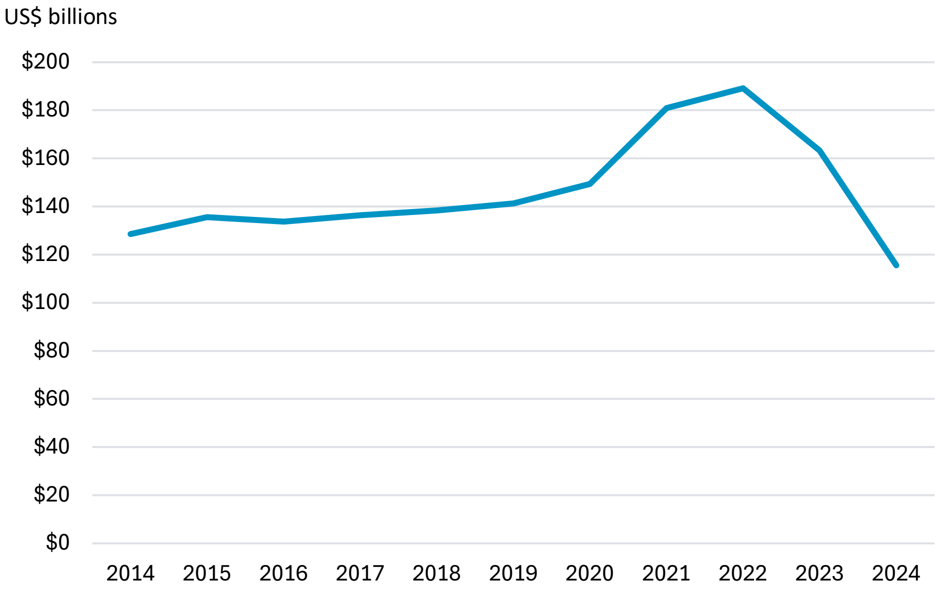


Source: Ministry of Commerce of the People's Republic of China (MOFCOM)

b) Total global FDI into China 2014-2024

12. Over the last two years there has been a steep drop in new annual foreign investment into China, from a peak of US$ 189 billion in 2022 to US$ 116 billion in 2024. This is now below the level of 2014 (US$ 129 billion): **Figure 9**. This is likely to be the result of several factors, including concerns about geopolitical tensions, interest rate gaps between China and most other economies (making investment in China less attractive to foreign investors) and China's slowing economy, subdued domestic demand and deflated real estate sector.

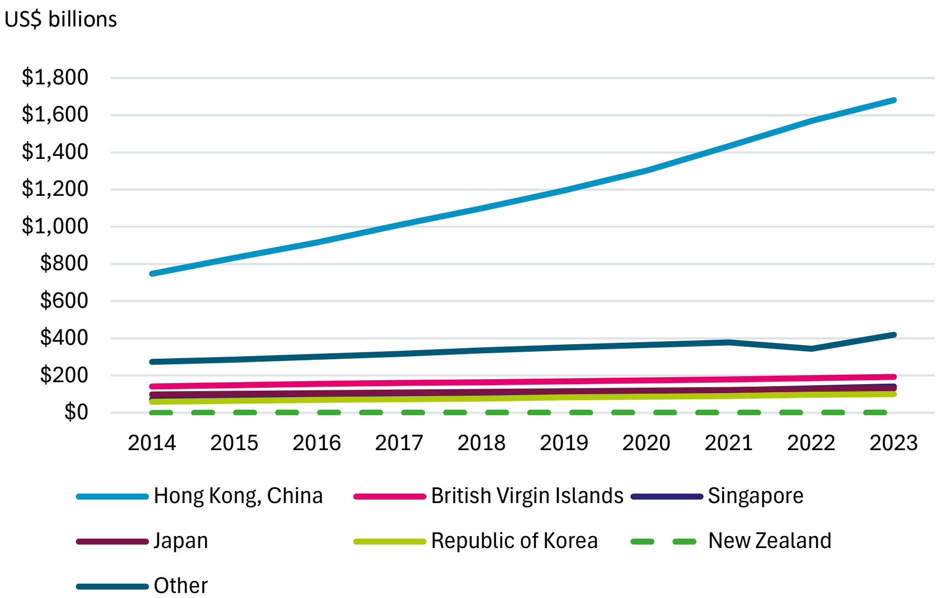
Figure 9 - Total annual FDI flows into China 2014-2024



Source: Ministry of Commerce of the People's Republic of China (MOFCOM)

c) China's main FDI source countries 2010-2024

Figure 10 - Top 5 countries FDI stock in China

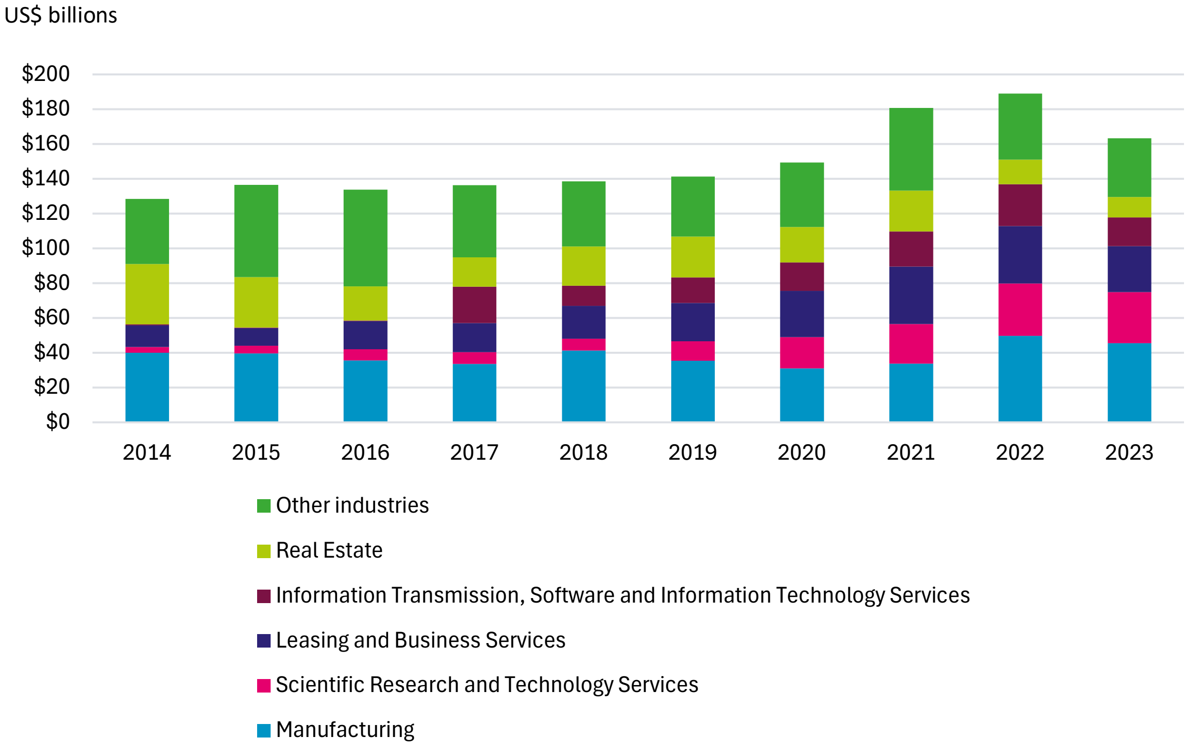


Source: Ministry of Commerce of the People's Republic of China (MOFCOM), National Bureau of Statistics of China (NBS)

13. Hong Kong (as noted at para 3, treated as a separate economy from China) is by far the main source of Chinese FDI, contributing US$ 1,681 billion. As a comparison, the British Virgin Islands, the next biggest source, sends US$ 194 billion, then Singapore (US$ 141 billion), Japan (US$ 131 billion) and Republic of Korea (US$ 100 billion): **Figure 10**.

c) *China's main sectors receiving global FDI*

Figure 11 - FDI flow into China by sector



Source: Ministry of Commerce of the People's Republic of China (MOFCOM)

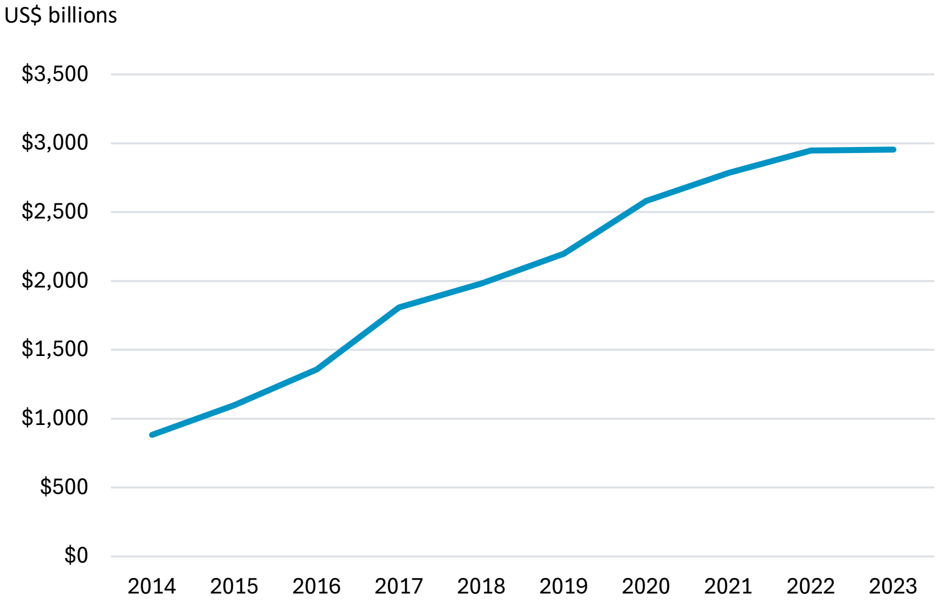
14. Manufacturing (US$ 45.5 billion), scientific research and technology services (US$ 29.4 billion), and leasing and business services (US$ 26.4 billion) are the main recipients of FDI in China. Real estate ($ US 11.7 billion), although still significant has declined by over 50% in the last 10 years: **Figure 11**.

ODI - Overseas Direct Investment (outward from China)

a) *Total global ODI from China 2014-2023*

15. According to China's own data, total outward ODI has increased at a declining rate over the past 10 years. At the beginning of the period (2014 to 2018) growth rates of ODI stock ranged between 10% and 33%. In 2023, the increase in ODI stock was less than 1%: **Figure 12**.

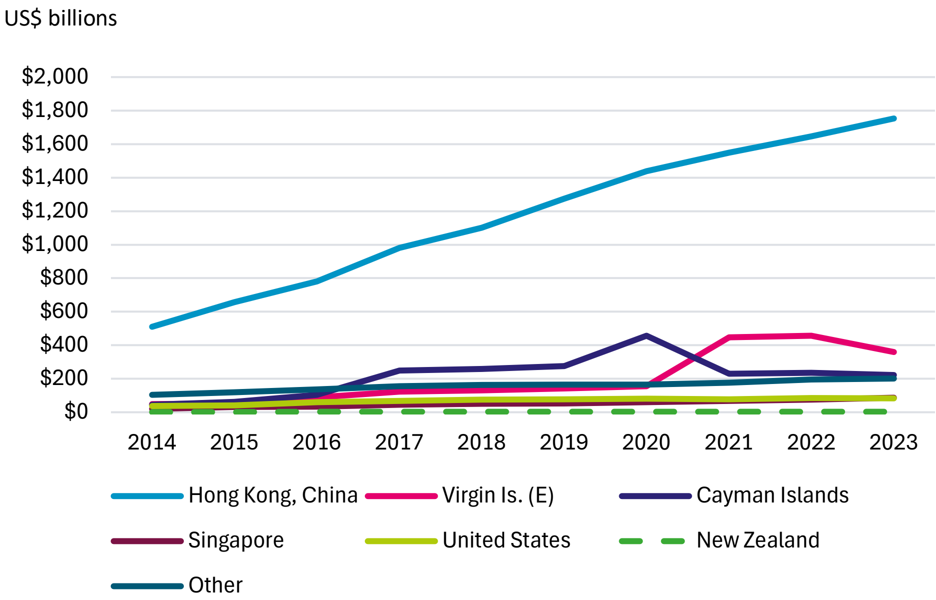
Figure 10 - Total global ODI from China



Source: National Bureau of Statistics of China (NBS)

b) *China's main destination markets for ODI 2014-2023*

Figure 11 - Top 5 countries FDI stock from China (cf. New Zealand)



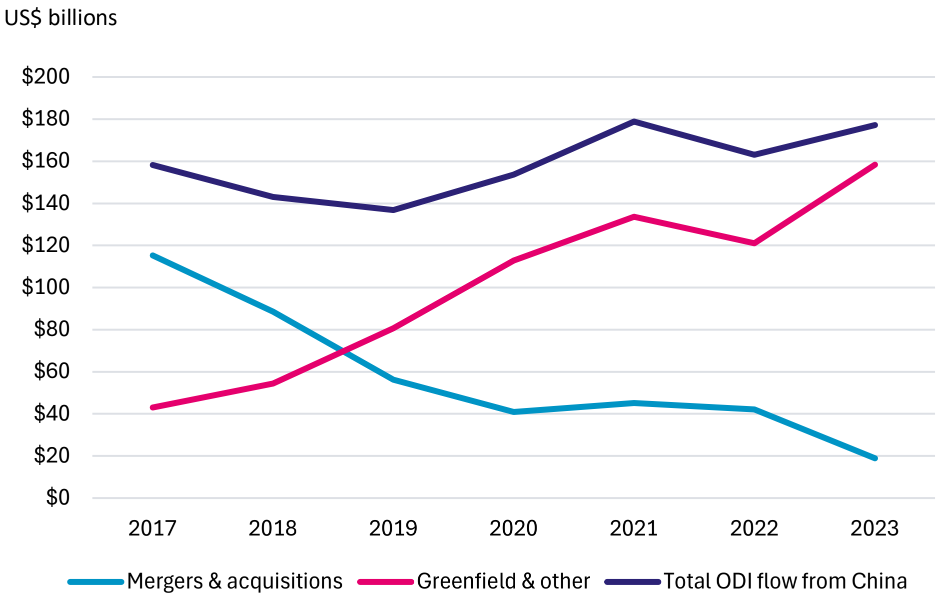
Source: National Bureau of Statistics of China (NBS)

16. Hong Kong is the largest destination for China Mainland ODI, dwarfing all other markets with US$ 1,753 billion stock in 2023. (This also relevant to Hong Kong's status as a major source of New Zealand FDI, see para 3 above.) The next largest recipient is the British Virgin Islands (US$ 359 billion) which has taken over from the Cayman Islands (US$ 222 billion), followed by Singapore (US$ 86 billion) and

the United States US$ 84 billion: **Figure 13**. (For China's estimate of its ODI into New Zealand see para 20 below.)

c) Types of Chinese overseas investment: M&A; greenfield investment; other?

<u>Figure 14 – global ODI flow from China by investment type</u>



Source: PwC, National Bureau of Statistics of China (NBS)

17. Data on Chinese investment models globally shows that greenfield investments are increasing rapidly and mergers and acquisitions are declining. Greenfields investment increased from US$ 43 billion in 2017 to US$ 158 billion in 2023. By comparison, mergers and acquisitions dropped from US$ 115 billion in 2017 to US$ 19 billion in 2023. The total amount of investment increased from US$ 158 billion to US$ 177 billion: **Figure 14.**

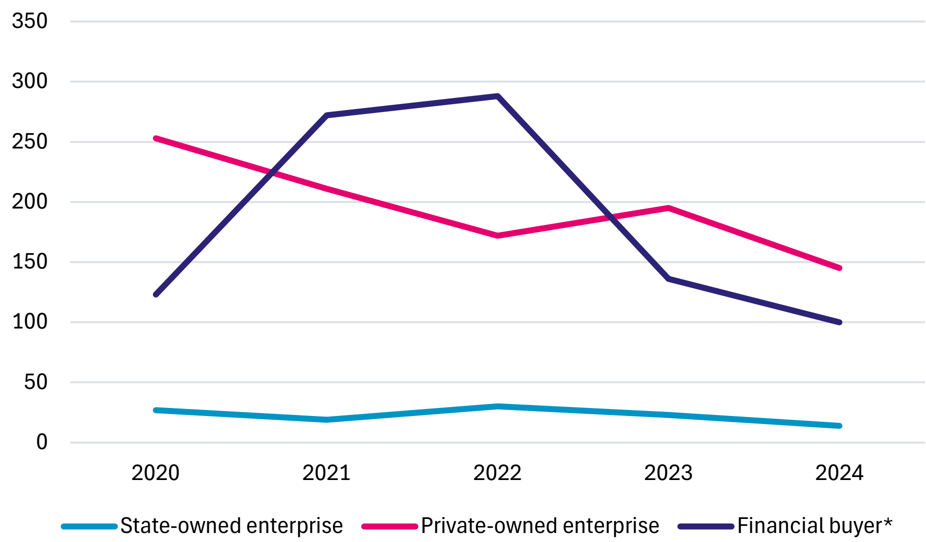
d) Types of Chinese corporate foreign investors: SOE vs. private sector

18. PwC has supplied data on mergers and acquisitions conducted by different types of Chinese companies / investors, in the period 2020-2024. In line with Figure 14, mergers and acquisitions activity has declined. It is also noteworthy to see the low amount of M&A activity by Chinese state-owned enterprises (SOEs): **Figure 15**.

19. Amongst Chinese M&A investors:

- State-owned enterprises have reduced mergers and acquisitions from 27 to 14.
- Private owned enterprises have reduced mergers and acquisitions from 253 to 145.
- Financial buyers have reduced mergers and acquisitions from 123 to 100.

Figure 15 - Chinese global merger and acquisition deals flow by investor type



Note: "Financial buyer" refers to investors that acquire companies with the objective of realising a return on their investment by selling the business at a profit at a future date and mainly, but not entirely, comprises private equity and venture capital funds.

Source: PwC

3.3 New Zealand – China bilateral two-way investment

20. There is a significant discrepancy between ODI and FDI figures reported by New Zealand and Chinese authorities. For example, official Chinese data indicates that Chinese investors invested US$ 2.6 billion (NZ$ 4.4 billion) in New Zealand, whereas New Zealand's official statistics report only NZ$ 1.43 billion. Chinese data also suggests New Zealand investment in China totalled US$ 159 million (NZ$ 273 million) in 2023, compared to StatsNZ figure of NZ$ 117 million.

21. One possible explanation for this divergence could again be the differentiation between immediate and ultimate sources of investment: It is unclear which source Chinese authorities use as a basis for recording data. The data below is drawn from New Zealand sources.

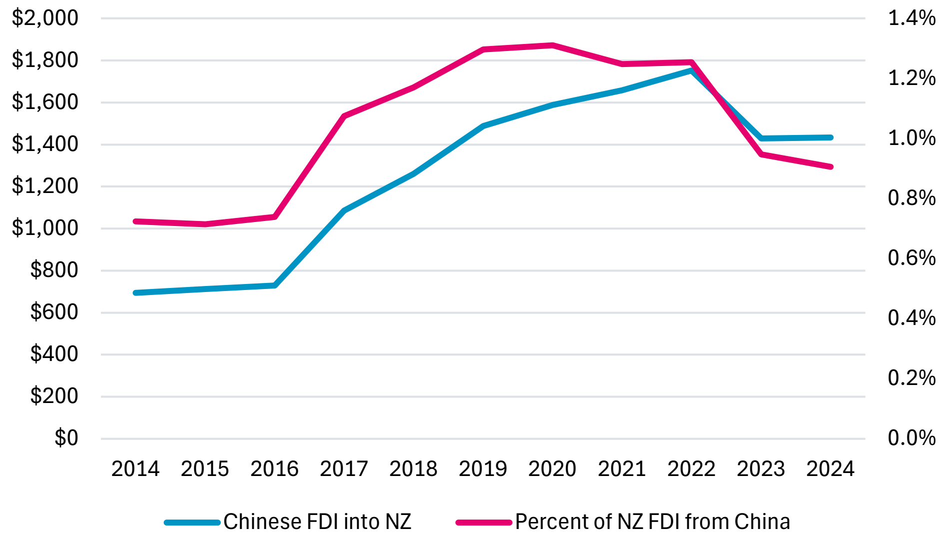
Chinese FDI into New Zealand

a) *Chinese total FDI into New Zealand and China's percentage share of NZ FDI stock 2014-2024*

22. Chinese FDI investment into New Zealand has grown by 9% per annum. Using New Zealand official data, Chinese investment has grown cumulatively from NZ$ 695 million in 2014 to NZ$ 1.43 billion in 2024. China's share of New Zealand total FDI over the same period increased from 0.7% in 2014, peaked at 1.25% in 2020, and currently sits at 0.9% in 2024: **Figure 16**. In 2024 China ranked 12th as a source of cumulative FDI for New Zealand (Hong Kong was 5th).

Figure 16 – New Zealand's FDI stock, and percentage of FDI, from China

NZ$ millions

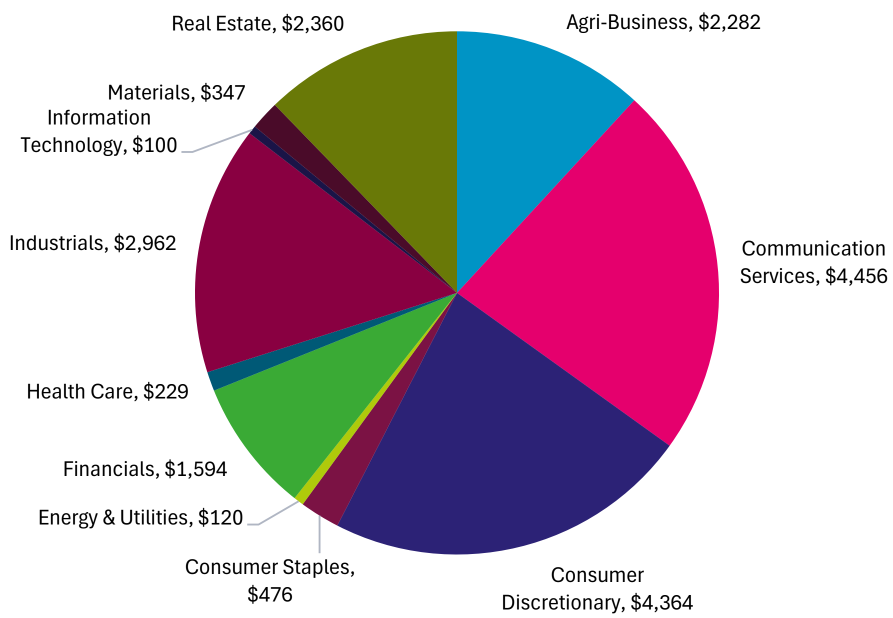


Source: Statistics NZ

b) *New Zealand's main sectors receiving Chinese FDI 2014-2024*

Figure 17 - NZ Oversea Investment Office decisions on China: applications by sector

NZ$ millions

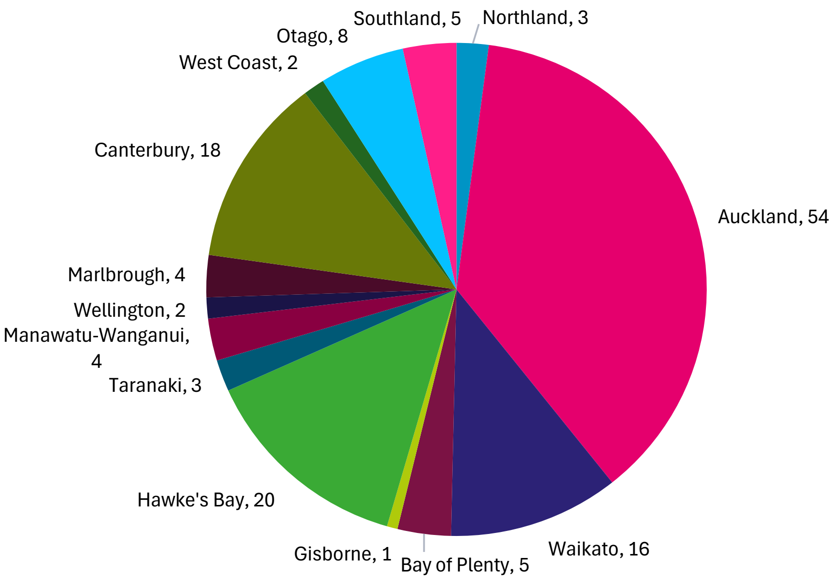


Source: KPMG, Land Information NZ (LINZ)

23. We have used Overseas Investment Office approvals as the easiest way to gain a snapshot of the sectoral spread of large Chinese investments in New Zealand. Approximately 50% of all large Chinese investments which required OIO approval in 2014-2024 were in the communication services (NZ$ 4.46 billion) and 'consumer discretionary' (NZ$ 4.36 billion) sectors. Industrials (NZ$ 2.96 billion), real estate (NZ$2.36 billion), agri-business (NZ$ 2.28 billion) and financials (NZ$ 1.59 billion) made up the bulk of the other 50%. Individual investments ranged between NZ$ 1.6 billion and NZ$ 2.36 billion: **Figure 17**.

c) New Zealand's main regions receiving Chinese FDI 2014-2024

Figure 18 - NZ Oversea Investment Office decisions on China: applications by region



Source: KPMG, Land Information NZ (LINZ)

24. Auckland was the main receiving region for Chinese investment in 2014-2024, again based on OIO decisions. Of the 154 Chinese investments approved, 54 were in the Auckland region. Hawkes Bay (20 decisions), Canterbury (18 decisions) and Waikato (16 decisions) were other significant recipients: **Figure 18.**

d) 10 largest Chinese corporate investments in New Zealand

25. According to investment approvals data from the Overseas Investment Office, the ten largest Chinese investments in New Zealand over the last 20 years were (from largest, in descending value):

Table 1 – Largest OIO decisions from China from September 2005 to March 2025

NZ$ millions

Company	Month-year of decision	Consideration
Fisher and Paykel Appliances	Jul-18	$1,233
Transpacific Industries Group Finance (NZ) Limited	Jun-14	$950
Fisher and Paykel Appliances	Oct-12	$742
Yashili International Holdings Limited	Sept-24	$579
Guojia Yu, Nanjing Dadi Construction Group Co. Limited and NZ Rose Garden Development Limited	Aug-16	$408
Waste Management NZ	Oct-15	$397
BCG NZ Investment Holding Limited/ Waste Management NZ	Aug-16	$385
Waste Management NZ	Apr-18	$363
Silver Fern Farms Limited	Sept-16	$261
Westland Co-operative Dairy Company Limited (Westland)	Jul-19	$246

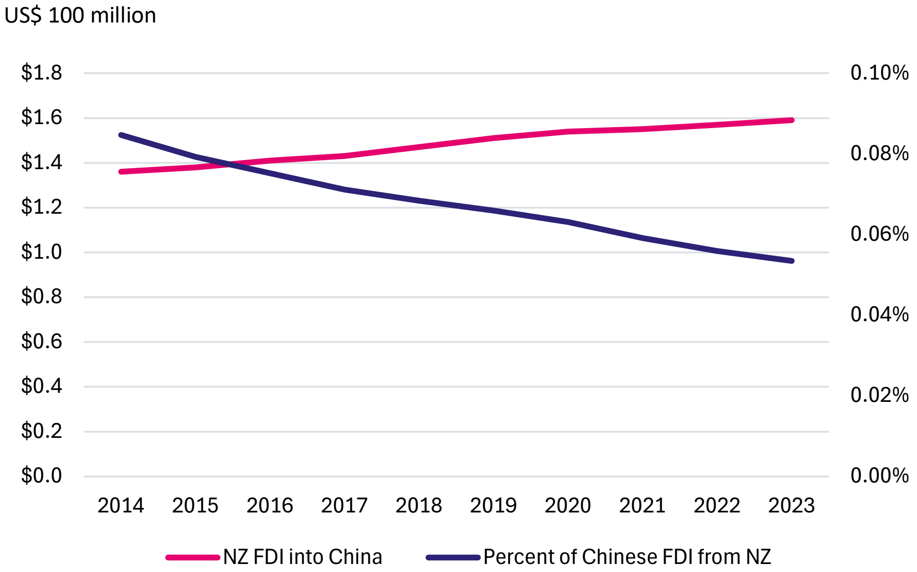
Source: LINZ

New Zealand ODI into China

e) New Zealand total ODI to China and New Zealand's percentage share of China's FDI stock 2014-2024

26. According to Chinese data the stock of ODI from New Zealand into China has increased slowly from US$ 136 million (NZ$ 233 million) in 2014 to US$ 159 million (NZ$ 273 million) in 2023. According to this data New Zealand's share of China's total FDI has dropped from 0.08% to 0.05%: **Figure 19**. New Zealand data records investment into China in 2024 at NZ$117 million compared to NZ$ 85 million in 2014. China is currently ranked as our 8th largest ODI destination. (Hong Kong is ranked 10th, receiving a cumulative total of NZ$ 7 million in 2024.)

Figure 19 - China FDI stock and percentage of FDI from New Zealand



Source: Ministry of Commerce of the People's Republic of China (MOFCOM), National Bureau of Statistics of China (NBS)

3.4 Analysis

27. On the surface, in 2014-2024 foreign investment from China to New Zealand grew at a faster rate than overall foreign investment: Cumulative foreign investment into New Zealand increased by 65% over the period (**Figure 1**), while investment from China more than doubled from NZ$695 million to NZ$ 1.43 billion (106%, **Figure 16**).

28. But it is noteworthy that most of Chinese FDI growth was in the period 2014-2019, climbing to NZ$ 1.49 billion in 2019 (+114%). In 2020-2022 cumulative Chinese FDI continued to increase, peaking at NZ$ 1.75 billion in 2022, but the overall growth over that period was 17.7%. From 2022 to 2024, China's investment in New Zealand reduced by 18% - effectively meaning that Chinese FDI is now lower than in 2019.

29. Overall in 2019-2024, global foreign investment into New Zealand grew by 38%. Hence China's noticeable declining share of New Zealand's FDI over the last five years.

30. At the same time, using Chinese data, global investment into China increased by 85% from 2014 to 2024 (**Figure 8**); while New Zealand's ODI to China grew 14% (**Figure 19**). New Zealand's percentage of China's FDI therefore also contracted in 2014-2024.

31. New Zealand-China trade exhibits a bell curve pattern similar to that of investment just described. New Zealand goods exports to China climbed by 80% overall in 2014-2024, from NZ$ 9.9 billion in 2014 to NZ$ 17.8 billion in 2024. But our peak was in 2020 and 2021 when goods exports reached NZ$ 20 billion, and there has since been a 13% decline.[1]

[1] https://nzchinacouncil.org.nz/statistics/

32. Similarly, New Zealand imports from China in 2014-2024 grew by 102% overall (NZ$ 8.3 billion to NZ$ 16.8 billion), but peaked in 2022 at NZ$ 18.2 billion before declining by 7.7% by 2024.[2] (Services trade shows a different u-shaped trajectory over 2019-2024, due to the impacts of Covid on international travel and education and tourism services consumption.)

33. The key difference between bilateral investment and trade profiles lies in China's significance relevant to New Zealand's other international partners. China is by far New Zealand's top trade partner, despite the recent export and import decreases just noted. It took 25.3% of our goods exports in the year to June 2025, and was the source of 21.4% of our imports[3]. China also remains our largest source of international students and has recovered strongly to be our third largest source of international tourists.

34. By comparison, FDI from China in 2024 comprises 0.9% of New Zealand's cumulative FDI (**Figures 1 and 16**) – it is ranked our 12th largest foreign investor (with Hong Kong ranked 5th). And our ODI to China is 0.05% of its global total (**Figures 8 and 19**) – China is our 8th largest investment destination (with Hong Kong ranked 10th).

35. As a simple comparison with our other top trade partners, Australia comprised 12.1% of our goods exports and 10.8% of our goods imports in the year to June 2025, while contributing 53% of our cumulative FDI. While the United States comprised 12.2% of our goods exports and 10.8% of goods imports, and contributed 5.9% of FDI[4]. This in part reflects the different structural economic relationships we have with Australia (Closer Economic Relations), the United States (lack of a free trade agreement) and China (early free trade agreement).

36. The size of the discrepancy between New Zealand-China trade and investment flows nevertheless suggests an imbalance in the depth of the economic relationship. Our trade relationship with China has been essential to our economic prosperity and will continue to be so. Growing two-way investment with New Zealand's bilateral partners can support these relationships to grow deeper roots, by helping to lock in a relational rather than purely transactional approach. Mutual ownership and long-term capital involvement generates commitment and longevity in business partnerships. This can assist further to expand trade, and also to guard existing trade against future shocks and challenges. It can also bring opportunities to create innovation partnerships.

37. We illustrate these points further using case study examples, in section 5 below. At the same time, it is acknowledged that all foreign investment into New Zealand brings risks as well as opportunities, which have to be managed in a balanced way. The following section outlines the policy framework in place in New Zealand to help achieve that balance.

[2] Same source
[3] www.stats.govt.nz/information-releases/overseas-merchandise-trade-june-2025/
[4] Same source

4 Current New Zealand policies for investment

38. To understand the full potential for continued two-way investment between New Zealand and China, it is necessary to understand the current investment legal and policy environment in both countries. This section outlines current and proposed future policies in New Zealand.

4.1 Our foreign investment goal

39. The goal of New Zealand's foreign investment policy is to welcome **"**sustainable, productive and inclusive" investment from overseas, while recognising that foreign investment can also pose risks. [5] The foreign investment policy is country-neutral.

40. Investment can support job creation, the creation and adoption of new technologies, increase human capital, and grant New Zealand more diverse international connections, including access to global distribution networks and markets. But "[f]oreign investment can take ownership and control of economic activity out of New Zealand and high levels of foreign ownership of sensitive New Zealand assets can conflict with a view that New Zealanders should own or control those assets. It can also, in extreme cases, present opportunities to undermine our national security."[6]

4.2 The Overseas Investment Act (OIA) and the national interest test

41. The Overseas Investment Act 2005 (OIA), administered by the Overseas Investment Office (OIO) within Land Information New Zealand (LINZ), remains New Zealand's principal tool for regulating foreign investment. Not all investment requires OIO approval. But the Act currently requires overseas investors to obtain consent for three categories of investment:

- Sensitive land (non-urban land over 5 hectares, residential and lifestyle land, land adjoining the foreshore etc);
- Significant business assets (usually securities, businesses and assets valued at $100 million or more, unless New Zealand has a bilateral free trade agreement with another economy that stipulates a higher threshold – see Section 4.4 below); and/or
- Fishing quota.

42. The government can also use 'call-in' powers (exercised by the Minister of Finance rather than the OIO) to assess investments in other "strategically important businesses and business assets", even if these are outside the above parameters - for example a business worth less than $100 million.

43. The OIO assesses and consents investments in the above three categories. It uses a range of assessment tests to do this, for example an investor assessment and/or benefit to New Zealand assessment, depending on category.

44. An assessment of whether a proposed investment is in the "national interest of New Zealand" is then mandatory as a further 'back-stop' test for all categories. Transactions involving foreign

[5] www.treasury.govt.nz/sites/default/files/2021-06/for-invest-pol-nat-interest-guidance-jun21.pdf
[6] Same source

governments, and those for acquisition of 'strategically important' businesses and assets as defined in the Act and regulations, are a particular focus here. Most if not all countries have national interest and/or national security requirements regarding foreign investment.

45. The national interest, and what would be contrary to it, is not defined in the Act. But The Treasury has published interpretative guidance[7]. According to this guidance, factors to be taken into consideration during assessment can include sensitivity of the sector (for example ports and airports, electricity and telecommunications, media entities and military suppliers), size of market share (for large businesses), opportunities for job creation and technology sharing, the impact on New Zealand's international relations, and alignment with New Zealand's values. The weighting of these factors will differ in each case.[8]

46. The Treasury guidance states that preservation of a case-by-case approach to national interest decisions has "significant advantages" over a more rigid test, as it allows for pragmatic assessment that does not unduly set up barriers to investment and can "easily respond to changes in the global risk environment, community concerns about foreign investment, and government priorities".[9]

47. This same flexibility has also been cited as a source of uncertainty by some foreign investors. It is argued that lack of a definition makes it impossible to self-assess the likelihood of approval under the Act against a range of clear criteria; and that decisions can appear subjective and non-transparent (particularly as the contents of a national interest assessment are not shared with applicants due to their sensitivity).

4.3 Proposed OIA reform

48. The current government has announced plans to further reform the Act, with the aim of establishing a more welcoming and streamlined pathway for foreign investors.[10] The new starting point is that investment can proceed unless there is an identified risk to New Zealand's interests.

49. The three categories of investment subject to OIA approval will not be changed.[11] But (with some exceptions) the onus of proof will shift from a requirement for applicants to positively show worth to a requirement for the government to identify risk, in the absence of which foreign investments will be approved. Specifically:

- New Zealand benefit and investor tests will only be used for farmland, fishing quota and residential and lifestyle land;
- 'Strategically important businesses' (SIBs), and transactions where a foreign government will acquire 25% or more control or ownership, will still require a mandatory national interest assessment (and the list of SIBs may be expanded);
- All other applications will undergo a rapid triage process within 15 days to enable the regulator to quickly grant consent to transactions at the first stage and escalate only those transactions that could pose a risk to the national interest to a second stage for a national interest assessment.[12]

[7] www.treasury.govt.nz/sites/default/files/2021-06/for-invest-pol-nat-interest-guidance-jun21.pdf
[8] Same source
[9] Same source
[10] www.beehive.govt.nz/release/going-growth-overseas-investment-changes-drive-higher-wages
[11] www.beehive.govt.nz/sites/default/files/2025-02/Overseas%20investment%20changes%20Cabinet%20paper.pdf
[12] Same source para 29

50. Regarding the retention of national interest assessments in some cases, the Cabinet paper proposing amendments to the Act acknowledges that the OIA does not define the national interest or what might be contrary to it[13]. It also notes the consequent risk of uncertainty and thus recommends that the Act defines broad factors that the responsible Minister "must" and "may" have regard to in considering what is contrary to the national interest.[14]

51. The more streamlined approach is likely to be welcomed by many investors for its simplicity and speed. But overseas investors focused on strategically important businesses, or those whose applications are escalated to the second assessment stage, may continue to point out lack of definition and visibility of the factors carrying relative weight in their confidential assessments.

52. The Cabinet paper proposing OIA reform points out that over the last 30 years only 2% of investor applications have ultimately failed on national interest grounds.[15] It is not possible to quantify the number of investors discouraged from applying to invest in New Zealand over this period.

4.4 Investment cooperation in New Zealand-China agreements

53. Investment cooperation can be a focus when New Zealand signs bilateral or regional free trade or other agreements. New Zealand has signed two agreements with China which contain content on investment.

54. New Zealand and China concluded a far-sighted bilateral investment treaty (BIT) in 1988[16], one of the few such agreements we have signed with any economy[17]. The BIT contains provisions on protection of two-way investment and resolution of disputes. It also states that "The provisions of this Agreement shall not in any way limit the right of either contracting Party to apply prohibitions or restrictions of any kind or take any other action directed to the protection of its essential security interests".[18]

55. Provisions on investment were also included in the ground-breaking New Zealand-China Free Trade Agreement signed in 2008 and upgraded in 2021 (Chapter 11)[19]. The FTA and BIT now co-exist.

56. The stated objectives of Chapter 11 of the FTA are to encourage and promote bilateral investment flow and cooperation on a mutually beneficial basis, and to establish rules for the safeguard of those investments. Amongst other provisions, the FTA commits that each country will treat foreign investments in the same way as they do domestic investment ('National Treatment'). But this relates to treatment of investments after their establishment - the Overseas Investment Act continues to apply to all proposed investment from China.[20]

[13] Same source para 45
[14] Same source paras 46-48
[15] Same source para 39
[16] https://edit.wti.org/document/show/9611c555-4be5-4eba-95b7-399b6ad4d84d
[17] New Zealand also signed a BIT with Hong Kong in 1995
[18] China - New Zealand BIT Article 11
[19] www.mfat.govt.nz/assets/Trade-agreements/China-NZ-FTA/CHAPTER-11-Investment.pdf
[20] www.mfat.govt.nz/assets/Trade-agreements/China-NZ-FTA/NZ-China-FTA-National-Interest-Analysis.pdf Section 4.11

57. The 2021 upgrade of the New Zealand-China FTA led to one updated change to the application of the OIA to Chinese investment. Chapter 11 commits both countries to applying Most Favoured Nation status to investment treatment, requiring New Zealand to offer the same terms that it extends to other bilateral partners. New Zealand was therefore obligated to raise the monetary screening threshold under the OIA to Chinese proposed investment in significant business assets by non-government investors from NZ$100 million to NZ$200 million, as this treatment was extended to all parties to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). This change was confirmed through an exchange of letters between ministers in January 2021. [21]

58. The monetary screening threshold for investments by foreign governments (including state-owned enterprises) remains NZ$100 million. Government procurement also remains excluded from the coverage of Chapter 11.

4.5 Promotion of New Zealand investment in China

59. The New Zealand Government has announced the creation of a new autonomous crown entity, Invest New Zealand, to lead all overseas investment promotion and attraction.[22] Invest New Zealand will take primary responsibility for promoting New Zealand as an investment destination in offshore markets, working with New Zealand Trade & Enterprise (NZTE) and the Ministry of Foreign Affairs and Trade and other government agencies as required.

60. Invest New Zealand's China manager will focus on promoting New Zealand as a business hub and investment destination to Chinese companies. The manager will identify suitable and qualified investors to match available investment opportunities; maintain partnerships with Chinese government agencies, industry associations and business leaders to foster collaboration and gather market insights; assist Chinese companies to execute their investment interests in New Zealand; and conduct market promotion in China to showcase New Zealand opportunities. To date, as a small and deal-focused country New Zealand has promoted investment opportunities direct to targeted Chinese investors rather than holding large-scale general promotional events.

61. On 13-14 March 2025 the government held the New Zealand Infrastructure Investment Summit[23]. The involvement of Chinese companies in the Summit is discussed in Section 5.5 below.

4.6 China's policies regarding export of capital

62. In addition to New Zealand's foreign investment policies, it should be noted that China also maintains a comprehensive regulatory regime for corporate outbound investment (ODI) which necessitates Chinese government approvals before capital can be transferred to New Zealand. This can complicate investment attraction.

63. The regime covers all corporate investment including greenfields, mergers and acquisitions, and establishment of offshore joint ventures. The forms of outbound investment include monetary transfer of funds as well as acquisition of equity stakes, tangible assets (real estate and equipment for

[21] www.mfat.govt.nz/assets/Trade-agreements/China-NZ-FTA-Upgrade/Side-Letter-Screening-Thresholds.pdf
[22] www.beehive.govt.nz/release/invest-new-zealand-opens-doors-world
[23] www.treasury.govt.nz/information-and-services/nz-economy/infrastructure/new-zealand-infrastructure-investment-summit-2025

example), intangible assets (such as intellectual property or proprietary technology) and debt contributions to offshore subsidiaries and joint ventures.[24]

64. The ODI policy groups outbound investments into three categories – encouraged, restricted and prohibited. In recent years encouraged investment has included Belt and Road Initiative infrastructure; minerals and energy (including new and renewable energy); and 'mutually beneficial' agriculture, fisheries and forestry.[25] (A number of these sectors have also been identified as priority sectors for inward investment by New Zealand.[26]). Real estate, hotels and entertainment investments are 'restricted' or limited by China, requiring additional approvals.[27] Prohibited investments include industries like gambling, any investment banned by an international treaty signed by China, or other investments that may endanger China's national interests and national security.

65. Approval for Chinese companies to invest overseas are usually required from at least three government agencies – the National Development and Reform Commission (NDRC), the Ministry of Commerce and the State Administration of Foreign Exchange (SAFE).

66. (China's rules governing personal overseas investment, and rules on inbound investment, are covered separately elsewhere in this report.)

[24] www.mondaq.com/china/corporate-and-company-law/1647292/regulatory-regime-of-china-outbound-investment-junhe-special-report

[25] www.followingthemoney.org/approval-and-monitoring-of-chinese-overseas-investment/

[26] Growth sectors - Investment opportunities in New Zealand | Invest New Zealand

[27] Same source

5 Case studies of Chinese investment in New Zealand

67. As the data in Section 2 makes clear, China is an active but not leading source of investment in the New Zealand economy. But its level of involvement is not equal across all sectors. In some, China's involvement has been significant, or shows potential to be so in future. In other areas it can be argued that China's role has been lower than its potential might suggest. The following section contains five case studies of Chinese investment, to offer snapshots of inwards investment (or its absence) in 2025. It is not intended to be an encyclopaedic record covering all Chinese investment.

5.1 Case study 1: The dairy sector – established cooperation

68. New Zealand's dairy sector has retained its position as by far our largest export sector to China for many years, boosted significantly by first-mover opportunities delivered under the New Zealand-China FTA. This market success has also underpinned multiple investments from China into the sector – both acquisition of existing New Zealand businesses and new greenfields operations. Although the flow of new Chinese investment into the dairy sector has slowed in recent years, and with two prominent divestments in August 2025, it remains a good case study of established investment in our primary sector.

69. Following is an update on six Chinese investments in New Zealand dairy. Four of the investments were covered in our Council's previous reports on bilateral investment in 2015 and 2018, demonstrating their longevity, but with important recent developments in some cases.

a) *Yili (伊利)*, headquartered in Inner Mongolia Autonomous Region, is China's largest dairy company by domestic market share (24.5%) and is ranked fifth globally by revenue.[28]

In early 2013 Yili acquired a New Zealand subsidiary Oceania Dairy Ltd, and in 2015 opened the first stage of a new dairy factory in Glenavy, South Canterbury – at that time Yili's first offshore investment.[29] In 2017 stage two opened, representing a total investment of NZ$600 million.[30] The plant comprises a UHT plant, infant formula canning line, whole milk powder dryer and UHT and lactoferrin manufacturing facilities. Oceania Dairy now has contract manufacturing capacity in addition to supply of ingredients and retail products to its parent company.

In 2014 Yili/Oceania Dairy also established its Yili Innovation Centre Oceania at Lincoln University, since 2022 also a part of China's National Center of Technology Innovation for Dairy (NCTID)[31], also an Yili initiative. The Innovation Centre partners with AgResearch, Lincoln University and Massey University on a range of dairy nutrition, sustainability and other research projects. These projects secure useful funding, clients and collaboration partners for New Zealand researchers.

[28] www.rabobank.co.nz/media-releases/2024/270824-rabobank-global-dairy-top-20-2024

[29] https://oceaniadairy.co.nz/2016/02/27/new-glenavy-dairy-factory-officially-opened/

[30] www.nbr.co.nz/yili-owned-oceania-dairy-opens-stage-two-of-south-island-plant/

[31] www.nctid.cn ; www.nature.com/articles/d42473-024-00162-8

In 2019 Yili acquired 100% equity in Westland Co-Operative Dairy Company Ltd through another wholly-owned subsidiary, Jingang Trade Holding Ltd, for a price of NZ$588 million.[32] The co-op's 350 farmer shareholders voted strongly in favour of the purchase[33], despite some 'bittersweet' concerns departing from the previous ownership model, as the most feasible way to clear the struggling company's debts and ensure competitive milk payouts for West Coast farmers.

In 2021 Yili/Jingang invested a further NZ$40 million to double Westland's consumer butter production capacity in Hokitika. And in 2023 announced more funding of NZ$70 million for the construction of a lactoferrin plant. When completed this will ensure Westland is one of the only facilities in the world able to produce both freeze-dried and spray-dried lactoferrin.[34]

b) *Bright Dairy (光明乳业)*, a subsidiary of Bright Food (a multinational state-owned enterprise wholly owned by the Shanghai Municipal Government), first invested in Dunsandel-based Synlait in 2010, with an investment of NZ$80 million for a 51% shareholding. When Synlait listed on the New Zealand stock exchange in 2013 Bright Dairy's shareholding reduced to 39%. In recent years a2 Milk Company Ltd has been Synlait's second largest investor, with a 19.83% stake.

In September 2024 Bright Dairy participated in a multi-party recapitalisation of Synlait. It contributed NZ$185 million in exchange for shares which raised its total holding to 65.25%. The a2 Milk Company paid NZ$32.8 million to retain its 19.83% stake. NZ$450 million in refinancing by a consortium of banks comprised the other element of the package, which Synlait advised must be an 'all or nothing' arrangement.[35]

The deal was not universally supported. The NZ Shareholders Association criticised it as not providing opportunities for small shareholders to participate in capital raising[36]. The shareholder approval process whereby the two large holders could vote for each others' share allocations (although not for their own) also came under scrutiny.[37]

But Synlait's Chair George Adams said before the shareholder vote that the package was the fastest way for Synlait to reduce its debt and refinance, at a favourable price, and he believed the company would need to declare insolvency if it was not approved.[38] Bright Dairy's director on the Synlait board Julia Zhu said her company was stepping in to protect its investment in the company, and supported participation of all shareholders in any future capital raising.[39]

c) *Shanghai Pengxin (上海鹏欣), Milk New Zealand Dairy Ltd and Theland Farm Group* have a complex corporate whakapapa. Milk New Zealand Dairy Limited and the Theland Farm Group were originally fully owned subsidiaries of Hunan Dakang International Food and Agriculture Co. Ltd under Shanghai Pengxin Group. In 2017, Milk New Zealand Dairy Ltd. was restructured

[32] www.nzherald.co.nz/nz/yili-says-westland-milk-purchase-a-step-towards-a-dairy-silk-road
[33] www.westland.co.nz/news/westland-shareholders-strongly-support-hongkong-jingang-trade-holding-co-limited-jingang-proposal/
[34] www.westland.co.nz/news/70m-west-coast-investment-to-secure-westland-as-global-dairy-leader/
[35] https://ruralnewsgroup.co.nz/dairy-news/dairy-general-news/china-s-bright-dairy-set-to-take-control-of-synlait
[36] www.rnz.co.nz/news/business/528308/synlait-shareholders-decide-it-s-worth-saving-vote-for-new-share-deal
[37] www.rnz.co.nz/news/country/526374/synlait-s-former-boss-questions-major-shareholders-voting-rights
[38] https://ruralnewsgroup.co.nz/dairy-news/dairy-general-news/china-s-bright-dairy-set-to-take-control-of-synlait
[39] www.rnz.co.nz/news/business/528308/synlait-shareholders-decide-it-s-worth-saving-vote-for-new-share-deal

to become a fully owned subsidiary of Theland New Cloud Digimart (Shanghai) Ltd. Soon after, Alibaba Group became majority shareholders of Theland New Could Digimart (57%) with Hunan Dakang International Food and Agriculture Ltd retaining a minority holding (33%).

As at May 2024 Milk New Zealand / Theland is the third largest dairy farming operation in New Zealand (10 million kilograms of milk solids per annum), behind Dairy Holdings (17.81 million) and Landcorp/Pamu Farms (13.77 million kg).[40] It achieved this status through two large purchases more than a decade ago:

- Shanghai Pengxin rose to prominence in New Zealand when it purchased and rehabilitated 16 dairy farms in the North Island in partnership with Landcorp,[41] known then as the Crafar Farms and now as the Tahi Farm Group. The purchase price was NZ$200 million and total investment $500 million, and was not without its difficulties. After an initial sale to a different Chinese company fell through and a court challenge was mounted against Shanghai Pengxin's bid, ministers eventually approved the sale recommendation of the Overseas Investment Office in 2012. It then took five years to bring the farms back to full productivity.

- Shanghai Pengxin / Theland Farm Group also own 13 farms in the South Island, the Purata Farm Group, originally owned by Synlait's farms subsidiary. The company originally took a 74% holding in 2014 before becoming sole owners a year later[42]. In 2020 a parcel of 582 hectares of Purata land was sold back to Synlait.[43] Six of the Purata farms continue to supply Synlait, with supply recently recommenced following a pause during the refinancing process in 2024.[44]

Shanghai Pengxin had less success expanding its New Zealand farm holdings further. The Overseas Investment Office declined its application to purchase Lochinver Station near the Crafar Farms for NZ$88 million in 2014, after taking 18 months to make a decision. And it pulled out of its bid for 10 farms in Northland in 2015 for NZ$42 million. In both cases Shanghai Pengxin criticised the OIO's slow decision-making process. Its lawyer also pointed out the challenges of the OIA benefit to New Zealand test.[45]

D) *Yashili New Zealand Dairy Co Ltd (雅士利新西兰乳业)* is a wholly owned subsidiary under ultimate ownership of China Mengniu Dairy Co Ltd, China's second largest dairy company by revenue and one of the top ten largest globally.[46] Yashili NZ was registered in 2012 and in 2015 opened a 30,000m2 infant formula processing plant in Pōkeno with an investment of NZ$220 million.[47] The factory also diversified to produce whole and skimmed milk powder.

[40] www.nzherald.co.nz/business/companies/agribusiness/nzs-10-largest-dairy-farmers-reveal-changing-face-of-an-industry
[41] www.ruralnewsgroup.co.nz/rural-news/rural-general-news/wrecked-farms-get-a-23-million-makeover
[42] www.stuff.co.nz/business/72930773/kiwi-shareholders-sell-out-of-shanghai-pengxins-purata-farms
[43] www.farmersweekly.co.nz/news/two-green-lights-for-synlait/
[44] www.farmersweekly.co.nz/opinion/purata-why-were-backing-synlait/
[45] www.rnz.co.nz/news/national/303174/oio-too-slow-for-chinese-investors-lawyer
[46] www.rabobank.co.nz/media-releases/2024/270824-rabobank-global-dairy-top-20-2024
[47] www.stuff.co.nz/business/farming/73754577/yashili-new-zealands-pokeno-factory-opens

In August 2025 a2 Milk announced its purchase of Yashili's Pōkeno plant for NZ$ 282 million and embark on an expansion programme. The acquisition allows a2 Milk to obtain two Chinese product registrations for infant milk formula[48].

e) In 2016 *China Animal Husbandry Group (CAHG) (中国牧工商集团)*, a wholly owned subsidiary of China National Agriculture Development Group (CNADG) acquired a 71% stake in Mataura Valley Milk in exchange for funding the construction of a new NZ$200 million milk powder manufacturing plant near Gore.[49] Southland farmers retained a 20% share in the company. The plant was opened in November 2018. In July 2021 a2 Milk purchased 75% of Mataura Valley Milk for NZ$268 million, leaving CAHG holding a 25% stake[50]. In August 2025 both a2 Milk (for NZ$ 100 million) and CAHG announced they would sell their respective equities in Mataura Valley Milk to Open Country Dairy.[51]

f) *Pinlive Foods Co (品渥食品)*, established in 1995 and listed on the Shenzhen Stock Exchange in 2020[52], is a specialist importer and distributor of foreign food brands in China. In July 2023 the Overseas Investment Office approved Pinlive's purchase of land in Waharoa (Waikato) owned by Pureland Dairy[53]. Pureland purchased a cheese factory on the site from previous owners in 2013 and had refurbished and expanded it as a UHT milk processing and cheese production facility trading as Kaimai Cheese. The business was unsustainable and it closed in July 2020.[54] Pinlive expressed an intention to revive the factory[55], which to date remains closed.

Insight Box 1: Chinese investment in Māori business

In early 2025 the New Zealand China Council published our report *Te hono a te ao Māori ki a Haina: Māori approaches to engagement with China past, present, future*.[56] The report emphasised the values and approaches that Māori and Chinese cultures share, including the prioritisation of relationships over transactional engagement, long-term planning, and similarities between Māori concepts such as Whanaungatanga and Chinese 'guanxi' (relationships and networks), and Manaakitanga and Chinese virtues of hospitality and respect for visitors. These points of connection establish an instinctive foundation for Māori business to collaborate with Chinese commercial partners, including on investment partnerships.

But the report also pointed out that investment links have lagged behind Māori enterprise trade in goods, and in services such as tourism. This is despite initiatives such as the Taniwha Dragon Economic Summit hosted by Ngāti Kahungunu in 2017 specifically to showcase Māori business opportunities to Chinese investors. The report authors suggested this could be because Chinese investors often seek freehold ownership of land as part of investments, which is at odds with the

[48] www.ruralnewsgroup.co.nz/dairy-news/dairy-agribusiness/milk-processing-plants-change-management
[49] www.nzherald.co.nz/business/china-backed-200m-southland-dairy-plant-plans-unveiled
[50] https://thea2milkcompany.com/market-announcements/update-on-acquisition-of-75-interest-in-mataura-valley-milk
[51] www.odt.co.nz/rural-life/dairy/open-country-buy-mataura-valley-milk
[52] www.pinlive.com/ehtml/History.html
[53] www.linz.govt.nz/our-work/overseas-investment-regulation/decisions/2023-07/202300282
[54] www.stuff.co.nz/business/farming/agribusiness/300050134/waikato-cheese-cafe-closes-its-doors-after-being-hit-hard-by-covid19
[55] www.foodticker.co.nz/chinas-pinlive-to-revive-waikatos-closed-kaimai-cheese-business
[56] https://nzchinacouncil.org.nz/wp-content/uploads/2025/02/Maori-China-Engagement-Report.pdf

land ownership principles of iwi and Māori business; and that other tensions remain on issues such as resource management and Māori governance values. The report concluded that better data on Māori-Chinese joint ventures and investments is needed.

Maui Milk / Maui Food Group is one example of Chinese investment: Maui Milk was established in 2014 as a sheep milk joint venture between Shanghai-based Super Organic Dairy and Māori farming trust Waituhi Kuratau (WKT). In 2021 Super Organic Dairy bought out WKT shares and formed Maui Food Group to align Maui Milk's genetics programme, milk production, processing and marketing. The group owns Waikino Station in Taupo.[57] Maui Milk remains focused on the China market and in May 2025 signed a new distribution and marketing agreement with dairy giant Mengniu.[58]

5.2 Case study: The pet food sector – riding China's fur baby wave

70. New Zealand's pet food export sector often flies under the radar in comparison to New Zealand's other primary produce sectors. But as global pet ownership rates have climbed, especially during Covid when locked-down families sought animal companionship, our pet food exports have also increased. Chinese families caught the fur baby wave on a larger scale than anywhere else. The sector benefits from the same reputation for food safety, high quality and responsible regulation that has underpinned New Zealand export success for other food products.

71. Over 2017-2021 China emerged rapidly as our largest sectoral market, increasing from 8% of our total pet food exports (2017) to 34% (2021)[59]. Exports have since pulled back due to a combination of economic and regulatory factors. But in 2024 we remained that country's second largest source of imported pet food (12.2% of total imports) behind the United States[60]. In the year to 31 March 2025 22.3% of New Zealand's pet food exports (NZ$70.6 million) were to China, behind the United States (34.2%) and ahead of Australia (17.6%)[61].

72. The pet food sector offers an instructive study of investment responding to initial trade success, with China's emergence as a pet food export market mirrored by a strong increase in Chinese investment in the sector over the same period. Investors identified New Zealand as a source of safe and high-quality animal protein and other ingredients that would meet consumers' expectations for their pets. In some cases, investors were also attracted by state-of-the-art processing facilities in New Zealand, in others they saw the potential to establish or refurbish these close to protein sources.

73. For New Zealand, many pet food manufacturers have traditionally been located outside the main centres, with the result that Chinese investment in the sector has contributed to regional economic growth in centres like Gisborne, Palmerston North and Taumaranui. Like Chinese investment in other fast-moving consumer goods (FMCG) sectors, investment has also contributed knowledge of and pathways into the Chinese market for many local companies, and for some access to better production technologies.

[57] www.mauimilk.co.nz/blog/post/72375/maui-milk-positions-for-growth/

[58] www.ruralnewsgroup.co.nz/rural-news/rural-general-news/maui-milk-china-partnership-sheep-milk-exports

[59] www.mpi.govt.nz/dmsdocument/51121-Pet-food-export-stats-factsheet

[60] Information from New Zealand Pet Food Association (NZPFA), April 2025

[61] NZPFA, April 2025

74. In this report we highlight four Chinese investors who have all arrived in New Zealand since 2018:

a) In 2018 *Yantai China Pet Food Co Ltd (CPFC, 烟台中宠食品)* invested NZ$15 million to acquire the Natural Pet Treat Company (NPTC), an Auckland manufacturer producing air-dried and grain-free products under the ZEAL brand. NPTC remains a wholly-owned subsidiary of CPFC.[62]

In April 2021 CPFC made its second investment to acquire 70% of PetfoodNZ International Ltd. The acquisition is a specialised private-label manufacturer in Gisborne, operating a large pet food canning operation.[63]

In December 2021 NPTC commenced construction of a new high-end wet pet food factory in Drury, South Auckland. The plant is almost completed and will be commissioned soon.

b) *Peidi Corporation (佩蒂股份)* is a pioneer in China's modern pet food industry, established in 2002 and the first company in that sector to be listed in China. In 2016 it established a New Zealand subsidiary, Petpal Pet Nutrition NZ Ltd (PPNZ). In May 2018 PPNZ acquired 75% equity in BOP Industries Ltd[64], which in turn is 100% owner of pet food manufacturer Alpine Export NZ Ltd. Alpine Export is a private label co-packer producing air-dried and frozen meat-based products, originally located in Tauranga but now manufacturing in Palmerston North.

In 2024 Peidi / PPNZ made its second investment in New Zealand, contributing NZ$60 million to King Country Pet Food (KCPF) in Taumaranui[65]. This enabled KCPF to recommission an old AFFCO meat processing site as a pet food manufacturing site employing 50 people.

c) *FountainVest (方源资本)* is a private equity company with offices in Hong Kong, Shanghai and Beijing. It identifies and develops companies in the Asia-Pacific region with clear value creation angles. In September 2021 FountainVest purchased New Zealand pet food company Ziwi[66], which produces and markets air-dried and wet cat and dog food, as well as chews, treats and bones. The purchase price was reported to be NZ$1.5 billion. Other foreign companies including Nestlé had reportedly been interested in the acquisition.

d) *Gambol Pet Food Group (乖宝宠物食品集团)* was founded in 2006 in Shandong Province and has emerged rapidly as a major Chinese company in the domestic and global pet food industry. It has evolved from OEM contract manufacturing to own its own brands. It is now a listed company in China. In 2021 Gambol became the general agent for New Zealand brands K9 Natural and Feline Natural in the Chinese market. In December 2024 Gambol established a New Zealand subsidiary (Gambol Pet Food (NZ) Ltd) and has purchased land in Pōkeno, on which it intends to develop a new processing plant.[67] This marks the latest known Chinese investment into the New Zealand sector.

[62] www.marketscreener.com/quote/stock/Yantai-China-Pet-Foods-Co-Ltd-completed-the-acquisition-of-The-Natural-Pet-Treat-Company-Limited-
[63] www.chinapetmarket.com/industry-news/china-pet-foods-acquires-petfood-nz
[64] www.reuters.com/article/business/petpal-pet-nutrition-technology-new-zealand-unit-sign-mou-to-acquire-bop-industr
[65] www.waikatotimes.co.nz/nz-news/350207956/new-life-main-trunk-line-petfood-giant-comes-town
[66] www.rnz.co.nz/news/business/451898/overseas-investment-funds-potential-ziwipeak-bidders
[67] https://b2bnews.co.nz/news/gambol-begins-feasibility-study-for-pet-food-factory-in-pokeno/

5.3 Case study 3: The game development sector – more than a game

75. The game development sector flies under the radar as an unsung export sector for New Zealand, as does Chinese involvement in its success.

76. The New Zealand Game Developers Association (NZGDA) reported sectoral revenue of NZ$548 million in 2024, up an impressive 26% year on year[68]. (This significantly exceeds Australia's NZ$336 million[69], despite the larger size of its sector by headcount.) With 97% of our sectoral revenue earned from exports, a solid understanding of and profile in international gaming markets is essential for our studios. Which is where China comes in, as the largest source of FDI in New Zealand's game development sector.

77. China's investment into the New Zealand sector is essentially a one-company play: Tencent (the developer of WeChat), through Tencent Games and its subsidiaries, has been the dominant investor. Industry sources say Tencent's involvement from 2016 has been overwhelmingly positive. They say many New Zealand VC investors initially didn't fully grasp the potential of the global opportunity or the strengths of our studios, while the Chinese company was already an experienced international player in the sector and was ready to spend. It's a testament to our sector that Tencent has invested more into New Zealand studios than in Australia.

78. Tencent's investments has helped studios to expand premises and staff and take on new projects. Its involvement has also helped New Zealand industry players to "go global via China", by taking advantage of the gaming giant's networks, market intelligence and expertise to launch and promote games in international markets across Asia and elsewhere[70]. At the same time, Tencent's commitment to preserve New Zealand studios' creative freedom and independence is also often cited as a positive approach – and a logical one, given those strengths attracted the company in the first place.

79. Unexpectedly, Tencent's investments appear to have assisted New Zealand studios outside China just as much as, or perhaps more than, in China's domestic gaming market. The market there remains tightly controlled, with restrictions on content (no violence or sexual references, Chinese language for all text), and online spending and time limits for gamers[71]. Even domestic studios can struggle to licence games. It is therefore more common for Chinese gamers to connect with New Zealand games on international platforms.

80. Sometimes a local Chinese version of an international game springs from this engagement. Some New Zealand studios remain very focused on exploring greater access to the China gaming market supported by the New Zealand government, in particular the Ministry of Foreign Affairs and Trade.

81. A number of New Zealand's largest game developments studios have Chinese investment (the exception being Pikpok, which is nevertheless pursuing the China market actively[72]). Following are some known examples:

[68] https://nzgda.com/news/nz-gamedev-industry-booms/
[69] Same source
[70] https://nzchinacouncil.org.nz/wp-content/uploads/2022/11/China-Services-Trade-Report.pdf
[71] https://sekkeidigitalgroup.com/how-to-break-into-china-gaming-market
[72] www.rnz.co.nz/news/political/520010/c-list-delegation-member-every-nz-company-on-that-trip-wants-to-make-the-most-of-it

a) *Tencent – Grinding Gear Games*: GGG is New Zealand's largest studio by revenue. Tencent has progressively increased its equity from 80% (2018) to 87% (2020), 93% (2022)[73] and 100% today. Tencent's initial investment in 2018 required Overseas Investment Office approval, indicating it was in excess of NZ$100 million. According to GGG founder Chris Wilson the investment occurred after Tencent published its game Path of Exile in China in 2017. "[F]inding someone we knew would be a good fit for us and would let us get on with our own stuff independently was important." [74]

b) *Tencent – RocketWerkz*: Another 'top 3' New Zealand studio. Dean Hall founded RocketWerkz in Dunedin in 2015. In 2016 Tencent took 10% equity in the studio through Series A funding. Through a Series B round it then increased its equity to the current 47% in 2019[75]. This enabled RocketWerkz to establish a presence in Auckland and obtain project funding for the development of its ambitious flagship game Icarus.

c) *Tencent – Digital Confectioners*: In 2022 Digital Confectioners received a minority investment from Tencent Games, after the success of its games Depth and Dread Hunger, including in the Chinese market. Studio founder James Tan said at the time that the investment would fund staff expansion and the development of new titles.[76] "It will not change how the company operates, but will create a partnership, helping Digital Confectioners to achieve newer heights…Tencent provided us with insights into the China market and how Dread Hunger hit the mark". [77] Tencent's current equity is thought to be 24.5%.[78]

d) *Tencent (Level Infinite) – Riffraff Games:* In 2022 Studio MayDay founded by Joshua Boggs received a "significant" investment from Tencent subsidiary Level Infinite and relaunched as RiffRaff Games.[79] Boggs made similar positive comments to other studios about Tencent's approach: "Tencent has been very supportive of our innovative roots and our desire to take creative risks. The resources, the experience, and the mentorship it has provided are allowing RiffRaff Games to pursue things that we didn't know could be within our grasp".[80]

e) *Lightspeed Studios in Auckland*: In a largely unheralded move, Tencent subsidiary Lightspeed Studios has established a small studio in Auckland.

f) *NetEase – A44/Kepler Interactive:* As a rare and admittedly tangential exception to Tencent's dominance as an investor in the New Zealand game development sector, in 2021 Chinese internet firm NetEase invested US$120 million in Kepler Interactive, an international consortium of game developers which includes Wellington's A44 [81]. Kepler's operational hub is in Singapore, and other partners in the consortium are from North America, Asia and Europe. NetEase has not invested in A44 directly.

[73] www.nzherald.co.nz/business/nz-game-maker-reports-49m-profit-as-chinese-government-eyes-golden-share
[74] www.nzherald.co.nz/business/internet-giant-tencent-holdings-acquires-majority-stake-in-kiwi-gaming-firm-grinding-gear-games
[75] https://nzchinacouncil.org.nz/wp-content/uploads/2022/11/China-Services-Trade-Report.pdf
[76] www.gamesindustry.biz/digital-confectioners-receives-tencent-investment
[77] www.digitalconfectioners.com/news/digital-confectioners-receives-investment-from-tencent
[78] www.companyhub.nz/companyDetails.cfm?nzbn=9429050962013
[79] www.levelinfinite.com/news/studio-mayday-riffraff-games-tencent-investment/
[80] Same source
[81] https://asiatechdaily.com/netease-invests-120-millio-in-a-global-game-developer-kepler-interactive

5.4 The property sector – beyond the 'foreign buyer ban'

82. This section looks at two forms of Chinese investment in the New Zealand property sector – the purchase of existing residential and commercial properties; and property development (often involving purchase of land for the purpose).

Residential purchases

83. Non-resident Chinese investment interest in purchasing New Zealand residential properties increased significantly from 2013. The 2018 implementation of restrictions on the purchase of residential property by overseas-based investors (the "foreign buyer ban"), while not targeted at Chinese investors specifically, then had a significant impact on Chinese house-buying in New Zealand.

84. According to online search data from real estate company Juwai, a Chinese platform assisting buyers to acquire overseas property, Chinese interest started at "very, very low levels" in 2014, grew significantly in 2015, really peaked in 2016 and the first quarter of 2017, then declined over the next two quarters".[82] Juwai believes plans to amend the Overseas Investment Act to restrict foreign purchases of residential land and homes (see below) accounted for the cooling of interest through 2017. Juwai still reported that overseas Chinese purchasers spent NZ$1.5 billion on residential acquisitions in New Zealand in 2017.[83]

85. Land Information New Zealand (LINZ) collected quarterly data in 2015-17 showing the emergence of Chinese property buyers as the largest group of overseas tax resident buyers of New Zealand houses over that period.[84] According to this data, purchases by overseas buyers constituted 3.0 to 3.5% of total national house sales in 2016 and 2017. Chinese investors overtook Australians from 2016 as the largest group of foreign purchasers: **Table 2**.

Table 2: Foreign buyers of residential houses in New Zealand 2015-17

	Oct 2015 Q	Apr 2016 Q	Oct 2016 Q	Apr 2017 Q	Oct 2017 Q
China	123 (23.0%*)	555 (31.7%*)	363 (32.2%*)	414 (27.3%*)	480 (30.0%*)
Australia	156 (29.2%*)	393 (22.5%*)	267 (23.7%*)	348 (23.0%*)	384 (24.0%*)
Mixed (NZ+)	93	207	150	240	240
USA	27	75	51	84	84
Hong Kong	21	54	42	66	84
UK	36	138	60	84	78
Singapore	18	63	-		-
Other	60	264	195	279	249
TOTAL OVERSEAS BUYERS	534	1749	1128	1515	1599
TOTAL NZ SALES	52,686	57,678	50,814	48,603	45,381

Source: Land information New Zealand (LINZ)

* Percentage of total overseas buyers

[82] https://propertyinstitute.nz/Story

[83] www.stuff.co.nz/business/property/106836362/chinese-pour-15-billion-into-nz-housing-market-last-year

[84] www.linz.govt.nz/guidance/land-registration/land-registration-guide/tax-statements/property-transfers-and-tax-residency-data

86. In Auckland, the only sub-national market covered in the LINZ reports, overseas Chinese buyers accounted for roughly half of all foreign home purchases in 2015-17.[85] The data suggests overseas Chinese buyers accounted for 0.62% of all Auckland house sales in the October 2015 quarter (123 sales of 52,686 transactions) and 3.19% in the October 2017 quarter (480 of 45,381). Total foreign purchases in Auckland in the October 2017 quarter totalled 6.05% of all house sales (1599 of 45,381): **Table 3**.

Table 3: Foreign buyers of residential houses in Auckland 2015-17

	Oct 2015 Q	Apr 2016 Q	Oct 2016 Q	Apr 2017 Q	Oct 2017 Q
China	90 (49.2%*)	495 (55%*)	294 (56.6%*)	330 (50%*)	396 (53%*)
Australia	30	69	39	54	63
Mixed (NZ+)	33	93	51	93	78
Hong Kong	12	30	-	-	51
Singapore	-	33	-	-	
Other	18	180	135	183	162
TOTAL OVERSEAS AUCKLAND BUYERS	183	900	519	660	750
TOTAL AUCKLAND SALES	14,607	16,494	14,352	13,092	12,396

Source: Land information New Zealand (LINZ)

* Percentage of total overseas buyers

87. The perceived scale of Chinese investment in the New Zealand (especially Auckland) residential real estate market became a political issue in 2015. Data shared by the Labour Party claimed that in February to April that year, "people of Chinese descent accounted for 39.5 per cent of the transactions in the city" climbing to over 50 per cent of purchases over NZ$ 1 million, according to one unnamed company.[86] The data and analysis were strongly criticised.[87]

Commercial purchases

88. Purchases of commercial real estate by Chinese investors also took off strongly. In mid-2014 for example, New Zealand real estate company Ray White reported that in the first quarter of that year 64% of its commercial sales were to offshore Chinese investors[88]. From a base of no sales the year before, in a 12-month period it sold 15 properties totalling NZ$ 249 million to non-resident Chinese and Chinese investment companies, describing the scale and speed of the new demand as "unprecedented" and "the tip of the iceberg", but "largely an Auckland phenomenon". According to Ray White, Chinese investors purchased commercial land (for development or landbanking) as well as existing office buildings.

The Overseas Investment Amendment Act 2018 and the (so-called) 'foreign buyer ban'

89. In October 2018 Parliament passed the Overseas Investment Amendment Act, to change a number of aspects of New Zealand's overseas investment policy settings. The Act does not affect the right of New Zealand citizens and residents 'ordinarily resident' to purchase a house or residential

[85] Same source

[86] www.nzherald.co.nz/nz/special-investigation-auckland-house-prices

[87] www.stuff.co.nz/manawatu-standard/opinion/70169383/labours-expose-on-chinese-investors-poor-form

[88] www.raywhite.co.nz/news-and-market-insights/news-media/chinese-interest-in-nz-property-unprecedented

land[89]. Some other individuals not ordinarily resident (citizens of Australia and Singapore, and anyone with a residence class visa) can purchase a house to live in with Overseas Investment Office consent[90], if they are committed to living in New Zealand for the long term. Overseas persons holding other classes of visa, or without any New Zealand visa, are no longer allowed to buy or build a house.

90. The so-called 'foreign buyer ban' under the Act is therefore not a ban. According to StatsNZ data, in the year to June 2024 there were 513 property transfers involving buyers who were not New Zealand citizens or resident visa-holders, constituting 0.4% of national property transfers.[91]

91. New Zealand legislation also still permits overseas investors to apply to purchase land for property development, on the basis that this will positively increase housing available for New Zealanders.[92] Specific examples include purchasing land to increase the number of dwellings on it; purchasing land to expand or establish 'long-term accommodation facilities' (e.g. a retirement village, or a student hostel); or purchasing land for development works that will enable creation of residential dwellings. In all cases, the investor cannot live on the land purchased. Special rules exist for the development and sale of apartments.

Recent property development

92. In 2019 a report by the New Zealand Chinese Building Industry Association (NZCBIA), which has a membership spanning both China-based and New Zealand-based companies, concluded that Chinese-owned developers planned projects in New Zealand out to 2027 with a total value of NZ$10.69 billion. The report also said NZ$ 1.7 billion of projects had been completed since 2010, 84% being residential, 12% commercial and 4% industrial. 90% of completed projects were in Auckland.[93] (It is not always clear if 'Chinese-owned' indicates foreign Chinese investment or New Zealand-based business.)

93. There have been media reports that the scale and ambition of Chinese property developers to invest in New Zealand and Australia has waned coinciding with the property sector downturn in China and consequent commercial pressures on developers, weak buyer demand and higher construction costs[94].

94. Nevertheless, a number of large Chinese property developers remain active in New Zealand, focused on both residential and commercial developments. Generally, Chinese developers partner with local architectural studios and construction companies, thus increasing employment as well as stock of local accommodation. Following are some recent examples of continuing Chinese investment:

a) *Shundi Group (舜地集团)* is a Chinese property development company headquartered in Shanghai. Its subsidiary Shundi Customs Ltd has several ongoing New Zealand projects in Auckland and Queenstown.

[89] www.linz.govt.nz/guidance/overseas-investment/buying-residential-property-live
[90] Same source
[91] www.stats.govt.nz/information-releases/property-transfer-statistics-june-2024-quarter/
[92] www.linz.govt.nz/sites/default/files/residential_housing_investment_info_sheet_2022-03-04.pdf
[93] www.nzherald.co.nz/business/companies/construction/chinese-owned-developers-plan-11-billion-of-nz-building-projects-in-next-eight-years
[94] www.scmp.com/week-asia/economics/article/3249120/chinese-property-developers-shrivel-australia-new-zealand-are-they-hibernating-better-times

Shundi is constructing luxury apartment building Seascape in the Auckland CBD. Designed by Australasian architectural studio Peddle Thorp, the 221-apartment development will be the tallest residential tower in New Zealand, at 187 metres.[95] The project has been valued at NZ$300 million.[96]

Construction began in 2018 and was due for completion in June 2021 but has been significantly delayed, not least due to a commercial dispute between Shundi Customs and contracted builders China Construction New Zealand (CCNZ), also owned by a Shanghai-based Chinese parent company. CCNZ ultimately ceased work on the tower in August 2024 over a non-payment claim for NZ$33 million. This claim has now been resolved in CCNZ's favour, but construction will now be taken over by Australian company Icon.[97]

Although completion of Seascape is Shundi's primary focus in 2025, the company also intends to partner with mana whenua in Tāmaki, Auckland to develop Te Tauoma, an 11.9-hectare site that will contain over 1,500 apartments as well as retail and commercial properties and landscaped areas.[98] There is a 10-15 year masterplan for development, over four stages.

Shundi has also finally received a green light to develop a 75-room hotel on land it purchased in Queenstown in 2016 for NZ$10.5 million.[99]

b) *Huadu International NZ Ltd (华都国际)* is the subsidiary of a parent company in Baoding, China. It is a prominent inner-city developer in Christchurch which has made an important contribution to recovery of the CBD area following the 2011 earthquake.

Huadu's completed projects include refurbishment of the old Christchurch law courts building as an international education hub[100]; refurbishment of the former IRD building as a medical research centre[101]; and construction of the Manawa building, now a collaborative partnership for education and research between Te Pukenga Ara Institute of Technology (Schools of Nursing, Midwifery and Medical Imaging), Health New Zealand – Te Whatu Ora Waitaha Canterbury and the University of Canterbury (Health Sciences and Masters of Nursing Programme)[102]. Huadu is developing a further two sites in the health precinct in Christchurch.[103]

It also completed 44-townhouse residential development Cranmer Terraces, after taking over as sole developer in 2019.[104]

c) *Fu Wah International Group (富华国际集团)* : As we have in previous reports, it is appropriate to again acknowledge Fu Wah's contribution to Auckland's waterfront through its construction of one of the city's premier five-star hotels, operated as the Park Hyatt Auckland. This was the company's

[95] www.seascapeauckland.co.nz/
[96] www.nzherald.co.nz/business/companies/construction/inside-300m-56-level-abandoned-seascape-weekly-inspections-for-auckland-council-check-safety
[97] www.stuff.co.nz/business/360658291/work-set-resume-abandoned-auckland-skyscraper
[98] www.tetauoma.nz/
[99] www.odt.co.nz/regions/queenstown/court-supports-revised-luxury-hotel-plan
[100] https://huaduinternational.nz/projects/huadu-new-zealand-education-centre-hnzec-christchurch/
[101] www.odt.co.nz/star-news/star-christchurch/former-christchurch-ird-building-sold-plan-turn-it-medical-research
[102] www.ara.ac.nz/explore/campuses/christchurch-manawa-campus/
[103] https://huaduinternational.nz/projects/huadu-international-hub/, https://huaduinternational.nz/projects/huadu-international-recovery-centre-hric/
[104] www.stuff.co.nz/business/property/112962631/luxury-apartment-development-restarts-as-exchch-mayor-bob-parker-bows-out

first major international project, integrated as part of the redevelopment of the Wynyard Quarter.[105] Fu Wah has a 125-year lease on the Auckland Council-owned site.

d) *Universal Homes* is one of the largest house building companies in New Zealand, established in 1959 and responsible for opening up large new residential suburbs in West Auckland. In 1985 founder Bill Subritzky sold the company to Chase Corporation[106], which in turn sold to Singaporean company HTP Holdings[107] in 1989 before eventual acquisition by China Merchants Group Ltd, a Chinese state-owned enterprise headquartered in Hong Kong which was closely involved in the pioneering development of Shenzhen City in Guangdong Province. Underneath its local veneer, Universal Homes is thus a 100% Chinese subsidiary company.

In recent years Universal Homes has received OIO approval for a number of land acquisitions in Auckland, all consented under the 'increased housing' test. In December 2017 the company purchased 43 hectares of land in the Westgate area for NZ$150 million. More recently in September 2019 it acquired 0.39 hectares in Northcote (NZ4.08 million) and in October 2019 1.23 hectares in Hobsonville Point (NZ$14.99 million). In April 2020 it received OIO standing consent to purchase and develop up to 21.5 further hectares of residential land in Auckland for up to 27 commercial developments.[108] The company says it has built at least 1500 houses in the Westgate area, and 1000 at Hobsonville Point.[109]

e) *Risland (Sunny Development NZ Ltd)* is another example of a China-based property developer which has delivered a number of residential projects in Auckland. These include a 99-apartment complex NEO in Grafton, and the Risland Meadowbank (95 units) and Risland Albany (145 units).

5.5 Case study 5: Public infrastructure and renewable energy

95. Public infrastructure is an example of a New Zealand investment sector where China's potential as a bilateral partner has not matched actual involvement.

96. As discussed in section 4 above, New Zealand's foreign investment regime must balance opportunities and risks. Policy documents specifically list examples of "high-risk critical national infrastructure" which will always warrant greater scrutiny than other investment projects and require a careful national interest assessment[110]. These projects include:

- Significant ports and airports;
- Electricity generation and distribution businesses;
- Water infrastructure;
- Telecommunications infrastructure.

97. Any involvement of foreign governments or "associated involvement" (e.g. state-owned enterprises) in such projects is also noted in policy documents as a factor that would trigger the

[105] https://nzcta50over50.co.nz/fu-wah/
[106] www.listennotes.com/podcasts/the-property/the-property-development
[107] www.afr.com/politics/chase-sells-building-arm-to-jack-chia-19891109
[108] www.linz.govt.nz/our-work/overseas-investment-regulation/decisions
[109] See note 83.
[110] www.treasury.govt.nz/sites/default/files/2021-06/for-invest-pol-nat-interest-guidance-jun21.pdf

national interest test.[111] It is also unlikely that a New Zealand government would consider there was sufficient social licence for foreign investment or ownership of an asset like a port or airport. (As an interesting point of comparison, in 2015 Chinese-owned Landbridge was awarded a 99-year lease to operate the Port of Darwin[112], but this is now the focus of political debate in Australia[113].)

98. At the same time, China's economic development over the last several decades has been characterised by massive investment in domestic public infrastructure projects, ranging from new airports and sea/river ports to the high-speed rail (HSR) network, urban metro lines, bridges and motorways.

99. As examples, China's first passenger HSR route (Beijing to Tianjin, 117km) opened in August 2008, and by 2024 the national network totalled 48,000km. China plans a further HSR expansion to 60,000km by 2030.[114] In 2023, 7,000kms of expressway were opened or expanded in China.[115] These, together with world-class bridge and tunnel construction and engineering, are impressive achievements even taking into account the country's large scale, which help to illustrate the capacity and capability of the country's infrastructure engineering and construction sector.

100. China has also emerged as the world's leading production of wind energy and solar energy equipment, and battery storage solutions. In 2024 China's wind power capacity reached 520 GW, up 18% over 2023. China's installed solar capacity climbed 45.2% in 2024 to 886.67 GW of installed solar power, up from 609.49 GW in 2023 (cf. 139 GW in the United States in 2023). This combined adoption of wind and solar is estimated to be six years ahead of China's own scheduled goals. Six of the world's seven largest wind turbine manufacturers are Chinese companies, with China overall producing an estimated 70% of global supply (**Figure 20)**. China now also produces over 80% of the world's solar panels and components.

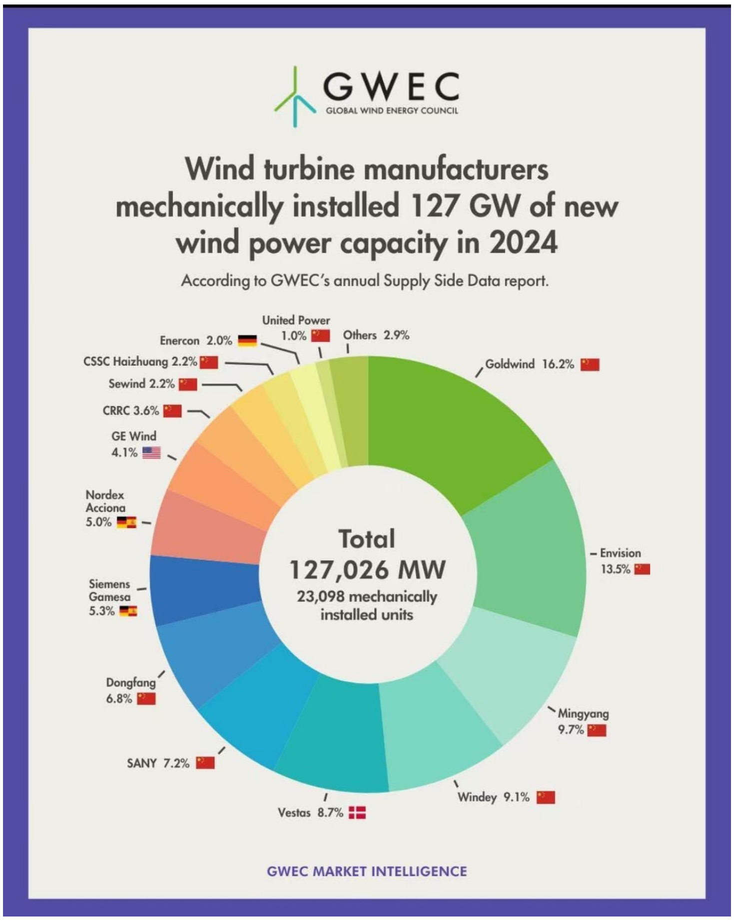
101. Chinese companies now have significant experience of delivering a wide range of public infrastructure and renewable energy projects internationally, either by themselves or with local partners. China associates many of these projects with its Belt and Road Initiative, which has drawn mixed analysis and commentary from observers outside China. In 2017 New Zealand signed a Memorandum of Arrangement on Strengthening Cooperation on the Belt and Road Initiative[116], but no projects have been implemented under the MOA to date.

Opportunities in New Zealand?

102. Speaking at the 2025 China Business Summit[117], the CEO of Bank of China New Zealand and Chair of the China Chamber of Commerce in New Zealand Warren Hu used the construction of a section of highway as an example of a less sensitive form of potential foreign investment in New Zealand's infrastructure development.

[111] Same source
[112] www.abc.net.au/news/2015-10-13/chinese-company-landbridge-wins-99-year-darwin-port-lease/6850870
[113] www.reuters.com/world/china/chinese-ambassador-criticises-plan-return-darwin-port-australian-ownership-2025-05-26/
[114] www.railway.supply/en/china-expands-high-speed-rail-network-to-60000-kilometers-by-2030/
[115] https://english.news.cn/20240228/8d321620c3b742cdb5c4e852cc13677b/c.html
[116] www.mfat.govt.nz/assets/Trade-agreements/China-NZ-FTA/NRA-NZ-China-Cooperation-on-Belt-and-Road-Initiative.pdf
[117] www.chinabusinesssummit.co.nz

Figure 20: Global wind energy manufacturers in 2024



Source: Global Wind Energy Council

103. There is increasing demand in New Zealand for wind and solar energy equipment manufactured in China. According to a report commissioned by this Council in 2024, the nominal value of solar panel imports (including their components) was NZ$ 88.4 million in 2023, with China supplying 89% by value (up from 49% share ($19.8m) in 2014).[118] No New Zealand wind farms have installed Chinese-made turbines yet (although European turbines are estimated to contain about 70% of Chinese componentry). But the New Zealand China Council partnered with the New Zealand Wind Energy Association (NZWEA) to organise a study visit by NZWEA members to China in June 2025 in response to sector interest, to explore potential partnerships.

104. Chinese wind and solar companies are increasingly interested in investing in and/or establishing renewable energy projects in New Zealand. Land and Information New Zealand (LINZ) has published specific guidelines on foreign investment in wind and solar farms[119], which confirms that several solar farms (source country of investment not specified) have been consented under the Overseas Investment Act since 2022.

[118] https://nzchinacouncil.org.nz/wp-content/uploads/2024/06/Importing-from-China.pdf
[119] www.linz.govt.nz/sites/default/files/doc/SolarandwindfarmsundertheOverseasInvestmentAct.pdf

105. The LINZ guidance underlines the unique characteristics of solar farms, relating to land tenure, complementary land usage, and complex commercial arrangements. It also confirms that proposed foreign investment in these renewable energy farms will be subject to four tests: the investor test ("ensuring that the investor and the people who own and control it are suitable to own or control sensitive New Zealand assets"), benefit to New Zealand test, farm land advertising requirement (requiring any farm land to be advertised to non-overseas persons) and the national interest test.

106. On 13-14 March 2025 the government held the New Zealand Infrastructure Investment Summit[120]. As well as a general signal that New Zealand is open for business and welcomes foreign investment, "the Summit was held to stimulate more foreign investment to support delivery of New Zealand's infrastructure pipeline. Greater foreign investment and increased partnerships can help bridge the gap between domestic savings and New Zealand's infrastructure investment needs."[121] External attendance at the Summit was by invitation only, targeting over 100 senior executives from global and New Zealand infrastructure investor, financier, sponsor, construction, asset management and consultancy companies[122].

107. The three Chinese banks with a New Zealand business presence, Bank of China (BoC), China Construction Bank (CCB) and Industrial and Commercial Bank of China (ICBC) participated in the Summit alongside New Zealand and Australian banks as locally-based financial services providers. Companies from New Zealand and 14 other countries attended[123]: **Table 4**.

Table 4: Companies attending the New Zealand Infrastructure Investment Summit 2025, by nationality

Country of origin	No. of attendees	Type of company
New Zealand	46	Construction, engineering, financial services, investor, professional services
Australia	17	Construction, developer/operator, engineering, investor, pension/superannuation, financial services, professional services, sovereign wealth fund
Canada	4	Financial services, investor, pension/superannuation
China	3	Financial services
Denmark	1	Investor
France	2	Developer/operator, financial services
Italy	2	Construction
Japan	4	Construction, financial services
Malaysia	2	Construction, sovereign wealth fund
Netherlands	2	Financial services, investor
Singapore	1	Investor
South Korea	5	Construction, financial services, sovereign wealth fund
Spain	2	Construction, financial services

[120] www.treasury.govt.nz/sites/default/files/2025-07/infrastructure-investment-summit-report-jul25.pdf
[121] Same source
[122] Same source
[123] https://businessdesk.co.nz/article/infrastructure/wait-and-see-the-builders-bankers-and-investors-summiting-in-auckland

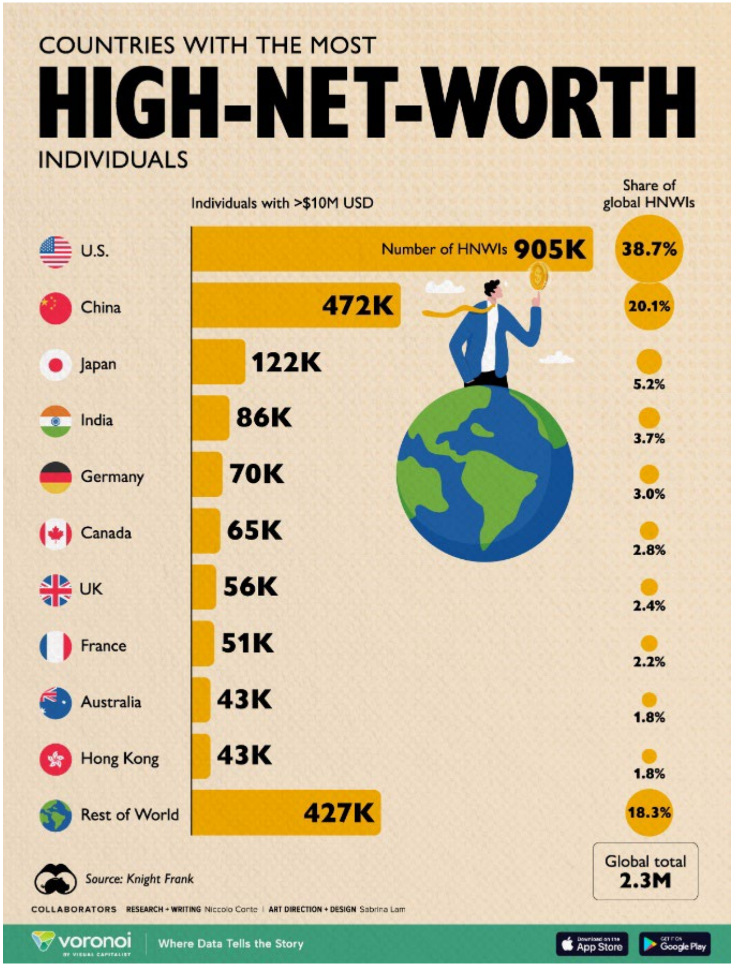
Country of origin	No. of attendees	Type of company
United States	4	Engineering/professional services, financial services, investor
United Kingdom	7	Developer/operator, engineering, investor, professional services
TOTAL	**102**	

Source: BusinessDesk

6 Investor Migration to New Zealand – Investor 1 and 2, and Active Investor Plus

108. On the surface, there is significant potential for New Zealand to attract high net worth individuals from China to migrate to New Zealand. According to Knight Frank's 2025 Wealth Report[124], over 20% of the world's HNWIs reside in China, second only to the United States: **Figure 21**.

Figure 21 – Countries with the most high-net worth individuals



Source: Visual Capitalist

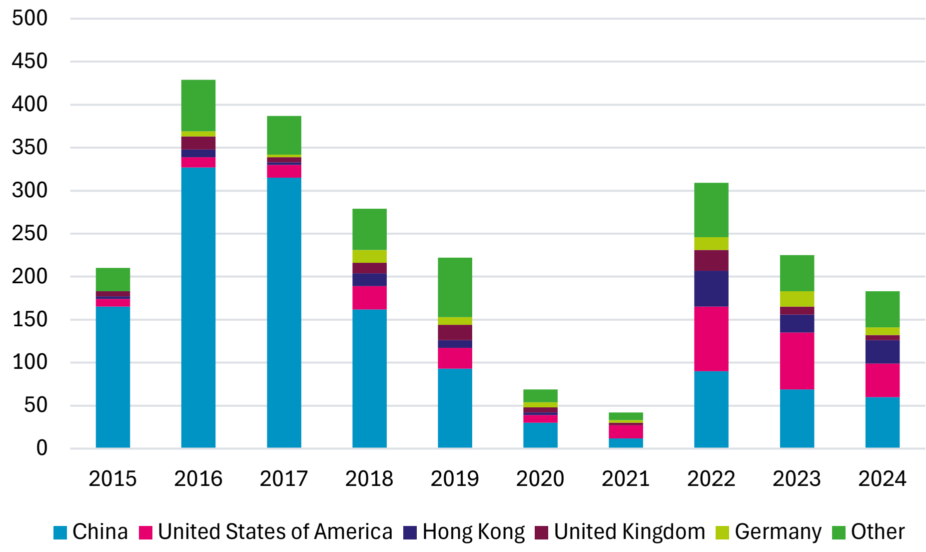
6.1 Data snapshot

109. Several factors including government policy and regulation as well as Covid have impacted the flow of investor migrants from China in 2014-2024.

[124] www.knightfrank.com/wealthreport

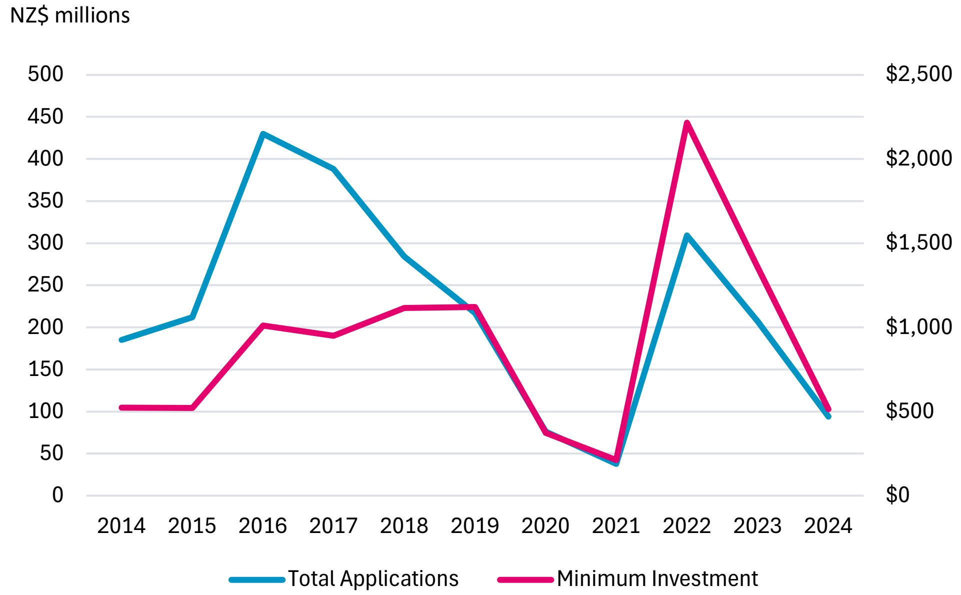
110. In the years 2016 and 2017 especially, investor migrants from China comprised the bulk of peak numbers of approved applications (reaching 327 approvals in 2016, 76% of the global total). The number of global applications reduced sharply during Covid, for understandable reasons. After Covid, from 2022 a new policy approach was introduced – see below - and the previous (Investor 1 and 2) policy was phased out. In 2024, 60 Chinese investor migrant applications were approved under the old policy (32.7% of the global total), with a more even spread across applicants from the United States, Hong Kong, Germany, the United Kingdom and other source countries: **Figure 22**.

Figure 22 – Top 5 countries approved investor migration applications into NZ under Investor 1 and 2 category visas (including 'grandparented' applications 2022-24 following introduction of AIPV)



Source: Immigration NZ

Figure 23 – Total applications and minimum investment for approved investor migrants

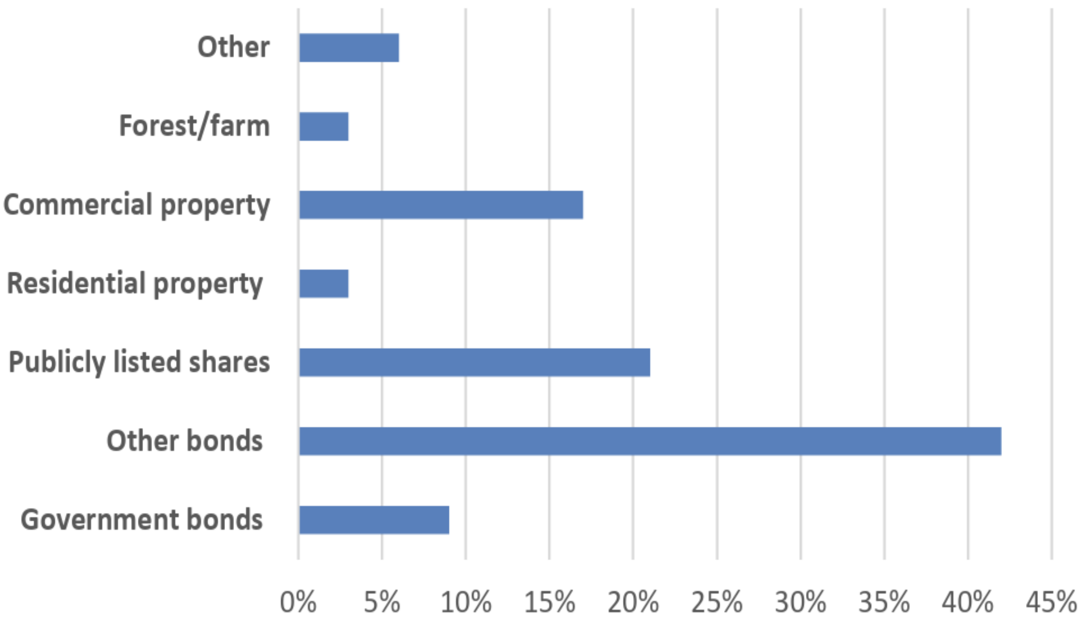


Source: Ministry of Business, Innovation & Employment (MBIE)

111. The total invested (minimum invested) was NZ$ 9.91 billion over the ten-year period 2014-2024. The minimum invested was volatile, particularly over the COVID period when total investment fell to NZ$ 212 million in 2021, before recovering to NZ$ 2.21 billion in 2022: **Figure 23**.

112. Official data for types of migrant investment in New Zealand was published in the period 2017 - 2020 and shows that this was mainly in bonds, publicly listed shares and commercial property: **Figure 24**.

Figure 24 - Investment destinations under investor 1 and 2 category visas, 2017 to 2020



Source: MBIE

6.2 Policy changes

113. The investor visa pathways to facilitate migration to New Zealand by high-net-worth individuals have changed a number of times over the last decade. Changes have been driven largely by the desire to ensure personal foreign capital is channelled into 'active' investment categories. In the case of China, challenges have been posed by tight Chinese government controls on personal capital exports.

a) 2009-2022: Investor 1 and 2 Resident visas

114. From July 2009 to July 2022[125] New Zealand offered Investor 1 and 2 Resident Visas.

- Investor 1: Individuals applying for an Investor 1 resident visa had to commit to investing a total of NZ$10 million in New Zealand over a three-year period in acceptable investment

[125] With policies amended in 2016: www.beehive.govt.nz/release/investor-policy-changes-encourage-growth

categories. This allowed the applicant, their partner and dependent children to reside in New Zealand indefinitely.[126]

- Investor 2: This category operated in a similar way to skilled migrant visa applications, relying on a points system based on age, business experience and available investment capital. Applicants had to nominate NZ$3 million or more for four years in investment funds as part of their application.[127]

115. Until July 2022, Immigration New Zealand required applicants from China to use a channel called Qualified Domestic Institutional Investor (QDII) to transfer funds required for Investor 1 and 2 migration: "If you want to transfer investment funds from China, you must use an organisation that is recognised by the Chinese Government as providing QDII products. For example these organisations are widely used: Bank of China, China Construction Bank, Guosen Securities Company Ltd, ICBC Bank, OCBC Bank. There are many other schemes and providers of QDII products. We cannot approve your QDII provider until we have assessed your application. Our approval depends on the transfer and investment documents that you supply."[128]

Insight Box 2: What is QDII?

The Chinese Government established QDII in 2006, administered by the State Administration of Foreign Exchange (SAFE), as an approved way for Chinese individuals and entities to transfer funds overseas for investment purposes. Tight capital export controls for this purpose were otherwise in place. SAFE grants QDII quotas to five types of entities (banks, trust companies, insurance companies, securities companies and funds) permitting them to make investments overseas for themselves or on behalf of retail clients. Investments can include equities, fixed income and derivatives, in specified overseas markets.[129]

QDII has proved increasingly popular amongst Chinese investors. As at June 2024 over 40% of products were fully subscribed, with 70% of products achieving positive returns (81 with returns over 10%, 6 with returns over 20%)[130]. Over time the Chinese Government has continued to expand the QDII programme. By the end of January 2025 total quotas for different types of participating entities were:

- 41 banks, quota total US$ 27.6 billion
- 76 security companies, quota total US$ 92.1 billion
- 48 insurance companies, quota total US$ 39.0 billion
- 24 trust companies, quota total US$ 9 billion

TOTAL 189 institutional investors, total quota US$ 167.79 billion.[131]

[126] https://immigrant.kiwi.nz/investment-category/
[127] Same source
[128] www.immigration.govt.nz/process-to-apply/applying-for-a-visa/providing-evidence-and-documents-to-support-your-visa-application/acceptable-investments-for-investor-and-retirement-visas/transferring-investment-funds-investor-1-and-2-visas-and-parent-retirement-resident-visa/
[129] www.investopedia.com/terms/q/qdii.asp
[130] https://english.sse.com.cn/news/newsrelease/voice/c/c_20240605_10758389.shtml
[131] www.safe.gov.cn/en/file/file/20250124/Qualified Domestic Institutional Investors QDII with Investment Quotas Granted by SAFE

Other similar channels – QDLP, QDIE

The Chinese government has also permitted some cities and provinces to establish and administer their own offshore investment products. These appear to be pilot schemes which go beyond the scope of QDII. In 2012 Shanghai Municipality launched the first product, named Qualified Domestic Limited Partners (QDLP), with a current quota of US$10 billion[132]. Beijing and Chongqing cities and Jiangsu, Guangdong and Hainan provinces are amongst those that have since followed suit,[133] and Shenzhen has launched a similar Qualified Domestic Investment Enterprises (QDIE) product. These products generally permit a wider range of foreign investments, including secondary market funds, PE funds, real estate and investment funds[134] and are Petrie dishes for testing other innovations as well.

b) Since 2022: Active Investor Plus Visa (AIPV)

116. In July 2022 the New Zealand government announced a new visa category to replace Investor 1 and Investor 2 resident visas: The Active Investor Plus Visa (AIPV). [135] According to ministers announcing the change: "The new Active Investor Plus visa will replace the old investment visa categories, which although successful in attracting a large amount of funds over past decade – over $12b –often resulted in passive investment in shares and bonds rather than directly into New Zealand companies, meaning a missed opportunity to attract more active investors who can deliver real benefits to our economy over a long period of time. We want to encourage active investment into New Zealand, which generates more high-skilled jobs and economic growth compared to passive investment. This new visa category will also leverage the skills, experience and networks of migrants who will bring their access to global networks and global markets to help Kiwi companies grow faster and smarter."[136]

117. To apply for an AIPV investors had to commit to an investment of NZ$15 million or a lower weighted equivalent, depending on category of investment across listed equities, philanthropy, managed funds and direct investment. AIPV applicants were also required to have a "reasonable command of English" to at least Level 5 of the International English Language Testing System (IELTS).

Table 5 – Investor migration to NZ by AIP visa migrants (June financial years)

NZ$ millions

Year	Investor migrant applications	Value of minimum investment
2022/23	28	$140
2023/24	33	$165

Source: New Zealand Trade and Enterprise (NZTE)

[132] www.afr.com/world/asia/how-shanghai-s-ambition-to-be-the-future-of-finance-fell-apart-20241202

[133] https://fundselectorasia.com/china-expands-qdlp-scheme-to-hainan/

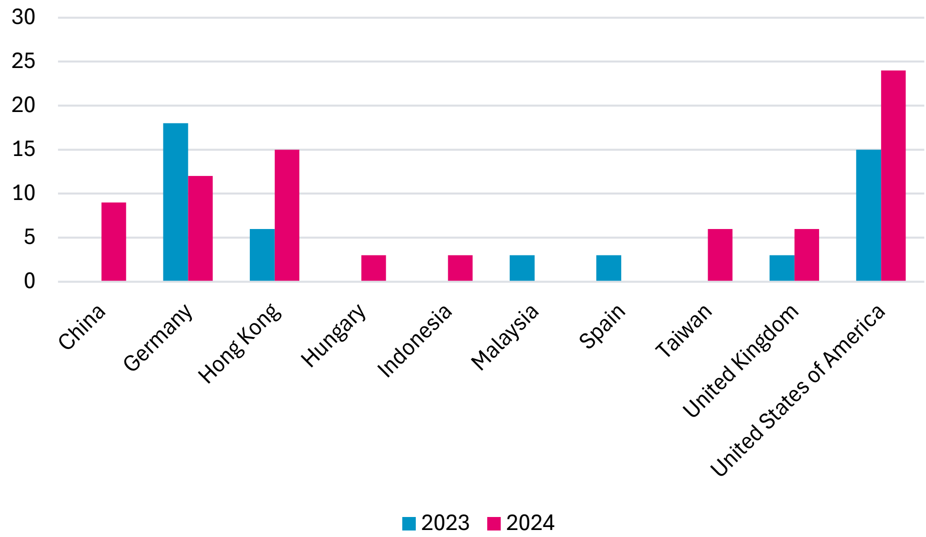
[134] www.hankunlaw.com/upload/newsAndInsights/8e0b845268f942e2e6f124f478f288fb.pdf

[135] www.beehive.govt.nz/release/new-investor-migrant-visa-will-bring-growth-opportunities-kiwi-companies

[136] Same source

118. The number of AIPV investors was 28 in the June year 2022/23 and 33 in the June year 2023/24. The value of minimum investments in June Year 2022/23 was NZ$ 140 million and NZ$ 165 million in the June year 2022/23: **Table 5**. The largest number of approved AIPV investors over 2023 and 2024 was from the United States (39), followed by Germany (30) and Hong Kong (21). Nine applications from China were approved: **Figure 25**.

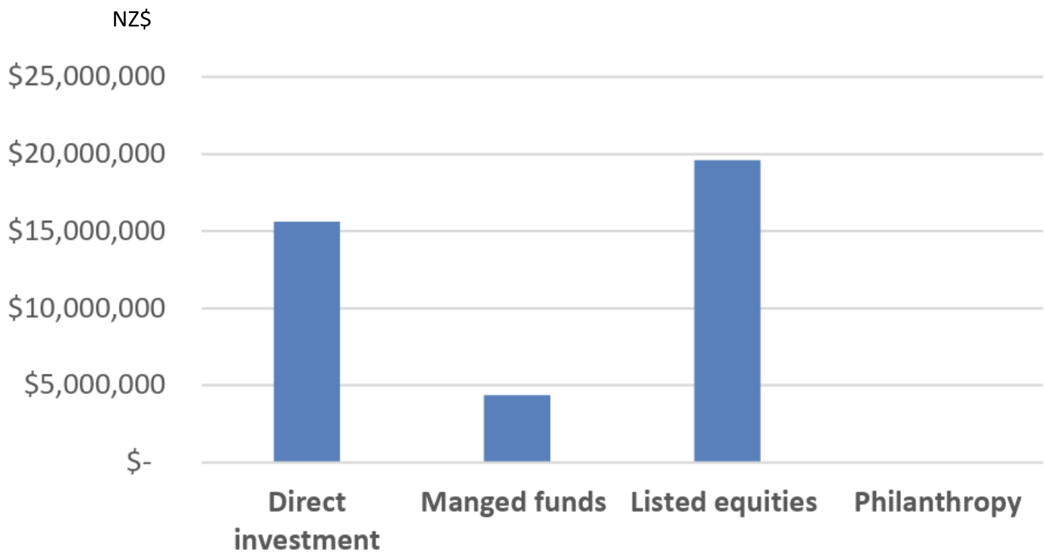
Figure 25 Approved AIP visa decisions by nationality (calendar years)



Source: MBIE

119. The main sectors in which migrants chose to invest were listed equities (50%) and direct investments (39%): **Figure 26**.

Figure 26 - Investment categories utilised under AIPV at 12 July 2024



Source: MBIE

c) 2025 changes to AIPV

120. Further changes to AIPV policies were announced in February 2025 and took effect from 1 April.[137] Two investment categories were created:

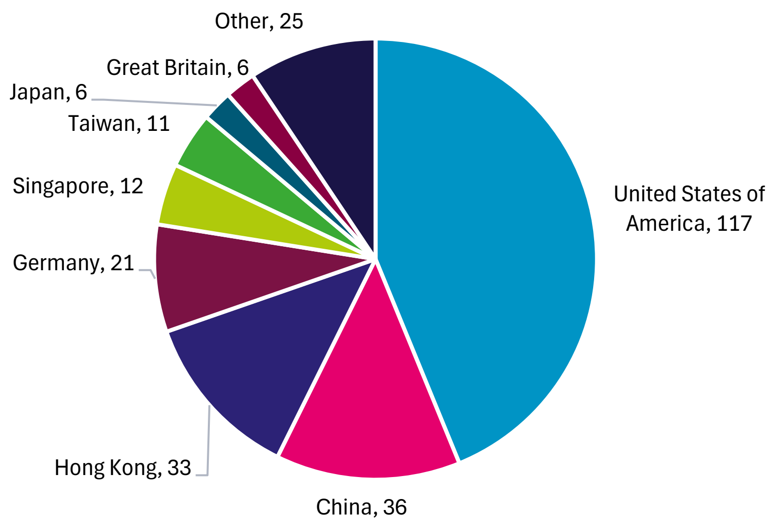
- A Growth category focuses on higher-risk investments, including direct investments in New Zealand businesses and managed funds. It requires a minimum investment of $5 million for a minimum period of three years.
- A Balanced category focuses on mixed investments, with the ability to choose ones that are lower risk (listed equities, philanthropy, bonds, property development). There is a minimum investment of $10 million over five years.

121. Other changes include:

- Spend 21 days over three years in New Zealand for Growth, 105 days over five years for Balanced.
- No English language requirement.
- Assistance to investor migrants to join New Zealand's investment community.[138]

122. From 1 April to 8 August 2025, a total of 267 new AIPV applications covering 862 people have been received (58 in the Balanced category and 209 in the Growth category), amounting to a potential total minimum investment of NZ$ 1.625 billion. Most applications have been received from the United States (117 applications involving 344 people) followed by China (36 applications, 124 people), Hong Kong (33 applications, 96 people) and Germany (21 applications, 83 people): **Figures 27 and 28.** 164 applications have been approved in principle.[139]

Figure 27 – AIP visa applications by nationality, 1 April 2025 to 8 August 2025

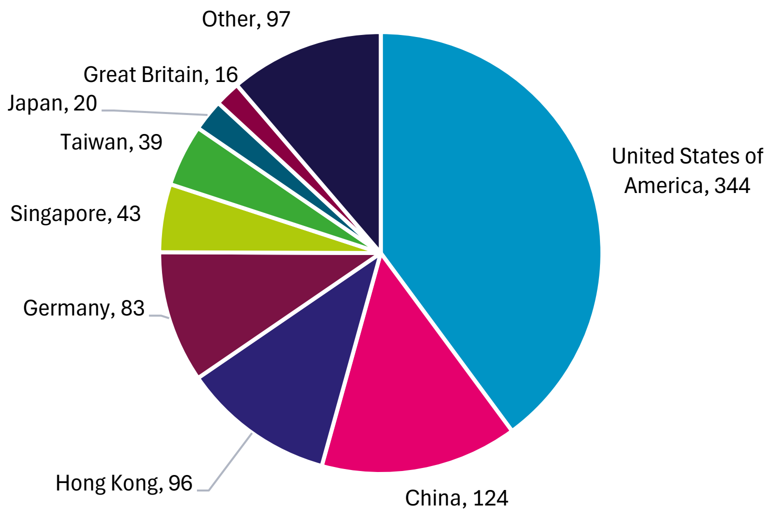


Source: MBIE

[137] www.beehive.govt.nz/release/going-growth-unlocking-investment-nz
[138] www.nzte.govt.nz/page/investor-migrants?jumplink=4wYLAgZRt1poY1woMwa5KX
[139] www.immigration.govt.nz/about-us/news-centre/investor-category/

Figure 28 – Applicants included in AIP visa application by nationality, 1 April 2025 to 8 August 2025

(a single application can cover multiple individuals, e.g. family members)



Source: MBIE

d) AIPV and QDII (and QDLP)

123. Immigration New Zealand emphasises that investment policy settings are country neutral. "We welcome high quality and productive foreign investment from all investors, provided it meets our regulatory requirements." Due to the policy requirements, however, since 2022, QDII and QDLP have not been accepted as channels for the transfer of required funds to New Zealand for AIPV purposes. When April 2025 policy changes were made, Immigration New Zealand reconfirmed on its website that these products were "not considered acceptable methods of transfer to meet immigration requirements"[140]

124. This approach is because the Chinese Government requires QDII and QDLP funds to be repatriated to China after a stipulated period, usually four years. China's policy is therefore at odds with New Zealand's AIPV policy that funds should be invested here for the long term, following the removal of the four-year requirement under the previous Investor 1 and 2 visa policies. "There is no certain potential of the funds remaining productively invested beyond an investor's investment period".[141] The restriction of QDII investment to equities, fixed income and derivatives is also seen as 'passive' investment, which the AIPV is designed to reduce.

125. Immigration New Zealand still accepts QDII for transfer of funds from China under other visa policies, for example the Parent Retirement visa category which requires applicants to transfer NZ$1 million to New Zealand and keep it invested for four years.[142] "The objective of the Parent Retirement

[140] www.rnz.co.nz/news/chinese/559967/golden-visa-shutting-out-chinese-investors-legal-experts-say
[141] Same source
[142] www.immigration.govt.nz/visas/parent-retirement-resident-visa/

Category is to provide a residence class visa to those with family links to New Zealand who wish to make a significant contribution to New Zealand's economy."[143]

126. Those critiquing the government's approach to the ineligibility of QDII for AIPV purposes raise the following points:

- Perverse incentive: QDII and QDLP are legitimate channels approved by the Chinese government which ensure Chinese investors can transfer funds in a legal and above-board way to New Zealand, rather than find creative work-arounds which could raise anti-money laundering (AML) concerns. Some wealthy Chinese investors do have legitimate diversified holdings outside China which they have used to migrate to New Zealand, but many do not.

- Unequal treatment: Investors from other countries are also able to withdraw their capital after a period of time and indeed some do, for example to avoid classification as New Zealand tax residents. But this is a discretionary rather than required step.

- Flexibility: There is scope for some QDII products to apply to extend the term of overseas investment and leave funds overseas for longer than four years.[144] It is argued that a more detailed understanding of QDII variations is required.

- Range of investments possible: While the classes of QDII investments may be limited, those under QDLP can be more 'active' – but this again requires more detailed research on a case-by-case basis, as each QDLP could have unique parameters.

- Once residence status changes, capital export controls are looser: Under Chinese government regulations, once a Chinese citizen gains permanent residence overseas they are subject to more relaxed rules and able to apply to transfer of assets and funding to their new home via a one-off transfer.[145] Advocates say this permits the second export of funds at a later stage, even if repatriated under QDII. Others say securing the Chinese government's approval of this in practice remains difficult.

e) New Business Investment Visa announcement

127. As this report was being finalised, the New Zealand Government announced a further new investment visa type, the Business Investment Visa (BIV), to attract experienced businesspeople to New Zealand[146]. The BIV, which will open for applications in November 2025, will offer two investment options: NZ$ 1 million investment in an existing business, with a three-year work to residence pathway; and NZ$ 2 million investment in an existing business with a 12-month fast-track to residence pathway. The BIV will replace the existing Entrepreneurship Visa. But "work is also underway on a visa pathway for start-up entrepreneurs with scalable, innovative business ideas."

[143] www.immigration.govt.nz/opsmanual/#30910.htm

[144] 合格境内机构投资者境外证券投资管理试行办法_中国证券监督管理委员会_中国政府网 (Chinese language), which also references 中华人民共和国证券投资基金法（主席令第七十一号）

[145] Announcement No. 16 [2004] of the People's Bank of China-Interim Measures for the Administration of Purchase and Payment of Foreign Exchanges Due to Transfer of Individual Properties to the Outside of China

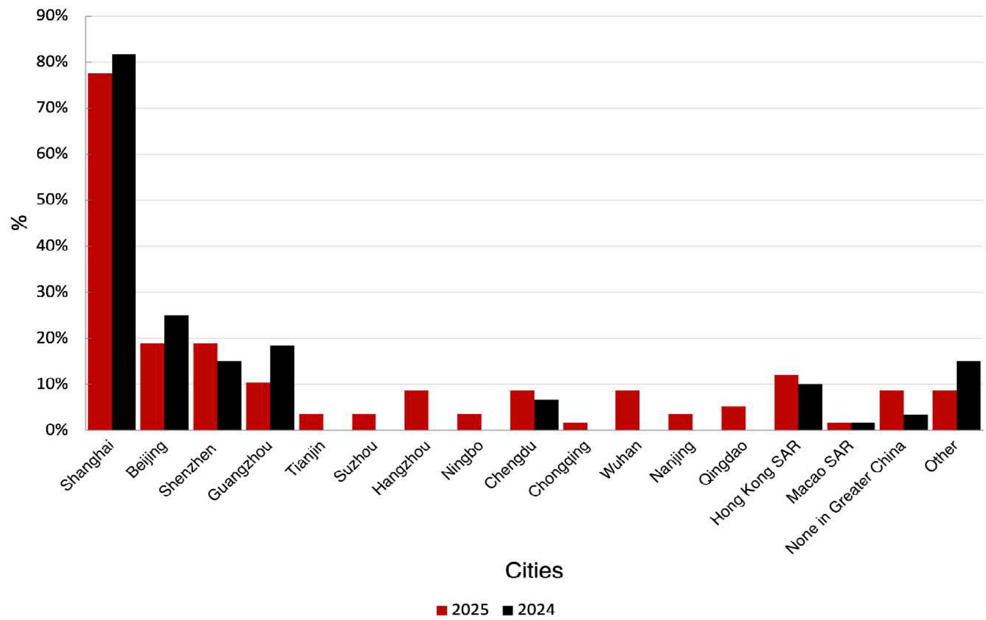
[146] www.beehive.govt.nz/release/new-business-investor-visa-support-growth

7 New Zealand investment in China in 2025

128. As outlined in Section 3 above New Zealand is not a large investor in China, receiving much more Chinese FDI than it contributes in ODI. Compared to large manufacturing and other investments by companies from the United States, Europe, South Korea and Japan for example, New Zealand's investments have generally been much smaller in scale.

129. A common model in 2025 is the establishment of a China office, operated as a joint venture or as a wholly-foreign owned enterprise (WFOE). Our larger companies like Fonterra and Zespri have offices and sales centres in multiple cities: Fonterra for example has a network of Application Centres featuring demonstration kitchens in six cities[147], in addition to its corporate offices in Beijing and Shanghai. In 2025 the New Zealand Business Roundtable in China (NZBRiC) surveyed New Zealand businesses with a China presence, in its annual Business Outlook Report.[148] The report covered 60 New Zealand companies with operations in China, located in cities across the country. 78% had a presence in Shanghai, 19% in Beijing, 19% in Shenzhen, and 10% in Guangzhou: **Figure 29**.

Figure 29 – New Zealand business locations of on-ground presence or sales office, China 2025



Source: New Zealand Business Roundtable in China 2025 Business Outlook Report

130. The NZBRiC Business Outlook Report also confirmed that 60% of New Zealand companies with an on-ground presence in China have been there for at least 10 years. But the number of companies in market for 1-5 years and 5-10 years both declined by 8%, which NZBRiC suggested showed a level of churn in an increasingly competitive market environment (combined with some respondents 'graduating' to the 10+ years club). Only three respondents reported arrival in China within the last year.

[147] www.fonterra.com/nz/en/our-stories/articles/fonterra-opens-its-doors-to-central-china.html
[148] www.nzbric.com/_files/ugd/fd1758_503a083ff4ed4974a490069c1ec04e38.pdf

Some flagship New Zealand investments

131. Some New Zealand companies have invested on a larger scale in China over the years. Not all of these investments stood the test of time (see **Insight Box 3**). Following are some examples of larger New Zealand investments in China operating in 2025:

a) *Alpha Group*: Alpha Group was established in 1998 in Auckland, with a focus on manufacture and sale of fungi and plant based bioactives and health supplements. Its innovations include a fermentation method to grow mycelium fungus in under 10 days compared to a six-month growth cycle in the wild.

In 2005 the company established the Alpha Biotech Science and Technology Park in Ningde, Fujian Province. Alpha Group's global assets now exceed NZ$ 800 million[149]. Most recently a new NZ$ 115 million biotech manufacturing facility in China was announced in June 2025.[150] Other projects include the Alpha (Gutian) Ecological Park also in Ningde (2012) and the Alpha Natural Medicine Research Institute at Tongji University, Shanghai (2015).

b) *Scott Technology*: Scott Technology designs and manufactures advanced automation systems. The company set up a representative office in Qingdao in 2007. In 2011 it acquired a 75% stake in a Chinese manufacturing facility, and then established Scott Systems (Qingdao) in 2014. Its new workshop opened in 2023 is located in a low carbon industrial park and comprises 8000m^2 of processing capability including design machining, quality inspection and storage. The plant has over 40 staff and 24 automation lines.[151]

In December 2024 Scott Technology announced its largest ever appliance automation contract of over NZ$ 20 million with a large Chinese whiteware manufacturer, boosted by the company's Qingdao capability.[152]

(New Zealand automated manufacturing equipment supplier Facteon, originally a Fisher & Paykel subsidiary that is now owned 100% by Hai'er, also has a manufacturing facility in Qingdao.)

c) *Primary Collaboration New Zealand (PCNZ)*: Established in 2014, and fully operational in 2015, PCNZ has for 10 years been offering an innovative solution for New Zealand companies seeking China Entry and an in-market presence in a cost-effective and low risk way, from its base in Shanghai. It's China WOFE (Wholly Owned Foreign Entity) is a fully local, legal entity, which provides shared services, (accounting and finance, I.T., HR and payroll) staff recruitment and development, market intelligence and planning, and ultimately aims to help New Zealand companies establish an independent in-market presence on "graduation" from PCNZ.

To date, PCNZ graduates have included Silver Fern Farms, Synlait, K9 Natural, Kono, Spring Sheep and Rockit Apple, all of which have gone on to establish their own China enterprises. As well as

[149] https://exportertoday.co.nz/markets/kiwi-biotech-alpha-group-sets-sights-on-115m-expansion-in-china
[150] same source
[151] https://nzcta50over50.co.nz/scott-technology/
[152] https://scottautomation.com/assets/Investor-centre/Announcements/2024/Scott-Technology-China-Lands-Largest-Appliance-Contract.pdf

these shareholders, other current members include Anzco Foods, Apollo Foods, Grove Avocado Oil, Alliance Group, Darling Group, Mānuka Health, and Thorndon Group.

Insight Box 3: Where are they now? New Zealand investments in China revisited

In the New Zealand China Council's 2015 and 2018 reports on two-way investment[153] [154] we spotlighted a number of prominent New Zealand investments in China. In preparing this report we reviewed their current status:

Fonterra: Fonterra remains a large New Zealand investor in China, with over 600 personnel in Greater China and five offices located in Beijing, Shanghai, Guangzhou, Hong Kong and Taipei. It has established six application centres across China that play a pivotal role in driving innovation and tailoring Fonterra's foodservice offerings to the tastes, culture and trends of the area in which they are located. The most recent ones to open are located in Wuhan and Shenzhen and started operating in 2024 and 2023 respectively. Fonterra employs about 50 chefs who work out of the application centres, which are equipped with commercial kitchen appliances and designed for customer visits and large-scale demonstrations.

Fonterra previously invested in two JV dairy farms and two farming hubs, in three Chinese provinces. It sold its two wholly-owned hubs in Shanxi and Hebei provinces in April 2021 to Chinese dairy company Youran Dairy; and its two joint venture farms in Shandong province to Singapore-based AustAsia Investment Holdings in June 2021.[155] Fonterra also held an 18.8% stake in Chinese infant formula company Beingmate which it sold in April 2021. [156]

Nuplex: Nuplex was a NZX and ASX listed manufacturer of resins used in paints and coatings. At its peak it had three manufacturing bases in China, the last being a NZ$42 million plant in Jiangsu Province. In 2016 Nuplex was acquired and became part of German company Allnex, and was removed from the NZX. Allnex is headquartered in Frankfurt Am Main.

Huhu Studios: Huhu Studios' China business spanned digital media (including animation) and education. It had two Joint Ventures with local companies in Beijing, Guangzhou and Taiwan. As Covid hit, Huhu Studios launched its first 3D animated feature film on the Chinese market, co-produced with China Film Animation, and prepared for nationwide release. But at the end of 2022 Huhu Studios announced its liquidation, unable to recover from the impacts of pandemic disruptions.[157]

Methven: In 2014 New Zealand bathroom fixtures company Methven invested NZ$ 10 million in a Chinese tapware manufacturing supplier, Invention Sanitary (which took the name Methven

[153] https://nzchinacouncil.org.nz/wp-content/uploads/2017/05/a31db9_b3155fe0a7614954916f22317e625ed0.pdf
[154] https://nzchinacouncil.org.nz/wp-content/uploads/2019/08/Understanding-Chinese-Investment-in-NZ.pdf
[155] www.fonterra.com/nz/en/our-stories/media/fonterra-agrees-sale-of-china-jv-farms.html
[156] www.fonterra.com/nz/en/our-stories/media/fonterra-announces-intention-to-reduce-beingmate-shareholding.html
[157] www.localmatters.co.nz/news/covid-ends-huhu-studios-run/

Heshan), based in Guangdong Province. At the time Methven also had 44 distributors including its own stand-alone branded stores. Australian manufacturer GWA Group Ltd acquired 100% of Methven shares in 2019[158] and Methven delisted from the NZX.

Fletcher building: Fletcher Building previously owned two Formica® laminate plants in China (representing an investment of NZ$ 150 million). The second plant, a 500,000 m^2 facility in Jiangxi province employing 400 people, was opened in November 2013 to become one of Formica's largest production plants globally.[159] Fletcher Building sold its Formica business in 2019 as part of a strategy to exit non-core international businesses.[160]

China's investment environment for New Zealand companies in 2025

132. Many foreign companies have derived significant benefit from investing in China since the start of China's reform and opening period from 1979. In particular, the establishment of manufacturing bases has enabled foreign investors to take advantage of low labour costs, transport connectivity and logistics and a range of preferential government policies in China.

i) China is still open for business

133. It is sometimes argued that China's efforts to stimulate domestic growth, coupled with a Made in China campaign and robust response to recent United States trade measures, signal that the country will turn inwards and decouple from foreign investment in a return to greater self-sufficiency.

134. This is not the case. China understands the importance of foreign investment in its economy and in 2024-25 China has consistently and clearly signalled its continued openness to foreign investment. President Xi Jinping stated in a meeting with selected international businesses in March 2025: "Foreign businesses are important participants in the Chinese modernization drive, in the country's reform, opening and innovation, and in its interconnectivity with the world and integration into economic globalization… China's door will only open wider. The policy of welcoming foreign investment has not changed and will not change." [161]

135. At the Third Plenary Session of the Communist Party Central Committee in July 2024 (usually known as the 'economic plenum' in China's five-year political cycle) the Party signalled 300 reform measures that China would implement to improve its economic, fiscal and social systems.[162] This included an expanded list of Encouraged Industries for Foreign Investment; and a shorter Negative List for Foreign Investment which limits or prohibits FDI in identified sectors.

136. Other announced measures include reforms to ensure that foreign companies receive national treatment in access to resources, qualifications, standards, and government procurement. The

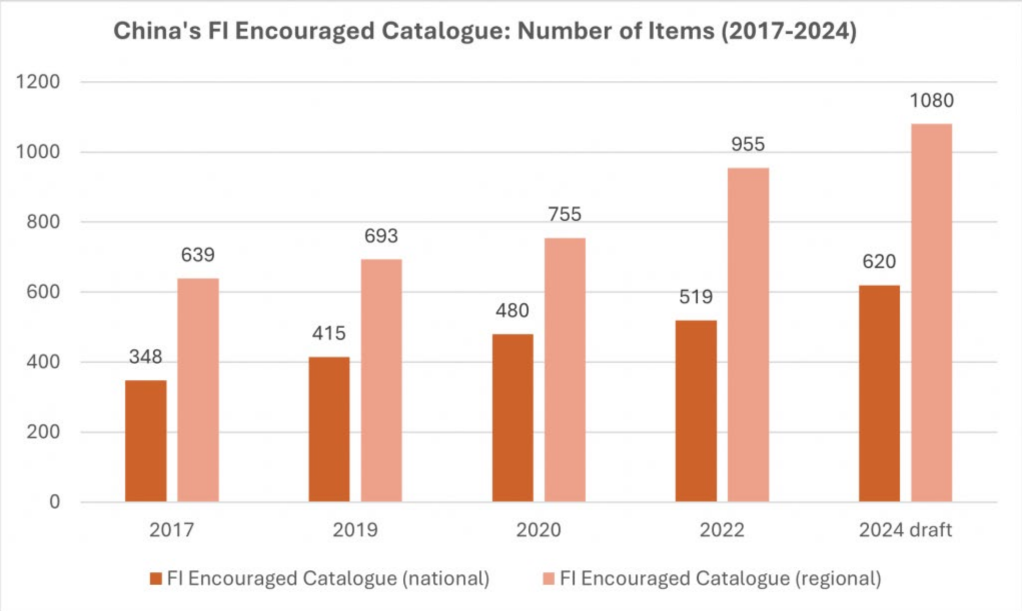
[158] www.takeovers.govt.nz/transactions/transactions-register/methven-limited
[159] https://fletcherbuilding.com/news/formica-expands-global-footprint
[160] https://fletcherbuilding.com/news/fbu-completes-formica-sale-and-confirms-fy19-guidance-for-balance-of-the-company
[161] http://nz.china-embassy.gov.cn/eng/zgyw/202503
[162] www.mfa.gov.cn/eng/xw/zyxw/202407

promised measures also contain steps to facilitate better entry, residence, healthcare, and payment for foreign personnel.[163]

137. China has also trialled more liberal approaches to foreign investment in its pilot free trade zones (FTZs), including a shorter negative list. In addition to the generic FTZs regulations, the Hainan Free Trade Port stands alone with its own unique policies and negative list, said to be the most liberal in China.

138. The policies foreshadowed at the Third Plenary Session are now being progressively delivered:

Figure 30 - Total number of 'encouraged industries for foreign in China', 2017-2024



Source:https://www.china-briefing.com/news/china-released-draft-encouraged-catalogue-to-boost-foreign-investment/

a) In December 2024 China also released a new longer draft "Catalogue of Encouraged Industries for Foreign Investment" for public consultation. Once finalised, this 'positive list' will replace the previous 2022 version.[164] Investments on positive list typically enjoy preferential policies, including tariff exemptions on imported equipment for self-use, access to preferential land prices and fewer land-use restrictions, and lower corporate income tax.[165] Since 2017 the total number of encouraged industries has expanded steadily: **Figure 30.**

b) A new 'negative list' reduces restricted or prohibited sectors for foreign investment from 31 to 29. Two previous restrictions on investing in the manufacturing sector (relating to printing of publications and production of traditional Chinese medicine) have been removed. But a significant number of areas are still prohibited for foreign investment – see para 140.

[163] www.china-briefing.com/news/chinas-third-plenum-key-takeaways-for-foreign-investors
[164] https://yyglxxbsgw.ndrc.gov.cn/htmls/article (Chinese language)
[165] www.china-briefing.com/news/china-released-draft-encouraged-catalogue-to-boost-foreign-investment/

c) On 19 February 2025 China's State Council issued a "2025 Action Plan to Stabilize Foreign Investment".[166] Some of the concrete elements of the plan, such as permitting foreign investors to use Chinese domestic loans for equity investments, will take time to be implemented.

d) On 21 April the Ministry of Commerce announced a further list of 155 pilot actions to test more open policies in selected investment sectors.[167] These include:

- Removing foreign ownership caps in services areas such as app stores and internet access within the telecommunication sector;
- Supporting foreign doctors in opening clinics in China, allowing overseas medical professionals to practice in the country on a short-term basis, encouraging the establishment of foreign-funded nursing schools;
- Attracting overseas insurance companies, sovereign funds, pension funds, certification and verification agencies, and environmental, social and governance (ESG) funds to provide financing, investment and technical services for green projects;
- Foreign-invested travel agencies will be allowed to offer outbound tourism services.

ii) Concerns and challenges

139. Despite the welcoming signals above, China has always been a challenging investment destination for some international investors. For example, in some sectors the practice of compulsory technology transfer as a condition of investment approval compelled investors to share their technology (which could include software code, formulas, product research, plans and drawings, processes and procedures) with local Chinese partners in return for market access.[168]

140. China continues to prohibit or restricts foreign investment in 29 sectors: **Table 6.**

Table 6 - Sectors prohibited for foreign investment in China

Agriculture, Forestry, Animal Husbandry, and Fishery	- Development of genetically modified crops, livestock and seeds - Fishing in marine areas*
Mining	- Mining of rare earths, radioactive materials and tungsten
Wholesale and retail	- Wholesale and retail of tobacco products
Transportation, warehousing and postal services	- Postal and express mail delivery companies
Information, Software and IT	- Internet news, AV and publishing, cyber culture operation
Business services	- Chinese legal services – no foreign investors in Chinese law firms - Social survey services*
Scientific Research	- Development of human stem cells, genetic diagnosis and treatment technology - Humanities and social sciences research institutes - Map production, ocean mapping, aerial images, geological surveys
Education	- Compulsory education institutions and religious education institutions
Culture, sports and entertainment	- News organisations,

[166] https://english.www.gov.cn/policies/latestreleases/202502/20/content
[167] https://english.www.gov.cn/policies/policywatch/202504/22/content
[168] www.investopedia.com/forced-technology-transfer-ftt

	- Editing, publication and production of book, newspapers - Establishment and operation of radio, television stations - Radio and television programme production and operation (including importation) - Movie production and distribution, cinemas operators, move importers - Auction houses and museums relating to cultural relics - Art performance groups

Note: Apart from the asterisked categories, all these sectors also appear in the Pilot Free Trade Zones negative list.

141. An increasing number of new laws and regulations applying to foreign investments in China must now also be considered by New Zealand investors, as well as New Zealand companies not based there:

a) The 'Made in China' equal treatment procurement policy for foreign companies manufacturing in China may benefit those who invest in China but could disadvantage those who keep manufacturing in New Zealand or third countries.

b) China has enacted several data protection laws and numerous supporting regulations which impact how foreign investors must store and retain data obtained or generated in country.

  - The Data Security Law (2021)[169] requires data generated in China to be stored there, with restrictions on its export. The tightest rules restrict export of 'core data' relating to national security and "major public interests". A second tier, 'important data', could include commercial information such as trade secrets and patents.
  - The Personal Information Protection Law (2021) establishes a framework for handling personal data about individuals in China that is obtained by companies, including foreign companies, whether they are located in or outside China. It restricts the export of such data outside China without consent.[170] This is similar to the General Data Protection Regulation (GDPR) in the European Union (EU).
  - The Cybersecurity Law (2017)[171] supports China's regulatory control over its internet and data, by restricting internet use that endangers national security and interests. It applies to internet service providers, internet content providers and individuals. A related directive requires VPNs to be licensed.

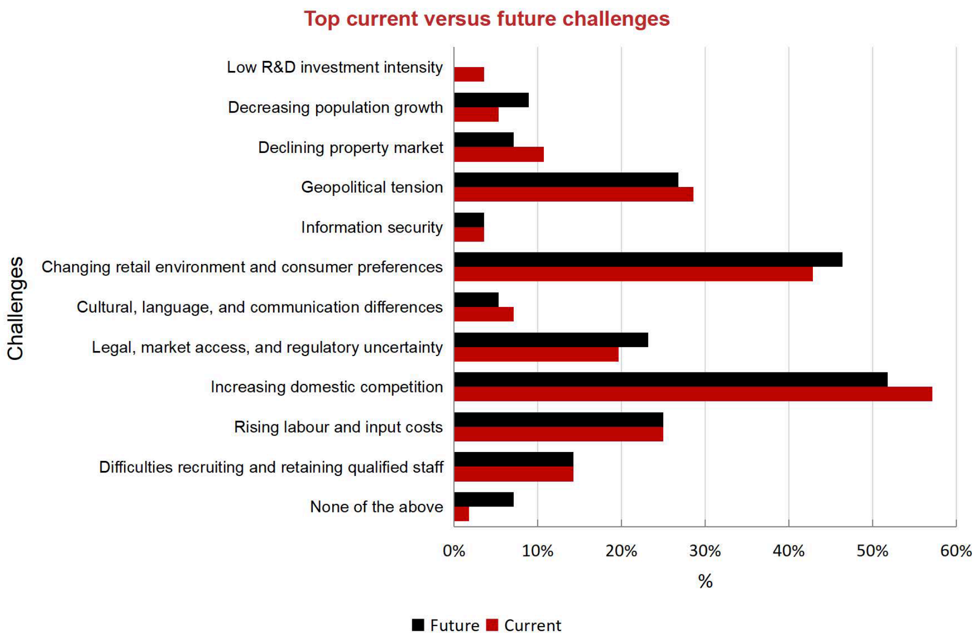
c) China has passed several other laws relating to 'national security' which apply to foreign as well as local companies operating in the market. This includes an updated Counterespionage Law (2023) which now covers "all documents, data, materials and articles concerning to national security and interests included for protection" rather than the previous definition of "state secrets and intelligence." In recent years a number of United States companies, including Mintz and Bain & Co, have been investigated by Chinese authorities for actions apparently relating to national security.[172]

[169] http://www.npc.gov.cn/englishnpc/c2759/c23934/202112/t20211209_385109.html
[170] https://secureprivacy.ai/blog/china-pipl-personal-information-protection-law
[171] www.mfat.govt.nz/assets/Countries-and-Regions/North-Asia/China/Understanding-Chinas-cybersecurity-law.pdf
[172] www.reuters.com/world/china/chinese-police-query-bains-shanghai-office-staff-company-spokesperson-2023-04-26/

142. Geopolitical tensions have affected also perceptions of China as a worthwhile investment destination, heightened by the recent actions of the United States to impose tariffs on China-made goods.

143. NZBRiC's 2025 Business Outlook Survey asked New Zealand companies with a China presence about their main current and future challenges in market. These are summarised in **Figure 30**.

Figure 30 - Self-assessed current vs future challenges facing New Zealand companies in China



Source: New Zealand Business Roundtable in China 2025 Business Outlook Report

8 Concluding observations

We end with these thoughts, drawing on the content of the report:

1. Two-way investment between New Zealand and China remains a positive goal to be pursued in future. Investment links assist to lock in relational rather than purely transactional bilateral trade relationships. As well as providing much-need capital, investment can help to further expand trade, guard against future shocks and create innovation partnerships.

2. China will not be a suitable source of investment for all New Zealand sectors. It makes sense to focus on sectors where China has world-class strengths, in areas encouraged for outward investment by China which are also priority investment sectors for New Zealand. Advanced transportation, renewable energy, clean technology and food production are examples of this intersect.

3. The establishment of Invest New Zealand, and proposed changes to the implementation of the Overseas Investment Act, present positive opportunities to refresh the attraction of investment from China.

4. In doing so it will be in the best interests of both sides to signal early and clearly if proposed individual investments from China are welcomed and worth pursuing. Anecdotal evidence suggests prospective investors are sometimes unsure about encouragement to proceed.

5. New Zealand's country-neutral foreign investment policy is a strength. Each proposed foreign investment should continue to be assessed on an objective basis.

6. In the area of investor migration, China and New Zealand have policies with different goals. Should this prove to be constricting the flow of personal capital from China to New Zealand under the latest Active Investor Plus Visa policy, there could be scope to explore areas that satisfy the requirements of both countries, for example any flexible exceptions to usual QDII parameters.

7. Notwithstanding positive signals and liberalisation of sectors in which foreign investment is welcomed in China, investors from New Zealand and elsewhere will look closely at other policies which could discourage investment. Facilitative policies across the board will be critical.

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