

New Zealand Business Roundtable in China Business Outlook Report

August 2023

**The outlook and experiences
of New Zealand businesses
operating in China.**



New Zealand Business Roundtable in China | 新西兰中国商业圆桌会

MESSAGE FROM THE CHAIR :

“He Āpiti hono, He Tātai hono” that which is joined with purpose remains strong and unbroken.

This survey of 51 companies was completed five months after China’s reopening and one month before the New Zealand Prime Minister led business delegation in June 2023, the results of which reflect these two milestones in New Zealand’s trade with China since Covid-19. The results can be characterized by three themes; cautious optimism, long-term commitment and resilience in the face of challenges. Underlining these themes is the backdrop of a consistently strong bilateral relationship between New Zealand and China, giving New Zealand businesses confidence.

Cautious optimism

Rising labour costs, increasing domestic competition and the changing regulatory environment are key considerations that New Zealand companies face in China and contribute to their cautious optimism. In light of this, 79% of the companies surveyed answered that China is either the top or one of the top three priority markets. Put this next to the result that 66% of companies surveyed expect to increase their China related investment in the coming three years, there is still a degree of cautiousness despite the priority market position China holds for the companies surveyed.

Long-term commitment to China

Despite these challenges and the challenges of the past three years, the scale, breadth and market access available to New Zealand companies in China are hard to find elsewhere and underpin New Zealand companies’ long term commitment to China. Despite ‘diversification’ messaging in New Zealand, New Zealand companies in China are committed to China for the long term, 70% of companies surveyed have been in China for 5->10 years. Furthermore, this long term commitment can be attributed to the strength of the New Zealand-China bilateral relationship with 73% of the respondents feeling that the bilateral relationship has a moderate or strong influence on their decision-making regarding investments in China.

Resilience in the face of challenges

New Zealand companies in China faced numerous challenges during the Covid-19 period in China, increasing costs, supply chain disruptions, and fluctuating consumer demand were all areas that New Zealand companies had to navigate and respond to daily. Despite these, New Zealand companies have demonstrated commitment and resilience, with 56% of survey respondents having seen an increase in China sales in the first half of 2023 vs 2022.

Looking forward

The New Zealand Government's management of the bilateral relationship is appreciated by New Zealand business in China with 71% of survey respondents expressing that they are satisfied. The continuation of the New Zealand Government's efforts in this area are looked on favourably by New Zealand business. We encourage the government to continue its investment in people to people engagement at both ministerial and official levels. Furthermore, the timely and relevant upgrade to the China-NZ FTA and the ratification of RCEP are well received by New Zealand business and have a direct positive impact on trade.

Further collaboration between Chinese and New Zealand companies in existing areas of traditional strength will further strengthen trade outcomes between New Zealand and China. Continued support and focus in the areas of tourism and education which were affected over the past three years would be welcomed. Lastly, commitment for exploration between emerging areas of growth such as Saas (Software as a solution), services, R&D, sustainability and the creative sector would create valuable new opportunities to deepen trade ties.

NZBRiC would like to thank member companies and the companies that completed the survey for their valuable insights into NZBRiC's first Business Outlook report. We would also like to thank James Robertson Executive Member of NZBRiC for his insightful analysis of the results. We would also like to acknowledge the New Zealand Consulate-General Shanghai for their support of this project and for promoting constructive engagement with China.



Mark Anderton

*Chair
NZBRiC*



FOREWORD

The 2023 New Zealand Business Roundtable in China Business Outlook Report highlights a degree of cautious optimism for New Zealand businesses operating in China. The market is an important and profitable opportunity for New Zealand businesses, with China's scale, breadth and New Zealand's market access offering growth prospects which are hard to find elsewhere.

Businesses in China faced a challenging time during the pandemic, particularly in 2022 when COVID-19 related restrictions caused a number of supply chain disruptions and volatility in demand. Nonetheless, the report demonstrates the resilience of New Zealand businesses operating in the market, with China remaining a priority market for investment for many.

The 2023 survey received responses from 51 businesses contributing to the views and data summarised in this report. The survey was concluded in June 2023 prior to the New Zealand Prime Minister led business delegation to China.

China's economy has been growing at an average rate of 6-7% per year¹ since the 1990s, making it one of the fastest-growing economies in the world. In recent years, however, growth has slowed somewhat, with the economy expanding by 3% in 2022. China remains a major player in the global economy, with a GDP of over \$18 trillion USD in 2022. It's important to not lose sight that the Chinese Government's targeted GDP growth for 2023 of 5% is the equivalent of China gaining the GDP of Switzerland in a year.

China's economic growth has been driven by several factors, including its population, reserves of natural resources, and its position as a major manufacturing hub. The country has made significant investments in infrastructure, including the construction of high-speed rail lines, airports, and modern highways. This infrastructure has helped to facilitate economic growth by improving transportation and communication links between different parts of the country.

Economic growth is expected to continue, albeit at a somewhat slower pace than in previous years. The economy is anticipated to face headwinds including an aging population, rising labour costs, youth unemployment, increasing competition from other emerging economies, and challenging global geopolitical dynamics.

New Zealand's ability to navigate the geopolitical environment is an important consideration for businesses operating in China, with many New Zealand businesses characterizing the bilateral relationship as strong.

New Zealand-born writer and social activist Rewi Alley is considered by many Chinese to be the founder of this strong relationship.

He first visited the country in the 1920s and is known for his work in the 1940s to 1950s, where he helped to establish a number of industrial cooperatives in rural China.

Today, Alley is recognised as a friend of China, where he is known as Ai Lai and his work serves as a reminder of the historical and cultural ties between the two countries.

The signing of the Free Trade Agreement between China and New Zealand in 2008, followed by the upgrade to the FTA in 2022, further progressed trade ties between the two countries.

The two-way trade relationship has benefited both economies, with China now occupying the position of New Zealand's largest export market and China benefiting from access to high-quality food products, goods and services from New Zealand. Bilateral trade now reached \$40.3 billion NZD in 2022, growing by 18% in the past two years.

As China's middle class continues to grow, it is expected that the market will demonstrate an increase in demand for high-quality goods. The Free Trade Agreement provides a way for Chinese consumers to access New Zealand's high-quality products.

The 2023 survey is the first of what is intended to be an annual survey. It seeks to capture the outlook of New Zealand businesses operating in China, reflecting upon the challenges of the pandemic period, the ease of doing business, as well as the opportunities seen in the market.

James Robertson

*Executive Member
New Zealand Business Roundtable in China*

The authors acknowledge that the views and data outlined in this report are those of the New Zealand Business Roundtable in China and they do not reflect the opinions and positions of individual companies or the New Zealand Ministry of Foreign Affairs and Trade.

¹tradingeconomics.com

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EXECUTIVE SUMMARY

The 2023 survey received responses from 51 businesses contributing to the views and data summarised in this report. The survey was concluded in June 2023 prior to the New Zealand Prime Minister led business delegation to China.

Investment outlook

With a population of 1.4 billion people, the size of the market and its profitability is the predominant driver behind why many New Zealand businesses are operating in China. Two thirds of businesses expect to see an increase in their China related investment in the coming three years, compared to 45% who experienced an increase in investment in the past three years during the pandemic.

36% of the New Zealand businesses surveyed, relied upon China to contribute between 60-100% of their global revenue in 2022, with small and medium sized enterprises tending to be skewed towards the direction of higher concentration in China. The market is large, diverse and complex and for many of these businesses it's the predominant focus for their business.

Larger organizations with greater than 20 employees in mainland China tended to reflect a more diversified market portfolio, with lower dependency on China.

Opportunities and challenges

Most businesses (85%) are to some extent optimistic about the market opportunities presented by China in the future. With opportunity growth in tier 2 cities as well as profitability growth following the pandemic identified as

key areas underpinning the optimism.

A range of challenges exist for New Zealand companies in the market; from rising labour costs, to increasing domestic competition, and the changing regulatory environment. Some businesses have noted that the changing regulatory requirements in the market are making it more complicated for foreign companies to do business in China. Others noted that China's economic outlook and the geopolitical environment are other challenges they foresee for their business in the coming years.

COVID-19 recovery

Fluctuating demand was an issue for many businesses during the pandemic. This was compounded by supply chain disruptions and long lead times making it hard for New Zealand businesses to respond to consumer demand. Lockdowns restricted the movement of goods and additional requirements placed upon imported cold chain products added complexity for importers. Many companies saw an increase in competition from local players who had the ability to respond quickly to changing consumer needs and policies due to their shorter supply chains and better understanding of the market.

Human resources

Most businesses foresee an increase in their China based headcount in the coming three years, with 75% anticipating an increase. 8% of respondents are expecting a reduction in their China based staff numbers. Improved staff retention was one of the limited benefits of the pandemic as companies reduced turnover of roles, with job security being an important consideration for employees.

The bilateral relationship

New Zealand's approach guided by its independent foreign policy is well respected by New Zealand companies operating in China. 71% of the respondents were either satisfied or more than satisfied with how the New Zealand Government has managed the relationship in the past 24 months.

The companies surveyed cited global geopolitical relations as the second most common response behind growing domestic competition when considering risks regarding future investment related to the China market.

KEY STATISTICS

79%

of businesses rank China as one of their top three **priority markets for investment**, with 34% considering China as their number one priority market for investment.

43%

of businesses are **yet to see a change or recovery in their sales in the first half of 2023 versus the first half of 2022**. 9% of businesses have experienced greater than 20% year on year growth.

91%

of respondent's rank **increasing domestic competition as one of the top five challenges** their business faces in the China market, followed by rising labour costs (83%).

38%

of businesses rank **localization of products or services for the China market** as the key focus area for their business, followed closely by expanding to new cities and regions (24%) and E-commerce (22%).

43%

of businesses do not have staff in China who are New Zealand citizens or permanent residents. **Language barriers, relocation costs, visa requirements and willingness to relocate** were identified as the key barriers.

57%

feel that **doing business in China has become more difficult**, this includes 4% saying it has become extremely difficult since 2019, and 32% have seen no change.

9%

of respondents answered yes when asked whether they consider themselves a Māori business operating in China. This corresponds closely to Te Puni Kōkiri's Te Matapaeroa 2020 figure of 8.8% of businesses in New Zealand being Māori-owned.

The bilateral relationship

59%

of businesses strongly agree that "the strength of New Zealand's relationship with China is an important consideration for my organization's success in China", with an additional 24% agreeing with the statement.

71%

of respondents were either satisfied or more than satisfied with how the New Zealand Government has managed the relationship in the past two years.



THE RESPONDENTS

Figure 1

Where are you located?

The 2023 survey had 51 respondents contributing to the views and data representing New Zealand companies doing business in China.

The respondents sought were the senior most business manager accountable for the China market. Of the companies who completed the survey, 88% of the respondents were based in China, 10% in New Zealand and 2% in Australia.

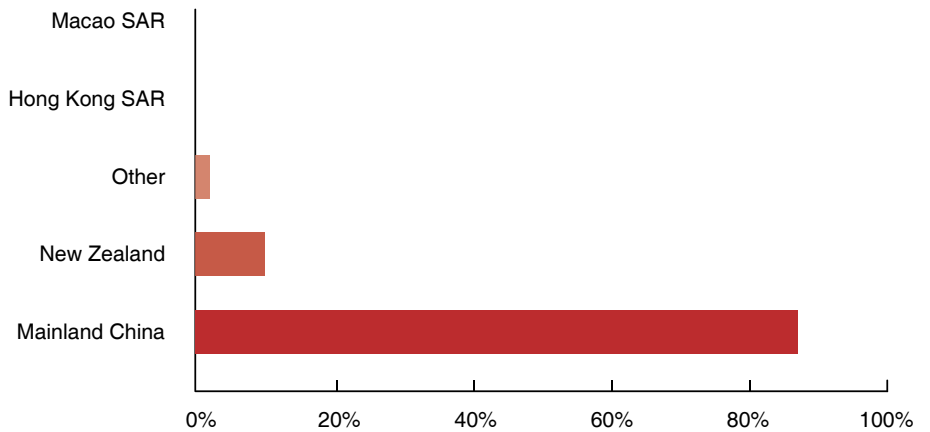


Figure 2

Which option best describes the industry you operate in?

The companies responding to the outlook survey cover a range of industries/sectors which are representative of New Zealand's export profile. Responses were led by food and beverage businesses, followed by professional services, retail and consumer goods, manufacturing and sourcing, healthcare, tourism and other which included finance, petfood and entertainment (video games).

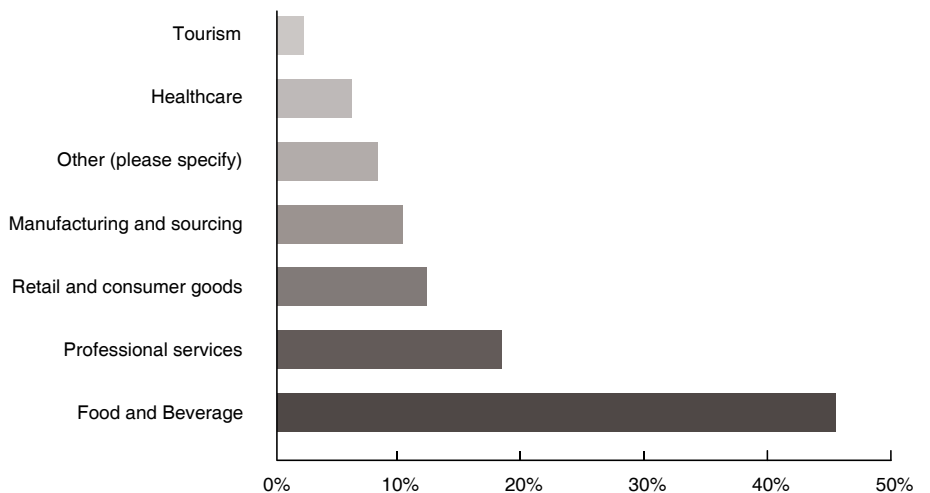
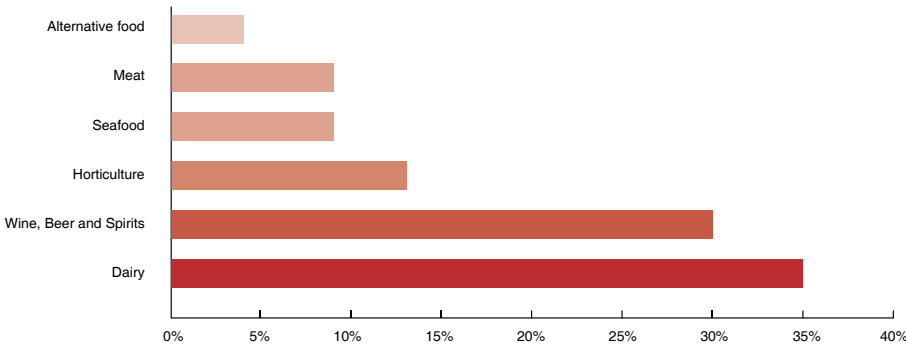


Figure 3

What food and beverage sub-sector best describes your organization?



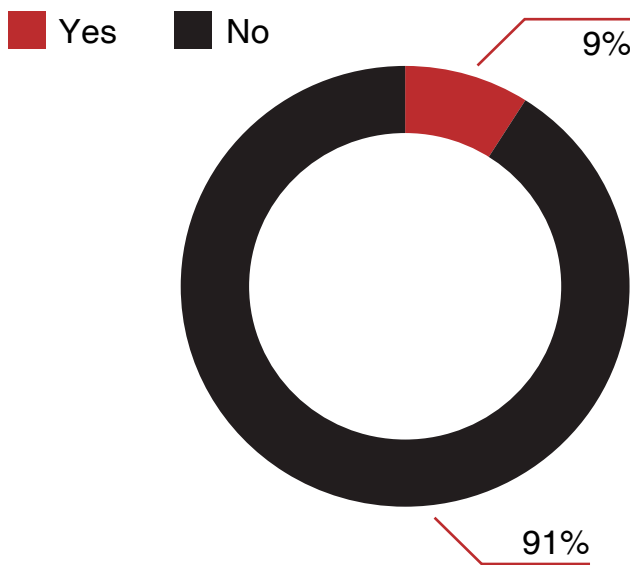
Within the category of food and beverage (23 companies) a range of New Zealand sectors were represented.

Dairy contributed the largest number of responses, reflective of the large proportion of New Zealand's exports to China from this sector. In 2022 33.1% of New Zealand's goods and services exports to China were dairy products.

Wine, beer, and spirits were responsible for 30% of the food and beverage respondents, reflecting the range of New Zealand brands exporting to the China market.

Figure 4

Do you consider yourself a Māori business?



When asking New Zealand companies operating in China whether they would consider themselves a Māori business, 9% of companies respond yes. This corresponds closely to Te Puni Kōkiri's Te Matapaeroa 2020 figure of 8.8% of businesses in New Zealand being Māori-owned.

Figure 5

The majority of the New Zealand companies operating in China have an office based in the tier one city of Shanghai (78%), reflective of the city's position as a business hub for trade within China. 22% of companies have an office or presence on the ground in the capital Beijing.

Hong Kong SAR, Guangzhou, Shenzhen, and Chengdu were also represented. Shenzhen, Chengdu, and Guangzhou have built a reputation as manufacturing hubs for businesses operating in China. Other locations noted by respondents were in Qingdao, wider Shandong, and Hefei.

Where does your organization have an on the ground presence or sales office in China?

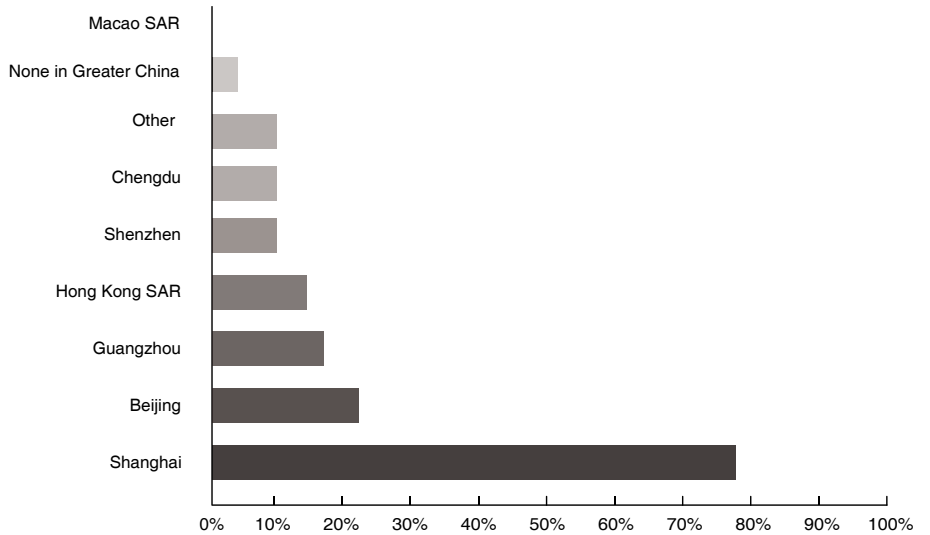


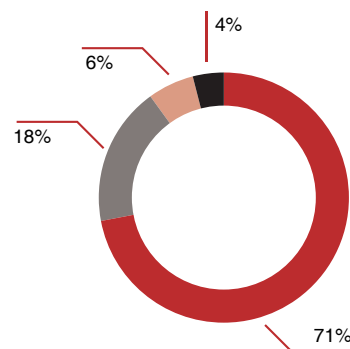
Figure 6

Almost three quarters of the New Zealand companies doing business in China have a supply chain that is predominately focused on exporting products from New Zealand to China.

New Zealand's services companies operating in China contribute towards the majority of the 18% of businesses who are focused on producing goods or services in China for China.

Respondents also noted that much of their trade is two way, with packaging and other consumables being imported from China and finished goods exported back to the market.

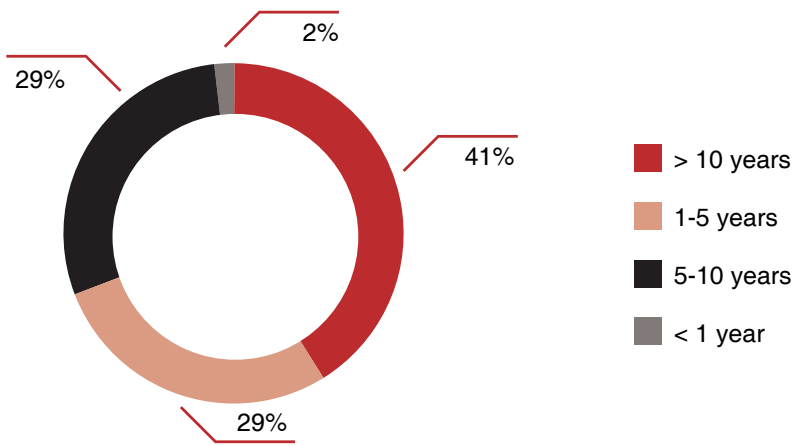
What would best describe your organization's supply chain?



- Export products from New Zealand to China
- Produce or source goods or services in China for the China market
- Import products from China to New Zealand
- Import products or services from China to other non-New Zealand markets

Figure 7

How long has your organization been operating in China?

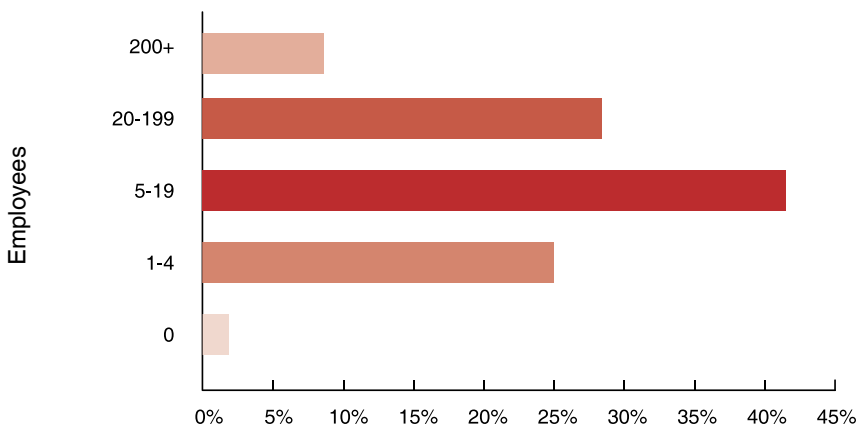


The China New Zealand Free Trade Agreement entered into force fifteen years ago in 2008. 41% of the companies completing the survey have been operating in China for longer than 10 years.

Only one respondent was a new entrant to the market in the past year, reflective of the challenges of setting up and doing business in China during the pandemic period.

Figure 8

How many employees are employed by your organization in mainland China?



There was strong participation of respondents falling into the category of small and medium sized enterprises in China, with 67% of companies having between 1-20 staff in mainland China.

98% of the respondents have staff based on the ground in mainland China.

Figure 9

21% of the businesses relied on China to contribute between 80-100% of their global revenue, with 15% of the companies relying on China for 60-80% of their global revenue in 2022.

The results showed that small, medium sized enterprises tend to be skewed in the direction of higher concentration towards China. The market is large, diverse and complex, and for many it's the predominant focus for their business.

Larger organizations with greater than 20 employees in mainland China tended to reflect a more diversified market portfolio, with lower dependency on China.

What proportion did China contribute to your organization's global revenue in 2022?

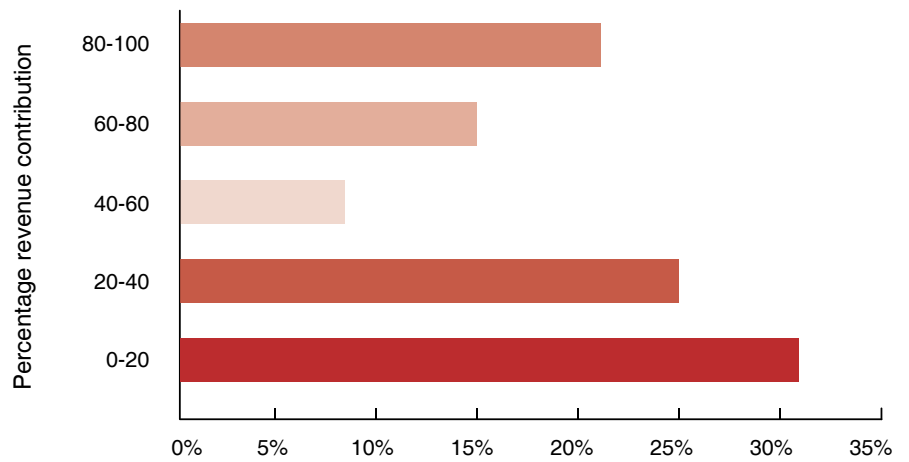
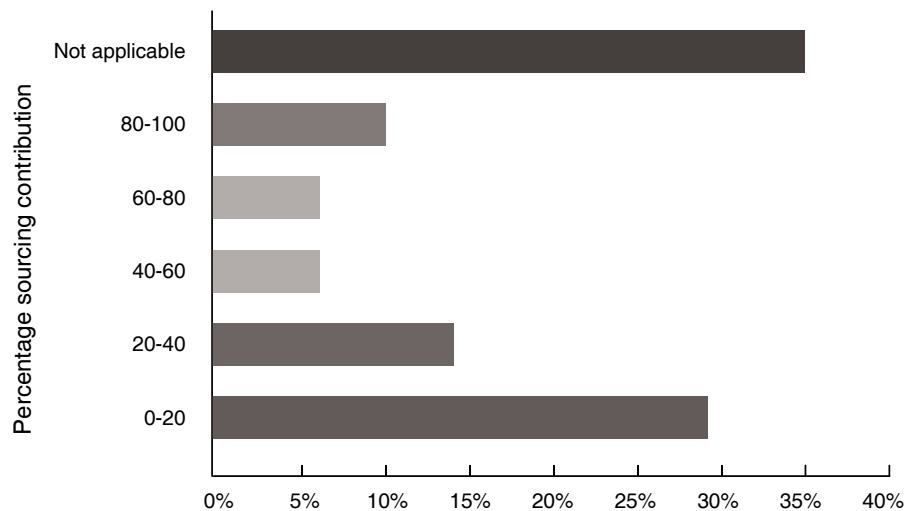


Figure 10

Although for many the question was not applicable, a more uniform spread of results was exhibited regarding the proportion of a company's sourcing that was from the China market.

China is a source of inputs, materials and packaging supplies for many New Zealand businesses.

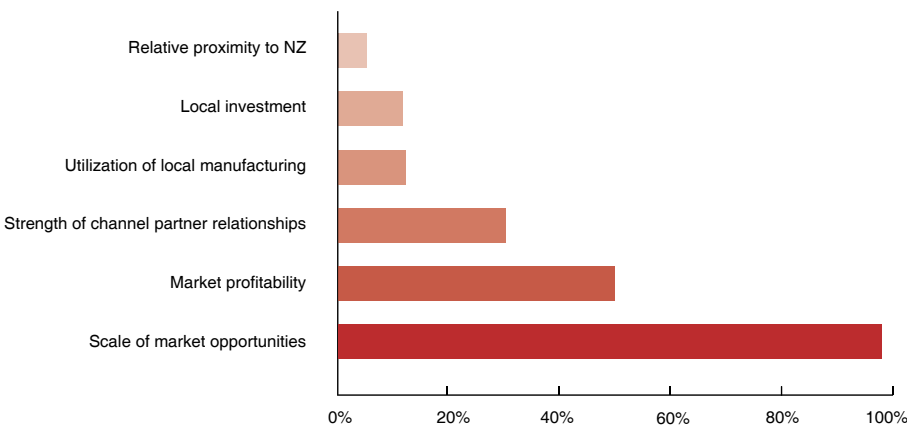
What proportion did China contribute to your organization's sourcing in 2022?



INVESTMENT OUTLOOK

Figure 11

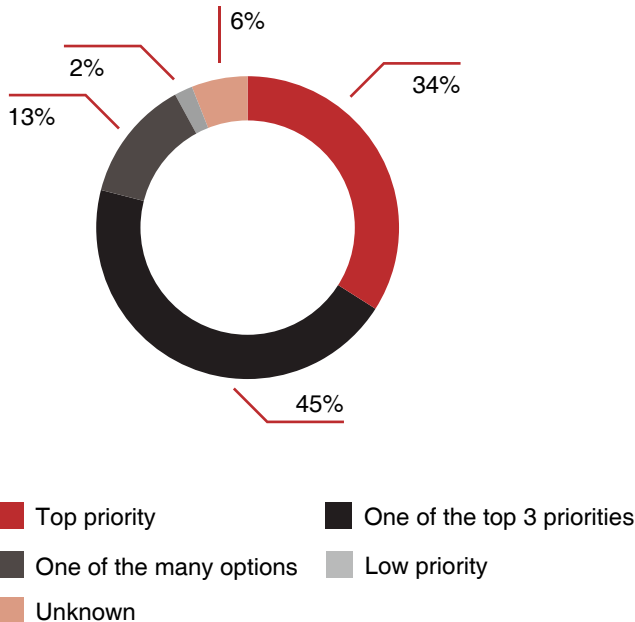
What are your reasons for being in the China market (Select 2)?



With a population of 1.4 billion people and high-quality access under the China New Zealand Free Trade Agreement, the market's size and profitability are the two most common reasons for New Zealand businesses to be operating in China.

Figure 12

How does China rank in your organization's global investment plans?



34% of the businesses rank China as their number one priority market for investment, with expansion of manufacturing and investment in marketing and sales channels noted as focus areas by some respondents.

Only 2% see China as a low priority market for investment. Some noted that the difficult and changing regulatory environment has resulted in a de-prioritisation of China as a market in recent years.

Figure 13

66% of businesses expect to see an increase in their China related investment in the coming three years, compared to 45% who experienced an increase in investment in the past three years.

17% of the respondents noted that they have seen a significant decrease (greater than 20%) in their investment in over the past three years.

How has your organization's total investment in China changed in the past three years and expected to change in the coming three years?

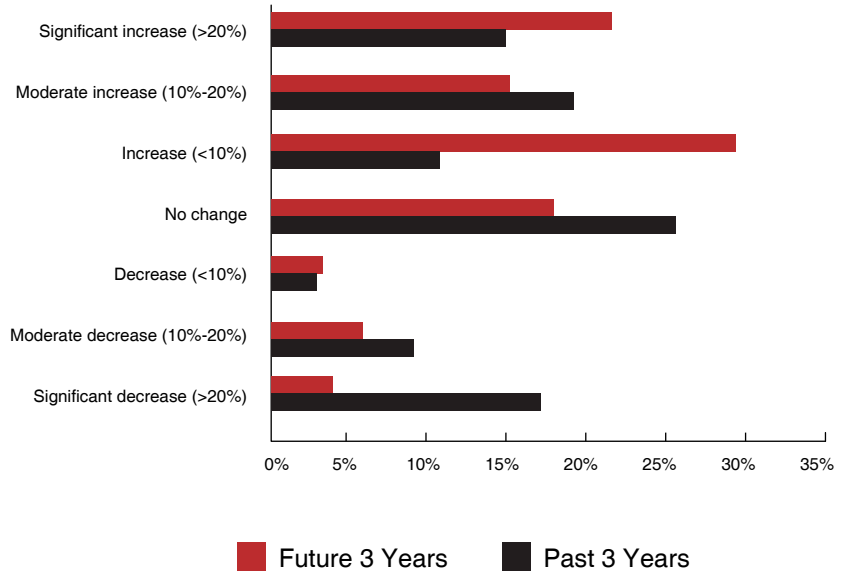
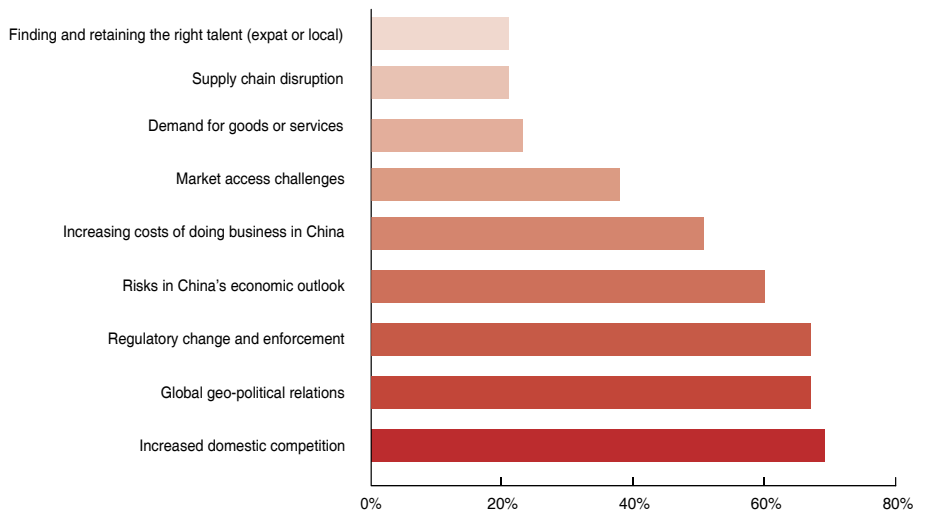


Figure 14

New Zealand businesses see growing domestic competition, geopolitical tensions, regulatory change and enforcement as well as risks in China's economic outlook as key factors when considering future investment in China.

Respondents noted a growing sense of national pride among Chinese consumers, as well as a marked improvement in the quality of locally made goods and services as a driver behind the growth in competition from the domestic players.

What are the four risks for your business when considering future investment related to the China market? (Select 4)





The market has become increasingly price sensitive and domestic goods are cheaper and are generally well received by Chinese consumers compared to the past. This has made it much more difficult to be successful in China. ”

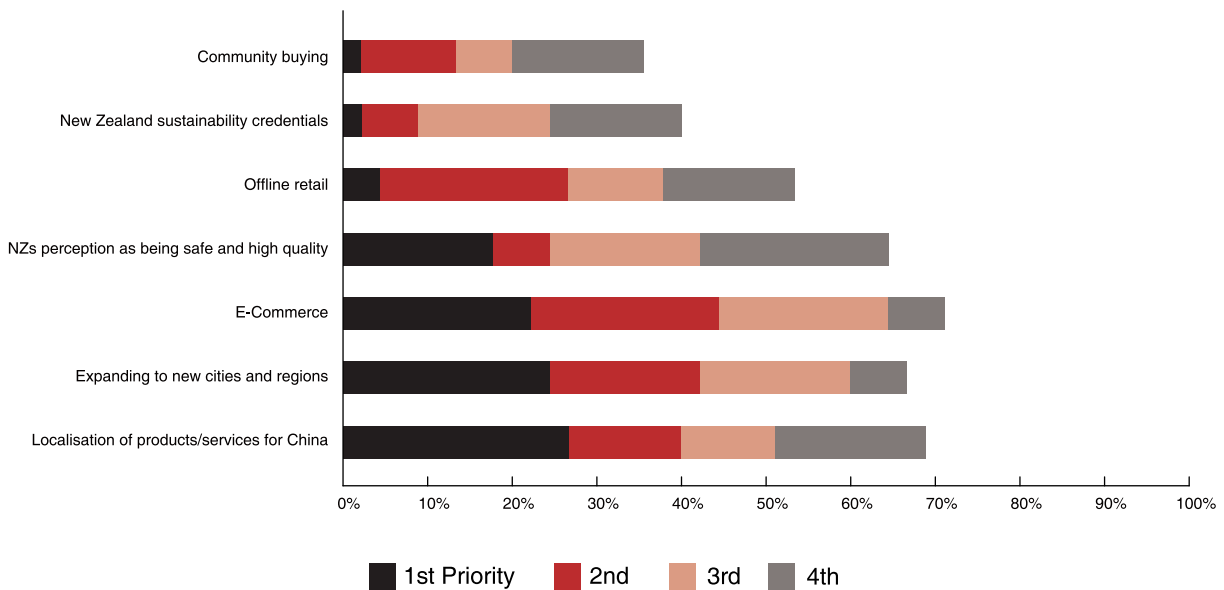
[Anonymous]



OPPORTUNITIES AND CHALLENGES

Figure 15

Which of the following are the key opportunities in China that your organization is focusing on? (Select and rank 4)



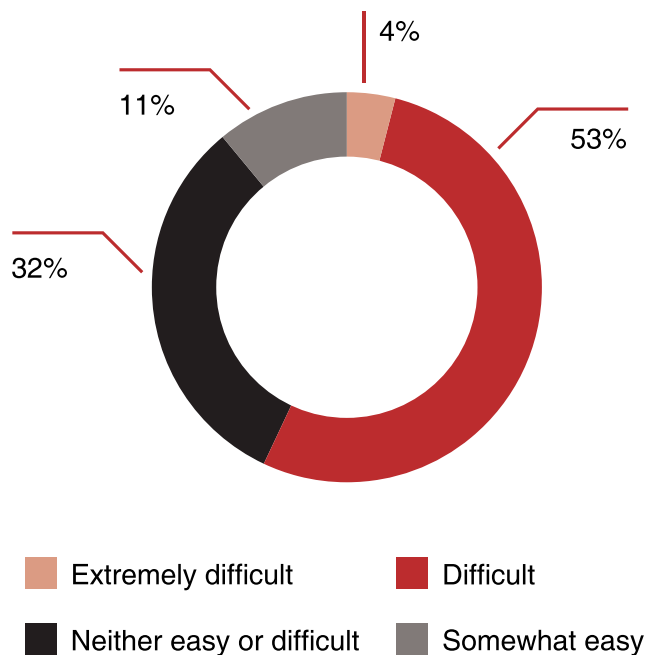
Localising products or services for the China market is the 1st priority focus for 27% of businesses, as they seek to adapt to meet China’s unique needs and growing sense of national pride.

Expanding to new cities or regions is the main priority for 24% of businesses, focusing on growing beyond tier one cities like Shanghai, to access more of China’s population.

E-Commerce ranks as the priority focus for 22% of the respondents as they seek to tap into China’s digitalisation revolution to access consumers. It is also the most frequent response when you ask businesses to select their top four areas of focus.

Figure 16

How would you rate the ease of doing business in China in 2023 compared to 2019?



53% of respondents feel that the ease of doing business in China has become more difficult since 2019, with 4% noting that it has become extremely difficult in the past few years. 32% have experienced no change.

Figure 17

How would you describe your outlook in China for each of the following over the next three years?

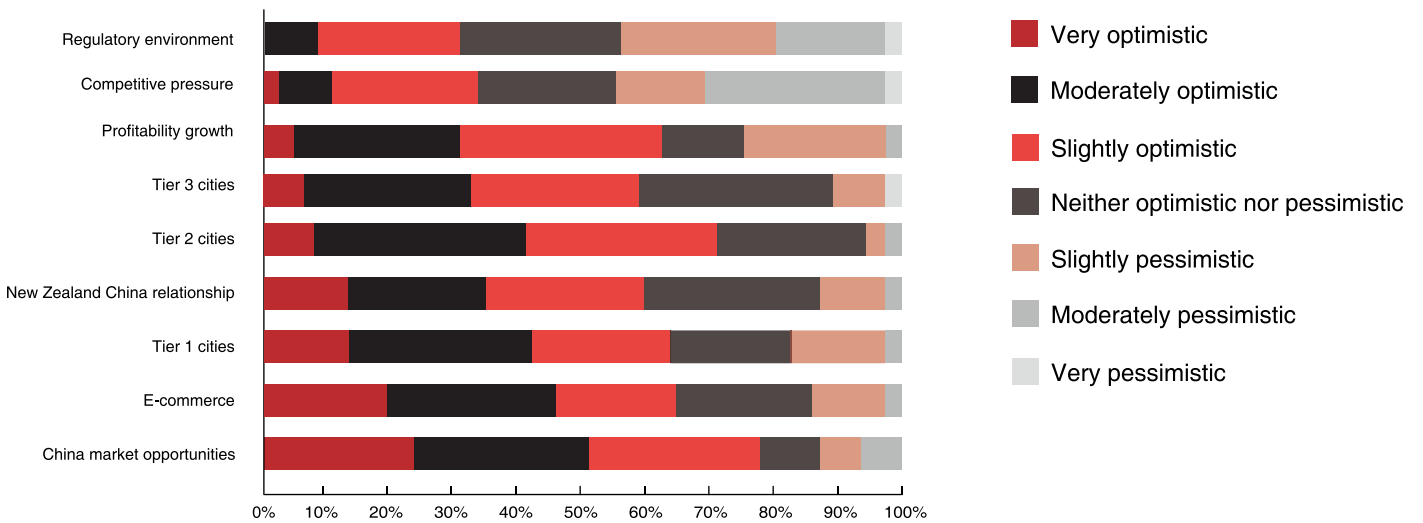
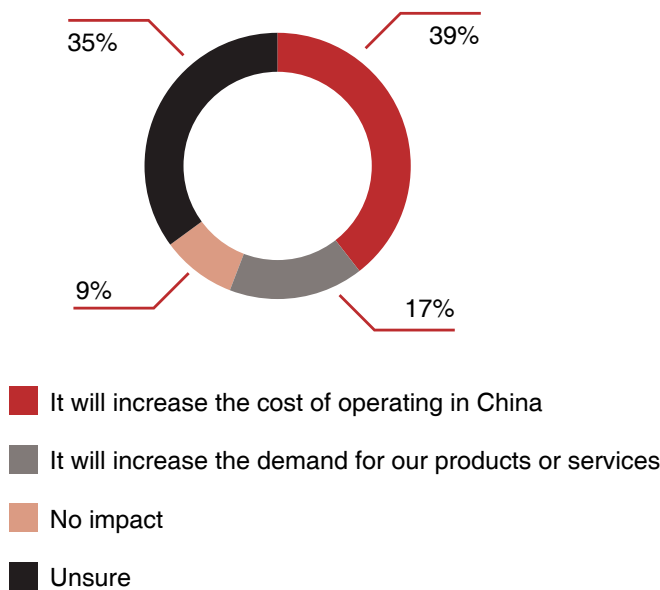


Figure 18

What do you expect the main impact for your business will be as China implements policies to achieve its 'dual carbon' goals?



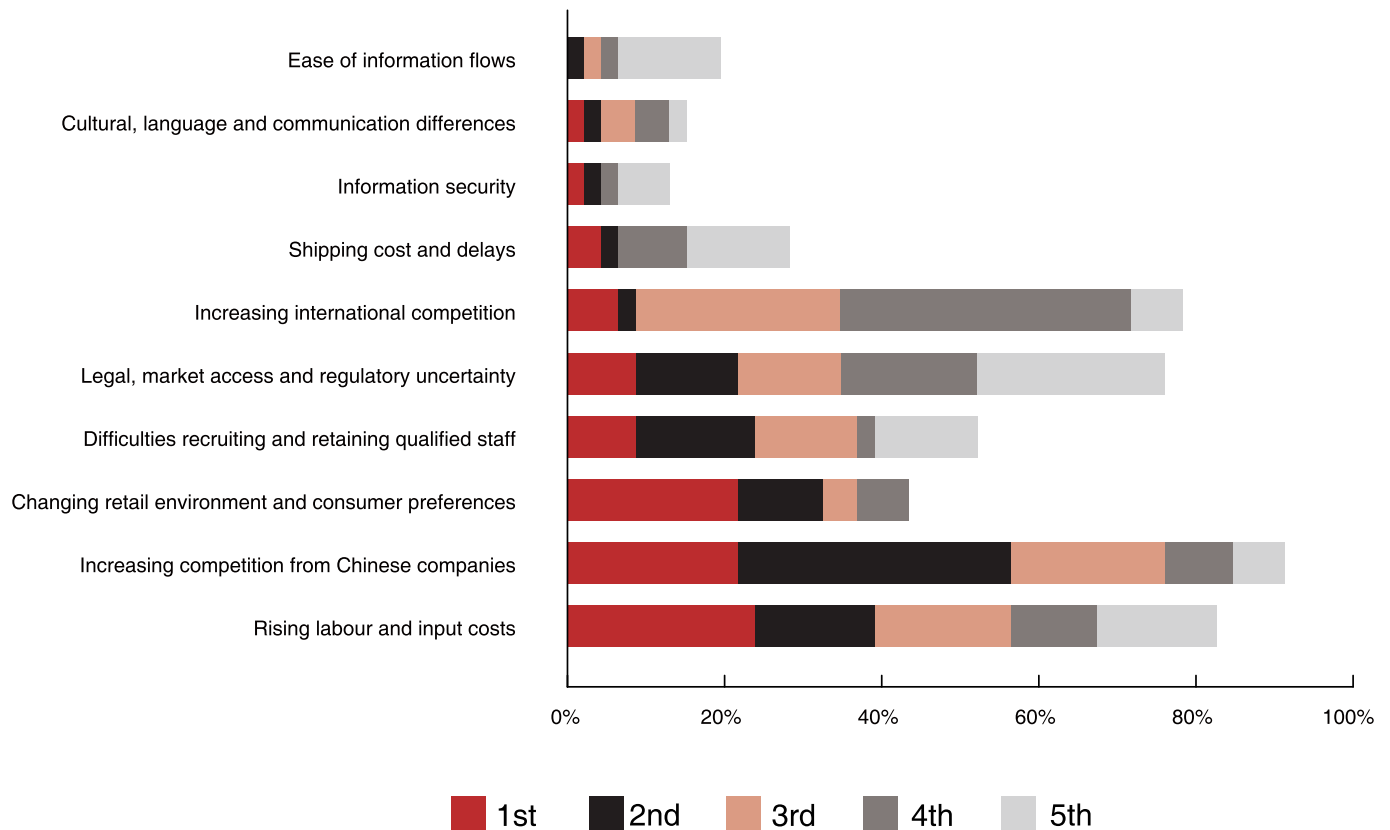
85% of respondents remain to some extent optimistic about the market opportunities in China, with a slightly lower level of optimism reflected in the outlook for tier 2 cities (72%), profitability growth (67%), E-Commerce (63%), tier 1 cities (62%) and the New Zealand China relationship (59%).

Only 17% of respondents envisage an increase in demand for their products or services as China seeks to achieve its dual carbon goals.

China has set a target to peak its carbon dioxide emissions by 2030 and achieve carbon neutrality by 2060. The government encourages corporates to invest in pollution and carbon reduction through the use of green and low-carbon technology.

Figure 19

Rank the top 5 challenges your business faces in China?



24% of respondents ranked rising labour and input costs as their largest challenge in the market. However, there was a reflection among some respondents that the rising cost of labour and inputs in China is a challenge that is not unique to the market, with many experiencing significant cost pressures in other markets including New Zealand.

Almost all businesses (91%) consider increasing competition from Chinese companies within their top five challenges faced in the market. For many this challenge was exacerbated during the pandemic with travel restrictions slowing decision making and supply chain restrictions for imported goods and materials impeding the competitiveness of imports versus locally produced goods.

Some respondents noted that it is beginning to feel more complicated for foreign companies to do business in China, with changing regulatory requirements making it hard for foreign companies to adapt. Others noted that China's economic outlook and the geopolitical environment are other challenges they foresee for their business in the coming years.

“We are heavily reliant on our business network for new project referrals. The consistent exodus of expats during the pandemic and no replacements coming in meant our business network was disseminated during COVID.”

[Anonymous]

“Market access requirements have been formalised and are generally more difficult than in the past. There are some roadblocks when it comes to registering factories for export.”

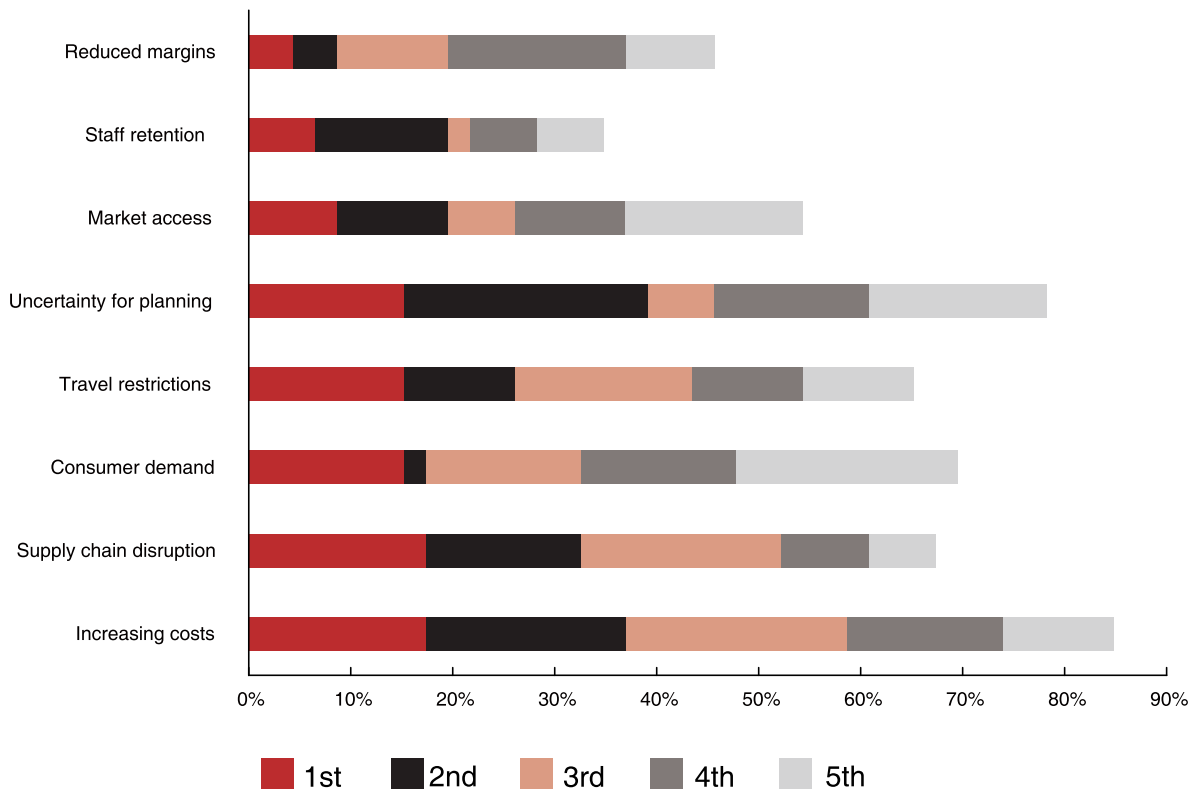
[Anonymous]



COVID-19 RECOVERY

Figure 20

Rank the main challenges of China's COVID-19 restrictions on your organization?



New Zealand businesses experienced a broad range of challenges as a result of COVID-19 related policies in China. Economic uncertainty led to reducing confidence for consumers and confidence waned for businesses seeking to undertake new projects or investments.

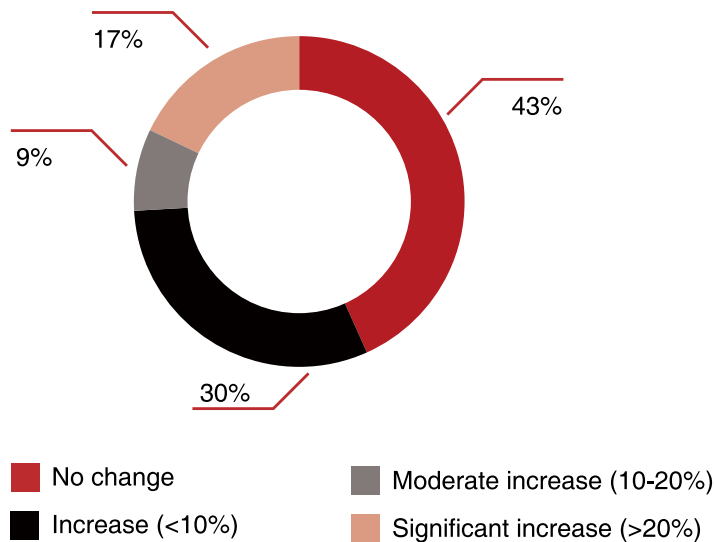
Fluctuating demand was an issue for many businesses, compounded by supply chain disruptions and delays making it hard to respond

to consumer demand. Lockdowns restricted the movement of goods and additional requirements placed upon imported cold chain products added additional complexity for New Zealand importers. Many companies saw an increase in competition from local players who had the ability to respond quickly to changing consumer needs and policies due to their shorter supply chains and better understanding of the market.

However, some respondents noted that staff retention became less of an issue through the pandemic as staff sought to maintain job security during the period of uncertainty.

Figure 21

To date, what increase in China sales have you seen in the first half of 2023 vs 2022?



Despite the easing of COVID-19 related restrictions in late 2022 through to early 2023, 43% of businesses are yet to see a change or recovery in their sales in the first half of 2023 versus the year prior which was an extremely difficult and uncertain period for many in China. Low consumer confidence is a common concern expressed by respondents.

Some businesses have begun to see a post pandemic rebound, but only 9% of businesses are seeing greater than 20% year on year growth or recovery.

“Our business in China has kept growing over COVID. However, our team has struggled with large demand fluctuations from customers, increased and inconsistent shipping, and issues with COVID restrictions on our staff.”

[Anonymous]



HUMAN RESOURCES

75% of New Zealand companies are anticipating an increase in their China based headcount in the coming three years, with 51% experiencing a growth in headcount over the past three years.

28% of the companies have seen a reduction in their China based headcount since 2019.

Figure 22

How has your organization's headcount in China changed since 2019 and how do you expect it to change in the next three years?

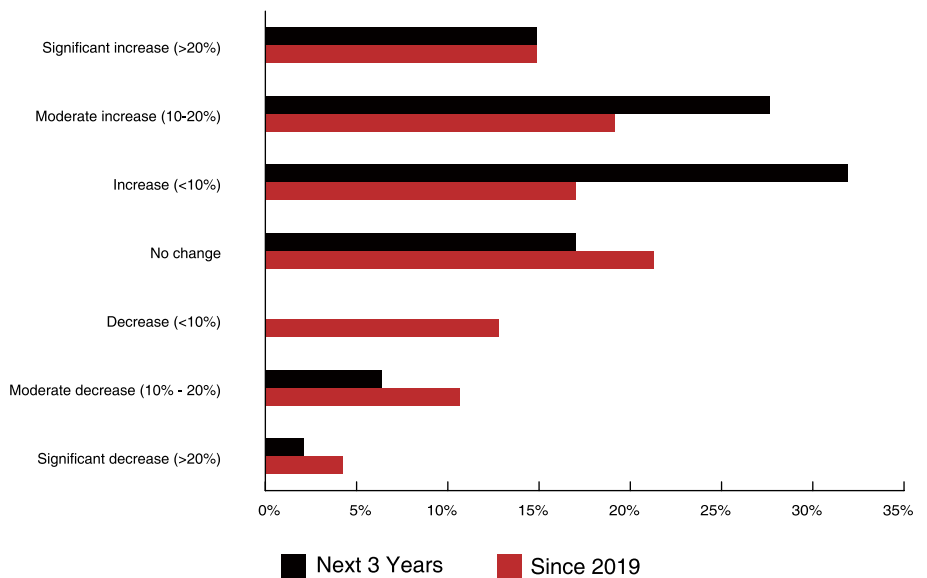
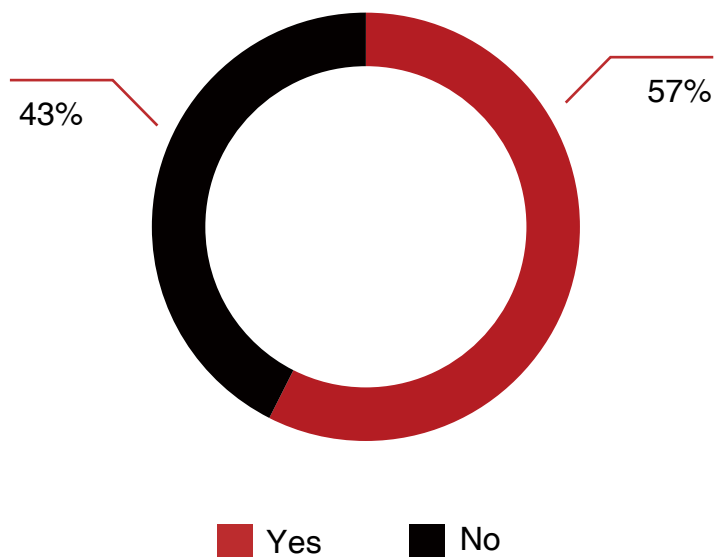


Figure 23

Do you have New Zealand staff based in China (New Zealand citizens and PR holders)?

43% of the respondents do not have any employees with New Zealand permanent residence working on the ground in China. When asking businesses about the challenges of having New Zealand staff based in China the following responses were received:

- Language barriers
- Willingness to relocate to China
- Cultural differences
- Cost of relocation and living
- Annual visa and work permits
- COVID-19 travel restrictions
- Uncertainty around tax benefits and social insurance

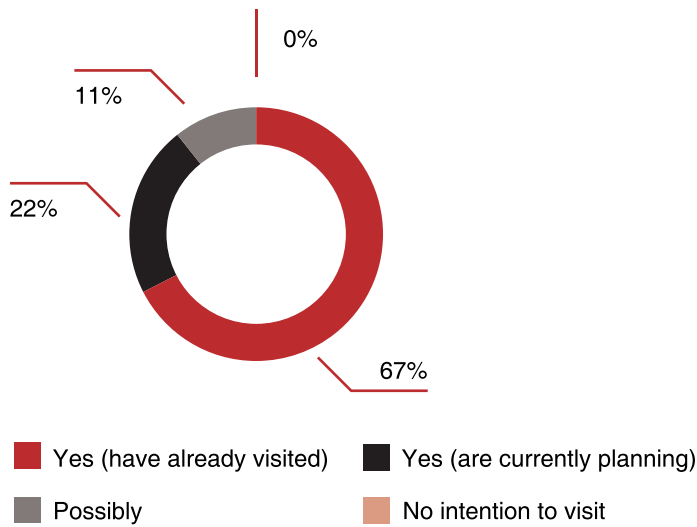


“Still needing annual renewals of visas for long-term staff”

[Anonymous]

Figure 24

Do you or your senior executives plan on travelling to China before the end of 2023?

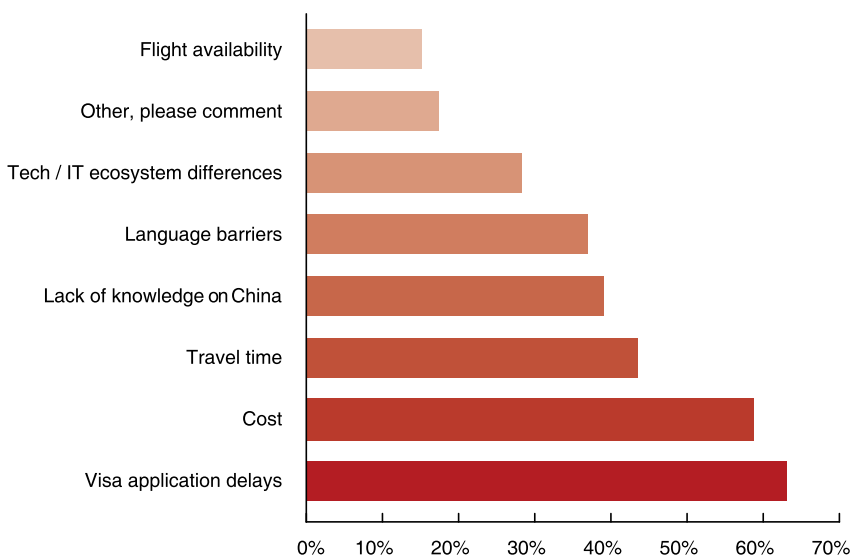


Following the removal of COVID-19 related travel restrictions and quarantine in January, New Zealand businesses have seen an influx of business-related travel in 2023.

89% of the businesses' senior executives have visited or plan to travel to China this year.

Figure 25

What are the biggest barriers to facilitating more two-way business travel between China and New Zealand? (Select 3)



Visa application delays is the most frequent response when asking businesses about the barriers to facilitating more business travel.

New Zealand businesses are supportive of any work that can be done by both the New Zealand and China governments to streamline the visa application process and make it easier for business travel in both directions. Two-way travel is important for building business relationships, as businesses often want customers and key stakeholders to travel and experience New Zealand.

Flight availability was the least frequent response, reflective of a number of announcements in mid-2023 of new flight routes opening or reopening between China and New Zealand.

Travel cost remains a significant barrier for many businesses.

THE BILATERAL RELATIONSHIP AND TRADE

2022 marked the 50th anniversary of bilateral relations between New Zealand and China. Despite the geopolitical environment which appears will be challenging for the foreseeable future, the majority of New Zealand businesses feel that the bilateral relationship with China is strong, with only 4% considering the relationship to be weak.

The survey was conducted prior to the New Zealand Prime Minister's visit to China in June 2023, which was well received by businesses and the general population in China.

Figure 26

How would you describe the strength of New Zealand's relationship with China?

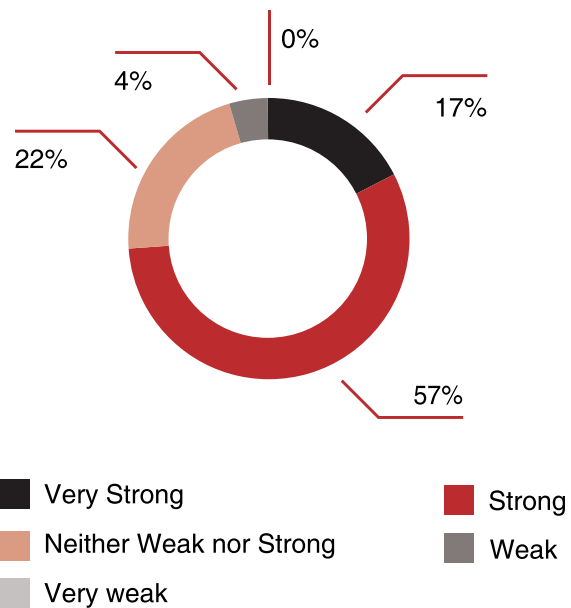


Figure 27

The strength of New Zealand's relationship with China is an important consideration for my organization's success in China:

82% of the New Zealand businesses either agree or strongly agree that the New Zealand China relationship is an important consideration for their business in China. The importance of this grows to 94% when filtering the responses to only include the businesses orientated on exporting from New Zealand to China.

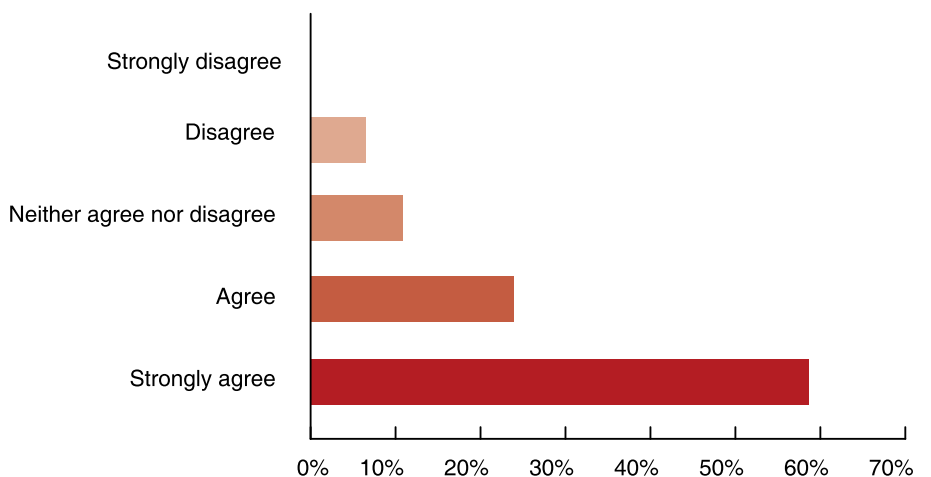
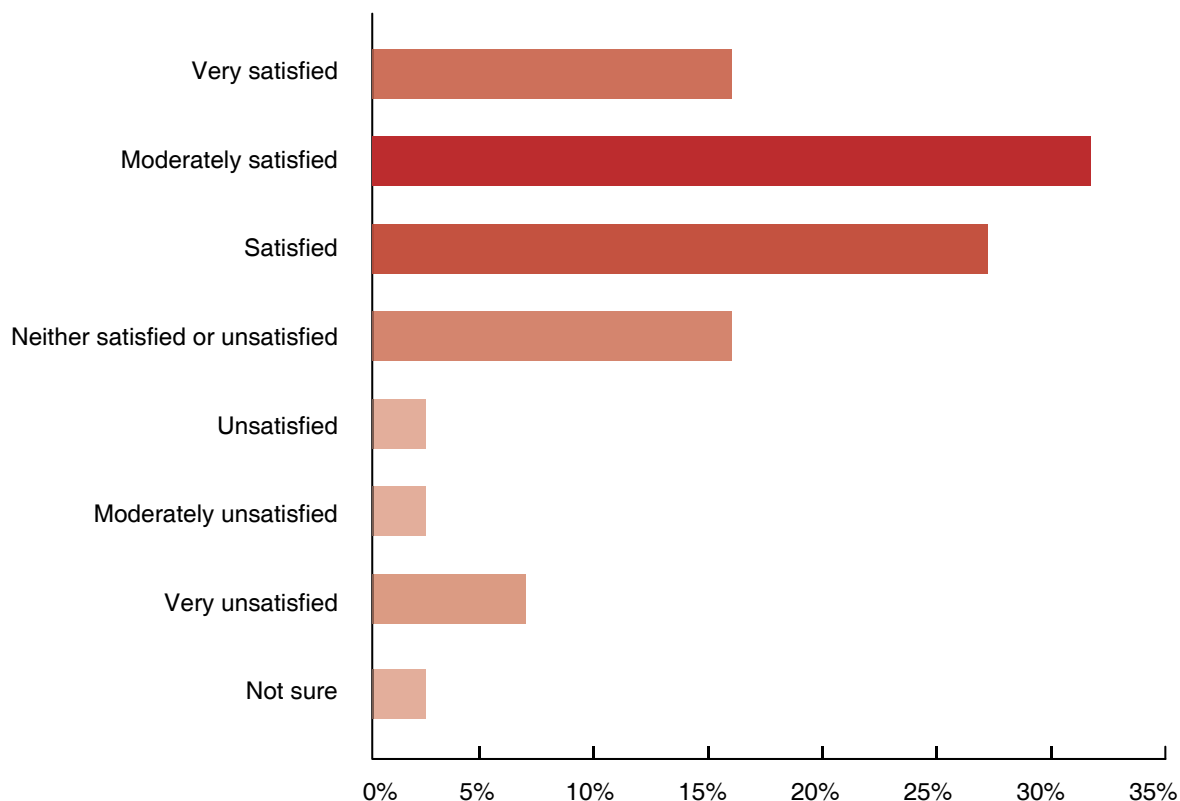


Figure 28

Describe your level of satisfaction with the New Zealand government’s management of the bilateral relationship over the past 24 months?



New Zealand’s approach towards independent foreign policy is well respected by New Zealand companies operating in China. 71% of the respondents were either satisfied or more than satisfied with how the government has managed the relationship in the past 24 months.

The companies surveyed cited global geopolitical

relations as the second most common response behind growing domestic competition when considering risks regarding future investment related to the China market.

A strong but also stable bilateral relationship between New Zealand and China is important and businesses recognize that differences in the relationship will occur from time to time.

Businesses appreciate the careful way in which New Zealand and China continue to manage any differences on specific issues as these arise.

Figure 29

New Zealand businesses are conscious of the risks of doing businesses in China, particularly the risks associated with uncertain global geopolitical dynamics. This is reflected by the extent to which businesses consider the strength of the bilateral relationship when considering investment or making decisions in China. 73% of the respondents feel that the bilateral relationship has a moderate or strong influence on their decision-making regarding investments in China.

China is and continues to be an important and highly profitable opportunity for New Zealand companies, the market's scale, breadth, and market access offers growth prospects which are hard to find elsewhere.

To what extent does the strength of the bilateral relationship influence your decision making and investment in China?

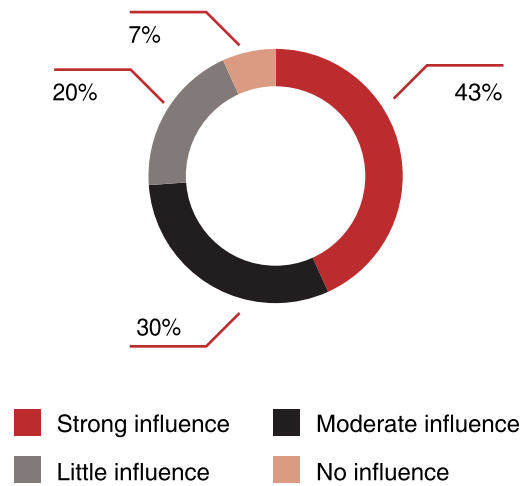


Figure 30

Reduced tariffs and improved rules of origin (ROO) customs procedures and processes are recognized as the key benefits of the New Zealand China Free Trade Agreement (FTA), which was upgraded in 2022.

When asking respondents to rank the benefits, 76% rank reduced tariffs as the predominant benefit of the FTA.

The China New Zealand Free Trade Agreement has been beneficial to my organization's China business due to any of the following (select 3)

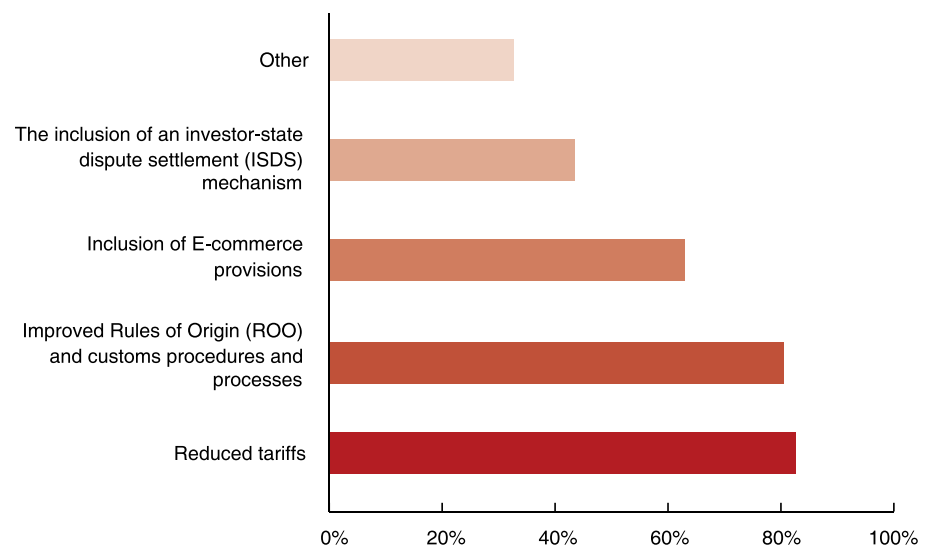
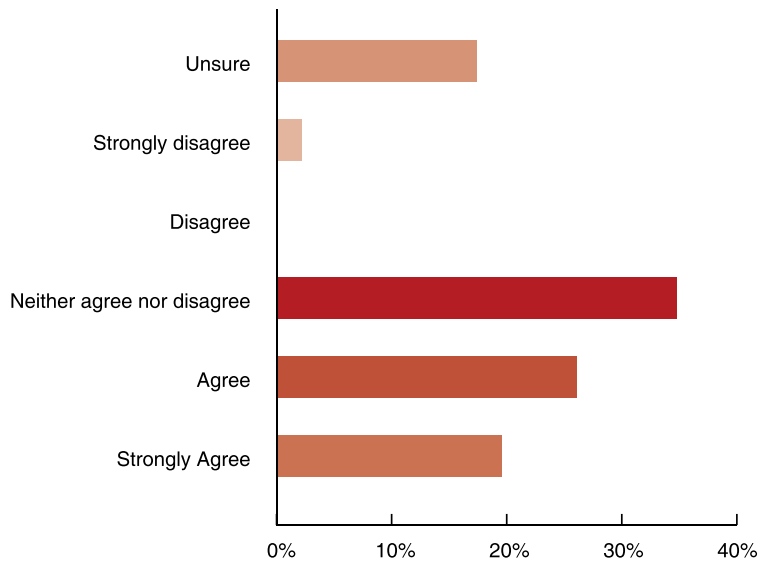


Figure 31

The Regional Comprehensive Economic Partnership (RCEP) will be beneficial to my organization's China business

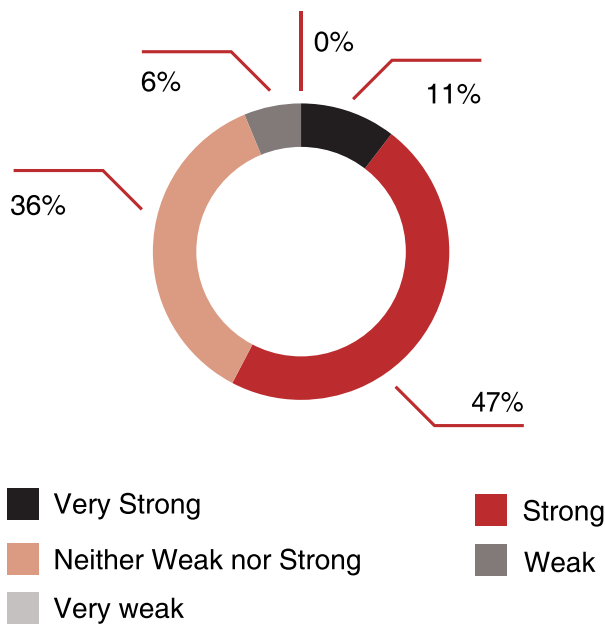


The Regional Comprehensive Economic Partnership (RCEP) entered into force on 1 January 2022 for seven ASEAN members and all five non-ASEAN members have ratified the agreement, including New Zealand and China. Indonesia ratified the agreement in August 2022 and the Philippines in June 2023.

46% of businesses either agree or strongly agree that RCEP will be beneficial for their business.

Figure 32

How strong is awareness of Aotearoa New Zealand's brand in China?



58% of companies surveyed noted that the awareness of Aotearoa New Zealand's brand in China is either strong or very strong. Respondents from the food and beverage industry noted that the promotion of New Zealand, sustainability, provenance and quality is a key component of branding.

Other businesses noted that their focus is predominantly on the Chinese consumer rather than New Zealand branding, as country of origin is becoming less important than marketing quality products made for the China market.

“As a New Zealand-owned business we always try and embrace our roots as New Zealanders abroad... we always aim to espouse open hearts and open minds and hope that working with us as New Zealanders conveys a level of trust and dependability.”

[Anonymous]

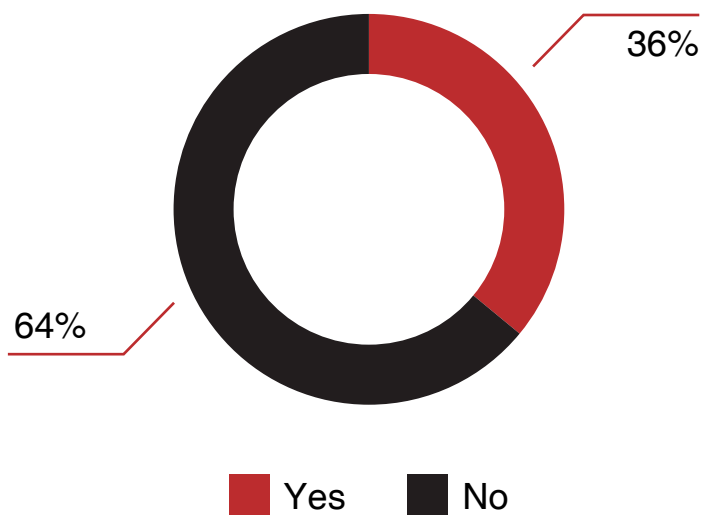
Figure 33

Those respondents who answered 'no' outlined that there is a low level of awareness of 'Aotearoa' in China and that it can be difficult to appropriately incorporate Māori culture into business activities in China.

Others noted that it is important for Chinese consumers to learn more about New Zealand and Māori culture.

The success Te Whānau-a-Apanui performances on social media in China during the Prime Ministers's visit in June 2023 is reflective of China's interest in New Zealand's culture.

Do you think the inclusion of New Zealand's Māori culture in a company's branding, story or marketing resonates with Chinese consumers?





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AUTHORS AND KEY CONTACTS

Mark Anderton
Chairman NZBRiC

Rocky Meng
Vice Chairman NZBRiC

David Boyle
Board Member NZBRiC

Anna-May Isbey
Executive Director NZBRiC

James Robertson
Executive Member NZBRiC

information@nzbric.com

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