

China For New Zealand

Pat English

New Zealand China Council



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...any activity in China can be a burden...



...you really have to watch your step...



... things are done differently...



... the markets are often crowded...



...when the going gets tough, you have to hang in...



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...issues around communicating across cultures...



...consider using more creative solutions...



...taking risks we wouldn't....



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...it's just not like NZ!



New Zealand China Council: Mission

To draw together leading New Zealanders engaged with China to advocate for the strongest possible relationship between New Zealand and China, and to co-ordinate public and private sector effort to ensure the relationship achieves its full potential.



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New Zealand's Relationship with China

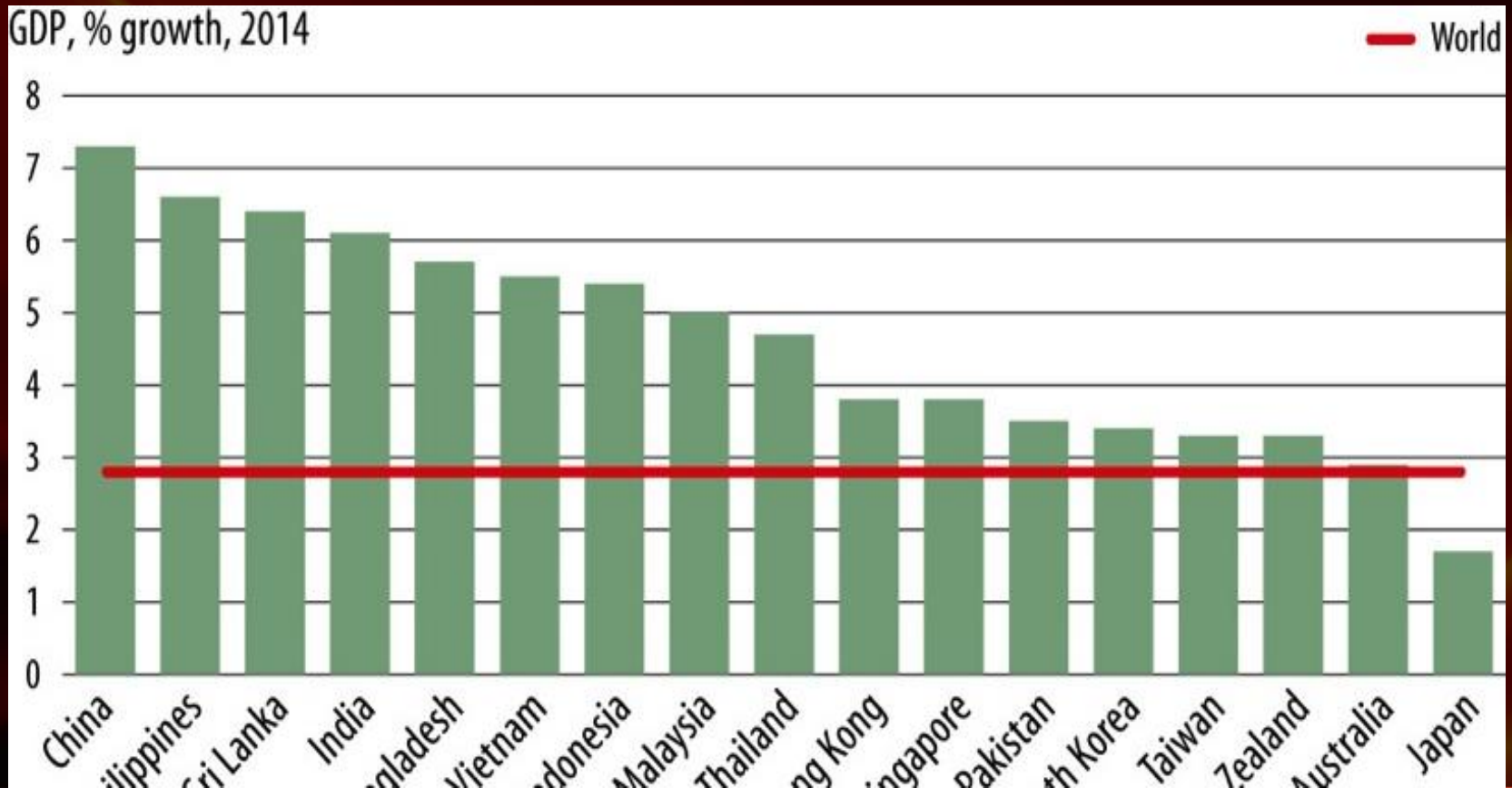
- We have had 40 years of diplomatic relations
- The “ Four Firsts”
- China is our largest trading partner (134th country to have this)
- Our second largest source of tourists and largest source of foreign students
- Is the largest New Zealand government deployment overseas
- Our trade with China in the last 6 years has grown faster than with any country in New Zealand's history



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China's Growth



Doing Business Ranking

World Bank Doing Business 2013 rankings

(out of 185 countries)

Country	Rank	Country	Rank
Singapore	1	China	91
Hong Kong	2	Solomon Islands	92
New Zealand	3	Vietnam	99
South Korea	8	Papua New Guinea	104
Australia	10	Pakistan	107
Malaysia	12	Nepal	108
Taiwan	16	Indonesia	128
Thailand	18	Bangladesh	129
Japan	24	India	132
Samoa	57	Cambodia	133
Fiji	60	Philippines	138
Tonga	62	Bhutan	148
Mongolia	76	Laos	163
Brunei	79	Afghanistan	168
Vanuatu	80	Timor-Leste	169
Sri Lanka	81		

Source: World Bank, Doing Business 2013.

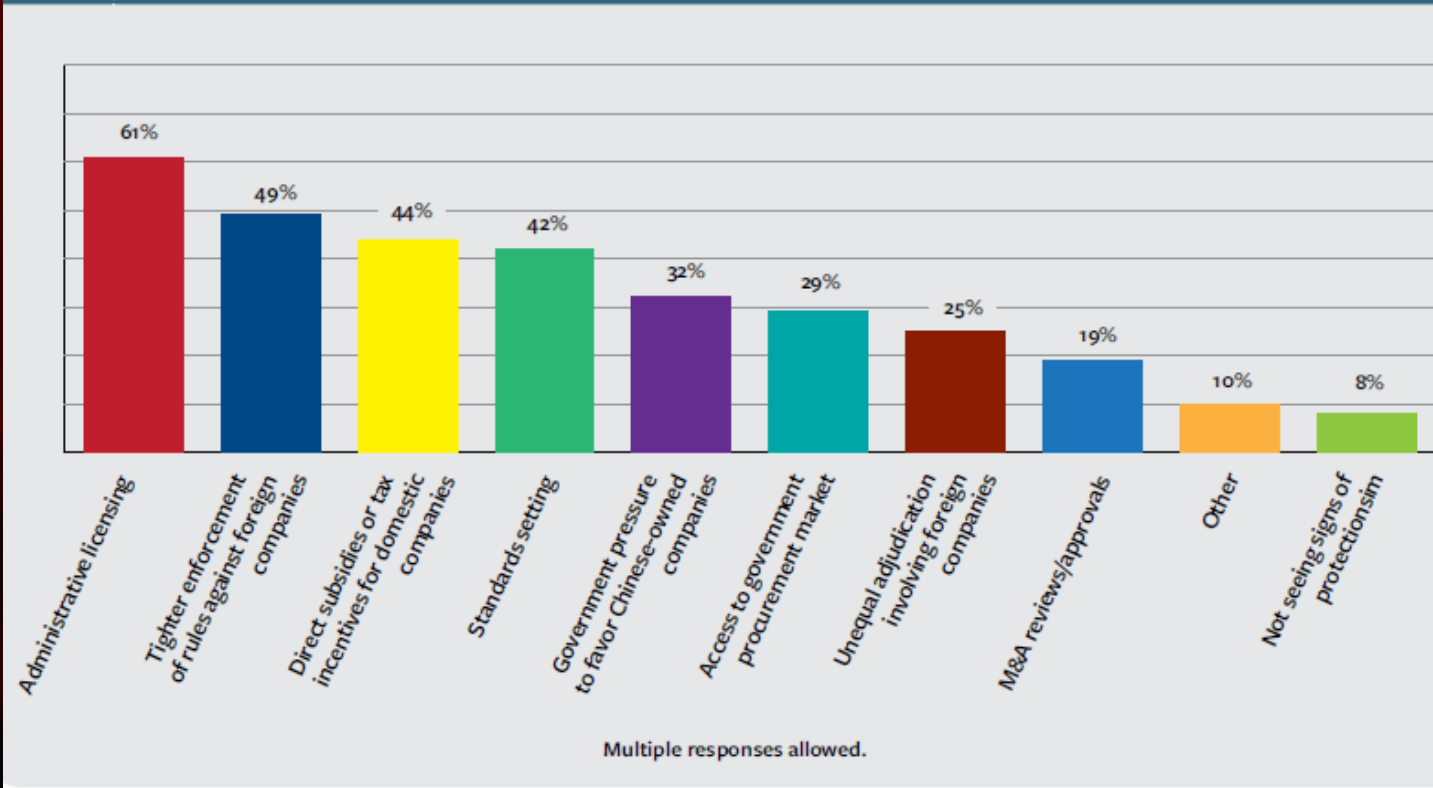


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China and Protectionism

Fig. 9 Signs of protectionism in China

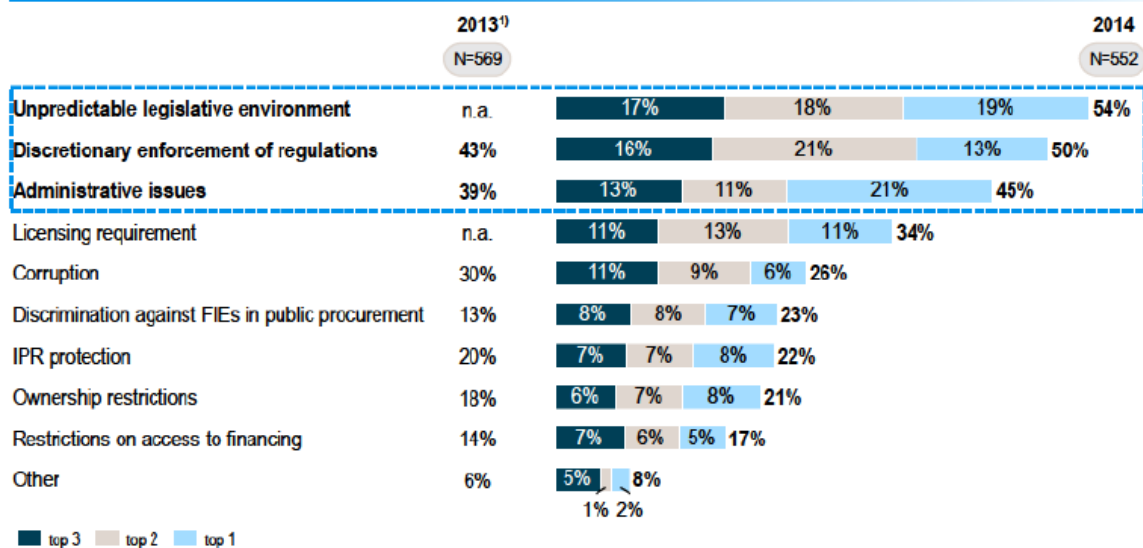


China and NTBs

Companies still face a significant number of regulatory obstacles

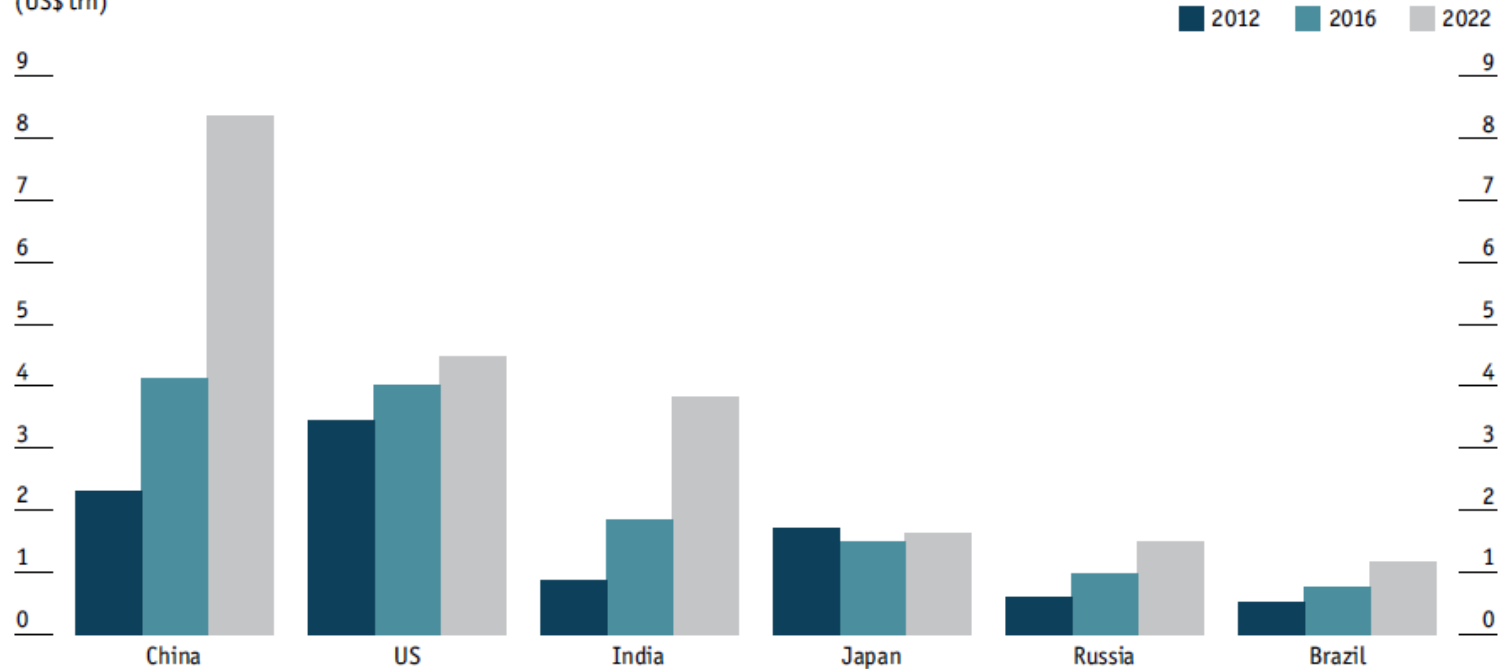
Figure 27: Regulatory obstacles when doing business in China, 2013-2014

Question: How significant are the following regulatory obstacles to you when doing business in Mainland China?



Retail Markets in China

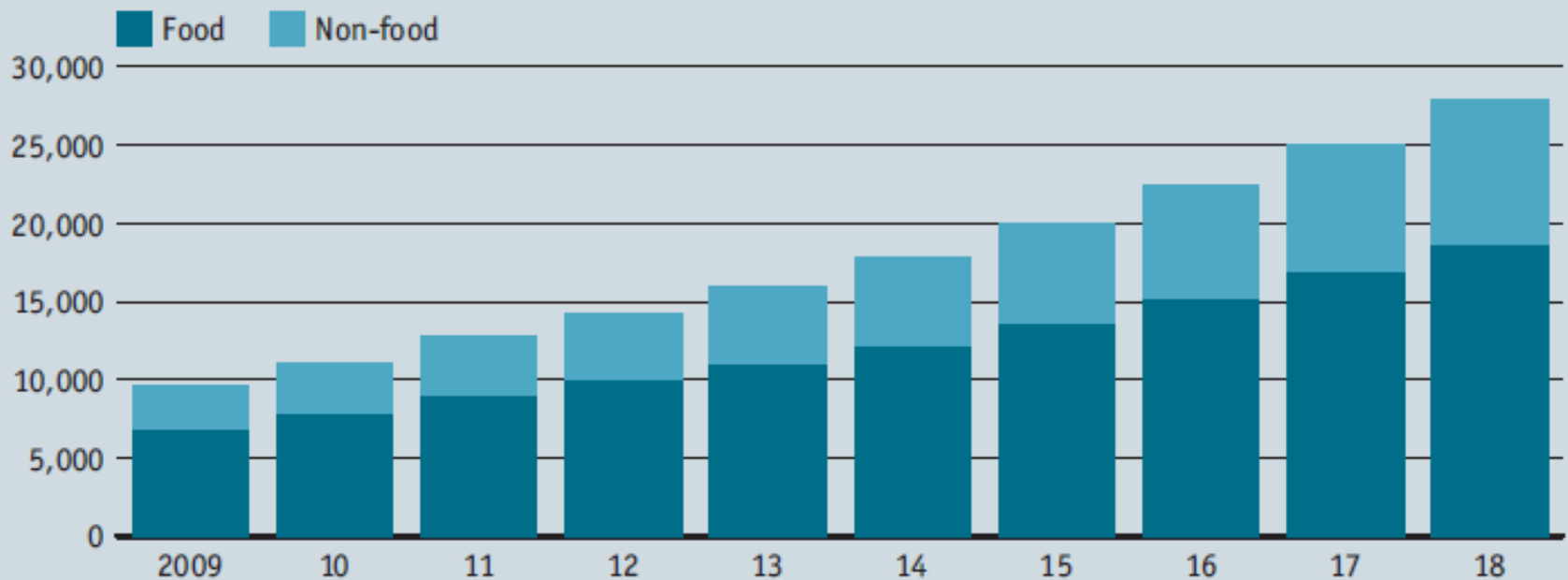
Size of retail markets
(US\$ trn)



Source: The Economist Intelligence Unit.

China's Retail Growth

Retail sales, food and non-food
(Rmb bn)



Sources: Planet Retail; The Economist Intelligence Unit.

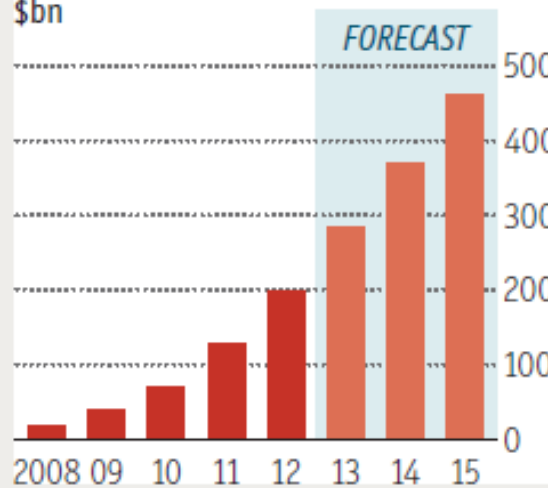
E-Commerce in China

Numbers game

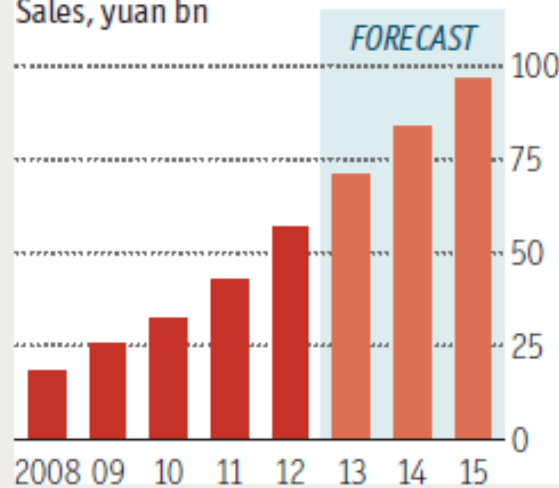
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China's:

e-commerce market
\$bn



online gaming market
Sales, yuan bn

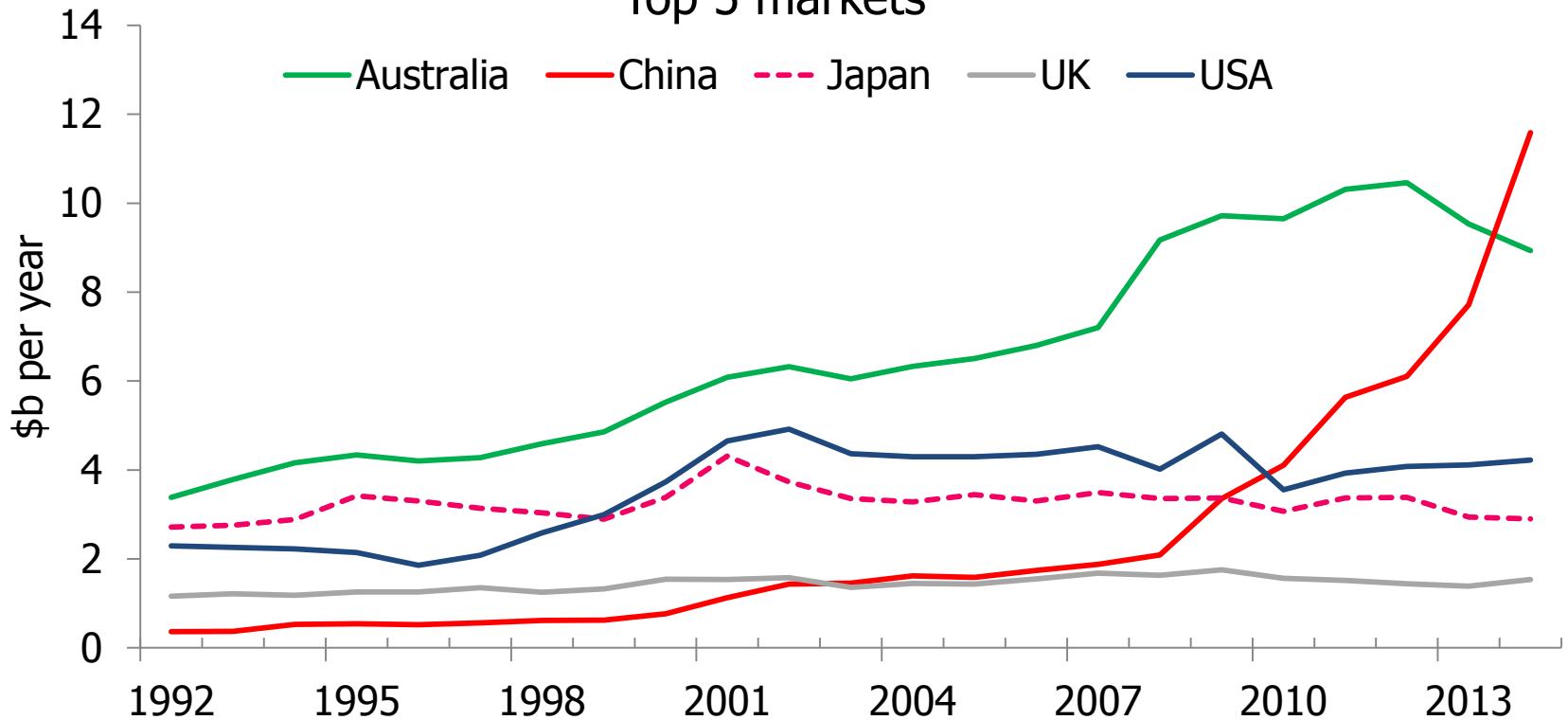


Sources: Morgan Stanley; 2012 China Gaming Industry Report

The Economist April 6th 2013

New Zealand Exports

New Zealand Exports Top 5 markets



Source: Statistics NZ

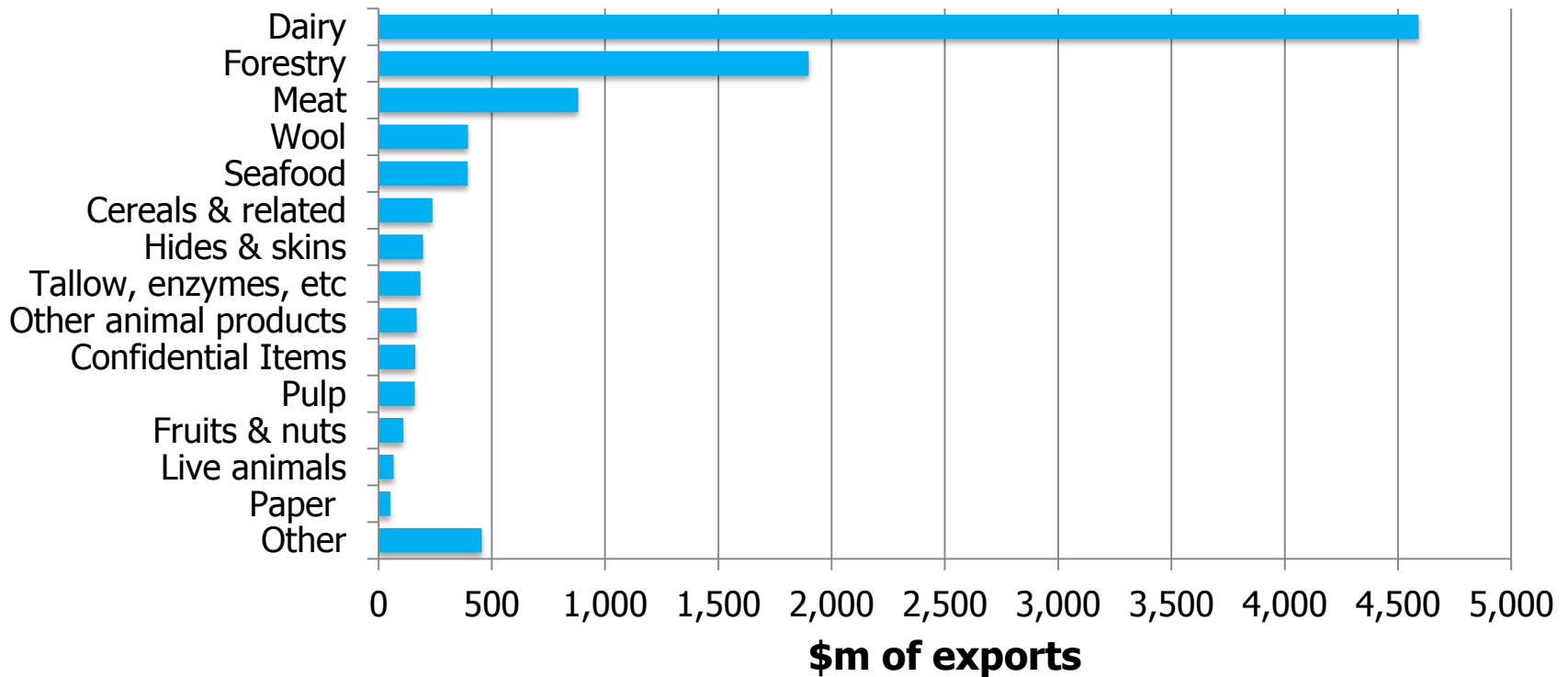


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New Zealand Exports

Exports to China in 2013



Source: Statistics NZ

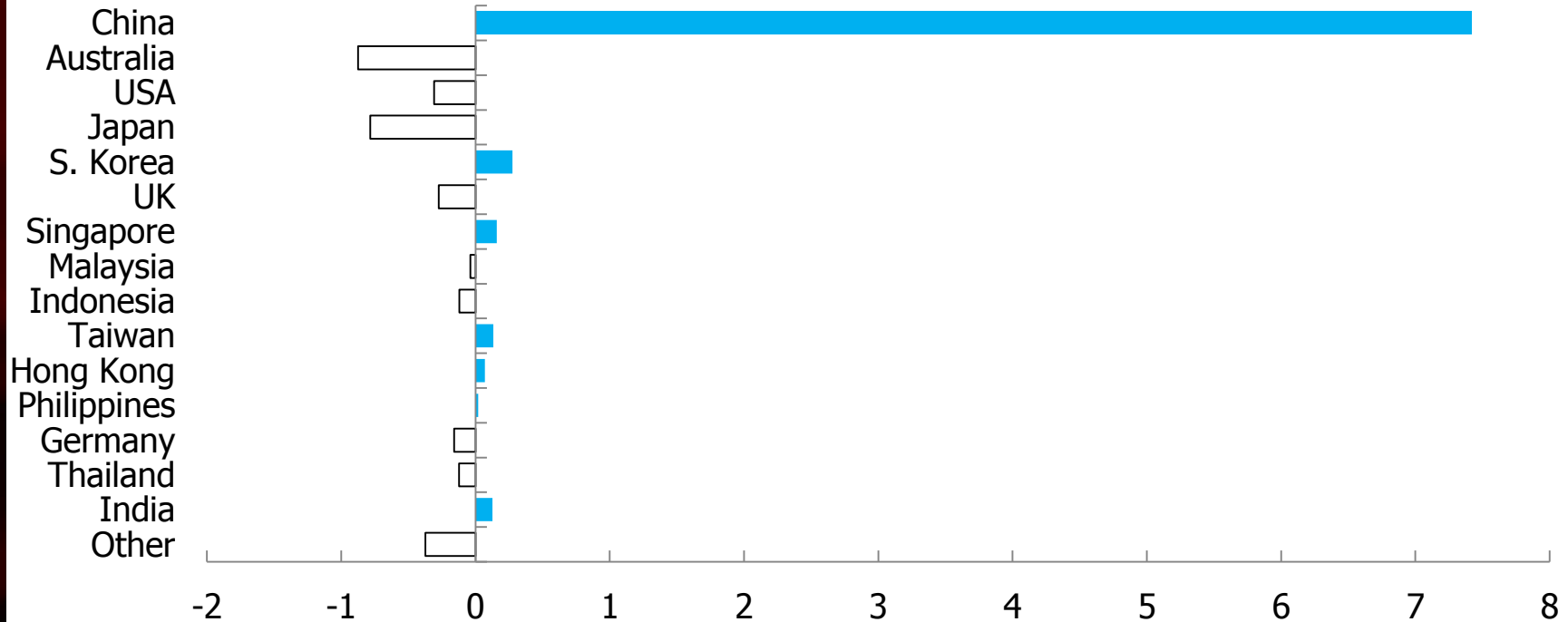


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Export Growth

Export growth, top 15 markets (2008-2013, \$b)



Source: Statistics NZ

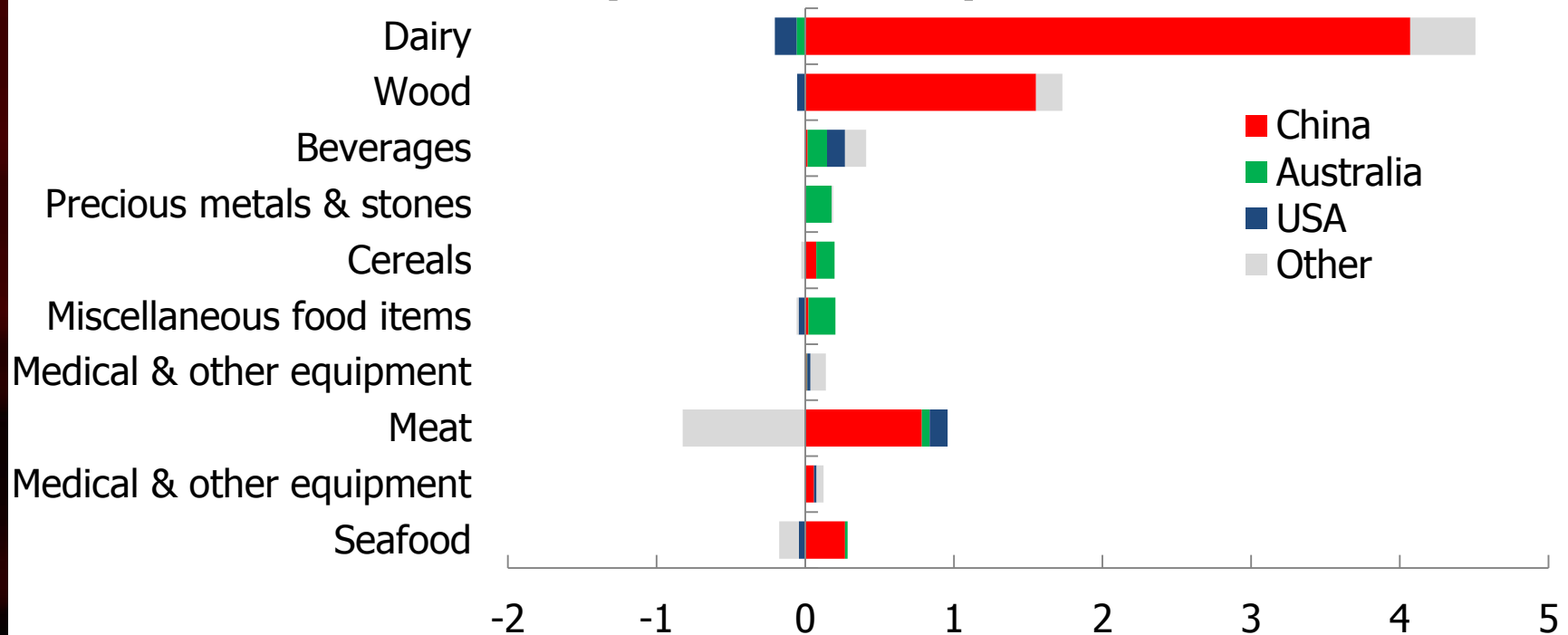


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Fastest growing exports

Fastest growing export commodities, top 3 markets (2008-2013, \$b)



Source: Statistics NZ



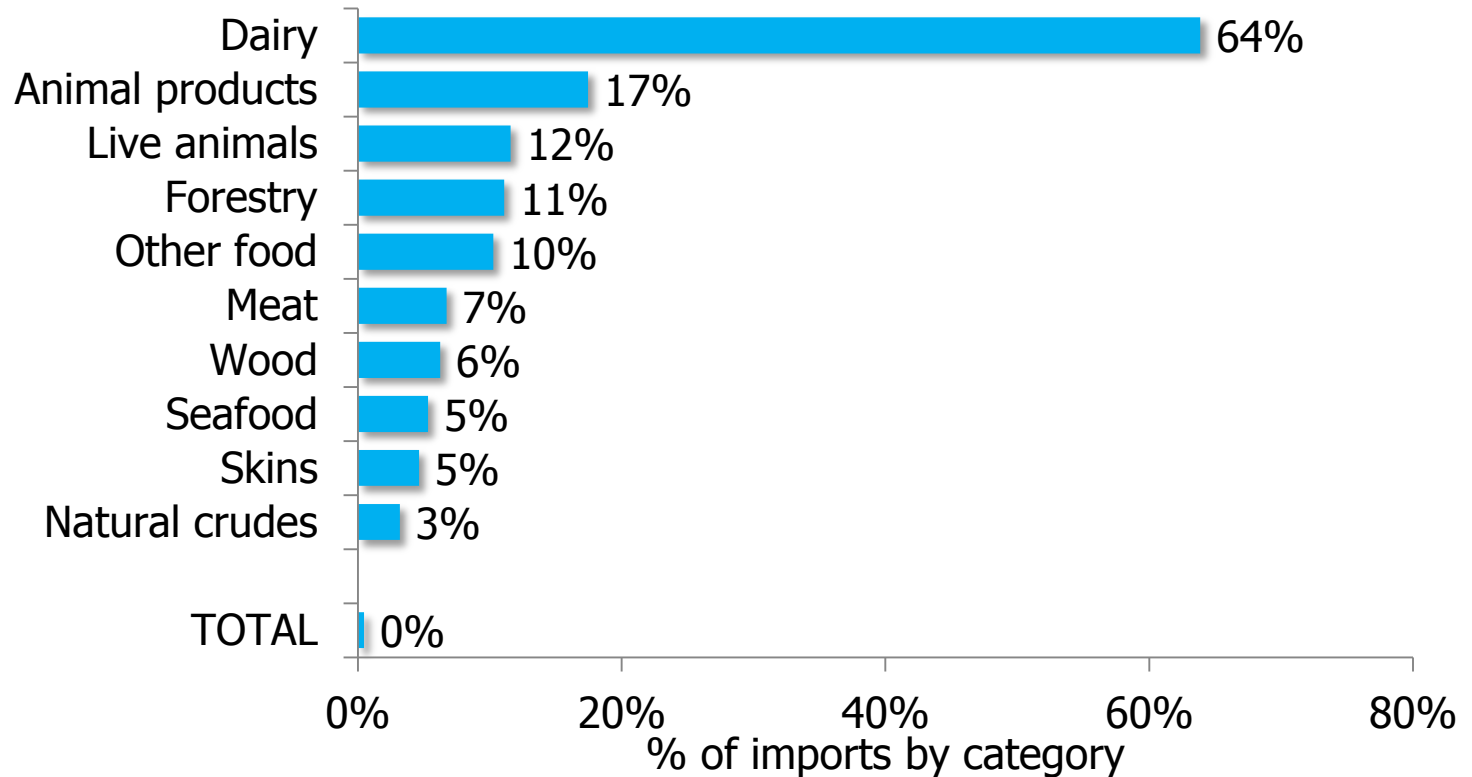
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NZ's share of China's imports

NZ's share of Chinese Imports, 2013



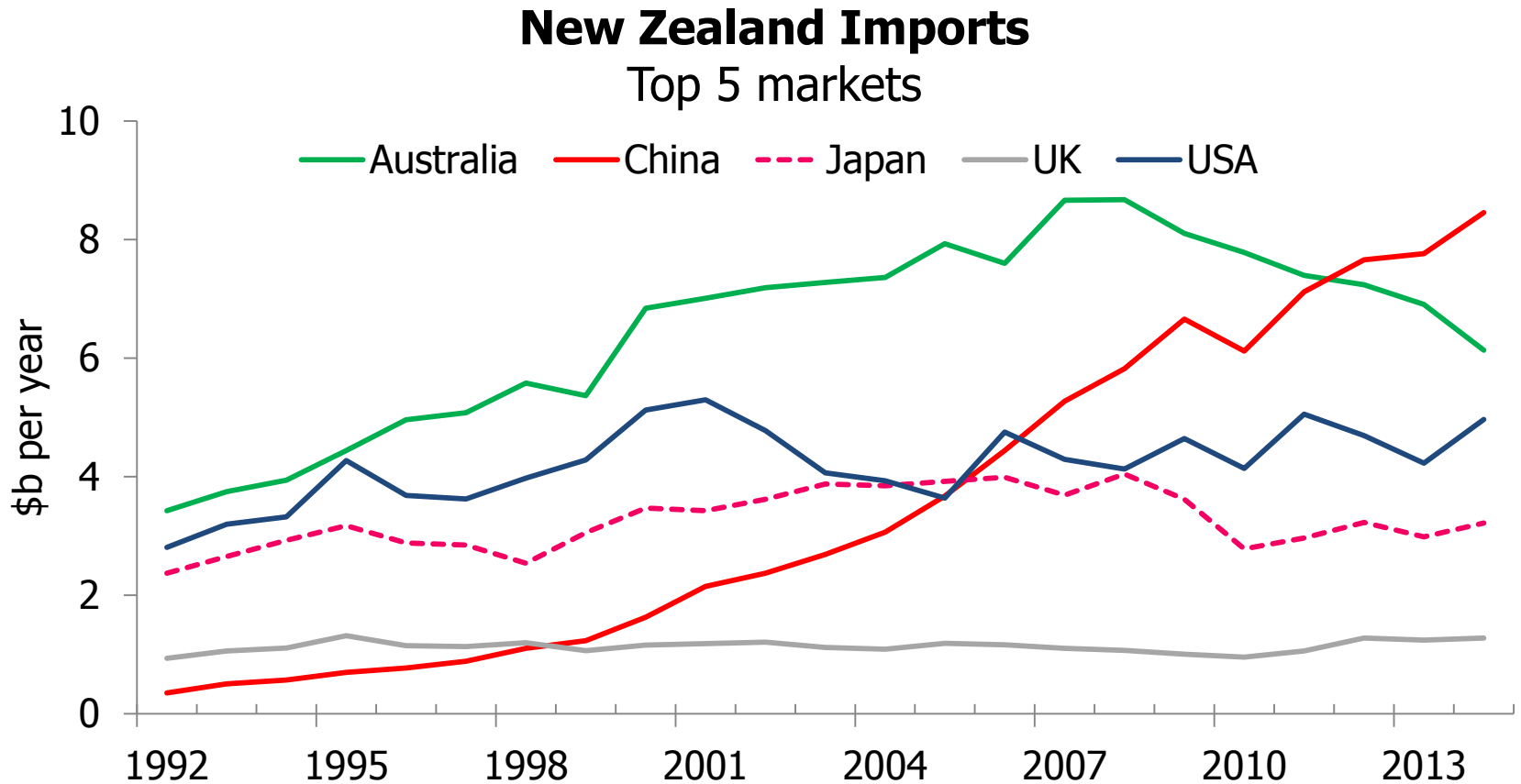
Source: UNCTAD



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New Zealand Imports



Source: Statistics NZ



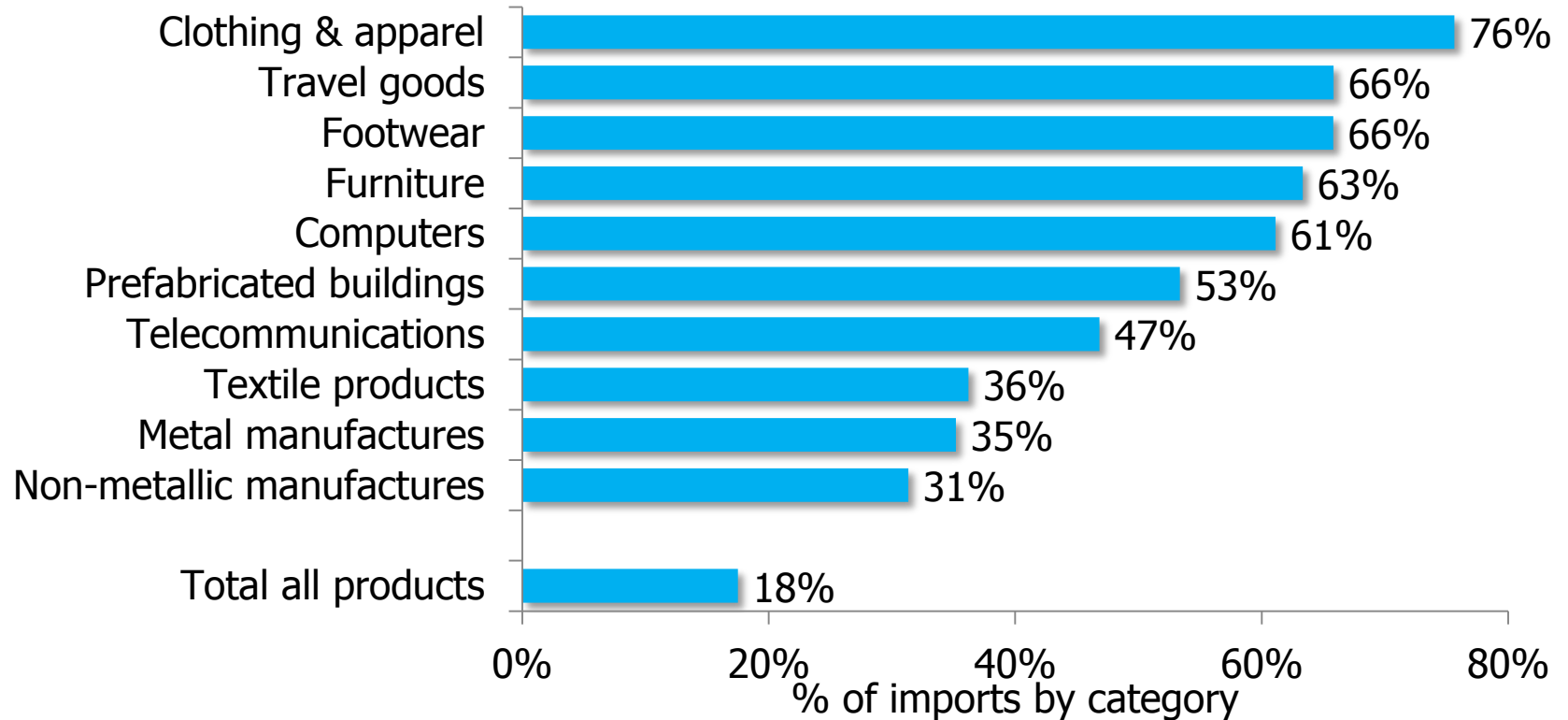
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China's share of NZ Imports

China's share of NZ Imports, 2013



Source: UNCTAD



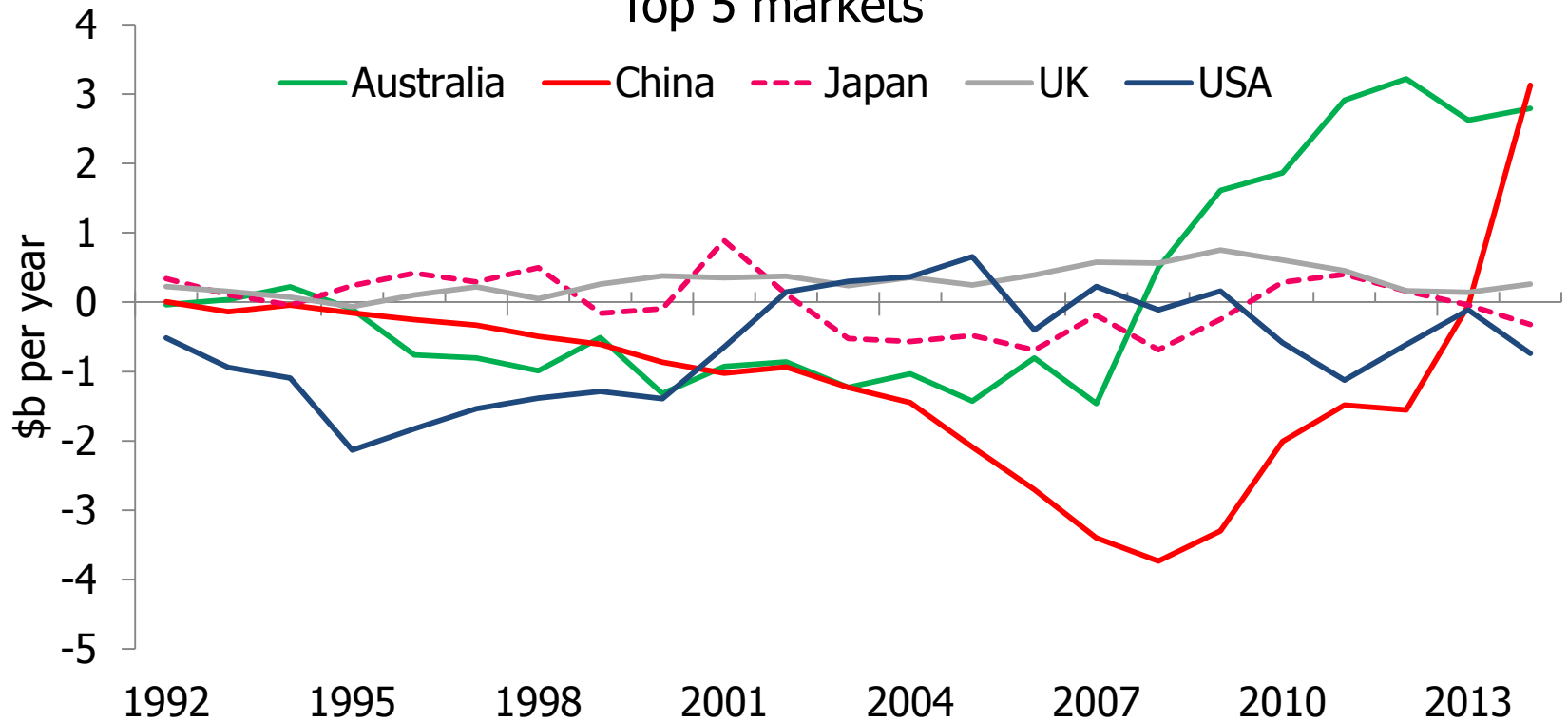
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New Zealand Trade Balance

New Zealand Trade Balance

Top 5 markets



Source: Statistics NZ



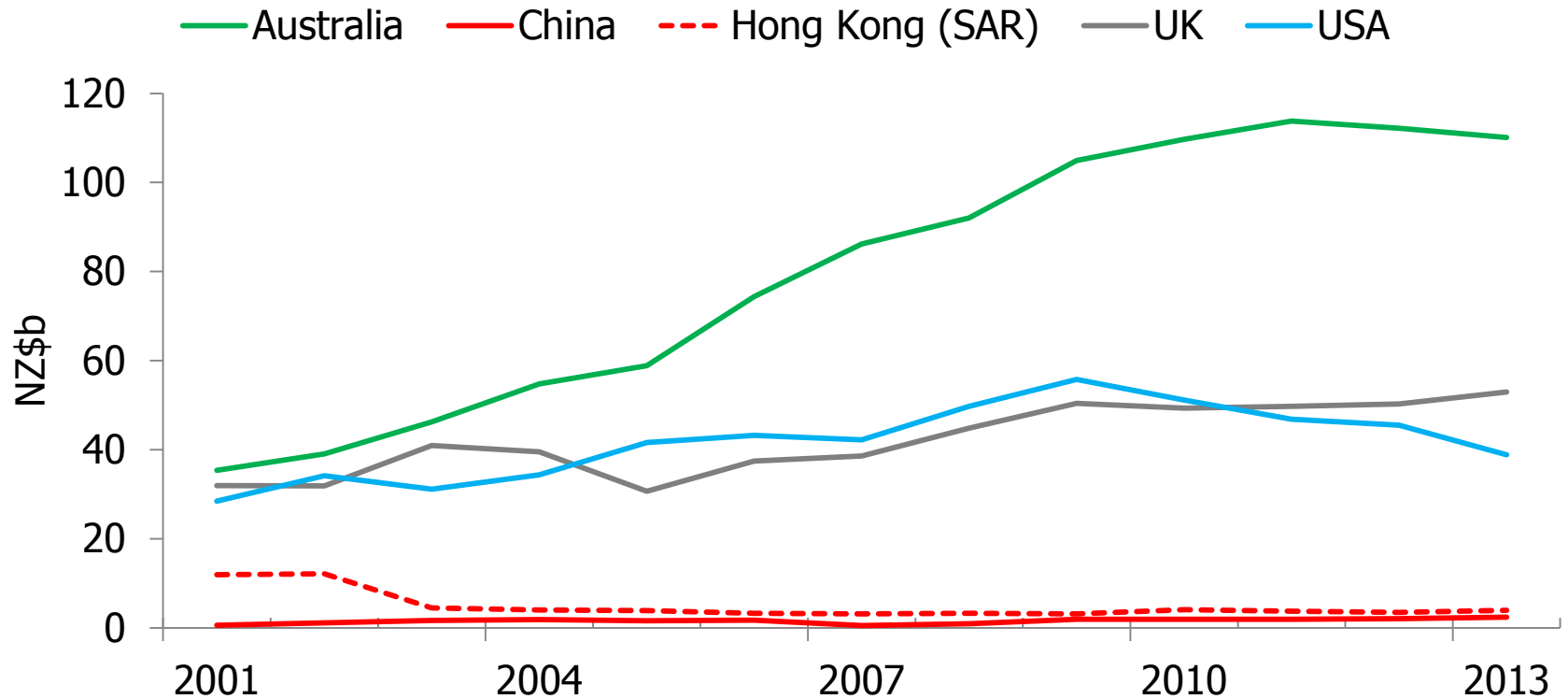
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Investment in New Zealand

Foreign investment in NZ



Source: Statistics NZ

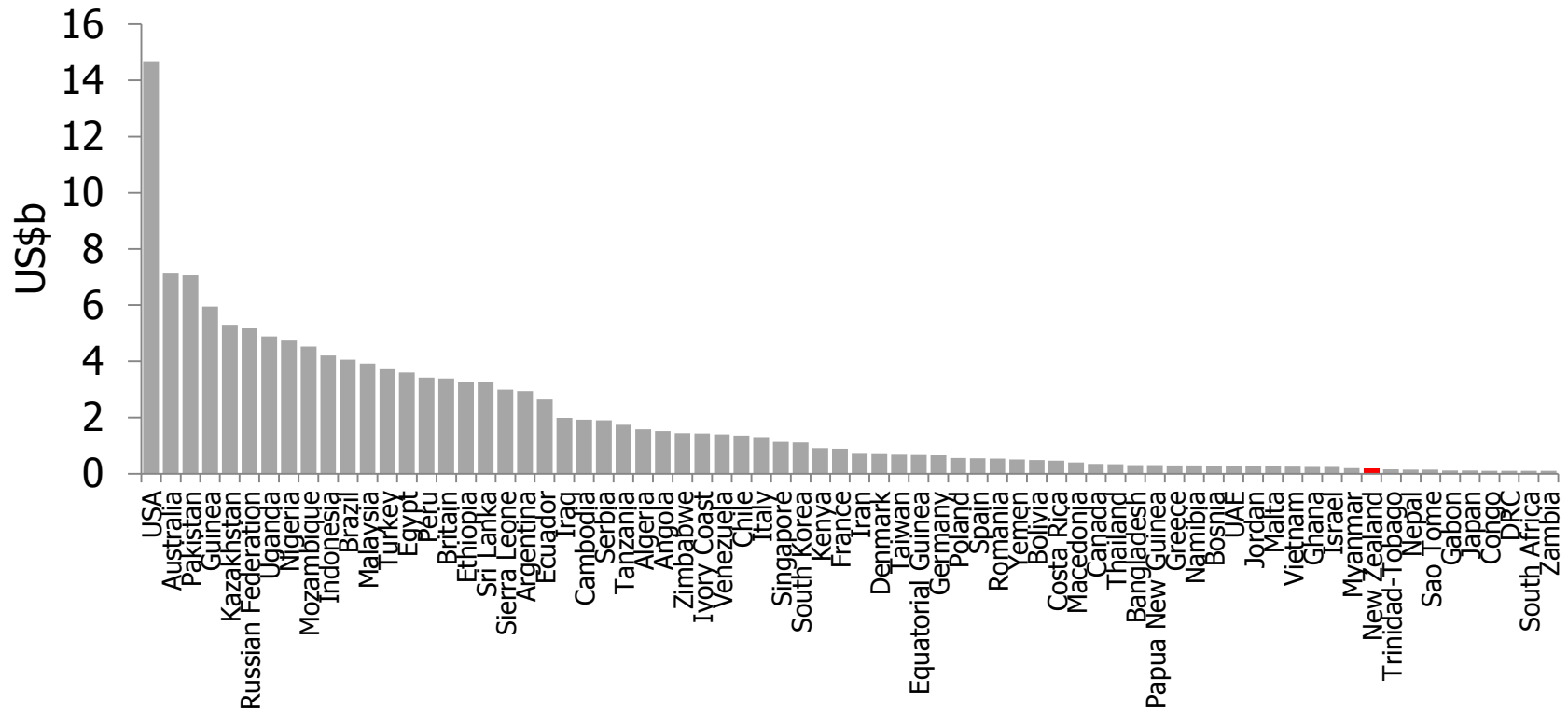


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China's investment: NZ and World

Foreign investment abroad by China in 2013



Source: Heritage Foundation

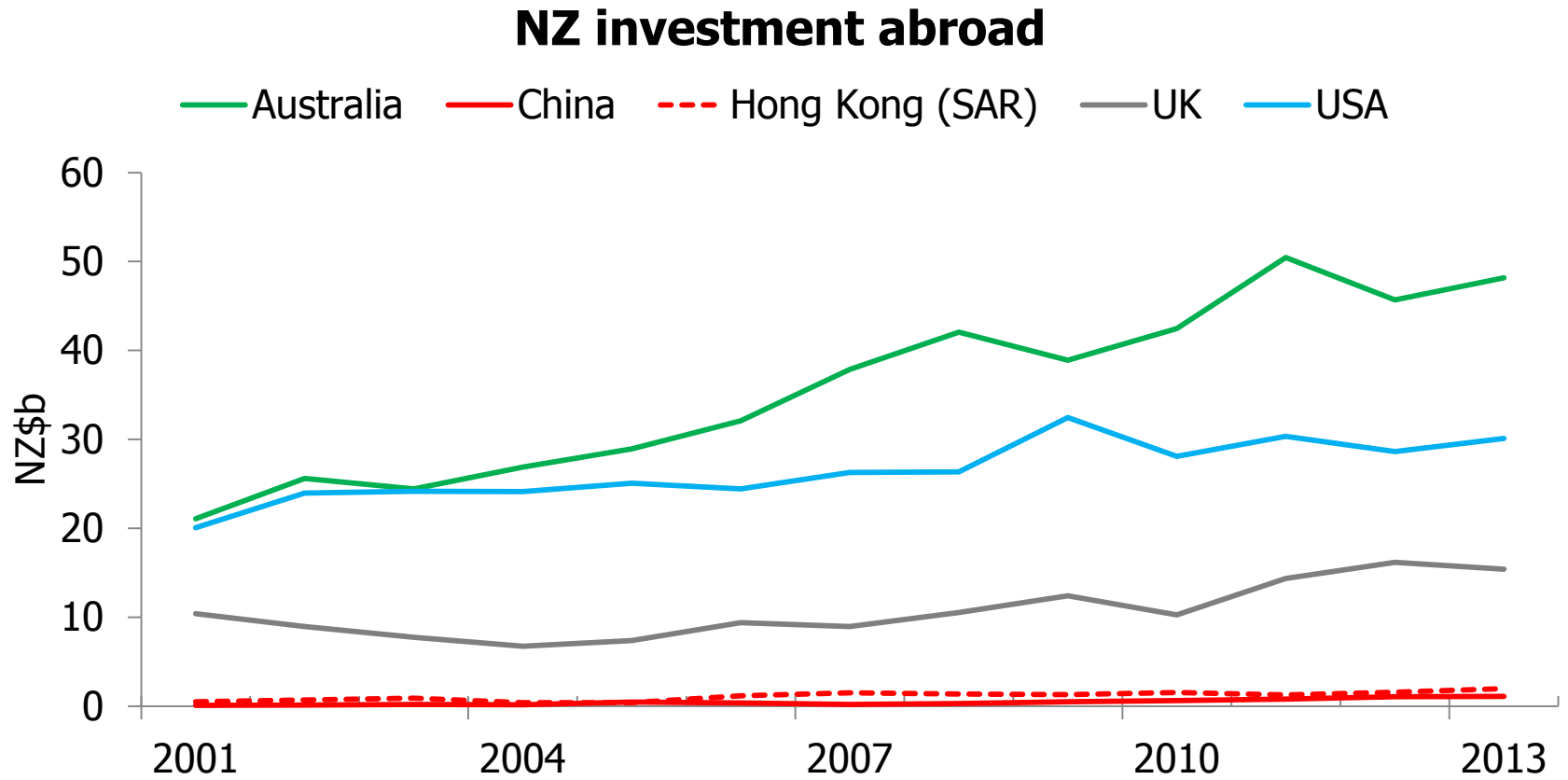


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NZ Investment abroad



Source: Statistics NZ

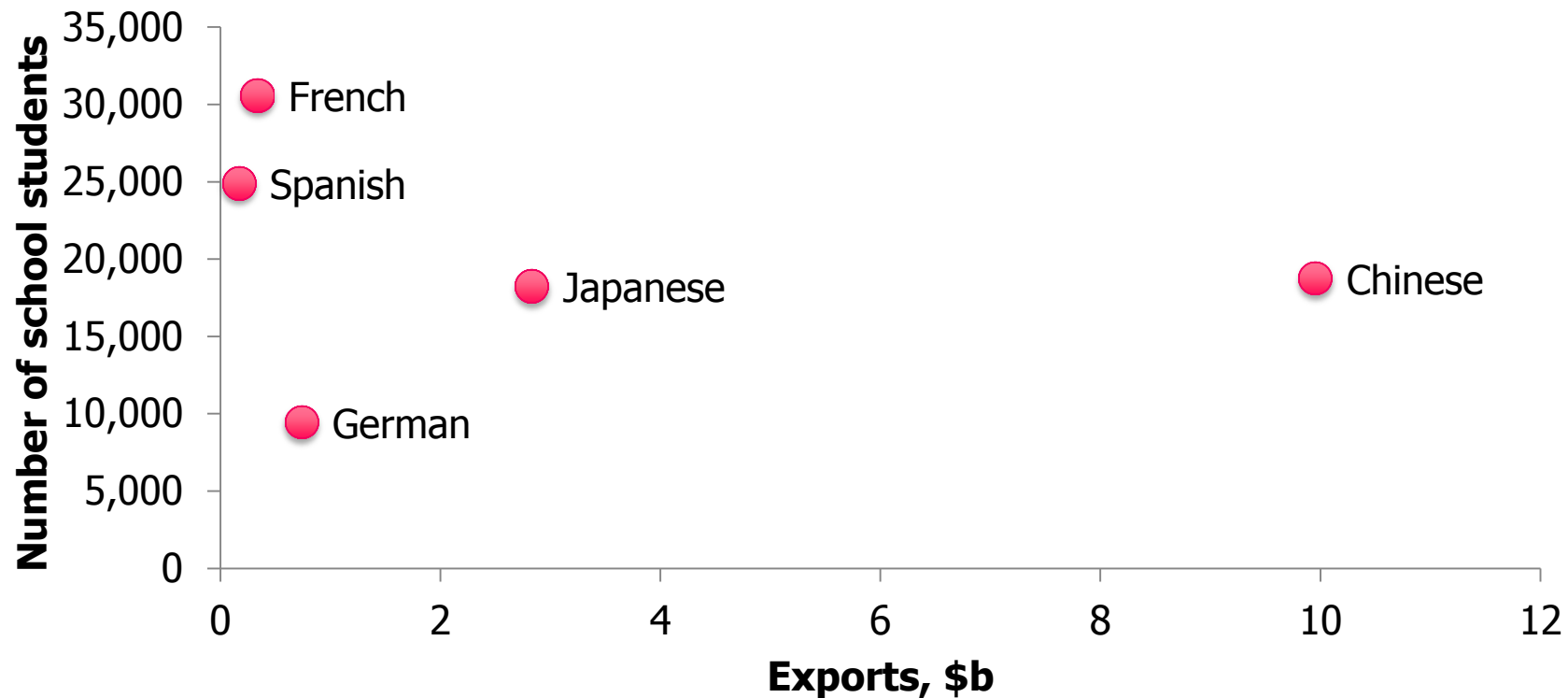


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Language acquisition: Schools

Language teaching vs exports, 2013



Source: Ministry of Education, Statistics New Zealand

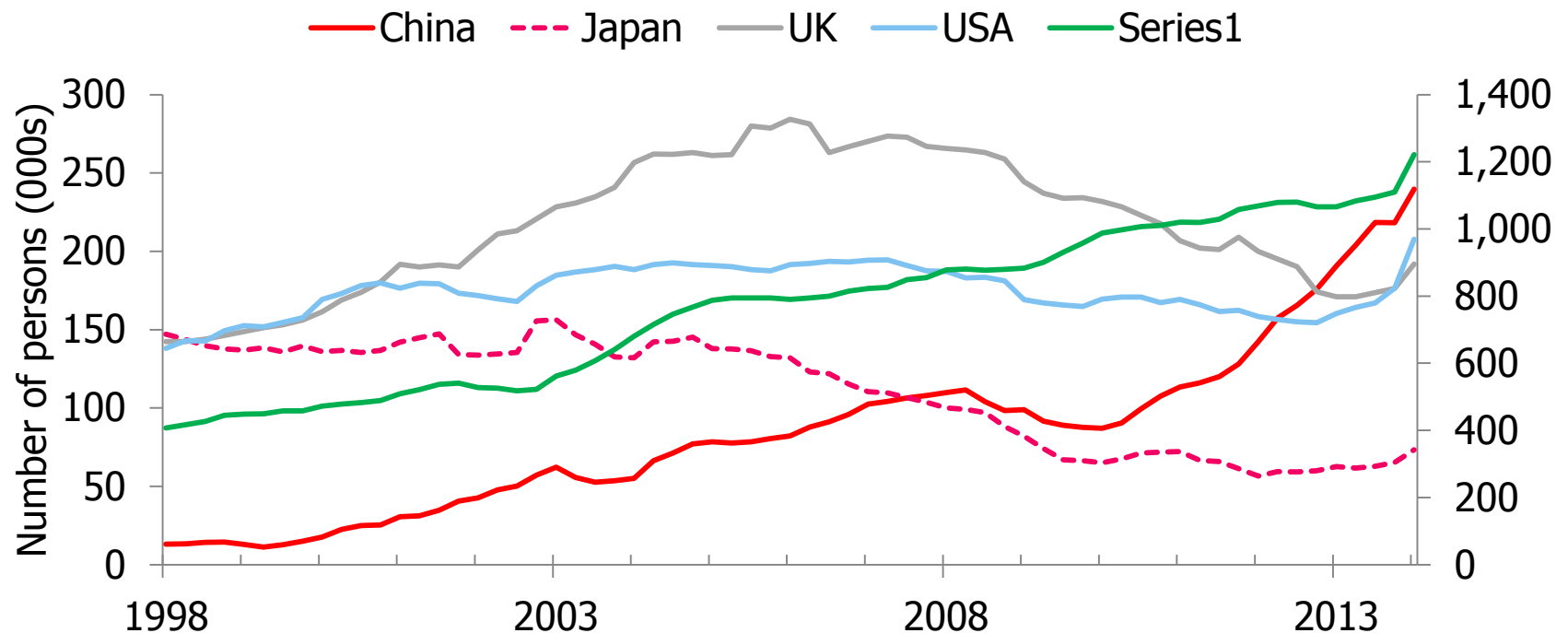


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Visitors to New Zealand

Visitor numbers to NZ Top 5 markets



Source: Statistics NZ

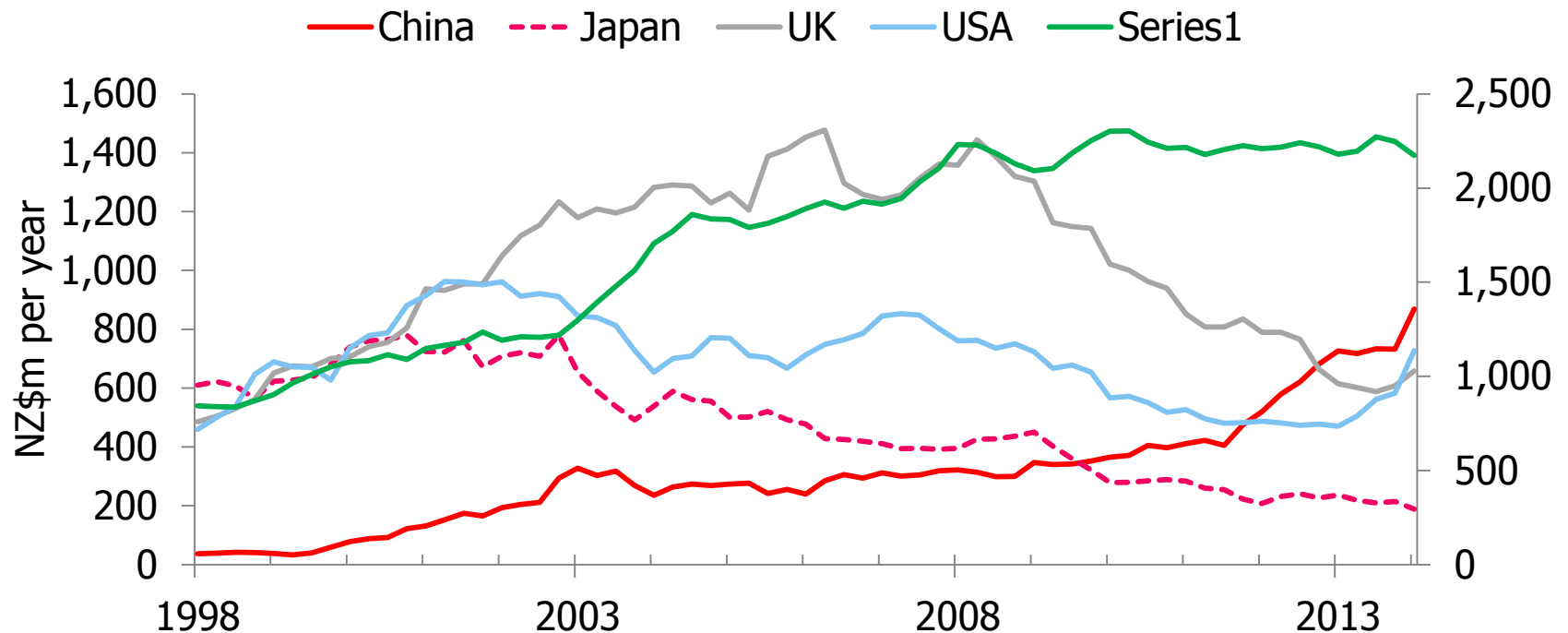


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Visitor expenditure in NZ

Visitor expenditure in NZ Top 5 markets



Source: Statistics NZ (IVS)

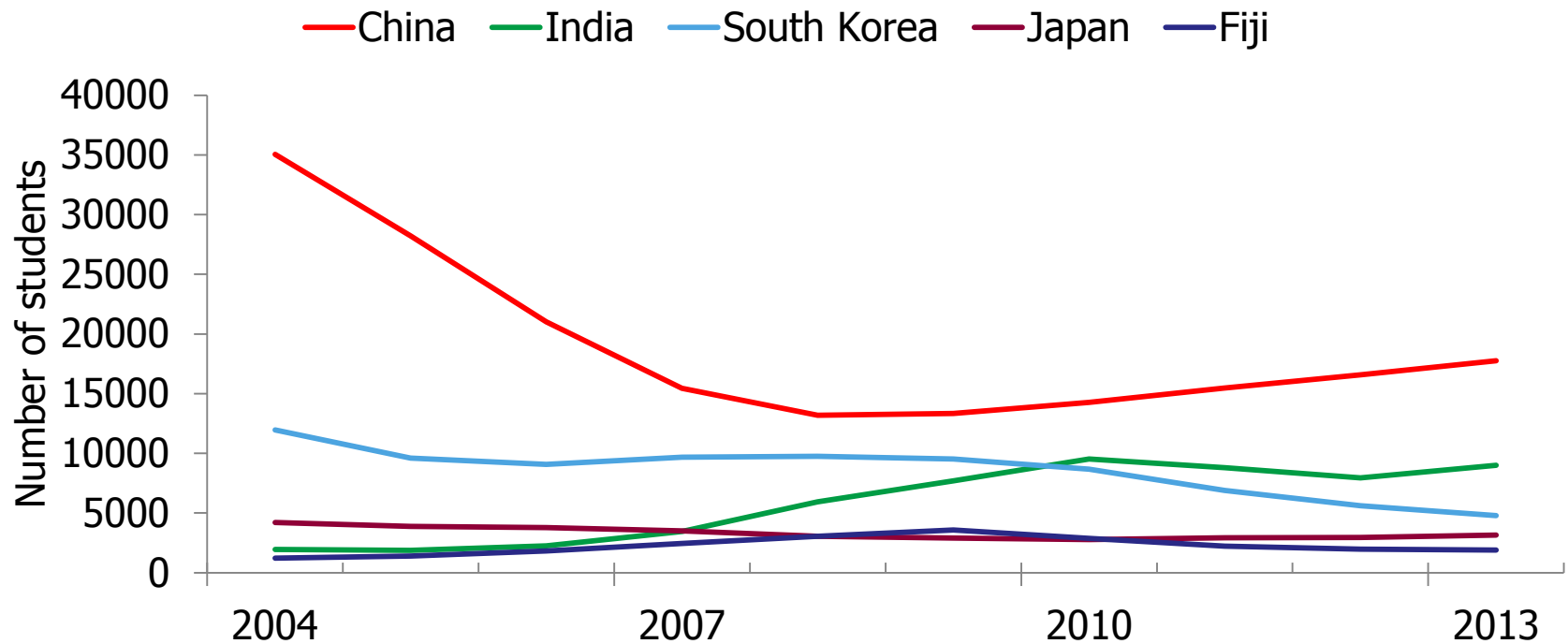


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International students in New Zealand

Foreign students in NZ Top 5 markets



Source: NZ Immigration Service



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China Challenges

- **People:** Hire, build, buy
- **Expertise:** amateur hour is over and #8 wire can't fix everything; HR, Tax, Legal, Regulatory, Financial etc
- **Relationships:** important, but not the foundation
- **Resourcing:** not a cheap place to do business, well financed and resourced
- **Business Environment:** over regulated and complicated
- **Disparaties:** NZ high trust/low reg, China low trust/high reg
- **Competition:** domestic and global
- **Business Culture:** understand and adapt to NZ



If you grab the Dragon
by the tail;

Make sure you have a plan for
the teeth?



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