



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

Quarterly Industry Report Q3 2026

A quarterly report featuring valuable insights into China-specific industries from NZBRiC member companies and partners with interests in the region.

Table of Contents

Message From Our Chair	3
The FMCG Insider: From Provenance to Performance	4
APEC 2026 and New Zealand's Role in the Asia-Pacific's Shared Future	10
China Trade Shows September 2026	12
Policy Still Prioritises Structural Fixes in the Near Term	14
China Watch Summer 2026	18

Message From Our Chair

2026 Q3 Industry Report



Dan Young

Dear Readers,

It is my pleasure to present the third NZBRiC Quarterly Industry Report of 2026. Now in its third year of publication, this report is an important platform for advancing dialogue across key trade sectors between New Zealand and China, drawing on the expertise and on-the-ground perspectives of our members and partners.

While Q3 brought more typhoons and rain than in previous years, the cooler weather that came with them also meant an early start to the events and delegation season. Since our Q2 report, we have launched the 2026 Business Outlook Report in Shanghai, hosted a webinar with New Zealand businesses on getting the most out of CIIE, co-hosted a summer BBQ with BritCham, and worked with Kiwi racing driver Liam Sceats to deliver a programme of member events during the Shanghai round of the Lamborghini Super Trofeo series. We have also launched our CIIE events programme. Having outgrown their original homes, our annual Business Breakfast and Kiwi Drinks will move to larger venues this year. This report reflects the lead-up to a number of major events in the New Zealand–China trading relationship including CIIE, APEC and the New Zealand general election.

Ahead of CIIE and APEC, the articles in this edition share a common thread: in a slower, more demanding Chinese market, New Zealand businesses have to earn their place. In our Corporate Member Spotlight, CGP's

FMCG Insider talks to Patrick Lu about how Silver Fern Farms turned its China business around and positions its premium grass-fed red meat. Anna-May Isbey of the Auckland Business Chamber and the New Zealand China Trade Association makes the case for joining the APEC CEO Summit in Shenzhen, while David Boyle of Primary Collaboration New Zealand asks what exporters really gain from trade shows such as CIIE. ANZ and David Mahon's China Watch round out the edition with a look at China's economic fortunes in the last quarter.

We are sincerely grateful for these contributions, which reflect our shared goal of fostering informed dialogue and building stronger connections across the New Zealand–China business landscape. We welcome your feedback and encourage you to reach out if you are interested in contributing to future editions.

Best regards,

Dan Young
Chair, NZBRiC



The FMCG Insider: From Provenance to Performance

5 Minutes with Patrick Lu



The FMCG Insider is a look inside “The Great Wall of China’s Consumer Industry” through the eyes of local and foreign experts* as interviewed and summarized by Kourosh Asghari, VP at Executive Search firm Cornerstone Global Partners (CGP Group). This edition of The FMCG Insider is presented in collaboration with the New Zealand Business Roundtable in China (NZBRiC). As the leading voice for New Zealand business interests in China, NZBRiC provides a vital platform for commercial diplomacy and trade facilitation.

When operating in China’s fast-moving, hyper-competitive FMCG landscape, operational agility and strategic realignment are non-negotiable. Few executives demonstrate this as clearly as Patrick Lu, Regional Manager and China Country Manager at Silver Fern Farms (SFF) Asia Region. Bringing a dynamic background that spans tech giants like Amazon and Dingtalk (Alibaba) to FMCG powerhouse AB-InBev, Patrick has spearheaded a commercial and operational transformation within New Zealand’s premier red meat exporter. Under his leadership, SFF China achieved a remarkable P&L turnaround, returning to break-even in FY2025 and driving 92% of SFF Asia’s global EBITDA growth.

In this edition of The FMCG Insider, we sit down with Patrick to discuss modernizing distributor networks, introducing digital e-bidding to traditional trade, navigating joint-venture governance, and positioning premium grass-fed red meat in China.

Silver Fern Quick Facts

- **Background:** Silver Fern Farms was established in 1948 and officially rebranded to the name Silver Fern Farms in 2008, with an HQ in Dunedin New Zealand it is one of New Zealand’s largest meat producers.
- **Joint Venture Governance:** SFF operates under a 50:50 joint venture partnership between the Silver Fern Farms Co-operative (representing Kiwi agricultural suppliers) and China’s Bright Meat Group (Shanghai Maling).
- **Global Revenue & Profitability:** Silver Fern Farms Limited recorded total revenues of \$3.046 billion in FY2025, marking a global return to profitability.
- **Sector Dynamics:** The company operates within a red meat processing sector impacted by lower livestock volumes and fluctuating global demand across premium cuts, industrial supply, and foodservice channels.
- **Regional Growth Engine:** The SFF China business achieved a financial turnaround by reaching a P&L break-even in FY2025 (after six years of initial setup) and contributed 92% of the global EBITDA growth for SFF Asia.
- **Product Focus:** SFF focuses on supplying and positioning premium New Zealand grass-fed red meats against grain-fed alternatives to cater to shifting Chinese consumer demands around health, natural nutrition, and traceability.

You joined Silver Fern Farms in 2023 after a career in FMCG and internet, how did you adjust to the change from into the red meat industry and what differences do you see in this industry vs other categories you have worked in?

Coming from FMCG and technology, I was used to starting with the customer and consumer, using data to make decisions, and moving quickly to test and learn. The red meat industry has traditionally been much more supply-led, with a strong focus on production, allocation and trading.

The New Zealand story needs to evolve from provenance as a claim to provenance as evidence. Farmers, farming practices, traceability, animal care, nutrition and product quality make the story tangible.

– Patrick Lu

What I brought with me was the mindset of looking at China as a market, rather than simply a destination for product. That means understanding where demand is changing, which channels and customers create the most value, and then connecting those opportunities back to our supply capability in New Zealand.

At the same time, I had a lot to learn. One of the biggest differences is the economics of the category. In FMCG, you can largely decide what products to make based on demand, with cost and pricing managed at a product or SKU level. Red meat doesn't work that way. You can't produce more steaks simply because steaks are selling well — every animal gives you a fixed combination of cuts, each

with different demand, applications and value.

So you have to think in terms of whole-carass economics. The challenge is to understand consumer occasions, foodservice needs and industrial applications well enough to find the highest-value market for every part of the animal. That requires a much tighter connection between market insight, product application and supply, and that was one of the most interesting things for me to learn coming into this industry.

Tell us about the key business dynamics in New Zealand, globally and in China which impact your business and how you manage those dynamics?

Our business sits at the intersection of three constantly changing dynamics: livestock supply in New Zealand, global demand and pricing, and the evolution of the Chinese market.

China is one of the world's most important red meat markets, but it is also highly competitive and increasingly sophisticated. Customers have more sourcing options, consumers are more value-conscious, and channels are changing quickly — particularly with

the growth of O2O, e-commerce and new retail formats.

We cannot control every external factor. What we can control is how quickly we respond. For us, that means staying very close to customers, improving visibility of market demand, maintaining pricing discipline, and being flexible about where we deploy different products and cuts.

The key is to constantly read the balance between supply and demand — understanding where New Zealand has a supply advantage, where demand is emerging, and how we connect the two in a way that creates the most value.

The “New Zealand story” has been used for decades. Which parts of that story still resonate with Chinese customers today in the meat space, and which parts are becoming less relevant?

New Zealand still has very strong equity in China around nature, food safety, trust and high-quality agricultural production. Those fundamentals remain extremely valuable.

What is changing is that simply saying “Made in New Zealand” is no longer enough.

Chinese consumers increasingly want proof behind the promise: Where did the product come from? How was the animal raised? What makes the eating experience different? Why should I pay a premium?

So I think the New Zealand story needs to evolve from provenance as a claim to provenance as evidence. Farmers, farming practices, traceability, animal care, nutrition and product quality make the story tangible.

The opportunity is not to abandon the New Zealand story, but to move from a country-of-origin story to a commercially relevant product story, with provenance as the proof behind it.

How is SFF positioning premium New Zealand grass-fed beef to compete against heavily grain-fed alternatives in China? Are shifting Chinese consumer preferences around health, natural nutrition, and traceability supporting demand for premium cuts versus industrial/foodservice supply?

Our starting point is about identifying what New Zealand can supply that others cannot, and finding the right balance between that supply advantage and unmet demand in China.

Chilled beef is a good example. We saw an opportunity where New Zealand has a strong supply advantage, and then moved quickly to build the brand and expand distribution, creating consumer trial and giving retailers greater confidence to buy and invest behind the category.

The key is to find the right entry point, scale it quickly, and then use that opportunity to reshape what consumers and buyers value and pay attention to. That allows us to capture the premium required to support New Zealand's farming system and cost structure.

Health, natural nutrition and traceability are important supporting credentials, but for us they come after establishing a compelling product and market opportunity.

You oversaw a major turnaround, achieving P&L break-even in FY2025 after six years of setup. What specific strategic decisions and operational pivots were most critical in turning the China business around?

I would describe the turnaround as the result of several years of building the business finally translating into scale, combined with a much stronger focus on value creation and commercial discipline.

First, we became much clearer about where we wanted to grow. During the early years, we invested in building the local team, customer network, supply chain and brand presence.

As those capabilities matured, we were able to scale more effectively in modern retail, O2O and other higher-value channels, rather than relying predominantly on traditional commodity trade.

Second, we focused much more on product mix and value capture. China is an important volume market, but volume alone doesn't necessarily create value. We put greater emphasis on chilled products, branded retail and higher-value applications, while becoming more disciplined about matching different cuts to the channels and customers where they could generate the best return.

Third, we tightened commercial and operational discipline. We strengthened the distributor network, improved pricing and allocation decisions, managed inventory and working capital more actively, and maintained a strong focus on cost and cash.

There were also supportive external factors as market conditions improved, but I wouldn't attribute the turnaround to any single factor. It was really the combination of scale, better mix and stronger execution.

Reaching break-even was an important milestone, but for us it is the starting point. The next phase is about turning that foundation into sustainable, profitable growth.

SFF successfully elevated its branded retail distribution to No. 2 nationally in China after onboarding three strategic modern-channel distributors. What was your blueprint for transforming the distributor network, and how do you maintain channel alignment?

The biggest change was that we stopped looking at distributors simply as customers who could buy and move volume. We started asking a different question: what capabilities do we need from our partners to help us win in the channels we want to grow?

Historically, much of the imported meat trade in China has been built around commodity distribution. That remains important for volume and market coverage, but building a branded retail business requires a different set of capabilities — access to end channels, product development, cutting and processing capability, supply-chain service, and strong local execution.

That was the thinking behind bringing in strategic partners such as Zhuochen, Xianmu and Niuaao. They bring different strengths across regions and channels, but collectively they allow us to get much closer to retailers and end consumers, and to develop solutions rather than simply sell products.

China is too large and fragmented for one distributor to do everything well, so we give partners clearer roles based on geography, channel and capability, while maintaining discipline around pricing and channel boundaries.

Our objective is to build fewer, stronger and more capable partnerships to creating value with WOFE together.

A key finding from the recent NZBRIC survey report highlighted that expanding into Tier 2 and Tier 3 cities and beyond is a major ambition and pain point for many New Zealand companies. What is SFF's strategy for scaling beyond Tier 1 cities and how are you adapting your distribution and digital channels to win in lower-tier markets?

Our branded retail journey actually started in Henan with Pangdonglai, rather than in a Tier 1 city. So we recognized quite early the rapid growth of the middle class in Tier 2 and Tier 3 cities, and their increasing demand for high-quality products. At the same time, competition for premium imported brands can be less intense than in Tier 1 cities.

Pangdonglai was an important starting point for us. It has only a limited number of stores, but its reputation and influence with Chinese



consumers go far beyond its physical footprint. We built a strong presence there and then used that success as a model to expand across Henan.

From there, we have progressively replicated the model across Central China, including Hunan and Hubei. So for us, Tier 2 and Tier 3 cities are not simply markets to expand into after Tier 1 — they have been an important part of our growth strategy from the beginning.

You restructured the China team into three distinct business units to increase channel focus and competitive tension. How did this organizational realignment change your day-to-day operations and speed-to-market?

The restructuring wasn't really about organization — it was about how we create value in China. We realized that Traditional Trade, Modern Trade and E-commerce play very different roles in the business, and each requires a different operating model.

Traditional Trade remains an important volume engine, but our focus has been on increasing transparency and competitive tension. We expanded the distributor network and introduced tools such as e-bidding and dynamic allocation, giving us better visibility of market

pricing and helping improve price realization.

Modern Trade is about getting closer to end users. We work with partners who have stronger retail, foodservice and key-account service capabilities, allowing us to better understand customer needs and develop the right product and channel solutions, rather than simply moving product through the trade.

E-commerce gives us a more direct connection with consumers. It allows us to test propositions, receive consumer feedback quickly, and build demand through digital and O2O channels.

Structuring the business this way created much clearer ownership and accountability. Each team understands the role it plays and the economics it is trying to optimize, while we continue to manage the three channels as one portfolio.

For me, the biggest change has been speed and accountability. Decisions are made closer to the market, performance is more transparent, and we can test, learn and adjust much faster than before.

Coming from tech and digital leadership roles (Amazon, AB-InBev, Dingtalk), you introduced an e-bidding system at SFF to

improve allocation transparency and price realization. How receptive was the traditional meat trade to his digital disruption?

I'd say the response has been positive, but it's taken time and that's understandable. At companies like Amazon and DingTalk, technology is at the core of the business, so they're set up to move quickly. Silver Fern Farms is a more traditional red meat business, where relationships and trust matter a great deal. We've taken a measured, practical approach to change.

We started with tools that made everyday work easier and more efficient. That gave our teams and customers a chance to see the benefits for themselves. From there, we could work through concerns, clear up misunderstandings and gradually build confidence.

As that confidence grew, we moved into digitalizing core processes, including allocation through e-bidding platform. The system gives us better visibility of how people engage, so we can recognize those agreed practices. Over time, that helps new ways of working become part of the everyday routine.

Now the e-bidding system has been running steadily for more than two years, and customers have become

increasingly comfortable with it. There's still more to do, but we're moving in the right direction. For me, the key has been to start with practical benefits, bring people along and build from there.

SFF Co-operative operates a unique 50:50 partnership with Bright Meat Group (Shanghai Maling). How do you navigate governance and commercial alignment between Kiwi agricultural suppliers and Chinese corporate partners?

A joint venture inevitably brings different perspectives, and I think that can be a strength when it is managed well.

Silver Fern Farms brings deep expertise in New Zealand farming, livestock procurement, processing and international red meat markets. Our Chinese shareholder brings a strong understanding of China and its commercial environment.

The important thing is to remain very clear about the shared objective: building a sustainable business that creates long-term value.

In my experience, alignment comes from transparency, facts and consistent communication. You will not agree on every individual issue, but when both sides have a common understanding of the market, the economics and the long-term objective, it becomes much easier to make good decisions together.

What are the two to three biggest factors that determine success in China today for an imported food brand?

I would highlight three: relevance, speed and execution.

First, relevance. Being imported, or having a strong country-of-origin story, is no longer enough. The key is to understand where your distinctive global strengths meet a real need or opportunity in China — whether that is a product, an occasion or a consumer proposition. You then need to connect that advantage with how Chinese consumers actually live and eat, including their taste preferences, health expectations and cultural context.

Second, speed. China is one of the fastest markets in the world for consumer trends and new forms of commerce. Speed needs to run through the whole business — from identifying an opportunity and testing a proposition, to making decisions and getting the right product into market. With O2O and instant retail becoming increasingly important, supply-chain responsiveness, inventory availability and freshness are also part of speed.

Third, execution. China is a highly complex market across national and regional retailers, foodservice, distributors, e-commerce and O2O. A good strategy only creates value when it translates into the right product, price, channel, partner and availability at the point of purchase. That requires strong local capabilities, clear accountability and disciplined day-to-day execution.

For imported food brands, the formula is quite simple: find where your distinctive advantage matters in China, move fast to capture the opportunity, and execute consistently at the last mile.



Key Takeaways from Kourosh and NZBRIC

- **Shift from Claim to Evidence:** The traditional “Made in New Zealand” claim is no longer sufficient on its own. Winning in China requires turning provenance into tangible proof—leverage production, supply chain practices, traceability, animal care, and clear product advantages into clear marketing claims for your target consumer.
- **Master Whole-Carcass and Channel Economics:** Success for primary sector exporters requires moving away from pure volume allocation toward matching specific cuts and product applications with the exact consumption occasions, consumers and channels (Traditional Trade, Modern Trade, O2O, E-Commerce, Food Service) that maximize end-to-end margin.
- **Re-evaluate Regional Growth Beyond Tier 1 Metros:** Tier 2, 3 cities and beyond offer strong middle-class buying power with lower competition. Foreign brands should look for influential regional retail anchors (such as Pangdonglai in Henan) to build scalable regional playbooks.
- **Modernize Traditional Partner Networks with Digital Tools:** Applying consumer-tech and data based methods—such as product segmentation, dynamic allocation, and e-bidding platforms—creates market price transparency and operational agility even within conservative B2B trade channels.
- **Drive Commercial Alignment in Joint Ventures and Partners:** Navigating dual-shareholder governance (such as Kiwi farmer co-operatives alongside Chinese state-owned enterprises) demands radical transparency, reliance on market data, and unwavering focus on shared long-term value creation. These same principles are also important with distributors and in market partners where stakeholders are sought for their capability and fit with the requirements of the mid-long term business rather than just short term volume sales.

About CGP Group

Founded in 2012, CGP Group is one of Asia’s largest recruitment solutions and HR Technology platforms, with 20 +offices worldwide and 500+ team members delivering Executive Search, Contracting, Recruitment Process Outsourcing, and Human Resources Outsourcing services to multi-national and domestic firms.

About NZBRIC

The New Zealand Business Roundtable in China (NZBRIC) is the business chamber and advocacy platform for New Zealand enterprises operating within mainland China. Headquartered in Shanghai, NZBRIC fosters a robust community of Kiwi expatriates, local executives, and multinational leaders. Through high-level networking, market intelligence sharing, and policy advocacy, the Chamber serves as the critical bridge facilitating bilateral trade, sustainable investment, and commercial diplomacy between New Zealand and China.

Disclaimer: The views expressed during this interview are solely those of the individual and do not necessarily reflect the opinions, policies, or beliefs of their employer or any affiliated organization. The purpose of this interview is to provide insights and perspectives from a personal standpoint rather than as an official representative of a particular company.



APEC 2026 and New Zealand's Role in the Asia-Pacific's Shared Future

Anna-May Isbey

International Engagement Advisor, Auckland Business Chamber, and Executive Director, New Zealand China Trade Association



In November, the Auckland Business Chamber and the New Zealand China Trade Association are preparing a New Zealand business delegation to the APEC CEO Summit in Shenzhen. We are going because the challenges that will shape New Zealand's future—climate change, food and energy security, ageing populations and technological change—are shared across the Asia-Pacific. New Zealand companies and public sector leaders need to be part of the regional response, bringing expertise where we can contribute and learning where others are further ahead.

The scale of our connection to the region makes that participation a commercial necessity. APEC's 21 economies account for roughly 40 percent of the world's population, half of global trade and 60 percent of global GDP. China has been New Zealand's largest trading partner since 2017, with more than NZ\$41 billion in two-way trade in the year to September 2025. Our businesses also rely on customers, suppliers and investors in Australia, Southeast Asia, Japan, Korea and the Americas. What happens in those economies affects demand for our exports, the cost and reliability of our imports, and where New Zealand companies can grow.

APEC gives economies a way to make that trade easier and to tackle problems none can solve alone. Its Business Travel Card has simplified short-term travel for eligible businesspeople. Members have also agreed to cap tariffs at five percent or less on a list of 54 environmental goods, reducing a barrier to trading

technologies used in cleaner energy and environmental protection. These outcomes show the value of sustained regional work: governments agree on a practical change, and businesses can use it to reach partners and customers.

The work ahead is harder. APEC forecasts regional growth of 3.2 percent in 2026, but warns of risks from energy costs, geopolitical tensions and trade policy uncertainty. Climate change is testing food production and energy systems. AI is changing the skills businesses need. Across much of the region, ageing populations are placing greater demands on workers, health systems and public finances. These pressures reach New Zealand whether or not we take part in discussions about them. Participation gives us a better chance to shape the response.

Food production is one area where a shared challenge is already producing regional solutions.

Farmers across the Asia-Pacific need to produce more efficiently while facing labour shortages and pressure on land and resources. Auckland-founded Halter's solar-powered collars let farmers guide cattle, set virtual fences and monitor herds remotely. Farmers and ranchers now use the technology in New Zealand, Australia and the United States to manage grazing and reduce the time spent moving and checking animals. The conditions differ in each country, but the underlying problem is familiar: how to care for livestock and make better use of pasture with limited people and resources.

Clean energy faces a different obstacle: developing it can be expensive and uncertain. Geothermal projects require substantial investment before developers know precisely what lies beneath the ground. Christchurch-founded Seequent makes software that helps them model those conditions and make better drilling decisions. It has a multi-year agreement with a Japanese energy company supporting geothermal development in Japan and internationally, including Indonesia. Separately, at Indonesia's Lumut Balai project, Seequent says its modelling helped Pertamina reduce drilling risk. By lowering uncertainty for developers, New Zealand expertise can help regional partners bring more reliable renewable energy into production.

Ageing populations are changing what the region needs from its food system. Alongside nutrition for muscle health, there is growing interest in products that support cognitive health later in life. Fonterra's longstanding Chinese customer BY-HEALTH has completed a clinical trial of an ingredient combination that included Fonterra's milk fat globule membrane. According to Fonterra, the trial found improvements in measures of cognitive function among people with mild cognitive impairment. It is an early research result, rather than a finished product, but it shows how New Zealand dairy expertise and a Chinese partner's research can be brought together around a specific challenge facing the region.

These companies built their own partnerships, but their experience helps explain what is at stake in China's APEC host year. Under the theme Building an Asia-Pacific Community to Prosper Together, its priorities are **openness, innovation and cooperation**. The agenda includes trade digitalisation, AI, food security and sustainable growth. Businesses can show officials exactly where cooperation would help: whether a promising technology faces different approval requirements in each market, a shipment is held up by incompatible paperwork, or a joint project needs people with specialised skills to move between economies. Policymakers can then work through those barriers, giving more companies the chance to respond to regional needs.

We also want the CEO Summit to help start more partnerships of this kind. Alongside the Summit, the Chamber and NZCTA are developing targeted meetings and visits in Guangdong. We want delegates to discuss the challenges they share with businesses across the region, understand what each side can contribute and find partners willing to pursue commercial opportunities together. APEC brings leaders into the same place; the relationships they build can carry that cooperation into specific projects and markets.

New Zealand has good reason to take part in shaping the rules as well as building the relationships. Ahead of New Zealand's 2021 APEC host year, then Prime Minister Jacinda Ardern said "Trade has been the engine of growth and prosperity in our region since APEC was founded 30 years ago." Open markets and predictable rules matter greatly to a small economy. We earn a stronger place in those discussions when we also listen to our neighbours' priorities, share expertise they can use and honour the commitments we make together.

Many of us will still be working in 2040, when APEC aims to achieve its vision of an open, dynamic and resilient Asia-Pacific. By then, we'll be able to see whether the choices we make today helped farms adapt, expanded reliable clean energy and supported people to live well as they age. Getting there will depend on relationships built over time, across economies and between the public and private sectors.

The Summit gives us a chance to meet others confronting the same challenges. Our contribution will come from finding where New Zealand's capabilities match regional needs—and doing the work with partners to turn that match into better food production, cleaner energy and healthier lives.





China Trade Shows September 2026

David Boyle



PRIMARY COLLABORATION
NEW ZEALAND (SHANGHAI) CO., LTD
青蕨商务咨询(上海)有限公司



The last two weeks of August and early September are a key trade-show period for a number of our New Zealand brands, and include two of the biggest trade fairs in Asia. Pet Fair Asia (PFA) ran from August 19th-23rd, Shanghai's (smaller) China Fruit show ran from Aug 26 to 28th, and then the recent Asia Fruit Logistica (AFL) was hosted in Hong Kong from September 2nd - 4th. These shows are big, by any standard, and also an important fixture in the calendars of our NZ exporters, for varying reasons. Importantly, some of the reasons for attending are evolving and need clear understanding if we are to extract value. The relevance of these Trade Shows should also be set in context with the forthcoming CIIE (the enormous 'China International Import Expo') which occurs in November, and at which (interestingly) very few of our brands exhibit. CIIE is a very large and important event, but more a "show-show" than a "trade-show" for the smaller brands, so internal discussions with our brands ensued about extracting real value.

Firstly the numbers. Pet Fair Asia was held at the National convention centre (SNIEC) in Pudong, and brought together more than 2,600 exhibitors. Visitors came from 102 countries and regions, with public attendance exceeded 400,000 people. ASIA FRUIT LOGISTICA 2026 drew a record 16,000 attendees from 95 countries and regions, with more than 760 exhibitors from 41 countries. The recent show was its 19th edition and is regarded as the best trade platform for Asia's fresh produce business.

So amidst the size and intensity of this competition, the first key question was "Why spend the money; why attend at all?" We discussed this question with all our PCNZ businesses last week, and with NZTE, and have distilled three core reasons:

- Firstly; attendance matters if the goal is to meet key existing trade customers, renew business contracts for the following year, and perhaps also hustle some new customers.

- Secondly if the business goal is to raise awareness of a new brand or even a new business, then trade shows provide a platform to be seen. To be effective, it is advisable to develop a strong marketing and PR programme before the show, perhaps coupled with a new product launch, or a televised visit of a senior dignitary (Government minister, Ambassador, CEO), and a centrally located, highly visible booth, with bright visuals, videos and attentive staff.
- Third, companies can now make quick sales. This requires several Live-streaming loci on the booth, with colourful product and packaging layouts and merchandising, to 'create noise.' The consensus of our discussion was also that without a clear focus on at least one of these three things, trade shows can waste a lot of money.

Trade shows in China are evolving. Our discussion, and the subsequent analysis of “why attend,” and how, was catalysed by the following key observations:

- **Product Claims:** Chinese consumers are becoming more demanding about products claims and evidence thereof. Trade and consumers are reviewing packaging and samples on the booth at trade shows, simultaneously checking AI platforms to corroborate commercial claims. Recent research by Tsinghua University states that as many as 80% of consumers are now checking product claims on AI, before they purchase.
- **Brand Differentiation** is becoming increasingly difficult when multiple brands converge around similar claims. The “best quality” claim, and the “unique provenance” story —(e.g. “Made in New Zealand”) - is not enough; the Irish, the Swiss, and the Danes are all claiming that same benefits as our meat and dairy exporters.
- **Local Competition;** Chinese companies are developing stronger capabilities across product innovation, manufacturing/processing, digital marketing and e-commerce. At the same time, these same Chinese companies are also looking beyond China and exploring opportunities to export not just products, but brands, and by doing so, are also learning to compete internationally.
- **What to Do?** In this environment, New Zealand exporters cannot compete on scale or speed in China market. But the best of our established exporters are showing the way, in various ways, in order to continue to compete:
 - Ziwi, as the first example, is now sourcing and selling locally Chinese made petfood, and strongly promoted this news at PFA. Their approach is a ‘cost and logistics’ response to an intensely price-competitive local petfood market, by supplying products closer to their buyers.
 - Zespri also faces similar intense local competition in China, but has continued to prosper with high-quality marketing, intense scrutiny of market opportunities, and broadening their footprint into lower -tier cities. Their stand at AFL was spectacular; and also served as a central meeting point for many meetings with their trade partners. Within the next year Zespri also faces the key challenge of a decision about enfranchising local growers.
 - MR Apple and Bostock successfully and jointly launched their new apple variety, ‘LUMI,’ at a well-attended function on their booth at AFL. New products create interest, discussion points, and arouse increased trade interest not only in the new products itself, but in re-awakened awareness of their existing products in their sales repertoire, as well as the knowledge of an ambition to invest in R&D.
 - Rokit Apple has boldly partnered with the high profile Wang Yibo as their Brand Ambassador, who is an immensely popular singer/actor and sports celebrity, particularly admired by their key consumer demographic. Their display at the Shanghai fruit show was emblazoned with their partnership with Wang Yibo.
 - Fonterra have recently re-opened its upgraded Chengdu Application Centre bringing its dairy expertise closer to customers in one of China’s fastest growing regions, Sichuan province, in China’s central west. This move, according to China CEO Teh-han Chow, is a response to the speed of change in China’s food service sector, and changing consumer taste preferences.

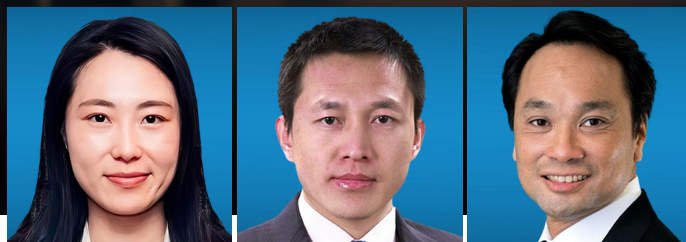
Admittedly, these companies are all well-established New Zealand exporters in China, with well developed local knowledge, staff and networks. But the lessons are there for all Kiwi exporters, that one does not need to compete head-to-head with local businesses; rather it is preferable to use Kiwi ingenuity, imagination and innovation to differentiate our value to Chinese consumers.





Policy Still Prioritises Structural Fixes in the Near Term

Vicky Xiao Zhou, Zhaopeng Xing, Raymond Yeung



- China's growth momentum remains subdued in Q3, extending the weakness seen in Q2. We estimate that GDP growth averaged at 4.2% in July-August. GDP growth would need to reach around 4.3% in H2 to achieve the official 2026 growth target of 4.5-5.0%.
- Falling investment remains the main drag to the growth, especially investment to property. Property policy announced on 28 August will accelerate the supply and demand rebalancing. However, it does little help to lift property activity in the near term.
- Cost pushed inflation persists given the continued oil shock. However, we maintain our CPI forecast remains unchanged at 1.2% and PPI at 2% as weak demand continues to offset upward price pressures.
- The expected widening China-US rate differential could put more pressure on CNY. Maintaining a moderate appreciation bias in the exchange rate would help mitigate capital outflow pressures. We maintain our year-end CNY forecast to 6.60.

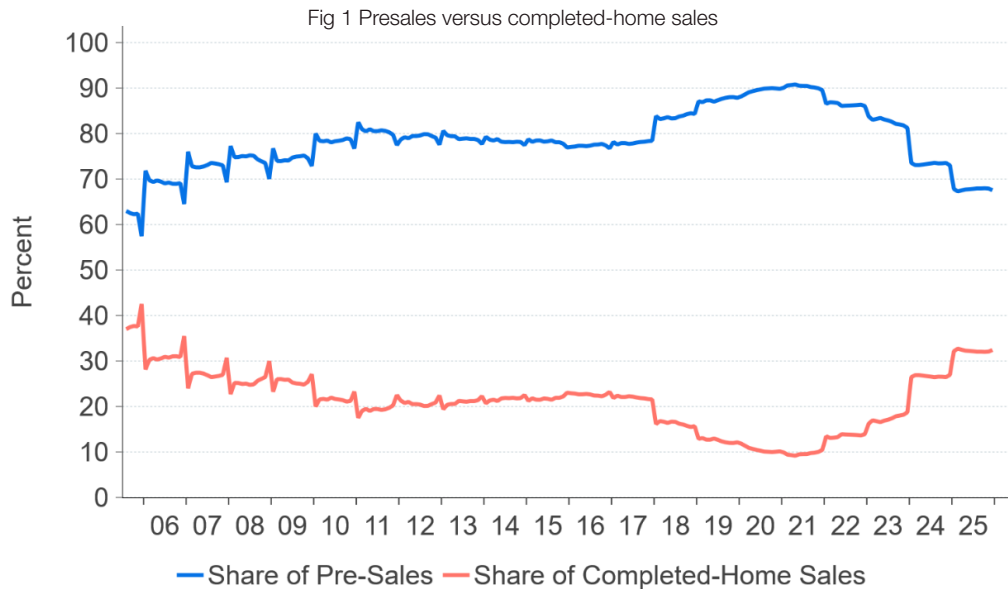
Domestic weakness persists

China's economic growth remains subdued in Q3 after a quick slowdown in Q2. In July-August, the average growth of GDP is estimated to be around 4.2%. China's growth will need to reach 4.3% in H2 to keep the whole year GDP growth at 4.5%.

In August, retail sales declined to 0.4% y/y in August from 0.6% in July. Sales of big-ticket items continued to contract, with automobile sales down 18.5%. On a month-on-month basis, August retail sales dropped by 0.13% m/m, lower than 0.4% in June and 0.01% in July. The slower consumption momentum is concerning.

Fixed-asset investment was -7.2% ytd y/y in August compared with -6.7% in July. This indicates the pace of contraction has quickened. Real estate investment continued the weak print at -19.9%. Manufacturing investment fell -2.3% compared with -1.7% in July. This was likely due to the ongoing anti-involution campaign, which has been limiting the appetite for capacity expansion.

On 28 August, the Ministry of Housing and Urban-Rural Development issued new regulations to accelerate the transition from pre-sale housing to completed-home sales (Figure 1). Financial regulators also tightened the lending rules covering each step of property development cycle. The strict lending rules will lead to a longer property development cycle and prevent property supply expansion disorderly.



Source: CREIS, Macrobond, ANZ Research

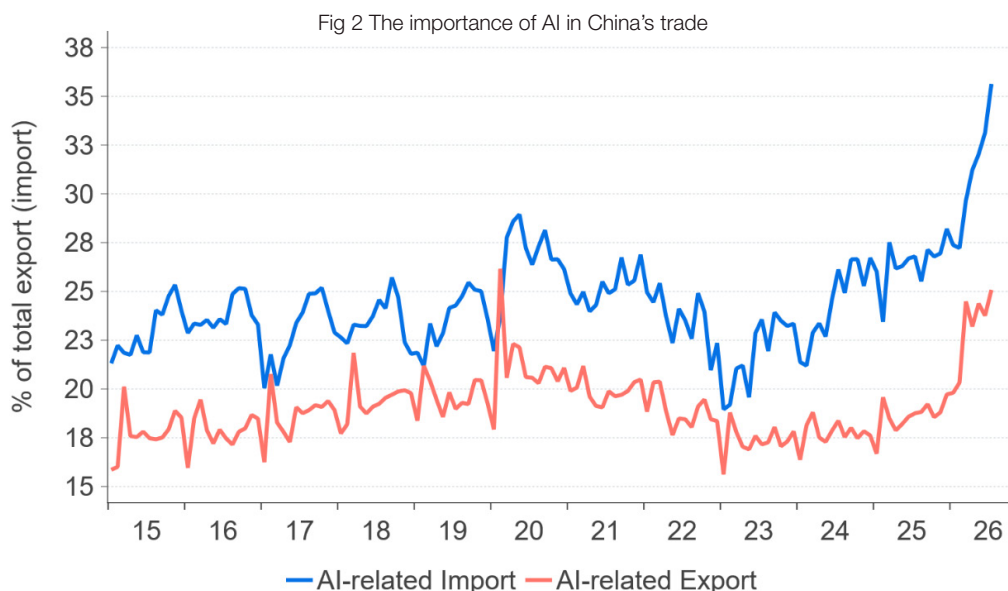
External demand holds

China's exports and imports grew by 25.0% y/y and 28.2% y/y, respectively, in August 2026 – leading to a monthly trade surplus of USD 119.1bn. China's trade surplus has reached USD805.5bn as of August 2026, which is USD23.8bn higher than the level in August 2025. We expect external demand to remain supportive in Q4 and forecast full year export and import growth of around 18% and 25% respectively, in 2026.

Behind the strong headline numbers, China's trade structure is undergoing a notable transformation, with AI-related products becoming an important driver of both exports and imports (Figure 2), which accounted for 25.1% and 35.6% of total exports and imports in July.

A key risk to this outlook is a downward adjustment in global semiconductor prices. Given China's relatively weaker bargaining power in the semiconductor value chain, falling chip prices could exert a larger drag on export revenues than the corresponding benefit from lower import costs, potentially weighing on China's trade surplus.

Trade is also expected to be a key topic in the upcoming Trump-Xi meeting on 24th September. The current one-year trade truce is set to expire on 10 November 2026. We expect both the deadline of the current trade truce and China's purchase of US agricultural products will be renegotiated during the discussions.



Source: GAC, Bloomberg, Macrobond, ANZ Research



Source: NBS, MOFCOM, NDRC, MoA, Bloomberg, Macrobond, ANZ Research

Cost-pushed inflation continues

Headline CPI edged higher to 0.8% y/y in August from the previously recorded 0.5% y/y and PPI rose to 3.8% y/y from 3.5% y/y. This was mainly driven by higher oil prices.

Food and energy prices are likely to support CPI inflation in H2 2026. The pork cycle appears to have turned in mid-2026 (Figure 3), with current prices of pork futures already indicating a further 10% increase from current levels by the 2027 Spring Festival. In addition, the El Niño event is likely to reinforce expectations of higher food inflation. On the energy side, market expectations of continued tightness in the global oil market remain elevated, with the possibility of crude oil prices reaching USD100/bbl or higher.

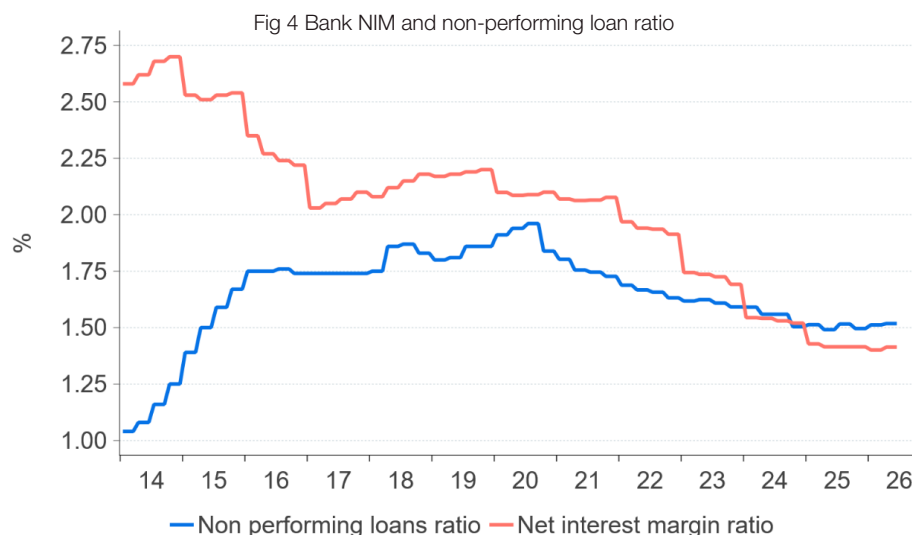
The rebound in inflation will bring up China's nominal growth and should reduce the urgency of near-term interest rate cut. Policymakers will likely focus on supply-side reforms. The anti-involution campaign is likely to take time to translate into meaningful reductions in excess capacity.

Financial risks

On 6 September, China announced a CNY360bn capital injection into eight state financial institutions, including major state-owned banks, policy lenders and insurance groups. The primary goal of this move is to ensure financial stability.

In Q2 2026, the ratio of non-performing loans was around 1.52%, higher than the net interest margin of 1.41% (Figure 4). Banks are facing increasing pressure on profit margins. Financial soundness of small financial institutions is also questionable.

In principle, injecting capital using public funds will be able to leverage the financial system to amplify future fiscal support as local governments are constrained with debt burdens. In this sense, the recapitalisation is part of the coordination between fiscal and monetary policy (财政政策与货币政策协同), which supports the major targeted measures against economic headwinds. However, stronger bank balance sheets may not immediately lead to a meaningful pickup in borrowing by firms or households.

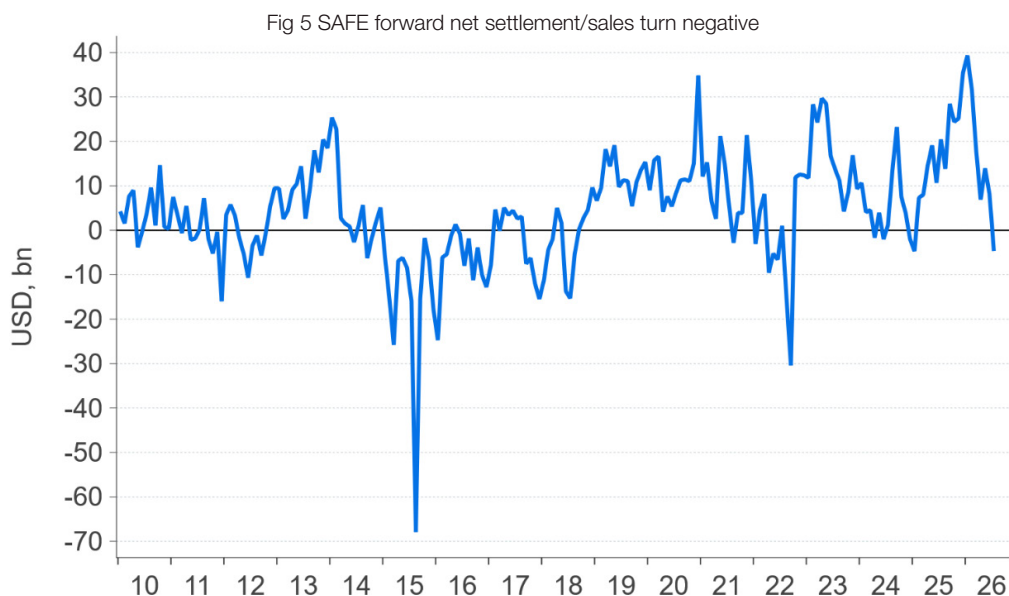


Source: NFRA, PBoC, Bloomberg, Macrobond, ANZ Research

Managed-paced appreciation

After a quick appreciation at the start of the year, China has taken a more gradual approach currency strengthening. USDCNY has traded within a narrow 6.70-6.80 for nearly five months since May, alongside a lower exporter conversion rate since July. We expect the pace of appreciation to remain measured and maintain our year-end CNY forecast to 6.60.

In the forward market, SAFE's forward net settlement to sales ratio turned negative in July (Figure 5). This is the first time after January 2025. The shift suggests corporates have become more cautious on CNY appreciation and are increasing their demand for USD hedging. While China's large trade surplus continues to provide underlying support for CNY, market expectations have become less one-sided.



Source: SAFE, Bloomberg, Macrobond, ANZ Research

We now expect US Fed to deliver three consecutive rate hikes in September, October and December. With China policy rates likely to remain on hold, the widening China-US rate differential could reduce the attractiveness of CNY-denominated assets. Against this backdrop, maintaining a moderate appreciation bias in the exchange rate would help mitigate capital outflow pressures and support confidence in CNY.



China Watch Summer 2026

David Mahon

and the partners of Mahon China Investment Management Ltd



In a country well governed,
poverty is something to be ashamed of.
In a country badly governed,
wealth is something to be ashamed of.

Confucius, sixth century BCE

馬鴻

MAHON
CHINA

Growth and inequality

The momentum of China's uneven 2025 recovery continued into the first six months of this year, but within a context of decline in many sectors. Fixed asset investment fell 2.6% year-on-year by the end of 2025, and continued to fall into the first two quarters of 2026. Accurate data has yet to be collated. Private investment dropped 5.3%, and tertiary-sector (services) investment declined 7.4%, with R&D and technical services investment down 15%.

Aggregate profits for industrial firms with revenues over RMB 20 million (USD 6.7 million) rose 18.8% year-on-year to RMB 3.14 trillion from January to May. Despite a significant loss of trade with the US, exports rose 5.5%, led by expanding trade with the EU, Southeast Asia, Africa, and Latin America.

The uneven growth highlights China's economic disparities across regions, sectors and demographic groups. The Chinese Government understands that these contrasts need not be the causes of social discontent, as long as people trust that hard work will be rewarded in

a meritocracy with few impediments to geographic and social mobility.

Cities in the south and particularly the southeast, with their emphases on technological innovation and investment, are growing faster than most other regions. The Yangtze River Delta is a vital engine, accounting for 25% of Chinese domestic and 4% of global GDP. The region's GDP grew 5.5% last year, and Shanghai, Hangzhou, Ningbo, Suzhou and Hefei exemplified a consolidating trend of investment and SME profit recovery in the region.

Foreign companies still prefer to register in the major centres that are more foreign-friendly in their minds, or, in Shanghai's case, basically international. Secondary cities often deliver stronger growth, are less expensive, and local officials will pay foreign enterprises more attention. I know some foreign enterprises are diversifying into lower-tier cities, but they would benefit from working and living in these places so that they can understand their commercial and social cultures.

Zhejiang banker

Hefei city in Anhui Province — one and a half hours by bullet train (450 km) from Shanghai — will be unknown to many foreigners, but it is the outstanding success story of not just the Yangtze River Delta, but all of China.

Hefei's GDP grew 6.1% in 2025 and, over the last 20 years, its economy has expanded fourteenfold, while its population increased by 34% between 2015 and 2025, to 10 million people. It leads the country in new energy vehicles, photovoltaics, and advanced manufacturing. Computer and electronic equipment production surged 60.6% in 2025.

China's economic modernisation began, resonantly, in Anhui's Fengyang county. Eighteen impoverished farmers secretly signed a contract in 1978 dividing collective land among individual households so they could sell their products outside the state agricultural system for profit. In doing so, they risked imprisonment and even execution as counter-revolutionary saboteurs. Deng Xiaoping later endorsed their model and dubbed it the household responsibility system, making it a key principle of his economic reforms.

300 million migrants from within

Urbanisation was once a critical factor in the Yangtze River Delta cities' success. But as wealth consolidated and the regional middle classes matured into their second and third generations, these economies no longer needed cheap labour to drive business profits and productivity. Urbanisation remains vital to China's future national growth and, despite many residents of China's most successful cities being unwilling to share social benefits and resisting reforms, the government has set increasingly aggressive targets to open urban status to all.

I know it sounds hypocritical, but my parents came from the Fujian mountains and made their fortune here when migrant workers expected little from the local welfare system. Having taken over the family business and automated much of our production, I confess to not liking the idea of more poor migrants drawing down the municipal welfare budget.

Appliance factory CEO, Zhejiang

In the recently announced 15th Five-Year Plan, Beijing set an objective to elevate tens of millions of rural residents to urban status. Cities of three to five million inhabitants will have to abolish their 'hukou' (residency) hierarchies.

Urban-rural chasm

In 1958, the Chinese Government classified the population as either rural or non-rural. Those from rural areas had to apply for permits to enter cities. Conceived in part to ensure farmers maintained maximum food production under state plans, but also to avoid the random formation of urban slums that blighted much of Asia at the time, the policy had unforeseen and catastrophic consequences.

The following year, famine swept through rural China, largely due to draconian agricultural procurement policies and local officials' fears that they might be judged as counter-revolutionaries for failing to meet quotas. Many cadres fabricated data and exaggerated harvests.

Often ignoring irrefutable evidence of peasant farmers' suffering, and asserting that they were succeeding in increasing yields radically, the Chinese Government exported grain to Russia throughout the late 1950s.





China's leadership was determined to prove its Soviet-inspired economic policies were working, but also wanted to ensure continued Soviet Union support. By the summer of 1959, the first deaths from starvation were being recorded. Urban Chinese citizens received grain rations denied to farmers, who were prevented from moving to cities or even neighbouring counties and communes for famine relief due to their demographic classification. Tens of millions died in the Great Famine of 1959-1961, which to this day informs China's obsession with food security and agricultural efficiency. It also drives farming families' aspirations that they, or at least their children, will find better lives in towns and cities.

Class echoes

Today, those registered as rural workers still do not enjoy the same privileges in major cities as those born there. They may contribute to insurance, health and pension schemes as do their more established fellow citizens, but receive lower welfare payments. Most of these contributions cannot be transferred when migrant workers move to other cities. The main deficit is education, as migrant workers often cannot attend good local schools, which hold places in favour of locally-born families.

Migrant workers favouring second- and third-tier cities, which offer more comprehensive benefits, are leading to the populations of some larger cities shrinking. Shanghai's population lost almost one million migrant workers to other cities over the last five years. Lower-tier cities and towns across China are continuing to reform their residency systems, balancing them to achieve more egalitarian outcomes. These trends must accelerate if the vital economic dynamic of rural migration, which has driven Chinese development and poverty alleviation over the last three decades, is to continue.

Multiple priorities

The government has discontinued its consumer subsidies of the last three years, having observed that their stimulus effects were diminishing. Many households have traded in and upgraded what they needed — appliances, vehicles and general household items — and in some cases for years in advance.

Household food & beverage consumption is increasing for the second successive year, and food services demand and pricing are strong. Growth in health, beauty & personal care, fashion, apparel, and sportswear is exceeding historical norms. New real estate projects sell well in first-tier and major coastal cities (and some provincial capitals); from anecdotal evidence, values of existing properties have stopped declining or plateaued in wealthier cities.

Real estate as a speculative investment asset class has not recovered, however, largely due to government disincentives against owning multiple dwellings, such as higher second-home deposit and mortgage interest rate requirements. The government does not want the supply imbalances and asset inflation of the past to return. Broadly through the economy, AI tools are having a stimulating effect, streamlining brands' abilities to market more accurately to customers, while enabling customers to access low-fee payment and consumer credit tools to purchase items on their smartphones.

Wages grew by an aggregate rate of 4.5% over the past year, but the increases were higher in the state sector than in the private sector. This may be due to government attempts to stimulate household consumption through state employees, while private firms remain cautious. Technology manufacturing and other high-skilled sector wages are growing faster, while growth for low-skilled service and construction jobs is weaker. Aggregate statistics tend to mask concentrations of newly

unemployed people, such as skilled middle managers fired by foreign-owned enterprises cutting costs in Shenzhen, Shanghai and Beijing due to pressures in their home economies.

Chinese policymakers and business leaders face clusters of economic and geopolitical contradictions in the coming 18 to 24 months. China is caught in a weak recovery from the real estate crisis while transitioning from a low/medium-level industrial state to one based on high technology and widespread application of AI. It is also having to deal with rising US tariff barriers, accelerating protectionism among trade partners, and external supply chain shocks.

Planning in Beijing is generally sound, and the government is improving the public messaging from its core meetings, even beginning to rebuild public confidence. But the state's influence in the market is mixed, sometimes heavy-handed and, at other times, belated and vague. Domestic oversupply will continue into the foreseeable future, as will trade surpluses abroad. Consumption recovery will be concentrated in the upper-middle class, but anemic elsewhere.

The Chinese Government does want to increase consumption, but does not subscribe to the idea that household consumption is the singular or key arbiter of a healthy economy to the same degree as Western economists. It still balances consumption with long-term economic and industrial planning, global competitiveness, self-sufficiency, and poverty alleviation. The government continues to struggle with imbalances within social welfare and critical reforms in sectors such as education, and has yet to demonstrate to the population that it understands these complex issues fully. As a result, Chinese people are still precautionary savers and intrinsically frugal, resulting in a solvent, stable household sector. Household savings reached an historic

high of RMB 160 trillion (USD 22 trillion) as of late 2025, which is equal to the entire GDP of the United States that year.

Our social and economic priorities have changed in the last five years. We are still expected to assist economic growth, but must now also prioritise the application of technology and AI tools to improve industrial efficiency, while maintaining employment. We expect both state-owned and large private enterprises to forego some profit to support reasonable employment. No one knows how AI will ultimately impact employment, but at least we are not leaving its impact to be resolved by the market alone.

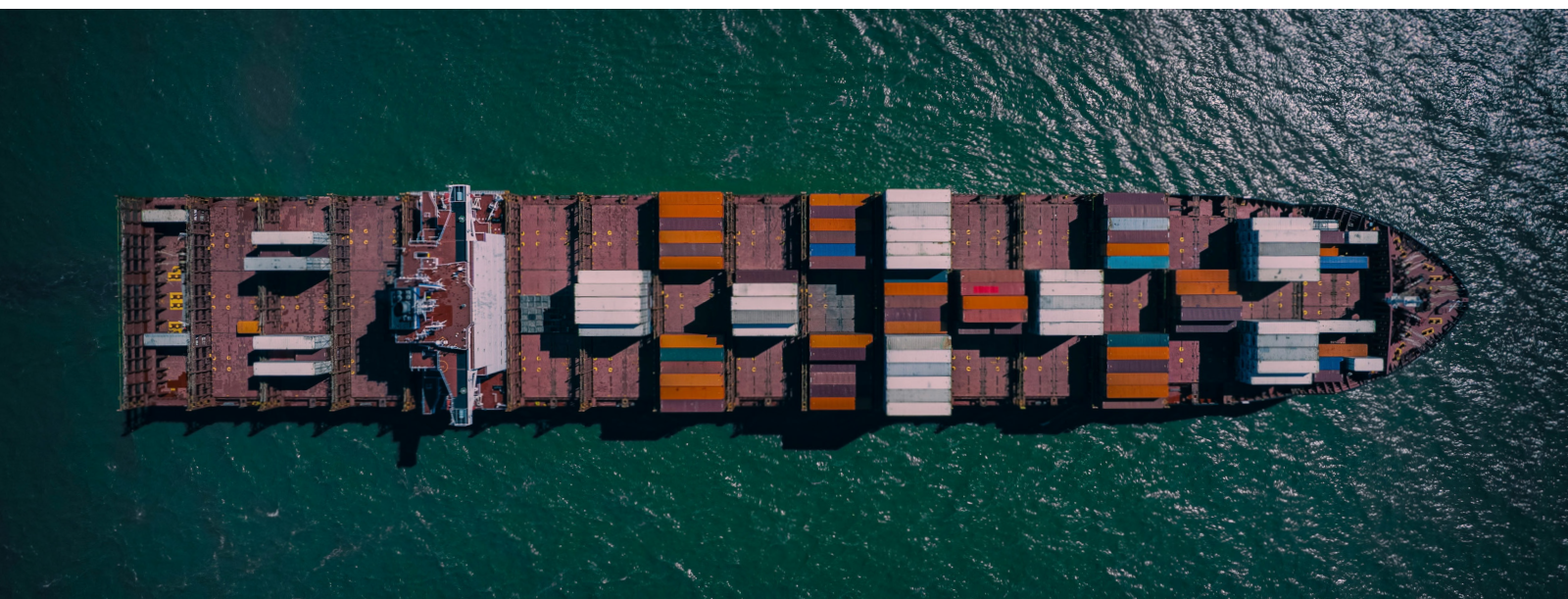
Zhejiang Government official

Deng Xiaoping described development as crossing a river while feeling the stones. China is still crossing that same river, and while the objectives on the far bank remain clear, the water level is now higher, the current stronger, and the stones beneath harder to locate.

Washington-led disorder

The flux of false ceasefires — seemingly for the US and Israel to mean ‘you cease while we fire’ — and spikes of extreme violence around the Strait of Hormuz continue to unsettle both Chinese exporters and importers, but not as dramatically as in the West. While Western societies are conditioned by generations of economic stability, developing countries have adapted over generations of constant volatility. In China's case, this has been due to dynamic and often disruptive growth. Citizens in Western societies have a tendency to react swiftly and fearfully to external crises, having been conditioned by their leaders





and journalists to develop a sense of false stability and exceptionalism. Chinese citizens — shielded to a degree by the government's muffling of freedom of expression — are usually more sanguine in the face of adversity, and retain more confidence in their leaders' ability to deal with external and existential crises.

For China, that sanguinity may turn to anxiety the longer America wages war on Iran, and NATO seeks victory rather than a ceasefire in Ukraine, all while Western economies exhaust themselves competing with China for primacy. China needs a strong, productive global economy because it is a substantial net importer of food. It buys 60% of globally traded soybeans and is a net importer of corn, wheat and rice. Despite intense investment, improved farming methods, and the growth of advanced technology, domestic production of pork and dairy remains insufficient to keep pace with the expanding middle class' increasingly sophisticated demands.

All companies now have to consider geopolitics in a world where economic common sense and self-interest are invariably secondary to ideology and clumsy political struggles between great powers. With the paucity of clarity from political leaders, especially in the West, this is difficult, but increasingly necessary.

China still has adequate domestic oil reserves and is processing environmentally costly synthetic diesel, gasoline, jet fuel, and chemical feedstocks from its plentiful coal resources. This has yet to reach double digits as a percentage of the country's fuel supply, but it will do so if disruption to Middle East oil flows continues. As the world's largest fertiliser producer — accounting for roughly 30% of global supply — China does not face fertiliser shortages yet. More serious than resource

constraints is China's deteriorating relationships with most Western countries and a few of its near neighbours, a further drag on trade. These will hinder future economic growth and foreign investor confidence.

Partnerships of expedience

As the prospects of a direct war between China and the United States in Asia recede somewhat, prospects of proxy conflicts are increasing. Depleted by conducting a war with Russia through its Ukrainian proxy, and another war alongside its political donor Israel against Iran, Washington is providing the world with a vivid and brutal example of imperial collapse. China, shocked and perplexed, is attempting to work out the ramifications for international stability and free trade. It is watching its major geopolitical adversary weaken itself with some relief, but also mounting concern over the short-to medium-term regional instability that US decline is creating. As America retreats from the region, it is pushing its allies toward conflicts with China that it cannot itself afford and would be unlikely to support militarily.

Japan is remilitarising while trying to form alliances with Taiwan, the Philippines, Australia, South Korea, India, and the United Kingdom; it is also the first Asian nation to open a diplomatic mission to NATO. Japan is accommodating Washington's desire to contain and challenge China by proxy, while reducing its dependence on an increasingly unreliable US for its security.

I studied classics. It shaped my view of Asia for years. I felt entitled — a representative of a better Western civilisation. We were Greece and Rome, and developing Asians were backward tribes on the edges of the civilised world. My view changed over time and at some point reversed. Now, as I watch the arbitrary killing of Venezuelan sailors in the Caribbean and the slaughter of schoolgirls in Minab, Iran, as well as the tacit US support for the genocide in Gaza, I realise we are the barbarians.

Western banker in Shanghai

Australia and New Zealand, on the other hand, have marginalised their sovereignty by joining US rehearsals for conflict with China in the form of elaborate war games at the edges of disputed Chinese territorial waters. At the same time, they expect China, their critical trade partner and the dominant force underpinning their economic security, to treat this aggression with the acquiescence of a weak, impoverished nation of the colonial era.

Foreign investment is still very much welcome in China, and there are no current directives to punish foreign companies that are committed to the domestic market, even from countries opposed to China or engaged in its containment. China is too preoccupied with managing growing diplomatic and trade volatility to respond to

every perceived slight or betrayal. As China adjusts to the new global norm of volatility and unpredictability, and continues to strengthen economically and militarily, its current apparent tolerance will make way for a harder-headed requirement for countries to end military posturing or face trade consequences. Australia and South Korea underestimated China in the past and experienced its retaliation to their great cost.

Trust is as hard to build between nations as it is between people. China will be guided by its economic and commercial needs as it redefines its relationships, but its partners should understand that it is trust and consistency that underpin everything.

Disclaimer: The views expressed in this article are solely those of the contributor(s) and do not necessarily reflect the opinions, policies, or beliefs of their employer or any affiliated organization. The purpose of this article is to provide insights and perspectives from a personal standpoint rather than as an official representative of a particular company.





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

The New Zealand Business Roundtable in China is a non-profit organisation that brings together industry, corporate and individual members who share a common interest in the success of the New Zealand/China trading relationship. Our goal is to promote mutual business interests and advance key trade sectors in the New Zealand and China trade relationship.

As a collaborative network of key businesses and government leaders in the New Zealand-China relationship, we strive to be the leading voice and advocate on New Zealand-China trade matters. Our members represent a wide range of sectors from New Zealand, including food and beverage, services, cosmetics, technology, travel, HR, FMCG and more.

In the past few years, NZBRiC has focused on collaborating and supporting NZ businesses and their teams through various challenges created by ever-changing responses to the pandemic. From 2023, we have moved into our post-COVID recovery phase with an emphasis on advocacy, representation and providing insights to our members. We are dedicated to advancing the interests of our members and promoting a successful New Zealand-China trading relationship.

information@nzbric.com

nzbric.com