



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

NEW ZEALAND BUSINESS ROUNDTABLE IN CHINA

Quarterly Industry Report
China, Quarter 2, 2026

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

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EDITORIAL TEAM

Publisher	The New Zealand Business Roundtable in China
NZBRiC Chair	Daniel Young
NZBRiC Vice Chair	Rocky Meng
NZBRiC Board Member	David Boyle
NZBRiC Executive Director	Nicholas Calder



For inquiries about the NZBRiC Quarterly Industry Report or other questions,
please email information@nzbric.com

MESSAGE FROM OUR CHAIR



DANIEL YOUNG

Chair
NZBRiC

Dear Readers,

It is my pleasure to present the second 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.

This has been a particularly busy quarter for NZBRiC, with a packed calendar of events bringing our membership together across Shanghai and beyond — headlined by the China Business Summit in Auckland and the launch of our 2026 NZBRiC Business Outlook Survey Report, alongside our Q2 E-Commerce Industry Forum at New Zealand Central and the King's Birthday InterChamber Mixer co-hosted with our chamber partners. This report reflects that same momentum, with readership spanning partner organisations, government stakeholders, and our members.

As New Zealand business continues to navigate an evolving economic and policy environment in China, this edition spans trade policy, diplomatic, regulatory, agribusiness, and economic themes. It includes perspectives from Chen Shijie, Chinese Consul-General in Auckland, on China's 15th Five-Year Plan, a New Zealand election outlook from Josh Tan, Executive Director of ExportNZ, regulatory updates on China's new market supervision and cross-border e-commerce food rules from Rocky Meng of Sparks Partners, a Corporate Member Spotlight on Cornerstone Global Partners Group featuring Maui Food Group's journey bringing New Zealand sheep milk to China, and macroeconomic analysis of China's Q2 performance from ANZ.

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 views expressed in the articles are those of the authors and do not necessarily reflect the views of NZBRiC.

The FMCG Insider 0-1 Bringing Sheep Milk to China – 5 Minutes with Natalie Dang



KOUROSH ASHGARI

Vice President of Cornerstone Global Partners (CGP)
Corporate Member of NZBRiC





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 of 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.*

Today, we are proud to spotlight Maui Food Group—a company that exemplifies innovation and the trans-Pacific bridge between New Zealand's primary sector and China. We are joined by its Managing Director, Natalie Dang, a premium New Zealand producer specializing in outdoor, pasture-fed sheep milk and powder.

Born in Harbin, China, Natalie graduated from the China University of Finance and Economics and started her career in the fashion and garment industry before joining Maui Food Group in 2014 as it sought to develop the sheep milk industry in New Zealand and bring a brand and product portfolio to global markets, with a particular focus on China. We sat down with Natalie to discuss her experiences bringing sheep milk to China and other markets globally from a zero base.

“

I’m committed to New Zealand – we want to invest and supply these products, we believe in it – but now I’m being told it’s impossible? Do you want me to go back to China? - Natalie Dang

”



Maui Quick Facts

- **Background:** Maui Food Group is a New Zealand Sheep's milk company founded in 2014
- **Core Competencies:** The company owns the Southern Cross® dairy sheep breed and has a breeding farm in Waikino Station, close to Lake Taupo. The company leverages contract farms across the North Island to source its premium sheep milk.
- **Core Product:** Maui Food Group produces premium New Zealand sheep's milk products, utilized primarily as a nutrient-dense, highly digestible, and naturally A2-type alternative protein. Characterized by an enhanced functional profile—including 60% to nearly double the natural protein and calcium concentrations of other dairy—the ingredient occupies a distinct premium tier in the global dairy market.
- **Global Customers and Sales:** The company operates a B2B and B2C commercial model: supplying high-value B2B dairy ingredients to global industry leaders including Danone and Mengniu Group, while simultaneously supporting its own consumer-facing B2C brand, Maui. Maui also supplies ingredients to markets including Japan, South Korea, and the U.S., and maintains a domestic New Zealand customer base.

Q1: You joined Maui at the very beginning of its journey in 2014. Can you walk us through how you got involved?

It really started in 2010, when I accompanied a Chinese government ministry delegation to New Zealand. At a business networking event hosted by both governments, Chinese and New Zealand companies were seated together at the same tables. That is how I was introduced to Blue River Dairy and sheep milk products for the first time.

My background was actually in fashion and import-export—I had spent nearly sixteen years in that space. We had originally gone to look into the wool trade. Overtime, I travelled and learnt more and more about New Zealand, the quality of agricultural industry in New Zealand – the vast pastures, animal health standards and food safety protocols – we felt the potential for sheep milk in China would be huge. By 2014 I had decided to completely change industry and fully commit myself to learning and developing the sheep's milk industry in New Zealand and joining what has now become Maui Food Group.



Q2: What was the status of the sheep milk industry in New Zealand and export to China when you joined in 2014 and how has Maui evolved from that time?

The industry was very early on its journey when we got involved. At that time, it was mostly producing cheese and even ice cream – these were not ideal products for the Chinese market and we felt milk powder would be a better fit.

We then launched and established a small brand and business which was entirely a membership model with customers in China. However, as the products were so new to China, there were no scientific data or nutritional information which we could have marketing claims on and we even had to work on establishing the specifications for supplying into China. So, we approached Peking Union Medical College Hospital to collaborate as they have a specific department where doctors and scientists are focused on the nutrition and care of certain types of patients. Their nutrition department worked with us on extensive research and testing, and they eventually provided the data that allowed us to establish the specifications for import-export.

Three years later, demand had exceeded our supply by over 30 percent. That is when I knew we were onto something real.

However, this was also when we hit a massive bottleneck: industrial-scale sheep milk infrastructure simply did not exist in New Zealand – the supply side was and remains the hardest part.

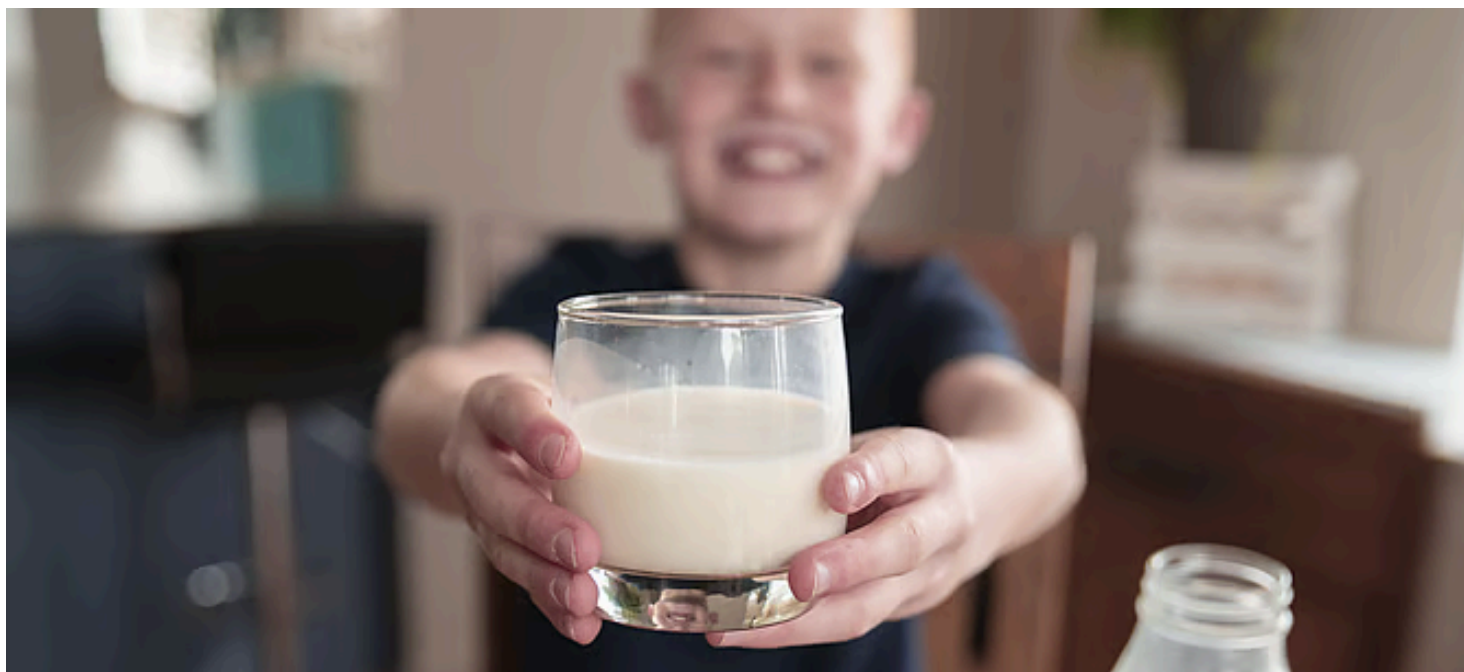
Early on, we faced a crisis: we went back to our processing partner requesting more milk, but that supply had already been taken and we realized New Zealand simply didn't have enough supply to develop a scalable business. We brought in New Zealand scientists and reproductive biology experts to help us calculate annual pricing and costs, and their initial feedback was discouraging—we couldn't produce enough milk to make it viable. At one point I said to one of our key consultants – "I'm committed to New Zealand – we want to invest and supply these products, we believe in it – but now I'm being told it's impossible? Do you want me to go back to China?"



However, we continued to work together to find solutions with our group of industry experts and it's when we realized we had to establish our own flock and develop our own genetics. We found biological stock in Europe, and with tremendous support from MPI, they amended regulations to allow us to import it. We were fortunate to connect with Jack Allen, a scientist who had written about this decades earlier. He was 76 at the time, and he wasn't doing it for the money. He gave us access to embryos and comprehensive DNA data, and in 2016 we secured the Southern Crossbreed genetics.

But genetics alone were not enough. In 2018, when we started recruiting suppliers, there was no existing farming model to follow. At the farm, there were 6,000 sheep but no standardized protocols—no selection criteria, no policies. It was overwhelming. We had to design everything from scratch: how to score the lambs, how to select for milk yield, how to manage the flock. The F1 generation's milk yield was too low, and waiting for F2 would take twenty years. So we pioneered a different approach using pregnant ewes that could produce milk in the same year. We started with four suppliers, then eight, and now we have twelve.

During this process we also needed several OIO approvals, went through different partnership and company arrangements however getting from that first genetic breakthrough to a reliable, scalable supply chain—while simultaneously building a brand and educating a market—has been the defining challenge of the last decade.



Q3: Building an industry from scratch is an immense undertaking. What was the biggest leadership challenge in unifying genetics, farming, and international marketing under one cohesive "grass-to-glass" vision?

The absolute hardest part was aligning the mindsets of our stakeholders across two completely different worlds. On the supply side, New Zealand farmers naturally view operations through local lenses—factoring in inflation, localized costs, and wanting to chase the absolute highest immediate payout per kilogram. They often think in short-term one-to-three-year cycles.

On the market side, you are dealing with rapid shifts in demand by both ingredients buyers and the challenge of building long-term brand equity. We cannot rapidly change prices of consumer products as per supply cost changes or suddenly stop supply. My role has been building a bridge of trust between the supply and demand side. I have to constantly educate our customers to maintain stable pricing at the consumer end so as we don't permanently impact brand equity or kill market demand.

We had a period where dairy prices were cyclically low. This was especially challenging to maintain our existing farmers and to see a future with more suppliers – we had to take on losses as well rather than passing them directly through to suppliers.

But here is the critical lesson I had to teach our customers: you cannot build a business model on temporary lows. I tell them: base your calculations on the sustainable long-term market price—call it 100.

Anything I sell you below that is a bonus, but your retail pricing, your cost structure, your entire model must be built on 100. If you calculate at 50 and I have to sell to you at 100 a year later, you will stop doing business with us—and we will have destroyed the category together. Price discipline is what protects long-term brand equity. You can lower prices to the market, but you can never raise them back up without damaging your brand.

To solve some of these challenges, we actually brought on a new CEO with a deep background in supply chain management who speaks the language of our farmers. We also invite our Kiwi farmers to the China International Import Expo (CIIE) and arrange farm-to-factory tours for buyers. When farmers stand on the ground in China and witness the consumer enthusiasm firsthand, they shift from a transactional mindset to a partnership mindset. They realize that while we might endure short-term market corrections, we are co-authoring a highly sustainable 20-to-30-year industry growth story.



Q4: China's consumers are increasingly educated about digestibility, A2 proteins, and natural nutrition. How do you see the premium dairy story evolving, and how is Maui positioning itself—as an ingredient supplier and as a brand?

Post-COVID, the shift is clear. People used to focus on functional foods, but now the emphasis is specifically on natural nutrition. The younger generation is prioritizing health—sports, gyms, overall wellness—and protein is central to that conversation. Sheep milk is gaining popularity because it is simple, fresh, tasty, and naturally high in protein. It is also naturally A2-type and highly digestible.

Consumer education takes time. You cannot rush it. It is impossible to form a proper opinion after drinking a single bottle; people need to drink it regularly. Once they taste it, they realize it offers superior nutritional value and better flavor compared to for example goat milk. They learn to recognize both the taste and the benefits.

Our consumers are what I call "premium" consumers. That does not simply mean wealthy. It means they are willing to spend money on things that matter—lifestyle, protecting their families, prioritizing health. We reach them through membership programs, experience centers, online shops, and high-end supermarkets.

Currently, supply chain limitations mean we are mostly focused on milk powder and ingredients. We supply base powder to partners who develop infant and adult nutrition formulations, and we are doing some limited work in pet nutrition. In the future, we want to move into fresh milk, continue to develop our brand and other added-valued products, but that requires navigating regulatory constraints for import into China.

We are not in a rush to pivot the brand everywhere. Having a solid ingredient business gives us the foundation to build our own brand carefully and maintain quality and consumer confidence. We are incredibly proud to have a long term partnership with Danone who we supply ingredients for their infant brands and have been an extremely supportive and professional partner as we have gone through this journey. We are also excited by our recent new partnership with Mengniu for adult nutrition. We view them both as strategic partners and having such great partners also helps to educate the market from different angles.



Q4: Balancing operations across New Zealand and China means managing fundamentally different business cultures. How do you harmonize the "process-driven" Kiwi approach with the "results-driven" speed of the China market?

It is an ongoing study in cross-cultural leadership. The differences are stark:

- **The China Experience:** Exceptionally market-driven and intensely focused on speed and immediate results. Timelines are rigid and absolute. If we cannot meet a target, we must reset the goal early and communicate immediately.
- **The New Zealand Experience:** I find people focus more on the process itself. If a goal isn't met, there can be a tendency to say, "It's not my fault; I did everything right" or a cultural tendency to view timelines as negotiable or to share accountability when delays occur. Timelines get delayed – frequently and sometimes no one tells you.

As a leader, you have to adapt. In China, I can be very direct about deadlines, but I have learned to pivot my style when working with our New Zealand team. When I first started working with New Zealanders, I found it frustrating—they were too slow. Decisions could take months, and sometimes everyone wanted everyone else to be involved to share responsibility. But I have come to respect that process.

In New Zealand, I now spend a lot of time explaining in detail why something is important, why we need to stick to a schedule, and what results I need. I cannot simply push hard and say, "You must do this today." I have to be clear but also respectful.

We have achieved success by fostering radical transparency and mutual respect. Everyone on our team knows exactly what their responsibility is. Our New Zealand processing and data teams are rock-solid, and we match that stability with agile sales channels and teams in China, utilizing premium offline experience centers, omni-channel private-domain memberships, and localized distributors.



Q5: Looking at your organization today, with teams spanning New Zealand and China, how have you designed it for effectiveness across both markets? What do you look for when building a team that can thrive in this trans-Pacific environment?

In New Zealand, we have a very stable core team. Our milk director was actually one of our first suppliers—he knows us, wants us to succeed, and understands farming deeply. We have an excellent supplier manager who handles all communication with our contract farms, sharing data and collecting it in return. We provide new recommendations annually and hold monthly supplier events. We also have a data manager handling genetic data collection and analysis, and this year we brought on another genetics consultant as we look to rebuild our genetics program.

In China, our team is structured around sales channels, not geography. We have over fifty channel-specific distributors—they are not traditional logistics partners, but service-oriented partners who are focused on the end consumer.

We maintain membership programs and experience centers, alongside our online flagship stores and offline presence in premium supermarkets.

When I look for people, the intangible qualities matter most. I want people who are loyal, who share the same goal, and who respect the cultural differences. In China, I need people who are results-oriented and market-driven. In New Zealand, I need people who understand process but who can also commit to a timeline and communicate proactively.

Everyone works hard to fulfill their roles, and while we communicate frequently, the key is that we respect one another and understand that we are closely aligned.

There are cultural differences and different ways of thinking, but that is a good thing. It forces us to be explicit about our vision and transparent about our challenges.



Key Takeaways from Kourosh and NZBRIC:

- **Tenacity Overcomes the "Impossible":** Perseverance is the primary fuel for early-stage and startup growth. Natalie's journey—pivoting from the fashion industry to pioneering an entirely new agricultural sector from scratch—presents a masterclass in resilience. Overcoming regulatory roadblocks, initial scientific skepticism, and systemic "nos" proves that a relentless commitment to the vision is what ultimately transforms a business concept into a scalable reality.
- **Cultural differences are leverage, not friction—if you design for them.** The China market demands speed, rigid timelines, and relentless customer service iteration. New Zealand's process-driven, relationship-based approach provides stability and quality assurance. The danger lies in assuming mid-to-senior New Zealand talent intuitively understand Chinese commercial expectations. Natalie's investment in "translating" between these two operating systems and hiring a CEO who can manage areas which are not her strengths. Recommendation: Cross-cultural commercial fluency should be treated as a core competency of organization at board, executive and lower levels, not a soft skill occasionally looked at for role.
- **Cultural Differences as a Competitive Edge:** The operational divergence between New Zealand and China should not be viewed as a barrier, but as a strategic advantage. While New Zealand brings world-class, process-driven stability, compliance, and agricultural data management, China demands blistering speed, agility, and uncompromising customer service. Success lies in educating mid-to-senior executives on both sides of the ocean so everyone is rowing in the same direction, combining Kiwi structural integrity with Chinese market velocity.
- **Ecosystem Collaboration Over Isolated Operations:** No organization can build an industry alone. True cross-border success requires moving away from transactional relationships and embracing deep, collaborative problem-solving. Whether partnering with elite medical institutions like Peking Union Medical College Hospital to validate clinical data, collaborating with consultants, advisors and government entities genetic breakthroughs, or locking arms with global giants like Danone and Mengniu,



Key Takeaways from Kourosh and NZBRIC:

- **Build an ecosystem, not a fortress.** Maui's survival and growth depended on collaborative problem-solving across consultants, government agencies, institutional research partners, and global corporates. The instinct to keep challenges "in-house" is natural but dangerous in complex, cross-border agriculture. Having the willingness to develop a cooperative ecosystem is far more powerful than trying to do everything within your own organizational walls.
- **Supply-side storytelling is as important as consumer marketing.** New Zealand farmers historically optimize for short term payouts. Natalie invested heavily in helping her supply base see the downstream value of and potential their product—literally flying them to Shanghai to watch Chinese families purchase sheep milk powder. For any New Zealand primary sector business, closing the feedback loop between farm and consumer is not a "nice to have" retention tool; it is a structural requirement for securing supply commitment to long-term, lower-yield-but-higher-value categories.
- **Ingredient/Partnership first strategy de-risks brand ambition.** Maui's decision to prioritize B2B ingredient supply before aggressively scaling its own B2C brand allowed the company to achieve three critical things: cash flow stability, formulation credibility with global partners, and patient consumer education. For New Zealand companies entering China, the "brand overnight" narrative is seductive but often fatal. Working with partners and developing foundations will support sustainable brand development later.

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.

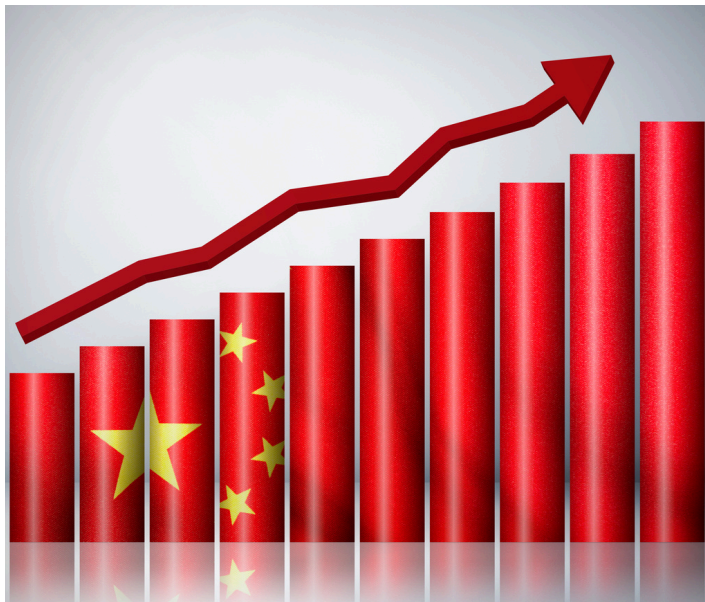
How China's 15th Five-Year Plan Will Transform China and Benefit the World



**CONSUL GENERAL
CHEN SHIJIE**

Consulate-General of P.R.C. in Auckland, New Zealand





A recent prediction by economist Justin Yifu Lin has sparked widespread discussion: China is expected to officially enter the ranks of high-income countries by 2026, and no later than 2027. Some view this as a milestone achievement, signaling that China has successfully overcome the so-called “middle-income trap”. Others argue that the term “high-income country” is merely a World Bank classification used for lending purposes and should not be overinterpreted.

Beyond the differing opinions, what truly deserves attention is what this prediction reveals about China’s development trajectory and its place in history. Two fundamental facts remain beyond dispute. First, China is and will remain for a long time in the primary stage of socialism, and it continues to be the world’s largest developing country. Second, as China advances toward the basic realization of socialist modernization, the period covered by the 15th Five-Year Plan, beginning in 2026, will serve as a crucial bridge between past achievements and future goals.

The 15th Five-Year Plan is not only a grand blueprint for China’s development; it is also a roadmap for improving the lives of over a billion Chinese people and a Chinese proposal for sharing development opportunities with the rest of the world. So, how exactly will the 15th Five-Year Plan transform China and benefit the world? To answer that question, let us unfold this blueprint and examine the four defining features of the 15th Five-Year Plan.

I. Innovation at the Core: Laying the Groundwork for High-Quality Development

Among the principal objectives for economic and social development during the 15th Five-Year Plan period, significant achievements in high-quality development ranks first.

This reflects China’s growing emphasis on the quality of growth rather than simply its pace. At the heart of this transformation lies scientific and technological innovation. To achieve this goal, the Plan lays out a comprehensive roadmap for building a modern industrial system.

On the one hand, digital and green technologies will be leveraged to upgrade traditional industries, driving their transition toward higher-end, smarter, and greener development.

On the other hand, China will foster emerging industries in ten strategic fields, including embodied artificial intelligence, brain-computer interfaces, and biomanufacturing, to cultivate new engines of future growth and competitiveness.

At the same time, the Plan underscores the deep integration of digital technologies into economic and social development.

By advancing computing-power networks, 6G communications, artificial intelligence, and other cutting-edge technologies, China aims to accelerate the development of a Digital China and inject sustained momentum into high-quality growth.



China and New Zealand are important partners in science and technology cooperation. During his visit to China in April, Speaker of the New Zealand House of Representatives Gerry Brownlee spoke highly of China's impressive achievements in technological innovation across a wide range of fields, from electric vehicles and artificial intelligence to e-commerce and medical technology. He also noted that New Zealand is willing to deepen cooperation with China in areas such as new energy, and other sectors, guided by the principles of mutual trust and candid communication. In June, a New Zealand artificial intelligence delegation, jointly organized by the New Zealand Technology Industry Association, the AI Forum of New Zealand, and the New Zealand China Council, visited China to explore leading technology companies and medical institutions. The visit highlighted the enormous potential for the two countries to advance together in the new wave of technological innovation and deepen cooperation in emerging industries.

II. Green Transformation in Action: Charting a Sustainable Future

The 15th Five-Year Plan period is a critical window for China to achieve its goal of peaking carbon dioxide emissions.

The Plan will introduce a dual control system over total carbon emissions and carbon intensity, and promote a deep green transformation across sectors such as energy, industry, and transport. Through practical measures such as the “doubling of non-fossil energy” initiative, China aims to ensure that the “green content” of development is effectively transformed into its future “economic value”. Leveraging its unique natural environment, New Zealand is vigorously developing organic agriculture and eco-tourism, pursuing a low-carbon and environmentally friendly development path.

Recently, I attended the New Zealand National Agricultural Fieldays in Hamilton. It was encouraging to see an increasing number of Chinese companies participating in the exhibition, with Chinese agricultural drones and machinery also appearing more frequently in New Zealand's vast farmlands, injecting new momentum and vitality into deeper China–New Zealand cooperation in green agriculture. Looking ahead to the 15th Five-Year Plan period, China will accelerate the formation of green production and lifestyles. It will work alongside countries around the world to contribute more positive energy to global climate governance and jointly paint a cleaner and more beautiful picture of our shared planet.



III. Putting People First: Advancing Well-Being and Shared Prosperity

As a Maori proverb goes: What is the most important thing in the world? It is people, it is people, it is people! I have noticed that in recent fiscal years, New Zealand has maintained tight control over government spending, while continuing to strengthen social welfare and ensuring that funding is directed to key areas closely linked to people's well-being. In China's 15th Five-Year Plan, indicators related to people's livelihoods account for more than one-third of the overall targets. This shows that, despite differences in development stages and social systems, China and New Zealand share a common emphasis on a people-centred approach, reflecting a strong resonance in development philosophy.

In response to demographic changes, the 15th Five-Year Plan directly addresses the challenges of ageing and declining birth rates. It includes a dedicated section on improving population development strategies, with a focus on the care for both the elderly and the young.

The Plan strengthens services for elderly care, particularly for those with dementia and expands inclusive childcare systems, while working to reduce the costs of childbirth, child-rearing, and education.

In terms of employment and income, the Plan raises the target of aligning income growth with economic growth from "generally in step" to "in step", and calls for stronger policy support to promote employment and income growth.

In response to widespread public concern over education, the Plan places particular emphasis on expanding senior secondary school capacity and increasing access to high-quality undergraduate education, enabling more families to benefit from the gains of educational development.

Ultimately, the people are the true owners of this "building of happiness". Every policy measure in the Plan must stand the test of public scrutiny and live up to people's expectations.



IV. Expanding Openness and Cooperation: Building Bridges for Win-Win Development

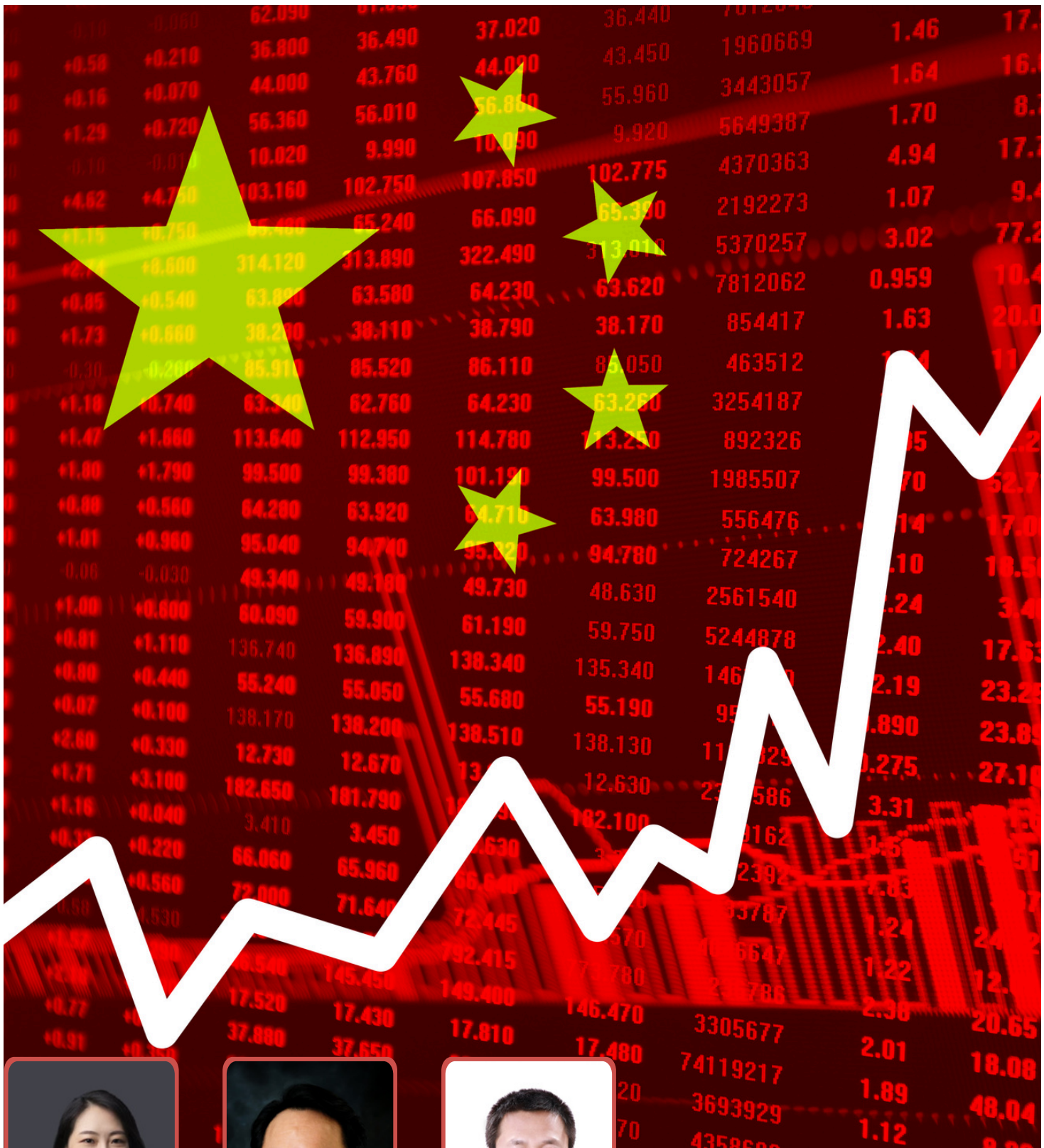
Against the backdrop of rising anti-globalisation trends, the 15th Five-Year Plan sends a clear message to the world once again: China will remain committed to opening up at a higher level. As Hainan Free Trade Port moves toward full operation, the negative list for foreign investment access is further shortened, and pilot openings are expanded in cutting-edge sectors such as value-added telecommunications and biotechnology. Through these concrete measures, China is demonstrating in practice that choosing the Chinese market means choosing a stable and reliable supply chain, the dividends of an ultra-large domestic market, and future-oriented development opportunities.

New Zealand's Minister for Trade and Investment, Todd McClay, said in an interview following his visit to China in May that "New Zealand-China relations are built on a high-level free trade agreement. In the past, bilateral trade was only a few billion New Zealand dollars; this year, it is expected to reach NZ\$43 billion." In June, the 34th meeting of the China-New Zealand Joint Trade and Economic Commission was held in Beijing. Both sides agreed to continue expanding bilateral economic and trade cooperation and to accelerate negotiations on a negative list for trade in services, so as to inject greater positive momentum into regional and global stability and prosperity.

As important members of APEC, both China and New Zealand share strong alignment between the 15th Five-Year Plan's focus on institutional opening-up, green development, and digital innovation, and APEC's three priorities of openness, innovation, and cooperation. In 2026, China will serve as the APEC host economy, providing a new platform for deepening China-New Zealand cooperation under the framework of the 15th Five-Year Plan. China stands ready to work with all APEC economies to jointly uphold the multilateral trading system, advance the Free Trade Area of the Asia-Pacific, and contribute to global economic growth and prosperity.

When will China become a high-income country? Perhaps the answer is not the most important point. What is clear is that China is firmly prioritising high-quality development and comprehensively advancing Chinese modernisation. From the blueprint of the 15th Five-Year Plan, the world can see a China driven by innovation, grounded in green development, people-centred in its approach, and committed to cooperation and mutual benefit. Looking to the future, China will continue to work hand in hand with countries around the world, including New Zealand, to jointly build a brighter future of peace, security, prosperity, and progress, and to move steadily toward the grand goal of building a community with a shared future for humanity.

Mainland China - Managed Slowdown



**VICKY XIAO
ZHOU**
Economist
ANZ Bank



**RAYMOND
YEUNG**
Senior China Strategist
ANZ Bank



**ZHAOPENG
XING**
Senior China Strategist
ANZ Bank



Managed slowdown

- The decelerated growth in Q2 is expected given limited fiscal support and weaker credit expansion. A slower pace of debt accumulation will benefit medium-term stability.
- Consequently, we see a potential risk that Q2 GDP performance may decrease to below 4.5%. However, the low base in H2 2025 is expected to mitigate some of this downward pressure. Our projection for 2026 GDP growth remains unchanged at 4.8%.
- Exports remain the bright spot of the economy lifted by AI trade. A final US-Iran peace deal could help normalise China's disrupted oil imports.
- We revised up 2026 PPI from 0.8% to 2% and kept CPI unchanged at 1.2%. The weak demand continues to block the full transmission from upstream to downstream.
- As a result, our 2026 GDP deflator forecast has been updated to 1.5% from 0.7%. Nominal GDP growth is expected to rise to 6.3% in 2026 from 4.0% in 2025.
- We expect USD/CNY to appreciate further and reach 6.60 by the end of 2026.

Domestic weakness persists

China's economy decelerated quickly after a strong performance of 5% GDP growth in Q1. In April-May, the average growth of industrial production and services production only reached 4.3% and 4.4%. Prints below 4.5% signal a risk that Q2 growth may dip under the GDP target range of 4.5-5%. We expect the low base last year to take off some growth pressure for H2. We keep our 2026 GDP forecast unchanged at 4.8%.

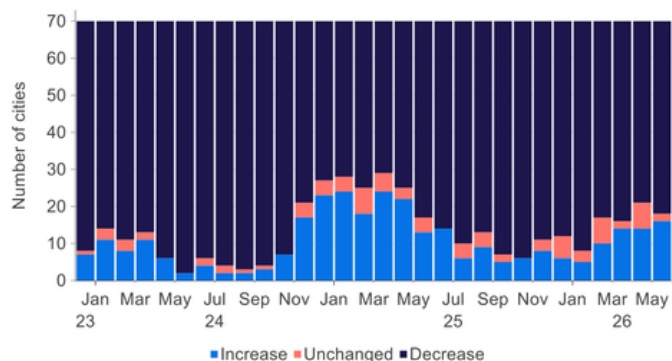
Retail sales dropped by 0.6% y/y in May, the lowest point since December 2022. Year-to-date growth only reached 1.4%. A broad decline is evident across most categories. Year-to-date FAI fell by 4.1% y/y, marking the weakest level since June 2020. Property investment remains the key drag with a 16.2% y/y decline. State-owned investment turned negative for the first time in 2026, pointing to limited fiscal support. This is consistent with weaker government financing dynamics, with net government debt issuance declining by CNY236bn y/y.

Household deposits exceeded CNY170trn in May, up CNY12trn from May 2025. Meanwhile, household loan demand fell, with a net decrease of CNY631bn so far this year, continuing the deleveraging trend.

Muted household confidence is associated with a sluggish property market. Home prices continued their downward trend in May, with new homes dropping by 0.2% month-over-month and used homes declining by 0.3%, both steeper than the declines seen in April.

Out of 70 cities, 52 saw sales prices decrease, a higher number compared to April's 49. Differences between city tiers have become more pronounced: first-tier cities experienced a 0.2% rise, while third-tier cities suffered a further 0.4% decrease. This K-shaped trend is expected to persist.

Figure 1. Monthly property price change by cities



Source: NBS, Bloomberg, Macrobond, ANZ Research
Note: the chart is based on m/m % in home prices

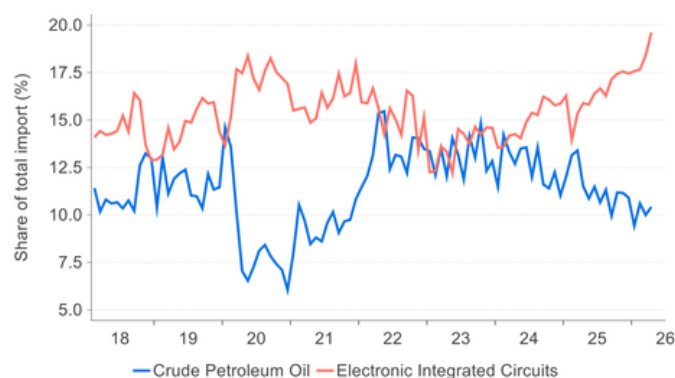
AI and energy trade in focus

Trade performance held up despite prolonged Middle East tension. In May, imports and exports grew by 27.4% and 19.4% y/y in May, thanks to the low base due to the US Liberation Day disruptions in 2025.

Exports and imports of electronic integrated circuits in USD terms continued to rise in May by 111% y/y and 68% y/y, respectively. However, in volume terms, export growth rose by 2% while imports dropped by 1%, showing that the export boom was mainly supported by the price hike rather than volume expansion.

On the other side, oil trade was disrupted. Despite a 15% increase in the value of crude oil imports, import volumes in May declined by 29% y/y, extending the 20% drop in April. A final US-Iran peace deal could help normalise China's crude oil imports going forward.

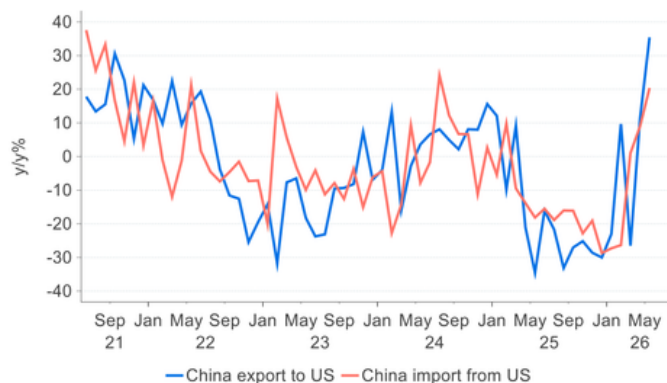
Figure 1. Divergence in China's integrated circuits and crude oil import share



Source: GAC, Bloomberg, Macrobond, ANZ Research

Notably, China and US trade showed signs of recovery in May, with export to US rising 35% y/y and imports rising by 20% y/y. We expect China's imports from US to rise in the coming months after President Trump's visit to China.

Figure 1. China-US trade improved in May



Source: GAC, Bloomberg, Macrobond, ANZ Research

US Trade Representative has proposed a new tariff of 12.5% on China under Section 301, following the Supreme Court's decision striking down tariffs under the International Emergency Economic Powers Act (IEEPA). The final decision will be issued after the hearing on 7 July. A possible July hike in US tariffs to China will not shake the largely stable China-US relations before the visit of President Xi to US in September 2026.

Cost-pushed inflation

PPI in May rose by 3.9%, the highest value since August 2022. Higher coal prices, together with gains in petroleum and non-ferrous metals contributed to PPI. However, CPI rose 1.2% y/y in May, unchanged from April, showing passthrough from upstream to downstream sectors remain limited.

We have raised our 2026 PPI forecast to 2.0% from 0.8%. This revision assumes that oil prices will increase by 25–30% in 2026 compared to their level in 2025. We keep our CPI forecast unchanged at 1.2%.

As a result, our 2026 GDP deflator forecast has been updated to 1.5% from 0.7%. Our model suggests CPI will contribute more than PPI to the deflator, as China's growth primarily led by domestic demand. We keep 2026 real GDP forecast stable at 4.8%. Nominal GDP growth is expected to rise to 6.3% in 2026 from 4.0% in 2025.

Figure 1. PPI contribution by categories



Slower credit expansion

New Yuan loan and aggregated financing growth slowed to 5.5% and 7.7% in May, each down 0.1ppt from April. Medium-and long-term loans fell by CNY350bn for corporates and CNY132bn for households.

We estimate that over CNY104trn will mature this year. With low willingness to rollover their debts and ongoing regulatory efforts to reduce excessive liquidity in the financial system, we expect RMB loan and aggregated financing to slow to 4.9% (-1.5ppt compared to 2025) and 7.1% (-1.2ppt compared to 2025), respectively, by the end of 2026.

Slower credit growth is consistent with regulators' expectations. At the Q1 Monetary Policy Committee meeting, regulators signalled further tightening to keep the loan market orderly, in line with the broader anti-involution push. Loan rates are required to remain no lower than pre-tax yields on China government bonds of the same tenor.

Overall, China's credit cycle is moving into a phase of gradual consolidation. Rising refinancing demand and stable loan issuances imply a structurally slower pace of debt accumulation. In our view, this transition supports medium-term stability even as headline growth rates moderate.

Figure 1. Predicted growth rates: aggregate financing and RMB loans



Continued appreciation

We expect the CNY to appreciate further this year. We revise our year-end CNY forecast to 6.60 from 6.70 and see an upside risk to our new forecast.

The macro backdrop for the CNY remains constructive. With China emerging from deflation and the economy outlook relatively more stable than in most economies, we expect continued capital inflows. China continues to run large goods trade surpluses, with the May surplus coming in at USD105.4bn. As the exporter conversion ratio has been rising, more of the trade surpluses are being converted into CNY. This is strengthening the currency.

While conversion of export receipts has increased, it has yet to reach the highs seen in 2018 or 2022.

There is also the potential for conversion of overseas assets held by Chinese companies.

So far, there is no clear sign that these assets are being brought back onshore. But continued CNY appreciation can wipe out the positive interest rate differential enjoyed by holding USD assets. If expectations of further CNY strength build, there is a possibility of these overseas assets being repatriated, which would strengthen the CNY. This would in turn result in more repatriation and potentially lead to a self-reinforcing cycle.

Figure 1. Exporter conversion continues to normalise



Source: SAFE, GAC, Bloomberg, Macrobond, ANZ Research

In our view, the CNY remains undervalued despite its appreciation over the past year. The CNY's real effective exchange rate (REER) is still low, at levels last seen in 2013. China's large current account surplus suggests that further currency appreciation will not undermine export competitiveness. In fact, given the size of the surplus, a stronger CNY is an important step towards addressing the current global imbalances.

Figure 1. China's REER is still low



Source: BIS, Bloomberg, Macrobond, ANZ Research

ExportNZ Article – NZBRiC Q2 Industry Report



JOSHUA TAN
Executive Director at ExportNZ

&

CALLUM ROBERTS
Communications Manager at ExportNZ



Kia ora from Wellington!

As New Zealand moves closer to the general election on 7 November, businesses are beginning to look more closely at what the political environment could mean for trade, investment, and economic growth over the next three years.

For exporters, the election comes at an important time. New Zealand is operating in a difficult global trading environment, with geopolitical tension, rising protectionism, supply chain disruption, and slower growth in several major markets. The past few years have shown that trade policy abroad can change quickly, and that exporters need to be prepared for a more contested and uncertain international environment.

The good news is that in New Zealand trade remains an area of broad political consensus. There will always be differences between parties on policy settings, spending priorities, regulation, tax, infrastructure, and workforce issues. But the underlying importance of trade to New Zealand's prosperity is well understood across Parliament.

That matters for New Zealand businesses operating in China, which remains one of New Zealand's most important trading relationships, and a critical market for many of our exporters. While political campaigns can sometimes create sharper rhetoric, there is no serious expectation that the election will fundamentally alter New Zealand's economic relationship with China.

Both major political blocs understand the value of stable, constructive engagement with China. They also understand that New Zealand's exporters rely on predictable market access, strong commercial relationships, and practical cooperation between officials to resolve barriers when they arise.

The last several years also show that for New Zealand, there is a lot that we cannot control or dictate in the global trade environment. So, while ExportNZ is helping our exporters to navigate overseas markets and volatility with up-to-date, timely, and accurate information and networks, we are focused on what New Zealand can control – the business environment at home.



Domestic policy settings matter. In the lead up to November 7, I've been travelling around the country talking to exporters about what matters most to them this election and over the next three years. Exporters will be watching closely for policies that support productivity, reduce unnecessary regulatory costs, improve infrastructure, strengthen skills and workforce capability, and help firms grow into new markets. Ultimately, our ability to service markets overseas and meet consumer demand depends on our productivity in New Zealand.

These issues directly affect the ability of New Zealand businesses to compete internationally, and are the ones that we are hearing constantly, more than what is happening in overseas markets.

The next government will also inherit a clear export growth challenge. New Zealand has set an ambition to double export value over the next decade. That will require more than positive language about trade. It will require sustained investment in market development, innovation, science, logistics, trade promotion, and commercial diplomacy.

One positive development this year has been the signing of the New Zealand-India Free Trade Agreement.

While the agreement still needs to complete the necessary domestic processes before entering into force, it represents an important step in diversifying New Zealand's trade relationships and opening new opportunities in one of the world's fastest-growing major economies.

For businesses in China, the India FTA should not be read as New Zealand moving away from other markets. It is better understood as part of a broader strategy of building resilience across multiple markets. New Zealand exporters are increasingly seeking a portfolio of opportunities across Asia, the Middle East, Europe, North America, and Australia, while continuing to value China as a key market.

Given all the shocks of the past several years, this is the practical reality of modern trade. Diversification is risk management not disengagement.

The wider message for exporters remains the same. Stay close to your customers, maintain regular dialogue with in-market partners, monitor political and regulatory developments, and plan for different scenarios. Relationships remain one of the most important tools businesses have in uncertain times.



Recently, I moderated a panel discussion including Sir Ian Taylor, founder and CEO of Animation Research, who spoke at length about the importance of building long-term, deep relationships with clients, stakeholders, and the necessary networks, and the impact that had to the trajectory of his companies, transforming them into globally recognised providers of sports graphics, virtual technologies, and data visualisation solutions..

As the election campaign develops, there will be debate about New Zealand's economic direction. That is healthy. But the business community will be looking for more than campaign slogans. Exporters will want credible, tangible plans to lift growth, support investment, improve productivity, and strengthen New Zealand's international competitiveness.

For New Zealand businesses in China, the main takeaway is continuity with a sharper focus on execution. The election may change the domestic political landscape, but New Zealand's dependence on international trade will not change. Nor will the importance of strong, stable, and commercially focused relationships across the region.

In an uncertain global environment, New Zealand's challenge is to remain outward-looking, practical, and consistent. That is what exporters need, and it is what our international partners will be looking for too.

Compliance Frontier

Key Interpretations of Three New 2026 Regulations Governing Market Supervision and Cross-Border E-Commerce Food CBEC Update



ROCKY MENG

Founder of Sparks Partners
Vice-Chair of NZBRiC

**SPARKS
PARTNERS**

上海辉岩律师事务所



In 2026, three significant new regulations were promulgated in the fields of market supervision and customs administration in China, covering three operational scenarios of direct relevance to New Zealand businesses: complaint and reporting mechanisms, overseas registration requirements for imported food producers, and cross-border e-commerce food recalls. Together, they reflect a clear regulatory direction — tighter source controls, more precise enforcement targeting, and a systematic closing of post-market gaps. This article examines the practical implications of each.

I. Measures for the Handling of Complaints and Reports in Market Supervision and Administration

("市场监督管理总局投诉举报处理办法", effective 15 April 2026)

These Measures replace the Interim Measures promulgated under State Administration for Market Regulation Order No. 20 (2019). Their core objective is to draw a clear legal boundary between "complaints" and "reports," and in doing so, better allocate enforcement resources while protecting compliant operators from a well-known source of regulatory friction: the professional consumer ("职业打假人").

The regulations address two longstanding abuses. First, the diversion of legitimate consumer grievances away from resolution. Second, the exploitation of formal complaint channels by commercial actors who bulk-purchase products, identify minor labelling deficiencies, and extract compensation through administrative mediation rather than genuine consumer remediation.

(A) Restrictions Targeting Professional Consumers

The new Measures introduce substantive constraints on professional consumer behaviour through two primary mechanisms:

- **Stricter complainant definition.** Only consumers purchasing goods for genuine personal use may lodge complaints. Regulators will assess purchase frequency, volume, and consumption habits. Complaints that exceed reasonable personal quantities or show no evidence of genuine consumption need will be rejected outright.
- **Criminal referral for malicious conduct.** Where complainants swap products, alter packaging labels, fabricate contamination, or otherwise manufacture false violations in order to extract compensation, regulators may refer the matter directly to public security authorities for criminal liability.

COMPLAINTS

(B) Practical Protections for Compliant Operators

The Measures provide two direct benefits for law-abiding businesses operating in China:

- Reduced mediation burden. When confronted with bulk professional complaints, operators may submit evidence of abnormal purchasing behaviour — for example, large-volume purchases within a short timeframe — and request that the regulator reject the complaint on the grounds that the complainant was not acting as a genuine consumer.
- Strengthened reverse enforcement. Where professional consumers defraud compensation or engage in extortion by concealing, swapping, or fabricating evidence, operators may refer the matter directly to public security authorities for criminal prosecution.

Key Distinction: Complaints vs. Reports

A **complaint** is an act by a genuine consumer seeking resolution of a dispute arising from personal use of goods or services. Professional consumers — who are not genuine consumers — have no standing to lodge complaints.

A **report** is an act of informing authorities of a suspected regulatory violation.

Any natural person, legal entity, or organisation retains the right to report. Professional consumers are not stripped of this right — but to prevent abuse, repeat reports about the same suspected violation against the same respondent will not be processed separately.

In practice: professional consumers cannot claim compensation via complaints, but may truthfully report genuine illegal activity. Businesses must therefore ensure their day-to-day operations remain fully compliant, as exposure to legitimate reporting persists.

II. Provisions on the Registration and Administration of Overseas Food Production Enterprises

("中华人民共和国海关进口食品境外生产企业注册管理规定", General Administration of Customs Order No. 280)

Order No. 280 replaces the previous Order No. 248. It requires that overseas enterprises engaged in the production, processing, or storage of food for export to China be registered with the General Administration of Customs. The guiding principle is "strict control for high-risk products, facilitation for low-risk products" — the application process has been streamlined, while source accountability has been reinforced.



(A) Key Changes Under the New Regulations

1. More Flexible Registration Methods

The previous dual-track system — requiring either recommendation from an overseas competent authority or direct enterprise application — has been consolidated into a unified application process submitted by the enterprise itself. However, for high-risk food categories listed in the "Food Catalog" requiring official recommendation, enterprises must still provide audit and inspection reports and recommendation letters from the relevant overseas authority. A simplified "list-based registration" mechanism based on bilateral agreements has also been introduced.

2. Adjustment to the Food Catalog Requiring Official Recommendation

The catalog of food categories requiring official recommendation has been reduced from 18 to 17. Notably, health food products remain on the list — overseas health food producers must still obtain official recommendation from their competent authority to export to China via general trade channels.

The current Food Catalog is available at: customs.gov.cn (see GAC Announcement, 18 March 2026).

3. Automatic Renewal of Qualifications

Registration validity remains five years. Except for categories ineligible for automatic renewal, registrations will be renewed automatically upon expiry if the enterprise has no record of food safety violations, failed inspections, or non-compliance during the registration term, and provided customs authorities have not suspended imports of the relevant food from the country concerned. No resubmission of full application materials is required.

4. Dynamic Risk-Based Administration

The General Administration of Customs will implement dynamic, risk-tiered administration of overseas food producers based on food safety risk assessments. Enterprises must monitor GAC announcements and keep their registration information current.



E-COMMERCE

(B) Applicability to Cross-Border E-Commerce

Order No. 280 explicitly carves out cross-border e-commerce retail imports: food imported through these channels is not subject to the new provisions and remains governed by existing special rules for cross-border e-commerce retail imports. Overseas production enterprise registration is not currently required for this import pathway.

That said, the regulatory trend is clearly toward tightening. Customs authorities have already implemented enhanced supervision of specific ingredients — including folic acid and melatonin — requiring compliance documentation from the country of origin. Given that enforcement standards may vary across periods and ports, and that no official unified list of key supervised ingredients has been published, businesses are advised to proactively engage with customs authorities to confirm requirements before listing new products.

III. Announcement on Further Strengthening Recall Supervision of Cross-Border E-Commerce Retail Food

("关于进一步加强跨境电商零售进口食品召回监管的公告", jointly issued by the State Administration for Market Regulation and the Ministry of Commerce)

This Announcement addresses a persistent regulatory gap: when safety issues arose with cross-border e-commerce food imports, the overseas producer was beyond the direct reach of domestic authorities, and no domestic party was available to implement recalls.

The Announcement resolves this by establishing a closed-loop recall mechanism that clarifies the respective obligations of platforms, merchants, and domestic entrusted parties.

(A) Clarification of Primary Liability

Cross-border e-commerce enterprises bear primary responsibility for food safety. They must designate a domestic food production or operating enterprise as an "entrusted enterprise" specifically responsible for food recalls, and register that entity's details with the relevant platform.

(B) Recall Procedures

Upon discovery of a quality or safety issue, cross-border e-commerce enterprises must immediately cease sales, notify the entrusted enterprise to initiate a recall, and report progress to the relevant market supervision authority.

(C) Credit-Based Penalty Mechanism

If a cross-border e-commerce enterprise fails to fulfil its recall obligations, the platform must suspend services to it. The regulatory authority will take action in accordance with law and incorporate the non-compliance into the operator's credit management record.

In practice, this mechanism will accelerate market consolidation. Smaller cross-border merchants unable to bear the costs of a compliant recall infrastructure face increased pressure to exit.



Conclusion

The three regulations taking effect in 2026 follow a consistent logic: domestically, more precise legislative distinctions reduce regulatory friction and protect compliant operators; externally, tighter source registration and post-market recall frameworks raise the compliance bar for overseas food businesses exporting to China.

For New Zealand companies operating in China — whether in food and beverage, e-commerce, or cross-border retail — the practical takeaway is clear: compliance capability is increasingly a competitive advantage, not merely a cost centre. Businesses that invest in understanding and adapting to these changes will be better positioned as the regulatory environment continues to mature.

Disclaimer

This article is compiled based on laws, regulations, and policies issued by official authorities including the State Administration for Market Regulation and the General Administration of Customs. It is intended solely for general informational purposes and does not constitute legal advice or operational guidance.

Laws and regulations are subject to change, and their enforcement may vary depending on the specific facts and circumstances of each case. Readers should consult professional legal counsel or seek confirmation from the competent administrative authorities. In case of any inaccuracies, official texts and authoritative interpretations shall prevail.



ABOUT US

The New Zealand Business Roundtable in China (NZBRiC) is a non-profit organisation that unites industry, corporate, and individual members committed to advancing the New Zealand-China commercial relationship. Our mission is to foster a collaborative network of businesses and government leaders, serving as the primary voice and advocate for New Zealand-China trade relations. Through our efforts, we continue to strengthen bilateral ties and drive growth in key trade sectors across both nations.

Our members span a diverse range of sectors, including food and beverage, professional services, cosmetics, technology, education, and fast-moving consumer goods. Collectively, our membership now accounts for over 50 per cent of New Zealand's export value to China.

Headquartered in Shanghai - China's economic centre - NZBRiC remains closely connected to its members, delivering dedicated support through our four core pillars: advocacy, information and insights, networking, and representation. These pillars guide our work as we champion the interests of New Zealand businesses in China, ensure they are informed and heard, and foster meaningful connections that help drive long-term success in the world's second-largest economy.

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mail: information@nzbric.com
website: www.nzbric.com

