



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 3 2025

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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MESSAGE FROM OUR CHAIR



MARK ANDERTON

Chair
NZBRiC

Dear Readers,

It is my pleasure to introduce the NZBRiC Quarterly Industry Report, a platform that aims to foster collaboration and share valuable insights among New Zealand companies operating in China.

Our goal is to advance the key trade sectors of both New Zealand and China by leveraging the expertise and knowledge of our NZBRiC members across different industries.

Through this report, we provide a content-driven platform for our member companies to share their China-specific industry insights and experiences through stories, opinion pieces, official industry reports, and other means.

As we head into a busy season for New Zealand business in China, with CIIE just around the corner, we're pleased to release the seventh edition of the NZBRiC Quarterly Industry Report. This issue brings together fresh perspectives from across our community in the Tourism, Export, and Investment sectors, featuring contributions from Lisa Li, Managing Director of New Zealand China Travel Service (NZCTS), a second consecutive article from Joshua Tan, Executive Director of ExportNZ, and Alistair Crozier, Executive Director of the New Zealand China Council. We're grateful for their insights and contributions, which reflect our shared goal of fostering informed dialogue and building stronger connections across the New Zealand-China business landscape.

We encourage you to share your comments, feedback, and suggestions for our future editions. If you would like to collaborate with us, please do not hesitate to get in touch.

Thank you for your support, and we look forward to hearing from you.

Best regards,
Mark Anderton

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

ADInstruments – Pioneering New Zealand’s Innovation in the Life Science Industry Around the World

Corporate Member Spotlight



JAMES O'RILEY
NZBRiC Events & Communications Executive

Introducing ADInstruments

ADInstruments is a New Zealand life sciences company at the forefront of medical technology for researchers and educators worldwide. Founded in Dunedin in 1986 by Professor Michael Macknight and his father, Tony, the company is built on more than 40 years of scientific innovation. From its early days pioneering one of the first analog-to-digital converters for Macintosh computers, AD Instruments has grown into a global leader, delivering vascular and neurological hardware and software solutions across more than 100 countries through 14 international offices. Its customers include many of the world's leading universities and hospitals, particularly among the global top 100.

Driving this global success is ADInstruments' mission to "Making Science Easier" for educators, researchers, and clinicians to improve the quality and capability of public health. The results speak for themselves: AD's products are now the most widely used of their kind worldwide, underscoring the company's enduring influence on the life sciences.

In this third edition of our Corporate Member Spotlight Series, we spoke with Leo Wang, General Manager for China at AD Instruments, to learn more about the remarkable journey of this New Zealand company quietly shaping the future of life sciences.

Our conversation explored the company's entry into China, its supply chain strategy, commitment to localisation, and its ability to stay ahead of competitors for over four decades.

It is our pleasure to share this spotlight on ADInstruments – a company that embodies the innovation and enterprise New Zealand is known for.

The Beginnings of a 26-Year-Old Journey in China

ADInstruments entered the Chinese market in 1998, building on the early success of its pioneering vascular data acquisition software in New Zealand and Australia. As Leo explains, China had always been a priority market for the company – not only because of its sheer scale, but also because of the strong demand signalled by top Chinese universities eager to access advanced technologies to strengthen their education programs. In this sense, while ADI certainly sought out the China market, it was the market itself that found them, drawn by the sophistication and relevance of their products from the very beginning.



Leo describes how a snowball effect soon took hold: once one institution adopted their technology, others began following, driven by competition to improve educational quality and attract the best students and graduates. This steady growth coincided with sweeping reforms in China's higher education that took place over the past 26 years, including increased budgets and investment, and the expansion of research programs – developments that perfectly positioned ADI to benefit.

The resulting momentum highlighted both the enormous long-term opportunity and the challenge of keeping pace with rising demand while maintaining a technological edge over competitors. To address this, ADI has continuously configured its supply chain to ensure it could scale effectively without compromising on innovation.



Supply-Chain Strategy

ADInstruments has structured its supply chain to leverage the unique strengths of each market. All research and development are carried out at the company's headquarters in Dunedin, New Zealand, where close ties with the local university community foster rich opportunities for product innovation. Once a product and its associated IP are ready for commercialisation, manufacturing shifts to Australia. There, components sourced from around the world are brought together for assembly and production.

As Leo explains, Australia offers several strategic advantages for this stage of the process: strong regulatory and quality standards in life science technology, supporting government initiatives, and world-class infrastructure. Combined with its proximity to New Zealand and extensive trade access across the Asia-Pacific, Australia provides the ideal environment for transforming R&D breakthroughs into high-quality manufactured goods. Most of the marketing and product management teams are also based in Australia, ensuring that innovation and production remain closely aligned.

From Australia, finished hardware is shipped to China. Once arrived, it enters ADI's distribution network, reaching universities and research institutes directly either through organic connections or local partners. As many of our members know, well-established distribution networks are a major strength in China for targeting niche customer segments and entering new markets, making them an ideal channel for ADI to drive sales and expand its reach.

By harnessing the unique advantages of New Zealand, Australia, and China, ADI has built a supply chain that has remained scalable and effective. Each market plays a specific role, from innovation to production to distribution, allowing the company to scale efficiently, maintain high quality, and respond strategically to evolving customer needs.

With such a multinational supply chain strategy, we asked Leo whether there had been any adjustment to ADI's strategy in light of recent emerging geopolitical risks and trade tensions. In response, Leo explains that "We are still maintaining our current strategy, we focus on our R&D as this is at the core of our business development. When we encounter global economic issues, we focus on launching a new product that is more cost efficient to offset this. This is one of the most important things about our organisation – being more effective."



Commitment to Localisation

According to Leo, another key strength of AD Instruments in China is its strong commitment to localisation. With offices in Beijing, Shanghai, and Guangzhou, the company has dedicated sales and marketing teams working closely with local partners to deliver services, branding, and promotions tailored to Chinese customers. As Leo explains, many Chinese clients are typically far busier than those in other markets, leaving them with less time to learn installation processes or master complex software and hardware independently. As a result, comprehensive after-sales support and hands-on service training have become essential parts of ADI's offering in China compared to other markets – an area where the company invests heavily to ensure customer success.

This approach is reinforced at the strategic level, with headquarters enabling local decision-making and, when necessary, departures from the global strategy to address urgent market needs. For example, while ADI's cardiovascular technology segment has already achieved near-total penetration in China, the company has pivoted more quickly than in other markets to explore neuroscience applications for a different set of customers.

Building on this momentum, Leo tells us that ADI is now taking a major step forward by establishing a local manufacturing facility in China to meet rising demand for customised hardware. Further highlighting the importance of localisation in China, Leo states that "Localisation is very important for a company in China from New Zealand because the market has become quite different in the past several years. We've doubled our business in four years because we cooperate closely with a lot of local partners and distributors. If they [New Zealand businesses] want to move into the China market as a newcomer, finding close partners to support you will provide a start. After you have some successful experience, you can have another new strategy. But first of all, you have to cooperate with some local distributors and partners at the beginning that can lead you to success. If you don't want to get close to local distributors and partners, it will take you more time to find success."



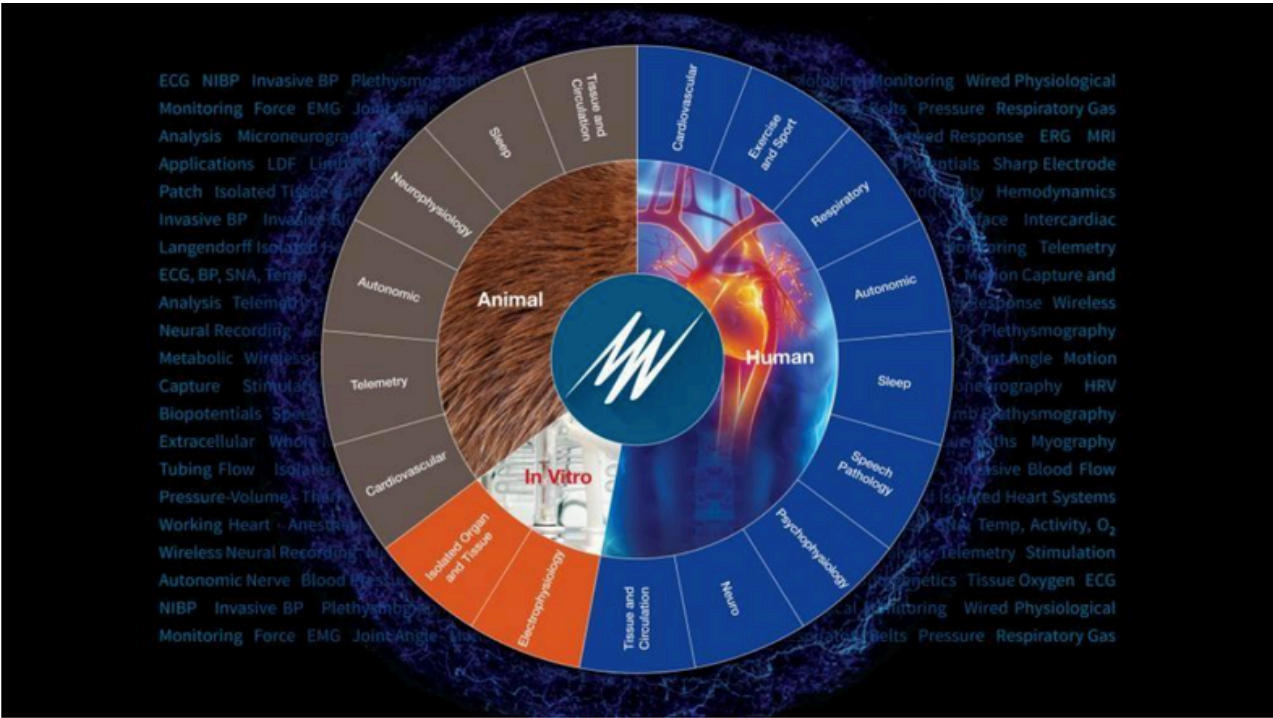
Staying Ahead of Competitors for Four Decades:

For more than forty years, ADInstruments has not only set but sustained the gold standard in cardiovascular research – outpacing both emerging challengers and established global players. Leo explains that the company’s enduring success comes from staying true to the qualities that resonated with customers from the very beginning. When ADI first entered international markets, its products distinguished themselves through a rare combination of distinctive design, intuitive functionality, and robust durability – attributes that made complex research projects simpler, more reliable, and ultimately more effective. By continuing to innovate around these core strengths, ADI has preserved the qualities that first won customer trust, with many of its products still operating seamlessly decades after their launch.

Today, ADInstruments has firmly established itself as the market leader in its industry in China, serving primarily universities and research institutes. China represents 10% of AD Instrument’s international business, with their largest markets found in the United States (40%) and Europe (30%).

To reach its niche target market, ADI leverages a powerful and largely self-sustaining source of credibility unique to the life sciences: research citations. Over the past four decades, more than 100,000 academic papers have cited the use of ADI’s hardware and software solutions – a body of evidence that speaks directly to their reliability and scientific value. ADI actively builds on this foundation by hosting monthly webinars and showcasing “hero stories” from scientists who share research outcomes achieved with ADI technology. This cycle of validation not only amplifies brand legitimacy but also provides ADI’s team with first-hand insights into emerging research directions, feeding back into product development and strengthening R&D capabilities. In many ways, the research results themselves act as proof of quality, reinforcing ADI’s competitive edge and securing its dominance in the research segment.

In the education segment, Leo explains that this market is slightly more difficult for ADI to compete in. Unlike research institutions, universities and colleges often have fewer technical requirements and tend to be more price sensitive. This opens the door for competitors to supply lower-cost, standardised products. Even so, Leo remains optimistic: with strong government backing for the development of China’s life science industry, he believes ADInstruments is well positioned to introduce advanced technologies into the education sector as demand for higher-quality solutions are necessitated.



Final Remarks

In Leo's final thoughts, he shared some pertinent advice for New Zealand companies interested in entering the China market. In his own words, "If you want to enter the market, you have to do a lot of customer and channel analysis, success is based on business model and understanding the customers need to create a fit-for-purpose product. It will not be easy to succeed without a very good product, and it won't be easy to succeed without a very good channel. You have to understand these two phenomena to successfully enter the market."

Acknowledgements

We'd like to thank Leo for his time and insights to the development of this article. If you're interested in learning more about ADInstruments, please visit their website (www.adinstruments.com) or check out their WeChat Service Account: ADInstruments埃德仪器.

Is New Zealand making the most of Chinese investment interest?



ALISTAIR CROZIER

Executive Director at New Zealand China Council

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





A new report co-authored by the New Zealand Institute of Economic Research (NZIER) and the New Zealand China Council, “Invested interests: an update on the New Zealand-China investment relationship in 2025”, has confirmed changing patterns in bilateral two-way investment in 2014-2024.

The Council’s previous reports on investment in 2015 and 2018 were published in the context of public discussion about the large and growing flow of Chinese foreign direct investment (FDI) into New Zealand at that time, as well as optimism about a number of large New Zealand investments in China. This year we began at a different starting point – is our economy capitalising fully on China investment interest and capacity?

Trade is Deep, Investment is Shallow

The report points out that in 2014-2024 Chinese FDI into New Zealand grew by 106% to NZ\$ 1.4 billion, faster than New Zealand’s overall FDI growth rate. But most of this increase occurred in 2014-19. From 2019 FDI flows from China flattened and then decreased, at a time when our global FDI grew by 38%.

So while China remains New Zealand’s largest trade partner by a wide margin, it now ranks 12th as a source of our FDI. (The report also notes, however, that significant Chinese capital is likely to arrive in New Zealand via third economies recorded in our data as immediate investment sources - for example Hong Kong, which ranks 5th as an FDI source.)

In the other direction New Zealand investment into China in 2024 stood at NZ\$117 million, up from NZ\$ 85 million in 2014, ranking China as our 8th largest ODI destination. (Hong Kong is ranked 10th). This 14% increase compares to an 85% rise in global foreign investment into China in 2014-2024, although new foreign investment into China has slowed greatly over the last two years.

The report notes that at least 60 New Zealand companies including NZBRiC members have invested in an on-ground presence in China. But many of New Zealand’s large flagship investment projects over the last 20 years have been sold, acquired or closed.



Some Sectors have Reaped Benefits, Others Contain Potential

The research report is not an encyclopaedic record of all Chinese FDI into New Zealand. Instead it focuses on six sample sectors as a snapshot of trends and opportunities.

The dairy sector is included as an example of established, positive Chinese investment in a cornerstone agricultural sector. Bright Dairy's participation in the recapitalisation of Synlait in 2024, and Yili's significant boost to Westland Milk Products as well as its own Oceania Dairy processing investment in South Canterbury, are cited as some of the many examples of healthy partnership.

The pet food sector is included as a case study of recent changes in consumer and market trends in China (increased pet ownership) resulting in strong Chinese investment interest in New Zealand pet food manufacturers, often in smaller regional centres urgently in need of local employment opportunities.

The game development sector, which has benefitted in particular from Tencent Games' capital as well as global market knowledge and connections, and the property market which has seen private residential purchases replaced over time with commercial and residential property developments by Chinese investors, are also covered.

Infrastructure and renewable energy sectors are identified as areas where China excels but has not been heavily involved in New Zealand's economic development to date. Some strategic and sensitive infrastructure (such as ports and airports) will always be areas of deep scrutiny for foreign investment. But projects like wind and solar farms, or tunnel/bridge/road construction, could generate win-win opportunities.

Māori business is another area where Chinese investment is lower than anticipated despite instinctive Māori strengths in doing business in China (prioritising relational over transactional approaches and focusing on long-term visions, for example). Differing Māori and Chinese views on land and resource ownership could be one possible barrier.

The report suggests that a key consideration for future investment potential is the alignment of China's outbound investment policies and New Zealand's inbound framework. Both countries have sectors that are encouraged for international investment, as well as those that are restricted or prohibited. The authors argue it makes sense to focus on areas encouraged by both sides: ideas include advanced transport infrastructure, new and renewable energy, and agriculture, forestry, aquaculture and fisheries.



China-New Zealand Policy Differences Stand in the Way of Individual Investor Migration

Looking at personal investor migration, the report points out that Chinese applicants dominated the previous Investor 1 and Investor 2 class visa policy, peaking at over 300 approved applications in 2016 (72.6% of total approvals) before applications dried up under the replacement Active Investor Plus Visa (AIPV) framework.

Policy differences between China and New Zealand are one reason for the decline: China's official channel for personal offshore investment, the Qualified Domestic Institutional Investor (QDII) policy, generally requires capital to be repatriated after a fixed term, which New Zealand considers does not meet its requirements for long-term contributions to our economy. Critics of New Zealand's position argue QDII can have some flexibility around the edges, which we should do more to understand.

Positively, from 1 April to 8 August 2025 further revision of AIPV policy attracted 36 migration applications from Chinese investors (13.5% of total applications) and 33 from Hong Kong. United States applications totalled 117 (43.8%). It will be interesting to see approval rates in due course.

Concluding Thoughts: A Good Year to Revisit Investment Attraction in China

In 2025 the New Zealand Government has announced a series of initiatives and policy changes to boost foreign investment attraction. They include the establishment of new government agency Invest New Zealand; improvements to AIPV investor migration policies; a new business investor visa; proposed streamlining of Overseas Investment Act rules and processes; and the Infrastructure Investment Summit held in February 2025. The Chinese government is also signalling renewed commitment to global investment flows. Cumulatively this provides an encouraging environment for a review of whether two-way investment is flowing as much as it could be.

"Invested Interests" is available on the New Zealand China Council website at www.nzchinacouncil.org.nz/publications.

Balancing Growth and Quality: Opportunities for Cross-Sector Collaboration in New Zealand Tourism



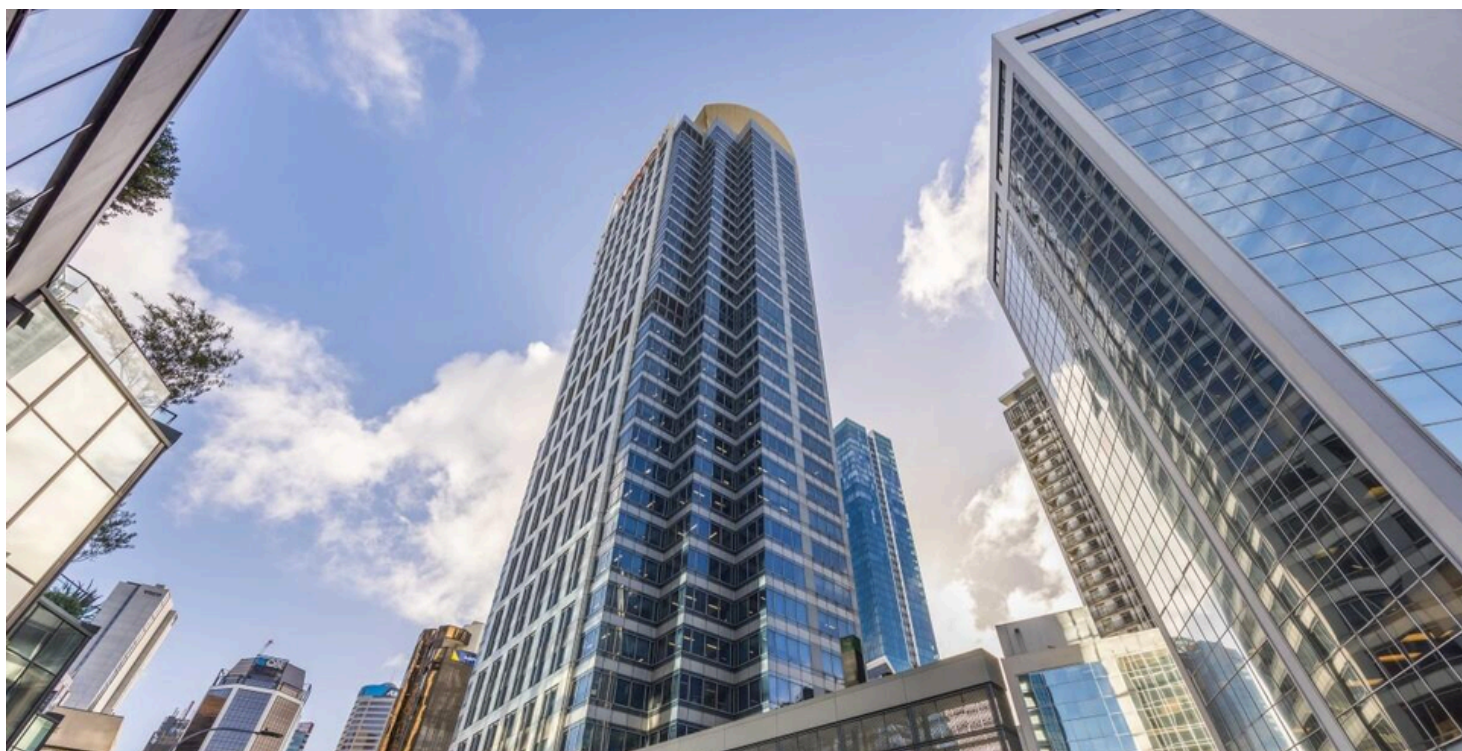
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Managing Director at New Zealand China Travel Service &
Member of the New Zealand Order of Merit



新西兰中国旅行社有限公司
China Travel Service (N.Z.) Limited





Balancing Growth and Quality: Opportunities for Cross-Sector Collaboration in New Zealand Tourism

New Zealand's tourism industry is at a pivotal moment. While borders have reopened and demand is steadily recovering, the pace of the Chinese tourism market's rebound has been slower than many anticipated. Concerns about China's economic outlook have added to the uncertainty, raising questions about whether outbound travel from China will return to previous levels. Yet despite these headwinds, the Chinese market remains one of New Zealand's most valuable and influential visitor segments — and positioning ourselves to capture its recovery is critical.

In this article, I want to share some reflections on the challenges we face, highlight opportunities for cross-sector collaboration — particularly between travel, education, and trade — and consider how recent visa reforms may enable us to achieve the ambitious growth targets set by government and industry alike.

Balancing Quality and Quantity

Thanks to strong investment and ongoing enthusiasm in the hotel sector, accommodation bottlenecks in many key hubs — such as Auckland, Rotorua, and Queenstown — have eased. In Auckland, for instance, hotel supply has caught up with demand, and rooms are more readily available. On the other hand, shortages remain in certain destinations, such as the Hermitage in Mt Cook, where demand during peak season still far exceeds capacity.

We also face seasonal imbalances. In summer, some destinations are overcrowded, placing heavy pressure on infrastructure. Yet in the off-peak months, hotels and conference centres often sit empty.

This imbalance prompts an important question: how do we manage growth without compromising quality? For the Chinese market in particular, quality is paramount. These visitors are willing to pay a premium, but they expect service, accommodation, and the overall experience to consistently justify that spend.

If capacity is not well managed, or if the visitor experience feels inconsistent, we risk undermining our premium positioning. Achieving the right balance — across regions, across seasons, and across different traveller segments — remains one of our most pressing challenges.



Travel and Education: Parallel Growth Stories

Interestingly, the growth of Chinese visitors and Chinese international students in New Zealand has followed a remarkably similar timeline, with both surging since the early 2000s. This parallel suggests that the two sectors share more than just a market base — they also share opportunities for collaboration.

Cross-sector collaboration has real, practical value. About 15 years ago, the University of Auckland approached us to explore opportunities to provide travel arrangements for visiting parents and friends of their international students. Our local seat-in-coach tours quickly became popular, particularly during graduation season, when families visited to celebrate milestones. What began as a small initiative demonstrated how tourism and education could work hand-in-hand to create mutually beneficial outcomes.



The Rise of Influencers and New Forms of Promotion

In the post-pandemic landscape, Chinese digital engagement has transformed the way consumers make decisions about travel, education, and products. Key Opinion Leaders (KOLs) and livestreamers have become highly influential, shaping preferences and sparking demand.

In recent years, we have seen Chinese influencers visit New Zealand not just for leisure, but also to promote Kiwi products such as honey, dairy, and skincare. Their livestream sessions often feature New Zealand's stunning landscapes as a backdrop, blending product promotion with authentic destination marketing. This model has a multiplier effect: it supports New Zealand exporters while simultaneously showcasing the country as a desirable travel destination.

This trend underlines an important insight: the Chinese market does not view education, travel, or trade in isolation. Instead, consumers are attracted to holistic experiences where these elements overlap. New Zealand is well-positioned to take advantage of this convergence.



Opportunities for Deeper Integration

Looking ahead, there is strong potential to build more integrated experiences that combine travel, education, and trade promotion. Some practical opportunities include:

- **Student-family travel packages:** Offering tailored itineraries for families visiting students in New Zealand, with options to explore the country beyond the university campus.
- **Alumni network engagement:** Leveraging the presence of Chinese alumni, many of whom retain strong ties to New Zealand, to encourage repeat visits, business collaborations, and education referrals.
- **Influencer partnerships:** Supporting Chinese KOLs who can authentically promote not only New Zealand's landscapes but also its education institutions and products.

Conference and study-tour synergies: Linking academic events, research collaborations, and trade shows with travel itineraries, creating added value for attendees.

By aligning across sectors, we can create richer, multi-dimensional experiences that resonate with Chinese visitors. This approach also spreads benefits more evenly — supporting regional tourism, boosting export industries, and strengthening New Zealand's international reputation as a place of quality.



Visa Reforms: Unlocking Future Growth

Recent visa reforms mark a welcome step forward, particularly the policy allowing Chinese travellers who already hold Australian visitor visas to extend their trips to New Zealand without a separate visa application. While this currently applies only to those entering via Australia, it signals a promising direction. Looking ahead, we hope to see this initiative expanded to include holders of Australia's 10-year multiple-entry visa — even when they depart directly from China — and, in time, extended to cover similar long-term visas issued by the US and UK. These travellers represent a prime high-value market for New Zealand.

Another opportunity lies in leveraging visa-free transit for Chinese travellers en route to South America. With China Eastern launching a Shanghai-Auckland-Buenos Aires route, there is strong potential to transform transit traffic into meaningful tourism. Offering 72, 96, or even 144-hour stopover exemptions would not only add valuable visitor nights but also strengthen business and cultural links between China, New Zealand, and South America.

In this sense, visa reform is more than facilitation — it is a strategic tool to attract high-value visitors, drive regional dispersal, and enhance New Zealand's premium positioning.



Managing Growth Together

The common thread here is balance. Just as we must balance quality and quantity within tourism, we must also balance our sectoral priorities. Travel, education, and trade should not operate in silos. Instead, collaboration can help us manage capacity more effectively, smooth out seasonal imbalances, and enhance the visitor experience.

The Chinese market is sophisticated, diverse, and increasingly discerning. Visitors are not only looking for memorable holidays; they are seeking meaningful connections — through family, study, business, and lifestyle. If New Zealand can present itself as a destination that integrates these experiences seamlessly, we will be well-placed to maintain our premium positioning and achieve sustainable growth.

Conclusion

The road ahead will not be without challenges. Infrastructure constraints, seasonal pressures, and quality management remain pressing issues. At the same time, the recovery of the Chinese market may be slower than hoped, shaped by broader economic conditions. But if we broaden our perspective beyond tourism alone, we will see that opportunities lie in collaboration.

The shared growth story of Chinese visitors and students is a reminder that New Zealand's strengths are interconnected. By working together — across travel, education, and trade — and by leveraging enablers like visa reforms, we can create a richer, more resilient offering that appeals to high-value Chinese visitors and delivers long-term benefits for New Zealand.

Getting this right requires alignment, creativity, and investment. But the prize is worth it: a premium, sustainable, and truly multi-dimensional experience of New Zealand that will keep Chinese visitors, students, and partners coming back for more.

Gauging Exporter Sentiment & Conditions Back Home



JOSHUA TAN
Executive Director at ExportNZ

&

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Gauging Exporter Sentiment & Conditions Back Home

New Zealand exporters are once again demonstrating their strong resilience and grit. Despite the turbulence in global trade – rising tariffs, geopolitical disputes, and an erosion of trust in the rules-based trading system – exporters remain remarkably optimistic about the future.

At ExportNZ, our recent survey results show that 55% of exporters have not yet seen a significant impact from the latest tariffs, with many US customers absorbing the additional costs. While this suggests that the immediate financial burden has been contained, exporters are sharply aware of the wider risks. Concerns about trade wars have risen strongly, with many questioning whether today's level of market access will still exist in the years ahead.

This anxiety is understandable. Exporters are operating in what is arguably one of the most uncertain trading environments in the modern era. From shifting tariff schedules to volatile political decisions, the rules of the game are constantly changing. And yet, despite these challenges, optimism persists. Our survey shows that 59% of exporters expect to grow in the next 12 months, 33% expect to hold steady, and only 8% expect exports to decline. This level of confidence – at a time of genuine disruption – is a significant result and highlights the agility and entrepreneurial mindset that defines New Zealand businesses.

Politics is Now Core Business

One lesson is clear: exporters can no longer afford to treat politics as someone else's problem. The days of assuming a stable, rules-based system are over. Political decisions increasingly shape market access, supply chain costs, and the certainty businesses need to plan.

For exporters of all sizes, geopolitical risk must now sit alongside financial and operational risk. Understanding how global politics will affect tariffs, standards, and logistics is no longer optional – it is essential. This also creates opportunities for service providers. Freight forwarders, customs brokers, and logistics firms that can deliver timely, accurate, and relevant information to clients will stand apart. In today's environment, dependable information builds trust – and trust builds resilience.



Early Signs of Market Shifts

Are exporters pivoting? It's still too early to see large-scale redirection of trade flows – we are only five months into the new US tariffs, with over three years left in President Trump's term. But there are clear signs that exporters are capitalising on recent Free Trade Agreements.

In the past year, goods export revenue from the European Union grew 28%, and since the UK FTA entered into force in 2023, exports to that market have risen by about \$400 million. Strong meat and dairy prices, a solid horticultural season, and a weaker New Zealand dollar have certainly contributed, but the FTAs with the UK and EU are delivering tangible results.

China continues to be a strong option for exporters with the scale to meet market demands, but much will rely on how strong China's own exports remain over the next several months and whether there are other flare-ups in US-China relations. For New Zealand exporters, this matters because a slowdown in Chinese exports can tighten supply chains and dampen consumer demand, while any escalation in US-China tensions risks undermining global market stability and certainty.

Looking forward, businesses are weighing their options. With three-quarters of New Zealand's trade now covered by an FTA, and with our strong reputation as a trusted and responsible trading partner, exporters are well placed to explore new markets if needed.

What Exporters Want from Government

Exporters remain clear about what government support matters most. Since COVID, our survey responses have consistently identified two priorities: more FTAs and greater support to attend international trade shows. These remain central to ExportNZ's advocacy.

There are also areas where exporters want government to drive systemic improvements. Investment in on-port infrastructure – particularly in Tauranga – is critical to meeting future freight demand. Progress on digital and paperless trade, green shipping lanes, and initiatives to reduce carbon emissions in shipping and aviation are equally vital. These are not just “nice-to-haves”; they will shape New Zealand's competitiveness in the coming decade.



State of the NZ Economy

The July quarter results for the New Zealand economy were released recently and showed that New Zealand's GDP fell by 0.9 per cent, major banks had expected a 0.4% decrease.

While slowing exports may have accounted for some of the decline (exports were down 1.2%) there were declines in construction (1.8%), primary sector (0.7%), mining (4.3%), manufacturing (3.5%). My take would be that domestic spending by the government, businesses, and consumers all contributes to the lack of economic growth - in part due to global uncertainty, and in other parts due to stubborn interest rates.

Resilient but Realistic

The picture, then, is one of resilience mixed with realism. Exporters know the global environment is fraught with uncertainty, but they also see genuine opportunity. The optimism reflected in our surveys should not be mistaken for complacency – it reflects a willingness to adapt, to explore new markets, and to keep pushing forward despite the headwinds.

For policymakers, the message is clear: keep building the trade architecture, invest in infrastructure, and ensure exporters have the tools they need to succeed. For service providers, the message is equally clear: information and trust are as important as logistics themselves.

Prioritise Quality Over Quantity



ZHAOPENG XING
Senior China Strategist
ANZ Bank



- China's economy slowed in H2, manifested with a softer export growth and subdued domestic demand.
- Policy focus has pivoted towards promoting high-quality growth by curbing disorderly competition and enhancing social welfare, aiming to counter deflation from both supply and demand sides.
- China will likely continue its “talk no concession” negotiation strategy with the US.
- Policymaker is in no rush. We see a slim chance for a rate cut in Q4 if the economy weakens faster than expected.
- The PBoC will allow the yuan to appreciate with further steps to promote RMB internationalisation

Sign of Weakness

China's economic growth has exhibited signs of deceleration since the beginning of H2. On the external front, export growth in USD terms rose by only 4.4% y/y in August, marking the lowest growth rate since March 2025. The slowdown is attributed to reduced frontloading activity and cautious global consumer sentiment, both of which are expected to weigh on export performance in the latter half of the year. Nevertheless, a 5.9% y/y increase in exports for the period through August may be sufficient to sustain positive annual export growth. Given the elevated base from the previous year, it is anticipated that the net contribution of exports to GDP growth will be neutral.

Retail sales only grew by 3.4% y/y, the lowest point this year. The stock rally gains since Q2 have not translated into consumer spending. This reflects underlying concerns over falling property prices, income uncertainty and job security.

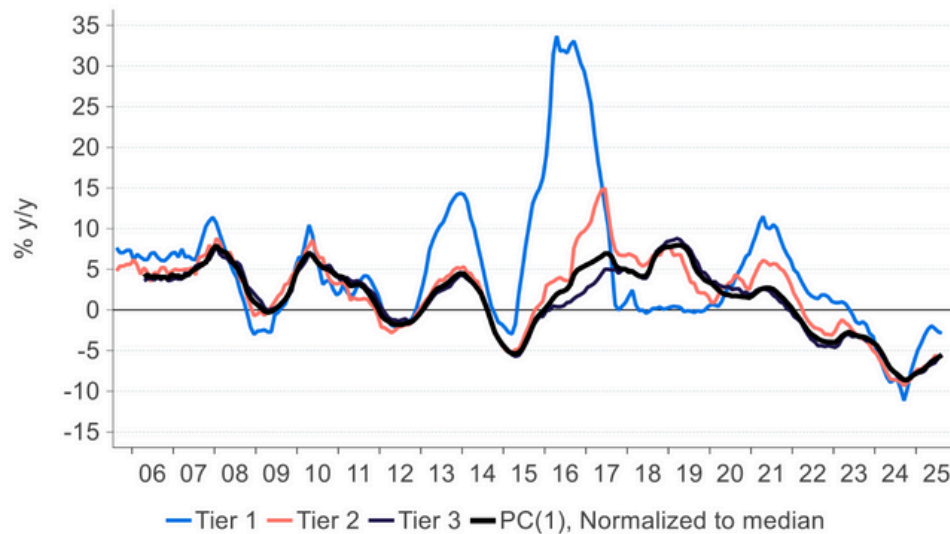
Figure 1. CSI 300 and retail sales



Source: PBoC, NBS, CSI, Bloomberg, Macrobond, ANZ Research

The main drag on consumer confidence is still the ongoing property market slump. In Q3 2025, Beijing, Shanghai, and Shenzhen further eased purchase restrictions. The impact of these measures remains questionable. A boarder recovery is still remote.

Figure 2. Property prices by cities



Source: NBS, Bloomberg, Macrobond, ANZ Research

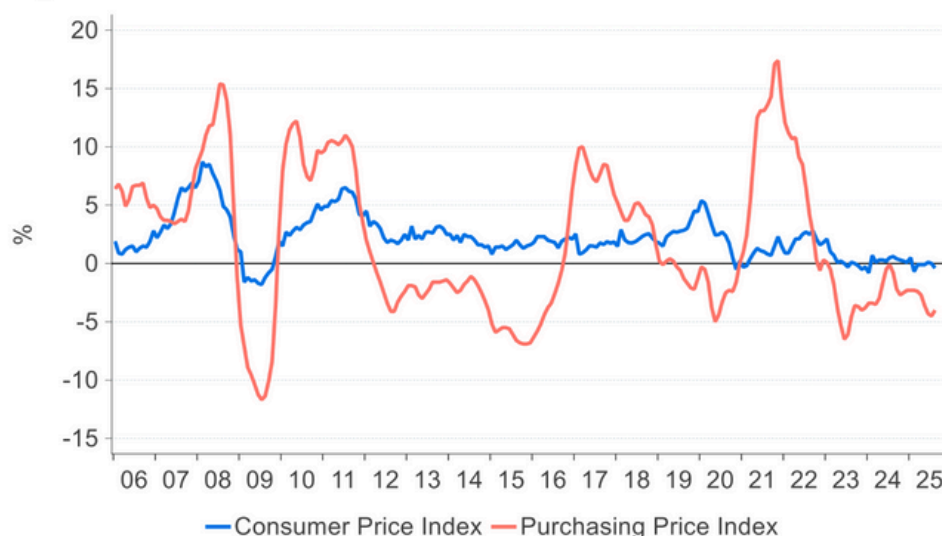
Room for Recalibration

China's GDP expanded by 5.3% y/y in H1, easing the pressure to achieve the 5% growth target for the remainder of the year. This also afforded policymakers to prioritise quality over quantity, to address structural challenges that may impede China's long-term growth potential.

From the Central Financial Economic Affairs Commission meeting on 1 July 2025, policymakers have ramped up its administrative tools to mitigate excessive competition. State-owned enterprises have received direct instructions to reduce production, which led to a mild rebound in August PPI (-2.9% y/y). However, the effect of price transmission from producer to consumer prices has not been reflected in the CPI number so far.

We expect PPI will be in the trajectory of recovery for the rest of 2025 and have the chance to turn positive in Q2 2026. However, the rebound caused by the supply-side window guidance could be short-lived. Demand-side recovery is crucial.

Figure 3. China PPI and CPI



Source: NBS, Bloomberg, Macrobond, ANZ Research

Room for Recalibration

However, anti-involution campaign requires careful implementation. If not managed appropriately, such interventions could deter private investment and adversely affect business confidence, potentially exacerbating the already high youth unemployment rate (August: 18.9%). The challenge remains to find a fine line between necessary intervention and preserving market confidence.

To counteract deflationary pressures stemming from weak domestic demand, China is increasingly turning to its social welfare system as a strategic tool for economic stabilisation. The government is expanding its social safety net to boost household confidence and spending capacity.

Recent initiatives including the rollout of national childcare subsidies, stricter enforcement of mandatory employer social insurance contributions, and enhanced medical insurance subsidies are designed to reduce the financial burden on families and workers.

By embedding welfare expansion into its macroeconomic toolkit, China is signalling a shift toward inclusive and quality growth. In theory, social protection could play a central role in reducing precautionary saving and sustaining demand. However, the burdens also fall to small-medium enterprises which will likely cut staff.

Figure 4. Timeline for China-US presidential meeting

Timeline	Event
24 Sep	UN 80th Assembly in New York
30 Oct - 1 Nov	APEC Summit in South Korea
22 Nov – 23 Nov	G20 Summit in Johannesburg

China-US Trade Talk

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Policy Direction

The disconnect between the slowing economy and stock market optimism forces policymakers to act cautiously. Patience and flexibility are likely, with a possible 10bp rate cut if economic conditions worsen quickly. Consequently, the CGB 10-year yield is expected to remain steady around 1.8% for the rest of the year.

On the fiscal front, the hidden debt swap initiative has made steady progress, with the Ministry of Finance reporting that 60% of such liabilities have been resolved. Liquidity is not the constraint with China's record high deficit rate at 10% of GDP this year, rather the challenge lies in subdued credit demand.

Greenlighting Currency Appreciation

Amidst the tariff escalation earlier this year, the yuan was under depreciation pressure. The PBoC was pushing back by keeping the fixings stable, utilising the counter cyclical factor to send a signal that they do not want a weaker currency. This was a different reaction compared to the tariffs imposed by the US during President Trump's first term, when the PBoC allowed the yuan to weaken to fully offset the tariff impact.

With the USD weakening amidst investor concern over the predictability of US policymaking, this took pressure off the yuan. The PBoC started to allow the fixings to appreciate modestly from late April and continued even when the USD rebounded in July.

Figure 5. PBoC setting stronger fixings



This is a clear signal that the authorities are comfortable with a stronger yuan. With the spot rate converging to the fix, and with the Fed embarking on a new easing cycle, we see scope for the PBoC to allow further appreciation in the yuan. We forecast USD/CNY to end the year at 7.05 and head towards 6.95 by the end of 2026. The risk is tilted towards a stronger yuan than our forecast.

A stronger currency will not threaten China's exports. Due to falling domestic prices, China's real effective exchange rate (REER) has been falling since 2022, and is back at levels last seen in 2012. Hence, a stronger nominal exchange rate will only partly reverse some of the declines and will not hurt overall competitiveness.

Figure 6. CNY real effective exchange rate is back to 2012 levels



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 percent 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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