



Where the wild things are?

Foreign Direct Investment in the NZ forestry sector

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ForestWood 2018 Conference

21 March 2018

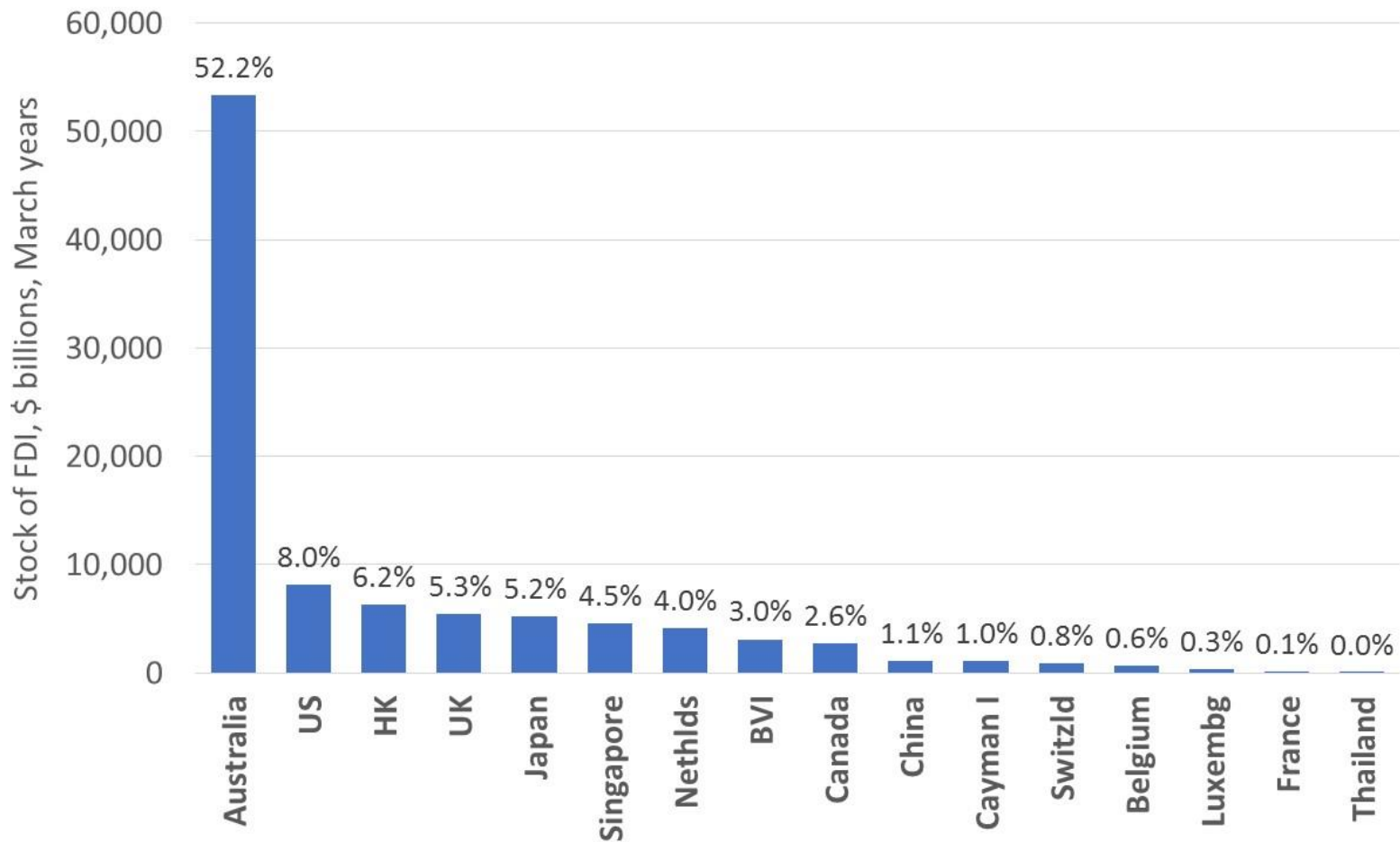
“Governments are expected to improve living standards, including environmental and social services...; they are expected to promote full employment, keep prices more or less under control and foreign payments balanced.

Supranational firms are not very interested in these objectives”

Source: Takeover New Zealand, WB Sutch, 1972

‘Traditional’ investing countries still dominate FDI in New Zealand...

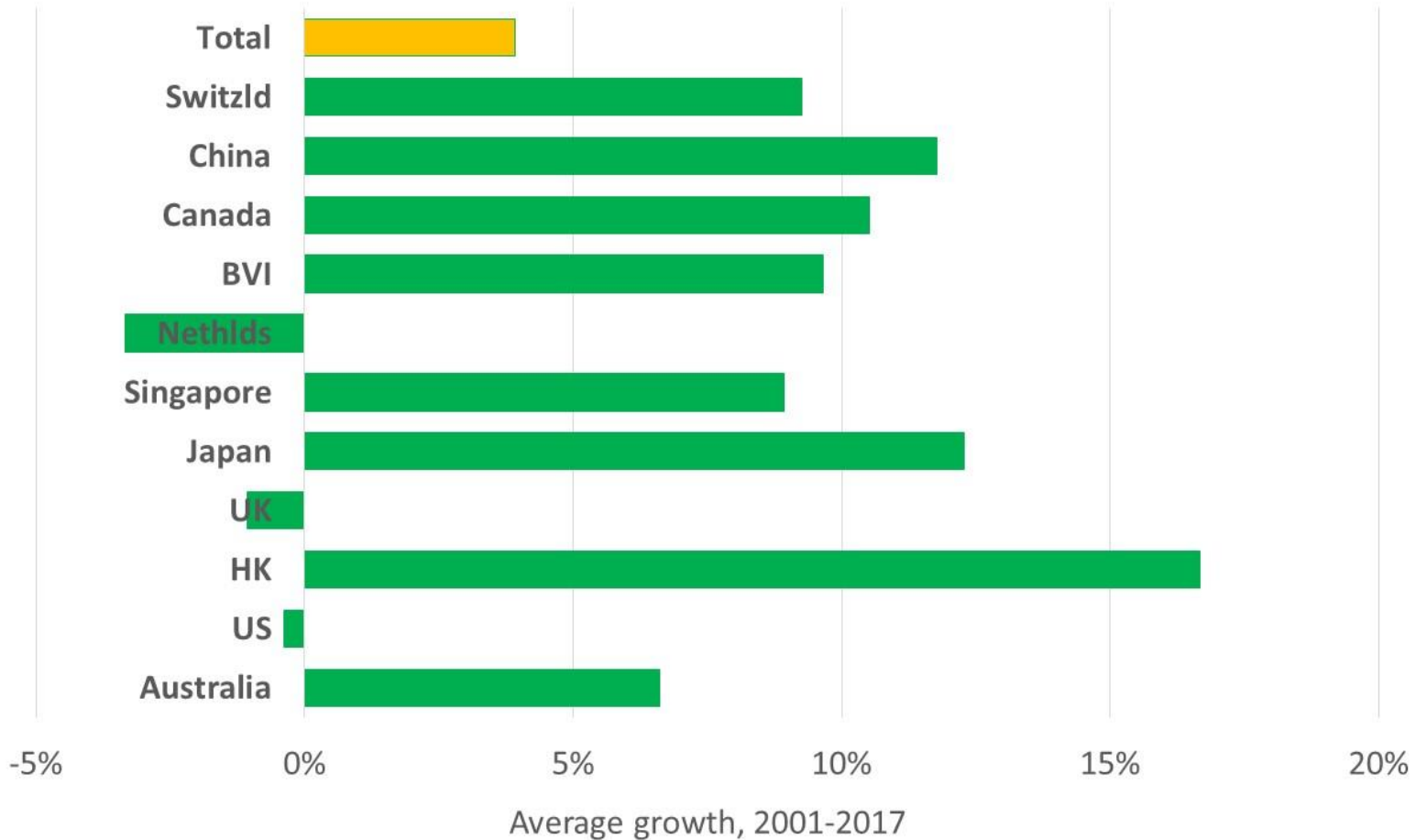
Stock of FDI in NZ by source investor, March 2017



Source: Statistics New Zealand BOP data

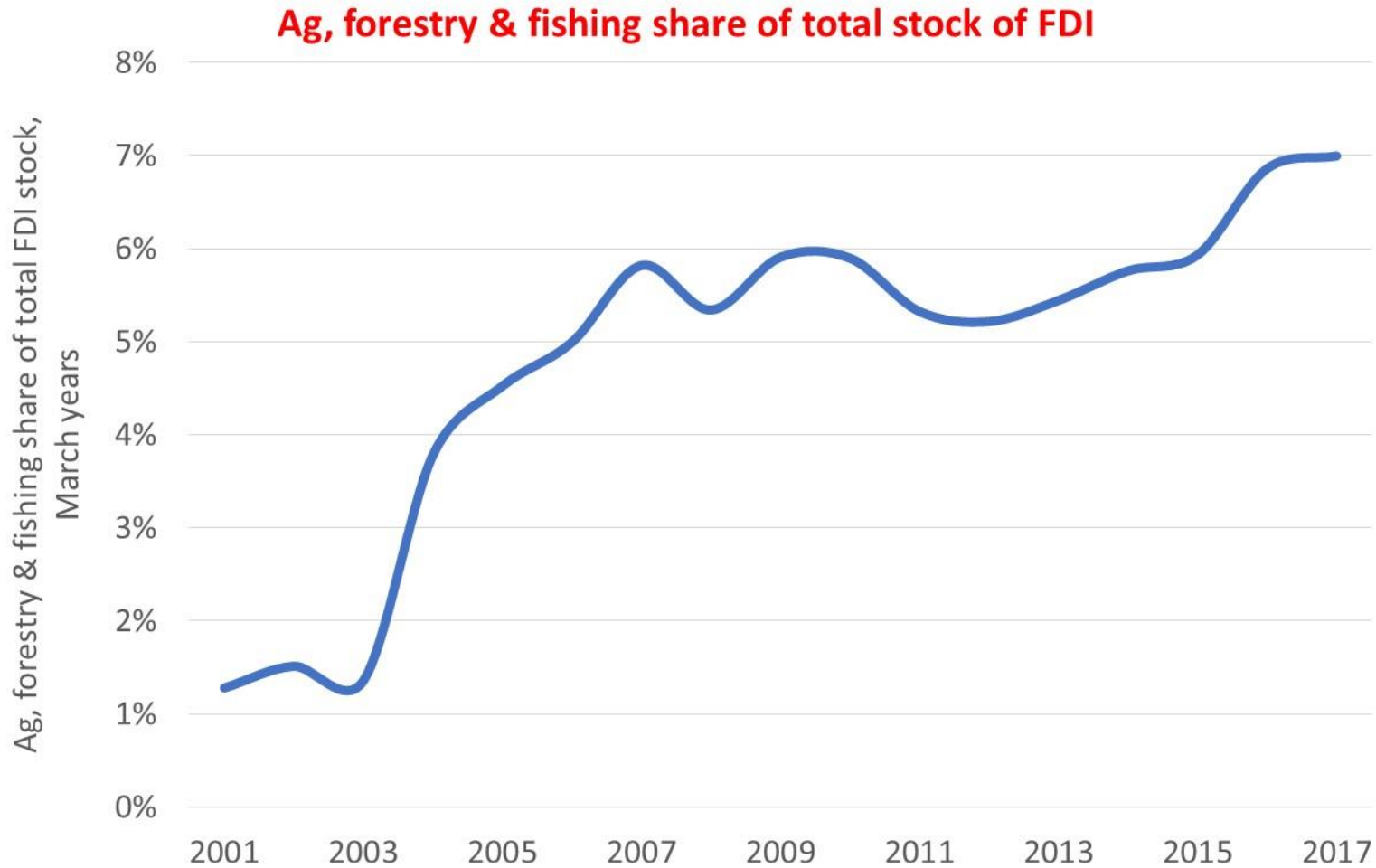
...but FDI from Asia is growing in importance

Average growth in stock of FDI in NZ, by investor, 2001-2017



Source: Statistics New Zealand BOP data

Increasing foreign interest in New Zealand's resource base

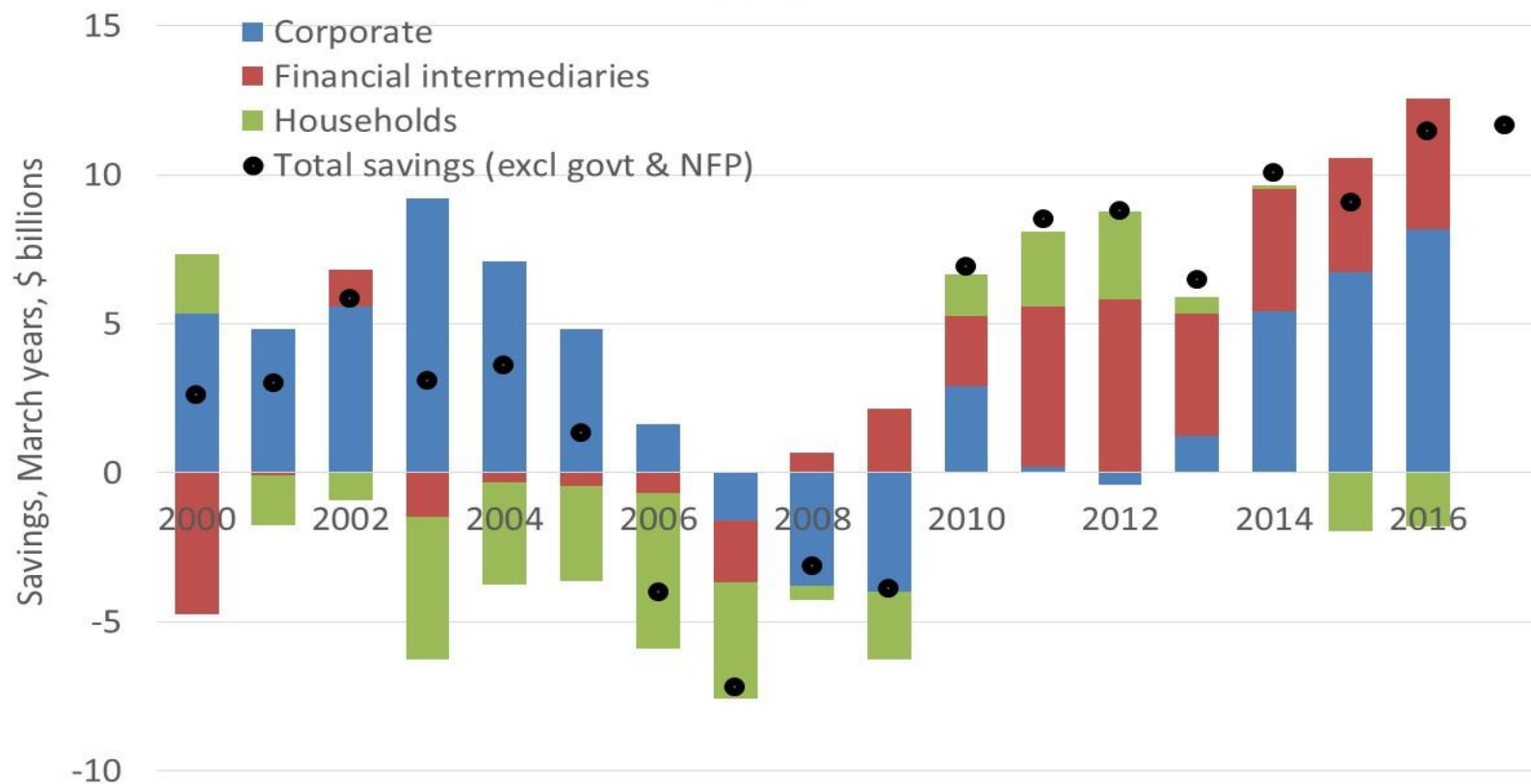


Source: Statistics New Zealand BOP data

TINA (unless we save more)

If we want to boost exports to 40% of GDP by 2025, exporters will need an extra \$160-\$200 billion of new productive capital (MBIE, 2015)

Saving by sector



Source: RBNZ data

What's in it for us?

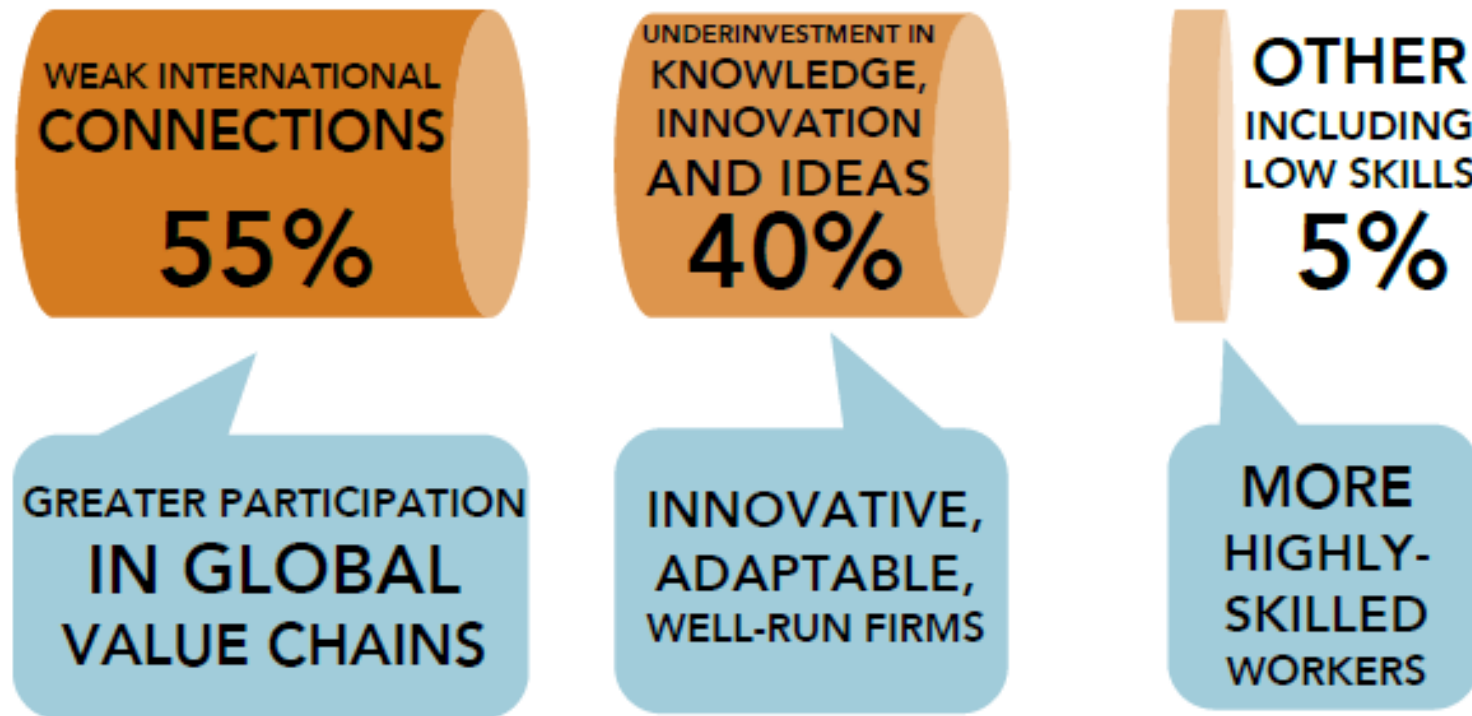


Source: <http://www.treasury.govt.nz/publications/informationreleases/overseasinvestment/growth>

NZ's poor productivity record is partly due to a lack of capital

WHY THE PRODUCTIVITY GAP?

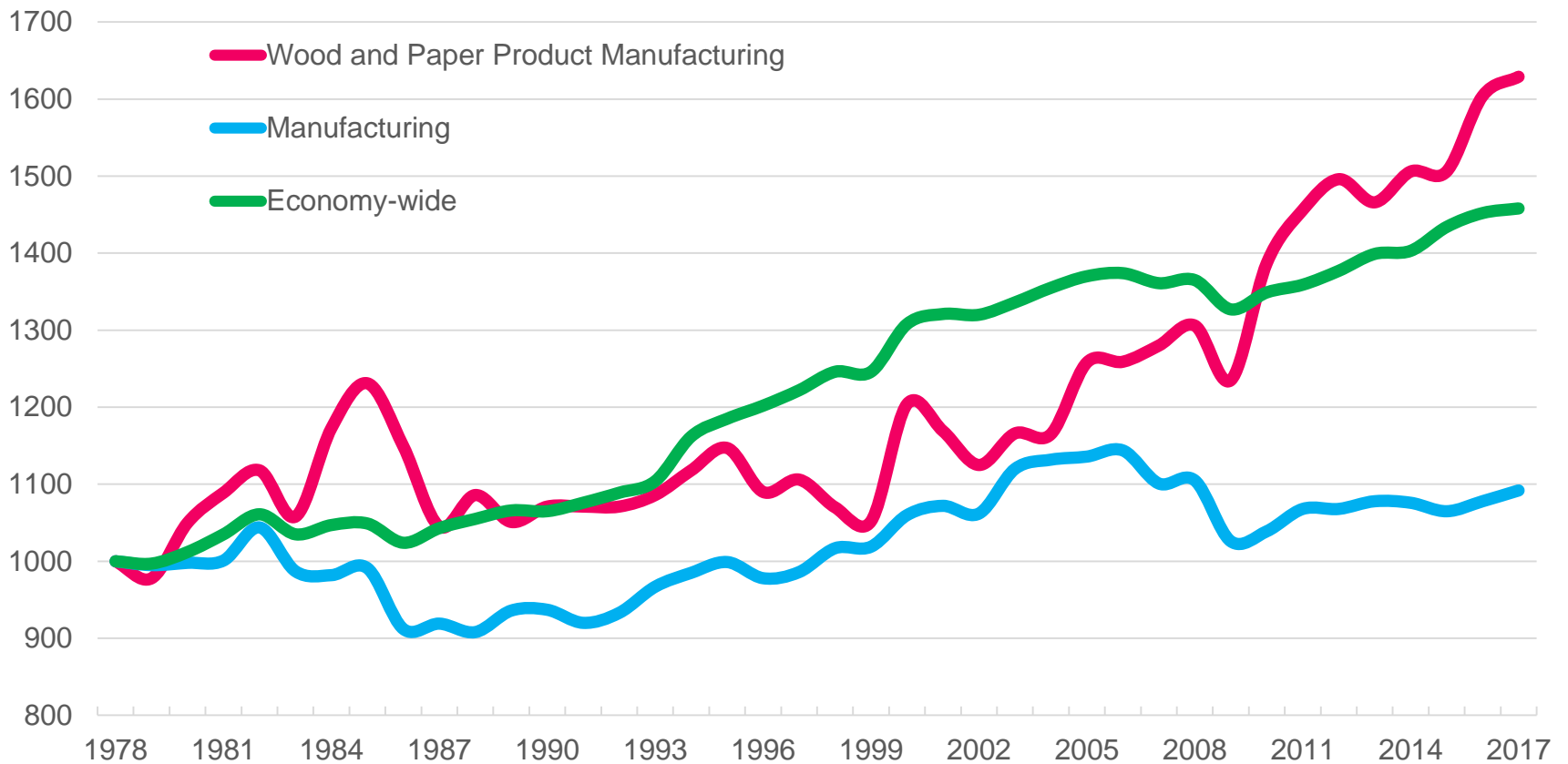
AND HOW IT COULD CLOSE



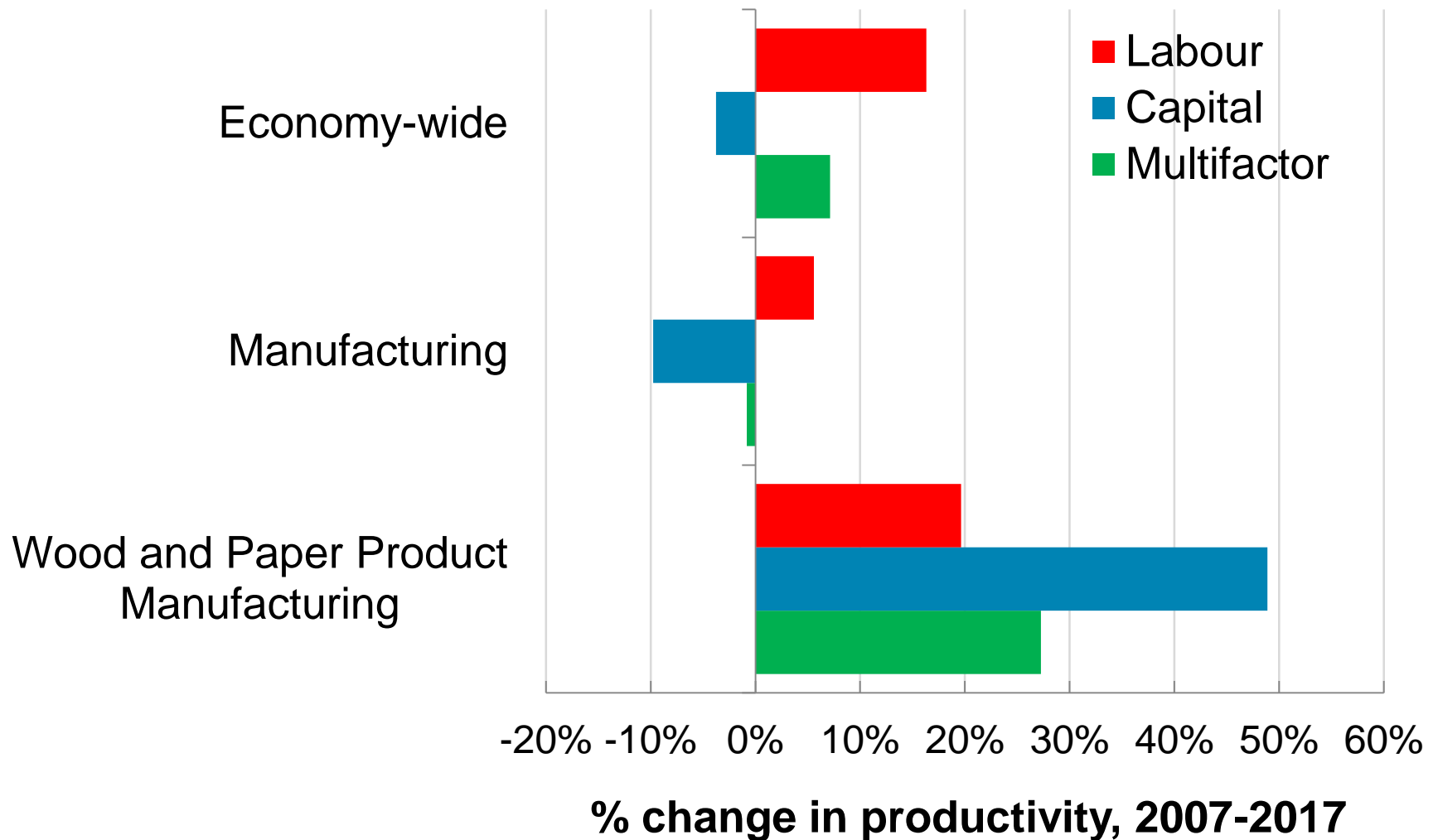
Wood processing sector productivity is soaring, primarily due to tech change



Multifactor productivity



A decade of strong productivity growth



“Foreign direct investment is an **emotionally-charged** subject.

Its proponents often see it as a short cut to economic utopia. Its opponents present it as a major threat to life”

Source: FDI in New Zealand Forestry, NZIER, 1998

Stop the smadness!

