

INVESTMENT

The EU is one of the biggest investors in New Zealand. In 2021, **the EU was the second largest source of Foreign Direct Investment (FDI) in New Zealand**, with stocks of EU FDI amounting to €9.3 billion. In the same year, the stock of New Zealand's investment in the EU was €4.3 billion.



Benefits of the EU-New Zealand Free Trade Agreement

The EU-New Zealand Free Trade Agreement ('FTA') aims to promote investment between the EU and New Zealand. It **ensures EU investors in New Zealand are treated the same way as New Zealand investors**, and will enable investors to establish their companies and operate them freely in each other's territory.

The EU and New Zealand have made a number of commitments that go beyond general trading practice. With limited exceptions, they:

- will not impose specific conditions that would limit the ability of an investment to take place; and
- will not impose nationality requirements for specific key positions at companies owned by the other Party.

The EU and New Zealand have also committed to extend to each other any future opening of investment markets agreed in subsequent FTAs. **EU investors will automatically receive the same benefits that New Zealand extends to future trade partners**, future-proofing the FTA.

For certain investments by foreign investors, New Zealand imposes a monetary screening threshold. If this threshold applies, a foreign investor must apply for consent before investing. Thanks to the FTA, **New Zealand has raised that threshold for non-governmental EU investors from NZD 100 million to NZD 200 million**. This means that EU investors will be screened under the same conditions as other investors with whom New Zealand has concluded trade agreements.

EU investment in New Zealand could rise by up to 80% as a result of the FTA!

The FTA does not include investor-state dispute settlement (ISDS). This means that a company cannot sue a Government before an international tribunal if it thinks its investment rights have been breached.

Special Rules for Foreign Investors

New Zealand welcomes sustainable and productive foreign investment that benefits the country. In most cases, investment can freely and easily occur. Some foreign investment can, however, pose risks. For these types of investments, consent from the New Zealand authorities will be required before the investment can take place.



When will I need consent for my investment?



In general, consent is required for investment in **“sensitive assets”**. These are:

- Sensitive land
- Significant business assets
- Fishing quota

Investments requiring consent can include: buying or acquiring a sensitive asset, leasing a sensitive asset for more than three or ten years, acquiring shares or securities in an entity owning sensitive assets, or initiating a takeover of a sensitive asset.

Depending on the type of investment and the sensitive asset, you will need consent if the transaction involves the acquisition of an **ownership or control interest** of more than 25%, or increases an ownership or control interest above a 25%, 50%, 75% or to a 100% threshold; or if it involves a **monetary value** exceeding NZD 200 million for non-governmental EU investors and NZD 100 million for governmental sources, once the FTA enters into force.

If the transaction in a sensitive asset does not meet the specified control or monetary threshold (“screening threshold”), then consent will not be required.

An overseas investor whose investment requires consent must also satisfy the “Benefit to New Zealand” and the “Investor” tests.

The New Zealand Government can also **“call-in”** certain overseas transactions which would not ordinarily require consent if it could pose a risk to national security or public order. Such transactions relate to **strategically important businesses**, which include businesses involved in critical infrastructure, the development or maintenance of military or dual-use technology, and critical direct suppliers to intelligence or security agencies.

Applications for consent can take from up to 100 working days to assess, depending on the type of investment. Filing fees range from NZD 38,000 to NZD 146,200 depending on the type and complexity of the transaction.

Guidance on the overseas investment regime in New Zealand is available [here](#).

Investing in New Zealand - Company Registration Requirements

If an overseas company is “carrying on business” in New Zealand, it is required to register with the [New Zealand Companies Office](#).

The registration process and the appropriate Register will be dependent on how you want to manage your business in New Zealand. There are three ways you can do this:

- Set your overseas company up as a New Zealand business (eg. via a branch);
- Establish a subsidiary company; or
- Transfer your company and its incorporation to New Zealand.

Refer to the EU SME Guide for more information on the benefits of the EU-New Zealand FTA and guidance on doing business in New Zealand.