

[20 October 2003]

## **Preliminary thinking on a potential review of the overseas investment regime**

A review of the overseas investment regime is proposed. The review could focus on:

- coverage of the overseas investment regime
- organisational structure

### ***Coverage***

- The purpose of NZ's overseas investment regime is to encourage foreign investment into New Zealand (as reflected in GIF and the global connectedness theme), while ensuring that it is in the national interest.
- An overseas investment regime should focus on those assets of critical interest, such as certain highly sensitive land areas, natural resources (e.g. fish), and assets with historical or cultural significance (e.g. heritage buildings).
- Ministers have expressed concern that the current regime does not adequately protect some critical assets. The current 'national interest' criteria only take account of economic factors. Non-economic factors such as environmental and cultural importance are also important, and should be given consideration.
- Some non-critical assets face undue compliance costs for foreign ownership. Some investors see the present regime as a barrier to foreign investment through involving undue compliance costs. No non-land investment applications have been declined since 1998.

### ***Organisational structure***

- The OIC is part of the Reserve Bank for historical reasons. Its activities are unrelated to the Reserve Bank's other activities. It is worth considering whether there is a better and cheaper structure.