

NEW ZEALAND MERGERS & ACQUISITIONS Special Edition



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“FOREIGN LAND SALE BAN COULD HURT ECONOMY: FINANCE EXPERT”[¶]

The new Labour lead New Zealand Government, as part of the coalition government, have agreed to restrict sales of existing residential houses and certain farmland to citizens, permanent residents and companies that are majority New Zealand owned.

They have also stated that they will take “a much more proactive effort to curb foreign ownership of significant infrastructure”. The exact meaning of “significant infrastructure” is unknown at this stage.

Depending on the specific wording of the changes (especially whether the new ban may cover “interests in land”, i.e. leased premises) it is clear that New Zealand’s present complex and time consuming foreign investment rules will only get more restrictive (previously consent/approval was required in certain circumstances but now one would see the introduction of an effective **BAN** of certain types of foreign ownership of New Zealand land) once the new rules are passed into law.

A short “window” of opportunity exists under the existing rules because it is very unlikely that the new rules would be retrospective in operation.

The prior Government’s support of the Trans-Pacific Partnership (TPP) now is uncertain as the new tighter approach on banning existing houses/certain farmland sales to foreigners would not be allowed under the current text of the TPP.

Additional matters flagged by the new Government are to “**strengthen**” the Overseas Investment Act and to establish a register of foreign-owned land and housing.

FURTHER INFORMATION

If you would like any further information/clarification please do not hesitate to contact:

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