

Overseas Investment Law – Forestry Related Changes

The Government has taken a significant step toward reshaping New Zealand’s investment landscape with the introduction of the Overseas Investment (National Interest Test and Other Matters) Amendment Bill. However, this has significant implications for the forestry sector.

Following our recent update on the introduction of the Overseas Investment (National Interest Test and Other Matters) Amendment Bill (**Bill**) [here](#), we discuss in more detail the implications of the Bill for the forestry sector.

Removal of special forestry pathway

Most significantly for the forestry industry is that the Bill proposes to repeal the ‘special forestry test’ and the corresponding standing consent pathway. Forestry investments will instead be assessed under the new consolidated national interest test, rather than the streamlined approach that has been relied upon in the last couple of years. This means that the Minister of Finance will have the broad power to decline consent to a forestry transaction if the Minister considers that it is contrary to New Zealand's national interest.

Conversion of farm land to forestry

Conversions of farm land to forestry will remain subject to the more stringent and existing "farm land benefit" test. The Bill also makes no changes to relax the current rules requiring farmland to be advertised on the open market before an overseas purchaser can enter into a contract to buy the land, which was contemplated as a possibility when the changes were first announced in February.

Response to the Bill

Commentary in the forestry sector highlights that key players are concerned that losing the streamlined forestry pathway may dampen investment momentum and that this reversion to a "one-size-fits-all" approach introduces more red tape and uncertainty for a sector already under regulatory pressure.

Regardless of what the flow on effects of the changes will be, it is undeniable that removing the special forestry pathway marks a structural shift in New Zealand’s forestry investment environment. While the changes could place additional regulatory requirements on forestry investors, there is also a risk of politicisation where ministerial discretion could lead to inconsistent or ideologically driven outcomes.

Next steps

The Bill is expected to be passed into law by the end of 2025, with the new regime then implemented in early 2026. The Select Committee process is now underway and public submissions are open until 23 July 2025.

Stakeholders, particularly those in the forestry and agribusiness industries, are encouraged to engage with the Select Committee process and have their say. Submissions can be on the Parliament website [here](#).

We will be keeping a close eye on any developments.

Want to know more?

Get in touch with our specialist Forestry Team to discuss any of the above further.