

# "Chinese Business Immigrants to New Zealand: Transnationals or Failed Investors?"

Contributed by Lachlan  
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Manying Ip  
University of Auckland  
my.ip@auckland.ac.nz

## Preamble

New Zealand saw the Chinese business immigrants as agents of opportunities for the small and isolated country to upgrade business skills and international linkages. They were therefore welcomed, together with other skilled migrants, to enter the country as permanent residents. That was in the late 1980s.

Fifteen years on, the experiment of opening New Zealand's doors did not seem to work, for either the Chinese immigrants or the New Zealand government. The disillusionment is mutual. In New Zealand, the popular stereotype of the Chinese business immigrants is that they are fabulously rich, high-flying transnationals who use their new host country as one of the stations of their globetrotting journeys. The Chinese immigrants themselves do not usually deny that they fly frequently and spend lengthy periods outside New Zealand, but they point out that it is because of the unfavourable business environment that forces them to leave their new host country periodically. Failed investments and lack of business opportunities mean that they have to return to old familiar home turf where they have better social connections and stronger credits.

The purpose of this paper is two-fold. Firstly, it will examine New Zealand's business immigration policy, which has directly controlled the number of the immigrants, as well as the nature and characteristics of this incoming group allowed into the country. Secondly, it will look at the immigrants themselves to see how they have flourished or otherwise in their new land of adoption. Chinese business migrants are a particularly significant group here, because they are numerically most sizeable (NZIS Fact Pack 1994). Their presence is also arguably one of the most important factors influencing public attitudes towards the entire business immigration scheme. 1987 New Zealand's Open Door

The presence of the Asian business migrant in New Zealand is a very recent phenomenon, marking a radical departure from the country's traditional immigration policy. Unbeknown to most of the outside world, New Zealand pursued an exclusionist immigration policy the chief aim of which was to keep New Zealand white. The preference for immigrants from the British Isles continued right up to 1987, when the official favour reserved for 'traditional source countries' was finally abandoned. The Business Immigration Policy (BIP) was introduced simultaneously.

The opening of doors to business entrepreneurs was another radical departure from the country's proud socialist egalitarian national ethos. In a society where people were largely content to be the backyard farm of Mother England, producing butter and sheep meat, any kind of innovative entrepreneurship was treated with suspicion. Those too successful are 'tall poppies', attracting adverse attention and jealousy. Only the disastrous effect of over a decade of economic stagnation and continuous negative migration from 1972-1986 (with a net loss averaging 18,000 per year) persuaded the government to open the country to business migrants, 'without discrimination on grounds of race, national or ethnic origin'. The new policy for business migrants announced that New Zealand welcomes entrepreneurs with 'demonstrated ability and investment capital' 'who could contribute to the development of new competitive industries and markets'.

The Chinese, many of them re-emigrants from the Chinese diaspora, took the opportunity and applied to move to New Zealand. Many did so under the Business Investment Policy (BIP), which was renamed Business Investment Category (BIC) in November 1991. They chose New Zealand not so much because of special faith in the New Zealand economy, but rather because it represented a new frontier which they can try out some new business ventures and ideas. For several years, Chinese business immigrants, mainly from Hong Kong and Taiwan, entered New Zealand under the BIC. The heydays of the BIC were in 1994 and 1995, when business immigrants' residence approvals made up more than 4 percent of the total number of residence visas granted.

From 1991 up to 1998, the New Zealand Immigration Service processed over 3,400 business applications, and 76 percent of these were from citizens of Northeast Asian countries. As a condition of their residence, these Asian business migrants transferred considerable funds through the New Zealand banking system: a total which has been quoted as between NZ\$ 969.3 million and NZ\$ 1,500 million. The discrepancy in the figures can be understood as the different ways of tallying between the expected total and the actual total of funds transferred. The expected total is calculated on the basis of the total of business visas granted, while the actual sum of funds transferred would only materialise when the business migrants really arrive onshore. The generation of potential investment capital for the New Zealand economy was considerable. However, the original aim of the government was not just to hold the investment funds in New Zealand banks for

two years. In the words of the Minister of Finance who also held the immigration portfolio at that time, the policy was introduced as one of the 'economic building blocks put in place' to provide a strong foundation for sustained economic growth. Three types of investment were specified:

- a passive investment of \$75,000 (bank account, trust funds or listed stocks)
- an active investment of \$ 625,000 in either Auckland or Wellington
- an active investment of \$ 500,000 elsewhere in New Zealand.

The investment differentials were introduced to encourage active investments, and for a more even spread of the new immigrant population throughout the country. A language requirement was also put in place on the understanding that 'to do business successfully in New Zealand it will be necessary to speak English'. It would soon become apparent that the policy had inherent major faults. The policy was planned only with the interest of New Zealand in mind: hence the specification about the monetary funds transfer, the desirable geographical spread and the English language requirement. All these were for the benefit of the host country. Glaringly lacking was the basic settlement programme to assist the immigrants to find their foothold. The total absence of any induction assistance into the local business environment betrayed an over optimism and a naïve faith in the legendary Asian entrepreneurship. It also showed New Zealand's total lack of preparedness. The government had also neglected to consult, inform, or educate the general population about their rationale of introducing a business immigration policy. The immediate outcome was the generally unfriendly reception of business migrants by New Zealanders.

What New Zealanders thought of Asia

Public attitude towards Asian investment remained largely negative throughout the 1990s. The Asia 2000 Foundation, a quasi-government organisation established to promote Asian links, conducted surveys in both 1994 and 1995 to gauge public attitude towards Asia in general, and questions were asked about Asian immigrants and Asian investment (by non-resident international investors based in Asia) in particular. Survey results show that there was a distinctive fear about losing control, and losing 'New Zealand identity'. The belief that New Zealanders should 'retain ownership of their country' was a recurrent theme. Towards 'Asian investments' there was also a widespread belief that investment profits would be taken out of the country, that there would be little benefits for New Zealand. (NRB Reports 1994, 1995). Furthermore, in the minds of the general public, little distinction was made between off-shore investors (foreign Asian interest) and the investments of new Asian immigrants (local New Zealand interest). In the public mind, 'Asian' was synonymous with 'foreign', and there was little evidence that the new immigrants were considered as new citizens. The Reports showed clearly that the new business immigrants were envied, resented, and regarded with considerable suspicion. The Reports also found that anti-Asian feelings were especially prevalent among the less educated and older people of rural regions, who presumably had minimal contact with either Asian people or Asian businesses first hand. It seemed to be a typically narrow-minded reaction of the parochial and under-informed. It should be pointed out here that public attitude bears little relationship to the actual figure of Asian immigration in general. For example, immigration approvals peaked at 57,520 for the year ended March 1995. The period also saw Taiwan exceeding the United Kingdom as New Zealand's prime migrant source country. It was therefore understandable that the public might consider that there were too many Asian immigrants and people might favour some form of restrictions. However, numerous subsequent opinion polls revealed that public attitude was to remain consistently anti-Asian, and also consistently welcoming towards immigration from United Kingdom and from South Africa.

Successive opinion polls were conducted in the mid 1990s asking whether people felt that there were 'too many, too few, or just about the right number of immigrants' from certain source countries. Public opinion was remarkable consistent. New Zealanders felt that there were too many immigrants from Asia and the Pacific, and just about the right number or not quite enough immigrants from Britain, Australia or South Africa. Even when Asian immigration dropped off the chart and residence visas granted to Taiwan and Hong Kong citizens numbered lower than a few hundreds in 1998, Even when the level of Asian immigration can be described as insignificant, the percentage of New Zealanders feeling that there were 'too many' immigrants from Asia remained high.

The fact that this popular preference has been consistent, irrespective of the actual number of immigrants or the number of residence visas granted to those particular regions where Chinese ('Asians') migrated suggests that New Zealand popular opinion is racially based. Even sadder is that it indicates little has been learnt during the encounter and interaction with new Asian immigrants in the previous fifteen years.

1995 Policy Review: The door swings shut

In October 1995 government found it necessary to revise its immigration policy. This was done against a background of a litany of general outcry against an 'Asian Invasion'. The rapid increase in the number of Asian immigrants and their high visibility in a largely monocultural society had caused great unease. The immigrants were blamed for a wide-range of problems, from overcrowded schools to congested traffic, as well as the rise in property prices and the disappearance of shellfish from the beaches. The Chinese immigrants' apparent 'lack of commitment' as demonstrated by frequent trips

back to Asia came under particularly severe criticism. Tales of 'home alone' kids featured in the media and caused much public outcry. Aeronautic terms entered migration terminology: the term 'astronaut spouse' is used to describe the high flying business person, usually the man, who is perpetually airborne, leaving his wife and children to enjoy the education facilities and other welfare of New Zealand. The term 'parachute kids' is used to describe the child who is 'dropped off' in the host country while both parents return to their country of origin.

The particular accusation against the business immigrants was that they merely put investment funds in the bank for two years and generated little economic growth while their families were 'ripping off' the system by enjoying New Zealand's education, health and welfare services.

As a result of the October 1995 review, the Business Immigrant Category was replaced by the Business Investor Category. Emphasis was placed on the personal qualities of investor migrants rather than the sum of investment. Primary focus shifted to the applicant's personal attributes, i.e. business experience and qualifications, accumulated earning funds, age, and settlement factors, foremost amongst which is meeting a minimum standard of English by passing the IELTS Level 5 examination. All adults (over 16) non-principal immigrants are required to deposit a \$20,000 bond as a guarantee that they will pass their English test.

The 1995 policy change was widely perceived in Asia as a signal that New Zealand was closing its doors again. The English language test was seen as particularly arbitrary, a hurdle erected to bar non-English speaking would-be migrants from Asia.

No other settler countries of the Pacific Rim had such rigid and financially punitive ESOL requirements. Critics point out that it was more difficult to enter New Zealand than to enter a university, and that it was reminiscent of the hated racist language test of the nineteenth century.

Dilemma: Augmenting 'human capital' versus maintaining 'social cohesion'; While the government never directly admitted that the 1995 policy change was designed to cut back immigrants from Asia, numerous official pronouncements made it quite clear that the fine-tuning was considered necessary for social engineering reasons.

The October 1995 policy revision made a subtle change of emphasis from the actual monetary capital the migrants will bring to the quality of the migrants themselves. 'The aim of this new policy was to attract migrants to New Zealand who would increase the level of human capital, with the objective of contributing to economic growth.' (author's italics)

The revised policy goal can be summed up in the catch phrase of "economic growth with social cohesion" put forward by the NZ Immigration Service. The Planning Council also noted that too high levels of immigration would have major repercussions for education and health services, the labour force, and ethnic and cultural mix. A pre-Population Conference briefing paper prepared by the government states it even more clearly, '&hellip;Economic benefits must go hand in hand with a stable, positive society ...immigration will increase New Zealand's diversity and vitality. &hellip;However, it must also maintain our society's high level of social cohesion.'

By implication, the pre 1995 immigrants, the business migrants among them, were seen as potentially upsetting to a stable positive society, and were somehow disruptive of New Zealand's social cohesion.

The government announced four objectives:

- Build New Zealand's human capital, the right immigrants can increase the experience and skill levels of the New Zealand workforce
- Strengthen international linkages&hellip;at government, corporate, community and individual levels
- Encourage enterprise and innovation
- Maintain social cohesion.

It is this author's opinion that there is potential conflict between objective four with the other three. While these four objectives look rather reasonable on the surface, they cannot be achieved simultaneously in New Zealand because of our past exclusive immigration policy. Our historical white policy has bequeathed one of the most racially and culturally homogenous societies among immigrant nations.

The introduction of new dynamic elements into New Zealand society which can bring all the first three benefits might just ruffle feathers and cause unease in a laid back and closed society long used to monoculturalism. In retrospect, it is quite clear that New Zealand was not really ready to embark upon a full business immigration programme when it did. The government's desire for economic benefits was too short-term. The fact that such benefits might not be immediate, and that any economic growth must be preceded and supported by settlement programmes had not been factored in. The business migrants were invited to come but there was no business information readily available to them. Because of their unfamiliarity with western business practice and their lack of English proficiency, many Chinese business people reported wide-ranging difficulties in accessing even the most basic information, like where to locate wholesalers. The most common difficulties they experienced were in dealing with the producer boards, which are not usually found in their home countries. Many of the new Chinese businessmen were also eager to enter into joint-ventures with locals, and to establish Import-export networks. Such information was unfortunately not readily available to them. In several cases, these new Chinese immigrants became disheartened and retreated cautiously to passive investment as a result. Worst of all, the New Zealand public had not been adequately prepared. The xenophobia displayed by many created a very unfriendly social atmosphere accentuating the new

immigrants' difficulties.

### The Asians stayed away

The measures which many Chinese immigrants found prohibitive and hostile were well-supported by the New Zealand public. To gauge public opinion the National Research Bureau included a question in its August 1995 poll and found that 63 percent approved of the new hurdles erected to control immigration, while 22 percent disapproved and 15 percent were neutral. Most of the media attention was focussed on the language ability prerequisite. There were some initial concerns of possible discrimination and racism, but popular reaction was characterised by wide endorsement. The justification was the importance of English in everyday life in New Zealand.

By the third quarter of 1996 applications from Asia fell drastically. The office of the New Zealand Immigration Service in Seoul closed and offices in other Asian cities shed their staff. The New Zealand government blamed it on the Asian financial crisis.

The dwindling of immigrants from Asia was clearly illustrated by the NZIS Fact Pack August 1997. In 1995-96, Taiwan was the top source country, with over 12,000 approvals. In 1996-97, the applications from Taiwan dropped to a few thousands, and further declined to a few hundreds. Before the policy change, the People's Republic of China came second as source country, with over 5,000 approvals, and both Korea and HK had over 2,600 approvals each. By 1997, Hong Kong ranked number 10 while Taiwan disappeared from the 'Top Ten' list altogether. Only the PRC applications and approvals remained high.

If the Asians lost interest in applying to come to New Zealand, the trend is even more marked amongst business migrants. In 1995-6 the Business Investment category accounted for 4 percent (2,199) of all approvals, it dwindled to only 1 percent (299 persons) in 1996-7 and became officially '0 percent' in 1997-8. (NZIS Fact Pack August 1997)

Capital accompanying business migrants has also fallen spectacularly. From an annual high of NZ\$461 million in the year ended June 1996 (with \$395 million from Asia) it fell to a mere \$19.8 million in the year ended June 1998 (with only \$4.8 million from Asia). In this author's view, a shrinkage from \$395 million to less than \$5 million within two years has really signalled the demise of the business migration experiment.

In retrospect it is clearer than ever that the government's over-reaction to public fear of the so-called 'Asian Invasion' effectively killed the business migration schemes. Initially there were blames on the Asian market crash. However, when the business migration schemes of Canada and Australia continued to attract quality applicants, it became useless to deny that the proud Asian business people were staying away because they were alienated by the arbitrary policy changes and also disheartened by the lack of opportunities in New Zealand.

### Post Asian Financial Crisis Relaxation

The fall in the number of immigration applications in general, and that of business immigration in particular, was so drastic that the government started to relent. By the end of 1997 both the Prime Minister and the Minister of Immigration expressed their dissatisfaction and criticised the 1995 policy change, saying that it was guilty of 'over-correcting and then under-correcting', and changing targets and goal-posts 'up and down and sideways'.

It soon became obvious that there is need for the country to continue its fragile economic ties with its Asian neighbours. Economic downturn and continual deficit, not to mention the New Zealand long-term brain drain problem, all combined to force the country to continue to open its door.

When the new relaxation of immigration policy was announced at the end of 1998, new incentives to business migrants headed the list. A totally new 'entrepreneur category' was introduced. It is for people 'likely to be younger, with skills and some investment capital'. They need to demonstrate that they have established a business in New Zealand which is benefitting the country in some way 'creating jobs, providing a new type of good or service or revitalising and existing business'. Anyone who makes such a plausible business proposal will be granted a three-year permit to come to the country, and be granted residence on the strength of that proposal being carried out.

A new 'Long Term Business Visa' was introduced, which offered 'new multiple entry for up to three years and renewable after that, for people interested in establishing a business in New Zealand who do not want to live here permanently.' This is the first time that New Zealand acknowledges that transnationals might be beneficial to the country, and appropriate leeway is provided for them. The country seems to have woken up to the realities of the modern business world, that business people do not usually stay totally 'settled' in any single place.

The controversial English language bond was scrapped. Immigrants are now expected to have an IELTS level 4 standard (lowered from the previous level 5) or 'pre-purchase English training' by paying NZ\$1,700 to \$3,000, a much more modest sum than the punitive bond of \$20,000. They are also allowed a longer period of language training, of up to three years, which is of course much more realistic.

The age limit of a business immigrant is also extended from 65 years to 84 years.

The '1998 initiatives' as the government likes to call them, were announced with much fanfare. Some of the titles of the media release were useful indicators. They read 'Making NZ a More Attractive Destination', 'Entrepreneurs Encouraged to Settle', and 'Simple, More Streamlined Procedures for Business Investors'. It was given a particularly high-profile launch in Hong Kong, the region

which was the main source of business immigrants up to 1995. In spite of this series of relaxation initiatives in October 1998, Asian applications have not picked up again. Up to the time when this article is being written, there has not been any significant long-term upward trend of business migration.

A decade of failed experiment

In retrospect one can say that New Zealand's business migration experiment of the last decade has been a sad failure. While it brought into the country considerable investment funds for short periods (see page 3), most of these have been put in passive investments instead of being used for 'maximising economic growth'. It also allowed a total of 2,580 business applicants from the Northeast Asia region (NZIS, total of Business residence visas granted 1991-1998) to enter New Zealand. However, it is not clear how many of these business migrants are gainfully employed or running businesses in the country.

Have they become globe-trotting transnationals after establishing their businesses in New Zealand, using it as one of their stations of international networking? Or are they failed investors who are going to leave the country? Different from Canada and Australia, the New Zealand government has not conducted any systematic follow-up surveys on these specially targeted business migrants. As a result, there can be no comprehensive data on this group. Right now the New Zealand Immigration Service is to start a longitudinal survey to gather information which can be used to evaluate the effectiveness of current immigration policies and identify factors which contribute to successful settlement processes. The project is called LisNZ (Longitudinal Immigration Survey New Zealand), the selection of interviewees will take place in 2002, and interviews will start in the following year. The survey will take three years and survey outcomes are not expected until August 2007.

Meanwhile, we need to base our analysis of the nature and characteristics of the business migrants on micro qualitative surveys conducted by independent researchers, and hope that our generalisation by deduction does not lead to too much distortion of the whole picture.

Business Migrants not motivated by Economic Considerations

A theme that has emerged from many of the micro surveys on the behaviour of the Asian business immigrants is that most of them had not come to New Zealand for economic reasons. While the New Zealand government wanted them to 'kickstart the economy', most of the Asian business people knew very well that their new host country could never match their prosperous homeland in terms of market opportunities and business activity. Even in the self-initiated Asian Immigrants Economic & Social Survey, which was specifically commissioned by the migrants themselves in order to show how very active they have been, less than 20 percent of their respondents claim that they had come to New Zealand for economic reasons. In the new Chinese New Zealanders survey conducted in Auckland (Ip & Friesen, 1997), less than ten percent cited business or employment as their main reason for coming to New Zealand.

Most of the Asian immigrants, the business migrants among them, had come for what can be termed general lifestyle reasons. They like the clean green environment, and the temperate and equitable climate, as well as the country's relatively low crime rate. Up to one-third of the respondents in the Ip & Friesen survey gave general lifestyle as the primary reason of their migration to New Zealand. This trend is even more pronounced among the Taiwanese, who 'did not come to New Zealand to increase their monetary incomes or to achieve greater returns on their investments. The primary attraction of New Zealand for Taiwanese immigrants is not economic but New Zealand's environmental and social attributes.' [Tim Beal, 1999 #158]

Education opportunities for their children is another major reason for their migration. Most Asian mega-cities which have flourishing markets also have very competitive school systems that place extremely strong demands on young children. Many parents spoke of their heartache in watching their children tackling the hurdles of continuous tests and exams. The NZIS commissioned report on business immigrants found that the education factor looms specially large among business migrants from Asia.

Many business migrants have come simply for the New Zealand passport. To the former residents of Hong Kong, a foreign passport is a good form of insurance in case things go wrong in the former British colony after its handover to China in 1997. To the Taiwanese, whose Republic of China passport does not enjoy recognition by too many countries around the world, a New Zealand passport is a key to wider and easier travelling. It means simplification of visa application procedures.

Many of New Zealand's Asian immigrants have considered other countries as possible destinations, and are highly aware of alternative choices. Paradoxically, many have chosen to use the Business Migration schemes because they can afford the investment fund, not because they have intentions to conduct business vigorously in New Zealand.

A minority of the business migrants did cite 'economic reasons' for migrating here. However, the citing of 'economic reasons' does not mean that New Zealand offer more economic opportunities than Asia. To some of them, New Zealand does offer certain openings for those with the enterprising spirit, and long-term development is possible, especially when they do not expect quick returns of their investment.

True Picture of Asian businesses in New Zealand

It is now time to take a close-up look at the profile of the Asian businesses established in New Zealand. While anecdotal stories of difficulties abound, and a number of good in-depth qualitative surveys exist, the information and analysis of the following section are mainly based on two documents.

Firstly, a market research report commissioned by the New Zealand Immigration Service itself. Secondly, a report commissioned by a group of Asian business people at the height of the pre-election anti-Asian crisis in 1996, with the explicit aim of showing how significant their contribution has been. Neither survey is therefore totally

impartial. However, comparing these two documents leads to some revealing insights into the nature and characteristics of Asian businesses here.

While the business migrants' own survey found that every household of business immigrants created an average of 4.7 job-years, this equation applies only to those who really founded a business. According to the Forsyte Report, the majority of business investors opted for passive investments in the bank (over 85 percent of the business migrants in 1995 reported their preference for the safety of bank investments). The same report further notes that there has been little efforts made to generate enterprise or innovation, nor has there been much evidence of immigrants fostering international linkages.

When asked to indicate their level of satisfaction of return of investment, over 63 percent of respondents in the Asian Immigrants Economic & Social Survey replied 'neutral', which is a typically non-committal and evasive response. The Forsyte Report states that 'some migrants from Asia acknowledged that they were maintaining links with their home country so that they could return if life in New Zealand did not prove advantageous.' The general picture of Asian businesses in New Zealand is therefore one of cautious, half-hearted investors, maintaining either passive investment in property or running small-size concerns, many of them family-based or jointly-run by a small group of close friends. Local business correspondents often contrast the big investments put into New Zealand hotels and the property market by Asian overseas investors with the low level of activity from amongst the Asian immigrants. A writer in the popular press notes that 'the investment by Asian companies in property is quite considerable, but finding evidence of migrants investing in local business is not easy.' Furthermore, a high proportion of business owners classify themselves as being 'employed part-time'. It is an indication that many wealthy migrants are in fact semi-retired. An early advocate of the business immigration scheme did suggest that the business migrant criteria might bias the migration programme against young entrepreneurs in favour of older people. His cautionary prediction has apparently come true in a decade's time.

How Asian businesses are run

While many people who entered under the business category prefer to sit on their investments and live off their interest, some started to venture into business activities after several years of settlement. A Massey University Business Studies survey examines the activity patterns of the Asian new business migrants. According to this micro study of 56 Hong Kong and Taiwan business people, the most significant factor affecting types of investment and employment is the length of time since arrival in New Zealand. The researcher finds that there is a clear gradual reduction in bank assets, and a corresponding increase in building, business and share assets (in that order) as the immigrants settled down. The researcher notes a number of transfers of assets from country of origin to New Zealand over the first four years, but not following that. It seems that after the compulsory investment period, the business migrants are not eager to transfer assets to New Zealand because their home business environments are more prosperous. The most common time to acquire a business seems to be the 4th and 5th years of residence. There is a corresponding significant decline of bank assets. These years appear to be the period when a transition in confidence occurs. Approximately 60 percent of Law's respondents established businesses during those years. He concludes that migrants clearly move from low risk investments to the higher risk business over time.

Failed Investors and Novices

Contrary to popular expectation, Asian business people in New Zealand are small and medium size enterprises either having no employees or employing fewer than five persons. These investors also operated in the manner and style of the traditional ethnic small businessmen. They are family centred, and depend on personal relationship as well as personal credits. Over 50 percent of them are set up to cater primarily to Asian customers. Large proportions of these businesses are in the real estate, restaurant, retailing and trade sectors. It is a rather sad picture to see the adventurous Asian business entrepreneurs reputed for their unconventional innovations and sharp homing sense into all opportunities suddenly turning into mundane little shop owners. In their mode of operation and business structure, the ethnic restaurants, bread shops, tourist agencies and real estate brokers of the 1990s are not really different from the market-gardens, laundries and fruit shops that the Chinese used to run. These are all businesses and industries that require long hours and are labour intensive, providing goods and services to the niche ethnic market. They usually do not require a large number of employees besides family members. Even sadder is the fact that many of these businesses that were viable in the early 1990s are becoming increasingly insolvent, with the recent steady decline of immigration numbers. The purpose of this paper is to look at Chinese business migrants. In actual fact, immigrants who have entered under the 'General Skills Category' run significant proportions of New Zealand's Asian businesses. These are migrants who qualify for entry because of their education and professional skills. However, after entry, they often find that their qualifications are not recognised by the New Zealand professional authorities, and many Chinese doctors, engineers, and teachers have become unemployed as a result. To survive they need to become self-employed and start their own businesses. In their study on Asian business people in New Zealand, Bedford, Ho and Skeldon wrote, 'They are also a heterogeneous group by age, education and qualification. Some migrants who have established their own business in NZ have little or no direct business experiences before migration.'

The qualitative survey on the Auckland new Chinese undertaken by this author finds that the new immigrants typically suffer a very significant drop in income levels. This is true of both business migrants and general

skills migrants. Our survey finds that 33 percent of Taiwanese and 46 percent of Hong Kongese had experienced income losses of over NZ\$50,000 per annum. This is comparable to a Canadian survey which reveals some 40 percent of their business immigrants reported a drop of annual income of around Canadian\$25,000 to 50,000. The severe income drop closely reflects their failure to fulfill occupational and investment expectations. Furthermore, their status as failed investors affects more than the migrants' income, it is also a severe blow to their pride and confidence. Since there is no supportive environment to help them establish businesses or employment prospects at the appropriate level, a sizable proportion of these new immigrants started to leave again. These new immigrants are of course highly mobile, most of them are adventurous, willing to take risks, eager to strive for a better future, and go where the opportunities are. Few are willing to remain failed investors or semi-successful novice business people for too long.

#### Pros and Cons of the New Zealand market

In spite of the obvious obstacles facing the new Asian business migrants, they are also aware of the good points of conducting business in New Zealand. The perceived favourable factors cited by the interviewees of the New Chinese New Zealanders Survey 1996-7 include 'honest and friendly people', as well as 'the ease of starting a business'. By the latter they referred to the comparatively low rent and the smaller capital required, and they also take into account the absence of bureaucratic corruption and extortion. However, an analysis of these 'good points' shows that they are actually social factors, and not economic or business factors. To have friendly customers or even honest partners cannot offset long-term unfavourable economic realities. Very often, the new migrants find that starting a business is much easier than sustaining it. The Chinese business people freely identified the difficulties of conducting business in New Zealand. These include: the small market size, a lack of networks and business connections, as well as language difficulty. The fact that New Zealand is geographically so far from any other countries, thus necessitating a long freight supply line, is very disadvantageous to business. The long distance from international markets, coupled with a small local market, is extremely daunting to Asian business people who are used to much more concentrated markets with high-population density. Their strength is in offering goods and services. The labour cost of New Zealand is also found to be too high, and workers are seen to be often backed up by strong unions which are liable to strike.

Many particularly point out the lack of government assistance in helping migrants adjust to their new environment or to help them start businesses. Law notes that not one of his respondents listed 'government' or 'government agencies' as being their source of help. Sources of help and business information tend to be 'family', 'friends', or 'professionals'. When business advice is sought, it tends to relate to 'legal matters', most probably questions related to council by-laws and import-export regulations. Another frequently sought-for advice relates to taxation. There has been less advice sought on marketing and longer-term strategy, and this is indicative of the small size of the Asian businesses, and the very short history of many of the business ventures.

A recent survey on Hong Kong business entrepreneurs found that 'there were several business migrants who lost considerable amounts of money in failed business ventures and investments. The way to establish any kind of commerce is to establish contacts and then build up relationships. The government's attempt to force people to make a business decisions prior to the time that they are ready is counter productive. Premature business ventures only lead to failures.

#### Future Trends

Even at the early stage of the Business Immigration policy, there were high hopes that Asian business people who found New Zealand's market too small might become transnationals, although that term was not frequently used in the early 90s. The phrase used at that time was 'to be active offshore on behalf of New Zealand'. An immigration minister-turned immigration consultant Aussie Malcolm cited an example of a Taiwanese migrant who won a \$2.5 million contract exporting particle board to Thailand. Since New Zealand is a prime producer of timber, the activity of the Taiwanese is a good case of providing value-added industrial processing and also establishing international linkages. Unfortunately, such success stories are truly exceptional. While Asian business people are skillful middlemen, adept in brokering deals between suppliers and wholesalers, too many New Zealand products are controlled by quasi-official monopolist boards. The export of wool, dairy products, fruit and timber, i.e. the country's most valuable agricultural produce, are run by bureaucrats who have no intimate interest in promoting sales or diversification. The New Zealand producer boards are notorious about their inflexibility and lack of sympathy to innovative suggestions from both the suppliers of the primary products (dairy farmers, orchardists etc.) and the merchants and marketers wanting to sell those products overseas. Among the interviewees of the New Chinese New Zealanders Survey, there are adventurous business people who wanted to sell ice-cream and milk products to Malaysia and China, and people wanting to market New Zealand beef and seafood to Taiwan. All of them met with many obstacles from the producer boards, and some gave up in frustration.

The latest census in 1996 shows clear evidence of the high percentage of self-employment amongst Asian new arrivals. The predominant activity was in the sales and retail business, especially in property marketing and running restaurants. There is so far little evidence of large-scale or innovative entrepreneurship worthy of special mention. However, neither the government nor the immigrants would candidly admit that the business immigration scheme has not worked.

Many individual immigrants would talk about their personal difficulties and frustrations in all aspects of doing businesses in New Zealand. A number of our interviewees readily came up with a saying popular amongst their group, "The more you invest (in your business), the more you lose." Some would go so far as to say that "they would not recommend New Zealand as a place for business investors looking to make large amounts of money." In spite of the widespread disillusionment, however, few would be frank enough to say that the business migration scheme is a failure.

From time to time, when anti-Asian feelings ran high and populist politicians accused the new immigrants of "lack of commitment", the migrants would cite impressive statistics of their cash-asset transfers. The paradox is that the immigrants seem to feel that although their business ventures have not been successful, they have contributed to the New Zealand economy by transferring their capital and assets to the host country, injecting valuable cash into the economy. However, self-assessment is far from accurate data, and as discussed above, pure bank deposits do not generate business activities as the government and public desire.

The business immigrants should not have felt so defensive, for they have been the victims of the unsuccessful experiment, losing money, interrupting careers, and wasting valuable time and energy. If they had not been so brow-beaten by racism and xenophobia, they should have pointed out that their lack of success was not totally their responsibility. New Zealand's failure in providing a supportive environment lies at the root of the problem.

It is essential for business migrants to succeed in establishing some modestly successful business in New Zealand so that they can settle down. Most are too young to retire.

An important concern for many is that their investment would be used effectively.

The business migrants would also crave for their skills and ingenuity to be recognised by the host society, instead of being treated like aliens and failures. Their roots in Asia and their extensive business networks in the fastest growing region of the world are unfortunately not fully appreciated nor utilised at present. They need to find their investments rewarding or at least hopeful before they will sink roots. For any immigration programme to succeed, it needs to be mutually beneficial. For too long New Zealand has just thought of what migrants should bring with them, without considering what should be given to them in terms of support. Migrant needs still largely ignored in New Zealand, especially when they are supposedly rich and entrepreneurial.

The economic and social integration of new immigrants is essential for their long-term stay. The latest efforts to woo new migrants are likely to be met with much more caution and wariness than in the early 1990s. At that time, the opening of New Zealand to Asians happened to coincide with the opening and liberalisation of travelling and emigration rules in both Taiwan and Korea. It also coincided with the Hong Kong people's desperate desire to find a safe haven before 1997, when China would assume control over the British colony. At that time New Zealand was a new frontier to the citizens of these rising Asian economies. To them this country was a new frontier to which they could go and try their luck.

The spectacular influx of excited and optimistic Asian immigrants into New Zealand in the early 1990s is unlikely to be repeated. To Asian people who tend to rely on word of mouth of relatives and friends, the challenges that the pioneers met in these last decade would be a very strong damper on their enthusiasm. Only a few of our interviewees reported that very encouraged their friends to migrate to New Zealand, and many said that they would warn any potential applicants to think twice before making the decision.

#### Paradoxes of Chinese business behaviour

The famous economist Michael Porter criticizes Asian business people for being opportunistic who often ignore basic strategic planning at their own peril. It is true that the practice of market analysis is not common among Chinese business people. This article has further shown the new Chinese business immigrants in an unfavourable light, painting them as small-time business people in a small country.

However, if one takes into consideration the great sacrifice that these business people have made for their children (and sometimes for their grand children), it represents a huge investment as well as a very long-term investment into their future. To ensure that their children would have a better education, and that they may flourish in a politically stable land, they are willing to interrupt their professional careers and sacrifice the lucrative businesses they established in their homeland, at least for a period of time.

Taiwanese sociologist Yen-fen Tseng points out that "Migration to a new host country could be a step to establishing an outpost for the future business network." Looking at the activities of the Taiwanese businessmen in Australia, she points out that foreign citizenship or nationality can bring great convenience and protection to business owners in their global business activities, especially to Taiwanese business people whose passports are not recognised by too many governments around the world. She further cites the cases of several transnational business operations which deliberately station their family members in various countries. In most cases the stationing is connected with immigration and the obtaining of citizenship rights. Obtaining the citizenship of the country in which they invest is thus a clear strategy. In order to handle their family firm's transnational business and to safeguard investment, the immigration process is a necessary step.

However, so far, Asian businesses in New Zealand businesses are very small scale, and there is no sign of the emergence of capital intensive enterprises similar to those in Canada or Australia. It is quite clear that Tseng's theory of stationing family members as sentinel-managers of the transnational corporation does not apply in the New Zealand model.

At present, the Asian businessmen in New Zealand are cautious investors and guarded transnationals, their frequent commuting necessitated by visits back home to tend their old businesses rather than extending new networks. To them, the homeland linkages remain salient because their future movements are likely to be circular. Their long-term investment in their children's future and education is most probably not a purely business decision, and it is, in many ways, not so different from the decisions which the majority of the migrants make wherever they choose to go—to seek a better future in a new land. If they are not working with great optimism for their own business future, they are working for the happier future of their children, which is a very long-term investment in every sense of the word.

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