

# People and Partnerships: New Zealand's Asian Dimensions

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New Zealand - Hong Kong Business Association, Hong Kong  
Introduction

Mr Chairman, Ladies and Gentlemen.

It is good to be back in Hong Kong, and I very much appreciate your invitation to speak today. For a small country, we seem to leave quite a large footprint on the wider world. The energy and enthusiasm of expatriate New Zealanders, and our country's international business partnerships, are one of the reasons for that. It is a pleasure to be here.

I want to use this opportunity to give you one perspective of the way in which New Zealand is being increasingly shaped by its Asian dimensions. They have created a powerful dynamic that is becoming a driving force not only for the country's economic and business life, but also its educational, social and cultural realities.

Importance of Asian economic links

The importance to New Zealand of Asian economic links is an increasingly familiar story, but one that is so dramatic that it bears repeating.

In 1960 when New Zealand first established a diplomatic post in Hong Kong, there were very few economic links between New Zealand and Asia. New Zealand in those days was substantially tied to Britain by bonds of butter, wool and meat.

By 1970, Asia still took less than 10 percent of our merchandise exports. But the dynamics of the next 30-years changed the picture completely. Britain entered the European Community in 1972, at about the same time as Asia embarked on its economic transformation.

As a result of those two factors, the Asian Tiger rapidly replaced the British Lion. Asia today takes close to 40 percent of New Zealand exports, and six of our top ten markets are in Asia. One of those top markets is Hong Kong.

Overall, New Zealand exports to Asia are now worth more than NZ\$ 11 billion dollars. You can get an idea of the power of economic change by comparing that value with the 1970 figure. It was less than NZ\$ 150 million. Imports from Asia have grown in a similar manner, from NZ\$147 million in 1970 to over NZ\$10 billion. And these figures cover only merchandise goods, not services.

In terms of foreign investment in New Zealand, economies with a significant presence in New Zealand now include Hong Kong, China, Singapore, Japan, Taiwan, Korea and Malaysia. Hong Kong itself was the sixth largest source of foreign direct investment in New Zealand in 2000, its value exceeding \$NZ1 billion.

Asia has also become a destination for increased offshore investment by New Zealand companies, as participants in organisations such as your own can testify.

All this has happened in less than a generation.

New Zealand's economic links with Asian countries are now fundamental and expanding. This fact is reflected in the effort that New Zealand has invested in regional trade discussions such as APEC, and in the pursuit of new trade freedoms through bilateral arrangements.

New Zealand - Hong Kong Agreement

New Zealand views Hong Kong as a serious potential partner for a comprehensive bilateral free trade agreement. While there are issues that need to be worked through, in particular questions related to rules of origin, the fact that talks are underway reflects the importance of the economic relationship.

There have been reports that the negotiations have stalled. This is to misunderstand the process of negotiations. New Zealand's chief negotiator, Peter Hamilton, is in further discussion with his counterpart Philip Yung in Hong Kong as we speak. Both sides are seeking a good comprehensive agreement. It is worthwhile taking a little longer if that is needed to get it right.

I am also pleased to note that your new Secretary of Commerce and Industry, Henry Tang, has shown a close interest in New Zealand, including in prospects for further investment by Hong Kong in the New Zealand economy. The conclusion of an agreement between Hong Kong and New Zealand would create an opportunity to streamline and boost business. New Zealand is keen to lock in place an open and comprehensive agreement that will reinforce Hong Kong's reputation as one of the world's most open service economies. New Zealand and Australia have demonstrated this can work through our CER agreement in force for nearly 20 years.

It is imperative that the private sector is closely involved in and demonstrates its support for any new arrangement, because it is the private sector that is crucial to its success. Private sector players need to be actively engaged in official processes, because the private sector must generate the benefits of free trade before they can flow to society as a whole.

Domestic Dimensions

New Zealand's economic links with Asia are likely to be reflected too in New Zealand's recent emphasis on domestic industrial and regional development policy.

The New Zealand government is putting a high value on the development of the country's regions and businesses.

Initiatives have included the establishment of a Crown Entity, Industry New Zealand, to help existing businesses grow and to encourage new enterprises.

Industry New Zealand aims to increase New Zealand's GDP and foreign exchange earnings through targeted economic development assistance. The current focus is on key areas including biotechnology, creative industries, niche manufacturing, food, information and communications technology, and wood processing.

All of these sectors offer prospects for partnership with Asian enterprises, and Asian markets are likely to rank highly as consumers of innovative products. External linkages will be a key success factor.

Rapid growth of Asia Onshore

But Asian relationships now mean much more to New Zealand than the simple pursuit of economic linkages. Asia is increasingly present in our part of the Pacific in the form of a rapidly expanding flow of migrants and students who choose to live and study in New Zealand.

The increase in New Zealand's Asian population has been striking. The 2001 census figures show that people of Asian origin now make up over six percent of the total population. This is a 140 percent increase over 10 years, albeit one from a low base. Today, one in 15 New Zealanders is of Asian origin.

In 1970 only 354 Asian migrants came to New Zealand. The comparable figure for 2001 was just under 20,000. Two-thirds of our Asian citizens are concentrated in Auckland, which means that Asians represent around 12 percent of the population in that area.

Projections from the census of 1986 suggest that there could be an Asian population of around 350,000 by 2016, which is around nine percent of New Zealand's total population.

Figures for Hong Kong show that between 1988 and 1998 over 8,000 Hong Kong families moved to New Zealand. But, conversely, Hong Kong has also become the base for the largest community of New Zealanders in Asia. We live in a world of global mobility. And New Zealand has benefited from a new wave of financial, cultural and human capital.

The new wave is composed not only of migrants but also of students, at both secondary and tertiary levels. There are nearly 45,000 Asian fee-paying students studying in New Zealand educational institutions. Of this number around 1,200 are from Hong Kong.

Not only are New Zealand's Asian students important economically, with an estimated total economic impact of more than NZ\$ 970 million, but they are also important socially and culturally.

Dr Neville Bennett, in research supported by the Asia 2000 Foundation, concludes that the influx of Asian students to New Zealand has contributed to the growing internationalisation of the country's educational system, as well as to broadening the cultural experience of New Zealanders themselves.

We still have work to do to manage the rapid increase in Asian students. Issues such as support services, ongoing quality assurance and the simple capacity of our educational system are the subject of a good deal of attention. New Zealanders in the educational sector and in the wider community recognise the importance of "getting it right".

It is very important that we do so. The educational experience offers a unique opportunity for New Zealand to build a vast network of international friendships throughout the region.

Asian students are not the only points of educational contact. Many New Zealand institutions have also established twinning arrangements with Asian counterparts, faculty exchanges, student exchanges and joint research projects. And the number of New Zealanders teaching in Asian countries is estimated to be thousands.

The Changing Face

The increase in Asian migrants, students, tourists and business presence in New Zealand have all contributed to the changing face of New Zealand's contemporary realities.

Over the last 20 years many facets of New Zealand life have been transformed. New Zealand cuisine has been shifted from meat and three vegetables to nasi goreng, sushi, pad thai, and rogan josh.

More New Zealanders are now heading off to Asian destinations for their holidays, with many coming to Hong Kong. Over 53,000 New Zealanders visited Hong Kong in 2000, up 13.5 percent from 1999. Tourism is "education without walls" and such visits expand cultural understanding.

New Zealanders at home now wear Asian fashions and shoes, use Asian household goods and drive Asian cars.

Asian New Zealanders are part of the political scene at the local and national level. Pansy Wong, a member of Parliament since 1996, was born in Shanghai and raised in Hong Kong before her family migrated to New Zealand. Another Asian politician, Dr Ashraf Choudhary who is New Zealand's first Muslim MP, entered Parliament in the 2002 election.

Asians are also active in local politics. The Mayor of Dunedin is Sukhi Turner, who has an Indian ethnic background, while the current Mayor of Gisborne is Meng Foon, who is of Chinese descent.

Change in New Zealand has happened quickly, and rapid change is seldom free of stress. Our news media headlines reflect on occasion the challenges faced by Asian students, the isolation experienced by some new settlers, under-employment of new skills and capital, and questions raised by some New Zealanders about the changing face of the nation.

These are important issues that call for informed and sensitive responses. But there is encouraging evidence of the flexible nature of New Zealanders in the increasingly positive trend of Asia 2000's regular surveys of attitudes to Asia-related issues.

Further evidence of adjustment is the proliferation of constructive initiatives being carried out across the community. Asian networks have been established in most of the main centres, some as spontaneous collective efforts and others under the umbrella of local authorities and agencies such as the Office of Ethnic Affairs.

There has been a marked increase in the number of resource facilities available for migrants, which aim to assist with employment and business advice, cultural and social introductions, and help with English-language tutoring.

A Code of Student Pastoral Care has been introduced and care initiatives are becoming recognised for their importance. A Trade New Zealand Export Award went recently to a language school that earned almost NZ\$7 million in foreign exchange in 2001, in part because of its strong emphasis on student satisfaction and pastoral care. Other initiatives have included hospitality functions for new student intakes, information workshops, the creation of a Chinese community conservation trust, business seminars to link migrants with entrepreneurs, new institutional partnerships, ethnic markets and festivals, and a crop of research initiatives.

#### Asia 2000

All this leads me to an organisation that I have a close relationship with, the Asia 2000 Foundation of New Zealand. I was privileged to assume the Chair of its Board of Trustees late last year.

Asia 2000 was first established in 1994 with the goal of informing New Zealanders about the importance of Asia to their future, and to help them better understand the countries and cultures concerned.

It is a most unusual endeavour. It was the brainchild of two Ministers, Don McKinnon and Philip Burdon, but has a social cross-section on its very large Board. It is apolitical, but enjoys cross party parliamentary support. It is funded by government, but depends on private sector contributions. And it has strong regional networks, but regards New Zealanders as its main target market.

Its regional networks include a Board of Honorary Advisers. The Hong Kong members are Victor Fung and John Chan, names that will be very familiar to you.

It is fair to say that Asia 2000 has been very successful, creating an evolving programme of initiatives and events. These now include national Festivals of Asia and an annual Lantern Festival in Auckland, and this year a new festival focusing on the Indian community called the Diwali Festival of Lights.

Asia 2000 provides scholarships and grants to students, teachers, journalists, artists, sports people, musicians, performers and academics, bringing Asia to New Zealand as well as New Zealanders to Asia. It has helped to promote the teaching of Asian studies at all levels.

It has also put Asian issues on the public agenda through active media and business programmes, and regularly contributes to local media discussions by way of comment and analysis.

Originally conceived as a short-term initiative, Asia 2000 is now embedded for the long-term with a recent Government decision to assure an ongoing funding contribution.

Asia 2000 also has had continuing private sector support on a roughly dollar for dollar basis. HSBC, Fonterra and Trade NZ have all been generous backers, and many other people and enterprises have contributed in one form or other to its activities.

Asia 2000 needs this continued support and more. The issues are growing in number and scale. It is continually seeking new and active partnerships to support its grants and scholarships programme, as well as to continue its work in the community, business, media and policy areas.

#### Asia 2000's business programme

Asia 2000's business programme provides a specific example of its work. It aims to ensure New Zealand business is confident and effective in its dealings with Asia and able to take advantage of the region's economic opportunities.

This involves identifying strategic issues that impact on New Zealand's business engagement in Asia, and working in partnership with the business community to address them.

The business programme entails research and analysis, seminars and publications, regional networking opportunities, visiting experts, support of regional economic forums such as the APEC Business Advisory Council, business education, and policy commentary.

Asia 2000 business seminars have focused thus far on doing business in Japan, Korea and China. Preparations are currently underway for September seminars on doing business with Taiwan, and for October seminars on India's IT and biotechnology industries.

The Asia 2000 business programme has also included Hong Kong-related events, including my own presence here and recent meetings in Auckland. Last week Asia 2000 and the New Zealand based Hong Kong-New Zealand Business Association held a luncheon with James Thompson, Chair and CEO of Crown Worldwide, who gave an update on Hong Kong from a business perspective.

Your New Zealand counterpart association also held a briefing yesterday with Mike Rouse, the Director General of Invest Hong Kong, on "Hong Kong as a Gateway to China". So you can see that Hong Kong is very much on the New Zealand map.

#### Conclusion

I hope that what I have outlined today illustrates some of the ways in which New Zealand is now engaging with its Asian neighbours. It is an engagement that has grown from very little 30 years ago, to a recognition today that Asia is central to the country's future. That is as true in terms of the country's communities as it is for its offshore links.

For a growing number of New Zealanders, Asia is no longer "Them". Asia is increasingly "Us". I have covered some of the ways in which New Zealand has been shaped by Asian dimensions in terms of changes in economic directions, investment, immigration, teaching methods, political representation, business and even its cuisine.

And I believe that those same dimensions will increasingly shape New Zealand. New migrants will make their home

with us, our businesses will look more and more towards Asian markets, and flows of students and tourists will expand.  
New Zealanders are becoming aware that engaging with Asia will not only mean learning more about neighbouring countries, but also about the communities in which we ourselves live.  
Thank you very much.