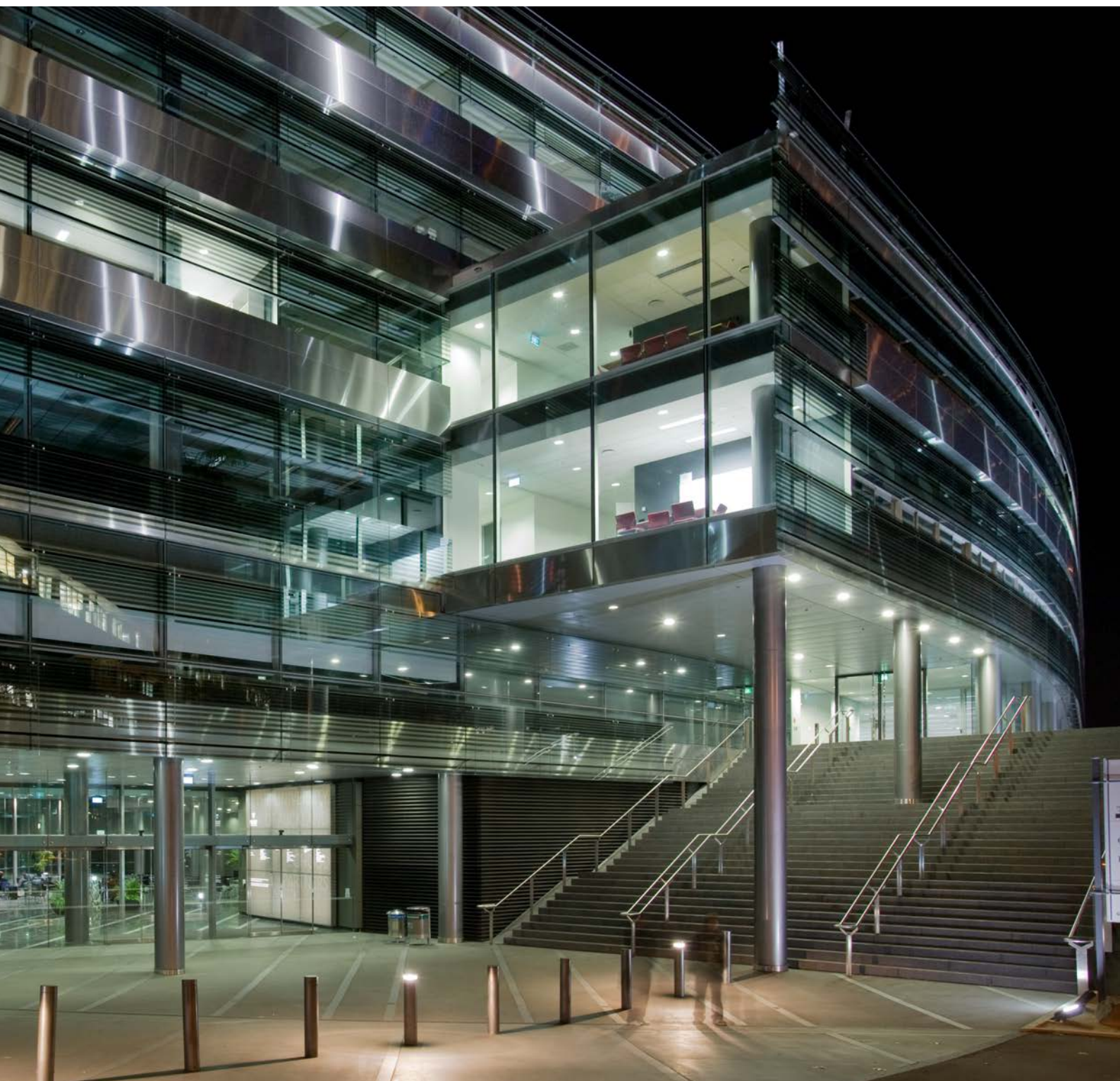




THE UNIVERSITY  
OF AUCKLAND  
BUSINESS SCHOOL

# New Zealand Asia Institute Te Roopu Aotearoa Ahia

## Annual Report 2010



# ANNUAL REPORT The New Zealand Asia Institute

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# EXECUTIVE SUMMARY The New Zealand Asia Institute



## 2010 in Review

In 2010 the New Zealand Asia Institute further expanded activities in support of its mandate, which is to contribute to Asia-related policy deliberations in New Zealand, to develop interdisciplinary research of national relevance, to enhance collaborative relationships with leading institutions throughout the region and to affirm The University of Auckland as the nation's leading university in Asia. Supported by the University's Business School, the Institute continued to sharpen the business focus of its research portfolio.

## Highlights from a Year of Achievement

### Conferences

- With Government Ministry and NGO partners, organised the international Asia-Pacific Regional Economic Integration and Architecture Conference to discuss integration strategies
- Hosted the 2010 NZ-Fudan Roundtable, a gathering of academics and policy analysts to further NZ-China bilateral economic and business relations
- Jointly hosted the 10th Pacific-Asia Conference on Korean Studies (PACKS), attended by more than 100 academics and postgraduate students from around the world.

## Research

- Participated in an ongoing international research project on 'compressed development' in East Asia
- Awarded its first MSA Charitable Trust PhD Scholarship, for research on New Zealand business expansion into Asia
- Conducted more than 50 interviews with SMEs and corporates as part of research into New Zealand business engagement with Asia
- Gained support from Transforming Auckland Fund for joint research on contribution of Chinese and Indian business communities to Auckland's socio-economic development.
- Launched the New Zealand Asia Information Service Database (NZAIS), a comprehensive publicly-accessible online research tool
- Ongoing publication of research by academic staff.

## Networks

- Through 2010 hosted visits by some 30 distinguished scholars from 15 leading Asian tertiary institutions and an equal number of senior government officials and trade delegates from across the region
- Seminars and lectures given by Institute staff in Tokyo, Kyoto and Seoul.

# ANNUAL REPORT The New Zealand Asia Institute



Pictured (from left): Dr Gloria Ge, Dr Xin Chen, Charles Chow, Dinah Towle, Emeritus Professor Nicholas Tarling and Professor Hugh Whittaker

The New Zealand Asia Institute seeks to develop graduates, knowledge and ideas that enhance New Zealand's understanding of, and ability to engage productively with, Asia

## Acknowledgements

The New Zealand Asia Institute (NZAI) acknowledges with gratitude the generous financial support from the Ministry of Foreign Affairs and Trade, the Korea Foundation and the Academy of Korean Studies, without which the successful completion of the 2010 research projects would not have been possible.

The Institute would also like to thank the following institutional collaborators for their cooperation and support for the activities of the Institute in 2010: the New Zealand Ministry of Foreign Affairs and Trade, the New Zealand Committee of the Pacific Economic Cooperation Council, the Victoria University

of Wellington, the Japanese Consulate-General in Auckland, Doshisha University, Fudan University, Seoul National University, University of Malaya, Korea University, and the University of Indonesia. Within The University of Auckland, the Institute would like to thank the School of Asian Studies, Centre for Development Studies, School of Environment, Department of Political Studies, New Zealand APEC Studies Centre, and especially The University of Auckland Business School.

Finally, the Institute is grateful for the administrative and web services support provided by The University of Auckland Business School and The University of Auckland Library.

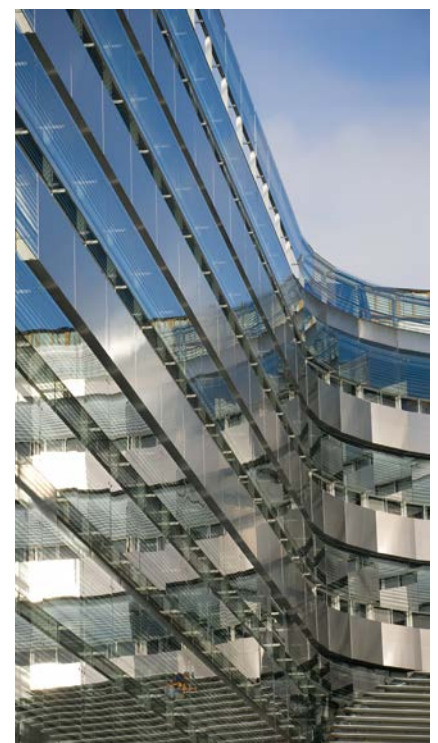
# Overview:

2010 saw the New Zealand Asia Institute further strengthening its links with its host faculty, The University of Auckland Business School, and picking up momentum with all its core programmes. It continued as a key Track II institution in New Zealand through initiating national and international fora on New Zealand-Asia relations, New Zealand's policies towards Asia, topical regional issues in Asia, their implications for and responses from New Zealand. Through its research on New Zealand business engagement with Asia, the Institute enhanced its network with and service to the government and the private sector.

Thanks to the contribution of many high-calibre guest speakers, the NZAI's popular seminar/lecture programme

remained an important focal point for the University to promote knowledge of Asia in New Zealand and engage with the broader community. In July, the Institute successfully launched the New Zealand Asia Information Service (NZAIS) database: [www.nzais.auckland.ac.nz](http://www.nzais.auckland.ac.nz)

The University of Auckland Asia Researchers in the database is expected to help the Institute better broker the University's Asia expertise in policy advice and case study analyses to the government, the media and the private sector. Its pilot, Japan Research Network, at an Auckland function on 12 November indicated that the database would also facilitate the development of inter-disciplinary research ventures.



# Highlights:

## [Asia-Pacific Regional Economic Integration and Architecture Conference](#)

In association with the New Zealand Ministry of Foreign Affairs and Trade, and the New Zealand Committee of the Pacific Economic Cooperation Council, the Institute organised on 25 March an international conference about competing ideas and proposals for the still-evolving regional architecture.

## [2010 NZ-Fudan Roundtable: China's quest for balanced development and New Zealand-China relations](#)

To help create an environment and channels conducive for informed policy, commercial and public deliberations on New Zealand-China bilateral economic and business relations, academics and policy analysts from New Zealand and Fudan University in Shanghai have in recent years had regular roundtables on topics including the two economies' respective economic and socio-political cultures within which strategic and economic goals, policies and priorities are formulated, key internal concerns that may inspire cooperative initiatives or strike a sensitive nerve in the other country, and issues on which perceived national interests of the two parties may diverge. The 2010 NZ-Fudan Roundtable was hosted by the NZAI in Auckland on 3 July and supported by the New Zealand Ministry of Foreign Affairs and Trade.

## [NZAI hosted international workshop in Seoul](#)

In early 2010, the NZAI initiated a two-year joint research project titled "Crisis, economy and state: China and its East Asian neighbours", in association with the Asia

Centre at the Seoul National University, the Institute of China Studies at the University of Malaya, the Centre for Asian Business Studies at Korea University and the Centre for China Studies at the University of Indonesia. The first workshop was held at Seoul National University on 6-7 September. Fifteen scholars from New Zealand, Korea, Malaysia, Indonesia, Taiwan, India and Australia participated in the discussions on "Political economic contexts of crises", "Managing transitions during crises", "Development models" and "Roles of the state vs the market". The workshop was partially funded by the Institute's Korea Studies Centre.

## [10th Pacific-Asia Conference on Korean Studies \(PACKS\) held in Auckland](#)

At the invitation of PACKS, the NZAI and the School of Asian Studies at The University of Auckland jointly put on its tenth international conference on Korean Studies in Shift on 24-25 November. About 100 scholars and postgraduate students from around the world and across disciplines gathered in Auckland and shared their research interests and findings. The conference was financially supported by the Academy of Korean Studies in Korea.

## [First MSA Charitable Trust PhD scholar](#)

The first successful applicant for the MSA Charitable Trust PhD Scholarship administered by the Institute was announced in mid-2010. The winner, Mr Manjo Oyson from the Department of Management and International Business, will help the Institute liaise with interested postgraduate students for their greater involvement in its research programme.

## [New Zealand Asia Information Service database \(NZAIS\)](#)

During the presidents' meeting of the Association of Pacific Rim Universities in Auckland on 30 June-2 July, the Institute launched the NZAIS. This online research tool includes regularly updated English, Chinese, Korean and Japanese publications on Asia and New Zealand-Asia engagement. It has also listed all Asia-related researchers in Auckland.

## [The place of diverse ethnic communities and business innovation in Transforming Auckland](#)

Scholars from the School of Asian Studies, the School of Environment, the Business School and the NZAI secured a research grant from the Transforming Auckland Fund in September to carry out a joint project on local Chinese and Indian business communities and their communication with the socio-economic development of the city and the engagement between New Zealand and Asia. The one-year project is expected to lay the groundwork for a forthcoming Marsden Fund application.

## [New Zealand business engagement with Asia](#)

With the help of half a dozen PhD students, this research project was launched in October 2009 and proceeded in 2010. To date, over 50 interviews in 30 businesses have been conducted. The project will eventually include case studies of 50 large firms and 50 SMEs that are either doing business with Asia or about to develop such relations.



# Programme of activities:

Reinvigorated by the major administrative and personnel reshuffle in 2008-09, the Institute pressed forward in 2010 with its wide-ranging programme of research projects, seminars, roundtables and community-outreach activities. These events were consummate with the NZAI's programmatic mandate and objectives of contributing to Asia-related policy deliberations in New Zealand, developing an inter-disciplinary research agenda of national relevance, enhancing the Institute's national and international collaborative relationships, projecting the Professoriate of The University of Auckland as the nation's leading university in Asia, and advancing the national knowledge base on the region. As always, these events were also organised and hosted in collaboration with local, national and international partners whenever possible.

## Research

### Business engagement with Asia: A study of leading New Zealand companies

It is widely acknowledged that Asia is crucial for the future of the New Zealand economy. In recognition of this, the New Zealand Government has been active in negotiating free trade agreements in the region. But recognition of increasing importance and free trade agreements do not automatically translate into increased business engagement. In fact, it would seem that many New Zealand businesses, if they are active outside New Zealand, prefer to do business in the UK, US or Australia, where there are no language barriers, and "psychological distance" is small. Some companies which do business in Asia do so more by accident than by design – having been approached by Asian customers, for example – and these businesses may lose out when other sources of supply become available

In its interaction with the business community, the NZAI has been asked to undertake research on how New Zealand businesses are engaging with Asia, and how this might be done more effectively. The resulting project – Business Engagement with Asia – aims to examine how 50 large businesses and 50 SMEs, as well as 25 Māori businesses, have attempted to gain a footing in Asian markets, or have located parts of their value chains there.

It looks at the history of engagement, geographical engagement, entry strategies, resourcing, market adaptation, HRM, relation

to overall business strategy, etc. In 2010 some 50 interviews were conducted with 30 businesses. The interviews were transcribed, and a coding protocol for qualitative analysis was established. PhD and masters students from several Business School departments have been involved, and the research will continue in 2011. The aim is to construct a database which will enable research and practitioner-oriented publications, as well as input material (in the form of cases, for example) for education programmes.

### Growing New Zealand Businesses

This project is jointly conducted with researchers in the Department of Management and International Business. It combines a survey with interviews, looking at the factors which promote and impede growth of New Zealand businesses. Specifically, it looks at business and founder characteristics, innovation, collaboration, finance, growth limitations, governance and owner-manager relations with the business. A similar survey is being conducted in Australia by researchers at the University of Queensland, and in the UK by researchers at the University of Cambridge, which will enable comparison of businesses with peers in those countries.

In 2010 the survey design was completed – 80 percent of the questions are the same in the three countries; up to 20 percent is customised – and piloted. The full postal survey was sent to 11,000 businesses in late 2010-early 2011, with two follow-up reminders. The result was roughly 1,900 valid responses. The data will be entered into a database for analysis in 2011, and the follow-up interviews will be conducted. This study complements the Business Engagement with Asia project by providing statistical data on which overseas markets New Zealand businesses are engaging with and how Asian markets fit in a broader pattern of overseas engagement.

### Compressed Development

This project is coordinated by Professor Hugh Whittaker, and includes a team of researchers from New Zealand, Japan, China and the US. It focuses on the tensions arising at the interface of development and globalisation. In the seminal paper of the project ("Compressed Development" in *Studies in Comparative International Development*, 45/4), the team argues that the path of economic development for would-be developers has changed fundamentally since the 1980s. Focusing on

East Asia, and taking a broad perspective that spans the economic and social dimensions of development, we contend that the path charted by the "late development" model has become all but impassable, and is now better conceived as one of "compressed development".

Key differences are 1) the extent and consequences of compression; 2) the primary mode of engagement with the world economy – via global value chains; and 3) the interaction of these. Compressed development forces states to address a number of simultaneous challenges, resulting in "policy stretch". The research has sketched features of an "adaptive state" suited to navigating the path of compressed development. Subsequent stages of the project attempt to provide a fuller analysis and draw out the implications of this model.

### The place of diverse ethnic communities and business innovation in Transforming Auckland

Initiated in November 2009, this multi-disciplinary research project took off in September 2010. With a grant from the Transforming Auckland Fund, the study undertakes scoping work towards answering the question of whether the contemporary ethnic diversity of Auckland promotes positive socio-economic transformation of the city, enhances innovation and fosters engagement between New Zealand and Asia. The research question will be addressed through secondary data, key informant interviews and neighbourhood-based observational research to deepen understandings of Indian and Chinese transnational communities in Auckland. The study proposes a bi-directional empirical inquiry into the sustainability of society and economy.

Underlying the project is the recognition that in seeking a sustainable future, the weight of emphasis tends to fall on "hard" infrastructure. Yet, Auckland is not only a physical but also an "imagined" place. This project hence stresses links between sustainability and social infrastructure such as facilitative networks, community cohesion and public perception. This work is aimed at informing the development of indicators of sustainable socio-economic transformation, deepening the public understanding of well-being for the ethnic population under consideration and laying the groundwork for a forthcoming Marsden application.

The principal investigators include Professor Robin Kearns and Dr Ward Friesen from the School of Environment, Professor Manying Ip from the School of Asian Studies and Professor Hugh Whittaker from the Business School and the NZAI. The project will be administratively assisted by Dr Xin Chen from the NZAI. Interested PhD students have been invited to participate in survey design, data collection and analysis and final report writing.

## Conferences

### Asia-Pacific Regional Economic Integration and Architecture Conference

In recent decades, economic integration has been on everybody's lips when talking about the Asia-Pacific region rising as the global centre for economic activity. Not surprisingly, perceptions and perspectives vary widely about this immense and diverse region coming together. Yet they often seem to lead to the same conclusion that the existing regional institutions and mechanisms do not measure up to the expectation of their facilitating economic integration of the region.

Economic interactions in the Asia-Pacific region have been commonly portrayed as "noodle bowls" of uncoordinated and often overlapping institutional fora and trade agreements that involve more than 20 nations. This analogy illustrates a shared frustration over the status quo characterised by multiple impulses to integration, but no single vision for realising it. The current

global financial and economic crisis has provoked still louder cries for reorganising economic groupings among the Asia-Pacific countries. Yet is the region ready to break free from the conceptual confines of the Asia-only versus the Asia-Pacific dichotomy, which has arguably helped create the noodle bowl effect in the first place?

On 25 March, the NZAI and the APEC Studies Centre, in association with the New Zealand Ministry of Foreign Affairs and Trade and the New Zealand Committee of the Pacific Economic Cooperation Council, organised an international conference on competing ideas on, and proposals for, the still evolving regional architecture.

Guest speakers included Dr Fred Bergsten from the Peterson Institute for International Economics, Professor Fukunari Kimura from Keio University, Professor Ann Capling from the University of Melbourne, Professor Sung-Hoon Park from Korea University, Dr Long Guoqiang from the Development Research Centre of the State Council of China, Ambassador Muhamad Noor from the APEC Secretariat, Ambassador-at-Large Ong Keng Yong from Singapore, Mr Tony Nowell from the New Zealand APEC Business Advisory Council, Professor Rob Scollay from The University of Auckland, and Professor David Capie from the Victoria University of Wellington.

The presentations and discussions at the conference remind the audience yet again of

the reality that bilateral and multilateral economic arrangements in the extended Asia-Pacific region have been driven more by geo-political motives than merely commercial purposes. The opinions expressed and arguments employed highlight in particular the fact, that despite the ever deepening economic interdependence in the region, national interest calculations and inter-state strategic rivalries continue to sway member countries' judgements, preferences, policies, and initiatives on regional cooperation and convergence.

New Zealand relies heavily on trade with Asia for its development. It is a member state of the APEC forum, the East Asian Summit (EAS) and the Trans-Pacific Partnership (TPP). The New Zealand participants at the conference exhibited a sympathetic understanding of the complex nature of the "Asia" community-building attempts. Yet they also stressed the urgency and importance of a regional architecture that could effectively reduce variances between ports and secure "leak-proof" borders. While they preferred to see APEC leading the development of a Free Trade Area of the Asia-Pacific region (FTAAP), they did not believe that economic integration was an "all-or-nothing" choice. Some suggested viewing it, instead, as a process consisting of interconnected 'layers' pursued by different organisations. The notion of layering, they noted, might provide for a broader basis for the co-existence of both East Asia identity and trans-Pacific integration.



NZAI Director, Professor Hugh Whittaker opens the Asia-Pacific Regional Economic Integration and Architecture Conference





From left: Professor Xiaoming Huang from Victoria, Professor Zha Daojiong from Peking, Dr Marc Lanteigne from Victoria, student Pierre Lum from Auckland, Professor Shen Dingli from Fudan, Ms Wen Powles from the New Zealand Ministry of Foreign Affairs and Trade and Dov Bing from Waikato

#### 2010 NZ-Fudan Roundtable: China's quest for balanced development and New Zealand-China relations

There is an increasing awareness in policy, business and academic circles that opportunity costs and benefits of economic interactions with a country of China's size touch many ordinary people's daily lives. It is therefore crucial for decision makers in both the government and private sectors to gauge and secure public support for major policies and moves in a bilateral context involving China. To help create an environment and channels conducive for informed policy, commercial and public deliberations on New Zealand-China bilateral economic and business relations, academics and policy analysts from New Zealand and Fudan University in Shanghai have in recent years had regular roundtables on topics including the two economies' respective economic and socio-political cultures within which strategic and economic goals, policies, and priorities are formulated, key internal concerns that may inspire cooperative initiatives or strike a sensitive nerve in the other country, and

issues on which perceived national interests of the two parties may diverge.

With the generous support of the New Zealand Ministry of Foreign Affairs and Trade, the NZAI hosted the 2010 NZ-Fudan Roundtable in Auckland on 3 July. Prominent scholars and policy analysts invited from New Zealand and Shanghai led the discussion on the global financial crisis and East Asian integration, the South Pacific in emerging regionalism, APEC's resource security and environmental challenges.

Professor Shen Dingli from Fudan talked about China's perceptions of its own role in the world economy. Professor Rob Scollay from Auckland's APEC Studies Centre focused his discussion on China and East Asian regionalism. On China's involvement in the South Pacific, Professor Pan Rui from Fudan spoke on the Chinese "new diplomacy". Professor Steve Hoadley from The University of Auckland's Department of Political Studies elaborated on New Zealand's security neighbourhood, featuring five circles of interests, relationships, and

obligations. Professor Zha Daojiong from Peking University explained why uninterrupted external food supply was not as serious a "food security" concern for China as securing more land, water, fertiliser, mechanised labour, and other key elements of production.

Dr Marc Lanteigne from the Victoria University of Wellington briefed the participants on China's resource diplomacy, and how mechanisms such as the New Zealand-China FTA might help both the Asian giant and its trading partners minimise often politicised commercial conflicts, adverse shocks and economic crisis. While Professor Du Youkang from Fudan painted a daunting picture of China's environmental challenges, Professor Gary Brierley from Auckland's School of Environment stressed that the "Three Brother" joint research venture on highland ecology in China's Qinghai Province carried out by his school, Tsinghua University in Beijing, and Qinghai University on the Qinghai-Tibetan Plateau, might contribute to diminishing the problem.

# Crises, Economy and State: China and Its East Asian Neighbours

Date: 6 – 7 September 2010

Venue: Water Lily Room, Hoam Faculty House, Seoul National University

Hosted by New Zealand Asia Institute, University of Auckland & Seoul National University Asia Center, Seoul National University



Front (from left): Professor Hsin-Huang Michael Hsiao from Academia Sinica, Professor Hyun-Chin Lim from Seoul National University, Dr Xin Chen from The University of Auckland, Professor Nicholas Tarling from The University of Auckland, Professor Natalia Soebagjo from the University of Indonesia and Professor Terence Gomez from the University of Malaya. Back (from left): Professor Jin-Ho Jang from Gwangju Institute of Science and Technology, Professor Mannsoo Shin from Korea University, Dr Charles Johnston from Auckland University of Technology, Professor Ken Jackson from The University of Auckland, Professor Cheong Kee Cheok from the University of Malaya, Professor John Ravenhill from Australian National University, Professor Suk-Man Hwang, Changwon National University and Dr Jong-Cheol Kim from Seoul National University

## Crises, economy and state: China and its East Asian neighbours

Economic crises often represent defining moments in history, resulting in major changes in both the economic and political landscape. The twentieth century witnessed the Great Depression dating from around 1929 which, according to some, helped the rise of Nazi Germany and fascist Italy and led eventually to World War Two. The economic dominance of the US after the war became the story of the rest of the century. To a lesser extent, the Asian Crisis of 1997-98 precipitated the accumulation of massive surpluses by the affected countries, which many Western commentators now blame for the current Global Financial Crisis, hardly a decade into the twenty first century. Whatever its causes, this present crisis is already signalling the re-emergence of China as an economic superpower, although not yet the equal of the US.

How China deals with each major economic crisis has implications not only for its own

well-being but also for its Asian neighbours. What has been the nature of China's response? The current Global Financial Crisis curtailed China's spectacular growth, cutting deeply its exports. However, amidst the ruins of the "decoupling thesis", China's economy is the first in the world to revive, thanks to its massive fiscal stimulus. Can this response be sustained? What does this say about the efficacy of state-led capitalism?

To address these issues, in February 2010 the NZAI initiated, in association with the Asia Centre at the Seoul National University, the Institute of China Studies at the University of Malaya, the Centre for Asian Business Studies at Korea University, and the Centre for China Studies at the University of Indonesia, a two-year joint research project entitled "Crisis, economy and state: China and its East Asian neighbours". Fifteen scholars from New Zealand, Korea, Malaysia, Indonesia, Taiwan, India and Australia have been identified and invited to study China's evolving role as it responds to crises and as it seeks to leverage these events to position itself in

its relations with the rest of Asia from the perspective of China and that of stakeholders affected by its actions.

After months of investigation, the research team met at Seoul National University on 6-7 September 2010 and presented their respective case studies and preliminary findings. Focusing on the themes of "political economic contexts of crises", "managing transitions during crises", "development models" and "roles of the state vs the market", the team members discussed how each case study might proceed in the next phase of the project. They also decided to meet again at the University of Indonesia to present the conclusions of their studies for publication as an edited volume.

### Korean Studies in Shift – The 10th Pacific-Asia Conference on Korean Studies (PACKS)

Korean society, economy, politics, culture and values of its people today are markedly different from those of two decades ago when regional Korean Studies associations such as the PACKS mushroomed. Korean Studies has also been through many transformations in the last two decades. The changing Korea offers a unique experimental field for a wide range of academic disciplines and a platform on which new concepts and analytical tools can be developed.

Korean Studies has in recent years gained great popularity in tertiary institutions in Asia, the Middle East, and Latin America. The subject is, however, not as flourished in North America, Western Europe and Oceania. To prosper as an academic discipline, Korean Studies may have to explore new objectives of research, develop new approaches, and expand its scope beyond the national borders of Korea. In addition, to prevent the study of Korea from becoming a passing trend, greater efforts should be devoted to encouraging young or emerging scholars and researchers of other disciplines to explore new possibilities with and bring new insight into Korean Studies. This will allow Korean Studies to engage in

intellectual dialogues with other disciplines in humanities and social sciences.

With this in mind, the NZAI accepted the invitation of PACKS and hosted, in association with the School of Asian Studies at The University of Auckland, the tenth conference of the Association on 24-25 November. The theme, “Korean Studies in Shift”, generated enthusiastic discussions among the 80-strong participants from a wide range of disciplines and the four corners of the world. Their research findings will be published in PACKS’ conference proceedings in the second half of 2011.

The Institute remains grateful to the Academy of Korean Studies in Korea for its generous support, which helped make the forum possible and a great success.

### Seminars, lectures and roundtables

#### Auckland and Senshu scholars sharing opinions on “social capital”

Academics from the NZAI and The University of Auckland’s Development Studies and Mira Szászy Research Centre held a roundtable discussion, on 5 March, with Professors Naoko

Sajima, Satoshi Kambara and Yuichi Marumo from the Centre for Social Capital Studies at Senshu University in Japan.

Explaining the background of their Centre and its research, the Japanese scholars observed that in the post-World War Two occupation era, Japan focused on economic development arguably at a cost of creating many social problems. This prompted much research and public discussion in Japan on “social capital” in not only disaster management, but also the re-weaving of the torn economic and social fabric. The Auckland participants questioned if the term “social capital” could capture the idea, integrity and process of social networks and knowledge. The concerns centred on the label “capital”, which conveys economic and financial connotations. Alternative expressions like “social infrastructure” and “generosity” used in Japan and “resources” in New Zealand were suggested as better choices to help shift the attention from market measurements to other types of values.



Clockwise: Professor Ken Jackson, Professor Nicholas Tarling, Japanese Consul-General Hachiro Ishida, Professor Hugh Whittaker, Professor Satoshi Kambara, Professor Naoko Sajima and Professor Yuichi Marumo

### Don't write Japan off just yet

On 26 April, Mr Ian Kennedy, the New Zealand Ambassador to Japan, held a roundtable at the Institute with interested scholars and students in Auckland. He noted that in 2009 Japan slipped for the first time in many years from New Zealand's third largest trading partner to fourth. He attributed that to the sharp rise in New Zealand's trade with China after the two countries signed the FTA in 2008, and to Japan's continuously lagging behind

China in economic growth. Yet Ambassador Kennedy cautioned against the discourse and sentiment shift, from the 1980s "Japan bashing" through the 1990s "Japan passing" to the 2000s "Japan nothing". He stressed that Japan remained an important source of growth for the New Zealand economy. He stated that at the regular meetings of the Japan-New Zealand Partnership Forum, senior government, business and community leaders from both countries explored immediate possibilities of, and long-term potentials for,

increasing the level of bilateral trade and investment.

Ambassador Kennedy concluded that while an FTA with New Zealand would be less challenging for Japan than an FTA with other countries, it might still get in the way of other more strategic relations. Both sides should therefore continue to push for a broader rapport including trade, economic, strategic and people-to-people contacts.



### Extending integration to India and South Asia: Opportunities for New Zealand

The emergence of India as a potential economic powerhouse in the twenty first century has spurred interest in the prospect of extending the scope of East Asian economic integration to include South Asia. In response to requests from Auckland's academic and business circles and the general public, the Institute and the APEC Studies Centre held a joint seminar on 19 April on important features of South Asian trade patterns and New Zealand's opportunities and objectives in the FTA with India. The event featured guest presentations of three renowned experts: Dr Ganeshan Wignaraja from the Asian Development Bank; Mr Julian Ludbrook, New Zealand's lead negotiator for an FTA with India; and Professor Rob Scollay, Director of the APEC Studies Centre.

The speakers had no doubt that East Asia's economic dynamism offered spillovers for South Asia's prosperity. They spoke well of India's pursuit of a "Look East" policy since 1991 and leading the sub-region in its quest for closer integration with ASEAN and other East Asian countries. Yet they also acknowledged that neither India, nor its South Asian neighbours, had coherent plans for entering FTAs. India is one of New Zealand's

fastest growing trading partners. All the three speakers agreed that a bilateral FTA would bring about win-win deals and opportunities to both parties.

### FTAs in East Asia: Where are they taking us and impact on business

The NZAI and the APEC Studies Centre jointly hosted a public lecture on 19 April by Dr Ganeshan Wignaraja from the Asian Development Bank. The speaker echoed the commonly-held opinion that market-driven expansion of trade helped create supply chains in East Asia and form a regional hub of global production networks. The necessity of securing smooth flows between nodes and links in the supply and production networks also led to the proliferation of FTAs in the region.

Survey response data collected by the speaker in China, Japan, the Philippines, Singapore and Thailand indicated greater awareness of FTA provisions and higher utilisation rates than previous hypothetical studies had suggested. Yet companies taking advantage of FTAs were generally large in size, long-established, or foreign-owned. Most East Asian firms still shied away from using FTAs because of small preference margins, delays and costs associated with administrative procedures, and nontariff measures imposed by FTA partners.

Discriminatory trade liberalisation also resulted in different tariffs and rules of origin for the same commodity, which further complicated the international trading system for SMEs. Moreover, there was the potential of tariff preferences disrupting domestic agricultural markets without delivering on export promises.

An obvious solution would be to form a region-wide FTA. Yet consolidation attempts ran into serious barriers of their own, including the uneven trade-enabling environment in Asia and competing visions for integration. At a more fundamental level, political rivalries over the leadership of a consolidated FTA, contending security calculi about US involvement, and competing national agendas for increased access to European markets, could all hinder the progress of the Asian economic integration.

Given the circumstances, the sequenced-liberalisation approach, from EAFTA to CEPEA, might serve Asia the best. Being a member of the East Asia Summit, New Zealand could help expedite the development towards a single-undertaking trade agreement by enhancing the quality and comprehensiveness of its FTAs with Asian countries and promoting the creation of a WTO advisory service centre on FTAs.



### Britain, the Cold War and ASEAN

Professor Nicholas Tarling, NZAI Fellow, gave a public lecture on 9 June on Britain's policies towards South-East Asia in the Cold War era. Based on his research into relevant archives, he concluded that in the Cold War, the British welcomed the presence of the Americans in South-East Asia, but were often concerned about the policies they pursued. Their own preference for the region was for the emergence of nation-states, and they were to welcome the creation of ASEAN and the concept of ZOPFAN. By the 1970s, indeed, they no longer had a strategic interest in the region and their political role had diminished.

### China-ASEAN energy concerns: Trigger for conflicts in the South China Sea?

During his visit to Auckland on 14 June, Dr Zhao Hong from the East Asian Institute at the National University of Singapore gave a seminar at the NZAI on the energy situation of China and ASEAN. In his opinion, the era of growing demand for oil and other fossil fuels in the industrialised world is over, and most of the future growth in demand will come from emerging economies. Among the latter, China and the ASEAN countries are likely to continue their high growth and rapid urbanisation. Their concerns over potential energy shortage, falling sources, and sea-lane security have resulted in the South China Sea being repeatedly placed under national, regional and international political spotlight. China has become more assertive in the South China Sea. Its state-

owned energy companies have also begun to look into the region as a potential supplement to their declining onshore production. Vietnam and some other South-East Asian countries have their eyes on the hypothetical energy resources in the area as well, and have even signed exploration contracts with multiple foreign firms.

To further complicate regional energy relations, China takes the matter of overlapping claims in the area as an issue of sovereignty, national security, and territorial integrity. Other Asian energy-consuming giants, such as Japan and India, may side with China's South-East Asian challengers and hence politicise even more the energy competition in this region. China may, of course, help ease tensions in the area by increasing its investment in South-East Asia, which will likely contribute to mutual confidence building and lay the ground for energy cooperation and stability in East Asia.

### Strategic evolution of Samsung Electronics

From February until June 2010, the NZAI and the Department of Management and International Business jointly hosted a Visiting Professor from the Korea University Business School, Dr Mannsoo Shin. He gave a seminar on 16 June about the Samsung Group. In it, he noted that the electronic giant's success in the competitive global IT industry is built on its good strategies in technology, production, brand, marketing and management.

Samsung's technology capacity building is supported by 17 global R&D centres with 18 percent of its total staff complement. For research and development results to become innovative products, Samsung has worked out an effective production strategy, featuring continuous massive capital investment, a synchronised R&D and production process, a flexible global production system, a tightly knit global sourcing system, low inventory in manufacturing and reduced production time in a price-declining environment.

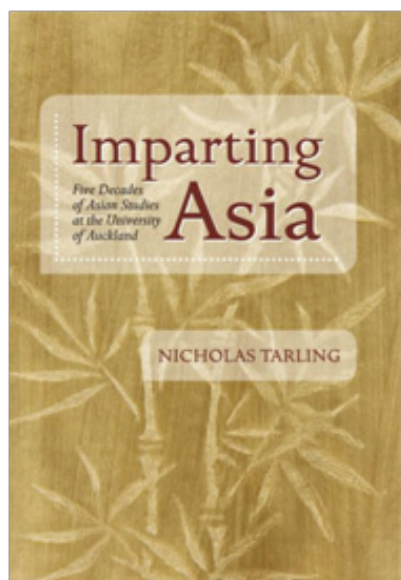
To turn all this into a commercial success, Samsung has adopted the "one master brand" strategy and complemented this with a global marketing strategy. The implementation of these strategies necessitates efficient management and devoted employees. Samsung openly claims that it has a cohort of young (99 percent under the age of 50), energetic, well educated and highly innovative employees, all of whom go through strict annual performance reviews to make sure they are prepared for challenges. In a sense, Samsung has managed to combine key elements of Japanese technology management and US people management.

### Book launch – *Imparting Asia: Five Decades of Asian Studies at The University of Auckland*

The study of Asia was introduced into the curriculum of The University of Auckland nearly 50 years ago. Why was it done? How was it

done? This book describes both objectives and achievements and endeavours to place them in a larger context.

The importance of the issues raised indeed extends well beyond the University world. Over that period New Zealand's relationship with Asia has been transformed, but the interest in studying it does not seem to have expanded to the same extent. What is now the way forward?



NZAI Fellow, Emeritus Professor Nicholas Tarling, attempts to answer these questions in his book, *Imparting Asia*, published by Pindar New Zealand in 2010.

The book launch organised by the Institute on 18 June attracted a large crowd from the University, who commended the author's efforts and shared his belief that knowing more about the past might help in influencing the future.

#### Outdoing cool Japan: What can we do with culture in the age of brand nationalism?

During his visit to Auckland in late July, Professor Koichi Iwabuchi from Waseda University spoke at an NZAI seminar on Japanese public policies towards international media markets. His comments indicate that the worldwide spread of Japanese media culture has been domestically and internationally acclaimed as a testimony of Japan's increasing soft power. Accompanying the euphoria of "cool Japan" is the rise of interest in developing policies for further promoting Japan's cultural export, and of "brand nationalism", an emerging discourse on using media culture to advance national economic and political interests in the international arena. This rather opportunistic focus, however, overlooks the fact that cultural export has been occurring in the

uneven globalisation process. One consequence of the neglect is that transnational, multicultural and postcolonial issues are disconnected from the public discussion of "culture" and its utilisation for the common good.

#### Public address by the Secretary of Finance for the Indian Government

The NZAI and the APEC Study Centre jointly hosted a function on 16 September for a distinguished Indian Government official, Mr Ashok Chawla, to address interested members of the New Zealand public on New Delhi's "Look East Policy" and the investment environment in India.

He expressed great satisfaction with the fact that his country was one of New Zealand's fastest growing trading partners. He expressed his understanding that Kiwi companies were keen on joint ventures. He also encouraged interested firms to consider establishing fully foreign-owned entities, particularly in agriculture, agro-production and related industries of which New Zealand was on the leading edge.

#### Visitors

##### January 2010

Professor Shinji Takai, Doshisha University, Japan (1/1-31/3)

##### February 2010

Kansai Information System Industry Association delegation (4/2)

Professor Y Nisiguchi, Doshisha University, Japan (4-20/2)

Professor Mannsoo Shin, Korea University (26/2-26/6)

##### March 2010

Professor Naoko Sajima, Senshu University, Japan (5-7/3)

Professor Satoshi Kambara, Senshu University, Japan (5-7/3)

Professor Yuichi Marumo, Senshu University, Japan (5-7/3)

Professor Toshiro Kita, Doshisha University, Japan (18-26/3)

Professor Fukunari Kimura, Keio University, Japan (25/3)

Professor Ann Capling, University of Melbourne, Australia (25/3)

Professor Sung-Hoon Park, Korea University (25/3)

Dr Long Guoqiang, Development Research Centre, State Council, China (25/3)

Professor David Capie, Victoria University of Wellington

Ambassador Muhamad Noor, APEC Secretariat, Singapore (25/3)

Ambassador-at-Large Ong Keng Yong, Ministry of Foreign Affairs, Singapore (25/3)

Mr Tony Nowell, New Zealand APEC Business Advisory Council (25/3)

##### April 2010

HE Mr Zhang Limi, Chinese Ambassador to New Zealand (9/4)

Madam Ms Liao Juhua, Chinese Consul-General in Auckland (9/4)

Mr Wang Shenggan, First Secretary and Head of Education Section, Chinese Embassy (9/4)

Dr Ganeshan Wignaraja, Principal Economist, Asian Development Bank (19/4)

Mr Julian Ludbrook, Chief Negotiator, Ministry of Foreign Affairs and Trade of New Zealand (19/4)

Mr Chen Zichen, Vice-Chair, Zhejiang University Council, China (23/4)

Mr Qian Zhigan, Zhejiang University, China (23/4)

Ms Li Min, Zhejiang University, China (23/4)

Mr Xue Fei, Zhejiang University, China (23/4)

HE Mr Ian Kennedy, New Zealand Ambassador to Japan (26/4)

##### May 2010

Councillor Mrs Hiroe Makiyama, National Diet, Japan, and 2010 New Zealand Prime Minister's Fellow (7/5)

Professor Zu Guang'An, National Natural Science Foundation of China (25/5)

Professor Tang Xi-Fang, National Natural Science Foundation of China (25/5)

Ms Zhang Xiang-Ping, National Natural Science Foundation of China (25/5)

##### June 2010

Ambassador Zhao Jinjun, President, China Foreign Affairs University (1/6)

Professor Wang Yian, China Foreign Affairs University (1/6)

Ms Yang Liu, China Foreign Affairs University (1/6)

Mr Kim Se-yeon, Member of the National Assembly of Korea, NZ Prime Minister's Korean Fellow (10/6)

Mr Young-geol Kim, Korean Consul-General in Auckland (10/6)

Mr Tae-yeol Kwak, Senior Consul, Korean

Consulate in Auckland (10/6)

Ms Rebecca Kim, Research and Public Affairs Manager, Korean Consulate in Auckland (10/6)

Mr Brody Sinclair, Asia Division, Ministry of Foreign Affairs and Trade of New Zealand (10/6)

Ms Allison Allen, Inter-Parliamentary Relations, New Zealand (10/6)

Dr Zhao Hong, National University of Singapore (14/6)

Professor Shen Dingli, Fudan University, China (29/6-4/7)

Professor Du Youkang, Fudan University, China ((29/6-4/7)

Professor Pan Rui, Fudan University, China ((29/6-4/7)

#### July 2010

Professor Zha Daojiong, Peking University (3/7)

Dr Mark Lanteigne, Victoria University of Wellington (29/6-3/7)

Professor Shen Dingli, Fudan University, China (29/6-4/7)

Professor Du Youkang, Fudan University, China (29/6-4/7)

Professor Pan Rui, Fudan University, China (29/6-4/7)

Dr Nguyen Tien Dinh, Vice Minister, Ministry of Home Affairs, Vietnam and delegation (21/7)

Professor Koichi Iwabuchi, Waseda University, Japan (28-30/7)

#### August 2010

Ms Linda Law, Deputy Director, Hong Kong Economic and Trade Office, Sydney (19/8)

Dr Junpe Higuchi, Wakayama University, Japan (20-25/8)

Mr Masaru Inoue, Japan Economic Foundation (26/8)

#### September 2010

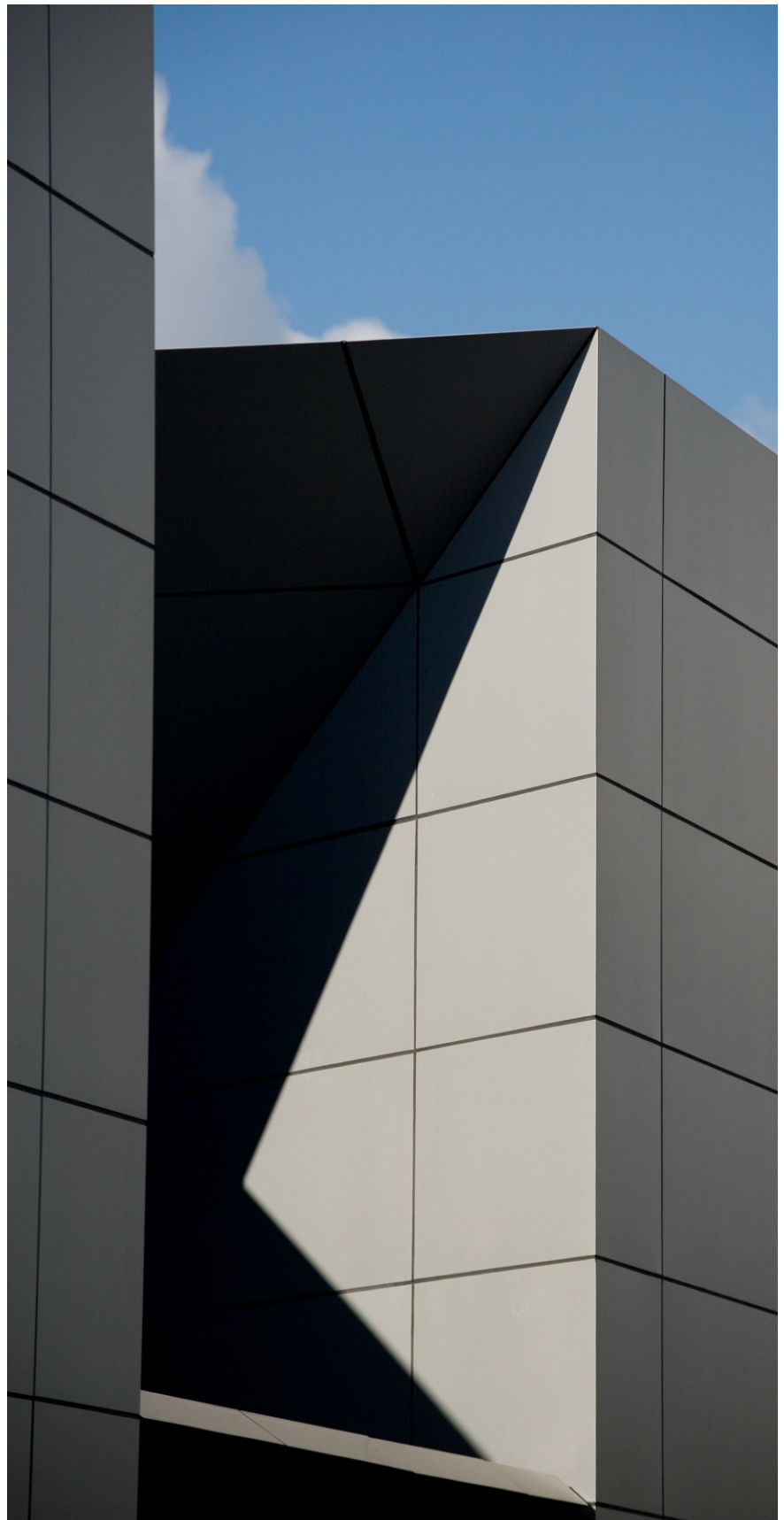
Mr Kohei Shiino, Japan External Trade Organisation (30/9)

#### October 2010

HE Mr Xu Jianguo, Chinese Ambassador to New Zealand (9/10)

#### November 2010

Ms Ampa Kaekumkong, Thammasat University 22/11)



# NZAI offshore:

Since its founding in 1995, the Institute has attached great importance to its overseas activities and regards them essential in fulfilling its mission. These activities are important because they help project the Institute's Professorial beyond New Zealand and expand its network in Asia. Through the network, the Institute seeks to engage regional academic institutions and think tanks in an effort to enhance its capability of research and of knowledge creation. In 2010, members of the Institute participated in a variety of offshore activities, the following of which are worth noting.

Professor Hugh Whittaker was invited to give a seminar at Waseda University's Global

Business Group titled, "Some observations on comparative entrepreneurship", in Tokyo on 9 March. He was a guest speaker addressing the ANZ Secular Review in Melbourne on 3 August on "The Japanese enigma". He was also invited to give a TBI seminar in Kyoto on 21 November on "Entrepreneurship and organisational renewal".

While hosting the joint workshop in Seoul on "Crises, economy and state: China and its East Asian neighbours", Professor Nicholas Tarling was invited to give a public lecture at Seoul National University on "The Korean War and South-East Asia" on 3 September. The central idea of the lecture was that the effects of the Korean War on South-East Asia were mainly

indirect. Economically, war and stockpiling produced an economic boom, benefiting most South-East Asian countries, then mainly producers of food and commodities. Politically, it intensified the Cold War in general, as well as in East and South-East Asia. The British sought to deeper commitment to South-East Asia on the part of the US, though they did not want it to provoke China. The major impact of the Korean War was perhaps yet more indirect: it shaped the form of that commitment. Professor Tarling's lecture had a considerable appeal among Korean students and he was invited to give the lecture again at Korea University on 7 September.



Professor Nicholas Tarling gives his public lecture in Seoul on "The Korean War and South-East Asia"



# Staff publications:

## NZAI

*New Zealand Asia Institute 2008-2009 Annual Report*

*Asia Info*, April 2010

*Asia Info*, October 2010

## Staff

**Chen, Xin**, "ASEAN and ASEAN Pluses: A forever process towards East Asian regional integration?", forthcoming in Nicholas Tarling and Xin Chen (eds.), *THE ASEAN WAY: FORWARD? Evolution and Prospects*.

**Stringer, C. and Ge, G.**, (2010), "New Zealand agri-business investment in South America: A Global value chain perspective", *Journal of Globalization, Competitiveness and Governability*, 4 (3), pp. 84-101.

**Tarling, Nicholas**, *Southeast Asia and the Great Powers*, London and NY: Routledge, 2010.

**Tarling, Nicholas**, *Imparting Asia: Five Decades of Asian Studies at The University of Auckland*, Pindar New Zealand, 2010.

**Tarling, Nicholas**, *Eighty Years on: A Further Memoir*, Wellington: Dunmore, 2010.

**Tarling, Nicholas**, "Britain, the Tunku and West New Guinea 1957-1963", *Journal of the Malaysian Branch of the Royal Asiatic Society*, 83/1 (2010), pp. 77-90.

**Tarling, Nicholas and Xin Chen** (eds.), *THE ASEAN WAY: FORWARD? Evolution and Prospects*, under review by *East Asia* as a special issue.

**Tarling, Nicholas and Xin Chen**, "Introduction by the editors", forthcoming in Nicholas Tarling and Xin Chen (eds.), *THE ASEAN WAY: FORWARD? Evolution and Prospects*.

**Whittaker, D. Hugh, Tianbiao Zhu, Timothy Sturgeon, Mon Han Tsai and Toshie Okita**, "Compressed Development", *Studies in Comparative International Development*, 45/4, pp. 439-67.

# Conclusion:

In 2010, the NZAI began to capitalise on its 2009 strategic and institutional changes. Blessed with the support and resources of The University of Auckland Business School, the Institute enhanced the economic/business dimension of its research portfolio. With New Zealand-Asia relations being illustrated primarily by economic and trade links, this sharpened business focus enabled the NZAI's programmatic research to better address issues of national relevance and regional importance.

The Institute's continued success in obtaining institutional grants from international and national sources made possible other research projects and activities it carried out in 2010. Through these, the Institute further substantiated and consolidated its strategic collaborative relations with leading universities and research institutions in the Asian region as well as New Zealand, and in turn, contributed to the internationalisation of the University.

With the broader involvement of Asia-related academics and postgraduate students on campus, the NZAI will continue capitalising on the institutional opportunities presented by New Zealand's ever intensified engagement with Asia in 2011.

Professor Hugh Whittaker  
Director

March 2011

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