NEW ZEALAND ASIA INSTITUTE
THE UNIVERSITY OF AUCKLAND

asia info

The New Zealand Asia Institute Bulletin ISSN #1179-9145

October 2012

Dancing with dragons - Professor Hugh Whittaker

In the last Director's report I wrote about Shanghai Pengxin's attempted purchase of the Crafar farms, which has still not been resolved. As I write this time there is another high profile case, of Haier's takeover bid for Fisher and Paykel Appliances, of which it has been a cornerstone shareholder since 2009.

The debates around the latter case are somewhat different, focusing on whether the bid values F&P Appliances sufficiently, and more broadly on the sale of New Zealand's technology companies.

Citing an upcoming TIN (Technology Investment Network) 100 report, a *New Zealand Herald* article – 'Kiwi high tech for sale', September 24 – notes that 32 technology companies have been sold offshore in the past decade (none of them to Chinese companies, it might be added). On the one hand, some see this as evidence of healthy growth, maturation and eventual sale of dynamic businesses, which doesn't just reward the entrepreneurs, but maintains or frees up knowledge, expertise and capital to the benefit of the economy. Certainly no-one can blame entrepreneurs for wanting to benefit from their hard work, and possibly pursuing something else, including funding and mentoring new startups. On the other hand, however, some see a less healthy side, and question the benefits to the economy. Peter Maire was cited in the article above as saying selling Navman was the worst thing he ever did. He went on to comment:

'I think why the businesses get bought for the IP is that New Zealand's tech companies are pretty good at developing stuff and they're good at the IP, but they're absolutely abysmal when it comes to commercialising – they don't understand product management and they don't understand scaling manufacture.'

Arguably larger innovative businesses are needed to generate that understanding, so there is a chicken and egg conundrum which is difficult to break out of, the more so because of difficulties in raising capital from within New Zealand. Which brings us back to F&P Appliances, TIN's runaway champion in terms of revenue. From an investor's point of view, the issue is whether the offer price is sufficient. From the point of view of the economy, there is more at stake, since large technology companies are typically key nodes in innovation and skills networks, or ecosystems. As in the Crafar farms case, the critical question is not the country of origin of the inward investment – David Robb's article in this issue shows that investment from China is proportionately tiny – but what the impact on such ecosystems will be. Is there a way of attracting investment which has a genuinely positive balance, while discouraging investment which is essentially exploitative, whatever its origins? What kinds of capabilities, including management capabilities, do we need to put in place to ensure a positive balance?

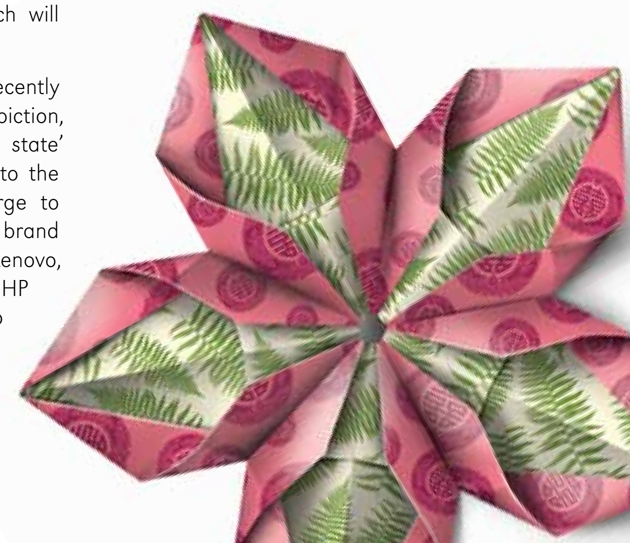
There is, of course, a delicate balancing act between privileging the interests of investors versus those of other possible stakeholders, according to consistent rules. Different countries take different stances on this. In Japan, for instance, in 2007 the Tokyo High Court (and later the Supreme Court) upheld Bull-Dog Sauce's right to issue stock warrants to rebuff a takeover bid from the (US) Steel Partners Strategic Fund, calling the latter an 'abusive acquirer.' This was one of a series of rulings seeking to clarify rules in the face of rising domestic and inward mergers and acquisitions.

Such rules influence business culture, but so does broader societal culture, policy and public debate. In the 'varieties of capitalism' perspective New Zealand is a 'liberal market economy,' but our economy and society no doubt contains the seeds of diversity so that, to some extent at least, we can shape the kind of capitalism – and investment – which will ultimately be best for us.

Tangentially, much has been written recently on China's 'state capitalism.' Such a depiction, like that of Japan's 'developmental state' before it, gives insufficient recognition to the entrepreneurship which saw Haier surge to become the leading global appliance brand in terms of market share in 2009. Lenovo, founded in 1984, has just overtaken HP to claim top spot in PCs according to Gartner. These examples suggest that Chinese entrepreneurs are very rapidly mastering innovation, business models and global value chains, albeit with the benefit of a huge domestic market. Learning to dance with such 'dragons,' either directly or in their shadows, is a further reason to be interested in this bid.

Also related to 'varieties of capitalism,' in August NZAI, in conjunction with Tan Sri Halim Saad, hosted the inaugural Asia Dialogue, which focused on the 'Halal Economy' (see inside). The interest generated from this event has encouraged us to develop this dialogue further. I was personally interested in how the concept of halal certification is evolving, from a stance on acceptability of certain foods and their preparation, to a more expansive concept linked to toyyiban (wholesomeness) and ultimately to relationships and principles underpinning economic activity. A particular stimulus has been the globalization of food trade and value chains, especially in and around Malaysia. Hopefully the interest generated by Asia Dialogue will evolve into new opportunities for engagement with this economy.

Finally, I want to draw attention to the second Asia Savvy student-led conference (see inside). The quality of the organization, as well as the content, was impressive. A personal highlight for me was the student panel which brought together Asia, art, education and environment. Our universities may struggle with funding, but we do have great resources in the form of students.



Engaging with China – a call for NZ Businesses to accelerate – David Robb

Having enjoyed six years in Beijing, David Robb has recently returned to the University of Auckland as Associate Professor of Operations and Supply Chain Management. He directs the China Studies Centre within the NZAI, is Research Fellow at Tsinghua University, co-director of the Consortium for Operational Excellence in Retailing – Greater China, and a member of NZTE's China Beachheads Advisory Board.

As we celebrate four decades of diplomatic relations between China and New Zealand, we may consider progress in many avenues of engagement between our two nations, e.g., trade, tourism, education, investment, sporting and cultural engagements, sister city arrangements, language study, and migration. Here I briefly comment on the relative size and balance of the first four categories. Reflecting on the disproportionately low degree of investment I then provide some ideas for NZ businesses to consider in operating in China.

Thanks in part to the Free Trade Agreement, merchandise trade between New Zealand and China is close to balanced in value, and comprises some 15% of NZ's total. Trade in services is much smaller, with exports to, and imports from, China each making up only 1% of NZ's total.

In tourism, visitor arrivals were balanced in 2010 (around 120,000 each way) but after rising some 60% in the year to July 2012 visitor arrivals to NZ still only constituted 7% of NZ's total. With the WTO projecting China to become the largest inbound tourist market by 2020, and second largest outbound market, it is likely that China will comprise a larger portion of NZ's inbound and outbound travel

In education, while 24% of international students in NZ are from China, very few Kiwis are studying in China. This imbalance should reduce as more New Zealanders understand the value of studying in China, and recognize the calibre of some of its tertiary institutions. For example, in all three of the established international University rankings (QS, ARWU, and THES), the top two Chinese Universities, Peking University and Tsinghua University, are ranked significantly higher than the top New Zealand University, The University of Auckland. Many of the top Chinese Universities offer programmes in English.

Investment between our two nations remains very low. In 2011 China's total investment stock in New Zealand (direct, portfolio, and other) stood at NZ$1.8 billion, only 0.6% of NZ's total inbound foreign investment stock. New Zealand's outbound investment stock in China was even smaller, totaling NZ$0.79 billion, around 0.5% of the total outbound investment stock.

In pondering each of these flows, one must consider quality, e.g., trade in commodities or high value-added products, visitor stay length and spend, language and entrance requirements to educational institutions, and risk and return on investment. Decisions we make in this regard, hopefully on more than a transactional or economic basis, will have a profound impact on our long term relationship. By way of illustration, when NZ permits 51% Chinese ownership of Canterbury processor Synlait, it is securing nutrition for Chinese infants. When a Kiwi friend of mine in rural China was recently afforded an unusually high degree of assistance in his business relationships, it was from a manager who had been well looked after whilst studying at Lincoln University many years earlier.

It is apparent, even without considering quality, that flow "shares" and balances are quite divergent. While there is no intrinsic rationale for proportionality or balance – the optimum level of any inbound or outbound flow will depend to a large degree on the difficulty, cost, and benefit – the flows are highly dependent, especially in the long term. The sustainability and growth of our

Advice for Investment and Operations in China

Understand Chinese consumers and channels. Visit China frequently, and the regions in which you seek to operate – China is far from homogeneous. Live with Chinese families, use public transport, visit stores and wet markets, and understand why shopping frequency is so high - it relates in large part to the desire for freshness.

Learn some language before you go, perhaps, through a Confucius Institute, and while you are there. Some firms have even provided their expat staff with one year study in Chinese language and culture. Consider investing in sending your staff to MBA and EMBA programmes in China. Familiarise yourself with Chinese social networking, like QQ, Tencent, Sina, and Renren, and on-line superstores such as TMall, 360Buy, Amazon China, and Yihaodian which is now 51% owned by Wal-Mart.

Pursue excellence in human resource and operations management. One of the chief issues foreign firms face in China relates to recruitment and retention – labour turnover of several percent per month is common in many industries. Develop long-term relationships with local training institutions and Universities, seek out some of the hundreds of thousands of returnees from NZ educational institutions. Consider staff exchanges between your NZ and China operations. Build a learning, non-threatening, culture – perhaps the only way to attain the high levels of quality, e.g., "six sigma", being demanded of firms in China. Take location into account in operations decisions. My research has found inventory levels to be very dependent on location, relating in part to a highly fragmented logistics industry - there are around one million providers of logistics, many comprised of just one or two trucks.

Prioritise China knowledge and risk management. Become conversant with the Government's Five-Year plans which are blueprints that generally come to fruition. Stay current with what's happening in China business. Become familiar with developments and issues in intellectual property (including technology transfer) practice and law. Learn from the challenges faced by NZ firms operating in China over the past two decades - Fletcher Challenge Steel, AFFCO, Lion Nathan, and Fonterra come to mind. Leverage our "low-key" approach which is highly respected in China. While in the short-term this may "leave money on the table" it should bring long-term benefits to both nations.

relationship will depend on how well we know each other's needs – as consumers, tourists, students, investors, and businesspeople.

While I am not arguing for parity, it may nevertheless be helpful to consider whether and how "outliers" might be moderated. One of these outliers is the relatively low level of investment between our two nations – one hardly commensurate with the depth of our merchandising trade relationship. With the hope of encouraging more direct investment in China the box above provides some ideas for NZ businesses seeking to operate manufacturing, distributing, and/or selling there.

To sustain and grow the level and quality of our broad relationship, NZ businesses may profit from implementing some of these ideas in their investment and trade decisions, and noting the interrelationship with mutual benefits in education, tourism, language, and culture. They will do so with a rich heritage of engagement and trust, along with a growing number, now in the hundreds of thousands, of individuals who know both NZ and China well.

Japanese Agriculture at the crossroads - Hugh Whittaker and Rob Scollay

On September 17, Professor Masayoshi Honma of Tokyo University gave a seminar, co-hosted with NZ-PECC, on Japanese agriculture at the crossroads: structural change, policy reform and prospects for TPP.

The prospect of Japan joining the Trans Pacific Partnership (TPP) has provoked a fierce domestic debate on the likely impact on agriculture. Books, symposia and demonstrations proclaimed a doomsday scenario, in which not just agriculture but the very foundations of Japanese society and culture would be undermined. Such reaction was in turn countered by those who claimed that joining TPP would be good not just for consumers and manufacturers, but in fact for Japanese agriculture itself, by jolting it out of a spiral of decline and protectionism.

Professor Honma's presentation took as its starting point agriculture rather than TPP membership. It looked at problems within the agriculture sector, and then asked whether TPP would exacerbate or alleviate these. Agriculture's contribution to Japan's GDP in percentage terms has been declining for at least three decades, from 2.5% in 1980, to 1.0% in 2010, while its share of employment dropped from 9.1% to 4.2% over the same period. Cultivated land area has declined, as has the land utilization ratio and the number of farming households. Land holdings are small and fragmented – less than 2ha on average in the case of rice farms, often subdivided into smaller parcels. Most critically, the average age of farmers is 66, and with few young people taking up farming, the prospects for rejuvenation of agriculture are bleak.

There have been a number of policy developments to address these problems, including revision of Agricultural Land Law to allow freer land leasing, and tax incentives for young people to enter the industry. With a backdrop of earlier trade rounds, direct subsidies for rice have been reduced, and in 2010 an Individual Producer Income Compensation Scheme was introduced. This has been criticized, however, for providing disincentives for older and part time farmers to move out of farming, slowing consolidation. Indeed, the proliferation of new policies has raised the issue of policy consistency.

While there is broad consensus that something must be done, there is no consensus about what, how and when. Some favour a gradualist approach, while others favour shock therapy. Professor Honma favours the latter approach, and sees TPP participation as a way of bringing it about. He stressed the dangers of isolation if Japan does not pursue free trade agreements. And he criticized the Ministry of Agriculture, Forestry and Fisheries' (MAFF) estimate that half of Japan's agriculture output would be destroyed by TPP participation, including 90% of rice production. The basis for calculation, he pointed out, used unrealistically low rice import prices, and assumed unrealistic levels of supply from exporters such as the US. Japanese agriculture would have 7-8 years to adjust and in the meantime consolidation would be stimulated, new value chain linkages forged, and Japan could even become a rice exporter.

Such a transformation would be dependent on political leadership. In fact, prospects for Japan joining TPP negotiations in the near future have receded in the political turmoil following the passage through parliament of the staged consumption tax hike from 5% to 10%. The need for reforms in agriculture, meanwhile, are becoming ever more pressing.

From Kampong to city and back again - Dr Hugh Byrd

In the last 50 years the Malay population[1] has shifted from about 75% living in rural areas to 75% living in urban areas. Unlike other developing countries where war, eviction and poverty have driven rural-to-urban migration, Malaysia's migration was largely planned by a government that was trying to address the imbalance in the ethnic income distribution.

By industrialising the country and employing Malays, the plan was that they could share in the economic benefits of the country instead of being entrenched in subsistence farming. The problem with the plan was the lack of a skilled workforce and the lack of industry. The lack of a skilled workforce was overcome by tapping into the potential of the underemployed and unmarried women in rural families. Government agents actively went into the countryside to seek young women who could be trained to work in the electronics industry. Obedient and dextrous, these young women were an ideal workforce for the foreign companies looking to invest in a country where labour was cheap and unions were banned.

Industrialisation was achieved by attracting foreign companies not only by a cheap, and now trained, labour force, but also by an infrastructure that allowed rapid global trade. Airports, ports, roads, electrification and other services were put in place to induce foreign direct investment. The infrastructure was largely funded by revenue from the now growing gas and oil supplies from the South China Sea. The income from Petronas, the state owned oil company, was used not only to fund infrastructure but also to subsidise the price of petrol, electricity, certain foods as well as benefits for the Malays that included, amongst other things, cheaper homes and preferential savings rates. These benefits were intended to be for a short term only in order to raise the economic prospects of the Malays.

The 'tiger' economy boomed and the Malay population prospered under a preferentially subsidised economy. In the two generations since independence from the British, the Malays have a new middle class that is largely urban and westernised in its views of ownership and prosperity. However, links with the rural life continue, both culturally and economically. 'Balek Kampong' (return to your village) remains one of the most important phrases in the Malay tradition. It is the call to return to ones roots and moralities.

The most important economic link, that makes Malaysia unique amongst developing countries, is that Malays cannot sell their land to non-Bumiputra[2]. Although they have migrated to the city, they remain in ownership of their lands. The evidence of this is very plain when visiting a kampong. Derelict houses and untended land are a common sight and testimony to the speed at which industrialisation took the country.

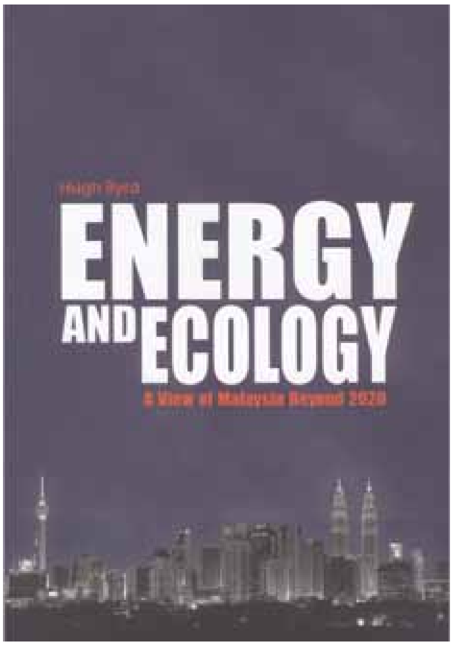
But the future of industrialisation in Malaysia is also rapidly changing. De-industrialisation is occurring, there is fierce competition from neighbouring countries and the resource that built the infrastructure has peaked. The oil and gas in the South China Sea could also deplete faster than expected if ownership of these resources is not resolved. The 'South China Sea conflict' could result in extraction of the oil and gas reserves by China as well as Malaysia, thereby accelerating both the decline of the resource as well as the price of the diminishing products.

Subsidies are now gradually being removed and the consequent price rises are a political issue.

A 'goods and services tax' is about to be introduced (strategically after the forthcoming election) and food prices are escalating. While Malaysia has some economic resilience due to its other resources such as tin, rubber and palm oil products, the decline in industry raises the issue, once again, of ethnic economic equity and the risk of an increase in urban unemployment and poverty.

The future challenge of poverty in Malaysia is no longer the rural poor. Electrification, health services and investment in agriculture[3] have resulted in a reasonably high standard of living in rural areas. The future problem will be the urban poor who lack any form of resilience, having been removed from their tradition of subsistence farming. De-urbanisation is one of the possibilities that could face those urban Malays that cannot adapt to a new order of an unsubsidised failing urban economy.

There is emerging evidence of de-urbanisation in other developing countries but the pull and push factors vary. The pull factors that led to urban migration in Malaysia are unique to the country and so also are the push factors that may end up reversing this process. Returning to the land is not a return to poverty, it is a reversal but the question for the future of many will be: is it better to live in urban poverty or better to have a resilient kampong life?



Dr Hugh Byrd is a registered architect, in both New Zealand and the UK, who practices, teaches and researches issues of sustainability in the built environment. Since obtaining a PhD in 1981 he has been involved in both academic and commercial research including work for universities, government bodies and private companies in the UK, Malaysia and New Zealand. He is currently a Senior Lecturer at the School of Architecture and Planning at the University of Auckland.

[1] The Malays are approximately 60% the population of Malaysia. The Indian and Chinese Malaysian communities constitute about 20% of the population each.

[2] Bumiputra. Literally 'sons of the soil', the indigenous Malays.

[3] The FELDA and FELCRA initiatives have supported Malay agriculture.

New Zealand Asia Institute's Asia Dialogue 2012 –
New Zealand in the Global Halal Economy

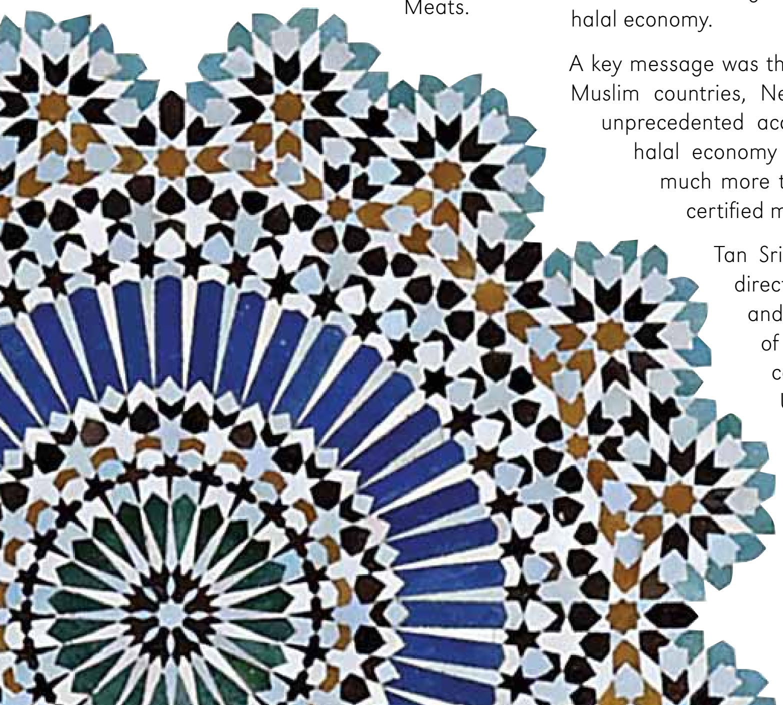
– Vaughan Yarwood

The booming US$2.3 trillion global halal economy and its opportunities for New Zealand were the focus of the New Zealand Asia Institute's inaugural Asia Dialogue conference on July 13, 2012.

With many of the world's Muslims living in rapidly-growing emerging markets, including India and Indonesia, and with halal becoming a popular lifestyle choice elsewhere, it is expected to increase in importance for New Zealand exporters.

Organised by the NZAI in conjunction with The University of Auckland Business School and prominent Malaysian business leader and the Business School's Adjunct Professor Tan Sri Halim Saad, the conference looked at how New Zealand could tap into this growing halal economy, which includes financial services, logistics and non-food products as well as meat and dairy products.

The line-up of international and New Zealand speakers included Tan Sri Dato' Dr Syed Jalaludin Salim and Dato' Seri Jamil Bidin, respectively chair and CEO of Malaysia's Halal Industry Development Corporation, and Dato' Yusli Mohamed Yusoff, vice chair of investment and financial services conglomerate PMB. Among the New Zealand speakers were Dr Kathy Lloyd, market access counselor at the New Zealand Ministry of Primary Services, and Tony Egan, CEO of Greenlea Premier Meats.



> "The global market for halal food, currently valued at US$660 billion, is expected to increase 20 per cent by 2020."

The conference heard that halal was not just for Muslims, but was a 'world brand' – a quality assurance standard set by professionals and recognised globally. It was suggested that halal be thought of as an innovative effort by the business community to add value.

The shared values between Māori and Muslims regarding economic, spiritual and environmental wellbeing, along with the country's trustworthiness as a food producer and the entrepreneurial and innovative nature of New Zealand businesses, were identified as significant advantages when it came to building a presence in the global halal economy.

A key message was that by collaborating with Muslim countries, New Zealand could gain unprecedented access to the burgeoning halal economy and evolve to become much more than a mere exporter of certified meat.

Tan Sri Halim Saad, executive director of Markmore Energy and former executive chair of Malaysia's largest corporate group, Renong UEM Group, said the global halal economy presented huge business opportunities. But these were best leveraged through an alliance with some of the 57 Muslim countries in the Organisation of Islamic Cooperation (OIC) that have money to invest and others with expertise in market access.

At present Malaysia exports more than US$10 billion worth of halal food and the global market for halal food, currently valued at US$660 billion, is expected to increase 20 per cent by 2020. Islamic finance was established in Malaysia in 1983 and is now worth US$145 billion – representing a fifth of all banking activity – and in 2011 the country issued 73 per cent of the US$26.5 billion worth of sukuk (Islamic bonds) worldwide.

Through the Halal Industry Development Corporation, Malaysia is very active in establishing the standards for the halal economy. It is not only looking into technical halal processes and Islamic finance, but is quite advanced in setting up the standards for halalan toyyiban or 'end-to-end' halal, whereby compliance is ensured at every level of production, including handling, logistics, ports, animal feeds and distribution.

The system, which is rigorous and extensive, also encompasses the ingredients used to produce feed for livestock, including crops, genetically modified organisms, vaccines and medications, innovative production methods and technologies to ensure animal welfare within the Islamic context.

These represent significant opportunities for New Zealand, Malaysia and other countries to work together in the future.

As a member of the OIC, Malaysia has ready access to most Muslim countries, but not enough products to export. New Zealand, on the other hand, has high volumes of products but faces potential access difficulties because awareness of halal in the business community was generally low. A strategic partnership is therefore in the interest of both countries.

"Of course we think of Malaysia and New Zealand as partners. But you should also see the OIC countries and New Zealand as one group in alliance to produce halal food," Halim Saad told attendees.

From left: Temujin Nukenov, Dato' Yusli Bin Mohamed Yusoff, Iliyas Jamil, Professor Greg Whittred, Tan Sri Halim Saad, Dr Anwar Ghani, Kairat Kaimanov, Ahmed Khalid, Associate Professor Manuka Henare

From left to right: Ahmed Khali, Tan Sri Halim, Iliyas Jamil and Col Kumar.

Professor Greg Whittred speaks at the Asia Dialogue Conference 2012

He said the top 15 OIC countries had a capital reserve of US$3.8 trillion, but they lacked food.

"So what we are proposing is that they work with New Zealand and other countries to produce food here or elsewhere to address their food security concerns".

Dato' Seri Jamil Bidin, chief executive of Malaysia's Halal Industry Development Corporation, said the combination of Middle Eastern financial muscle, Malaysian expertise in halal compliance and infrastructure and New Zealand's advanced agritech and biotech would create a highly capable strategic partnership. But he cautioned that for this to work, a global perspective was needed.

"What we are looking at is beyond New Zealand. We can do certain things in New Zealand, but we should also bring our capabilities to where the market is. The concept of a halal 'superhighway' is to make halal products, including food, easily accessible to the Muslim population not only in Muslim countries but also in Europe, America, China and elsewhere".

> "Of course we think of Malaysia and New Zealand as partners. But you should also see the OIC countries and New Zealand as one group in alliance to produce halal food."

"The superhighway basically tries to do a matching exercise whereby a supplier's products can be made available where the demand is. So, for example, is it better to make a product in New Zealand and export it to Kazakhstan, or is it more viable to bring the technology from New Zealand, in alliance with Malaysian partners, and do certain things over there for the former Soviet states?"

The bottom line is that halal markets are best tackled through alliances.

Dr Zaidah Mustaffa, a lecturer in the Business School's Department of Management and International Business, who helped run the conference, noted: "To build successful alliances in the halal markets, New Zealand businesses must respond to changes in Muslim demographics and consumer behaviour and to the dynamic nature of halal certification and standards in several Muslim countries."

NZAI staff publication

– Professor Nicholas Tarling

Mary Turnbull taught history in Kuala Lumpur and Hong Kong as well as in Singapore, so much in the early 1960s in Kuala Lumpur that she could 'count students instead of sheep to get to sleep'.

But it was in Singapore that she made her strongest mark, in particular by producing what became the most widely used history of Singapore. She died in 2008, just before the appearance of its third edition.

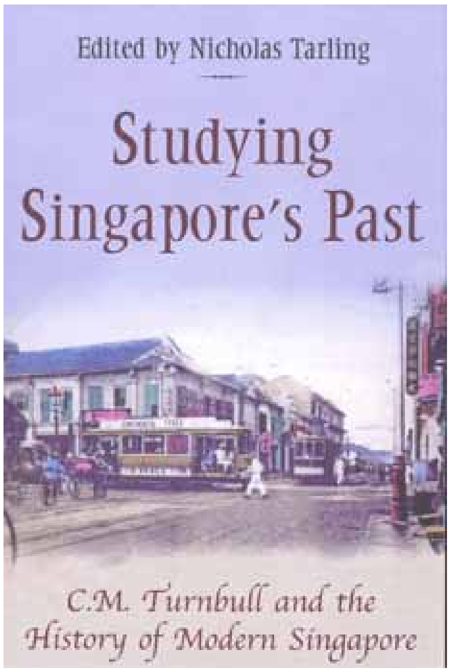
The focus of this Nachschrift is primarily on Singapore. In keeping with her sustained role in teaching as well as research, it includes work by younger scholars as well as some more senior. She enjoyed controversy and expected debate. Contributors felt free to comment on her work, if need be critically, as well as to appraise its impact, and not only to cover topics close to her heart, but to add topics she did not pursue and point to evidence she did not utilise.

The volume opens with P.J. Thum's entertaining and informative account of her life. Then Karl Hack discusses A History of Singapore, arguing that it was 'a teleological exercise in endowing a modern "nation-state" with a coherent past that should explain the present'.

When Singapore history was introduced into schools in 1984, the Ministry of Education's textbook drew on the chronology and themes she suggested. Her work, as Kevin Blackburn points out, thus helped generations of students to formulate their ideas about Singapore and its past. Thum returns in a more critical vein as a third commentator on the book. Turnbull relied on English-language sources which he argues results in an incomplete picture of Singapore's history. The vernacular press, he suggests, provides a fuller understanding of the Chinese community in the 1950s.

Two papers take the reader back from the closing years of colonial rule to the founding of modern Singapore in 1819. One comes from John Bastin, the world authority on Raffles. In the other Anthony Milner argues that he and other British officials of the period, with their concept of reconstructing a Malay 'nation' under British tutelage, helped in the propagation of racial thinking among 'the Malays'.

Two more papers move us back nearer to the end of the colonial period, the time, indeed, when Turnbull began her career as a civil servant in Malaya. Kelvin Ng writes of the British Military Administration of 1945-6, which she claimed destroyed the goodwill that existed at the time of liberation. Tony Stockwell writes



of Governor Franklin Gimson, reminding us that the trans-colony experience senior imperial officials had could be an advantage and a disadvantage.

The last two papers consider two aspects of Singapore's foreign relations. Jason Lim discusses the overseas Chinese trade missions to China and Taiwan in 1956-7. Finally the editor offers some account of Singapore's stance on the future of other small neighbours of the two larger countries of the 'Malay world': West New Guinea/Irian, Portuguese Timor, and Brunei.

The NZAI team, from left: Charles Chow, Professor Hugh Whittaker, Dr Natasha Hamilton-Hart, Dr Ben Fath, Dinah Towle, Dr Antje Fiedler, Associate Professor David Robb, Kimberley Peishih Wu, Emeritus Professor Nicholas Tarling, Professor Kenneth M Wells, Dr Richard Phillips, Dr Xin Chen

Indonesian language returns to The University of Auckland – Dr Natasha Hamilton-Hart

This September and October, NZAI held its first Indonesian language course. The evening course ran over six weeks - long enough to give participants a basic ability to communicate in Indonesian: to greet people, exchange personal information, ask and give directions and to order food.

Taught by a native speaker of Indonesian, Hanny Savitri Hartono (who taught for ten years at Indonesia's top university), the course reached its capacity for enrolments with 14 participants. If there is demand, NZAI is looking forward to running another course next year.

Why learn Indonesian?

One simple reason is that Indonesia is a big and important country in a region of great significance for New Zealand. Its importance is now being recognised, as the country has moved on from the Asian financial crisis which hit it in 1997-98 and a rather turbulent period triggered by the crisis. Now - after major democratising reforms, sustained efforts to build peace in conflict areas and new investment in different economic sectors - democracy is thriving and the economy has been growing strongly despite the downturn in Europe and North America.

This country of 270 million people is already among New Zealand's top ten trading partners and is set to become even more important given the growth rate in two-way flows of trade, investment and tourism, along with a steady increase in Indonesian students coming to New Zealand.

Learning a language goes beyond the pragmatics of doing business. It is possible to survive a business trip to Jakarta or a tourist visit to Bali speaking only English, but even a few words of Indonesian will make the experience much more rewarding. Not only do you get to speak to a much wider range of people, Indonesians seem genuinely pleased that you have made the effort to learn some of their language. And in the case of Indonesian, there are a few bonuses.

Bahasa Indonesia

The origins of the language as the national language of Indonesia lie in a decision by Indonesian nationalists back in 1928, when they recognised the need for a unifying language that would bring together the diverse linguistic and ethnic groups that made up the territory that was then under Dutch colonial control. They turned to the old language of trade across maritime Southeast Asia - a version of Malay that was spoken by traders and travellers across the archipelago as well as in what is present-day Malaysia. Thus bahasa Indonesia - the Indonesian language - is understandable in Malaysia, parts of Southern Thailand and by some people in Singapore. Being based on a trading language, Indonesian is relatively easy to pick up - at least in its basics - without the need to master a complex grammar or intonation. New learners are often surprised at how quickly they can get to the point of having a conversation, understanding a comic book or parts of a film, and getting a sense of what is going on around them. This opens the door to a much richer experience of the country, whether for business or leisure.

Asia Savvy 2012 – Dr Richard Phillips

How willingly will students sacrifice part of their mid-semester break to think about the larger questions about their field of study and their future? Very willingly. Nearly one hundred participants gathered at the Business School of The University of Auckland on the morning of Friday 7 September to begin a day and half at the Second Asia-Savvy Conference.

With its theme of *Visions and Realities of New Zealand and Asia*, this student-led conference brought together a wide range of speakers with experience in government, business, education and the arts. They explored the opportunities and the problems facing New Zealand and New Zealanders in our expanding relationship with Asia.

Opening the conference, Ms Julia Boyle, a BA/BCom student and the conference's project manager, and Professor Hugh Whittaker, Director of the NZAI, set the upbeat tone for the later proceedings. Julia confidently revealed the passion of the younger generation for links to Asia, while recognising the need to spread this passion further through enhancing knowledge about Asia, while Hugh posed the challenge of how to explain to the wider community why New Zealand needs Asia-Savvy people, particularly in the business arena. Thereafter, Mr Neil Walter, now chair of the National Commission for UNESCO, used his keynote speech to explore, with a light and humorous touch, many aspects of his long career in the diplomatic service, stressing the immense value of the presence of Asia and Asians in New Zealand and appealing for more Asian New Zealanders to serve in the public service. He noted the complex tensions between the pull of the future and the drag of the past, between a New Zealand in and of the Asia-Pacific and a New Zealand as an isolated off shoot of Britain, and commented on how being multi-cultural is hard work, which

some will resent, despite the richness our society gains.

The principal format of the conference was the panel discussion, with four panels over the two days, each with four panellists, introduced by a student moderator. In addition, two workshops split the participants into smaller groups for two separate hours of energetic discussion and effective report back on some of the key questions, while a single-speaker workshop session on the employability of the Asia-Savvy was led by Ms Theresa Weir of Immigration New Zealand.

The first panel took as its theme "Multicultural Aotearoa: Understanding ourselves, considering our future." Mr Joris de Bres, the Race Relations Commissioner, pondered the problems of a New Zealand which has embraced the Pacific Islander as part of the recognised image of New Zealand, but which often seems still to regard Asians as 'other'. He made a particularly strong plea for multi-lingualism. Dr Edwina Pio of AUT addressed the need for the Kiwi-isation of the migrant, but this must be matched by mainstream bridging to ethnic communities, through a recognition that identity must never be reduced to one exclusive defining characteristic that overshadows our shared humanity. The screenwriter Roseanne Liang urged the importance of the creative arts to reveal more of the Asian experience in New Zealand, while the student on the panel, Angela Cruz, questioned how far marketers have any sense of how consumers from different ethnic backgrounds think. Questions to the panel from the moderator and the audience lasted almost an hour, indicating the intense interest in this topic.

The second panel tackled "Moving forward with Asia: Recognising the potential of Asia-Savvy graduates and their value for New Zealand," with three businessmen, Mr Liu Feng of COSCO, Mr Giles Brooker of Giles Brooker, Ltd. and Mr Felix Lee of the ASB, and student Ms Sarah Tacken. Liu Feng pushed for a balance between achievable ambition, humility in the face of success and awareness of the perspective of others, all possible characteristics for the Asia-Savvy, while Giles Brooker urged an awakening to the excitement of Asian business, as both a short-term job and a lifelong career. Felix Lee spoke of the value of diversity in itself, with a call for all to be willing to embrace change in themselves, while Sarah Tacken embraced the

Image designed by
Trey Chen for Asia Savvy

Asia Savvy
New Zealand Asia Conference 2012

value of Asia to New Zealand's future. The ensuing discussion became sidetracked into the important issues around the employability of new migrants in New Zealand, rather than focussing more clearly on the opportunities for graduates.

"Business not as usual: NZ-Asia entrepreneurship and innovative enterprise" was the theme for the first panel on Saturday. Mr Tony Browne of the New Zealand Contemporary China Research Centre argued strongly against the automatic rejection of sound and/or kiwi business practices while doing business in Asia, but stressed the importance of building inter-personal relationships before expecting contract success. Mr Mitchell Pham of Augen Software explained about the innovative insourcing model used by his company to develop collaborative business with Vietnam, while Mr Greg James of WHK considered the dangers of the strict right-or-wrong approach adopted by many Westerners in Asia. On the more general theme of entrepreneurship, student Mr Jason Yang downplayed the need for a 'genius idea', urging instead for effective implementation of quite simple ideas. Moderated discussion among the panellists focussed on what is special about New Zealand and New Zealanders, but questions from the audience quickly reached the issue of investment from China.

Mr Mitchell Pham

Four students composed the final panel after lunch on Saturday, "Meaningful pursuits for the Asia-Savvy: Social enterprise, community leadership and beyond." In inspirational presentations, each revealed a pathway to increased Asia-awareness, through music for Ms Lucy Morris of the University of Otago, through art and film for Mr Balamohan Shingade of The University of Auckland, and through environmental concerns for Ms Mahoney Turnbull of the University of Otago and Ms Sian Coleman of The University of Auckland. Very lively discussion followed around the education purpose of a university per se and the potential for engagement with universities in Asia.

It then seemed as though the conference would close with the usual flurry of thanks and the award of prizes to honour the best student essays which had earlier been submitted on themes relating to Asia-Savviness, but unexpectedly we were treated to an unscheduled short address by Sir Ray Avery of Medicine Mondiale. Sir Ray in his inimitable style urged us to dream the big dream and to take advantage of the 'freedom to do things' that New Zealand offers. The conference participants, from Auckland, from the rest of New Zealand and in one case from Cambridge, England, left on a high. The conference had promised a serious look at the realities of, and an inspiring glimpse of the visions for, New Zealand and Asia. This promise was successfully delivered in the sessions, facilitated by excellent organisation behind the scenes. Congratulations to the student Organising Committee. Watch out for advance notice of Asia-Savvy 2013.

Ms Sian Coleman and Ms Mahoney Turnbull

New Zealand Asia Information Service 2012

The New Zealand Asia Information Service (NZAIS) has been upgraded to a new ‘discovery based’ platform, which allows more refined searching and improved usability.

This year over 4,000 people have visited the New Zealand Asia Information Service website. So far the largest group of users after New Zealand are based in Japan, and users have searched the site from China, USA, India, Vietnam, and as far away as Costa Rica, Ethiopia and Turkey.

The New Zealand Asia Information Service is a joint project between the New Zealand Asia Institute (NZAI) and The University of Auckland Library. Key features are as follows.

The NZAIS links key information sources about New Zealand’s past and present engagement with Asian countries into one resource that researchers and analysts can use as an organised access point to begin their research.

The research database contains primarily New Zealand material covering social, economic, cultural and business aspects of New Zealand’s engagement with Asia. The inclusion of relevant international sources enhances the depth of content in the database to assist in promoting ties with Asia.

The NZAIS is unique in that it offers searching in four languages: Chinese, Japanese, Korean and English. It is prepared by library and information professionals using those languages.

Sources listed include a range of different formats such as websites, books, reports, working papers, theses, newspaper and journal articles. There are references to video recordings and other materials also. Some early material focuses on the arts, which for New Zealand, was one of the early areas of engagement with Asian countries. Later content reflects the close ties through migration, education and business.

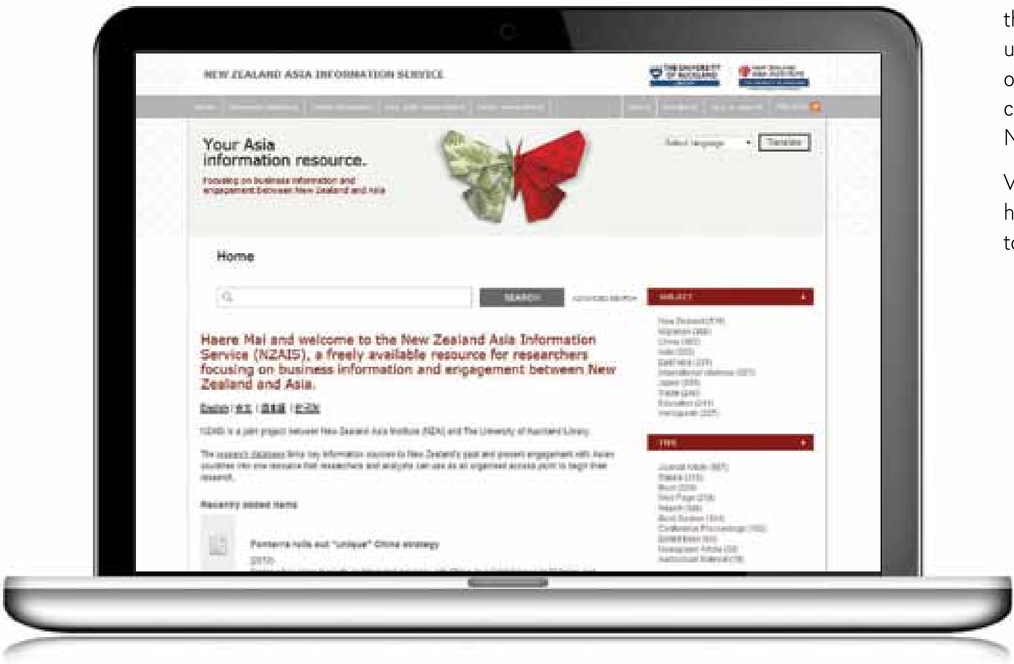
A directory of Asian expertise and researchers at the University of Auckland and other New Zealand universities is maintained.

A new improved listing of universities in Asia, which have an interest in New Zealand-Asia information, will be available soon: http://nzais.auckland.ac.nz/research-centres/

NZAIS is intended for use by academic staff and students, organisations involved with business, trading, social and cultural exchange with Asia or other researchers for the purposes of reference, research and analysis. A collaborative forum, NZAIS also offers opportunities to Asian research organisations to contribute their expertise to the database.

NZAI has now strengthened the database with related updates, links and references including theses and reports from other New Zealand universities. The NZAI and The University of Auckland Library are currently working collaboratively with their counterparts in other New Zealand universities.

Visit the NZAIS website:
http://nzais.auckland.ac.nz/ or use the QR code to link to the database from your mobile phone.



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