

THE TANIWHA AND THE DRAGON: CHALLENGES AND OPPORTUNITIES FOR MĀORI BUSINESSES WITH CHINA

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Māori-Chinese trade relations have flourished over the past decade, assisted by the NZ-China Free Trade Agreement (FTA). Māori and government should work together to take advantage of opportunities for Māori with China and minimise risks.

Key findings

- The growing Māori Economy is driving Māori businesses to seek commercial opportunities with Chinese partners both in China and in New Zealand.
- The Māori tourism and primary industries sectors hold the greatest potential value add to the Chinese market.
- Ministerial-led Māori trade missions to China have provided the needed leverage for Māori businesses to enter the Chinese market.

Executive summary

The Māori economy is currently valued at \$42 billion¹ and is growing rapidly. This growth is largely driven by Māori business activities in the primary sector, natural resources, small and medium enterprises and tourism. There is also solid growth coming out of Treaty settlements with iwi being paid a total of \$670.3 million between 2010 and 2015.² With this growth, more iwi and private based Māori businesses are seeking international business and investment opportunities. The numerous examples of successful Māori-Chinese joint ventures highlight the opportunities available for Māori businesses with Chinese partners.

It is anticipated that there will be a future demand for Māori who are adept in the Mandarin language, Chinese culture and business acumen. Māori should therefore build capability in this area.

¹ "Minister leads Māori business delegation to South Korea and Japan," New Zealand Government, accessed April 3, 2017, <https://www.beehive.govt.nz/release/minister-leads-m%C4%81ori-business-delegation-south-korea-and-japan>.

² "Ki te ao mārama – Statistics bringing light into our world," Statistics New Zealand, accessed March 26, 2017, http://www.stats.govt.nz/browse_for_stats/snapshots-of-nz/te-ao-marama-2016.aspx



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Analysis

Early Māori-Chinese contact

The earliest interactions between Chinese and Māori date back to the arrival of the first Chinese settlers in New Zealand in the 1860s. An analysis of early Māori-Chinese interaction shows that Māori and Chinese didn't always get along. Manying Ip claims that Chinese had negative views of Māori as idle and unfairly protected by special rights under the Treaty of Waitangi. At the same time, James Chang finds that Māori generally held negative views of Asian immigration.³ Despite this, Māori and Chinese found common ground working as horticultural labourers in market gardens. Consequently, relationships were formed which led to the emergence of Māori-Chinese families in the 1920s and 1930s.⁴

New Zealand-China Bilateral Relationship

China is an important bilateral partner for New Zealand. In 2008, New Zealand became the first developed country to successfully negotiate a FTA with China. China is New Zealand's largest goods trading partner and New Zealand has experienced a 300 per cent increase in goods export to China since the signing of the FTA. China is New Zealand's second largest tourism market with 80 direct flights from China every week and it is also New Zealand's largest source of international students.⁵

When New Zealand sought to sign the FTA with China in 2008 there was substantial opposition from several political parties including the Māori party. Concerns included ambiguity around benefit for Māori, China's controversial human rights history and the lack of Māori principles in the agreement. The agreement noted that the Treaty of Waitangi would be upheld, but it was not clear how. However, since then Māori MPs and businesses have seen the benefit of doing business with China and that opposition has largely disappeared.

Māori-Chinese business relations

Ministerial-led Māori trade missions to China have provided Māori businesses with a boost into the Chinese market. In 2010, the then Minister for Māori Affairs, Dr Pita Sharples, led a Māori business delegation to China to promote cultural and business connections. This was followed up with a visit led by the Chief Executive of Te Puni Kōkiri (TPK) in 2011 to progress linkages and further strengthen ties between Māori and Chinese partners. In 2015, Māori Development Minister Te Ururoa Flavell led a further trade mission to China to follow up on linkages that had been formed in previous visits and to form new relationships. Ministerial and CEO presence created the profile needed to access key senior business people and establish partnerships not otherwise possible in such a large and complex market.

As a result of the trade missions, several successful Māori-Chinese business partnerships have been established, including an agreement between Miraka and Shanghai Pengxin (SP) to process milk from SP's New Zealand-based farms at Miraka's processing plant. The milk is then sold in China under SP's

³ 3 Ip and Chang as cited in Jock Phillips, "The Dragon and the Taniwha — Māori and Chinese in New Zealand," *Journal of Chinese Overseas* 6, no. 1 (2010): 149.

⁴ 4 Manying Ip, *Being Māori Chinese* (Auckland: Auckland University Press, 2008), 1.

⁵ "2017 New Zealand and China: diplomatic milestones," Ministry of Foreign Affairs and Trade, accessed May 27, 2017, https://www.mfat.govt.nz/assets/_securedfiles/FTAs-agreements-in-force/China-FTA/NZ-China-2017-infographic.pdf.



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brand name. In addition, a partnership between New Zealand Mānuka Group and Tong Ren Tang (TRT) Pharmaceuticals was also formed with an agreement to retail New Zealand Mānuka's products through 1,700 outlet stores in China. TRT is one of China's biggest pharmaceutical brand names.⁶

A Taniwha Dragon Economic Summit, hosted by Ngāti Kahungunu, was held in February 2017. The conference was designed to showcase current successful Māori-Chinese partnerships and provide opportunity for further partnerships to be established. Attended at a full capacity of 250 attendees from New Zealand and China, the two-day summit was hailed a success with \$138 million deals brokered during the course of the summit.⁷ The sheer value of deals struck over the two day conference attests to the potential depth of collaboration between Māori and Chinese businesses.

Chinese businesses are also showing a willingness to work with iwi in New Zealand on their terms. This can be seen in Shanghai Cred's purchasing of Peppers Carrington Estate in 2013 on the Karikari peninsula, a secluded Māori community in Northland. Local iwi Ngāti Kahu were concerned that their sacred areas and burial grounds would be disturbed by development, however Shanghai Cred met with the iwi and reassured them of their intention to work alongside them and respect their wishes. They have also provided employment opportunities for the local people.

Although Māori businesses are succeeding in working with Chinese partners, international business in the modern age is a new experience for many Māori businesses. Māori businesses need to be mindful of the complexities of dealing with Chinese partners and should also understand that long-term investment and commitment is required. As such, Māori businesses should be prepared to invest time and resources into cultivating business relationships with Chinese partners including regular visits to China.

Opportunities for Māori businesses

According to New Zealand Trade and Enterprise (NZTE)⁸, Māori provide a substantial contribution to New Zealand's economy from within the Primary Industries with the following contributions to the economy being attributed to Māori:

- 40% of the fishing quota
- 36% of forestry
- 30% of lamb production
- 12% of sheep and beef units
- 10% of dairy products
- 10% of kiwifruit.

To capitalise on international opportunities, more Māori primary industry-based companies are venturing beyond the farm gate, moving up the value chain and engaging directly with foreign

⁶ "Mai Chen: Enter the taniwha and the dragon," NZ Herald, accessed May 29, 2017, http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10881166.

⁷ "Māori Business Delegation Visits to China," New Zealand Parliament, accessed March 27, 2017, <https://www.parliament.nz/resource/0000182064>.

⁸ "Pakihi Māori – Māori Business," New Zealand Trade and Enterprise, accessed March 9, 2017, <https://www.nzte.govt.nz/en/how-nzte-can-help/te-kete-tikanga-Māori-cultural-kit/pakihi-m%C4%81ori-m%C4%81ori-business/>.



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consumers. Because Chinese consumers are demanding safe and healthy food sources, there is an opportunity here for Māori primary-based businesses to build a value proposition around the integrity of their supply chain from pasture to plate.

There are also significant opportunities for Māori in the tourism sector. Māori tourism adds a valuable element to New Zealand's tourist experience and can enhance visitors' interaction with the tangata whenua and the land. Chinese visitor numbers grew by more than 100% from 150,000 in 2013 to just over 300,000 in 2017, due in part to increased China-direct flight capacity.⁹ This suggests that New Zealand has a strong tourism brand within the Chinese market and provides opportunities for the Māori niche tourism sector by developing China-specific marketing strategies to attract a greater share of the Chinese tourist revenue share.

Why does this matter to New Zealand?

The government is placing emphasis on enabling and empowering New Zealand businesses to take advantage of the FTA with China. Strengthening the Māori-China business and trade relationship will contribute to achieving the government's target of increasing the value of NZ-China bilateral trade to NZ\$30 billion by 2020.¹⁰ In addition, the Māori culture clearly offers a point of difference that can help promote New Zealand businesses in China.

What should New Zealand do?

It is recommended that:

- the government continue to support ministerial-led Māori trade missions to China as leverage for Māori businesses entering China;
- the government work with Māori to ensure the Māori culture is protected as a taonga and used appropriately;
- NZTE and TPK encourage more Māori to become skilled in the Mandarin language, Chinese culture and business acumen;
- the Ministry for Primary Industries and TPK assist Māori primary-based businesses to develop their supply chain value proposition tailored to Chinese consumers;
- Tourism New Zealand and TPK work with Māori tourism companies to develop China-specific marketing strategies and put in place mechanisms that attract a greater number of Chinese tourists; and
- MFAT and NZTE invest in more in-depth Te Reo Māori and tikanga Māori skills development for diplomats and trade representatives.

⁹ "China," Tourism New Zealand, accessed March 18, 2017, <http://www.tourismnewzealand.com/markets-stats/markets/china/>.

¹⁰ "Joint Statement between New Zealand and the People's Republic of China on the Establishment of a Comprehensive Strategic Partnership," New Zealand Government official website, accessed May 27, 2017, <https://www.beehive.govt.nz/release/joint-statement-between-new-zealand-and-people%E2%80%99s-republic-china-establishment-comprehensive->



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Conclusion

The government has started to recognise the value and importance of the Māori economy to the success of New Zealand's economy as a whole. Māori are also recognising the need to engage with foreign partners in order to achieve economic sustainability for whānau, hapū and iwi. The Māori Trustee Jamie Tuuta, noted in relation to a Māori Trade Mission to China, "for Māori to truly succeed economically, we need to engage with foreign investors".¹¹ Indeed as the global community becomes increasingly interconnected, Māori will need to take advantage of foreign business and investment opportunities to achieve economic stability into the future.

¹¹ "Access to Chinese capital a plus for Maori," NZ Herald, accessed May 27, 2017, http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10875389.



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