

EASTERN PROMISE: Building a China-capable public sector

Events such as Chinese Language Week last October and the upcoming New Zealand-China Mayoral Forum in Wellington remind us of the ever-increasing importance of China to New Zealand. Stories of how businesses in the private sector are “cracking the Chinese market” are not uncommon – but what is the public sector doing to make itself China capable? Editor JOHN O’LEARY found out.

“China is different,” says John McArthur, Strategic Policy Advisor at the Ministry of Foreign Affairs and Trade. “It’s not just a matter of size, though that is important of course. It’s more that China is a place where the public sector still runs things – it’s a state-run economy and society.



John McArthur

“Given this, relationships with the public sector in China are very important, and the public sector in New Zealand has

to make itself capable of dealing with Chinese officials and bureaucrats as well as with Chinese business people.”

New Zealand has not been backward in fostering relations with China, says McArthur. “We recognised the People’s Republic in 1972, we were the first country to agree to China’s accession to the WTO in 1997, and we concluded a Free Trade Agreement with China in 2008. At ministerial and official level, we have built good relationships with the Chinese government. We’re a small country, with a good international reputation. The Chinese do not see us as threatening, and they like our style of “quiet diplomacy.”

“That said, it’s fair to say that our relations with China are still developing; they lack the all-roundness, the completeness that we see in our other international relationships – with Japan or the United States, for

instance. There’s still work to be done to foster deeper, more sophisticated relationships with China.”

One thing that needs to be done, says McArthur, is for the public sector in New Zealand to become more China-savvy. A major plank in this is the China Capable Public Sector (CCPS) programme, a cross-agency initiative led by MFAT which McArthur helped design. The programme, now in its third year, features a variety of China-focused forums and events designed to raise public sector awareness of China and help public sector leaders engage more effectively with China.

“CCPS works across multiple agencies and brings together groups of China experts from across the public sector to share knowledge,” says Terena Harris, the programme’s Human Capital Capability Architect and McArthur’s colleague at MFAT. “We have people participating from Ministry for Primary Industries, New Zealand Trade and Enterprise, MBIE, Education New Zealand, New Zealand Police – to name but a few.

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“The Knowledge Transfer events held in collaboration with the New Zealand Contemporary China Research Centre are a particular success. We’ve had fascinating talks on subjects such as



Free trade with China. 21 November 2004. Body, Guy Keverne, 1967-: [Digital cartoons published in New Zealand Herald]. Ref: DCDL-0013014. Alexander Turnbull Library, Wellington, New Zealand.



Terena Harris

“Global Green Shift: Renewable China”, “Can China Understand Us?” and “Navigating the Complexity of Business in China.” The talks are presented by global China experts, and are tailored to the public sector audience. Events are video-recorded so they’re available to anyone in the public sector who wants to improve their knowledge of China and how China works.”



“It’s about acquiring knowledge and developing a global mindset. The goal is to be “joined-up” in the way the public sector approaches China, so that we can help meet the aims of the NZ Inc China strategy, which is itself part of a broader strategy to increase the internationalisation of the New Zealand economy.”

McArthur, for his part, is careful to note that CCPS is not just about helping diplomats deal with Beijing. “It’s about helping the public sector as a whole become more China aware, not just offshore but onshore as well, in areas such as education, tourism and health. Increasing numbers of Chinese people live and work in New Zealand – our public sector needs to ensure it puts in place strategies to deal with it.”

CCPS has been a success, says McArthur. “It’s reached over 40 agencies across the public sector and seen over 2,000 people participating in its forums and events. The need and level of China awareness, of China capability, in the public sector is rising. Before too long, we hope, this capability will become embedded in public sector culture and the way we do things.”



Given the programme’s success, is it likely that similar capability initiatives for other countries might be rolled out in future?

“CCPS is scalable and transferable,” says McArthur. “We may develop an India Capable Public Sector programme in time, or maybe a Korea Capable Public Sector one. China is a good place to start.”

Workshops and boot camps

One person who is well aware of MFAT’s CCPS programme is Mike Arand, Business Development Manager, China at New Zealand Trade and Enterprise. “NZTE was involved in the design and build of CCPS, and I have spoken at a few of the programme’s masterclasses,” he says. “The learning and networking opportunities are great. In the normal course of events we’d expect to be talking to agencies such as MFAT and MPI, but thanks to CCPS we’ve been talking to people from across the public sector – from Customs, Immigration, Te Puni Kōkiri and so on.



Mike Arand

NZTE, says Arand, has been consciously increasing its own China capability. “We’ve grown our China team, bringing on board people with really good China experience. We’ve done internal activities like workshops, and we’ve sent people abroad, to China to attend China workshops and market visits. In particular, we put together the Accelerate China programme. This is designed to help New Zealand companies get to grips with the China market and it’s also seen us upskill our customer management team.

“In addition, NZTE is a member of the

SISTER ACT



Increasing the nation’s China capability is not the preserve of central government and NGOs; local government, too, has a role to play. Sister city relationships between New Zealand and Chinese cities are growing in importance and depth, and offer a valuable means of engaging with China at a subnational level.

“Sister city initiatives started back in the 1980s,” says Dave Cull, Mayor of Dunedin and President of Local Government New Zealand. “To begin with these relations were cultural in focus, but increasingly they have an economic element.”

As an example of what’s being done in this area, Cull points to his own city, Dunedin, which has been a sister city of Shanghai since 1994. “Basically, we play to our strengths as a city – what does Dunedin have that might interest people in Shanghai? We’re focusing on areas such as food and beverage, export education, tourism, healthy technology and biotech.

“Education is of special significance for us, and our tertiary institutions and many of our schools have relationships with counterparts in Shanghai.”

Real Impact

Cull was part of the delegation of mayors and business people who visited China in 2015 for the inaugural Zealand-China Mayoral Forum. “The forum was a success, allowing face-to-face contact with Chinese mayors, who have considerable status in their country.

“In December we’re having the second mayoral forum, here in New Zealand in Wellington. We hope to build on the links already established.”

New Zealand-China sister city relationships include Christchurch’s with Lanzhou and Wuhan, Wellington’s with Xiamen and Beijing, and Auckland’s with Guangzhou. And new partnership relationships are being established, encompassing provincial areas too, such as the one Wellington is developing with Zhejiang, a prosperous province south of Shanghai.

“These sister city relationships and regional partnerships are important,” says Cull. “They have real economic impact.”

Executive Board of the New Zealand China Council, which functions as a “bridge” between Government and companies building businesses in China. New Zealand China Council has commissioned research on China – for example, on the Belt and Road initiative and how New Zealand can benefit from it and NZTE supports where possible in such initiatives.”

“Anything we learn about doing business in China we put on our intranet, so others at NZTE can learn too and we provide a significant amount of information directly to the NZ companies, on the NZTE website, or through targeted workshops and seminars.”

NZTE, says Arand, aims to foster deeper, more sophisticated business relationships with China, echoing the point made by McArthur. “We’ve moved well away from the simple “how-do-you-do” approach - just putting a New



Stephen Jacobi

Zealand company in touch with a Chinese one and leaving it at that. Now, we’re analysing companies and markets more deeply, using our networks to bring the right producer and the right supplier together.

“For their part, I’d say that New Zealand companies these days are more sophisticated in their dealings with the Chinese – they’re less inclined to overestimate their China capability,

for one thing, which was sometimes a problem in the past.

“I’m sure that some of this increased China capability has come from what we at NZTE have been doing.”

More and more competition

Another person well aware of MFAT’s CCPS programme is Stephen Jacobi, head of the New Zealand China Council, a NGO tasked with building stronger, more resilient ties with China. “It’s a very commendable initiative,” he says, “but we need to be doing something like this in the business sector as well.

“The fact is, there’s more and more competition to attract Chinese attention, and we in New Zealand can’t assume we can just coast along, doing as we have done in the past. The French, for example, are pouring resources into their relationship with China, and this includes significant investment by their government. If we don’t consciously build our China capability, we in New Zealand are in danger of being left behind.”

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The NZCC, says Jacobi, works with a range of government agencies and NGOs to build this capability. “We work with MFAT and NZTE of course, but also with organisations like the NZ China Trade Organisation, the NZ Contemporary China Research Centre, the Confucius Institute and the Asia New Zealand Foundation. Getting all these different organisations to work together can be challenging, but I am in no doubt that collaboration is the way forward.”

Two areas that Jacobi mentions as being of concern are language ability and cultural competence. “We need far more Mandarin speakers, both in the public sector and in business, if we are to widen and deepen our China relationships. The problem is that the schooling system here in New Zealand is not set up to encourage the learning of languages – there’s no real pathway for it in the curriculum. This is something that the Ministry of Education should look at.



Above: The Dunedin Chinese Garden

“The other area we as a nation need to do better in is general cultural competence. We need to increase our understanding of the Chinese economy and political system. This doesn’t mean we have to surrender or compromise on our own values, which can be rather different from those in China. But we do have to make more of an effort to understand China.”

The relationship with China, says Jacobi, has grown so fast that New Zealand is in many ways struggling to keep up. “As a nation, we have difficulty dealing with the subject of China, though debate here is less polarised than it is, say, in Australia. We see this in the kind of media coverage China gets, which is often simplistic and negative. We need to have a more nuanced, more sophisticated conversation about China.

“One thing NZCC is doing in this area is carrying out a survey of what New Zealanders really think of China, so we can get a better steer on the issue.”

A note of warning

The need to increase Asia capability in New Zealand’s public sector – and New Zealand generally – is a theme dear to the heart of Simon Draper, executive director of the Asia New Zealand Foundation.

“We run a number of programmes designed to increase knowledge of Asia, which of course includes China. While none are aimed specifically at the public sector, they are all open to the public sector employees. One of our programmes, Track II (or informal diplomacy), which features dialogues with Asian counterparts on strategic, regional and security issues, often includes people from MFAT, Ministry of Defence and so on.

“Another of our programmes, the Leadership Network, which provides professional development and leadership opportunities to young professionals working in the Asia area, has quite a few members from MBIE, Treasury and other government agencies.

“In addition, we support New Zealand journalists to travel to and learn more about Asia via our media programme.”



Simon Draper

Such programmes, says Draper, and the other China-focused initiatives being run by agencies such as MFAT and NZTE, successfully deepen understanding of the region but he sounds a note of warning.

“I’d say that we as New Zealanders tend to over-estimate their Asian capability. Recent survey results show that 66 percent of us still say we know little or nothing about Asia, while 67 percent of schoolchildren don’t think Asia skills will be relevant to their working life. Very few of our students study Asian languages, though the number learning Mandarin, it is true, is growing.

“This unawareness of/lack of interest in Asia extends to the public sector, which tends too often to be reactive and short-termist in its approach to Asian issues. People in every part of the public sector – not just in MFAT or NZTE – need to be thinking about Asia and what its economic, social and cultural rise means for New Zealand.

“And it’s not just about our external links to Asia – we need also to be looking at the growing presence of Asia within New Zealand. Tens of thousands of Asians (including many Chinese) now live here; some 23 percent of the Auckland population is of Asian origin. At the other end of the country, there’s a quickly growing Filipino community in Southland. What does their presence mean in terms of the region’s schools, health infrastructure, sport?

“I’d like to say that agencies across the public sector are thinking deeply and

widely about these questions. But I am afraid that if they are, it’s a very private conversation, which is not helpful in engaging wider New Zealand.

“New Zealand can’t just sleep-walk into the Asian century.”

A change of mindset

What New Zealand most needs, says Draper, is a change of mindset when it comes to Asia. “We need to leave behind the simple, transactional approach we have adopted in the past – the “how much milk powder can we sell to the Chinese?” approach – and focus on relationship-building at a deeper level.

“This means encouraging the learning of Asian languages such as Mandarin, encouraging the study of Asian cultures, and putting more effort into building up our links with Asian countries such as China, both at home and abroad.

“This may sound like “soft stuff”, but in fact it’s “hard stuff” that has to be done if we are to build our Asia capability. In all of this, the public sector has a significant role to play.”

New Zealand, says Draper, has been lucky, due to its geographical position in the Asia-Pacific region and the fact that it happens to produce goods and services that Asians increasingly want. But the country needs to start thinking much more widely and deeply about Asia – including China – if it is to derive maximum benefit and minimise potential risk from the epochal changes taking place there.

“New Zealand can’t just sleep-walk into the Asian century.”

