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**'GLOBALISATION'  
HUI TAUMATA 2005 PANEL**

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**Introduction**

- I'm very pleased to be able to discuss globalisation today from a Maori viewpoint.
- My experience as CEO of Te Ohu Kai Moana a director of Sealord and CEO of Aotearoa Fisheries Ltd has been beneficial to my understanding and support of international trade, but globalisation is bigger than just trade.
- Globalisation has been made out by the anti-free traders as evil, promoting exploitation and oppressing Third World people. For others, it's about finding global solutions to global problems.
- For Maori, I believe globalisation is beneficial to the Maori economy, and therefore to New Zealand.

**What is globalisation?**

- Globalisation is, as I have already said, not only about trade.
- Globalisation is about technology, it is about the level of political engagement this country enjoys with others; it is about personal contact, it is about closer economic relationships, and that's just for openers.
- **Technology** – The Internet has created a global market. Look at the number of Internet users, the number of businesses who turn a good profit from web-based businesses; the advent of better and better technology has opened a huge range of new business opportunities.
- **Political Engagement** – our own Government has membership in numerous international organisations; we've served on the UN Security Council; we have Embassies and High Commissions scattered around the world.

- **Closer Economic Relationships** – Maori are already involved in many different export businesses and footing it with the best in the world. We've been involved in a variety of trade missions and business delegations in pursuit of better opportunities for Maori development.
- **Personal Contact** – We are all ambassadors for Maori; we are all ambassadors for New Zealand. Many of us have businesses that export something or other, and through that we build relationships overseas.
- It's important for Maori to be involved in "globalisation" just as it's important for Maori to be involved in "international trade", because globalisation deals with social, cultural, economic and environmental concerns.

### **Globalisation is here to stay**

- In a survey conducted by US magazine *Foreign Policy* to establish an index of globalisation, New Zealand was listed at No.19 in the world. Ireland, Switzerland, Singapore, Netherlands and Sweden were all at the forefront of globalisation.
- Our friends across the ditch didn't make the top 20.

### **Whats in it for us?**

- The Maori economy is part and parcel of the New Zealand economy. "Where the New Zealand economy goes, we go."
- But there are some differences. The Maori economy is more exposed to international markets.
- Why? Because the Maori economy is twice as export intensive as the New Zealand economy on average.
- Most exports from Maori businesses are overwhelmingly from primary industries, which are subject to higher trade barriers than other export businesses.
- In fishing, market access barriers cost our industry about \$100 million a year.
- Currently just under 10% of fishing exports go to China and tariffs range from 10% to 23% – a cost to us in excess of \$10 million. But the real cost is the opportunity cost of these tariffs restricting access to this market.
- Fishing, forestry and farming are the stalwarts of the Maori economy and unless you look towards global trade, your only other option is to look inward.

- Continued WTO discussions over trade barriers and tariff reductions deliver real benefits to our export markets and deliver real benefits to Maori primary industry enterprises.
- The impending free trade agreement (FTA) with China provides us with an opportunity to target and promote in a coordinated way our products to coincide with those FTA negotiations.
- There is a potential FTA with the United States, and a Free Trade Agreement with Thailand is in place this year. An FTA with Singapore is three years old; our CER agreement with Australia is 20 years old and more comprehensive than any other. We are also looking at FTAs with Malaysia, Mexico, and Egypt.
- The ASEAN group has 10 countries with a collective population of more than 500 million people.
- A growing Maori economy through global trade also means a growing New Zealand economy and the ability for Maori therefore within that economy to thrive and grow.

**Question 1: How can Maori in business get a global perspective?**

- Maori have a global perspective. From the very early days with the arrival of whalers and settlers, Maori were curious about what these people brought. And since those times Maori have taken advantage of new technology and opportunities to trade.
- With the growth in technology and the “abolition of distance”, we are all able to grasp a global perspective.
- One way that the Fisheries Commission promotes a greater awareness of international opportunities is through the Global Fisheries Training Programme joint venture with Nippon Suisan Kaisha, Limited. This initiative places two students per annum in Japan working with our partner and existing in that environment. The students return home with language and industry skills gained in an international environment. This experiment has been most successful and is paying off.
- Another way is to ensure Maori become more involved in international trade delegations and missions. This could well be facilitated through Maori business sectors developing a fund to promote potential Maori business leaders onto such delegations and fora.
- What I’m talking about is investment in our people and this will pay dividends in the future.

**Question 2: What models will best promote Maori international expansion (i.e. consolidation, JVs, etc)?**

- There are already examples of Maori involvement in international trade, there is a need to make sure our home base is well secure and consolidated. In order to extract the best value from our resources in a global environment, it is necessary to ensure that we are able to equip our managers with the best skills and experiences applicable to international trade.
- Whether we advance these interests through JVs or other methods will depend on the circumstances and the environment.
- However, because so many Maori assets are tied up in the primary sector, it is essential we locate ourselves near to where FTAs are negotiated.
- As I said before, the impending free trade agreement (FTA) with China provides us with an opportunity to target and promote in a coordinated way our products to coincide with those FTA negotiations. Such an initiative could take place in a parallel manner to the negotiations. This is an opportunity for Maori involved particularly in the primary sector to coordinate such activities for our commercial benefit.

**Question 3: How can Maori embrace and thrive on globalisation?**

- The challenge for us in embracing and thriving in a global world springs from the confidence we have that the assets we own are managed by people equipped with the right skills and competencies.
- An opportunity to be realised is for us to become more lateral in our thinking and foster relationships between industry sectors where Maori are key participants. Maori involved in such sectors could be more strategic in working synergies that exist, and capture the benefits that such scale would represent.
- We must also ensure that we understand the changing nature of markets in the global economy. What does the consumer require? The fishing industry is a good example of the emergence of a more discerning customer, focussed on issues such as health, safety, nutrition, environmental sustainability and business ethics. If we are to keep ahead of the game we need to constantly innovate and ensure our products meet such demands. Failure to recognise such trends can be costly. On the positive side, closeness to our customers enables us to explore the advantages of our own indigenous brands.
- In this regard, research and development takes on an increasingly important dimension. Again, if I can use the fishing industry as an example, the recent development of a tripartite arrangement between the Seafood Industry Council, NZ Crop and Food Research and Industry participants provides an example of how to address some of these issues.
- Obviously, thriving in a global environment depends on a range of other factors too many to discuss in details. Suffice to say that for us involved in the fishing industry the challenges that confront us include a complex regulatory framework, onerous compliance costs, a hugely variable dollar, ever increasing fuel costs and declining wild fish stocks. Each of these is a subject in themselves worthy of discussion.

## Where to from here

- Contributors to the Hui Taumata state the best way for Maori development to improve domestically and internationally is through economic growth.
- A fast and sustainable way to achieve economic growth is through embracing international trade and becoming more involved in the global economy.
- We don't need to be suspicious of globalisation; rather I believe that embracing international trade and what it can offer will provide excellent returns in the long run and an avenue for self-determination.
- In concluding perhaps you might like to consider:
  1. **Free Trade Agreements.** The impending free trade agreement (FTA) with China provides us with an opportunity to target and promote in a coordinated way our products to coincide with those FTA negotiations. This focus though should not be to the detriment of our involvement in other free trade initiatives involving countries such as Malaysia, Mexico, Egypt, Chile and the ASEAN Group, who by themselves comprise a population of around 500 million people.
  2. **Ensure Maori become more involved in international trade delegations and missions.** This helps us understand better our markets and puts us in direct contact with customers. This could well be facilitated through Maori business sectors developing a fund to promote potential Maori business leaders onto such delegations and fora. The importance and value of developing these relationships over time cannot be underestimated.
  3. **Equip our managers with the best skills and experiences,** which I've already said.
  4. **Look across our sectors and cooperate more between industries.** A lesson to be learned is to become more lateral in our thinking and foster relationships between industry sectors where Maori are key participants. Maori involved in such sectors must be more strategic about using our combined strength in lobbying, seeking research and development investment and other benefits that such scale enables.
  5. **And finally,** it is time for us to consider whether we should develop a closer relationship with an appropriate Research Institute, or establish a new organisation, that is able to meet Maori commercial research and develop requirements, and enable us to better access the pool of funds that exist for such purposes.

**ENDS**

## Dispelling the Myths

- **Import barriers** do not help us. The main effect of ending import barriers has been on the allocation of labour and other resources among industries. But import barriers provide an incentive to produce goods that are costly to produce.
- **Trade benefits only arise when other countries match us** – New Zealand has reformed its economy hugely in the last 20 or so years. Even more so than others.
- **Globalisation is harmful to poor countries** – economic integration is the best way for poor countries to catch up with the richer one. China is the obvious example of the economic growth that's possible through integration with the world economy. China is fast becoming the leading economy in the world.
- **Free trade is harmful to those who can't compete** – Governments must obviously retain their power to protect their citizens, but people in poor countries have just as much right to enjoying low food prices, low clothing prices as we do.
- **Loss of Sovereignty** – Going global doesn't mean loss of our identity or the ability to make decisions for ourselves.

## Cultural issues

- **Brand Maori** – is very important for our own identity. Whether it's the haka performed by the All Blacks or at the Olympic Games or the koru on the tail of a fleet of planes.
- Globalisation is a key way to promote things Maori.
- Globalisation is a perfect way to position Maori business. It is a means of strengthening our culture by making more and more people aware of it.
- Through greater international awareness comes greater respect from abroad and that should lead to greater respect at home.
- (Free Trade is going to increase opportunities for people in that country and with that also comes increased demands for better wages, living conditions, for employees.)
- What can this deliver? Maori should work to be the first "cab off the rank". How do we get the environment better for what Maori currently do? How do we diversify our fish as well as get the most out of our basket now.