

**AIR NEW ZEALAND IN ASSOCIATION
WITH
SISTER CITIES NEW ZEALAND
2007 AWARDS**

CATEGORY: Best Business or Commercial Project

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PROJECT TITLE

WAITAKERE CITY TRADE MISSION TO CHINA



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BACKGROUND

The relationship between Ningbo (Zhejiang Province) and Waitakere City commenced in April 1995 when a memorandum of “Friendly Co-operative Relationship” was signed. A further “Friendship and Trade” arrangement was executed in June 1995.

Commitments were made in December 1997 to enter into a full sister city relationship; these commitments came to fruition in December 1998. Historically, Ningbo has looked to Waitakere City for assistance in long term strategic planning and environmental protection strategies. There have been a number of visits to Waitakere by environmental and business delegations.

Waitakere City is aware that it operates in an increasingly globalised environment. A vital prerequisite for continued local economic development is the ability of Waitakere’s businesses to successfully internationalise.

Foundational reasons for Waitakere’s involvement/organisation of the China Trade Mission were:

- International Role of the City – there has been a well-documented move towards active participation of Cities in local (and regionally coordinated) economic development. In most cases this has led to the formation of an associated local economic development agency (EDA) and a commitment of city resources towards the creation of a supportive policy and regulatory framework. Waitakere’s EDA is Waitakere Enterprise (WE) – formerly Enterprise Waitakere.

In the New Zealand context, an important prerequisite for sustainable economic development is operating successfully in the international economy. Consequently, in the development of city/regional economic plans there is an opportunity to adopt a strategic policy of incorporating the international dimension. Under the aegis of national initiatives from central government agencies, cities are able to augment international activities/engagement in ways much more focussed on outcomes for the city’s particular stakeholders, particularly where gaps in existing national support structures are identified.

Such an approach is also fundamental to regional economic development strategies. In October 2006 the Metro Project Action Plan was produced which reinforced the vital need for Auckland to engage with the international economy:

“Improving links between Auckland’s international networks will help more businesses to establish an international presence and, in turn, utilise international networks for research, funding, marketing and distribution.”

- The relative ease of cities to operate internationally free from overarching national policy positions adhered to by central governments.
- Cities ability to operate at a level satisfactory/appropriate to local requirements, though at times leveraging larger initiatives of central government agencies.
- The expectation of other cities and international agencies to operate within an appropriate international context.

OBJECTIVE

To proactively and strategically leverage Waitakere's sister city relationship with Ningbo to foster commercial opportunities.

Primarily as a result of requests from Waitakere-based businesses to assist them establish linkages with international markets, a strategy was developed by Waitakere to leverage its sister city relationships to create economic/commercial opportunities. Concomitantly, Waitakere was also in the process of upgrading its international relations management through the appointment/apportionment of dedicated resources and the development of an enabling strategic framework.

ACTIVITIES

Prior to departure the delegation members were given briefings covering topics related to market dynamics and the culture of Chinese business. Waitakere Enterprise organised a series of these briefings, bringing in expert private sector consultants and New Zealand Trade and Enterprise (NZTE) personnel. Funding was provided for those companies wishing to commission NZTE to undertake market analysis more specific to their particular requirements. Delegation members also met with New Zealand trade and diplomatic personnel upon arrival in China.

As a product of Waitakere's strong relationship with Ningbo, Waitakere was offered a free station at the 2006 Zhejiang Trade Symposium, which is an annual event held in Ningbo every June. The space offered was of considerable value and was prominently positioned in the main pavilion of this very significant trade show. Many other countries (particularly from Europe) had displays at the show. Waitakere's display represented the only New Zealand presence. Consequently, and in the spirit of "NZ Inc", a NZ-wide promotional strategy was also supported, particularly in the areas of the education, tourism and marine industries.

A total of 10 schools/companies participated in the trade show, which represented a broad-based approach towards product/service promotion. Central to the strategy for this trade mission was the adding of additional value through a parallel focussed approach. Consequently, Ningbo city officials were requested to arrange private business meetings for the respective delegation participants. In most cases these meetings were prearranged, but some also resulted from general enquiries made at

the time of the trade show. This focussed and targeted assistance was further enhanced by the presence and participation of Waitakere's Mayor, Bob Harvey.

A highlight of the visit was a reception hosted by the Mayor of Ningbo and attended by leading business and local government representatives. During the stay in Ningbo, the delegation also visited key business facilities and infrastructure developments, as well



as cultural and tourist attractions. As international business decisions are often not made in a vacuum (purely financial decisions), and understanding and appreciation of the local culture and environment is deemed an appropriate input.

Waitakere city also hosted a dinner that included senior business representatives and city officials from Ningbo city. This dinner was an opportunity for delegates to invite key business people with whom they were attempting to establish business relationships.

As mentioned above, Waitakere sees the value in having a sister city not only for the benefits that can be accrued from local contacts, but also in the use of the relationship to provide a catalyst and/or gateway for activity with the rest of China. This is particularly true when seeking opportunities in sectors that have limited chance of development in Ningbo. In this particular case, and following on from Ningbo trade show activities, Waitakere's China strategy moved towards promotion of the film industry. This entailed participating in the Shanghai International Film Festival (SIFF), as well as joining the 2006 New Zealand Film Festival in China. While trade show business delegates returned home, representatives of eight film companies/universities joined the delegation.

In order to enhance the delegation's profile, Waitakere had co-arranged for the entry of two New Zealand films into the Shanghai International Film Festival (chosen from



100+ entries). Subsequently, RIVER QUEEN won the prestigious "Golden Goblet" for best music (the other film entered was WORLD'S FASTEST INDIAN).

Waitakere also supported and co-organised the 2006 New Zealand Film Festival in China (6 feature films and 6 short films). The festival started in Shanghai and then moved to Guangzhou and Beijing. In each of those cities, press conferences were held during the premiere night

functions. Local film and television businesses were also visited. In both Beijing and Shanghai, New Zealand trade and diplomatic posts hosted supporting functions.

RESOURCES

Delegation members paid for their own costs, although Waitakere Enterprise provided a level of funding for pre-mission market research undertaken by New Zealand Trade and Enterprise (NZTE) and a level of group travel and accommodation discounts was accessed. Waitakere Enterprise also provided significant organisational and staff resources towards the organisation of this project.

Some film-related activities were funded by NZTE and/or the Ministry of Trade and Enterprise (MFAT) – for example, Beijing, Shanghai and Guangzhou film industry functions.

The China Film Bureau of the State Administration of Radio, Film and Television (SARFT) also provided significant support in terms of arranging for theatre and promotional activities for the New Zealand Film Festival.

COMMUNITY PARTICIPATION

The Waitakere-based business community, as well as Auckland regional businesses in the case of Marine, Film and Education representatives, were advised of the mission and invited to participate in pre-mission briefings. As an ongoing activity, the Trade Mission will act as a point in time to build momentum in the business community's engagement with China.

AWARENESS

Without the underlying sister city relationship(s), Waitakere City would be much less inclined to engage with the international community. Sister City activities have provided a learning curve in international relations, as well as establishing a starting point and/or gateway in terms of associated markets and/or networks.



As a result of this project, the business community has become aware of the value of sister city networks for promoting economic outcomes – that is, converting government-to-government relationships into business-to-business relationships. A measurable example of this statement is the requests being fielded to organise return visits to China, as well as to leverage Waitakere's other sister city relationships in a similar fashion.

In terms of Chinese community awareness, Mayor Harvey's participation generated significant media interest in the trade mission and underlying sister city connection. Additionally, the high profile of the film-related activities generated considerable community awareness in China. New Zealand films were showcased at the Shanghai International Film Festival, as well as the award ceremony and related press conferences being broadcast on CCTV. During the New Zealand film festival in China, an estimated audience of 20,000 viewed the associated films and many more were aware of the festival, and Waitakere's film industry, via the associated press picked up in regional television and newspapers.

BENEFITS

Underpinning the significance and range of benefits received by those involved with this project, was the Mayor's attendance. Indeed, the Mayor's leadership of the delegation was a direct result of industry requests, and therefore had played an important role in the participation decision of many of the delegates. Particularly in the Chinese context, the Mayor's involvement was also fundamental in galvanising local government support and associated activities. Mayor Harvey had been previously awarded honorary citizenship by the Ningbo Municipal Government in recognition of his efforts forging a strong and close sister city relationship.

Government-to-government benefits were accrued and the sister city relationship was significantly enhanced. Ningbo city had originally invited Waitakere to attend the trade symposium and the subsequent acceptance of that invitation, as well as the seniority of delegation members, was greatly appreciated by Ningbo city officials and trade symposium organisers. This appreciation was clearly articulated at the time by the Mayor of Ningbo. Furthermore, a commitment was made by Ningbo to offer another stand, free of charge, at the 2007 Zhejiang Trade Symposium. Ningbo City has also requested that one of its officials be seconded to Waitakere to assist with the planning for 2007. At the time of writing this report, the Mayor of Ningbo has advised of a visit to Waitakere in July – further evidence of the deepening relationship.

Association with the film festivals in China was an excellent branding exercise for Waitakere city. Leveraging off the high profile (qualitatively and quantitatively) generated by the success of RIVER QUEEN, Waitakere was able to successfully present itself as a filming/production destination to the Chinese film industry. This was reinforced in meetings with senior film industry and government personnel.

The business representatives also received significant benefits. Education representatives were able to visit local schools and meet with school officials under the overarching support of city officials. Such visits allowed school and university representatives to gain first hand knowledge of the potential export education market, as well as start the development of the enabling personal and organisational relationships. As a consequence of these activities, as well as at the invitation of Mayor Harvey, a senior education delegation from Ningbo and the surrounding region visited Waitakere earlier this year. This visit was another important step in the process, which is aimed at establishing sister school relationships.

Although many of the education delegates were already engaged, to some degree, in establishing links in China, an important operational benefit was discovered. That discovery was the enhanced value of their respective China activities when acting collectively and when centred around a sister city relationship. Consequently, the education representatives are planning to return to Ningbo in 2007, and would like to pursue similar opportunities associated with Waitakere's other sister cities.

Marine industry representatives were able to further their market research and establish key local contacts. In a subsequent report to the marine industry the marine industry delegates stated:

It appears that some of the more successful manufacturing companies in Ningbo would like to branch into the production of boats mainly for export. It seems that they have the budget and the technology to do this but not the boat manufacturing expertise and so their solution to this is to form joint ventures with international companies that can provide the expertise.

NZ appears to be in very strong position to offer such expertise. New Zealand has a good history with China and this combined with the temperament demonstrated by most New Zealanders suits the Chinese and they do seem to demonstrate a willingness to work with us.

The marine industry experience is an example of internationalisation beyond a purely export focus. Remaining internationally competitive may require diversification of elements of production to China while retaining (and growing) the high-value-added functions in New Zealand (Waitakere).

Film industry representatives were able to access high level networks via the pathways opened up by Waitakere's enhanced sister city strategy. This enhancement is about fostering opportunities in the broader regional, then national markets, as well as implementing supporting activities, such as entering films into the Shanghai International Film Festival.

The winning of a prestigious "Golden Goblet" award showcased and celebrated New Zealand's film making expertise to a significant audience, both in China and internationally. Consequently, working in tandem with government networks, the delegation was able to progress the initiative of developing co-production opportunities. Several scripts, pre-approved by the Chinese government, were subsequently offered to delegation leaders to explore potential interest in New Zealand. One delegate was able to significantly progress two co-production projects.

As a result, a senior Film Auckland delegation will travel to China in 2007 to further relationships started and discuss co-productions in more detail.

CONCLUSION

The value of sister cities to Waitakere are significant. There is a clear and demonstrated role for local government in the international environment. Nevertheless, to be effective (as well as efficient with public funds), a strategic approach must be adopted.

The China Trade Mission provides a framework to facilitate regular and strategic engagement with the Chinese economy. On the supply-side, historic government networks are being leveraged to provide commercial opportunities for the business community. On the demand-side, Waitakere City is being increasingly asked by its business community to assist them fast-track and/or augment their engagement with the international environment. The China Trade Mission is a successful example of creating commercial outcomes from sister city relationships.



WAITAKERE CITY TRADE MISSION TO CHINA

EXECUTIVE SUMMARY

The 2006 China Trade Mission was a concerted effort to assist the Waitakere (Auckland) business community engage with China. The existing sister city relationship with Ningbo was leveraged for both local input, as well as acting as a gateway for business opportunities in the rest of China.

A strategic approach was employed that provided a coordinated platform of complementary events, combined with industry cluster cooperation. This approach provided an effective means of fast-tracking engagement with China.

Stage one of the trade mission was attendance at the 2006 Zhejiang Trade Symposium, including pre-arranged private business meetings, which conformed to profiles submitted by business delegates. The primary focus of Ningbo activities were in support of the education and marine industries.

Stage two of the trade mission entailed a change of industry focus, locations and delegation personnel. The mission focussed on promotion of the screen production industry in the expanded target areas of Shanghai, Guangzhou and Beijing. Film industry events were supported/attended and leveraged for maximum delegation profile.

Significant progress was made in augmenting the research and China networks of key businesses representing the education, marine and film industries.

Following positive feedback from delegates, Ningbo city officials, trade symposium organisers, and both New Zealand and China government representatives, plans are underway for a 2007 China Trade Mission.