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**NEW ZEALAND'S RELATIONS WITH
NORTHEAST ASIA: LINKS AND INTERACTIONS
UNDER GLOBALISATION**

Christina A. Stringer

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**Department of Geography
University of Auckland**

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ABSTRACT

In the mid-1980s New Zealand embarked on a path of radical economic reform. The changes that occurred and are still occurring in New Zealand are in part, of external origin and came about from an opening of the domestic economy to wider forces thereby re-incorporating New Zealand into the global economy.

Le Heron and Pawson (1996) propose that in the 1990s, economic globalization -- the process of integration, deepening and differentiation of economic activities throughout the world -- has led to new links and interactions. In seeking to identify the external and internal forces leading to the development of new links and interactions between New Zealand and Northeast Asia (Japan, Taiwan and Korea), analysis is made of changes occurring within investment, production and trade connections. This thesis is informed by two bodies of literature: the world systems literature stresses the development of inter-country relationships in an historical context, and political economy literature links resource regimes to periods of capitalist accumulation.

In order to remain active participants in the global economy New Zealand enterprises and industries are pursuing strategies of linking into the Northeast Asian economies. Two key economic sectors, agro-food and forestry, have been chosen for investigation in order to examine changes as New Zealand industries, enterprises and local regions seek to achieve greater integration into the Northeast Asian region.

A re-articulation of production is occurring as New Zealand's agro-food sector is incorporated into a Northeast Asian food import complex. Changing patterns of production and consumption are examined within the context of the food regime perspective. While new opportunities are increasing for New Zealand agro-food exporters, trade still reflects New Zealand's traditional export base of first and second food regime products from the beef and dairy sectors. The expansion of a fresh fruit and vegetable complex represents an emerging third regime.

Since the mid-1980s the New Zealand forestry sector has become increasingly integrated into a national complex centered upon Japan. The dismantling of the national regulatory regime introduced a number of foreign investors and subsequently led to the reorganisation of trade and production networks. Prior to this time, forestry exports to Northeast Asia were inconsistent, comprising mostly logs and low value products with processing occurring in Japan. While unprocessed exports remain a significant composition of forestry trade there is a move away from low value products into more end-use-application specific production. This is accompanied by a shift in production facilities and an increase of economic surplus in New Zealand.

Land based industries in the Hawkes Bay provide examples of local adaptations of production to agro-food and forestry complexes centred upon Northeast Asia. Integration into these complexes has facilitated access to new markets and resulted in increasing degrees of added value. This has only been possible in the context of the gradual relaxation of regulatory regimes that has occurred over the past two decades. In some cases, integration is an outcome of Northeast Asian ownership of New Zealand based nodes along the commodity chain. In others, it is an outcome of New Zealand actors producing to meet 'site of consumption' demand.

In spite of New Zealand's adjustments to globalisation, it essentially remains a semi-peripheral production site.

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*It was the best of times, it was the worst of times,
It was the age of wisdom, it was the age of foolishness,...
It was the spring of hope, it was the winter of despair*

A Tale of Two Cities
Charles Dickens

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