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PRESENTER (MICHAEL WILSON): Although China's economic growth is slowing, many commentators believe the big **Asian** economies can decouple from the US economy. That is, their growth will be little affected by a declining US economy. Increasingly though, this decoupling theory is being challenged. For his views, I'm joined now by Dr Richard Grant, executive director of the **Asia New Zealand Foundation**. Good morning Richard.

DR RICHARD GRANT (ASIA NEW ZEALAND FOUNDATION EXECUTIVE DIRECTOR): Good morning Michael.

PRESENTER: So what are your feelings about this decoupling theory.

GRANT: I think at the beginning of the year, as the crisis in the US and Europe unfolded, there was quite a bit of thought that the **Asian** economies would be resilient enough to resist because of their strength and global trade and their financial reserves, and what we've seen over the last two or three months is in fact ah, a realisation that the **Asian** economies are going to be ah, affected just as much as everybody else by what is happening. I mean this is the era of globalisation and globalisation means it's very hard to isolate yourself.

PRESENTER: I guess you could say that New Zealand was probably hoping that the likes of China would keep trucking along at nine, 10% plus and ah, help our dairy exports, our tourism industry and the like. So do you see an inevitable impact for us of, of a slowdown in, in the likes of China.

GRANT: Well, I mean, China will keep growing at around seven to 8% which is pretty high by our standards but pretty low by their standards and ah, obviously there'll be a, a slowdown in their consumption. I think New Zealand is probably well placed ah, to keep going but we have to accept that across Asia, our exports may fall a little.

PRESENTER: What, you, you're making trips ah, on a regular basis to various parts of Asia, what, what are your impressions as to, as to how severely they are being hit at the moment.

GRANT: Well you can see it in ah, in tourism figures and places like ah, Hong Kong and Singapore. You can see it in services, exports and places like India and you can see it in ah, financial pressures in places like Japan. So across the region. It doesn't matter which country you go to. You can see the effects of what's happening around the world.

PRESENTER: The currency, we're, we're getting some benefit out of that aren't we. Were, we're a lot lower, say, against the Chinese currency at the moment. Do you, do you, do you see some safeguard for our economy in that sense.

GRANT: Well obviously for all New Zealand exporters ah, a declining New Zealand dollar means that they're going to be more competitive on global markets and that's ah, from the predictions of the economists and the banks, you can see that that lower ah, dollar is going to keep going so I

think for New Zealand exporters, that's an encouraging message going into 2009.

PRESENTER: Your foundation, the whole point is to promote ah, relations between Asia and New Zealand and particular, economic relations, do you, do you think though that there is a negative ah, if, if we view Asia as slowing and if we have a lower currency it's therefore more expensive to do business there that that could be a problem.

GRANT: I actually, I see the corollary ah, we're actually getting a lot more interest in Asia across the board in all our programmes, education, business, culture, media because I think people realise the, that Asia is closer to us than we thought and therefore they need to know more about it. So we're pretty encouraged that ah, the slowdown in the economy won't actually affect New Zealand's interest in Asia at all.

PRESENTER: Okay. Thanks very much for your time there. That's Dr Richard Grant there from the [Asia New Zealand Foundation](#).

Ends.