



Asia Rising: Why young New Zealanders need to be Asia ready

6 April, 2011

THE BOSTON CONSULTING GROUP

A few statistics to start with

2010 NZ exports to Asia = 38% of total (up from 35% in 2000)

2010 NZ imports from Asia = 41% of total (up from 29% in 2000)

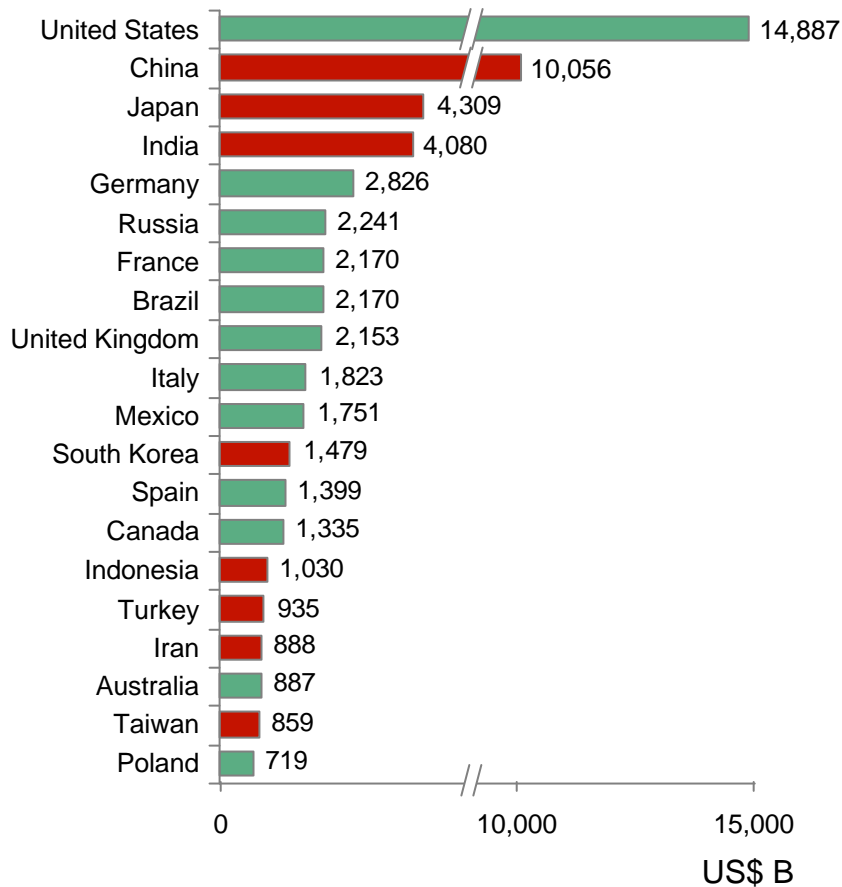
2004 to 2009 growth of Asia-originated foreign direct investment (FDI) into NZ = 83% (vs. 36% for all FDI)

2010 Asian international fee paying students in NZ = 71% of total

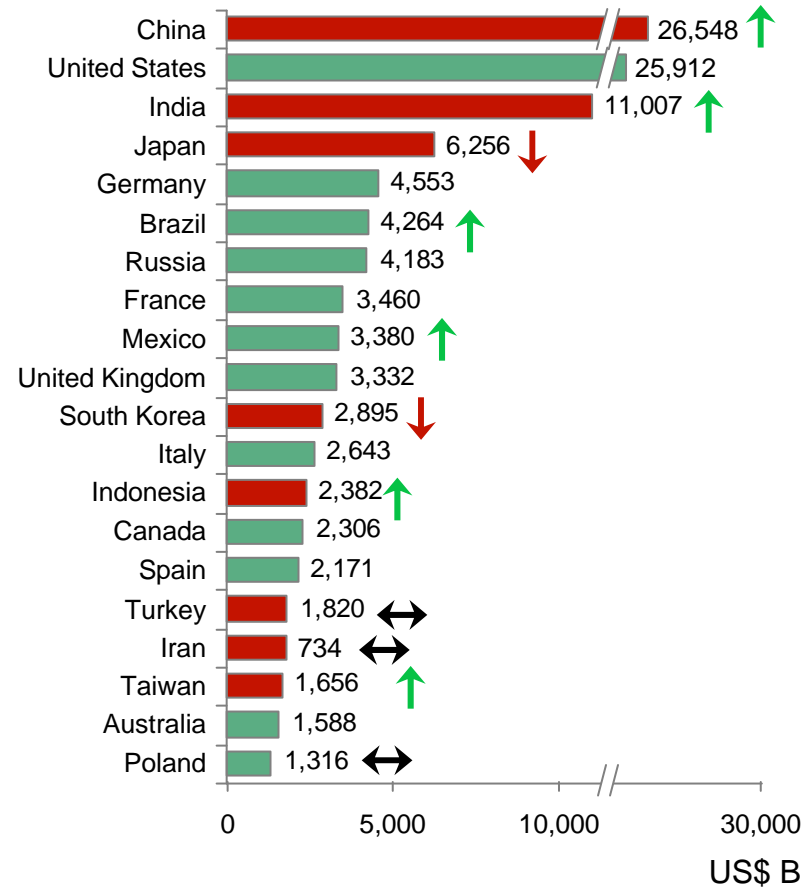
1 in 5 people are from China, 1 in 5 are from India

In next 10 years, China will challenge US GDP

Top 20 countries by GDP in 2010



Top 20 countries by GDP in 2020



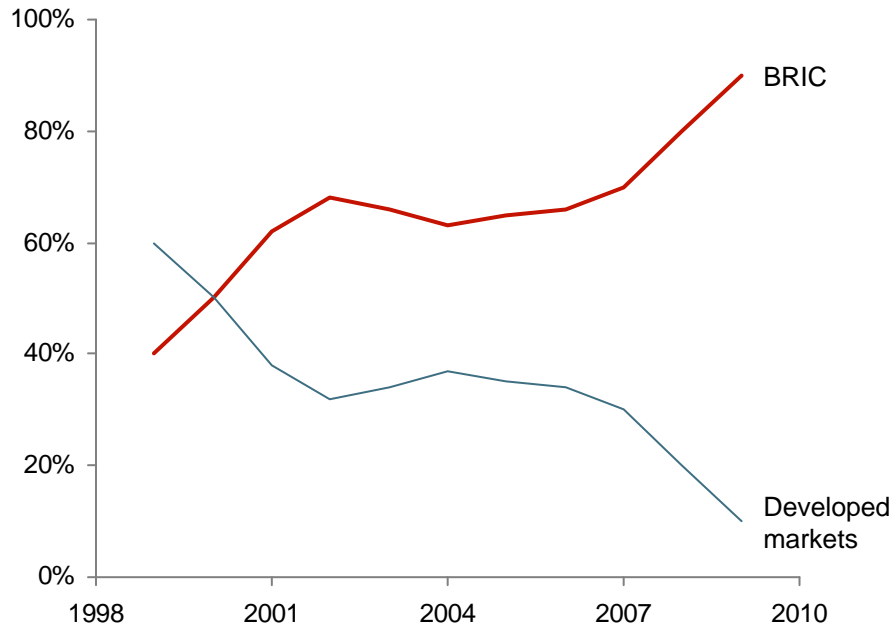
Note: Data is Nominal GDP at PPP

Source: EIU, BCG analysis

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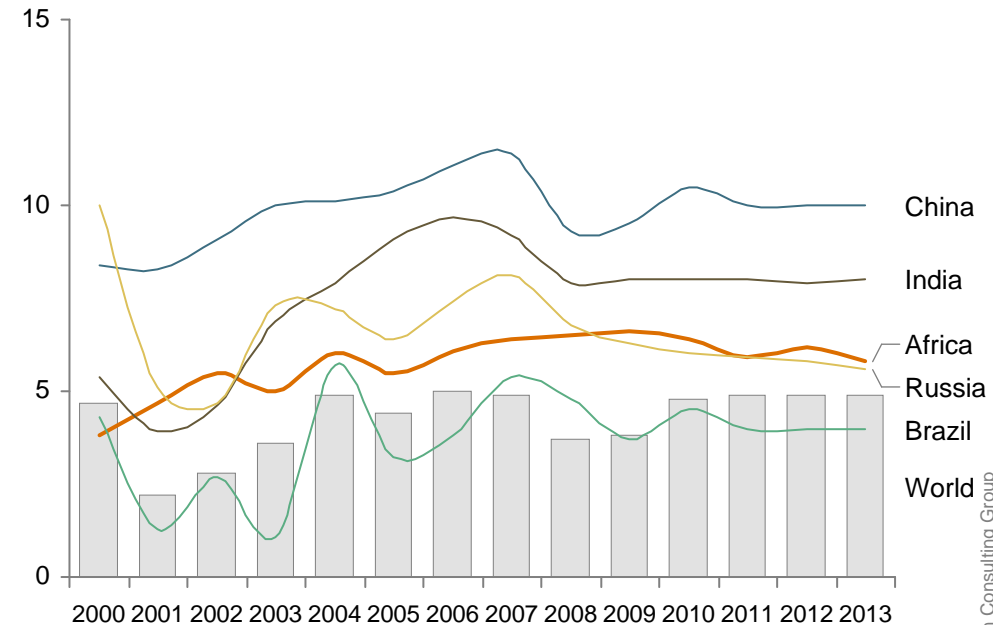
90% of world growth from developing countries

Contribution of global GDP growth



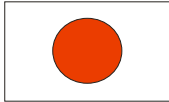





Projected GDP growth rates

Real GDP growth
(Annual percent change)



China's growth creating massive new markets

For instance...

A new...	every	...years
	Japan	14
	Germany	9
	Italy	6
	Saudi Arabia	3
	Switzerland	1
	New Zealand	4 months

1. Including metropolitan area

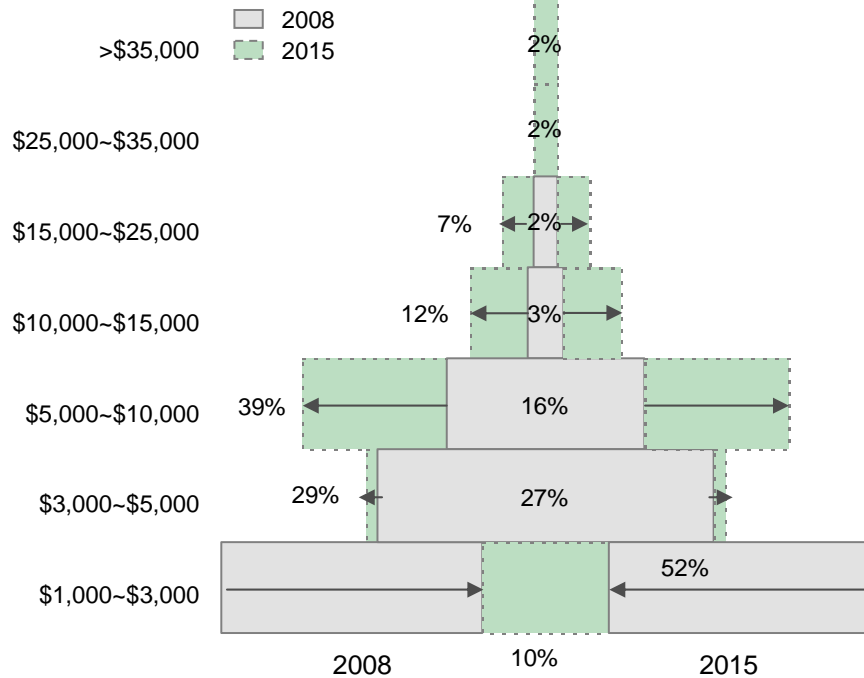
Source: CIA World Factbook; US Census Bureau
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Huge new middle class emerging in China, India

India

India population distribution by income ('08→'15)

Annual household income (US \$)



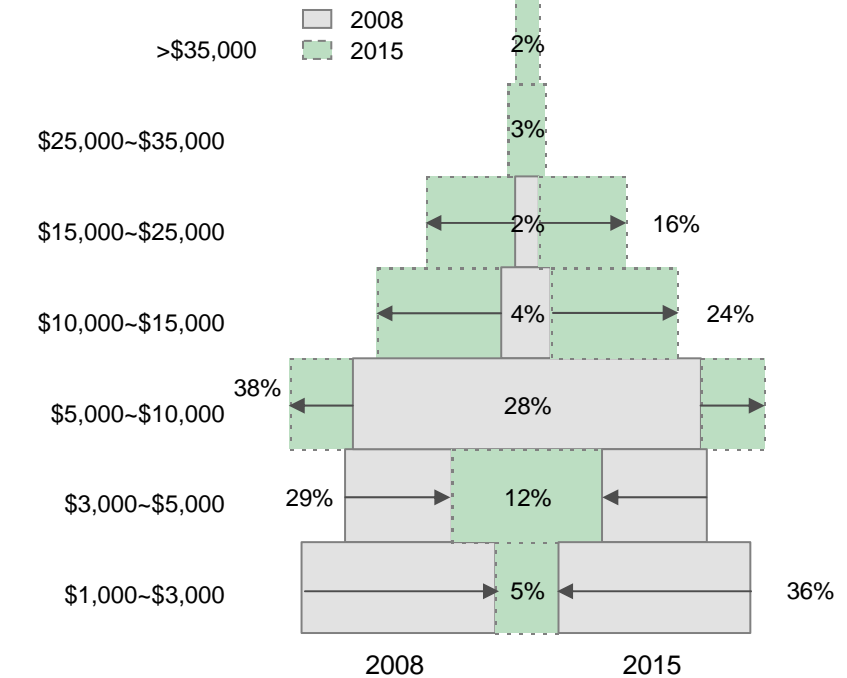
Total household number (M)



China

China population distribution by income ('08→'15)

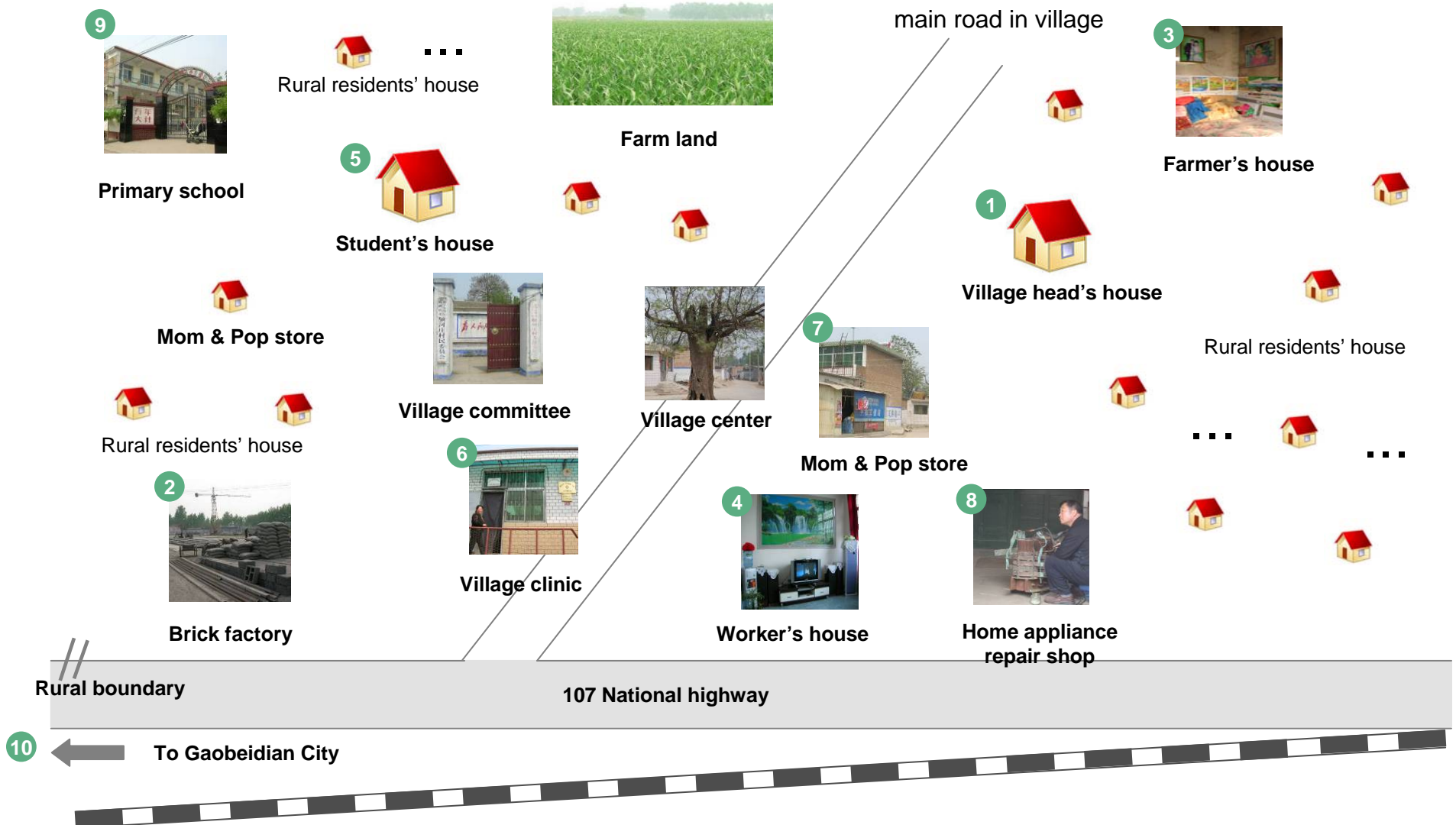
Annual household income (US \$)



Total household number (M)



Rural Northern China village, population 2000



Mrs. WX Liu, a rural farmer



Farmer Liu's profile



A typical farmer in the village

- Age: 45
- Education:
 - 3rd grade primary school
- HH size: 5
 - Her husband, her son, daughter-in-law, granddaughter and herself
- HH Income:
 - ~RMB 15,000 per year

Household durable goods owned



X 1



X 1



X 1¹



X 1

Her family



WX's son and daughter-in-law who live with her

- WX's son is a rural worker, RMB 5000 per year
- WX's daughter-in-law works in a gas station, RMB 6000 per year



WX's daughter and son-in-law who live elsewhere

1. WX's son owns it
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This was Farmer Liu's house in late 2007



Ms. Liu's house



WX's living room and bedroom

Her household durable goods



WX's landline



The only TV in the family

Her typical day: Farming, cooking



And in the evening, building a new house



“The new house is going to be a two-storey big house with ~10 rooms and a big yard. It will cost more than RMB100,000 (US\$ 15,000) to build. ”

“We started to save money for it years ago... But we still borrowed a lot from friends and relatives... ”

- WX Liu

In 2009, Farmer Liu moved into her new house



Liu's family has strong confidence in the future

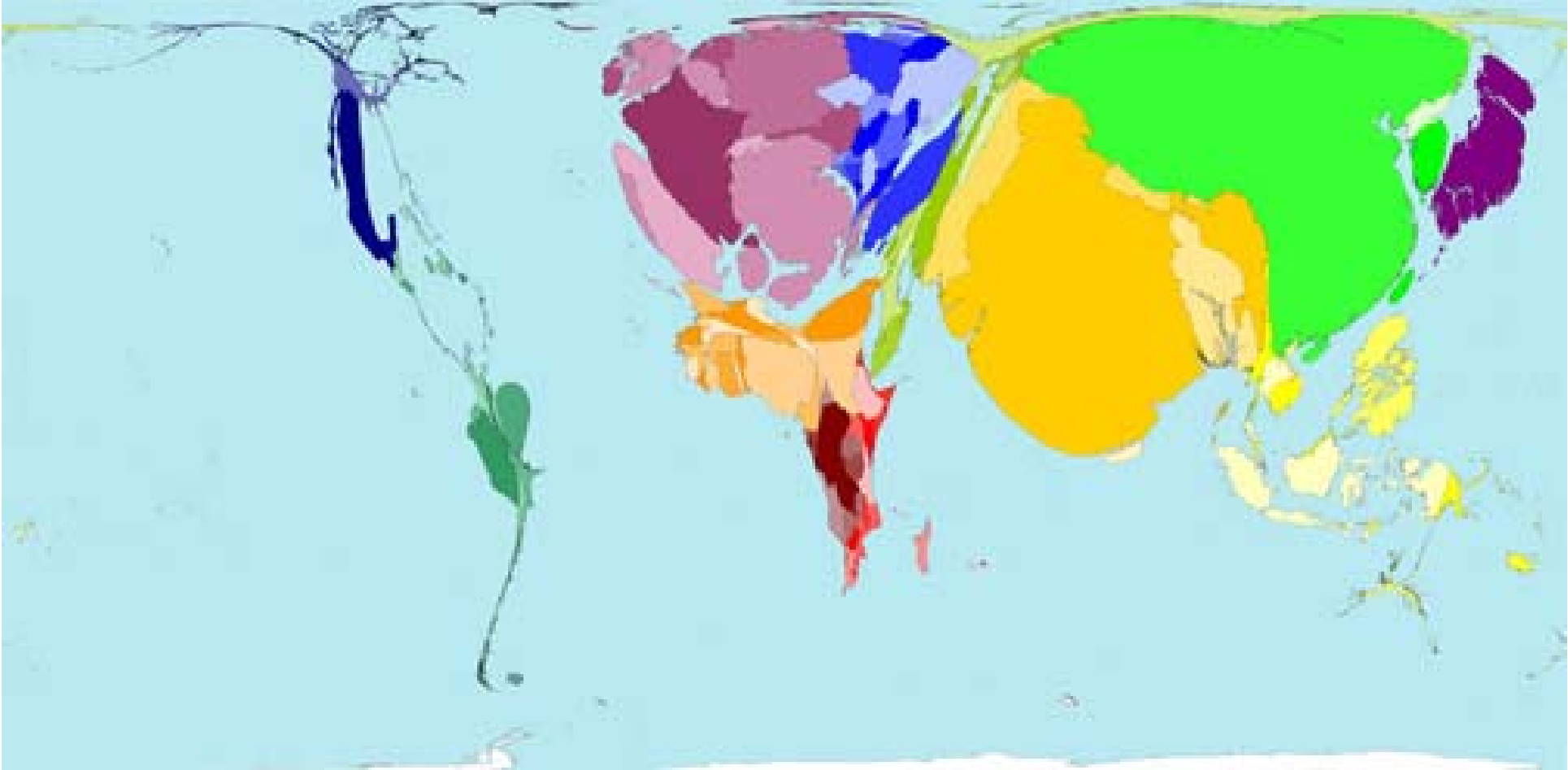
New home includes power points for future air conditioner purchase



New home includes a garage for potential future car purchase

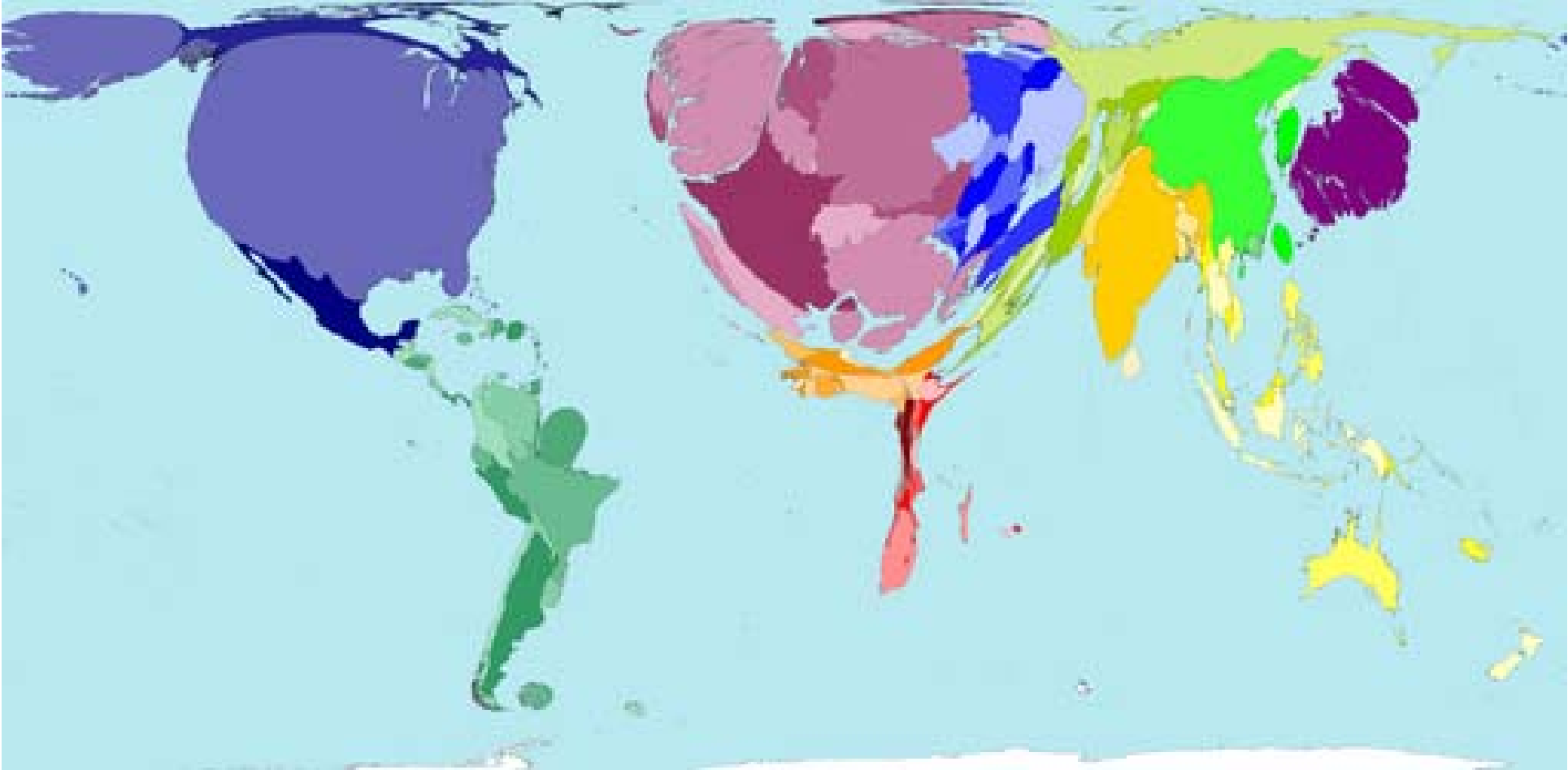


The economic map of the world – 1500 AD



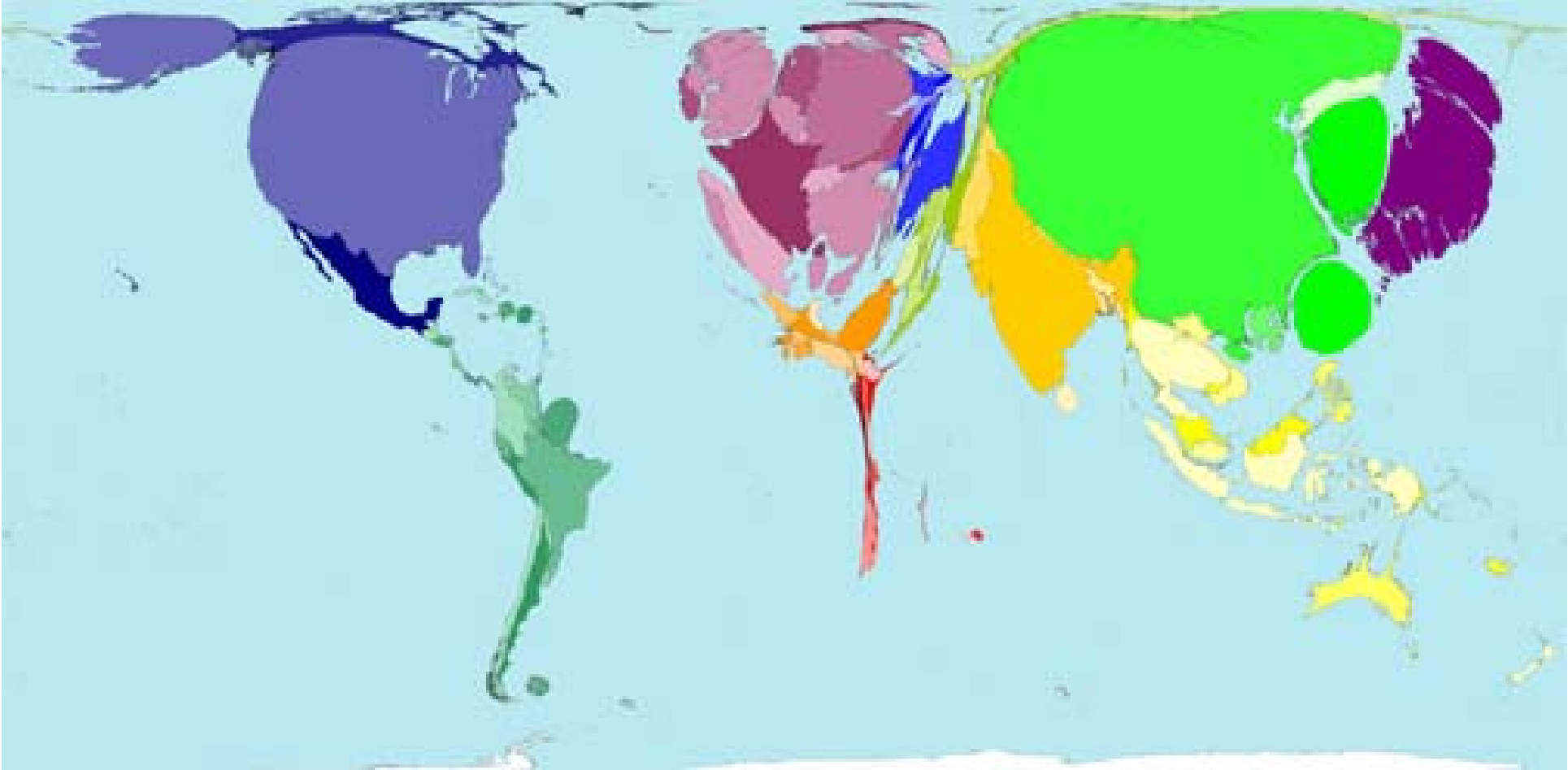
Source: www.worldmapper.org
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The economic map of the world – 1960 AD



Source: www.worldmapper.org
Asia Rising-Asia NZ Foundation -14June10.ppt

The economic map of the world – 2050 AD?



Source: www.worldmapper.org
Asia Rising-Asia NZ Foundation -14June10.ppt

How can young Kiwis succeed in Asia?

Comment: add some pictures of engineers, food technologists, teachers, business people

**Hard skills and
competencies**

Attitudes and behaviours

Skills & competencies, attitudes & behaviours

Starting point – a focus on business success

A few obvious useful hard skills

- Language – Mandarin, possibly bahasa Indonesia
- Quantitative skills – mathematics, statistics

Asia is diverse in many ways – culture, language, population density, income levels – so being Asia-ready requires a broad set of attitudes and behaviours

- Adaptability to new environments and new cultures (NZ versus Java)
- Flexible thinking – the challenges may be the same as in NZ but the solutions radically different (car stuck in traffic)
- Street smarts – blind trust is a licence to be exploited
- Tolerance for ambiguity – trustworthy information is usually hard to come by
- Analytical skills – hard core maths skills less useful than a sense of good logic
- Sense of adventure, an outgoing persona – it can be lonely out there (sports)
- Perseverance and perspective – success not overnight story, but step back and review now and then