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Te Whītau Tūhono

New Zealand and Japan:
To our future

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Executive summary

New Zealanders report they feel warmer to Japan than any other Asian country, Asia New Zealand Foundation research has consistently shown.

Globally, Japan ranks as having one of the strongest national brands.

It has been formally identified as a relationship "lift" country by the New Zealand Government.

More than 3000 New Zealanders have spent time in Japan teaching English through the Japan Exchange and Teaching Programme (JET Programme) and tens of thousands of our young people have studied Japanese language at school.

Japan's status as a soft power superpower has brought its culture into our everyday lives.

Yet, what do New Zealanders really know about Japan - and where is the relationship going?

Driven by a series of sporting events, New Zealanders will be focused on Japan in a way they normally aren't.

Over the next two years, Japan is hosting the 2019 Rugby World Cup, the 2020 Summer Olympics, the 2020 Paralympics and the 2021 World Masters Games.

These events will provide a unique window into Japan for tens of thousands of New Zealanders who may have previously had little contact with Japan or its people.

Many New Zealanders will be travelling to Japan for the first time and others will be getting exposure to Japan by tuning in from their living rooms.

Sport can also serve as a stage for greater connection and understanding between people.

It is a language many New Zealanders speak. While we might be riveted to a sporting moment, we are equally getting a taste of Japan's culture, values, outlook and history that we might not otherwise have.

We also get a chance to consider what our relationship with Japan means for New Zealand.

As New Zealanders focus on Japan, the Asia New Zealand Foundation has commissioned this report to highlight the many strands of the New Zealand–Japan relationship: not only sport, but also education, tourism, trade and the many people-to-people links.

Japan is arguably the Asian country with which New Zealanders have enjoyed the fullest relationship.

Our trade relationship grew rapidly from the 1970s onwards and was quickly followed by cultural and educational exchanges, a surge in Japanese tourism numbers to New Zealand, enthusiastic uptake of Japanese language learning by New Zealand students and hundreds of young Kiwis heading to Japan each year for working holidays.

New Zealanders have embraced Japanese culture. Many get an introduction to Japan through martial arts like karate and judo; sushi is a favourite lunch option; our young people lap up manga and anime; and Marie Kondo is a household name.

Amid New Zealanders' ease and familiarity with Japan comes questions about whether we have started to take the relationship for granted.

As China has risen in economic might, and growth in other Asian countries offers new potential, the strength of our relationship with Japan can be easy to overlook.

Our relationship has also suffered through Japan's whaling in the Southern Ocean and long-standing trade challenges around agricultural products.

But are we at a turning point? Our two countries share common interests in the rules-based international order at a time of uncertainty across the Asia-Pacific region.

From a trade perspective, the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership (CPTPP) has eased market access issues.

Japan's formal recognition of its indigenous Ainu people in April 2019 provides further opportunities to build Māori-Ainu relations.

Japan itself is in a state of some change as it adapts to the shifts in the world order.

What does this mean for Japan and what could it mean for the Japan–New Zealand relationship?

We hope this publication provides readers with a stimulating overview of New Zealand's relationship with Japan – and a taste for how we might be able to grow and deepen this relationship.

Simon J Draper
Executive Director
Asia New Zealand Foundation
Te Whītau Tūhono

Towards a broader, deeper partnership

Japan and New Zealand are both island nations of the Pacific, joined but separated by the world's largest ocean.

Both countries share temperate climates and sit precariously atop the volcanic Ring of Fire.

Both are parliamentary democracies and are committed to the rule of law.

Yet Japan and New Zealand are starkly different in terms of their populations (125 million vs less than five million), their cultures and languages, the size of their economies and the relationships they have with their neighbours.

So what are the connections between New Zealand and Japan?

At a time of significant upheaval across Asia and around the world, how are the two countries working together and what is the potential for the future?

This report highlights these connections and identifies some key areas where New Zealand and Japan are broadening and deepening their relationship.

1 McKinnon M, 'Introduction' in Roger Peren (ed). New Zealand and Japan: 150 Years. (New Zealand Centre for Japanese Studies, Palmerston North, 1999).

2 McGibbon I, 'New Zealand Perceptions of Japan 1945–1955' in Roger Peren (ed). New Zealand and Japan: 150 Years (New Zealand Centre for Japanese Studies, [Place of publication?] 1999).

3 McKinnon M, P20, in Roger Peren (ed). New Zealand and Japan: 150 Years. (New Zealand Centre for Japanese Studies, Palmerston North, 1999).

Historical connections

Contact between New Zealand and Japan goes back more than 150 years.

The first Japanese to come to New Zealand were a group of jugglers and acrobats who toured the country for four months in 1874.

The first Japanese settler, Asajiro "Tommy" Noda, arrived on a ship in Bluff in 1890, working first as a cashier and later a gum digger.

He married Rihi Tipene Te Ahu of Ngāti Mahuta in a ceremony presided over by the Māori king.

A small number of other Japanese followed, including the scholar Shigetaka Shiga, the first Japanese visitor to write about New Zealand.

In 1882, Japan began naval goodwill visits to New Zealand that carried on until the 1930s.

Despite these early connections, the Japanese population in New Zealand remained tiny, limited by restrictive immigration laws passed in 1899.

A small number of New Zealanders – mostly traders and missionaries – went to Japan but, prior to World War II, Malcolm McKinnon argues the relationship was "dominated by ignorance and prejudice, both positive and negative".[1]

The brutality of the Pacific War (1941–45) strengthened feelings of hostility and difference.

The post-war period brought New Zealanders and Japanese together for the first time in large numbers.

Between 1946 and 1948, 12,000 New Zealand servicemen and women took part in the occupation of Japan as part of the British-led Jayforce.[2] Thousands more spent time in Japan on leave from fighting during the Korean War.

Diplomatic relations between New Zealand and Japan were established in 1952. In the years after, high-level political visits began and visitor numbers began to increase.

A Japanese-sponsored art exhibition toured New Zealand in 1957. New Zealanders began to take an interest in traditional practices like ikebana (flower arranging) and bonsai.

The visit of renowned potters Takeichi Kawai and Shōji Hamada in the mid-1960s reflected a strong interest among New Zealand artists to learn about traditional Japanese ceramics.

McKinnon points to the 1964 Tokyo Olympic games as a symbol of Japan's post-war return to the community of nations.[3]

In the 1960s, New Zealanders' perception of Japan as a threat reduced, and there was growing recognition of Japan's importance as a market and as a source of imports such as cars and electronics.

Commercial ties grew quickly in the 1970s and although cultural links were slower to emerge, in the 1980s and 1990s they took off, with a rapid growth in learning Japanese and tourism. In 1997, Japanese visitor numbers to New Zealand reached a peak of 162,736.

During the 1980s, Japan's rapid growth appeared miraculous and it seemed possible that Japan might go on to become the largest economy in the world. Japan became a crucial trading partner as exports to Europe declined.

But in 1992, the Tokyo stock market collapsed and the Japanese economy went into a decades-long period of stagnation. Some businesses and banks were kept afloat only by large government subsidies, creating so-called "zombie" firms.

Despite Japanese economic influence declining, the major Japanese investors in New Zealand maintained their commitment. At the same time, Japan's cultural influence continued to grow.

New Zealanders took up martial arts and karaoke with enthusiasm and Japanese food – particularly sushi (or the New Zealand version of it) – became common. The digital revolution saw the rise of Japanese brands like Sony and Sega.

Today, Japan is a soft power superpower: its food and design are admired around the world. Whether it's Pokemon, Nintendo, manga or Marie Kondo, Japanese popular culture is part of New Zealanders' everyday lives.

Have we let the relationship drift?

New Zealand's familiarity with Japanese products and culture has not necessarily translated into a strong relationship across the board, with some close observers arguing that New Zealand–Japan ties have underperformed in the last few decades.[4]

From New Zealand's point of view, common interests have been frequently overshadowed by trade differences.

Since the 1990s, Japan's highly protected market, especially for agricultural products, has seemed impervious to efforts to prise it open.

This, together with Japan's economic stagnation, has led New Zealand businesses and government to turn their attention to the booming China market.

Whaling in the Southern Ocean has also hurt Japan's image among many New Zealanders and has led to occasional spats between the Japanese and New Zealand governments.

New Zealand naturally looms less large for Japan than the reverse. Contemporary Japanese views of New Zealand have been described as positive, but very narrow.

Research shows that Japanese consumers regard New Zealand as safe, clean and green, but also as a little unsophisticated and not technically advanced.[5]

"Sheep and beautiful scenery" was how a New Zealander and long-time Japan resident summed the perception up.

A widely-held impression among Japanese security analysts is that in recent years New Zealand had moved away from traditional partners and closer to China.[6]

New Zealand's narrow reputation in Japan has led some observers to worry that New Zealand's "collective impact [in Japan] is less than the sum of its parts".

Others pointed to indicators such as a decline in Japanese language learning and tourism from Japan from the heights reached during the 1990s.

4 Interview with former government official, Wellington, 11 February 2019.

5 Through the Japan Looking Glass, New Zealand Story, Wellington 2017

6 Interview with Toshihiro Nakayama, Wellington, 22 February 2019; interview with Japanese academics, Tokyo, May 2019.

Living anime in Tokyo

Identical twins Abby and Hannah Bing, from Wellington, spent ten months on exchange at Waseda University in Tokyo in 2018.

The self-confessed "Japan nerds" said it was always their dream to go to Waseda.

They had grown up watching samurai movies with their father and are huge fans of anime and online gaming.

The Waseda experience was very different to their New Zealand studies.

For one thing, which courses you get into is decided by lottery.

Both were thrilled to get to take a class on anime, but Japanese-language major Hannah also found herself doing a class on pantomime.

Having to attend classes on a Saturday was a "pet peeve".

But the Japanese language classes were small, meaning there was lots of opportunities for peer interaction.

There were more than 500 university clubs to join and they described their all-women hall of residence as luxurious.

The twins said the experience of living in a city of more than 13 million people was an incredible education in itself.

"Tokyo has everything – events, concerts, special cafes, museums, stage plays. Tokyo is work hard, play hard. It's all so intense. It felt like you're really living, really thriving."

The two "anime geeks" were able to go on anime pilgrimages (anime seichi junrei), taking photos of themselves in real locations that had featured in famous anime and manga comics.

They also became obsessed with Japanese desserts and teahouses, setting themselves the challenge to find a new amazing place to eat each week.

"There is something for everyone… an avocado café that only serves avocado dishes, there's lot of places like that."

The twins are committed to a future that involves Japan.

They are already planning a return trip to work, possibly translating for a gaming company or teaching.

Would they recommend it? "It was the best year of my life," says Abby, "the experience you get … helps you grow a lot."

Are we at a turning point?

There are good reasons to believe that the New Zealand-Japan relationship may be at a turning point.

Uncertainty across the Asia-Pacific region has given both countries an interest in strengthening ties with partners that share common interests in maintaining the rules-based order.

A rapidly aging and declining population has also encouraged Japan to open up, reform its economy, liberalise its society and think how it can meet its future labour needs.

Faced with a shrinking market at home, Japanese companies are increasingly looking abroad for investment opportunities.

Some have suggested Japan's new Reiwa era – which began on 1 May 2019 when Emperor Naruhito ascended to the throne – will see more emphasis placed on environmental issues and sustainability; areas where New Zealand can be a valuable partner.

For its part, the New Zealand Government has named Japan as one of five priority countries that will receive greater attention and resources over the next few years.

The signing of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) in 2017 has for the first time put a formal agreement around the trade relationship and helped remove frictions over market access.

New Zealand and Japan are both committed to a low-carbon future and looking for ways to develop new sources of energy.

At the same time, New Zealand's relationship with China is beginning to look more challenging and that reinforces the importance of diversified relationships.

Japan's hosting of the Rugby World Cup in 2019, the Summer Olympics and Paralympics in 2020 and the World Masters Games in 2021, means New Zealanders will be thinking about and travelling to Japan more than usual over the coming years.

In other words, there are good reasons to think that people, business and governments in both countries are taking a fresh look at one another.

As one observer put it: "We're at a watershed moment. It's in Japan's interest to engage with us. That provides an opportunity for New Zealand."

It's an opportunity that needs to be seized. If we are to change how New Zealand is seen in Japan, we need to weave a richer narrative about what our relationship is now and can be in the future.

As one former diplomat notes: "New Zealand needs to do more to tell the stories . . . the successes".[7]

7 Interview with Catherine O'Connell, Tokyo, 20 May 2019.

Cookie time

Walk through Tokyo's super cool Harajuku district and you'll see a busy corner store front guarded by a bizarre shaggy-looking red creature.

It's the Cookie Muncher, the symbol of the New Zealand brand Cookie Time. At the weekend, lines of young Japanese queue up the street to buy biscuits, ice-cream and snacks.

Cookie Time is owned by Christchurch-based brothers Michael Mayell and Guy Pope-Mayell, and its Japanese operation is run by Guy's nephew Jason Allen, who has lived in the country for more than 20 years.

Cookie Time has had a retail presence in Tokyo for six years and is well on the way to its goal of becoming a mainstream brand.

The Harajuku store does a brisk business, but is also a means to an end, serving as a "sustainable retail beachhead" designed to help the company get its products into the lucrative but challenging Japanese wholesale market.

A big breakthrough occurred in 2018 when Cookie Time was picked up by Lawson's Natural and its products now sell in 150 convenience stores across Japan.

The owners' next goal is to push into larger distributors that can get wider access to the market. Confidence is high.

"It's only a matter of time before our brand goes mainstream," says Guy.

Today, Cookie Time's Japanese sales only comprise about three percent of its total turnover, but the company sees the potential for that to grow to about 25 percent.

CPTPP provided an "absolute dose of confidence" for the business, as the 23.8 percent tariff on imported cookie dough dropped to zero under the quota.

This saving gives the company funds to spend on marketing or to experiment with price, letting them compete more strongly.

Guy also sees the potential to partner with other New Zealand brands.

"Few New Zealand businesses are going to be big enough to win on the basis of their chequebook. We need to be smart and work together."

Social ties are getting stronger

New Zealand's relationship with Japan is underpinned by strong feelings of warmth and familiarity.

Surveys by the Asia New Zealand Foundation show that Japan is consistently regarded as the Asian country New Zealanders think is friendliest towards New Zealand.[8]

People-to-people diplomacy has been a growth industry: Japan has 47 sister city partnerships with New Zealand – more than any other country.

The flow of visitors back and forth is also strong.

When more than 160,000 tourists a year were coming to New Zealand in the 1990s, it seemed possible that Japanese airlines might be interested in direct flights.

But as the Japanese economy slumped, visitor numbers declined. In recent years, they have started to make a comeback.

More than 100,000 Japanese visited in 2017, making Japan New Zealand's second largest Asian visitor market. Numbers are expected to continue to grow and are forecast to be back around 140,000 annually by 2024.[9]

More and more New Zealanders are visiting Japan, whether to ski in Sapporo, shop in Tokyo, or appreciate Kyoto's beautiful shrines and temples.

The Rugby World Cup and Tokyo Summer Olympics will do more to raise Japan's profile. But some perceptions need to be tackled, for example, that Japan is oppressively expensive or that you need to have strong Japanese language skills to get around.

Education is another strong bond. Each year more than 10,000 Japanese students come to New Zealand to study. Some Japanese schools have been sending students to New Zealand for more than 30 years.

Many take part in English language exchanges like "Game On" English, which brings students to play sport and learn a language at the same time.

Teaching and learning of Japanese boomed in New Zealand during the 1980s and 1990s and, though the number of learners is declining, it remains twice as popular as Chinese is in secondary schools.

A group of New Zealanders with a special connection to Japan are the alumni of the Japan Exchange and Teaching (JET) Programme.

Set up in 1987, JET has been a hugely successful way to bring young people from around the world to Japan.

New Zealand was one of the four founding participants and more than 3000 New Zealanders have spent time teaching English and working in local government, from Okinawa in the south to Hokkaido in the north.

The JETs act as informal ambassadors for New Zealand in Japan and help share their experiences of Japanese culture and society when they come home.

One of the most remarkable things about the JET whānau is how many have retained their interest and love of Japan, even decades later.

A consistent message that came through in researching this report is that there must be more we can do to harness the talent and enthusiasm of the JETs.

They have an excellent reputation in Japan. How can we make better use of this group of unofficial ambassadors, for example, by connecting them to New Zealand businesses in Japan?

Sport, particularly rugby, has become another connection with Japan. It was a rugby tour of Japan by a New Zealand universities rugby team in 1936 that first helped raise awareness of New Zealand as a country in its own right.

Today, the All Blacks are a recognisable global brand in Japan, associated with excellence and success.

Japan boasts 125,000 registered rugby players and its national team, the Brave Blossoms, is increasingly competitive.

More and more New Zealanders are playing in the Japanese domestic rugby competitions and New Zealand coaches are in demand.

After living and teaching English for more than ten years in Japan, Luke Bradley (Ngāti Porou) set up his own sports agency, recruiting players and coaches. He says it's not just about money.

"It's a chance for players to experience a different culture and different rugby styles, and an opportunity to get experience of the commercial side of the sport."[10]

He has also arranged for school-aged Japanese players to visit Gisborne to see local rugby and get a taste of New Zealand.

8 Asia New Zealand Foundation. New Zealand's Perception of Asia and Asian Peoples 2018 (Asia New Zealand Foundation, Wellington: 2019).

9 MBIE. New Zealand Tourism Forecasts 2017–2023 (Ministry of Business Innovation and Employment, Wellington: 2017).

10 John Hill, 'Luke Bradley scouting for talent to compete, coach in Japan', The Gisborne Herald, 17 March 2018.

Māori and Japan

The warm view of Japan and Japanese people seems to be equally shared among Māori.

A survey carried out by the Asia New Zealand Foundation in 2018 concluded that Japan was, by a clear margin, identified as the Asian country that held the most culturally similar views and values to Māori culture.[11]

The importance Japanese people place on reciprocity and hospitality resonates with values like manaakitanga and kaitiakitanga.

Both cultures emphasise respect for elders, take a long-term perspective and stress personal relationships underpinning business dealings.

There are also growing links between Māori and Japan's indigenous people, the Ainu.

Although Japan has a reputation as one of the most ethnically homogenous countries in the world, the Ainu have their own language and customs and a presence on the northern island of Hokkaido that goes back more than 16,000 years.

Today, there are around 25,000 people who identify as Ainu but, after years of discrimination and assimilative policies, there are very few speakers of the traditional Ainu language.

But there is growing interest in supporting Ainu people and their culture. In March 2019 the Japanese Government passed the New Ainu Act (アイヌ新法) officially recognising the status of the Ainu as indigenous people of Japan.

There is now funding available to pursue economic development opportunities and education, as well as language revitalisation.

Indigenous cooperation is an important theme of an agreement between the New Zealand Embassy in Japan and the Hokkaido prefectural government.

There is an annual policy roundtable that brings together Māori and Ainu representatives, and delegations from Japan have visited New Zealand to learn from officials at Te Puni Kōkiri and from iwi groups.

In 2018, an Ainu-Māori cultural symposium explored Māori experiences of language and culture revitalisation, including lessons from the emergence of kōhanga reo, kura kaupapa Māori and whare wānanga.

The connection is also sustained through groups like Ngā Hau e Whā (the four winds), the Māori cultural and performance group formed in Japan almost 20 years ago.

The members share Māori culture by performing kapa haka at school festivals and company events across Japan.

Ngā Hau e Whā has been involved in iwi-Ainu connections since a conference of indigenous peoples was held in Sapporo in 2008.

This led to the creation of the Aotearoa Ainu Exchange programme, which brought a group of young Ainu to New Zealand in 2013.

According to the chair of Ngā Hau e Whā, Ngaroma Riley (Te Rarawa and Te Aupōuri): "While there is still a long way to go for Māori, we have made steps to revive our culture and language and there are many examples that Ainu can learn from these processes.

"Māori can also learn from Ainu about how they continue to preserve their culture. It's important to learn from and be in solidarity with one another because the journey towards recognition as a minority can be a rough one".[12]

11 Asia New Zealand Foundation. Perceptions of Asia and Asian Peoples from a Te Ao Māori Perspective (Asia New Zealand Foundation, Wellington: 2019).

12 Quoted in 'New Zealand Kapa Haka group finds fans in Japan' Asia Media Centre, 4 February 2019.

Sister cities

Hiromi Morris came to New Zealand for a two-month homestay in the early 1960s to meet her pen-pal Sally.

She enjoyed herself so much she returned, and then met her husband.

Today Hiromi leads the vibrant organisation Sister Cities New Zealand.

The first sister city agreement was signed between Christchurch and Kurashiki-shi in Okayama Prefecture on 7 March 1973.

Today Japan has more sister cities in New Zealand – 47 – than any other country.

The latest partnership, signed in March 2019, connects Mihara in Hiroshima prefecture with Palmerston North.

While sister cities relationships have historically been seen as soft, primarily people-to-people initiatives, there is a new attention being given to highlighting the possibilities for economic benefits, promoting education, or developing functional cooperation.

The Mihara-Palmerston North relationship will focus on the theme of emergency management, noting the threat both New Zealand and Japan face from earthquakes, floods and landslides.

Trade, business and investment

The remarkable growth of New Zealand's economic ties with China over the past two decades has tended to push the Japan relationship into the background.

But Japan remains the third largest economy in the world and New Zealand's fourth largest export market.

The two countries enjoy a two-way trade worth more than $8.8 billion.[13] Japan is the fourth largest source of foreign investment into New Zealand and that investment has increased more than 400 percent since 2000.

Unlike that of some countries, Japanese investment attracts little public opposition.

Japanese investment in New Zealand began in the 1930s but expanded dramatically in the 1960s and 1970s.

Trade in commercial services, which includes business services, telelcommunications and IT services, have started to flourish in the last few years. Firms like GNS Science are now building business in Japan, combining know-how and technology.

Huge firms like Sumitomo and Nissui are important players in the forestry, fisheries and aluminium sector - the owners behind familiar names like Sealord, Kinleith and Tiwai Point.

In forestry, Japanese-owned companies were responsible for approximately 40 percent of wood processed in New Zealand in 2017.[14]

These are long-term investments where it is important to build strong relationships with local communities.

Japanese investment and know-how will only become more important as the New Zealand Government works towards its ambitious goal of planting a billion trees.

Investment from Japan has also helped New Zealand exporters raise their game by emphasising the importance of quality.

As one recent analysis of investment in New Zealand concludes, "perhaps the most important contribution made by the Japanese shareholders has been assistance with product standards, quality control procedures and a mind-set fixed on quality at every step in the production process".

Sir Graeme Harrison, the founder of ANZCO Foods, put it another way: "If you can successfully supply Japan, you can supply anywhere."[15]

Another advantage of being linked to a larger Japanese firm is access to knowledge and expertise.

For example, Rinnai New Zealand was established in 1974 as a subsidiary of the Japanese giant. It distributed Japanese-made products, but from the late 1970s also produced its own LPG gas heaters - a product which didn't exist in Japan - for export to Australia.

Here the Japanese connection proved invaluable, letting Rinnai New Zealand draw on the manufacturing expertise and skills of the much larger Rinnai team in Japan.

The result was an export success story. One that, the New Zealand company's managers say, created many more jobs than would have been the case if it was simply a distributor.

The Japanese market remains a vital one for New Zealand exporters. Japan has a massive middle class of consumers and the Japanese business environment is a predictable, if sometimes complicated, one to navigate.

Although market access was previously difficult, the conclusion of the 11-nation CPTPP in 2017 has ushered in a new era.

By one estimate, 80 percent of the value of CPTPP to New Zealand comes from improved access to the Japanese market.

Tariffs on New Zealand products have dropped, providing a level playing field against competitors like Australia, Mexico and Chile. Exports of New Zealand beef, for example, had halved to around 4000 tons since Australia signed a bilateral free trade agreement with Japan in 2015.

Under CPTPP, the tariff on New Zealand beef has dropped from 38.5 percent to just nine percent. As one official commented, "CPTPP is giving us the opportunity to catch up". [16]

Shige and Mieko Kimura at their Marlborough vineyard. Photo: Jim Tannock

Kimura Cellars

Shige Kimura is one of a new generation of Japanese winemakers who call New Zealand home.

Shige came to New Zealand in 2004 to study winemaking after training as a sommelier in Japan and then being inspired by wineries while visiting France.

After studying at the Eastern Institute of Technology in Napier he took up a position at Clos Henri wines in Marlborough, before starting to make his own wine from purchased grapes.

He and his wife Mieko bought their own vineyard in 2018, with the help of Japanese investors.

"It was so important to have that investment, without them I couldn't own the vineyard."

Kimura Cellars is a small vineyard that produces 1000 cases of sauvignon blanc and pinot noir a year; 90 percent of which is exported to Japan.

One of the biggest challenges of getting into the Japanese market was finding an importer.

"That was much harder than I thought," Shige says, but now he is in the market, his wines can be seen on the shelves of Tokyo's most prestigious department stores.

Eighty percent is destined for the restaurant trade, where Shige says there's a growing interest in New Zealand wines.

"There is still a strong connection to Europe, but it's changing . . . New Zealand wine has a lot of potential."

Shige spends about a month a year in Japan marketing his wines, visiting wine shops and hosting winemaker dinners and seminars.

He's optimistic about the future of New Zealand wine in Japan but says, "we have to have stronger branding to sell at a premium price.

"My dream was to own my own vineyard. Now I'd like to expand more and sell more wine to Japan and all over the world."

13 Stats NZ, 'Travel, kiwifruit, cars top trade with Japan', 3 September 2019.

14 'Minister to visit China and Japan' 13 September 2018, available at www.beehive.govt.nz/release/minister-visit-china-and-japan

15 Asia New Zealand Foundation, Asian Investment in New Zealand, (Asia New Zealand Foundation, Wellington, March 2017).

16 Interview with New Zealand government official, Tokyo, May 2019.

More than just a farm

Even among those in Japan who take a largely favourable view of New Zealand, New Zealand is still largely seen as a provider of commodities, not a source of knowledge or expertise.

"There is high awareness of New Zealand, but a low awareness of our business innovation and success stories," says Ian Kennedy, Chair of the Japan New Zealand Business Council.

This is a problem, because Japan's ageing society and shrinking workforce means there are growing opportunities for New Zealand in areas such as automation and healthcare.

After tourism and dairy, technology is New Zealand's third largest and fastest growing export sector.

There are some success stories. Firms like Fisher & Paykel Healthcare have established a significant Japanese presence, selling high-technology humidifiers into the second largest market for medical devices in the world.

From a staff of just two in 2004, the company has grown to more than 70 employees today.

In 2018, the Auckland-based Vista Group International signed an agreement with Japanese film giant Aeon to sell its software for cinema management and data analytics.

Japanese investment in New Zealand is in turn helping New Zealand tech companies thrive.

One example is Tauranga's Robotics Plus, an ag-tech start-up focusing on mechanisation, automation, robotics and sensor technologies for horticulture and primary industries.

In 2018 it signed a partnership agreement with Yamaha Motor Co that saw the Japanese firm invest US$10 million. This was Yamaha's largest ever global investment with the exception of acquisitions where the company has taken 100 percent control.

According to Matt Glenn, the CEO of Robotics Plus, the deal's value is more than simply financial.

"For a start-up to be associated with a quality brand [like Yamaha], that really helps us when we are talking to others."

It has also allowed the firm to use Yamaha's expertise in manufacturing.

"In the last 12 months, we've had in the region of 30 to 40 Yamaha executives visit us in Tauranga. There's a strong interest at the highest level in the project . . . Some projects we're working on together . . . engineers from Yamaha will be visiting and staying in New Zealand to help develop technology . . . and vice versa."[17]

As well as technology, New Zealand can also be a partner and a provider of knowledge. Japan's demographic challenges means it is looking for new ideas to help its struggling farming sector.

In 2014 the New Zealand Embassy in Tokyo launched its Partnership in Food and Agriculture (PIFA) initiative, with one of the first projects being a dairy farming venture in Hokkaido.

A team of experts started working with a small group of farmers who were interested in learning about summer grass farming and using silage in winter.

Initially, the main goal was to improve efficiency. But as one participant put it, while the project started out being "about finding ways to improve farmers' profitability, it ended up being more about community", including about bringing young people into farming.[18]

A series of dairy scholarships took Hokkaido farmers to study in New Zealand, giving them a chance to see New Zealand farming methods in practice.

According to the head of Fonterra Japan, Saito Yasuhiro, this was a case of "dairy farmers helping dairy farmers".

Validation of the project came when one of the participants, Takahara san, a farmer from Teshio in northern Hokkaido, was named Japan's Farmer of the Year in 2018.

17 Interview with Matt Glenn, 2 July 2019.

18 Interview with New Zealand government official, Tokyo, February 2019.

Smash the grass ceiling

Sharing knowledge with the next generation of farmers

Over the last two decades the number of people working in Japan's agriculture sector has fallen by around 60 percent while the average age of farmers has risen to 67 years old.[19]

According to one report, this is "a key factor in the growing number of fallow and abandoned agricultural fields around the country, raising concerns about farming areas going to ruin".[20]

In the face of this challenge the Japanese Government is interested in finding ways to attract younger people into farming.

One idea has been to encourage women to break the so-called "grass ceiling" and enter what has traditionally been a male-dominated industry.

Japan's Ministry of Agriculture, Forestry and Fisheries has a "Women who Farm" project which aims to connect women farmers across the country.

New Zealand has been a supporter of this goal. In 2018, 20 female students from agricultural colleges across Japan travelled to Southland.

They attended Southland Girls' High School and visited dairy farms and the local Fonterra factory, learning about New Zealand farming methods.

The women farmers commented on the mix of men and women working on Southland farms and, according to Takashi Yoshikawa, the Japan Agricultural Exchange Council secretary general, took home fresh ideas that will inspire others.[21]

19 Ministry of Agriculture, Forestry and Fisheries, Japan www.maff.go.jp/e/data/stat/92nd/index.html#3

20 Japan's farming population rapidly aging and decreasing, Nippon.com, 3 July 2018

21 www.stuff.co.nz/southland-times/106516927/japanese-students-visit-southland-to-learn-about-agriculture

Energy Partners for a Low Carbon Future

Both New Zealand and Japan have identified climate change as one of the most important challenges the world faces.

For Japan, which relies on imported gas, coal and oil for energy, climate change poses a particular challenge: how can it shift its energy supplies away from its dependence on fossil fuels?

The destruction of the Fukushima Daiichi nuclear powerplant in the March 2011 earthquake and tsunami led the Japanese Government to take its nuclear facilities out of service for safety checks, reducing national energy supplies by 30 percent.

To make up the shortfall the government turned to imported gas, coal and oil. As of 2017, fossil fuels provided 83 percent of Japanese electricity.

Japan knows this must change and has set a goal of reducing carbon emissions by 80 percent by 2050. This is driving a search for new sources of renewable energy, including geothermal and hydrogen.

New Zealand is also committed to a low carbon future. The Government's Zero Carbon Bill 2019 sets a binding target of net zero carbon emissions by 2050. With one of the highest levels of renewables in the world, tackling climate change represents an important opportunity where New Zealand and Japan can work as partners.

Two important ventures deserve attention. Together, they have the potential to be the basis of a new regional, renewable energy supply chain and a new export opportunity for New Zealand.

Green hydrogen

The first is a cooperative effort to produce green hydrogen. Green hydrogen is hydrogen made from a carbon neutral process and can be contrasted with brown hydrogen that is produced by burning coal or blue hydrogen which is manufactured from natural gas.

Although there are obstacles to the development of a viable hydrogen industry, New Zealand is well placed to be a potential supplier.

It has a high level of renewables, comparatively cheap electricity, a mature market, and a secure and reliable electricity supply.

For their part, Japanese firms are among the best in the world at building low carbon infrastructure.

As Japan looks for new sources of energy, could New Zealand be an important part of the solution?

In 2018, the two governments signed a Memorandum of Cooperation that will see officials, researchers and academic institutions cooperate to try to create a hydrogen industry.

A key part of that effort is a partnership between the Tuaropaki Trust, owners of the Mokai geothermal power station near Taupō, and Japan's Obayashi Corporation. It envisages a three-stage development.

Phase one began in early 2019 and is expected to be producing 1.5 MW of electricity for hydrogen production by 2020, some of which could be used in proof of concept ventures such as hydrogen-powered buses during the Tokyo Olympics.

A second phase from 2025 would move into commercial production and explore the potential for transporting stored hydrogen to Japan by sea.

Phase three would see the emergence of a large-scale development and export business with the goal of upward of 70,000 tons of hydrogen produced for export by 2030.

Whether the venture succeeds will depend on technological breakthroughs and on progress made by rival sources of energy.

But New Zealand has some attributes that make it appealing for Japanese investment, not least our political stability and well-regulated business environment.

As Kenichi Ando, general manager of Obayashi's Civil Engineering Division puts it: "New Zealand is a good country from an energy security point of view. It's very safe and very friendly [towards Japan]".[22]

And it is not just Japanese consumers that stand to benefit from green hydrogen.

Although electric cars are seeing rapid uptake in the New Zealand domestic market, heavy transport such as trucks, trains and buses are not suitable for EV technology.

As it seeks to go carbon neutral, hydrogen could be part of the way New Zealand deals with its own carbon emissions.

Geothermal

A second energy partnership is in developing Japan's own geothermal reserves. Japan has an estimated 19-23GW of undeveloped geothermal energy.[23] Today it contributes just 0.3 percent of its overall total electricity generation.

Most of it is in national parks or regions where onsen (natural hot springs) operate. There has been opposition to proposals to develop new geothermal power stations from onsen owners who fear they will cause the springs to dry up, threatening their livelihoods.

To try to solve the impasse, the Japanese Government has eased regulations around building smaller power stations, but also wants to find ways in which more harmonious relations with local communities can be developed.

New Zealand has lessons to share with Japan. In 2015, GNS Science and the Japan Oil, Gas and Metals National Corporation (JOGMNC) signed an MOU that includes work to mitigate the environmental impacts of geothermal exploitation and support the sustainable management of geothermal reservoirs.[24]

New Zealand firms like MB Century have an international reputation in steam field design and specialist techniques for measuring the high pressures and temperatures found in geothermal wells.

They work closely with Māori-owned businesses such as Tuaropaki, so they are well placed to share their experiences with groups such as the indigenous communities in Hokkaido who fear geothermal power might threaten onsen and their traditional practices.

22 Interview, Tokyo, 20 May 2019.

23 Japan's new geothermal power plant in 15 years to open next month, The Telegraph, 16 March 2014

24 www.jogmec.go.jp/english/news/release/news_10_000054.html

Pacific partners

New Zealand and Japan are joined by the Pacific Ocean and both countries have important connections and growing interests in the region.

The New Zealand Government's Pacific Reset has seen a significant increase in development assistance, as well as commitments for a greater diplomatic footprint in the region.[25]

New Zealand's Minister of Foreign Affairs Winston Peters has said cooperation with traditional partners, including Japan, is an important part of a strategy to help Pacific neighbours achieve their development goals and maintain independence.

Japan is also giving greater emphasis to the Pacific, partly out of concern about growing strategic tensions. The Abe Government has put forward its concept of a Free and Open Indo Pacific (FOIP), which has three pillars:

1. promotion of the rule of law, freedom of navigation and free trade;

2. economic development by developing connectivity and infrastructure projects; and

3. commitment to peace and stability, for example, through maritime security capacity building and disaster relief.

Japanese attention is focused primarily on the northern Pacific, whereas New Zealand's presence and influence has traditionally been focused further south.

The two countries have historically had different approaches to development work.

That said, there are opportunities and interest in doing more together.

New Zealand and Japan do not have a long record of aid cooperation in the Pacific.

Today, both have a common interest in helping Pacific island states to become more resilient.

Both want to see Pacific countries provided with high quality, sustainable infrastructure without taking on crippling levels of debt.

They share an interest in helping Pacific countries respond to the challenge of climate change while avoiding development paths that could weaken governance and endanger their autonomy.

Japan's leadership at the G20 in Osaka in 2019 saw the adoption of Principles for Quality Infrastrucure Investment, which emphasised the importance of positive economic, environmental, social and development impact of infrastructure. They're all principles consistent with New Zealand's approach to development in the Pacific.

There are other good examples of collaboration. At the Pacific Island Leaders Meeting (PALM) in Fukushima in 2018, Japan and New Zealand pledged to partner on the new Pacific Climate Change Centre in Samoa.

At the Asia-Pacific Economic Cooperation (APEC) Summit in Papua New Guinea in 2018, New Zealand and Japan were part of a five-nation project (along with PNG, Australia and the United States) worth $1.17 billion to roll out electrification across 70 percent of Papua New Guinea by 2030.

These initiatives represent a great start to a potential new aid partnership, but what's next?

The New Zealand Government's recent $150 million commitment to fight the effects of climate change in the Pacific could provide some new opportunities to work together.

25 Rt Hon Winston Peters, First steps – Pre-budget speech 8 May 2018, available at www.beehive.govt.nz/speech/first-steps

Antipodes' launch event in Japan in early 2019. Photo: Ken Shimizu

Antipodes Skincare

Wellington-based Antipodes has been producing organic, natural beauty and skincare products since 2006.

After three years establishing itself in the New Zealand market, Antipodes expanded internationally, first to the UK and Australia, then East Asia, where its sales have boomed, recording growth of around 30 to 40 percent annually.

They worked with New Zealand Trade and Enterprise for more than a year before entering the Japan market in early 2019, starting with more than 50 products.

On one hand Japan was a natural extension of the company's focus on Asia, but it also posed challenges.

"It is a very, very hard market to get into," says Hayley Wilkin, sales professional at Antipodes.

Antipodes is partnering with the high-end chain Cosme Kitchen to target consumers who care about health and environmental sustainability.

It's early days, but products are selling well. There is other value to being in the Japanese market too, says Hayley.

"Japan is a big market, and with sophisticated consumers, I would like to stay in this market for a long time. Being recognised in Japan as a brand has meaning to other markets. We want discerning consumers to recognise their brand and like their products."

Antipodes shows the need to tailor an approach to the Japanese market.

The company usually relies on emphasising the science behind its products, but in Japan, companies selling skincare products are not allowed to make those kind of claims.

Antipodes instead has shifted to emphasise the family story behind the brand. It is also vital to commit to the market and to sustain relationships, even for firms without a physical presence in Japan.

"We're still doing things in Japan we'd never do in any other market… We really make an effort to be there in person and meet [our partners]", says Hayley.

Supporting a rules-based order

Japan and New Zealand have both benefited from a long period of peace in the Asia-Pacific region.

We have common interests in upholding the rules-based order, including the United Nations Law of the Sea (UNCLOS) and support for an ASEAN-centred regional architecture.

Despite this, the bilateral defence and security relationship has been limited. This is, in part, because of the constitutional restrictions on Japan's Self-Defense Forces, but also because of Tokyo's focus on its most important security partnerships, particularly its alliance with the United States.

Changing dynamics in the region are providing incentives for many countries to broaden their security partnerships.

New Zealand's 2018 Strategic Defence Policy Statement described Japan as "an important Asian defence partner for New Zealand with common democratic values and a shared commitment to regional security and the international rules-based order".

The Statement was well received in Tokyo and New Zealand is now seen as having a more realistic assessment of the challenges facing regional order.[26]

There are some signs of a more active security relationship. The tempo of visits by officials has increased and there are annual consultations. In 2018 the New Zealand Defence Force deployed a P-3 Orion maritime patrol aircraft to Japan to take part in enforcing United Nations sanctions against North Korea.

Once the upgraded navy frigates come back into service in 2020 there will be greater opportunities for port visits and exercises with the Japanese Maritime Self-Defense Force.

Are there opportunities for more defence and security cooperation? Japan and New Zealand have a shared interest in promoting peace and stability in the South Pacific and the defence forces meet at annual exercises like RIMPAC (the Rim of the Pacific Exercise).

Yet Japan has not worked closely with the New Zealand Defence Force in this part of the region. Looking to include the Japanese Coast Guard or Japan Self-Defense Forces in exercises with a humanitarian assistance and disaster response (HADR) focus like Tropic Twilight would be valuable experience for both countries. Promoting greater maritime domain awareness in the Pacific would be another important shared interest.

Japan should also be encouraged to send a Self-Defense Forces representative to the New Zealand Defence Force's Command and Staff College.

There are also opportunities to deepen ties between members of Japan Self-Defense Forces and the New Zealand Defence Force. Japan's hosting of the International Defence Force Rugby World Cup in 2019 is a creative way to establish warmer personal and institutional relationships.

Japan has long been interested in joining the Five Eyes intelligence network. This seems unlikely any time soon, but some observers have noted that a useful way of advancing cooperation would be to conclude an Information Sharing Agreement between the two countries.

Cybersecurity is another issue where there is potential to share experiences and policy. Japan is the frequent target of cyber-attacks and along with New Zealand has a shared interest in the application of international law in the cyber domain.

The Japanese Government released a cybersecurity strategy in 2018 with the aim of providing comprehensive protection of IT for both government and industry.

Japan has a series of cyber policy exchanges with partners such as the United States, the European Union and Australia. Although New Zealand and Japan have been discussing a cyber policy exchange since at least 2016, this is yet to happen. A policy dialogue would provide an opportunity to deepen understanding of each other's cyber priorities and threats.

26 Interviews with officials and academics, Wellington and Tokyo, February and May 2019.

Seizing the opportunity

The New Zealand and Japan relationship is in transition to deeper cooperation on a much broader political, economic and cultural agenda.

A more challenging international economic and security environment provides good reasons for two like-minded countries to work together.

Warm ties that go back decades constitute a strong foundation for closer ties.

People, business and government in both countries are taking a fresh look and are interested in doing more together.

But a constant challenge for New Zealand is the asymmetry of the relationship. Put simply, Japan matters a lot more to New Zealand than New Zealand matters to Japan.

As one observer noted, "the biggest risk for New Zealand is relevance".

Addressing climate change, building renewable energy supply chains; increasing our security and cyber partnership; working more closely on the global trade agenda; and as partners in supporting Pacific development are all substantive ways of increasing New Zealand relevance and value to Japan.

Circumstances have provided us with an opportunity. Will we be able to seize it?

Photo: TVNZ

About the Foundation

What we do

The Asia New Zealand Foundation equips New Zealanders to be confident and engaged with Asia by enabling deeper connections, awareness and knowledge.

How we do it

We provide experiences and resources to help New Zealanders build their knowledge, skills, connections and confidence to thrive in Asia.

We work in partnership with influential individuals and organisations in New Zealand and Asia to provide high-level forums, cultural events, international collaborations, school programmes and professional development opportunities.

Why we do it

New Zealand's present and future – economically, culturally and socially – are firmly tied to Asia.

This reality presents New Zealand with a range of positive opportunities – we need to be deliberate and thoughtful in our approach to them. This means giving New Zealanders the tools they need to engage with Asia.

Find out more at www.asianz.org.nz

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