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RELATIONS BETWEEN CHINA AND NEW ZEALAND HAVE NEVER BEEN STRONGER. THE NZ-CHINA FREE TRADE AGREEMENT IS BENEFITING BOTH ECONOMIES. JULIA CHARITY LOOKS BEHIND THE FTA AT THE RISE OF SERVICE INDUSTRIES AND THE POTENTIAL ECONOMIC IMPACT OF A NEW TELEVISION CO-PRODUCTION AGREEMENT.

The NZ-China Free Trade Agreement is the treaty that facilitates trade in goods and services, promotes cooperation between the two countries and seeks to improve the business environment in a broad range of economic areas.

In 2008 New Zealand became the first developed nation to sign a free trade agreement with China. More than six years on, the agreement is being hailed as a success, as China and New Zealand agreed to expand their burgeoning trade relationship during a state visit in late 2014 by China's President Xi Jinping.

Xi signed ten agreements with the National-led government, mostly related to trade and investment. They reaffirmed an agreement to increase annual two-way trade by 50 percent to \$30 billion by 2020.

"The New Zealand-China relationship shows that countries with different political systems, history and cultural traditions and at different stages of development can constructively co-operate together," the leaders said in a joint statement.

Seventeen other commercial partnerships and agreements with New Zealand companies were also reached by the Chinese business leaders in Xi's delegation.

The majority of New Zealand's exports to China are primary products. China is the largest destination for New Zealand exports of dairy, forestry, seafood and wool, and the second largest destination for meat

products. It has now displaced Australia as New Zealand's largest export market with two-way trade between the nations worth almost NZ\$22 billion in the year to June 2014.

Services comprise a relatively low share of New Zealand's exports to China, at about 13 percent, however they have increased by 83 percent over the past five years. The two-way trade in services is currently dominated by tourism and education, but the range of exported services has diversified. Until recently, education was New Zealand's largest service export to China, although this market appears to have stagnated.

Short-term visitor arrivals from China, however, have grown rapidly over the past decade. For the past few years China has been New Zealand's fastest growing visitor market. There were an estimated 35,000 passenger arrivals from China in 2000; but in the year to December 2014 more than 250,000 Chinese visitors came here, second only to the number of visitors from Australia. It is predicted the number of Chinese visitors will reach one million per year by 2020.

Chinese tourists spend a relatively large amount of money per visit, at about \$4,000 per person, compared to the average of slightly under \$3,000 per person. In the year to September 2014, Chinese tourists spent \$979 million in New Zealand, an increase of 33 percent from the same period last year.

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TV co-production

Clues for tourism and other future growth industries came from Xi's visit which focused on broadening the 2008 agreement in key areas, including encouraging television co-productions between the two countries.

"(It) will allow programmes co-produced by New Zealand and Chinese companies to be officially broadcast on Chinese TV, where potential viewing audiences are huge," PM John Key said.

Impetus for this agreement was likely to have come from the popularity of season two of the Chinese reality show *Where Are We Going, Dad?*

Tourism New Zealand and Air New Zealand pitched for the rights to host the production in 2014, with New Zealand becoming the first international destination to ever feature in the show.

More than 404 million viewers across China watched two episodes which featured 217 minutes of airtime following five celebrity fathers and their children (aged from three to eight) as they undertook various challenges in New Zealand.

Hunan TV's executive producer Xie Dikui says they chose New Zealand because they wanted to film in a country where the people have strong connections

with the environment. "We love New Zealand, it's so beautiful. We wanted our families to encounter animals in the natural environment," he said.

With the show's focus on family life, Dikui thought the best place to experience the 'real' New Zealand would be in family homes. The celebrities were home-hosted in Rotorua so the celebrity children could interact with typical Kiwi kids. The homestay families were perfect ambassadors for New Zealand, involving their celebrity guests in eeling, mountain biking, rugby, shopping and cooking.

Kelly and Vanessa Hemana hosted Huang Li and his eight year old daughter Duo Duo.

"It was awesome. We loved being involved in the show. Our guests were intelligent, well-educated and polite. We couldn't believe how quickly our girls bonded with Duo Duo. It's completely changed my view of Chinese people," says Vanessa.

Tourism New Zealand CEO Kevin Bowler says the magnitude of the potential impact on New Zealand's tourism industry is hard to comprehend.

"This was an unmissable opportunity for us," he says. "The value of all the coverage achieved from this activity is estimated at NZ\$169 million; were we to buy that same level of advertising it would be more than the entire year's budget for Tourism New Zealand."

Online versions of the show brought the programme's total reach beyond 1.4 billion viewers; making this even more significant than the Hobbit movies for the Chinese-speaking world. On Sina weibo (the Chinese version of Facebook) the discussion of hashtag #DWAAG is beyond 20 billion, a new world record.

Profile building

Since the episodes aired, a marketing campaign has gone live in China promoting New Zealand as a holiday destination and featuring some of the experiences and regions visited by the celebrities.

Even if only 0.1 percent of the 1.4 billion global *Where Are We Going, Dad?* viewers came to New Zealand, the additional 1,400,000 visitors could bring an estimated \$5.6 billion (based on an average expenditure of \$4000).

"In a market like China, the profile this show has given New Zealand as a family friendly, desirable visitor destination, is unprecedented," says Bowler.

It also paves the way for New Zealand's film and tourism enterprises to capitalise on the broadening scope of the NZ-China FTA and realise significant returns for New Zealand's economy.

» Dr Julia Charity was project lead for the filming of 'Where Are We Going, Dad?' in New Zealand and is the founder of New Zealand's Homestay Network, Look After Me Ltd. She is also the granddaughter of Rt. Hon Mick Connelly who, as former Minister of Customs, was involved in the first New Zealand Parliamentary Delegation to the People's Republic of China in 1977.