



Happy Christmas and a Blessed New Year for 2011

Dear Reader

Well what a year it's been! The Christchurch earthquake, the Pike River mining disaster and an ongoing economic depression that everyone is in denial about. At such defining moment's in a nation's history, it is as well to stop and reflect on what is important to us as individuals and as a people.

Sometimes, in our quest for more, it is important to realise that not only do we have enough, but often we have far more than we need. We certainly live like Kings and Queens compared to our ancestors and have plentiful food from the ends of the earth, hot water, inside toilets, heating to keep us warm in the cold weather, and endless entertainments to keep us amused.

So just for a change, why not count your blessings one by one rather than be-moaning what you haven't got?

In the spirit of Christmas may we wish you all a very peaceful and blessed time, where we can reflect on the many gifts we have in terms of our families, friends, health and the many freedoms we take so much for granted and where perhaps the greatest gift of all is that of our time.

Happy Christmas and a Prosperous New Year from us all at the School!

Inside this issue:

- ⇒ NZTE Capability Development
- ⇒ KEA Network
- ⇒ Congratulations
- ⇒ Uncertain Outlook
- ⇒ Rom's Rant
- ⇒ The Quiz - Italy
- ⇒ Guidance on festive songs
- ⇒ Ask the Doc
- ⇒ Website Watch
- ⇒ Off-Topic
- ⇒ Quiz Answers

NZTE Capability Development

All our programmes have qualified for the NZTE Capability Development Voucher Scheme, and are eligible for voucher redemption. For more information contact your Regional Business Partner. If you don't know who they are, give the School a call.

KEA Network Scholarships

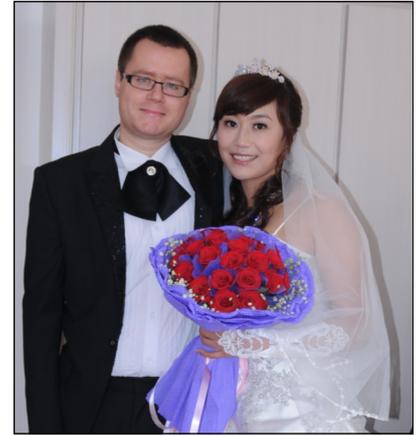
New Zealand School of Export is now offering partial Scholarships to members of the global KEA network. For more information check out: <http://www.keanewzealand.com/global/opportunity/new-zealand-school-export-scholarships>

Congratulations to Pierre and Irene!

Sincere congratulations to New Zealand School of Export Alumni Pierre Schindler who recently married Irene at a beautiful ceremony in China. German born Pierre graduated from the School earlier this year.

Pierre, who initially worked for Fonterra in Auckland, now lives in the Netherlands where he works as a Supply Chain Co-ordinator in Fonterra's Amsterdam office.

We wish you all the very best in your life together Pierre and Irene and look forward to catching up with you when you are next in Aotearoa.



'Uncertain outlook' for Global Economy

You may have noticed increasing numbers of commentators referring to the global economy as having an "unusually uncertain outlook" - which means what exactly? One of our exporters sent this useful equation to help us understand - it refers to the US, but also points to the importance of 'X' for New Zealand.

So looking like a bit like a deflated balloon on Wednesday, all Ben Bernanke could come up with was this: The outlook was "unusually uncertain". Which roughly translates into: *It's so screwed up that your guess is as good as mine.*

I guess it beat a shrug of the shoulders, but not by much. Not to worry though, Ben continued... He's warming up Plan P just in case. Moments later, the markets promptly fell off the cliff.

Here's why... everyone knows that his forecasts of 3%-3.5% GDP growth are *unusually optimistic*. After all, the formula used to calculate GDP is hard to con.

It works like this: **GDP = C + I + G + (X-M)**

In other words, the sum total of our economic activity is arrived at by adding **C**onsumption (personal and business) to **I**nvestments, plus **G**overnment spending, plus exports (**X**) minus imports (**M**).

That means that in order substantially to increase the GDP, we will need an increase in some form from **C, I, G, and X**. Simple enough...Or is it? The first roadblock is the biggest of them all, since **C** currently accounts for 70% of our GDP. In a society buried under debt and beset with high unemployment, growing **C** is going to be pretty tough to pull off.

That's especially true when income growth is negative and credit is either tight or virtually unwanted. So I don't think the Fed can hang their hat on that one, as we slam head-first into the new normal.

That, of course, is where our friend Keynes enters the picture. Politicians and Central Bankers just love this guy. Because in order to offset the losses in **C**, Keynesians like to argue that you have to keep dumping more and more money into **G** to keep it all afloat. Or as they like to say, "prime the pump" — hence the various stimulus packages, all of which have all landed with a thud.

The problem with this angle is we have reached a point in the cycle where throwing more and more money at **G** is becoming completely untenable. Think of it as bailout fatigue.

That means the **G** portion of the equation will also begin to shrink as governments catch the austerity bug, especially at the state and local level. Forty-six states face budget shortfalls that add up to \$112 billion for the fiscal year ending next June, according to the Center on Budget and Policy Priorities. And since these states can't print money, drastic spending cuts will be the order of the day — no matter how painful. Add when you add falling tax revenues into the mix at every level, it's easy to see why growing **G** is pretty much of a non-starter this go-round, too.

That leaves **I**nvestments and net **eX**ports to the pick up the slack, neither of which is going to happen. In fact in a stronger dollar environment, exports actually begin to fall as U.S. goods become more expensive overseas. As for businesses, they are more concerned with *hoarding* cash — not investing it. Add it all up [**GDP = C + I + G + (X-M)**] and the odds are increasing that the economy will end up mired in a double-dip recession. It's really not much more complicated than that.

Rom's Rant

The New Morality – Can We Get Away With It?

The decision by the Serious Fraud Office in the case of Mark Bryers and Blue Chip, that there is currently insufficient evidence to prosecute for fraud, leads to an interesting logical conclusion – anybody wishing to walk away with \$80 million of New Zealanders' investments can simply follow his lead.

This got me to thinking about something that has increasingly come to my attention - how some individuals no longer consider what is legal or illegal, let alone what is right or wrong (moral or immoral) but simply whether they can get away with it. This is as true for the Chief Executive of a finance company or bank, a Local Councillor who sees no problem in negotiating contracts in which they have direct financial interests or a drug-dealer manufacturing P.

Where does all this lead? Well, to the world we live in now where trust breaks down and where we are surrounded by people who have no sense of social responsibility or conscience about how their actions affect others. Such people use to be called sociopaths, but now are called 'wrongfully accused'.

This is not good for the individuals concerned or the society within which they live (the rest of us). So what can be done? Perhaps somebody should come up with a compulsory 'code of conduct' for human beings? Ideas on a postcard please (as I do not want to be accused of getting on my moral high horse).

The Quiz - Italy

Time for our regular quiz - try doing this with colleagues during a break (answers on back page)

1. What is Italy's current population to the nearest million?
2. What is the literal meaning of 'salami'?
3. What are the two main toppings on a Pizza Margherita?
4. What is the '*Cosa Nostra*' otherwise known as?
5. Which two countries are entirely surrounded by Italy?
6. Which city is home to the Italian car maker FIAT (and figured in the film 'The Italian Job'?)
7. In which city would you find Leonardo da Vinci's painting of 'The Last Supper'?
8. In what year were the Italian kingdoms and city states unified into a single country?
9. Which Italian leader gave his name to a flat sandwich biscuit filled with currants?
10. How many official regions are there at present in Italy?

Quote of the month - anonymous

Five frogs are sitting on a log. Four decide to jump off. How many are left?

Five.

Why? Because there's a difference between deciding and doing.

Equalities Commission / HSE guidance on 'festive' songs?

The Rocking Song

*Little Jesus, sweetly sleep, do not stir; We will lend a coat of fur,
We will rock you, rock you, rock you, We will rock you, rock you, rock you:*

Fur is no longer appropriate wear for small infants, both due to risk of allergy to animal fur, and for ethical reasons. Therefore faux fur, a nice cellular blanket or perhaps micro-fleece material should be considered a suitable alternative. Please note, only persons who have been subject to a Criminal Records Bureau check and have enhanced clearance will be permitted to rock baby Jesus. Persons must carry their CRB disclosure with them at all times and be prepared to provide three forms of identification before rocking commences.

Jingle Bells

*Dashing through the snow in a one horse open sleigh
O'er the fields we go, laughing all the way*

A risk assessment must be submitted before an open sleigh is considered safe for members of the public to travel on. The risk assessment must also consider whether it is appropriate to use only one horse for such a venture, particularly if passengers are of larger proportions. Please note, permission must be gained from landowners before entering their fields. To avoid offending those not participating in celebrations, we would request that laughter is moderate only and not loud enough to be considered a noise nuisance.

While Shepherds Watched

*While shepherds watched their flocks by night all seated on the ground
The angel of the Lord came down and glory shone around*

The union of Shepherd's has complained that it breaches health and safety regulations to insist that shepherds watch their flocks without appropriate seating arrangements being provided, therefore benches, stools and orthopedic chairs are now available. Shepherds have also requested that due to the inclement weather conditions at this time of year that they should watch their flocks via CCTV cameras from centrally heated shepherd observation huts. Please note, the angel of the lord is reminded that before shining his / her glory all around she / he must ascertain that all shepherds have been issued with glasses capable of filtering out the harmful effects of UVA, UVB and Glory.

Rudolph the red nosed reindeer

*Rudolph, the red-nosed reindeer had a very shiny nose.
And if you ever saw him, you would even say it glows.*

You are advised that under the Equal Opportunities for All policy, it is inappropriate for persons to make comment with regard to the ruddiness of any part of Mr. R. Reindeer. Further to this, exclusion of Mr R Reindeer from the Reindeer Games will be considered discriminatory and disciplinary action will be taken against those found guilty of this offence. A full investigation will be implemented and sanctions - including suspension on full pay - will be considered whilst this investigation takes place.

Little Donkey

Little donkey, little donkey on the dusty road, got to keep on plodding onwards with your precious load

The RSPCA have issued strict guidelines with regard to how heavy a load that a donkey of small stature is permitted to carry, also included in the guidelines is guidance regarding how often to feed the donkey and how many rest breaks are required over a four hour plodding period. Please note that due to the increased risk of pollution from the dusty road, Mary and Joseph are required to wear face masks to prevent inhalation of any airborne particles. The donkey has expressed his discomfort at being labeled 'little' and would prefer just to be simply referred to as Mr. Donkey. To comment upon his height or lack thereof may be considered an infringement of his equine rights.

Ask the Doc

Q. Dear Doc, What do you think about the government's goal to get New Zealand to catch up with Australia by 2025?

A. Firstly, Australia is not standing still, so to catch up with where they are now by 2025, means that - if and when we get there - they will already be a long way ahead again, so such an approach doesn't really make any sense does it? Another thing is that trying to copy another country shows a profound lack of imagination and trust in the very specific characteristics of your own.

I think it is a far better approach to have a unique New Zealand way of growing our economy. We already have a world-class dairy sector, and other sectors are catching up (Information Technology is now the second largest export earner), but in terms of where we stand in the world now in terms of total export sales, we are behind Belarus (a former centrally-planned Soviet economy) and ahead of Greece (an economic basket case) so some big thinking needs to be done as we still cling to the myth that New Zealand is an export nation.

Clearly the thinking cannot be left to those who have got us into this mess in the first place (New Zealand Business Roundtable, Treasury, Reserve Bank, economists, etc.) so I hope that someone in any of the political parties has the brains to grapple with this problem sensibly (rather than digging holes or playing chasey like the current proposal).

Failing that, they may want to read the New Zealand Institute's new discussion paper entitled '*A goal is not a strategy*' which is a response to government's 2025 goal. It is available as a free download from:

http://www.nzinstitute.org/index.php/nzeconomy/paper/a_goal_is_not_a_strategy_focusing_efforts_to_improve_nzs_prosperity/

Essentially it is about (in the words of the authors) "*understanding the reasons for New Zealand's economic performance and on identifying ways to lift prosperity*" by building a new economy through supporting new growth areas (e.g. IT) as well as wholly new industries such as clean technology. Check out the Executive Summary or the whole document as it describes one possible future (another one is for our exports to continue to fall even below Greece).

The Institute has also released '*Plugging the gap: an internationalisation strategy*' which came out this week.

Until next time, keep those questions coming as we all need to have a good long think about where we are going - but more importantly (as with any strategy) - why we are going there.

Website Watch

As we enter 2011 Rugby World Cup year, don't forget that ELIS has heaps of useful information about doing business with participating countries - check out: <http://www.export.ac.nz>

The NZTE website is also worth a look: <http://campaignmanager.nzte.govt.nz>

For a very funny video about BP's reaction to its oil-spill in the Gulf of Mexico, have a look at:

http://www.marketoracle.co.uk/financial_markets_analysis_videos_7.htm#vid4

Off Topic

Family on holiday in Australia for a week and a half when husband, wife and their 15 year old son decided to go scuba diving. The husband is in the navy and has had some scuba experience. His son wanted a picture of his mum and dad in all their gear so he got the under water camera ready to go. When it came to taking the picture the dad realized that the son looked like he was panicking as he took it and gave the 'OK' hand sign to see if he was all right.

The son took the picture and swam to the surface and back to the boat as quick as he could so the mum and dad followed to see if he was OK. When they got back to him he was scrambling onto the boat and absolutely panicking. When the parents asked why he said *"There was a shark behind you."* The dad thought he was joking but the skipper of the boat said it was true but they wouldn't believe him. As soon as they got back to the hotel they loaded the picture onto the laptop and this is what they saw.



Office Essentials



New Graduates - Jamie Laird and Richard Smart

Congratulations to Jamie Laird of NZTE and Richard Smart of Mathias International, our two most recent graduates of the Diploma of International Trade who graduated this month.

We will profile Richard next month, but here's some things you never knew about Jamie:

Born in Wellington Hospital in 1983, Jamie Laird completed his BBS at Massey University Majoring in Management. He did his OE in the UK for a year over 2007/8 and is now the Regional Client Co-ordinator for NZTE based in Palmerston North and covering the Manawatu, Wanganui and Taranaki. Jamie likes working to help NZ Inc and particularly with the wide variety of companies that are keen to grow.



Jamie completed his Diploma of International Trade in December 2010 and when asked what the most useful part of it was, replied *"Very practical. Uses real-life examples. Flexible assessment deadlines. Can all be applied straight away to your own company or organization. It was an enjoyable experience. There's always someone on the end of a 'phone if you need them. Support is always available and the staff at the School understand the individual needs of exporters regarding changing deadlines, flexibility and that you have to live a life and a business to run."*

Best thing that ever happened to you? *The opportunity to travel overseas.*

Advice when travelling? *Be open-minded. Don't compare different cultures to what you are used to, just enjoy the experience.*

Best advice to exporters? *Know your market and do your research.*

Favourite food: *Lamb shanks*

Favourite film: *Inception*

Favourite foreign destination: *Boston, USA*

Favourite book: *Lord of the Rings*

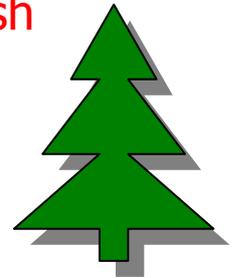
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Quiz answers

1. 60,231,214 (2009 estimate) – making it the 23rd largest country in the world. Italy passed the 60 million mark in 2008.
2. Salted or cured meat (including air-dried meat). Salami can be kept for up to 10 years at room temperature and longer if chilled. It solves the problem of how to preserve meat.
3. Cheese and tomato.
4. The *Sicilian* Mafia as compared to, for example, the *Camorra* (Neapolitan Mafia).
5. San Marino and Vatican City.
6. Turin.
7. Milan.
8. 1861 (17th March).
9. Garibaldi. The biscuit is also known as 'squashed flies' or other derogatory names.
10. 20

The staff of the New Zealand School of Export wish
all our readers a Peaceful and Happy Christmas.



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