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Japan-New Zealand Trade and Fishery Frictions

: Some Characteristics and Implications

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Summary

The greatest friction in trade and fishery between Japan and New Zealand was the Total Economic Relationship, which was insisted by the PM of NZ. NZ wanted to export dairy foods in exchange for admitting fishing. Both governments experienced a long and tough negotiation. Recently frictions have happened in various sectors, such as Environmental and Food Customs. The friction looks broad and dangerous. In spite of the emotional reactions, however, I don't think that is a serious problem. Both sides should know the importance and the character. If both sides do not respond correctly, trade will stagnate in the future.

Keywords: Trade and Fishery Friction, Total Economic Relationship, trade negotiation, Environmental Friction

1. Introduction

This report refers to the kinds of frictions that affect the trade of both Japan and New Zealand. In order to increase the reciprocal trade, which is needed to be done, which measures should be taken in each country? These are the main concerns of this paper. At first, the history and the background of the friction is considered. Secondly, the classification of the frictions is done. And finally, the trade structure of both countries is compared. By analyzing these characteristics we should be able to understand and ascertain the implications.

Before the discussion, the definition of friction is to be stated. The friction is not only the arguments but also emotional debates, the impact of the friction on another country, or reactions taken by another country. At any rate friction does not have a good effect on trade and economic relationships in the long run.

At present, Japan-New Zealand Trade is stagnating or decreasing. If we do nothing, it will incur no good outcome to New Zealand which needs export markets and employment. In this paper, I would like to consider the way to develop trade and good trading relations between both countries.

2. The History of Frictions

During the Second World War, some Japanese soldiers were made prisoner of war in the South Pacific and taken to Featherstone camp in the North Island. Featherstone camp is a two-hour drive from Wellington. The prisoners resisted arrest and tried an escape. At present there is a museum in the town and park in the suburbs. About ten years ago, some Japanese were planning to construct some new and big tombstones and widen the park. Unfortunately, the residents in the town objected to the movement. Featherstone is the famous place of Japanese Drama. Japanese politicians and ministers are hoping to visit the place which is near Wellington. I fear that it will make a new friction. Featherstone is a similar type of friction to the Yasukuni Shrine problem, which annoys China, Korea and other neighboring countries.

In 1964, Japanese Fishing Boats invaded New Zealand waters in order to get tuna, squid and snapper. There was an abundance of fishery resources near New Zealand's shores. It was the famous sea zone in the South Pacific. Boats invaded into 3 nautical miles in territorial seas at that time. In 1966, the New Zealand Government set the 9 nautical miles Exclusive Economic Zone including the territorial seas in the 3 nautical miles zone. In 1967, by the fishing agreement Japanese fishing boats were admitted to catch fish in the specified areas between 6 nautical miles and 12 nautical miles in EEZ until 1970. In 1971, New Zealand Government set the 12 nautical miles EEZ. Inside the EEZ Japanese fishing boats could not catch the fish and at that time

by setting the EEZ New Zealand wanted to protect its own interest in fishery resources. For New Zealand this action was needed to build up a strong fishery industry. But it took many years thereafter. About the same time Japanese fishermen landed in order to get the necessities and water, but caused some trouble with residents and NZ fishermen in a harbour town.

In 1971, a New Zealand Aluminium Smelters Factory was built at Tiwai Point, Bluff by Comalco NZ, Sumitomo Chemical Company of Japan and Showa Denko KK of Japan. The New Zealand Government at first approved planning to make a dam on Lake Manapouri but an environment protection group objected and finally a hydro power station that could supply the electricity to the factory was constructed underground.

“The Territorial Seas and Exclusive Economic Zone Act 1977 has provided the opportunity to rationally develop the fishery resources within the 200 mile zone to the benefit of New Zealand’s national interest.”¹⁾ However, New Zealand intended to gain more and its Total Economic Relationship policy requested the market access of New Zealand beef, butter and milk for fishing rights in EEZ .In 1977 Prime Minister Muldoon visited Japan in order to negotiate the market access to Japan, unfortunately Japan disagreed with it. He said that (1) Japanese trade barriers were extremely harmful (2) If Japan did not change the protection policy, New Zealand would not admit fishing rights. Since Japan wanted the fish but did not want to import the dairy food, several negotiations were done .In 1978 the Japanese minister of Agriculture and Fishery visited New Zealand and the outline of the agreement was approved. The Outline was as follows: (1) Japan admit that New Zealand is a reliable supplier of dairy products (2) Japan try to continue to buy milk products for developing country’s aid (3) Japan agree to change the housing timber standard of New Zealand Radiata Pine in the future (4) Japan try to increase the import of beef. (5) Japan decreases the import tariff of squid at 5% instead of 10% before. 2)

1) Ross Cullen and P.A. Memon, ”Impact of the Exclusive Economic Zone on the Management and Utilization of the New Zealand Fishery Resources”, *Pacific Viewpoint*, Vol.31,No.1,1990,p.44.

2) Seinosuke Takenaka,” 1977 nenno New Zealand Keizai”, *Taiyousyuu Boueki Nenkan1978/79*, Taiheiyomonndai Kennkyukai ,1979,p.195.

Table 1. Japan-New Zealand Trade Frictions

1964	Japanese Fishing Boat invaded to NZ waters in order to get tuna, squid and snapper
1966	NZ Government set the 9 nautical miles Exclusive Economic Zone
1967	Japan-NZ Fishing Agreement
1971	NZ Government set the 12 nautical miles EEZ
1971	Japanese Fishermen landed and caused some trouble in harbour towns
1971	Australian and Japanese Enterprises planned NZAS and hydro power station on Lake Manapouri
1977	PM Muldoon insisted the Total Economic Relationship policy- Market Access of NZ dairy products-Japanese fishing rights
1977	NZ Government set the 200 nautical miles EEZ
1978	Apr. NZ disagreed with Japanese Policy—Japanese could not catch fish
1979	Sept. Japan-NZ agreed with the Fishing Agreement—Japanese could catch fish
1980	Australian and Japanese Enterprises planned second aluminium factory in Aramoana but failed
1985	Japan planned to abandon low-level radioactive waste in Pacific Ocean
1989	NZ Development Finance Corporation made many bad loans after Privatization—7 Japanese banks financed and lost money but NZ Government had not assured.
1990	PM Palmer criticized driftnet fishing which killed dolphins, whales and turtles
1994	NZ and USA exporters criticized the high cost of Japanese apple import quarantine
1994	Minister of Tourism criticized Japanese Practice of Eating Live Crayfish
1999	NZ and Australia requested to stop the scientific research fishing of tuna
2000	PM Clark requested strongly to stop the scientific research fishing of whales

These requests were very difficult for Japan to deal with at that time. Negotiations were often deadlocked. Japanese opinion was as follows: "This is an exchange opinions by unknown negotiators. The Japanese think the problem can be solved individually ,but New Zealand insists on treating all problems at once. New Zealand adheres to the practice of exporting to England only and they believe that if the price of milk and beef is cheaper than before, the Japanese consumer will use them. We don't think Japanese protection of farmers restrict the consumption of dairy food."³⁾ I agree with this opinion and think that New Zealand did not understand the situation in Japan. At that time the Japanese didn't know the New Zealand products, which were different from USA food. In general, the Japanese could not understand why they should accept New Zealand's request because New Zealand was a small exporting partner.

New Zealand intended to adjust the fishing of tuna and squid according to exports of beef and dairy products. The Japanese thought that the squid was cheaper but the tuna was special and valuable material for sushi or sashimi. The Japanese wanted to get tuna while they had a difficult problem to solve. After the second world war, on the one hand, the Japanese Ministry of Agriculture and Fishery recommended the produce from the pastoral farming in the poorer northern district to its people and protected the importation of produce from overseas by non-tariff barriers, on the other hand. At that time Japan strictly refused the importation of beef and dairy products from the USA, which was the greatest export market and most important military partner.

And there were two difficult problems for Japan to deal with. (1)Firstly, it was with the housing standard of Radiata pine. The Japanese housing standard was very strict and New Zealand timber was too soft to make a tall house that needed a stair and a strong timber pole. At that time Japan was using New Zealand pine for reels for electric cord and packaging boxes, and was thought of an inferior and cheaper timber. After the negotiation, Japan deregulated the standard of housing timber for some years for the favour of New Zealand. (2) New Zealand's beef is grass fed, red, low fat meat. At that time the Japanese thought it unfamiliar meat and inferior meat. The Japanese liked American beef which was full-fat, soft meat. In Australia Japan had a contract farm which grew grain fed beef in feed lots. Recently the Japanese are beginning to understand New Zealand beef and some people like to eat it . From the Japanese point of view, although decreasing tariff was admitted, it was difficult to agree with the other conditions. In fact, the Japanese could offer very important concessions to New Zealand. That was a fruitful outcome for New Zealand .

3) Hiroshi Aoki," Nihonn to New Zealand Syoushi", Hiroshi Aoki and Yuriko Momo, *New Zealand si—Nannkai no Eikoku kara Taiheiyou Kokka he*,Hyoronnsya, 1982,pp228-229.

The Japanese people wondered why their government conceded the conditions to New Zealand, which was a small, export market. My assumption is as follows: Japan expected to import New Zealand's resources (2) Japan expected the trading relation to be the same as Australia which was a good partner with Japan (3) Japan needed the investment strategy like the Think Big Project which PM Muldoon advocated. (4) At that time New Zealand advocated the sister cities programme with Japanese cities. Japan respect the New Zealand culture and atmosphere. At any rate, after the friction was subsided, New Zealand exports to Japan increased gradually.

As one of the Think Big Projects New Zealand were planning to build a hydro power station to supply the electric power to a second aluminium factory at Aramoana. In 1980 Australian Enterprise stopped the launch of this project. "First factory was operating in Bluff as Joint Venture of New Zealand, Australia and Japan. By using hydropower and bauxite, the factory produced aluminium. The products were used not only in the country but also abroad." 4) 5) "In Bluff the Government changed the plan but in Aramoana there was a strong rejection movement. At last Australian Comalco stopped the project." 6) The detail was not clear and many reasons were supposed. My opinion is that Comalco had no fund to invest and asked the Japanese company . But the Japanese company did not finance the project because of depression of the aluminium market at that time.

In 1983 London Pact Countries decided temporarily to stop, and in 1985 permanently to abandon low-level radioactive waste. Before the decision Japan was continuing to abandon it disposed with cement or glass powder in the northwest Pacific Ocean. Japan said that it was disposed and safe, but pacific countries and New Zealand were objecting. After all the PM of Japan declared to stop in 1985 and the conflict was stopped.

In 1985 the New Zealand Development Finance Corporation made many bad loans after privatization. This corporation was originally a state owned enterprise. The seven Japanese banks did not feel the risks, and they lost money. However, the New Zealand government did not give assurances to the private enterprise. From 1985 to 1990 Japanese Investors used Japanese Money to invest and to buy real estate, golf clubs hotels and buildings in New Zealand, Hawaii, the Gold Coast and USA. They bid up the prices and residents had a bad impression of the Japanese investor.

4) Junich Mizuno, *New Zealand no Sanngyo to Syakai*, Kyouikusya, 1979,p.66.

5) According to NZAS, it exports 60% of output to Japan on 02 June 2006.

6) Syougo yuihama, "Nihonn to New Zealand no damu no hikakukennyuu", *New Zealand kennyuu*, Vol.6, New Zealand Gakkai, December 1999, pp10-11.

In 1990 PM Palmer and Green Peace, an environmental protection group, criticized the Japanese and Taiwanese fishing boats. This friction related to the environment and animal protection. They said that Asian wild fishing killed almost all the whales, turtles and dolphins. This driftnet fishing set a 100-metre net 10metres under the surface in the Tasman Sea in order to catch tuna in the early morning. According to the fishing statistics in the previous year, about 60 fishing boats caught 10 thousand tones of tuna. South pacific countries were surprised by this trouble. The impact of this friction was felt in other directions. A council member from Hamilton city in the North Island sent a drastic letter to Urawa city, Saitama prefecture Japan, which is the sister city in order to stop the driftnet fishing .He wanted Urawa citizens to help or advise, unfortunately he got no answer. He insisted the sister city agreement stop unless he could have a good reply. Japanese people living in Hamilton were puzzled about this Japan Bashing.

In 1994 New Zealand and the USA appealed to the World Trade Organization about the system of apple quarantine. New Zealand and the USA pointed out the Japanese method of high cost quarantine. This is a sort of non-tariff barrier.This problem continues to be one of the important arguments in the WTO. At that time New Zealand Royal gala apples were sold at about NZ\$ 1.50 each in the discounted supermarket which is a higher price than the Japanese apples.

In 1994 the New Zealand minister of tourism criticized the Japanese Practice of eating live Crayfish. His intension was as follows: A Japanese who eat a living and moving crayfish is strange and crude. He is eating raw fish meat and seeing the head and leg moving on the same dish. Looking at this scene all the New Zealanders feel wild. The problem is that the fish, which are exported from a good environment, is roughly and crudely handled. I almost agree with this opinion, that this is not a good custom. Japanese restaurants often offer raw living and moving fish like snapper. People feel the moving fish is very fresh but it is no good .In spite of this problem, I think it is necessary to understand and to be tolerable of Japan's unique food custom.

In 1999 New Zealand and Australia appealed to the International Ocean Court to stop the research fishing of tuna. For the Japanese, tuna is a very valuable material for sushi or sashimi and they can catch more in the South Pacific or Indian Ocean. It is the most popular material and commands a high price in Japan and is collected and imported from all over the world. Because over-catching has decreased the number of fish, Japan, New Zealand and Australia set a fishing –limit and managed the number since 1993. Unfortunately, Japan insisted to widen the limit because of recovering resources but New Zealand with Australia opposed this. Since 1997 three countries could not decide on the fishing-limit and they were catching old total limits—11750 ton. Japan was catching the old limit—6065 ton on a commercial basis and moreover was beginning to research catching from 1998. On the contrary,

basis and moreover were beginning to research fishing from 1998. On the contrary, New Zealand and Australia appealed to the Court to stop the fishing and requested to deduct the caught quantities from the limit—6065 ton. Japan thought that Taiwan and South Korea, which were non-members of the treaty, could catch about 5000 tons, New Zealand and Australia postponed the research fishing while they admitted Japan's need for research fishing. From the Japanese viewpoint, New Zealand and Australia made an unfavourable decision. In short, the background of this friction is (1) Dependency of strength and quantity on fish resources (2) Difference of fishing equipment and technique (3) Difference of food culture and custom. This is a very sensitive and complicated problem. It needs a lot of negotiation in the future.

The same case occurred in 2000. This was the worst case of emotional conflict. Japanese ministers and New Zealand's ministers criticized each other about scientific research fishing in the Antarctic Ocean. From the Japanese view point the Japanese government pointed out as follows: Japanese research ships began scientific research in the Antarctic Ocean in December 1999. According to the Japan Whale Research Centre, which is the main group of research, members of Green Peace, an environmental group in New Zealand roughly tried to ride by force on Japanese ships and interfere with the catching by squirting water. PM Clark criticized Japan at the Green Peace Meeting and said that Japan did not recognize the worldwide objection of whale research fishing and whale meat being sold in the Japanese market. On the contrary, the Japanese minister of Agriculture and Fishery protested that he suspected the New Zealand's conscience, which sustained Green Peace who insisted its assertion by force. In reply, PM Clark argued that Japanese research whaling was disguised commercial whaling. Against this answer the Minister of Foreign Affairs of Japan objected and the Minister of Foreign Affairs of New Zealand re-objected. This was an exceptionally great confusion.

The reasons assumed are as follows:(1) New Zealand was beginning to develop an anti-whaling group to attend the International Whaling Committee held in anti-whaling Australia. (2) The new PM had to consider the Green Party, which sustains the weak cabinet

Since the new cabinet of New Zealand was established, it needed to co-operate with the Green Party in order to get the majority. I wonder if the real reason is based on unreasonable action by the Japanese or New Zealand's over reaction. At any rate, there remains a considerable bad impression. There is no understanding and no compromise for each other. Each country's interest goes ahead rather than consideration for each other. This is the greatest problem to deal with in the near future.

At last, I can classify the frictions as follows:

(1) Fishery Frictions

1964	Japanese Boat Invasion	1966	EEZ 9 miles
1967	Fishing Agreement	1971	EEZ 12 miles
1971	Fishermen's Trouble	1977	EEZ200miles
1978	Fishing Agreement failed		

(2) Market Frictions

1977	Total Economic Relationship
	Market access of Dairy Products and Beef
	Housing Standard of Radiata Pine
	Import Tariff of Squid
1994	Apple Quarantine

(3) Environmental Frictions

1971	Lake Manapouri
1980	Aramoana Aluminium Smelters

(4) Animal Protection Frictions

1990	Driftnet Fishing
1994	Crayfish Eating
1999	Research Fishing -TUNA
2000	Research fishing -WHALE

In short, Trouble about EEZ and Fishing Frictions is almost solved at present . They occurred in the 1960's and 1970's. Market Frictions shall be important whenever New Zealand wants to increase new types of exports to the Japanese Market. Recent patterns of friction are Environmental and Animal Protection. These patterns of friction often occurred in New Zealand compared to Australia.

When a Japanese enterprise wants to invest in New Zealand, environmental groups shall oppose. It is very difficult for business to maintain the environment and manage it. This is a new type of friction. We should investigate the friction and prevent the reoccurrence .

3. The Trade Structures of both countries

Table 2 shows the four main export partners of New Zealand. Recently New Zealand increases export to Australia, which is the greatest partner. The second market, USA and the third market, Japan is stagnating. Export to the UK is decreasing.

Table 2. Export Partners of New Zealand, %

	Australia	USA	Japan	UK	Others
2002	18.9	15.5	11.9	4.9	48.8
2003	21.3	15.0	11.4	4.8	47.5
2004	21.0	14.5	11.2	4.9	48.4
2005	21.5	14.2	11.4	4.7	48.2
2006	21.2	13.5	10.3	4.8	50.2

Source: [http:// www.stats.govt.nz/economy/26/07/2006](http://www.stats.govt.nz/economy/26/07/2006).

* p= provisional

Table 3. Main Exports of New Zealand, million NZ\$,%

	2005		2006p	
Dairy Products	4924	16.1	5768	17.8
Meat	4577	14.9	4500	13.9
Timber	1984	6.5	1961	6.0
Fish	1134	3.7	1146	3.5
Machinery & Equip	2632	8.6	2837	8.7
Aluminium	1053	3.4	1261	3.9
Fruits	1212	4.0	1161	3.6
Wool	666	2.2	689	2.1
Casein	651	2.1	659	2.0
Hide	465	1.5	427	1.3
Paper	400	1.3	441	1.4
Petroleum	439	1.4	596	1.8
Others		34.3		34.0
TOTAL	30618	100.0	32440	100.0

Source: <http://www.stats.govt.nz/economy/26/07/2006>.

p= provisional, Machinery & Equip.= Machinery & Equipment.

Table 4. New Zealand Exports to Japan , yen base,%

	2001	2002	2003	2004	2005
Beef	2.3	1.7	2.6	5.1	5.8
Sheep	1.1	1.5	1.8	2.1	2.4
Fish	5.7	5.7	5.1	4.2	4.0
Vegetable	6.0	5.6	6.6	5.1	5.3
Fruit	4.5	6.5	6.3	7.0	6.6
Dairy Products	8.2	8.0	6.1	6.2	7.2
Wool	0.8	0.8	8.0	0.6	0.6
Timber	8.5	8.1	8.3	7.1	5.8
Pulp	2.4	2.9	2.6	2.8	2.9
Methyl Alcohol	7.0	6.9	6.9	5.2	2.7
Casein	1.5	1.2	1.1	1.1	1.4
Aluminium	15.8	15.0	15.9	16.1	16.9
Wood Products	10.6	9.4	9.5	8.6	8.7
Others	25.6	26.7	26.4	28.7	28.7
TOTAL	100.0	100.0	100.0	100.0	100.0

Source: Keizai Sangyousyou, *Tuusyō Hakyūyo*, 2003–2006.

In 1973 New Zealand was strongly affected by two accidents, which were the UK's entry to the EEC, and the Oil Shock. New Zealand should seek new export markets and merchandise. After all New Zealand should divert the market to Australia, Japan and Asian countries and should diversify export merchandise. After the diversification of export merchandise, New Zealand increased the exports of Fish, Vegetable, Fruits and Timber, etc. In 1965 the New Zealand-Australia Free Trade Agreement was established and in 1983 this was rearranged by the Closer Economic Relationship, which contributed to the increase of New Zealand's exports. Recently New Zealand has depended heavily on Australian Economies. At present the USA is the second largest export market and New Zealand export mainly beef, fruit and fish. Other important export markets are China, Korea, Hong-Kong and Taiwan.

In spite of the frictions, New Zealand's exports to Japan were about 13% in 1980 and about 18% in 1989, when Japan had the top share in New Zealand's export market.⁷⁾

⁷⁾New Zealand Department of Statistics, *New Zealand Official Yearbook 1990*, External Trade.

In the 1990's Japan had the second position of exports of New Zealand merchandise. This means that there is no attractive import merchandise from New Zealand recently from the Japanese view point. At present, from Japanese Statistics, New Zealand were 29th Export Partner and 31st Import Partner in 2005. Export Share is 0.4% of the total exports of Japan and Import Share is 0.4% of the total imports of Japan.⁸⁾ Japanese Trade is not so much affected from New Zealand, however, New Zealand depends on major export market to Japan.

Table 3 shows the Main Exports of New Zealand. New Zealand's main exports are Dairy Products, Meat, Machinery & Equipment and Timber. Machinery & Equipment is mainly exported to Australia recently. Remember the friction about the Total Economic Relationship in 1977. New Zealand wanted to export dairy products and meat to Japan because this was the most important export of New Zealand for a long time.

Table 4 shows New Zealand's Export to Japan. Japanese tariffs on meat and the non-tariff barrier on dairy food gradually decreased. Nevertheless, Japan does not increase imports so much. In 2004 and 2005, Bovine Spongiform Encephalopathy (BSE) in USA beef affected the export to Japan. Japan likes American grain-fed meat and Australian grain-fed meat. But the Japanese began to suspect the American beef and began converting to Australian and New Zealand's grass-fed beef. Sheep export to Japan increased gradually. In spite of New Zealand's expectation, Japan imports Aluminium and Wood Products and Fish, Fruit and Vegetables are important import items. Since the 1980's New Zealand's main exports to Japan have been almost unchanged. New merchandise is expected in order to increase the exportation from New Zealand. Paper & Wood and Aluminium exported to Japan are affected by NZAS, in Bluff and Pan Pac, in Napier, which are invested by Japanese enterprises. In short, New Zealand can change the trade structure by attracting Japanese enterprises. In the NZAS case, Australian enterprise, Comalco wanted a company that offered some parts of the fund. Like this case, New Zealand needs Japanese funds and Japanese market to invest in the export sector and to export the merchandise.

In the 1960's and 1970's the Australian government and businessmen were eager to negotiate with Japan and have the investment in their market. New Zealand will be able to trace the same case.

8) <http://www.meti.go.jp/02/09/2006>

4. Some Characteristics and Implications

In the 1960's and 1970's, Fishery frictions were mainly related to the EEZ. New Zealand feared that Japanese fishing boats caught so much fish. New Zealand noted the importance of the fishing but they had almost no fishing boats and fishermen at that time. After that time, New Zealand requested to decrease the import tariff of Japan. Since the 1990's New Zealand requested to protect the animals in fishing or to protect a valuable fish. These requests related to the method of fishing and practice of eating. It is possible for Japan to change the method and practice to some extent. And these should not be negotiated in a bilateral method. These problems need disclosed discussion in multinational ways or international agency. Australia also requested to stop the research fishing of tuna and whales. The USA also wanted to change the system of quarantine of apples. Driftnet fishing and crayfish eating also should be negotiated in open discussion. These problems concern not only New Zealand but also all other countries.

Environmental Frictions like hydro power stations and radioactive waste did not happen recently. However, it is possible to occur whenever Japanese enterprise wants to make a large investment. So, in order to prevent the friction it needs to talk with the local residents. Government or third party should manage the resource and eliminate the negative effects.

In New Zealand there are pressure groups to the government. For example, Green Peace objected to the Japanese fishing of whales and the government reinforced this movement. This is a type of performance and this is an action for election. A member of parliament is permitted to join the argument but the minister or member of the government should join the movement. Not only New Zealand but also Japan tend to join the action to help the particular group .In New Zealand environmental groups and animal protection groups received assistance from the government.

The same circumstances are seen in Japan. In contrast to the modern exporting company, there are many other declining industries, which are rice farming, dairy & meat farming and fishery. They are confronting high costs and aging of the work force, and request the government to impose the high tariff or import barrier. In spite of the consumer's hoping for lower prices by buying the imports, Japanese farmers can get large funds to prevent imports. Lots of Japanese consumers do not act, because the personal gain is the small part. On the contrary, a small part of Japanese farmers and fishermen can get large funds to prevent the imports individually. After all, they make groups to request the government. The Ministers and Members of Parliament need their votes whenever an election starts. Thus, retired people can work in farming and fishing and sustain the Member of Parliament who protects the traditional sector. So, traditional groups make pressure on the government. It is

the traditional sector. So, traditional groups make pressure on the government. It is very difficult to stop the protection of declining agriculture and fishery in the short run. Recently this situation is changing because outside pressure is stronger than before. For example, the World Trade Organization and the USA request Trade Liberalization. Japan allows their suggestion and decreases the trade barriers. Thus Japan could not protect the interest of particular groups. In this situation the Japanese government has a disguised pose to hear a voice of weak farmers and fishermen. It is almost impossible to protect them. So, Japanese ministers and government also should not help the particular behavior of whaling and tuna fishing groups.

Finally, Japan's expectations of New Zealand are as follows: the Japanese like the traditional thinking and traditional food made in Japan. They believe in their own agriculture and fishing. Japanese farmers and fishermen fear cheap imports. So, they tend to rely on the government and Ministry of Agriculture, Forestry and Fisheries, to reinforce them. On the other hand people need new areas of fish, vegetables and fruit. And Japan needs resources, for example, aluminium and timber. Japan expected to import Maui gas once.

New Zealand's expectations of Japan are as follows: New Zealand needs the export market of Dairy Products and Meat. New Zealand requests to remove high tariffs and non-tariff barriers. At present, this request is almost successful. The remaining merchandise relating to New Zealand is high tariff beef and butters' non-tariff barrier. New Zealand's people think that the environment and animal protection is very important. The New Zealand government has also the same ideas, so it criticized Japan. However, the Japanese government opposed to this behavior. In order to avoid the conflicts it is important to talk and negotiate. At the very least, minister should not criticize or sustain the action.

5. Conclusion

Japanese agricultural and fishery protection will not continue in the near future. Japan's high cost production and aging workforce prevent the production. And WTO negotiations request Japanese Trade Liberalization. Japanese supermarkets, restaurants and consumers are wanting cheaper and safely imports. Japanese restructuring of industry is needed.

On the other hand, New Zealand needs exports, foreign currency and employments. New Zealand's investment in the resource sector is needed. People want good environment and animal protection, so it needs to manage the resources.

Japan and New Zealand's governments should not hear the voice of a particular group, or refrain from discussion as much as possible. If the frictions are left as they are, trade between both countries will stagnate and shrink.

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