

VIC PERCIVAL, CHINA TRADER

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At the signing ceremony in April 2008 of China's first comprehensive free trade agreement with a developed economy, Premier Wen Jiabao singled out one of the New Zealand visitors for a particularly warm greeting: "You were there at the beginning." Wen shook hands with Victor Percival, who had just turned seventy-nine years old and had been visiting China on business for over fifty years. He had indeed been a pioneer in developing New Zealand's trade relations with the People's Republic since he attended the Canton Export Commodities Fair in its first year in 1957. The story of Vic Percival's business relations with China is the story of two economies, one huge and developing and the other tiny, and both moving to less controlled modes more open to outside relations. When he first ventured to Guangzhou, the Chinese economy was state-dominated, largely autochthonous with only limited exports, mostly commodities. Fifty years on China had become the workshop of the world, tied closely into the world economy as trader and creditor. In 1957 the New Zealand economy was highly dependent on a single market for commodities and subject to stringent import, currency, and other controls. Reform and opening up (the label for China's economic changes after 1978) occurred in both China and New Zealand in the 1980s. Vic Percival's trading journey to the Great Hall of the People in 2008 had seen both nations transformed.

Trained as an accountant, a National Party office holder, and a Freemason, Percival would seem an unlikely candidate for a pioneering role in helping open up Communist China to international trade. But an examination of his life shows that he was at heart a deal maker. He enjoyed the to and fro of establishing the expectations of each side, the negotiation and the conclusion of an agreement that satisfied both parties. His deals took him to Thailand, Vietnam, and other parts of Asia, but it was in China that he found his urge to make a deal best fulfilled. When he died in 2010 he had achieved wide recognition as an old China hand, always willing to give advice to younger successors in a trading relationship that had become New Zealand's most important after that with Australia. In 2008 Percival was the subject of an engaging biography by Bruce Kohn, whose title *The Kiwi Pathfinder* nicely summarized his subject's historical significance. As the following pages will show, I am greatly indebted to this biography. This present outline of Vic Percival's engagement with

China extends Kohn's work by more comprehensively placing Percival's career in the broader context of changes in both China and New Zealand.¹

When he attended the autumn trade fair in Canton (Guangzhou) in 1957, Vic Percival was twenty-eight years old. The son of a truck and bus driver, who had once been a merchant seaman, Vic grew up in the Auckland suburb of Onehunga, near the shores of the Manukau Harbour. At thirteen, in the midst of the war, he entered Auckland Grammar School, later joining the school's Air Training Corp Unit. With the end of the war, in 1946, he joined the James Hardie trading company as an office boy. As was a common pattern in those days, at night he attended classes in accounting and law at Seddon Memorial Technical Institute (the forerunner of today's AUT). As an accountant at James Hardie, Percival felt frustrated: he had always had an independent streak. In 1953, as a twenty-four year old, he registered his own company, Kelvin Industries. Despite the nominal reference to manufacturing, the company was mostly focused on importing products from around the world. This was a time when post-war economic growth had received an extra push from supplying food and materials for the Korean War. On a per capita basis, New Zealand was one of the richest countries on earth. Percival started at a modest level, importing cotton padding. Some of this material went into the making of shoulder pads for men's and women's clothing.

Another everyday product, though considered at the time by many New Zealand families as a treat to be included in the Sunday dinner fruit salad, canned pineapple became a mainstay of Kelvin Industries' importing. Percival sought sources of supply independent of the usual Japanese-branded imports. A little enterprise went a long way. In English-language magazines from China (including the venerable *China Reconstructs*), which he bought from the left-wing Progressive Books in downtown Auckland, Percival found the names and addresses for the state-owned corporations in China charged with organizing China's commodity exports. He wrote to the China Cereals, Oils and Foodstuffs Corporation and to the Shanghai Sundries Corporation, which offered access to shoulder-pad materials and other textiles. To his surprise and delight, he received replies. Payment for imports could be arranged through depositing pounds sterling in the Bank of China branch in the British colony of Hong Kong, then China's main trade gateway to the Western world. By 1956, a year before his pioneering venture to Canton, Percival was selling canned pineapple and mandarin orange segments to the Four Square stores chain throughout New Zealand.

Cotton stuffing and mandarin segments were not the first items of post-1949 New Zealand–China trade. Nor was Percival the first New Zealander to try to establish trade relations with the People's Republic. Once the end of the Korean conflict meant that

1 Bruce Kohn, *The Kiwi Pathfinder: Opening Mao's China to the West* (Wellington: Grantham House, 2008). Percival's business papers have been deposited in the University of Auckland Library Special Collections. As the archive was still being accessioned at the time of writing this article, I have only had limited access to the papers. I knew Percival for seventeen years before his death, enjoying numerous conversations with a wise old trader. He died in July 2010, aged eighty-one, a few months after I committed to producing this article, but before I could interview him for it.

New Zealand and China were in effect no longer at war, other organizations moved to explore trading potentials. The centralized wool and dairy marketing authorities, for example, made relatively small-scale efforts to test the possibilities. Leo Tattersfield, of the mattress-making family firm, had begun exporting New Zealand wool to China in 1956.² The pages of the *New Zealand Official Yearbook* attest to these changes. The 1959 yearbook listings of exports and imports for 1955–57 replaced the previous heading “China” with two headings: “China” and “Formosa” to differentiate trade with Taiwan from that with the other side of the East Asian Iron Curtain.³

The New Zealand economy, though prosperous, was bound by strict regulations for international trade, designed to monitor foreign exchange transactions to ensure that the country’s trade balance was positive. Import controls (and import substitution) had continued operating in the 1950s, even though they were associated with the pre-war, first Labour government. Civil servants in Wellington wielded considerable power over the country’s trade, both outgoing and incoming.⁴ This would not seem fertile ground for the instinctive trader and deal maker Vic Percival was becoming. But two things worked in his favour. Despite a continued over-dependence on Britain as export market and import provider, New Zealand was continuing to expand the range of its trading partners. The Second World War and post-war involvement in civil wars in Korea and Malaya increased official and public awareness of Asia as a potential market and supplier. Trade with Japan had revived and grown after 1945. Direct links with newer markets in Southeast Asia began to be forged. Percival’s canned fruit and Indonesian kapok for shoulder pads and mattresses were part of this larger trend.

China, however, remained somewhat off-limits, or at least on the margins. Aligned with the United States in the Cold War stand-off with the People’s Republic, New Zealand tended to follow Washington’s lead on matters related to Beijing. But there were strong New Zealand links with China, including the new Communist regime, that created gaps in the armour of strict adherence to the American line. Rewi Alley was the most prominent embodiment of these historical ties. His philanthropic efforts in China from the 1930s had earned Alley some popular respect in his homeland and a status that set him somewhat apart from the politics of the new Chinese regime. His work with industrial cooperatives during the war against Japan and his technical schooling of the rural poor chimed with New Zealanders’ self-image as practical, generous innovators in rural settings. The post-war assistance given to China through CORSO (the Council of Organisations for Relief Services Overseas), a charity focused on helping the poor in China, reinforced popular New Zealand connections with that country. Some CORSO

2 Kohn, *Kiwi Pathfinder*, 31, 227.

3 Department of Statistics, *New Zealand Official Yearbook 1959* (Wellington: Government Printer, 1959), 310 (exports), 332 (imports). Exports to Formosa were tiny compared to those to China.

4 The best overview of the role of the state in the economy in those years is Michael Bassett, *The State in New Zealand 1840–1984: Socialism without Doctrines?* (Auckland: Auckland University Press, 1998).

workers had remained in China until 1951 and 1952.⁵ Several left-wing intellectual figures in New Zealand, including James Bertram (who had interviewed Mao Zedong in wartime Yan'an), Roger Duff (of the Canterbury Museum), and Ormond Wilson (an MP and writer), helped maintain the custom of continued people-to-people relations with New China in the 1950s. So when Percival attended the trade fair in Guangzhou in October 1957, he was not the first New Zealander, even Kiwi businessman, to venture into the People's Republic, even if the path was far from well trodden.

He took what was to become a standard route for New Zealanders, crossing the border at Luowu in Hong Kong. He walked across the bridge, past the People's Liberation Army soldier standing to attention with bayonet fixed, and was fed lunch in the railway station and customs hall on the Chinese side in Shenzhen, a pattern repeated sixteen years later with the student delegation I was a member of. As a lone traveller, Percival attached himself to a party of Hong Kong-based British businessmen going north to the new fair. They shared a firm view about the salutary effects of gins-and- tonic in foreign, tropical climes, something Percival certainly found to his taste. Both the Chinese and foreign sides at the fair were learning how to conduct themselves, so it was natural for visitors like Percival to follow the lead of more experienced hands. Less than two decades later, Percival would find himself in a similar role with neophyte business people anxious to explore the China market. The Canton fair had been established in the spring (in April) as one means for the state-owned trading groups to expand their markets beyond the USSR and socialist allies. A twice yearly fair brought large numbers of international traders face-to-face with a full range of national trading companies. In a nation relatively closed to outside intercourse, dealing with groups of outsiders together in one place was easier than a dispersed, continuous encounter with foreign business people. Percival was not alone among the foreign attendees in being from a country without diplomatic ties with China, though the British did have official relations with Beijing. Even after the early 1970s, when China's diplomatic isolation ended, the Canton fairs continued to serve as a major trading gateway. Despite the greatly expanded opportunities for direct contact with counterparts in the People's Republic possible from the 1980s, the fair saw its one hundredth convocation (and fiftieth anniversary) in 2006. Percival was an honoured guest at the latter celebration.

On his first Guangzhou visit, Percival brought samples of wood pulp and fibreboard from New Zealand Forest Products, which had recently opened its operations in Kawerau in the Bay of Plenty, drawing upon the huge area of radiata pine that had been planted on the North Island's central plateau since the 1930s. He did not find a market for these on the visit, but identified Chinese products with potential in New Zealand. Like the cotton lint he was already importing, these were essentially commodities which Western consumers could not readily identify as Chinese products. In the other direction, New Zealand started exporting tallow (a by-product of sheep slaughter) to China.

5 See Matthew Dalzell, *New Zealanders in Republican China, 1912–1949* (Auckland: University of Auckland New Zealand Asia Institute, 1995), 144–80, 190.

Shortly after Percival's pioneering visit to the Canton trade fair in 1957, the New Zealand electorate voted for a change of government. The National Party, staunch Cold War supporter of Washington DC, lost office. A Labour cabinet took the reins of government, headed by seventy-five year old Walter Nash, a remnant of the reformist first Labour Government of 1935. After eight years out of office, the new administration was looking for ways to assert its distinctiveness, though the economic circumstances that produced 1958's so-called Black Budget offered little leeway. Nash's approach to Percival to seek his assistance in making unofficial, low-key contact with Beijing can best be understood against this background of seeking to differentiate the new New Zealand government from its conservative predecessor. Nash himself since the 1930s had evinced an interest in encouraging New Zealand ties in the Asia-Pacific region.⁶ The Labour backbenches included Warren Freer, who in 1955 had been the first sitting Western parliamentarian to visit Beijing since 1949.⁷ New Zealand Labour Party policy since 1953 had supported recognition of the People's Republic of China and its admission into the United Nations. In power from the end of 1957, however, Nash was opposed to a unilateral move by Wellington, preferring any move to be done jointly with Western allies.⁸ Nonetheless, Nash still held utopian socialist ideas about the brotherhood of humankind. Reaching out to Beijing was only natural. When Percival returned to Guangzhou for the Spring Fair in 1958, he not only wanted to make deals, such as the one to import canned mandarin oranges for Woolworth stores. He also was on the lookout for an opportunity to convey to an appropriate Chinese official the prime minister's interest in building relations with Beijing.⁹ New Zealand's close ties with the United States made difficult any overt move by Wellington in this direction and away from its current recognition of the regime in Taipei. Nash himself visited Hong Kong in March 1958 and had a discreet meeting with a Chinese official, facilitated by the Hong Kong colonial government and the Hongkong Shanghai Bank.¹⁰

On this second visit to the Canton fair, Percival had been asked by the New Zealand Wool Marketing Co-operative to explore the market for selling carpet wool to China. He used this interest to argue for permission to visit Beijing and nearby Tianjin. The latter city was a centre of the carpet-making industry. Going north might bring him closer to an appropriate official to whom he could convey Nash's quiet interest in a dialogue with China. In the north, as in the south in journeying between Hong Kong and Guangzhou, Percival found a natural New Zealand affinity with British counterparts. He

6 See Keith Sinclair, *Walter Nash* (Auckland: Auckland University Press and Oxford University Press, 1976), 81–85.

7 Kohn, *Kiwi Pathfinder*, 14.

8 Sinclair, *Walter Nash*, 295, 331–32, 334. Beijing's actions in Tibet in 1959 made any move unfeasible.

9 Kohn, *Kiwi Pathfinder*, 58–60.

10 This meeting was held in the same trip that Nash met John Foster Dulles, the hard-line anti-Communist American Secretary of State, at a SEATO (South East Asia Treaty Organisation) summit in Manila. Sinclair, *Walter Nash*, 322.

made the first of many visits to the Great Wall at Badaling in May 1958, in a Mercedes Benz belonging to a European trader and in the company of a British businessman based in the city who represented the interests of the so-called Icebreakers. This was the Chinese label for the group of British traders who had broken anti-China sanctions in 1953, representing forty-eight companies keen to open trade links with the People's Republic. A similar group had returned to China in 1955. On this 1958 visit, Percival handed over a letter from Nash welcoming trade and other ties to a high official in the import-export apparatus in Beijing. He also visited Shanghai, China's light industrial heartland. It was clear that China preferred to conduct barter trade, exchanging products and avoiding the complications and monetary drain of currency transfers.

In 1958 the pace of exploratory connections between the People's Republic and New Zealand quickened. Dick Hampton, the country's Singapore-based trade commissioner for East and Southeast Asia, attended Chinese National Day celebrations on 1 October on a visit to Beijing. At a dinner Hampton even exchanged a few words with Premier Zhou Enlai. Also in Beijing on this occasion was Wellington wool-seller Leo Tattersfield, active in China trade for several years already. Hugh Jones from the Dairy Products Marketing Commission attended the Canton Spring Fair in 1958. The visits were not all in one direction. A Chinese trade delegation came to New Zealand in October that year, nominally at the invitation of Tattersfield, to allow some distance between the Nash government and such contacts. From the Native and Animal Byproducts Corporation, the four-person group met Labour MP Warren Freer at a senior civil servant's home in Wellington, lunched at Piha beach, on Auckland's rugged west coast, and observed a wool auction in Napier. This level of interaction between the two countries was modest but belies assumptions we might be inclined to make about Cold War sanctions directed at Beijing.

After the National Party took back the Treasury benches in late 1960, the import licencing regime began to be loosened again, after Labour's temporary restrictions.¹¹ Percival no longer needed to play the system to the extent the strictures of the 1950s had required. Definitions reportedly could be stretched so that a quota for artist's brushes, for example, could somehow accommodate imports of canned pineapple.¹² When he returned to the Canton Fair in spring 1963, Percival went armed with the knowledge that importing was getting easier. He also had a special licence from trade minister Jack Marshall to import up to five thousand pounds sterling worth of goods from the fair.¹³ Percival's National Party connections may have helped in these matters. Chinese agricultural production was still recovering from the impact of Mao's disastrous Great Leap Forward of 1958. The shift to mass mobilization to produce backyard steel had led to the neglect of irrigation works, while localities competed to send ever more inflated claims about crop yields to Beijing. Three years of famine followed. In 1963 Percival was able to fill his pineapple import quota at the fair. He noted the absence of Russian

11 *Ibid.*, 292, 308, 347.

12 Kohn, *Kiwi Pathfinder*, 93.

13 *Ibid.*, 102–3.

buyers, which confirmed the impact of the Sino–Soviet split in the late 1950s. The Dongfang Hotel, built in 1961 to a Soviet design, provided accommodation on this and many subsequent visits to the fair, until newer-style hotels were established, often with Hong Kong investment, from the 1980s onwards. Percival’s Guangzhou sojourn came at the end of a swing through Southeast Asia finding products to import, for he never confined his deal making to just China.

By the time he returned to Guangzhou in May 1966, several things had changed. China was about to embark on three years of political upheaval when Mao set in motion the Great Proletarian Cultural Revolution. By the time he next visited the Canton Fair (in 1969), fervently Maoist political power had been established in China, with order in the cities being restored through intervention by the army. In 1966 New Zealand’s readiness to seize opportunities for trade in Asia had also been strengthened, at least at the official level. The country now had a trade commissioner based in Hong Kong, whose remit (at least unofficially) extended across the border from the colony.¹⁴ Tallow had been for several years a major New Zealand export to China, but by then Percival had withdrawn from dealing in tallow. He had been frustrated by the way Chinese state-run buyers had become skilled in playing New Zealand tallow producers off against each other.¹⁵ Such were the downsides of the free enterprise system. At the Autumn Fair in 1969, Percival was well aware of the opportunities that could come with the likely change in New Zealand’s trade ties with Great Britain resulting from the latter’s future entry into the European Common Market. He was not alone. Auckland businessman and future National MP Ray La Varis had attended the Canton Fair in 1968 and 1970, selling liner board from NZ Forest Products for making corrugated cardboard boxes.¹⁶ La Varis seems to have seen himself as a go-between between Wellington and Beijing, playing on ignorance and mystery surrounding Communist China to suggest that he had special access behind the “bamboo curtain.” He made use of his close ties with trade minister Jack Marshall and prime minister Keith Holyoake. Percival and other active China traders, including Hugh Westwood and Ron Howell, warned the National ministers to be wary of La Varis’ big noting.¹⁷ According to his biographer, Holyoake was susceptible to approaches regarding improving relations with the People’s Republic. He even wanted to send a goodwill mission to China in 1971, as the Western world’s frosty relations with Beijing began to warm and a Chinese table-tennis team

14 See New Zealand Trade and Enterprise, *Agents Abroad: The Story of the New Zealand Trade Commissioner Service* (Auckland: Penguin, 2009), 235.

15 Kohn, *Kiwi Pathfinder*, 114–16.

16 Barry Gustafson, *Kiwi Keith: A Biography of Keith Holyoake* (Auckland: Auckland University Press, 2007), 276. La Varis also attended in October 1971 (*Ibid.*, 285). Kohn claims that La Varis attended the Canton Fair in 1967 (*Kiwi Pathfinder*, 129).

17 Gustafson, *Kiwi Keith*, 276–77, 280–81. In the 1970–71 fiscal year (the last full year before diplomatic recognition in December 1972), Ron Howell imported NZ\$3 million worth of Chinese textiles (*Ibid.*, 402 n. 64).

visited New Zealand.¹⁸ Having built a history of trading with Chinese state-run import and export corporations and dealt directly with producers in Beijing, Shanghai, and elsewhere, Percival was well placed to be part of expanding trade with China. Politics did not figure in the picture: having done his business in Guangzhou, Percival joined a New Zealand government sponsored trade mission to Taiwan.

Politics did figure, however, in Percival's treatment after the newly installed Third Labour Government in late 1972 decided upon diplomatic recognition of the People's Republic of China. A major trade delegation, headed by Joe Walding, the newly installed minister in charge of overseas trade, in spring 1973 did not include Vic Percival. This was probably because of his being an office-holder in the National Party in Auckland. Percival made his own way to the Canton Fair in 1973 and 1974. He was well placed to benefit from the increased pace of trade between the two countries. In 1972 New Zealand exports to China were worth one million NZ dollars. By 1975 they had reached twenty-five million dollars. In the other direction, the Chinese assault on New Zealand's textile industry had begun in earnest.¹⁹ An indication of the broadening interest in doing business with China was the establishment of the New Zealand China Trade Association in 1981. Ron Howell, its first chairman, was a left-leaning Auckland businessman with long-standing connections to China. He had visited China as a guest of the Beijing government a few months before Percival's first visit in 1957.²⁰ Other NZCTA founding members were of more mainstream or conservative politics who saw the potential for increased trade but also the advantages of networking through the association among those with experience and those without.²¹

As trade between the two countries grew steadily, Percival's opportunities to identify products and make deals increased. His track record as a regular attender of the Canton fairs stood him in good stead with Chinese interlocutors: being able to cite acquaintance with the now senior leaders of the state trading companies helped open doors, even as the state began to step back from strict control over overseas trade. Percival had learnt through experience the importance of *guanxi* (connections) in conducting business in Chinese societies in China and Southeast Asia. Partial to the local liquor, including the famous Moutai (*maotai*) grain spirits, he was not averse to doing his bit to enhance understanding between parties around a banquet table. As a New Zealander, he also knew that *guanxi* was perhaps just as important in lubricating

18 *Ibid.*, 280.

19 Kohn, *Kiwi Pathfinder*, 138. China–New Zealand two-way trade went from NZ\$2 million in 1972 to NZ\$43 million in 1978, just as China's economic reforms began. Barry Gustafson, *His Way: A Biography of Robert Muldoon* (Auckland: Auckland University Press, 2000), 228–29.

20 Kohn, *Kiwi Pathfinder*, 21–22.

21 For a useful overview of trade from about 1981 to 2001, see Robert Scollay, "The Bilateral Economic Relationship and the Regional Setting," in *China and New Zealand: A Thriving Relationship Thirty Years On*, ed. James Kember and Paul Clark (Auckland: University of Auckland New Zealand Asia Institute, 2003), 61–71.

the wheels of commerce in his own, relatively small society. Picking up the phone or visiting a government minister in Wellington was a natural way to remove blockages in making a deal or ensure a permit, especially for a National Party officer in the 1960s, much of the 1970s, and the first half of the 1980s. *Guanxi* was not a uniquely Chinese quality or means of doing business. What his biographer calls “The Great Toilet Tissue Caper” in 1981 illustrated the nature of business in New Zealand. Under the import licencing tender system, Percival was encouraged by a major supermarket chain to arrange for the importation of cotton lint-based toilet paper from Tianjin. This was done at a price much cheaper than that for wood-pulp-based tissue. The cotton-based paper, derived as a by-product of the carpet industry, undercut the monopoly New Zealand manufacturer of toilet paper, whose family had become rich on the backs (or, strictly speaking, another part of the anatomy) of local consumers. The New Zealand maker went so far as to buy the unclaimed half of a second import quota for the Chinese tissue and tear it up, in order to preserve its cosy monopoly. They also complained to the National government about the threat of cheap imports. Rumour spread that the cheaper, Chinese tissue would block sewer pipes. Percival had to explain to the Tianjin suppliers that the New Zealand government had stopped the imports. As he expected, his Chinese counterparts understood: they were used to their own government arbitrarily interfering in this way.²²

Percival attended Canton fairs in 1977, 1978, and 1979. By the latter year Deng Xiaoping’s “reform and opening up” policies had started. This meant a loosening of state control over the economy, with the encouragement of private farming and other enterprises. By the 1980s individual entrepreneurs were a visible part of the increasingly vibrant, urban consumer economy. Overseas investment in China, particularly its export sector, began to grow. In the following decade larger-scale enterprises were privatized, and joint ventures between foreign and local companies grew dramatically. China’s openness to the outside world, in its economy and in popular culture and other areas of Chinese life, reached a level not seen since perhaps the famously cosmopolitan Tang dynasty (AD 618–907). Those in the Chinese Communist Party who fretted about these developments were batted away by Deng, who argued that any damage was far outweighed by the benefits to China. Opportunities for New Zealand businesses in trading with China widened, with further advances in livestock, pasture, and animal husbandry skills, for example, finding a market. By the 1980s New Zealand dairy products were being shipped via Hong Kong intermediaries directly to Chinese dairy manufacturers, bypassing the state trading corporations.²³

In 1985 an unexpectedly similar process of “reform and opening up” began in New Zealand, under the Fourth Labour Government, headed by David Lange. A loosening of controls on currency and imports and a dropping of subsidies to producers and of tariff protections for local industries were part of the reforms. Privatization of

22 This episode is explained entertainingly and in greater detail by Bruce Kohn (*Kiwi Pathfinder*, 146–48).

23 *Ibid.*, 142, 145–46.

state-owned enterprises and the corporatization of some parts of previously state-run endeavours also proceeded apace. Some tariffs were preserved to help local clothing and footwear manufacturers, for example, against an onslaught of cheaper imports, but eventually these too would be phased out as New Zealand became one of the most open economies in the world. Ironically, this transformation of the economy came not from Percival's old allies in the free-enterprise promoting National Party but from a wing of the workers' party, headed by finance minister Roger Douglas. In 1985 trade minister Mike Moore led the largest trade mission that had ever left New Zealand on a visit to China.²⁴ More than fifty businesspeople, including Percival, seized the opportunity to establish ties with Chinese counterparts in the context of a delegation headed by an influential cabinet minister. Fifteen years later, as director-general of the World Trade Organization, Moore helped facilitate China's joining of the WTO, a move that no one could have dreamt of in 1985.

In the mid-1980s Percival began a long effort on behalf of New Zealand Steel to interest Chinese steel manufacturers in titanomagnetite, derived from New Zealand's black sand iron ore deposits. This material had been used for more than a decade in Japanese mills in the steel-making process, as adding it could prolong the life of furnaces. Percival targeted the newly established Baoshan steel works, a massive plant northwest of Shanghai. As the most technically advanced steel centre in China, it should, he thought, take an interest in this cutting-edge process refinement. In this push to make contact directly with Baoshan, Percival was joined by Howard Scott, a graduate in politics from the University of Otago with knowledge of China. Scott remained a business associate of Percival for a number of years: the old hand and the newcomer proving an effective combination in using their *guanxi* to make deals in a range of fields and locations.²⁵ Bruce Kohn, Percival's biographer, chronicles the ups and downs of their push to make breakthrough contact with Baoshan. Ultimately, their efforts were successful, though it took time for the Chinese technicians to learn how to use the titanomagnetite effectively.²⁶

Percival was always on the lookout for deals. Seeing the rise of Chinese households' spending on home appliances, starting with refrigerators and washing machines, he tried to clinch a deal for the sale of a redundant Fisher and Paykel refrigerator assembly line to an Inner Mongolian buyer. Exchange difficulties were a factor in the opportunity being lost. As he observed to his biographer, Chinese businesspeople imagined that their New Zealand counterparts had access to vast, readily available finance, just as too many of his countrymen and women assumed that simply having access to China would produce easy deals. A plan to sell a gas cylinder plant from Otahuhu, making seamless cylinders with a technology derived from dairy industry stainless-steel tank fabrication

24 *Ibid.*, 154–56. Mike Moore recalls the trade mission in his *Hard Labour* (Auckland: Penguin, 1987), 141–47.

25 Howard Scott worked at the University of Waikato in the 1990s, involved in international education. He did little to dispel an air of mystery regarding his China activities.

26 See Kohn, *Kiwi Pathfinder*, 171–83.

then unknown in China, fell through. The New Zealand sellers balked at taking NZ\$5 million worth of Chinese goods in a barter trade to accommodate Chinese difficulties in accessing foreign exchange.²⁷ In the other direction, Percival, through his Kelvin Industries or for other companies, imported Chinese stone for the floors and marbled lobbies of the wave of new buildings in downtown Auckland and elsewhere that were a product of the construction boom in the late 1980s.²⁸

In the 1980s Percival put more effort into providing consultancy services to New Zealand companies interested in buying from or selling to China. This was a way to use his accumulated knowledge of how best to conduct business in the People's Republic without the strains of frequent travel and negotiations there. He was certainly ahead of the pack in realizing the potential that trade with China offered for the increasingly open economy of his small homeland. His biographer notes Percival's frustration over the general lack of awareness among New Zealand business leaders of the opportunities offered by an opening-up China. The relatively new ethos of relying on the market (even in a tiny economy like New Zealand's) and limiting government involvement in the setting of economic direction meant a frustrating reluctance by Wellington to directly encourage or support exporters, to China or elsewhere. Particularly galling was the failure to seize the chance to reap the benefits from selling more of the country's accumulated advanced agricultural technologies to Chinese farmers and agri-businesses.²⁹ Other nations were pushing ahead in selling new animal husbandry, grassland, and other knowledge, frequently incentivized to do so by their governments. Sheep breeding in Guizhou, one of China's poorest provinces, was seen more as an aid project than the harbinger of wider business opportunities. New Zealand-developed hybrid grass-seed had been used in Beijing since the 1970s, once Chinese authorities abandoned the Maoist notion that grass in parks and on kerbsides was a breeding ground for mosquitoes and grain-eating insects. But a carpet of greensward developed in the Waikato did not cover much of northern China, even if some of Beijing's first grass verges and parks in several decades had New Zealand roots.

In 1996, the seventy-fifth year since the founding of the Chinese Communist Party, the China People's Association for Friendship with Foreign Countries (known by its abbreviated title Youxie) published a compilation of short biographies of 362 foreign "friends of China" in the twentieth century. These included figures such as Richard Nixon and Charles de Gaulle. Three New Zealanders were included: Rewi Alley (1897–1987); Katherine Hall (1897–1970), a Christian missionary nurse who had worked underground in support of the Communist resistance during the war with Japan; and Vic Percival. His inclusion came as a surprise to Percival, who wondered why he belonged in the company of two such dedicated compatriots. Percival appeared in a half-page paragraph just before the entry for the French designer Pierre Cardin, who had pioneered international fashion in China after 1979. The biography noted that

27 *Ibid.*, 204–5.

28 *Ibid.*, 163–70. This marble featured, for example, in Auckland's Regent (now Stamford) Hotel.

29 *Ibid.*, 183–88.

Percival was the first New Zealand trader to attend the Canton trade fair in October 1957 and emphasized his contribution to building trade relations between the two countries. Percival had made more than fifty visits to China.³⁰ At about this time Percival began to wind down his business, moving his office from commercial premises in Onehunga to his home on Queenstown Road, handily on the route between central Auckland and the airport. Kelvin Industries, which had been formed in 1953 in partnership with Leo Manning, then chairman of the Onehunga Businessmen's Association, still appeared on his business card. Manning had withdrawn amicably from the company in the 1980s.³¹ Visiting Chinese delegations, both business and political, still made a point of meeting with Percival when in Auckland. Percival's visits to China had become less frequent, though in 2003, when President Hu Jintao visited Auckland, Percival calculated that he had made fifty-five trips to China since that first foray in 1957.³²

Further recognition of Percival's role in China's international trade links came in October 2006 in Guangzhou. To mark the hundredth Canton Trade Fair in its fiftieth year, nine overseas figures received awards at a ceremony attended by Premier Wen Jiabao and former trade minister Wu Yi, the most powerful woman in the Chinese leadership. Percival, one of three Westerners among the honorees, was the only person who had attended the fair in its first year who was still active in China trading. He noted in his speech on the occasion that he had participated in sixty sessions of the Canton fair.³³ A Chinese official penchant for ceremony and anodyne speech-making about friendship should not obscure Percival's contribution to the broad New Zealand–China relationship. As Bruce Kohn notes, “[His activities] produced an understanding at high levels in Beijing that his country of 3.5 million people could offer access to Western expertise and knowledge that did not bring with it issues of foreign policy complexities and Western imperialism threatening to China's interests.”³⁴ The ceremony in April 2008 in the Great Hall of the People in Beijing, marking the conclusion of the free trade agreement between the two countries, was the culmination of a series of firsts achieved with China. New Zealand was the first country to recognize China as a market economy, the first to conclude an agreement on China's entry into the WTO, and the first to begin and conclude a free trade agreement. Within three years China was New Zealand's most important trading partner, apart from our links across the Tasman. Vic Percival, a man with an eye for a deal, had broken through Cold War barriers to pioneer and then develop that engagement with China's economy and people.

30 Zhongguo zhi you yanjiu jijinhui [Friends of China Research Foundation], ed., *Zhongguo zhi you minglu* [Friends of China Directory] (Beijing: Honqi chubanshe, 1996), 282. Rewi Alley's biography covered pages 10 to 12; Katherine Hall's, 128 to 129.

31 Kohn, *Kiwi Pathfinder*, 213–14.

32 *Ibid.*, 12.

33 *Ibid.*, 230–31. See Percival's remarks at the ceremony, reprinted in *Ibid.*, 235–36.

34 *Ibid.*, 228–29.

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Biographical Note

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