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THE ROLE OF SISTER CITY RELATIONSHIPS IN THE ENHANCEMENT OF TRADE: LATROBE CITY (AUSTRALIA) AND TAIZHOU (CHINA)

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ABSTRACT

Traditionally the role of Sister City relationships has been a political and cultural one involving local governments across the world. Over the decades this role has been questioned in both its efficacy as well as its focus. Hundreds of Sister City relationships have developed and in Australia very few can be said to have produced long term and worthwhile outcomes. New interpretations of the functionality of Sister City relationships in Australia (and elsewhere) has resulted and has shifted towards an inclusion of a consideration of the commercial utility of such relationships and not solely cultural (O'Toole 2001). Today especially with current strong trade relations with China, new models are sought to provide sustainability and long term prospects to such relations. This paper examines the possibility of special sister city relations between Australian and Chinese cities using their sister city links. Specifically an examination in this paper is undertaken of the City of Latrobe and Taizhou as a case study of interest which provides sustainable trade potential between two strong small medium enterprise (SME) economies.

INTRODUCTION

The aim of this paper was to underscore the role of existing sister city relationships and how they can be vehicles for sustainable trade vital for the life of SMEs in both localities – Latrobe City and Taizhou. This conceptual paper explores the potential of the economic focus for Sister City relationships to acquire greater importance and impact. Sister cities are defined in different ways across different countries. They are referred to as Sister Cities, twin cities, friendship cities, partnerstadt (in Germany) and Gemellaggio (in Italy). On the whole however there is little confusion about what they actually do. There are some 20,000 towns and cities across the worlds which have a relationship of one description across borders. The figure continues to grow by the day. Moreover they have very different roles in different parts of the world. The approach towards sister cities in Australia is very much different from that in Asia. Moreover in some parts of the world like Germany and Europe they have been instrumental assisting peaceful relations and collaboration before and after the end of the Cold War. Formally rival nations, Germany and France have used sister city relationships to pursue peace and establish better relations. Casagrande from the European Council of European Municipalities (CCRE) indicated that “twinnings have not only improved relations, they have made them possible” (Weyreter 2003:37).

Researchers in the field of local government and Sister City relationships have highlighted the sheer lack of serious research in this area overall and the lack of studies across these relationships across countries (de Villiers et al, 2006:9). Moreover the small amount of research has emerged mostly from Anglo-Saxon/English speaking countries reflecting the narrow base from which our studies are based. Using a case study approach of two existing cities, Latrobe City in Victoria, Australia and Taizhou in China, which have a Sister City relationship this paper is to explore the extend of this relationship. More importantly both cities are seeking economic sustainable projects to allow their respective SME’s to engage in sustainable and long term economic exchange based on their trust established through the Sister City relationship. In order to achieve this, the paper begins with presenting a good understanding of Sister City relationship especially its historical development. It leads further on to the Sister City relationship in Australia.
WHAT ARE SISTER CITY RELATIONSHIPS?

A Sister City relationship is a broadly-based, officially approved, long-term partnership between two communities in two countries (O'Toole 2001: 403). A Sister City relationship becomes official with a signing ceremony of the top-elected officials of the two local jurisdictions, following approval by the local city councils. Sister City programs are also unique in that they inherently involve the three main sectors in a community: local government, businesses, and a wide variety of citizen volunteers (and civil society or non-profit organizations).

The origins of Sister City, county and state affiliations date back to the immediate aftermath of the Second World War. Two towns, one Ludwigsburg in Germany and Montbeliard, France were in 1950 the first such Sister City arrangements. However the concept was most embodied and driven by the US and developed into a national initiative when President Eisenhower proposed the people-to-people program at a White House conference in 1956. The history of the Sister City relationships as a post-war phenomenon is most comprehensively presented by Cremer et al (2001). However it is important to note that when the Sister City Program began in 1956, it had little or no explicit reference to international trade and economic co-operation as one of the objectives of the relationship and its significance in the globalisation and economic development of both Australia and China.

THE EVOLVING NATURE OF SISTER CITY RELATIONSHIPS

The nature of Sister Cities and twinning of cities is not one that remains fixed. The concept over the decades has evolved. Different roles have emerged for the Sister Cities as O'Toole (2001) has identified. O'Toole highlighted how the emphasis of Australian sister cities in the recent period has changed from friendship ties to those of exchange of economic development. In part definitions of the relationships have reflected this change of emphasis especially in the last decades of the twentieth century characterised by growing forces of globalisation (de Villiers et al, 2006).

O'Toole has provided for many scholars of Sister City studies a model to interpret and understand the levels of development and maturity of Sister City relationships (2001). He had evidenced the evolutionary nature of the sister cities and provided labels for their respective stages (see below). They are defined in the following way:

1. Associative phase (twinning based on friendship, cultural exchange);
2. Reciprocative phase (twinning based on educational exchange, people exchange); and
3. Commercial exchange phase (twinning based on economic development).

There is much to be said for this model which highlights the very real way in which Sister Cities have evolved and in which they mirrored the new priorities of governments in the post-war period. Moreover O'Toole explains that the commercial exchange phase is a phase which developed in a later period but, interestingly not at the expense of the Associative and reciprocative phase. It was in effect an additional activity (O'Toole 2001:405). More to the point the additional commercial phase reflected the changed geo-political circumstances in which not only was there the end of the Cold War and an opening up Eastern Europe, but more importantly the Chinese economy underwent significant reforms allowing for global trade relations with the west like never before.

Alongside the O'Toole model is a comprehensive approach of successful benchmarks of successful and less successful Sister City arrangements. De Villiers et al (2006:10) has listed four criteria which have according to their study covering sister relationships in South Africa defined their relative success or otherwise. In an abbreviated version they include:

1. Proper partner selection
2. Marketing of the Sister City to all stakeholders
3. Management quality
4. Well conceived business plan

While the criteria offered by de Villiers has a “motherhood” quality, it also illustrates that Sister City relationships have in the past failed often for more basic reasons than a lack of vision and relevance. The authors in their study concluded that their success factors required further research to ascertain the validity of the above findings (2006).

SISTER CITIES IN AUSTRALIA

In Australia, the genesis of a Sister City relationship occurred in 1939 when the Shire of Parkes, New South Wales, (NSW) claimed a Sister City affiliation with Coventry in England. A relationship was established between Saddleworth in South Australia and Saddleworth Parish in the United Kingdom in 1941, while one has existed officially between Hunters Hill and Henley-on-Thames since 1950, and one between Bega, NSW, and Lyttleton, Colorado, United States of America, since 1956. Today Australian cities have over 475 Sister City Agreements in place throughout the world and this number increases every year (ASCA 2007).

Over the last decade Sister City relationships have received unfavorable publicity and comment from the media. Sometimes this has flowed over to outright hostility by the media against “money wasting” Sister City relationships by local government. While serious academic research is not influenced by this negativity it has acted as a brake on Sister City development and the fear of only addressing economic development issues. One example of the media attention on the question of Sister City relationships involved the debate over Christchurch in New Zealand. It may well have been any city in the world. Negative media coverage was sparked by the following incident:

"An independent study which shows Christchurch gains little economic benefit from its Sister City relationships has some senior councilors questioning the international links" (Watson 2003).

A similar incident, and again in New Zealand, received the following media coverage:

“A council report [in Palmerston North] to Monday night’s meeting noted that the city needed ‘to be realistic’ about how much money should be spent on international relationships. It could be difficult to justify this spending as the most effective way to achieve council growth targets. Benefits were more likely to be social or cultural” (Mathews 2003).

The evolving nature of the Sister City agreements are in fact influenced by this fear of investment and equally hysterical attitude of the “financial return”. In other media outlets accusations of “junkets” and other critical commentary because in essence the “peace” factor is no longer sufficient to justify this allocation of local government funding and government can no longer live simply on playing a social and political role but must also respond in economic terms. These new political pressures on local government to fend off these criticisms make Sister City relationships very difficult to pursue.

Sister City partnerships have the potential to carry out the widest possible diversity of activities of any international program, including every type of municipal, business, professional, educational and cultural exchange or project. It is common at times for academics to highlight the scarcity of literature on a certain theme or interest of study. Sister City relationships fall into this category also. It suffers not from a lack of journalistic exposure and debate, where it does well (Macnicol 1998; Mathews 2003), but from more rigorous academic and critical scrutiny.

Over the recent period a very few number of scholars have examined international Sister City relationships as a policy instrument to facilitate business relationships between countries with different cultures (Ramasamy and Cremer 1998). As has been demonstrated this includes the ability of local government to play a role in promoting business and being a facilitator between its own jurisdiction and business with other countries. Some have even postulated that this relationship provides a hybrid form of entrepreneurialism “municipal-community entrepreneurship” in which is a valuable facilitator of economic and social vibrancy of cities (Cremer et al, 2001, p. 377).
There is no doubt that the nature of local government and the role it plays in economic development, sustainability and trade promotion can be more significant than it has traditionally been. As has been acknowledged by O'Toole that for Australia there is no "direct overarching public policy directed at Sister City relationships" (2001: 404). Moreover new interpretations of the functionality of Sister City relationships in Australia have shifted towards an inclusion of a consideration of the commercial utility of such relationships and not solely cultural (O'Toole 2001). Sister City programs inherently involve a unique kind of partnership and involvement of the three main sectors that make for a vibrant, productive community: the local government, business and private voluntary sectors. Sister City programs—perhaps more than any other international program—involves the widest possible diversity of exchanges and projects. Basically, anything that goes on in a community can become—and has, in one city or another—the subject of a Sister City project, including every type of municipal, business, professional, environmental, educational and cultural exchange.

Germany’s twinning arrangement, another term for Sister City have been documented as being primarily cultural except “in the case of China (where 16 twinings with Germany had existed even before 1989) inter human aspects were not a priority, but helping to build local Chinese infrastructure, transferring technology and introducing Germany’s unrivalled vocational training system in China were. In return Germany was rewarded with a huge new market to sell new technology” (Weyreter 2003, p. 42). Zelinsky (1991, p. 1) claims that Sister City arrangements are not random but based on specific and shared concerns, one of these is clearly economic.

As early as 1990, Zelinsky made the observation that shared economic interests actually account for numerous Sister City relationships within the United States. These included examples such as Pittsburgh with metallurgical centers such as Sheffield in the UK, Houston is twinned with oil rich Baku in ex-Soviet Union Baltimore twinned with ports like Genoa and Rotterdam in the Netherlands (1990). As such the use of Sister Cities was also seen as a trade and economic mechanism of economic enhancement. In closing Zelinsky summarised the economic potential in the following way:

“The right sort of Sister City partnership can only be positive for almost any American town. The immediate reward is cultural enrichment. Later, with luck and ingenuity such cooperation can bring real economic dividends” (Zelinsky 1990, p. 46).

Forth and Howell (2001) have indicated in their paper the manner in which Sister City relationships with China have enhanced trade between China and Australia and have provided ever increasing important “sub-national relationships” between different layer of governments between the two countries. They state:

“Since 1979, an important aspect of this relationship has been the development of 42 Sister City type formal agreements between Australian and Chinese state and local governments” (Forth & Howell 2001).

Experts in trade have been reticent and at times skeptical about Sister City relationships and their impact on trade. Former Australian Trade Minister, Tim Fischer once remarked:

“Where it is properly managed, it [Sister City relationships] would give impetus and support to small and medium sized exporters opening up new markets with new products” (Fischer 2002).

With limited exceptions Fischers words have not been heeded. While the Sister City relationships are assuming, an economic emphasis, they are still distant from being effective instruments for SME sustainable growth. The Latrobe City and Taizhou example provides a successful initial model for this to happen.

**FUTURE RESEARCH – LATROBE CITY AND TAIZHOU**

The sister relationship between cities in Australia and China co-exist within a framework of strong economic trade between the two countries. The economic importance of China to the world and to Australia is clearly evidenced by rapidly increasing trade figures. Trade between Australian and China has grown from $A13 billion in 2002 to $A45 billion or 14 percent of the total trade in 2006 (DFAT 2007). Since 2004 China has been Australia’s second largest trading partner and in 2006 it became the largest source of imports reaching $A25
billion or 15 percent of total Australian imports (DFAT 2007). China has become an essential economic partner for the Australian economy and has altered the pattern of trade.

In the period between 1945 and 2005, while world trade growth grew 20-fold, GDP growth only increased by six times. Moreover the ratio of world exports to GDP has more than doubled since 1950. Globalisation is today more than just an activity for large corporations. Global business involves more and more the smaller, medium enterprises (SMEs). While in Australia only 4 percent of all companies actually export, this figure can be increased (Austrade 2007).

For SME’s located in Latrobe City in Victoria, 150 kilometres east of Melbourne, China can represent significant opportunities for future growth and sustainable trade. Out of the total 2835 businesses in the Latrobe City, 2632 are small and 161 are medium sized businesses (ABS 2002). Moreover it is an SME base which has transformed itself from a semi-depressed economic state of the 1990s to an actively engaging community. In 2000, Latrobe city established a Sister City relationship with Taizhou city in Jiangsu province China. The relationship was initiated by the Taizhou City in 1998 with a strong economic and trade desire in its earlier visits from Taizhou city. Latrobe city however has been following the long tradition of establishing cultural ties parallel to its exiting Sister City relationship with Takasago Japan. All delegations have been to China for the purpose of cultural exchange with the exception of the one in 2007, a group of local business people took part in this delegation.

Are Sister City relationships effective trade drivers between cities and regions and their external partners such as Latrobe Valle and its Sister City in China, Taizhou? How can SMEs in the Latrobe City area more effectively enter the supply chain of trade between Australia and China? We set to further research on how the Latrobe Sister City arrangement will be able to assist in transforming and strengthening the role of SMEs within the local business community to the benefit other regional centres and nationally.

Building on the strong economic growth of China in the recent years and the increasing important role of China in the world economy, Latrobe City has been actively pursuing a more proactive role in establishing a working relationship with China. In part economic officers within local government are obliged to provide this form of local government marketing and business development. According to Taylor:

"Most local government in Australia now have economic development officers whose role it is to ensure that there are strategies in place to ensure “growth” in the local economy. Even though there is no typology of local “growth” in the local economies and therefore no strategy for local economic development, many localities still assiduously look for ‘models’ that they can emulate” (Taylor 1997).

Leo Billington, Latrobe City’s senior economic development officer, suggested:

“I have learnt a great deal about the importance of the business relationship – what it is based on and how it is built. Having a strong and effective relationship network (guanxi) is one of the single most important factors for business success. There are vast differences compared to what we do here but this is all part of learning and understanding cultural differences” (Billington 2007).

Recent research suggests that cultural barriers are a major impediment for Australian businesses when entering the Chinese market (Chung, 2006). We proposed for a future research to provide a sustainable trade model utilising the Sister City arrangements which would provide the evidence, impetus and sustainable driver strategies to overcome cultural barriers for Latrobe City based SMEs venturing into and consolidating within the Chinese market. This model would then be used by the La Trobe City Economic Development Unit as a way of providing a template for the local business community to grow the economic performance of the SMEs within that area. This research proposal resonates strongly with the City Council’s strategy of “supporting existing business investment and facilitating investment opportunities” (Latrobe City, 2007). The model developed and lessons learnt from the La Trobe City-Taizhou experience could then be applied in other regional areas throughout Australia to the benefit of both these regions and the Australian economy as a whole.

Trade between China and Australia has become important and will continue to be so for the foreseeable future. Given the resources trade boom with China, regional Australia has a special case in seeking out trade opportunities not normally provided. What many are seeking are sustainable methods and approaches which will enhance this relationship and provide it a commercial focus alongside the cultural one. Cremer et al, (2001) postulated that this trade oriented Sister City relationship can provide a hybrid form of entrepreneurialism...
“municipal-community entrepreneurship” which is a valuable facilitator of economic and social vibrancy of cities (p. 377). The paper examines the tentative approaches made by these two cities to further their relationship in an economic sense using their traditional Sister City relationship as the means for this.

CONCLUSION

This paper sought to underscore the role of existing Sister City relationships and how they can be vehicles for sustainable trade vital for the life of SMEs in both localities – Latrobe City and Taizhou. Like other Sister City relationships, this particular one also started in traditional cultural fashion and slowly progressed towards a more enduring and economic one. In part this evolution was influenced by the growing globalisation but also by the specific needs of the two business communities in both countries. Moreover the economic officers in both cities were conscious of this necessity and pro-active in their determination to pursue these economic ventures. There is only circumstantial evidence to confirm the validity of these sister cities and more and properly measured tests are needed to establish that Sister City relationships can become effective and successful vehicles for economic transactions and trade in a sustainable fashion. The research case study intended and emerging from this paper seeks to establish the necessity but also the validity of this hypothesis and a model applicable to other Australian cities especially in regional and rural Australia.

REFERENCES


