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# **The United States and New Zealand: Perspectives on a Pacific Partnership**

Prepared by  
**Bruce Robert Vaughn, PhD**

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Bruce Vaughn, PhD  
Wellington, August 2012



## EXECUTIVE SUMMARY

This report examines the evolving United States-New Zealand partnership in the context of the Wellington Declaration of 2010, the Washington Declaration of June 2012, the United States Pacific Pivot of 2011/2012 and current New Zealand foreign and defence policy towards the South Pacific, China and the larger Asia Pacific region.<sup>1</sup> The bilateral relationship has become increasingly close since the Wellington Declaration, particularly in the area of defence and security cooperation as was made evident by the signing of the Washington Declaration in June 2012. Enhanced cooperation between the two countries in the Pacific is a strong component of the expanding partnership.

The Wellington Declaration was a key turning point in United States-New Zealand relations. It built on ongoing improvements in the relationship to enable a reorientation of the bilateral relationship that has put aside past differences and firmly focused on the future with emphasis on areas of cooperation. The degree to which the Wellington Declaration was able to move the relationship forward is attested to by the Washington Declaration on Defence Cooperation, which consolidated the developing relationship and opened the way forward for enhanced strategic dialogue and defence cooperation.

One area where US and New Zealand strategic interests are converging is in the overlapping strategic geography between the two partners. This is a key aspect of the evolving Pacific partnership. New Zealand's geography makes the South Pacific a key area for ongoing and expanded United States-New Zealand bilateral cooperation, particularly in the areas of trade, diplomacy, science and security. This is increasingly so in light of US rebalancing to the region. New Zealand's Pacific identity and focus on its South Pacific neighbourhood means that New Zealand is, and will likely increasingly be, an active player in South Pacific regional economic and security affairs.

The return to a close security relationship with New Zealand is now part of the United States Pacific Pivot, or strategic rebalancing toward Asia and the Pacific, which marks a significant shift in United States strategic priorities to reflect the enhanced importance of the Asia Pacific region to the United States. This shift includes a renewed focus on the South Pacific within the larger Asia Pacific and Indo Pacific regions. Just what this shift in United States policy will mean for Asia Pacific regional security dynamics and regional political and economic architectures is a topic of interest to New Zealand. The Government of New Zealand remains determined to leverage its relationship with the United States in the context of the Wellington and Washington Declarations and has indeed done much to continue to take the relationship forward.

New Zealand has, through a series of policy documents in recent years, been examining its relationships with the South Pacific, Asia and China. It has set itself a

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<sup>1</sup> This report notes the previous excellent work done by Brian Lynch with the New Zealand Institute of International Affairs (NZIIA) and Ernest Bower with the Center for Strategic and International Studies (CSIS), *Pacific Partners: The Future of U.S.-New Zealand Relations*, A Report of the CSIS Southeast Asia Program and the New Zealand Institute of International Affairs, February 2011.

goal of strengthening its leadership role in the South Pacific which it has identified as an area of fragility. In the 2010 Defence White Paper, New Zealand identified the Pacific as one of three top security priorities for the nation.<sup>2</sup> New Zealand has also concluded that it must invest more time and energy into strengthening its ties with Asia and that it needs to look to new ways to build a shared future in the Asia Pacific region and increase trade and investment linkages.<sup>3</sup> In 2012, the Ministry of Foreign Affairs and Trade produced a report “Opening Doors to China: New Zealand’s 2015 Vision” in which it set priorities of action to build strong ties with China, with a goal of doubling bilateral trade by 2015.<sup>4</sup>

The following report seeks to examine recent developments in the bilateral United States-New Zealand partnership, with a particular focus on security and defence cooperation and recent activity in a South Pacific context. New Zealand-US Cooperation in the South Pacific can be viewed as an expression of what is happening in the wider relationship. While not a driver of the relationship, US-New Zealand cooperation in the South Pacific addresses shared concerns while developing a cooperative approach to regional affairs. New Zealand’s interest and involvement in the South Pacific makes that region a natural starting point for developing bilateral cooperation. The report also seeks to place this evolving United States-New Zealand Pacific partnership within the context of the larger geopolitical dynamics of the Asia Pacific region, including the rise of China.<sup>5</sup>

New Zealand has a special relationship with the South Pacific and can play a key role as a partner to promote security, stability and prosperity in the region and beyond. New Zealand has demonstrated its commitment in these areas through its military deployments and diplomatic engagement in places such as Bougainville, Timor-Leste, and The Solomon Islands.

Finally, this report believes that a more nuanced understanding of shared values, as well as shared interests, between the United States and New Zealand will facilitate further advances in bilateral ties. The relative importance placed on values and interests by both the US and New Zealand will greatly influence the nature of the bilateral relationship in years to come.

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<sup>2</sup> Ministry of Defence, *Defence White Paper 2010*, Wellington, November 2010. Ministry of Foreign Affairs and Trade, “Statement of Intent 2011-14, Wellington, 2011.

<sup>3</sup> Ministry of Foreign Affairs and Trade, “Our Future with Asia,” Wellington, 2007.

<sup>4</sup> Ministry of Foreign Affairs and Trade, “Opening Doors to China: New Zealand’s 2015 Vision,” Wellington, 2012.

<sup>5</sup> Timor-Leste and West Papua are here conceptualised as borderland territories that are part of both Southeast Asia and the South Pacific.

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## INTRODUCTION

In 1908, crowds of New Zealanders and Members of Parliament turned out to welcome United States President Theodore Roosevelt's Great White Fleet during its visit to Auckland harbour. The fleet's visit foreshadowed both the rise of American power in the Pacific and the United States' and New Zealand's partnership in the Pacific and beyond in the years to come.<sup>6</sup> While the US-New Zealand bilateral relationship has changed over time from close allies to estranged ones and now back to increasingly close partners, the relationship between the two states has always been close on a cultural or people-to-people basis. One wonders why this is and how it is that these two democratic nations are once again working together in increasingly close ways in places as diverse as Afghanistan, Antarctica and the Pacific.

The original working title for this project was "The United States and New Zealand's Shared Interests in the Pacific." During the course of my research for this project I came to realise that this title did not do justice to the strong ties of culture, history and values that our two nations share. These have recently been explored in depth by David Hackett Fischer in his work *Fairness and Freedom: A History of Two Open Societies: New Zealand and the United States*.<sup>7</sup> While the United States and New Zealand share many common interests in the Pacific, it is the values that the two nations share that are at the core of the relationship. It is these common values, as well as shared interests, that explain why these two democratic nations are once again on track to becoming even closer security partners. Subtle differences in values can explain past differences, and a more layered and nuanced understanding of these areas of commonality, and difference, can inform future policy decisions and further develop an enduring Pacific partnership between the two nations. While shared values are at the core of the relationship, past history tells us that the relationship must also be tended in order to reach its full potential.

This report is written for New Zealand, American and other audiences interested in the evolving Pacific partnership between the United States and New Zealand. As such, it covers background information more familiar to each nation but which is probably less well understood by the others. The scope of this report includes a focus on security issues in a Pacific and Asian context. While this report takes a human security perspective as well as a traditional security perspective, it has not focused on worthy issue areas such as scientific cooperation, Antarctica, climate change, or transnational crime. This report's focus on security issues in a Pacific context has meant that other important areas of bilateral and multilateral cooperation between the US and New Zealand, such as the proposed Trans Pacific Partnership trade agreement, military cooperation in Afghanistan or intelligence issues, have also not been explored to any depth.

When New Zealand and US leaders meet there is often an opening reference to the theme of shared values, partnership, and friendship between the two nations. These statements point to core values as well as shared interests as being at the centre of the bilateral relationship. This makes the relationship qualitatively deeper than those

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<sup>6</sup> The Pacific in an American context usually refers to the Asia Pacific maritime rim as a whole, while from a New Zealand perspective it usually encompasses the South Pacific.

<sup>7</sup> Fischer, David Hackett(2012).

based only, or predominantly, on common interests.<sup>8</sup>

“We are very pleased that the relationship between New Zealand and the United States is growing stronger by the day. Part of that has to do with the great affection that our peoples have towards each other. Part of it has to do with a great deal of common interests and a common set of values.”  
– President Barack Obama

“New Zealand sees itself as a small but important partner for the US and with our shared values we believe New Zealand can work with the US on efforts to enhance global peace and security.” – Prime Minister John Key

New Zealand also places emphasis on values in other strategic relationships as in its relationship with Australia, which is New Zealand’s most important strategic and defence partner. The 2011 Review of the Australia-New Zealand Defence Relationship reaffirmed the 2008 Joint Statement on Closer Defence Relations [CDR] which stated that the two nations are “bound together by geography and history, by shared values, beliefs and interests, and by close relations between our peoples.”<sup>9</sup> Many of those interviewed for this report discussed the particular closeness between the US, New Zealand, Australia, the United Kingdom and Canada in the context of shared values, history and culture.<sup>10</sup>

The following report will examine the US-New Zealand partnership through the lens of shared interests and values. The report begins with an overview of New Zealand’s engagement with the South Pacific and Asia before moving on to consider the US strategic rebalancing to the Asia Pacific. It then examines US-New Zealand cooperation from the Wellington Declaration to the Washington Declaration before looking at New Zealand’s relationship with China and China’s role in the region. The report makes observations on the role of identity, interests and values and how these affect New Zealand’s foreign relations and partnership with the US. Values, as well as interests, play a key role in explaining past differences and why the US and New Zealand are once again close Pacific partners. It is hoped that this analysis will be of assistance to those seeking to enhance and strengthen this partnership and the shared interest and ideals which it can promote.

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<sup>8</sup> Some more notable statements on shared values have been compiled by Stephen Jacobi, Executive Director of the New Zealand-US Council. These, along with others, are attached in the appendix. Jacobi, Stephen, “Perspectives,” New Zealand-US Council, [www.nzuscouncil.com](http://www.nzuscouncil.com)

<sup>9</sup> McKinnon, J.W. Secretary of Defence New Zealand and I.J. Watt, Secretary of Defence Australia, (2011).

<sup>10</sup> The concept of the Anglosphere has been examined in depth in Vucetic, Srdjan, (2011).

# 1 NEW ZEALAND'S FOREIGN POLICY AND STRATEGIC OUTLOOK TOWARDS THE SOUTH PACIFIC AND ASIA

New Zealand's predominant foreign policy orientation since Britain entered into the European Community, which signalled the end of New Zealand's preferential access to British markets, has sought expanded access for its exports as a means of promoting economic security. This is an ongoing project for New Zealand as demonstrated by its championing of the Trans Pacific Partnership (TPP) agreement. New Zealand's remote geography has influenced its strategic and economic position significantly. New Zealand's geography of near isolation, which is a great asset in minimising traditional security threats, has been an obstacle to overcome for New Zealand's economic security.

New Zealand's focus on economic security has not been an exclusive focus of its foreign policy. New Zealand's value of seeking to be a good international citizen and promote peace, stability and a rules based international order has led it to be involved in conflicts far from its shores including in such places as Bosnia, Iraq and Afghanistan as well as conflicts in its neighbourhood in places such as Bougainville, Timor-Leste and The Solomon Islands.

New Zealand's external gaze perceives Polynesia, Melanesia and Micronesia, as its near abroad. It should be noted that "near" is a relative term and that the maritime environment encompassed by the South Pacific is immense. New Zealand's focus on its place in the South Pacific increased in the mid 1980s. This has in part been influenced by New Zealand's increasing Pasifika population as well as by New Zealand's national interests in the region.

New Zealand has traditionally partnered with Australia in promoting shared security interests in the South Pacific and beyond. The Australia New Zealand Army Corp (ANZAC) spirit remains a core identity for many New Zealanders that gives New Zealand a special bond with Australia. This has found expression in a regional context in joint security operations in Timor-Leste and the Regional Assistance Mission to the Solomon Islands (RAMSI). New Zealand's strong security relationship with Australia, that was forged at Gallipoli in World War I, was formalised in the Canberra Pact of 1944 and strengthened through the trilateral Australia, New Zealand, United States (ANZUS) Treaty in 1951. It was further defined in the Closer Defence Relations (CDR) agreement between Australia and New Zealand and the two nations also are linked by the Closer Economic Relations (CER) agreement. The 2011 review of New Zealand's defence relationship with Australia noted Australia and New Zealand's "mutual commitment to each other's security and overlapping interest in the security, stability and cohesion of our neighbourhood and the broader Asia Pacific."<sup>11</sup> Prime Minister Gillard and Prime Minister Key reaffirmed these close trans-Tasman ties at the annual leaders meeting in 2012.<sup>12</sup>

Beyond the first concentric circle of interest and engagement, which includes Australia and the South Pacific, is New Zealand's relationship with the broader Asia

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<sup>11</sup> McKinnon, J.W. Secretary of Defence New Zealand, and I.J. Watt, Secretary of Defence Australia (2011).

<sup>12</sup> "Joint Statement: PM Key, PM Gillard," *Infonews*, 30 January 2012.

Pacific. The relative importance of the Asia Pacific has increased in recent years as alternative patterns of trade since the 1970s have shifted New Zealand's economic focus away from Britain and Europe towards Asia and to a lesser extent the United States.

New Zealand's national security and defence interests have been defined in the 2010 Defence White paper as follows.

- A safe and secure New Zealand, including its border and approaches
- A rules-based international order which respects national sovereignty
- A network of strong international linkages
- A sound global economy underpinned by open trade routes

The White Paper highlights how “a rules-based international order based on values sympathetic to New Zealand's own,” such as the primacy of the rule of law and constraints on the unilateral exercise of force, is in New Zealand's national security interest. In articulating New Zealand's interests in the South Pacific the White Paper states the following.

“It is in New Zealand's interest to play a leadership role in the South Pacific for the foreseeable future, acting in concert with our South Pacific neighbours. A weak or unstable South Pacific region poses demographic, economic, criminal, and reputational risks to New Zealand ... It will remain in our interests for Pacific Island states to view New Zealand as a trusted member and friend of the Pacific community.”<sup>13</sup>

While New Zealand's national interests are arguably the more salient rationale for existing and past involvement with the South Pacific, New Zealand's evolving national identity will likely add impetus to its involvement in the region.

## **National Identity and Foreign Policy**

New Zealand's key foreign policy orientations have shifted over time as has its national identity. New Zealand's credentials as a loyal supporter of the British Empire were once at the core of New Zealand's military commitments, external orientation and identity. This was demonstrated by the sacrifices that New Zealand made in support of the British Empire, beginning with the Boer War, then in places such as Palestine and Gallipoli in World War I, and at Crete, Tobruk and Alam Halfa in World War II.<sup>14</sup> New Zealand's support of the United Kingdom also included later military action in Malaya and Borneo.

This commitment took place at a time when the ethnic composition of New Zealand was largely drawn from the United Kingdom. Further, the narrative of the state was predominantly written by British settlers and their descendants with limited input from the Māori or inhabitants of New Zealand's colonies. In 1921, out of a population of 1,214,000 New Zealanders, an estimated 52,751 were of Māori background while

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<sup>13</sup> Ministry of Defence, *Defence White Paper 2010*, Wellington, November 2010.

<sup>14</sup> For a discussion of New Zealand's external relations during WWII see Wood, F.L.W.,(1971).

there were 35,522 Samoans, 9,158 Cook Islanders and 3,750 Niueans inhabiting New Zealand's Pacific colonies.<sup>15</sup>

New Zealand's self-perceptions of being a 'small corner of England out in the Pacific' began to change as the constitutional and cultural position of Māori people within New Zealand was more substantively incorporated into the national identity. This created a new more inclusive national identity. While New Zealand was opening its national identity to allow space for Māori identities it was also building new linkages with the Pacific and more recently with Asia.<sup>16</sup> The demographics of New Zealand's growing Māori, Pacific Islander and Asian populations will likely continue to influence New Zealand's national identity and foreign policy towards the Pacific and larger Asia Pacific in future decades.<sup>17</sup>

Its origins as a land first colonised by Polynesian Māori people, as well as ongoing immigration from Pacific Island nations, clearly mark New Zealand as a Pacific nation as well as a settler society established by Great Britain. Official functions are often opened with traditional Māori greetings. This is a key part of New Zealand's evolving national identity. Where once imperial connections to the British Crown dominated New Zealand's official identity there is now political space for other identities to be included. New Zealand has a Ministry of Pacific Island Affairs that is charged with promoting the social, economic and culture development of Pacific people in New Zealand. As the demographic composition of New Zealand has become increasingly Māori and Pacific Islander these identities have become increasingly accepted as part of New Zealand social and political life. This Māori identity is also a uniquely New Zealand identity and has become a symbol of all New Zealanders' uniqueness and independence. We see this in the adoption of the Māori Haka by the New Zealand national rugby team the All Blacks.

The Māori first came to New Zealand around the year 1,000 from Polynesia. After inter-iwi conflict in the Musket Wars of 1807-1842 and Māori-Pākehā conflict in the New Zealand Wars of 1843-1872, the Māori population was reduced. However, over time it has increased to reach 14.6 per cent of the total New Zealand population by 2006.<sup>18</sup> The Māori population now has a relatively high growth rate of 1.4 per cent when compared to the non-Māori population growth rate of 0.7 percent.<sup>19</sup>

The Treaty of Waitangi provides for a special relationship between the Crown and the Māori people, but the special place of the Māori in New Zealand established by the Treaty does not extend to other Pacific people nor to more recent immigrant groups from Asia. This may be a source of low level resentment between groups in the future though most Pasifika and Asian people appear to realise that the Treaty of Waitangi process has made New Zealand become a inclusive society for all non-Pākehā.

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<sup>15</sup> Salesa, Damon, (2009).

<sup>16</sup> Patman, Robert and Jeremy Hall, "New Zealand-US Relations in a Globalising World," in Roderic Alley, (2007).

<sup>17</sup> See Hill, Richard, (2010), for a discussion of Māori-Pasifika relations in the context of attempts to fit multicultural policies within a bicultural framework in New Zealand.

<sup>18</sup> "Demographics," Maori Health, <http://www.maorihealth.govt.nz/moh.nsf/indexma/demographics>

<sup>19</sup> "Statistics: Demographics, Population Projections (All Ages)," Māori Health, <http://www.maorihealth.govt.nz/moh.nsf/indexma/demographics>

As New Zealand's demographic composition increasingly becomes Pacific in nature, its foreign policy may be increasingly focused on its Pacific neighbourhood. Auckland is the world's largest Pacific population centre and it is projected that 10 per cent of the total New Zealand population will be of Pacific origin by the year 2026. This is in addition to the Māori population. The Pacific population was only 6.5 per cent in 2001. It has been observed that while New Zealand has since the mid 1980s been more focused on "its near north" it is "not fully part of a shared Pacific region."<sup>20</sup>

There are 13 distinct cultural and linguistic groups of Pacific peoples in New Zealand including Samoan, Cook Islander, Tongan, Niuean, Fijian, and Tokelauan with smaller numbers of people from Tuvalu, Kiribati, Papua New Guinea, Vanuatu, the Solomon Islands, and Micronesia. Together these groups are increasingly identified as 'Pasifika'. They are increasingly New Zealand-born, with 60 per cent born there. Samoans make up 50 per cent of the Pasifika population while Cook Islanders (20 percent), Tongans (18 percent), Niueans (8 percent) and Fijians (4 percent) are the other larger groups. Pasifika people are predominantly urban dwellers, with 67 per cent living in the Auckland region and 13 per cent living in the Wellington area.<sup>21</sup> The number of Pasifika language speakers increased from over 100,000, out of a total of 232,000 who self-identified as Pasifika, to 140,000 between the 2001 and the 2006 census, with the majority of those speaking Samoan. Samoan is the third most commonly spoken language in New Zealand.<sup>22</sup>

An understanding of the role of Pacific identities in the New Zealand polity, as well as New Zealand's regional interests, informs an understanding of New Zealand's external gaze and its sense of region. Because of this increasing sense that New Zealand is a Pacific nation, which also stems from its historical role in the Cook Islands, Niue, Samoa, Tuvalu and Tokelau, there is an expectation within the country that it play a constructive role in regional Pacific affairs. This will likely inform future decisions on New Zealand's engagement in the region.

## **New Zealand and the South Pacific**

It has been noted that New Zealand "took a long time to make up its mind that it was a Pacific country, not a European outpost."<sup>23</sup> It was not until after Britain entered the European Common Market in the 1970s and the ANZUS spilt in 1984 that New Zealand fully embraced its role as a Pacific state in the post-colonial world.

While New Zealand's place within the British Empire has done much to shape its history and sense of identity, New Zealand's role as a colonising power itself, as was the case in Samoa, is less well understood. In 1897 Prime Minister Seddon, who viewed New Zealand as a natural leader of island peoples, advocated for the annexation of Pacific islands as far away as Hawaii. The failure of Britain to develop

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<sup>20</sup> Capie, David and Gerald McGhie, (2010).

<sup>21</sup> "About Pacific People in New Zealand," Ministry of Pacific Island Affairs, [www.minpac.govt.nz/pacific-people-in-new-zealand/](http://www.minpac.govt.nz/pacific-people-in-new-zealand/) 16 March 2012.

<sup>22</sup> "Pasifika Languages Spoken in New Zealand," <http://leap.tki.org.nz/Pasifika-languages-in-New-Zealand>

<sup>23</sup> Boyd, Mary, in Keith Sinclair (ed.), (1998), p.295.

a Monroe Doctrine for the South Pacific apparently “caused chagrin” in New Zealand as American, German and French influence extended into the region.<sup>24</sup> A legacy of these desires for a South Pacific sphere of influence can be seen in New Zealand’s constitutional relationships with Tokelau, Niue and the Cook Islands and through its Treaty of Friendship with Samoa.

In its early history, New Zealand sought to exert a sphere of influence in the area of the Pacific closest to itself by urging the British to “adopt a more forward policy of annexations” while claiming that New Zealand was well suited to rule in Polynesia. In 1849, Sir George Grey sought to thwart the French in New Caledonia and R.J. Seddon opposed the British withdrawal from Samoa in 1899. The Cook Islands and Niue, which were British protectorates, became part of New Zealand in 1901. In 1914 New Zealand seized Western Samoa from Germany while Tokelau was included in 1948. New Zealand’s poor handling of the global influenza epidemic in Samoa in 1918, in which an estimated 20% of the population died, led to widespread resentment of New Zealand’s rule and the Mau uprising. At the close of World War II, Australia and New Zealand sought to keep foreign powers out of their part of the Pacific. Samoa became the first independent state in Polynesia in 1962 and signed a Treaty of Friendship with New Zealand in the same year. By 1989, 15 Pacific Island states received 70 per cent of New Zealand’s overseas aid.<sup>25</sup>

The 2010 “Inquiry into New Zealand’s Relationships with South Pacific Countries,” by the Foreign Affairs, Defence and Trade Committee of Parliament acknowledged the increasing Pacific composition of New Zealand and found that “New Zealand is increasingly part of the regional fabric.” It also noted that “Key partners expect New Zealand to strongly support the maintenance of peace and stability in this region.” The report further stated that “Any instability in the neighbourhood has consequences for all its neighbours”<sup>26</sup> The 2010 report acknowledged that over 20 years had passed since the Henderson review of New Zealand’s relations with the Pacific though a report was commissioned in 1984 by the Ministry of Foreign Affairs to examine New Zealand’s relations with its small island neighbours.<sup>27</sup>

The 1984 report felt compelled to declare as one of its assumptions that “New Zealand should recognise that we are part of the Pacific.”<sup>28</sup> One of its key findings was that New Zealand should focus its efforts on the three countries Tokelau, Niue, and the Cook Islands, which are part of the realm of New Zealand, share the Queen of Britain as the Head of State and where most residents have New Zealand citizenship. In addition, the report noted New Zealand’s special relationship with Samoa stemming from the 1962 Treaty of Friendship and from the large number of New

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<sup>24</sup> Condliffe, F.B., (1930)

<sup>25</sup> Boyd, Mary, in Keith Sinclair, (1998), p.301

<sup>26</sup> Hayes, John, (December 2010), p.19

<sup>27</sup> Henderson, John, in Brian Lynch (ed.), (2006). Henderson has argued that there are three key fundamental reasons why the Pacific will continue to be high on New Zealand’s foreign policy agenda. These are geography, culture, and constitutional ties. He argues that the Pacific, and more specifically Polynesia, is part of New Zealand’s neighbourhood and “our front yard.” Henderson also looks to the increasingly Polynesian nature of the New Zealand people. New Zealand has treaty and constitutional ties with several Polynesian neighbours. Samoa through its Treaty of Friendship while the Cook Islands and Niue are self-governing in Free Association with New Zealand. Tokelau did not attain the two thirds required vote to become independent of New Zealand.

<sup>28</sup> Bertram, I.G. and R.F. Waters, (1984)

Zealanders of Samoan descent. The report pointed out that external state competition for diplomatic and commercial advantage and influence in the region was rising and that “If New Zealand does not give sufficient attention to the Pacific this will allow other players who may be less attuned to Pacific issues and aspirations to take on larger roles and exercise more influence.”<sup>29</sup> New Zealand’s main area of focus today for development assistance within the South Pacific continues to be in Polynesia. This stems from its historical ties with countries and territories within this sub-region of the Pacific.<sup>30</sup> That said, much of its security assistance has been in the broader South Pacific, particularly in Melanesia in joint operation with Australia.

Interests, as well as developing national identity values, draw New Zealand into the region. It has been pointed out that while much of New Zealand’s Pacific identity is Polynesian, it is in Melanesia that it has been most deeply involved in a security sense over the past 15 years. The deterioration of governance, economics and law and order have arguably forced New Zealand to intervene in the region to prevent failed states in its neighbourhood from negatively affecting New Zealand. In this way, we can see that values and interests are often intertwined.

Through its actions, New Zealand has established both its political will and capacity to act as a key constructive force, and at times leader, in promoting peace and stability in the South Pacific. New Zealand has demonstrated this through its participation in peace and stability operations in Bougainville, Timor-Leste and the Solomon Islands. The Ministry of Foreign Affairs and Trade sees the regional security framework as shaped by the 2000 Biketawa Declaration, which provides for coordinated action to be taken by Member States of the Pacific Islands Forum in times of crisis in their region, and views some of the underlying causes of tension in the region as stemming from “ethnic tensions, inequalities of wealth, lack of good governance, land disputes and erosion of cultural values.”<sup>31</sup>

It should be noted that there were strong national interests driving New Zealand’s intervention in these Pacific conflicts as well as values derived from both New Zealand’s humanitarianism and the related desire to be a good international citizen and its developing Pacific identity. A failed or failing state in New Zealand’s region could adversely affect New Zealand security. This could manifest itself in opportunities for transnational crime, money laundering, arms trafficking, piracy or by serving as a catalyst for illegal immigration or even creating safe havens for terrorist elements.

## **Bougainville**

Bougainville is a key example of where New Zealand has been able to play a leading role in promoting regional peace and stability. New Zealand was able to do this because it was, unlike Australia, not viewed by the inhabitants of Bougainville as having a vested interest in the conflict. Māori troops in the New Zealand Defence

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<sup>29</sup> Hayes, John, (2010)

<sup>30</sup> The Pacific is here defined to include all of Oceania including Polynesia, Melanesia and Micronesia, as well as West Papua in Indonesia and Timor-Leste. This report acknowledges the liminal nature of West Papua and Timor-Leste as having connections to both Oceania and Southeast Asia.

<sup>31</sup> Ministry of Foreign Affairs and Trade, “Key Pacific Issues-Security,” <http://mfat.govt.nz>

Force (NZDF) also apparently assisted in developing trust with various factions in the conflict.<sup>32</sup>

The artificial nature of the British-German 1899 colonial border, which divided Bougainville from the Solomon Islands by including it with Papua New Guinea, separated Bougainvillians from Solomon Islanders with whom they more closely identify. Around the time of Papua New Guinea's independence from Australia, Bougainville voted for its own independence, though this desire was ignored by the newly independent government of Papua New Guinea (PNG). The large Panguna mine, which was developed by Australian company Rio Tinto on Bougainville, led to tensions on Bougainville in the 1980s as the economic benefits of the mine were not equitably shared and local groups had their environment degraded by pollution stemming from the mine.

A Bougainville Revolutionary Army (BRA) was formed in 1988 and began to clash with the Papua New Guinea Defence Force (PNGDF) as a result of tensions caused by the mine. During the 1989 to 1998 conflict an estimated 10,000 people died as a result of separatist clashes between these forces and related causes. In 1997 the Papua New Guinea government hired Sandline mercenaries to seek a military solution. This led the PNG army to mutiny. The move was also opposed by Australia, and the PNG government of the day subsequently fell.

Within this context, New Zealand stepped in and led an unarmed Truce Monitoring Group to Bougainville in 1997 with Australian support. Talks among those involved in the conflict at the Burnham Military Base in New Zealand led to the Burnham Truce. In 1998, New Zealand facilitated the Lincoln Agreement between parties to the conflict and in 2000 a Bougainville Interim Provincial Government was established.<sup>33</sup> In August 2001, the Bougainville Peace Agreement, which guaranteed a referendum on independence in 10 to 15 years, was signed.<sup>34</sup> In 2004, the Constitution of the Autonomous Region of Bougainville was adopted. Weapons disposal, autonomy and the referendum have been described as the three key pillars of the 2001 Agreement. There has been some speculation that, because these three pillars have not been fully implemented, Bougainville may not be ready for the referendum.<sup>35</sup>

The conflict on Bougainville has demonstrated the complex nature of ethnicity and identity in the region. As Centre for Strategic Studies policy advisor Jim Rolfe has pointed out, "ethnicity was not the original *casus belli*." What started out as a resource-based conflict subsequently evolved into an ethno-nationalist conflict with the aim of independence.<sup>36</sup> It has been observed that the lead-up to the referendum on independence gives the PNG government an opportunity to demonstrate its effectiveness and acceptance of autonomy for Bougainville.<sup>37</sup>

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<sup>32</sup> Alley, Roderic, (2000), p.97

<sup>33</sup> Hoadley, Stephen, (2005)

<sup>34</sup> "Papua New Guinea Profile," *BBC News*, 26 January 2012

<sup>35</sup> "Bougainville Not Ready for Self Rule," *Island Business*, 21 January 2012, <http://www.islandbusiness.com>

<sup>36</sup> Rolfe, Jim, (2010)

<sup>37</sup> Wolfers, Edward, (2007)

## **Timor-Leste**

New Zealand forces were also involved in helping to stabilise the security situation in Timor-Leste. Violence following a referendum on independence from Indonesia in 1999 led to the death of approximately 1,300 pro-independence supporters by pro-Indonesia militia groups. Hundreds of thousands of Timorese were also displaced as a result of the violence. Pro-Indonesian militia groups also destroyed much of the infrastructure of Dili at the time. International Force East Timor (INTERFET) was established under Australian leadership to stabilise Timor.<sup>38</sup> New Zealand joined the international effort and contributed more than 1,000 New Zealand defence personnel in Timor. This force represented New Zealand's largest military deployment overseas since the Korean War.<sup>39</sup> The early reduction in the United Nations presence in Timor contributed to renewed strife there in 2006 when riots and factional fighting brought Timor to the brink of civil war.<sup>40</sup>

## **Tonga**

New Zealand deployed a military contingent to Tonga in November 2006 to restore order following riots. The contingent included Royal New Zealand Air Force (RNZAF) Boeing and C-130 aircraft, light operational vehicles, an infantry platoon, air security, police, loading teams, and support personnel. New Zealand led a combined joint task force with Australia to assist the Tongan government. The force was tasked with opening the airport and conducting limited patrols in Nuku'alofa.<sup>41</sup>

## **Regional Assistance Mission to the Solomon Islands (RAMSI)**

New Zealand also played a key role in the RAMSI deployment in 2003. Tensions between migrants from the island of Malaita, who had settled in and around Honiara on the Island of Guadalcanal, and local Guale people led to inter-communal strife and the eventual intervention of a multinational force, of which New Zealand was a part, from the Pacific Islands Forum. Resentment of the Malaitans by some local Guale people, who felt dispossessed of their land and government jobs, led armed Guale gangs to attack Malaitans forcing an estimated 20,000 Malaitans from their homes on Guadalcanal. Malaitans in response formed the Malaitan Eagle Force and retaliated. Australia in 2000 brokered the Townsville Peace Agreement which did not bring an end to the violence. In 2003, the Solomon Islands government requested more assistance which led to RAMSI. New Zealand contributed 250 troops as well as four helicopters and additional civilian and police support. New Zealand also deployed 35 police officers who, after assisting with the restoration of law and order, focused on capacity building in the Solomons.<sup>42</sup> Australia contributed 1,500 troops and additional police and civilian support. Contributions to the force were also made by Fiji, Tonga and PNG.<sup>43</sup> Approximately half of RAMSI forces were withdrawn by the end of 2003.

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<sup>38</sup> Vaughn, Bruce and Rhoda Margesson, (2009)

<sup>39</sup> Ayson, Robert, in Roderic Alley, (2007), p. 139

<sup>40</sup> Padden, Brian, "UN on Track to End East Timor Peacekeeping Mission in 2012," *VOA News*, 1 June 2011

<sup>41</sup> New Zealand Defence Force, "New Zealand Led Combined Task Force Tonga," <http://www.nzdf.mil>

<sup>42</sup> Greener, B.K., (2011)

<sup>43</sup> Hoadley, Stephen, (2005)

Riots in Honiara in 2006 led Australia and New Zealand to send in additional troops. Dozens of businesses owned by ethnic Chinese were looted and burned in the riots. It has been reported that Chinese businesses in Honiara were targeted because they were believed to have helped fund Snyder Rini who was believed to have bribed legislators for their support in order for him to become Prime Minister. It was found that confusion between Solomons Police and RAMSI police was the reason that police failed to effectively quell the violence.<sup>44</sup>

It has been observed that because of the deep-seated nature of the conflict in Guadalcanal, early withdrawal of forces might be followed by a resumption of conflict as was the case in Timor-Leste.<sup>45</sup> While Australia, in September 2011, provided a tentative five-year deadline for withdrawal of its forces, New Zealand's Foreign Minister McCully has not given a deadline for New Zealand's withdrawal.<sup>46</sup>

### **Ongoing Involvement**

New Zealand continues to demonstrate its commitment to the region through deployments in places like PNG. In June 2012, New Zealand partnered with Australia in an effort to help the government of PNG insure a free and fair election. It did so by sending four helicopters and two B350 King Air aircraft and related defence force personnel to help deliver electoral officials and ballot boxes in remote areas. When speaking of the deployment, Defence Minister Coleman stated "New Zealand and Australia are committed to working together maintaining stability and promoting good governance in the Pacific."<sup>47</sup>

New Zealand Defence Force personnel also provide support to Pacific Island nations through the Mutual Assistance Programme (MAP). Such assistance includes training in technical, engineering, and medical rather than direct military training.<sup>48</sup>

New Zealand continues to play an active role in the Pacific Islands Forum (PIF) and hosted the 42<sup>nd</sup> PIF 2011 meeting in Auckland. A 2011 document, *Converting Potential into Prosperity: New Zealand's Commitment to the Pacific*, identified a number of key areas where New Zealand is working with Pacific Island states to secure a better future. The key topics addressed in the report were: The Pacific Islands Forum, Fisheries, Infrastructure, Private Sector Support, Agribusiness, Improving Opportunities Overseas, Tourism, Disaster Response and Risk Reduction, Education and Leadership, and Peace and Stability.

One example of an area of assistance and cooperation outlined in the report, the second of the 10 identified above, is New Zealand's work with the region to help it coordinate sustainable management of its marine resources. New Zealand provides the Forum Fisheries Agency \$3.3 million a year to help it manage the region's fisheries. An estimated 65 per cent of the global tuna catch is thought to come from PIF states' waters and this catch is estimated to value US\$2 billion a year with regional states

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<sup>44</sup> "Police Confusion to Blame for 2006 Solomons Riots," *ABC News*, 2 April 2009.

<sup>45</sup> Moore, Clive, in M. Anne Brown, (2007), p.177

<sup>46</sup> "Solomons Wants Slow Exit for RAMSI Troops," *New Zealand Herald*, 7 September 2011.

<sup>47</sup> Coleman, Jonathan, "NZ to Help Elections in PNG," Official Website of the New Zealand Government, <http://beehive.govt.nz>

<sup>48</sup> Hayes, John, (December 2010). p.23.

achieving a 3 per cent return. The region loses an estimated \$400 million a year in revenue to poaching in the region. This clearly identifies a need for enhanced “monitoring, control, surveillance, and enforcement activities particularly through the sharing of resources, expertise and information.” New Zealand is helping to train individuals from across the region in a Pacific Fisheries Extension Officer course at the Nelson Maritime School to help regional states develop sustainable and profitable fishing operations and has invested \$7 million in a Marine Training Centre in Kiribati.<sup>49</sup> New Zealand also continues to engage the region in many other ways such as the relief of water shortages on Tuvalu and Tokelau, where rising sea levels and drought threaten increased salinification of fresh water resources.<sup>50</sup>

## **New Zealand and Asia**

While New Zealand’s security focus is regionally centred on the South Pacific, its multilateral approach and trade agenda has led it to increase its linkages with Asia through such organisations as the East Asia Summit (EAS) and the proposed Trans Pacific Partnership (TPP) agreement. New Zealand’s commitment to security in Afghanistan can be viewed as part of its desire to demonstrate its ability to contribute to international security.

In recent decades, there has been much focus in New Zealand on its developing relations with Asia in general and with China in particular. This has to a large extent been an extension of New Zealand’s drive to diversify its export markets and thereby promote its economic security. China and New Zealand reached a Free Trade Agreement (FTA) in 2008. This was the culmination of 15 rounds of negotiations over three years. The agreement was China’s first, and as of April 2012 only, agreement with an OECD country. The FTA “liberalises and facilitates trade in goods and services ... for mutually beneficial concessions in the areas of goods, services and investment.”<sup>51</sup> Prime Minister Key stated that “As China becomes wealthier I believe your demand for high-quality food, like the meat and dairy products New Zealand is so good at producing, will continue to grow. Tourism and travel have great potential for growth, as does education and resources.”<sup>52</sup>

New Zealanders generally appreciate the importance of Asia. A recent Asia-New Zealand Foundation poll found that 77 per cent of New Zealanders see the Asian region as important to New Zealand’s future, while Europe with 66 percent, North America 56 percent, and the South Pacific 43 per cent, were deemed relatively less important. Only Australia, at 86 percent, was deemed more important to New Zealand’s future than Asia. Eight out of ten New Zealanders also believe that conflict, threats or instability in Asia could have some impact on New Zealand.<sup>53</sup>

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<sup>49</sup> Ministry of Foreign Affairs and Trade, (September 2011)

<sup>50</sup> “NZ Aids Tuvalu in Water Crisis,” *New Zealand Herald*, 4 October 2011.

<sup>51</sup> “The Agreement,” <http://www.chinafta.govt.nz>

<sup>52</sup> Key, John, “New Zealand and China: Our Shared Economic Future,” Speech at Peking University, 15 April 2009.

<sup>53</sup> Colmar Brunton, (April 2011), “New Zealander’s Perceptions of Asia and Asian People in 2010,” Asia New Zealand Foundation

## **“Our Future with Asia”**

The previous Labour-led government of former Prime Minister Helen Clark published a report “Our Future with Asia” which appears to have continuing relevance to the present government. The report identified two key elements that underpin New Zealand’s Asian strategy. These were:

1. New Zealand must invest more time and effort into strengthening its ties with Asia ... building strong relationships is vital.
2. New Zealand needs to look at ways in which it can build a greater shared future in the region ... Naturally we would like to increase our trade and investment links – but it has to be more than just that.

In addition, the report identified four specific challenges facing New Zealand.

1. Better integrating ourselves into an integrating region
2. Being a good neighbour
3. Boosting New Zealand’s growth by linking to the growth of the Asian economies
4. Becoming more ‘Asia literate’

The key national interest behind this agenda appears to be trade, while “being a good neighbour” points to the inclusion of values in the policy.

## **“Opening Doors to China”**

The New Zealand Government further articulated its strategy for engaging China in its China Strategy Document “Opening Doors to China: New Zealand’s 2015 Vision.” The document articulates a whole of government approach to growing exports and new markets in China and highlights that New Zealand’s trade relationship with China is “crucial in delivering the Government’s Economic Growth Agenda, including the goal of raising the level of our exports to GDP from 30 to 40 per cent by 2025.”<sup>54</sup> China is New Zealand’s second largest export destination, accounting for 12.3 per cent of New Zealand exports. New Zealand exports to China increased 22 per cent from 2010 to 2011 to reach \$5.98 billion. China sent approximately 150,000 tourists and 21,000 students to New Zealand in 2010.<sup>55</sup>

## **Asian Immigration**

While New Zealand’s Māori, and to a lesser but increasing extent Pacific Island populations, have been brought into the national identity, it is unclear how far Asian identities as separate entities have been brought into or will be brought into the national identity in New Zealand. This sociological process is largely driven by demographics rather than government policy. Current immigration trends and analysis

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<sup>54</sup> Ministry of Foreign Affairs and Trade, “Opening Doors to China: New Zealand’s 2015 Vision,” Wellington, February 2012

<sup>55</sup> McCully, Murray, “Speech to China Foreign Affairs University,” *Scoop*, 6 April 2012. McCully, Murray, “New Zealand, Australia and China’s Rise,” *Scoop*, 7 April 2011

by groups such as the New Zealand-Asia Foundation indicate that Asian identities will be far more prominent in the near future. In 1994 only three per cent of New Zealanders were of Asian ancestry. By 2026, this is projected to grow to 16 per cent.<sup>56</sup> This growth represents a rapid demographic shift that may have implications for the social fabric of New Zealand society in the future.

A survey by the Asia-New Zealand Foundation released in 2011 found that New Zealand attitudes towards Asia recently cooled slightly. While still quite favourable, the average ratings of New Zealanders for China dropped from 71 in 2009 to 68 in 2010. It was believed that the Crafar farms sale issue [which is discussed in greater detail below] was in part responsible for this slight decrease in rating for China. New Zealanders' views on Asian immigration fell from 55 per cent feeling that Asian immigration had a "positive impact" on New Zealand in 2009 to 49 per cent in 2010. Overall, New Zealanders remain more positive than Australians in their views of Asia. When asked to rate China in a similar poll, Australians gave China a score of only 53.<sup>57</sup>

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<sup>56</sup> "Projecting Our Voice," CSCAP New Zealand, Centre for Strategic Studies, Wellington, April 2012

<sup>57</sup> "Recession Helps Cool NZ Feelings on Asia," *New Zealand Herald*, 13 April 2011.

## **2 THE UNITED STATES' REBALANCING TOWARD ASIA<sup>58</sup>**

A brief discussion of the Obama Administration's Pacific Pivot<sup>59</sup> strategy is necessary for establishing the American context for its renewed engagement with New Zealand. The New Zealand Government has put much effort into developing its strategic partnership with the United States and welcomes expanded engagement by the United States in the Asia Pacific region. While the Government is very supportive of expanding bilateral ties with the United States there are some misperceptions within the country's very small strategic policy community regarding the US Pacific Pivot. A minority in such circles in New Zealand view the military component of US engagement as evidence of a desire by Washington to contain China. Others, also in a minority, believe that a return to enhanced military-to-military relations with the United States could in some way lessen New Zealand's independence and sovereignty. Some see the development of relations with the US in "zero" sum terms relative to New Zealand's relations with China. It should be highlighted that such views in opposition to the Government's path of strengthening ties with the US do not have general currency in a wider public debate. [This debate is discussed in greater detail below.]

There are a range of views on what United States policy towards China should be in both the United States and New Zealand. While the extreme side of this spectrum in the United States would also include containment, the current Obama Administration does not wish to contain China. While there clearly is an increase in focus on China as a potential strategic competitor, the Obama Administration's Pacific pivot or rebalancing towards Asia is better understood as part of a strategy that seeks to shape China's behaviour to be a responsible member of the community of states. America's economic and trade relationship with China is a great benefit to the US, as it is to China, and as such the US has a vested interest in maintaining at least sound trade relations with China. A working diplomatic relationship could also be a great help to the US in places such as the Korean peninsula.

### **The Pacific Pivot or Rebalancing to the Asia Pacific**

In late 2011 and early 2012, the Obama Administration signalled that it would shift its strategic attention from the Middle East to the Asia Pacific, with a key goal of deepening US credibility in the region. The strategy addresses what was a policy deficit in attention, emphasis and perception rather than a deficit of presence on the ground, because the US has remained on the ground in Asia for some time.

The strategy was articulated through a series of articles and policy documents by the President, Secretary of State Clinton, and National Security Advisor Donilon. The President's attendance at the November 2011 Asia-Pacific Economic Cooperation (APEC) meeting in Hawaii, which was followed by his visit to Australia – where new

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<sup>58</sup> Much of the information for this section has been drawn from the US report by Mark Manyin (coordinator), (March 2012) Stephen

<sup>59</sup> While the Obama Administration has shifted to the term 'rebalancing' towards Asia, this paper also uses the term pivot to describe the policy because a shift away from something towards the Asia Pacific will likely be necessary due to current fiscal constraints.

troop deployments were announced – and his trip to Indonesia to attend the East Asia Summit all focused attention on the new strategy.

Secretary Clinton's Foreign Policy article "America's Pacific Century," was one of the key documents that articulated the case for the Pacific Pivot.<sup>60</sup> In the article Clinton stated "But even more than our military might or the size of our economy, our most potent asset as a nation in the power of our values."<sup>61</sup> Clinton linked the Asia Pacific with the Indian Ocean region due to links of shipping and strategy. This redefinition of the geostrategic space of the Asia Pacific is a perspective that Australia shares, due to its having both a Pacific and a Indian Ocean shoreline. Although this geographic aspect of the Pivot is something less in line with New Zealand strategic geography, which is centred in the Pacific, the Pivot strategy is also placing renewed focus on the Pacific itself. In this way, the Pivot strategy also encompasses New Zealand's strategic geography.

In articulating the new strategy in the *Foreign Policy* article, Secretary Clinton identified New Zealand as one of the nations with which the US was building new partnerships and stated that "We are asking these emerging partners to join us in shaping and participating in a rules-based regional and global order."

Obama stated before the Australian Parliament that "I have directed my national security team to make our presence and mission in the Asia Pacific a top priority. As a result, reductions in US defense spending will not *I repeat will not* come at the expense of the Asia Pacific."<sup>62</sup> National Security Adviser Donilon stressed that "Nations must play by the same rules" and called for international norms and freedom of navigation to be respected. He also reiterated Obama's pledge not to make cuts at the expense of US presence in the Asia Pacific.<sup>63</sup>

President Obama's National Security Guidance document, *Sustaining US Global Leadership*, of January 2012 is not one of the regular strategy documents in the US like the Quadrennial Defense Review or the National Security Strategy statement. The Guidance document describes the primary missions of the US armed forces including the need to project power despite anti-access area denial challenges in some areas among other missions. This relates to Air Sea Battle concepts discussed in the 2010 Quadrennial Defense Review.<sup>64</sup>

In her speech at the US Institute of Peace in March 2012, Secretary Clinton stressed the economic interdependence and tightly entwined natures of the US and China's economies and rejected notions that the US is trying to contain China. Secretary Clinton also urged China not to "selectively pick and choose elements of the rules based international system" while also stating that "the international system is not

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<sup>60</sup> Clinton, Hillary, "America's Pacific Century," *Foreign Policy*, November 2011

<sup>61</sup> Clinton, Hillary, "America's Pacific Century," *Foreign Policy*, November 2011

<sup>62</sup> President Obama, "Text of Remarks to the Australian Parliament," The White House, 17 November 2011

<sup>63</sup> Tom Donilon, "America is Back in the Pacific and Will Uphold the Rules," *Financial Times*, 27 November 2011

<sup>64</sup> Department of Defense, "Sustaining U.S. Global Leadership: Priorities for 21<sup>st</sup> Century Defense," Washington, January 2012

static” and that “we need to work together to adapt and update” those rules.<sup>65</sup>

While much of the Pivot is new and does mark a significant policy shift by the Obama Administration, much of the groundwork for the shift was made by the previous Bush administration. In this way, it can be viewed as a significant expansion of existing policy rather than a transformational policy shift. It was President Bush who made the strategic outreach to India and first sought to re-establish closer relations with Indonesia. Bush also moved forward with efforts to engage in the Trans Pacific Partnership agreement. The economic importance of the region to the US, the killing of Osama Bin Laden and the winding down of wars in Iraq and Afghanistan have all made the policy shift possible.

New Zealand audiences wondering about the staying power of the Obama Administration’s Pacific Pivot will be reassured by the high level of continuity of increasing focus on the South Pacific across both Republican and Democrat administrations. This indicates that the current emphasis on the Asia Pacific will likely continue whatever the outcome of the presidential election in November 2012.

Trade is at the core of US engagement with Asia. US exports are increasingly directed towards Asia and Asia is an increasingly large export destination. While hosting the APEC meeting in his home state of Hawaii, President Obama highlighted the importance of job creation to the US economy as well as the key role that trade with Asia plays in that. The President has also set a goal of doubling US exports by 2015 as part of an effort to rebalance the US economy.

Job growth through enhanced trade is a key motivation for the US to become involved in the Trans Pacific Partnership. The US favours a Trans-Pacific architecture so that it will be included in the main economic architectures of the Asia Pacific region and does not want an Asia-centric order that would exclude the US.

## **Geographic, Diplomatic and Strategic Dimensions**

America’s strategic rebalancing towards Asia marks the beginning of a full realisation in the US that the geopolitical centre of gravity has shifted to Asia. Strategic dynamics related to the sea lanes that link the energy-rich Persian Gulf through the Straits of Malacca with the economies of northeast Asia have led the US to view the Asia Pacific as not only North and Southeast Asia but increasingly to link these regions with South Asia and the northern reaches of the Indian Ocean. Increasing strategic rivalry between India and China also link South Asia with the Asia Pacific. The recent openings to Burma also open the way for new dimensions to India’s Look East policy. While the US is betting on India’s strategic future, India will not act as the US’s junior partner even though it has parallel strategic interests with the US relative to militant Islam and China.

The Obama administration has sought to expand and upgrade US participation in multilateral institutions in the region. This shift away from US primacy towards multilateralism, and a decision to engage the region in regional terms, brings US foreign policy closer to New Zealand’s emphasis on multilateralism and international

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<sup>65</sup> Clinton, Hillary, United States Institute of Peace, March 2012.

institutions. This multilateral approach was demonstrated through the Obama Administration's signing of the Treaty of Amity and Cooperation in 2009 and by President Obama's attendance at the East Asia Summit in November 2011. ASEAN states are generally supportive of America's engagement with the region through multilateral institutions. Indeed, many in Southeast Asia had been somewhat critical of the lack of attention by the US to the region while it was focused on Iraq and Afghanistan.

The most tangible aspect of the Pacific Pivot strategy is to be found in the evolution of US defence posture and relations with regard to Australia, Guam, Singapore, and the Philippines. The Pivot is also an effort to more broadly distribute US forces in Asia and to increase their flexibility while enhancing partners' capabilities. There will also be a greater relative priority for the Navy as opposed to the Army with announced plans to continue with 11 aircraft carriers.

Shifts in force structure tangibly demonstrate the strategic significance of the rebalancing towards Asia. It has been reported that 60 per cent, up from 52 per cent, of the US Navy will be in the Pacific including an additional carrier to bring the total to 6 carriers in the Pacific. Plans to shift US forces from Futenma Marine Base in Okinawa to Guam appear to be going forward after a February delinking of the shift with proposed plans to open new base facilities in Okinawa. It appears that the original plan to shift 8,000 troops to Guam has been pared down to 4,700.

In April 2012, the first rotation of US Marines landed in the Northern Territory for joint exercises with their Australian counterparts. This military deployment puts down a significant marker of America's resolve to remain engaged in the region. These forces are to gradually build to a maximum of 2,500 Marines on a rotational basis. There are also plans for expanded Air Force joint training and possible expanded Naval cooperation with Australia in the Indian Ocean. There have also been discussions in the media about the possible use of Cocos Islands as a base of operations for drone aircraft.

The US and Singapore have a Strategic Framework Agreement and Singapore has the Changi Naval facility which can accommodate US naval vessels. What is relatively new is the plan to station four littoral combat vessels in Singapore.<sup>66</sup>

The standoff between the Philippines and China over the Scarborough Shoal has further complicated the situation in the South China Sea and added impetus for the Philippines to engage Washington. The US and the Philippines also recently concluded a two + two meeting that placed renewed emphasis on the bilateral alliance and reaffirmed a common interest in freedom of navigation.

## **Key Challenges to the Strategy**

There are a number of challenges to the strategy that have the potential to affect its implementation. A key challenge will be in finding the balance between sending a strong signal of America's resolve to remain committed to the region and thereby reassure friends and allies while successfully managing America's relationship with

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<sup>66</sup> "US May Deploy Three More Littoral Combat Ships in Singapore," *Xinhua*, 21 January 2012

China. The US relationship with China is based on a two-pronged approach. On the one hand it seeks to reaffirm and strengthen cooperative ties with China while on the other hand strengthening America's presence in Asia to encourage constructive behaviour by China.

A second challenge to the Pacific Pivot strategy is the question that arises of whether the Pivot is sustainable given pressure on the US government's budget. President Obama's budget request to Congress for FY 2013 requests \$614 billion for defence. This marks a \$32 billion reduction in defence spending from FY 2012 levels and funds a force of 1.4 million personnel. There were roughly 1.3 million personnel in 2007. This is part of an existing plan to trim \$487 billion from the defence budget over the next decade. Under existing cuts the Army would shrink from 562,000 active duty soldiers to 490,000. It should be noted that the army increased its active force by 65,000 between 2007 and 2009.<sup>67</sup>

The Budget Control Act of 2011 and the inability of a budget supercommittee of Congress to reach an agreement last year on new budget reduction efforts raises the spectre of additional automatic sequestration cuts to defence that would come on top of the existing planned cuts if a new far-reaching deficit reduction agreement is not achieved by the end of 2012.<sup>68</sup>

The sequester would seek an additional \$492 billion in additional cuts over the next decade to the defence budget if no alternative approach is passed by Congress. Under a sequestration scenario the Navy could by some estimates shrink from 285 to 230 ships. That said, 230 is still a substantial number of ships and they are more capable today than they were a decade ago and the Obama Administration has made a commitment to deploy a larger percentage to the Pacific. Presidential candidate Romney has pledged to expand naval ship production and reassert US naval leadership in the West Pacific should he be elected.<sup>69</sup> There are also the wild cards that could present challenges to the rebalancing towards Asia such as potential conflict with Iran or North Korea, though these have relatively low probabilities and are difficult to predict.<sup>70</sup>

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<sup>67</sup> Sharp, Travis, (February 2012), "Down Payment: Defense Guidance, 2013 Defense Budget and the Risk of Sequestration," Center for a New American Security

<sup>68</sup> Cassata, Donna, "Obama Defense Cuts Test Lawmakers' Resolve to Slash Deficit," *Associated Press*, 6 February 2012

<sup>69</sup> Garamone, Jim, "Panetta, Dempsey Say Pentagon Feels Sequestration Shadow," *American Forces Press Service*, 16 April 2012

<sup>70</sup> Munoz, Carlo, "Iran Just One of Rogue States 'That Could Explode On Us,' Panetta Tells Hill," *Strategy and Policy*, 16 February 2012.



### **3 US-NEW ZEALAND COOPERATION**

The origins of the return to close US-New Zealand cooperation can be traced back to around 2005 when there was both a decision in New Zealand government circles to focus on improving New Zealand's ties with the US and the realisation that in order for New Zealand to achieve a shift in the US position it needed to find a way to shift US perceptions of New Zealand and gain a champion in the US government. This shift corresponded with an increased realisation in the US that it needed more support in the world for its struggle against Islamist extremism in the post 9/11 environment.

New Zealand began the process of seeking to get the US to revalue the relationship. This led to the conceptualisation of the nuclear issue as "the rock in the road" that needed to be driven around rather than viewed as an insurmountable obstacle. The visit by Prime Minister Clark to Washington and the subsequent visit to Wellington by Secretary of State Rice helped to bring the two countries back towards a more normal relationship.

New Zealand's military commitment to Afghanistan did much to change US perceptions of New Zealand. New Zealand's commitment of regular troops and other assistance in support of the Provincial Reconstruction Team in Bamiyan Province, Afghanistan, as well as the commitment of Special Forces, demonstrated New Zealand's value as a military partner in the field. While these deployments by the New Zealand Defence Force were distant from the Pacific they were instrumental in changing perceptions in Washington on the potential utility of partnering with New Zealand in the future.

President Obama described New Zealand as "an outstanding partner" during Prime Minister Key's visit to Washington in July 2011, adding "obviously we are very pleased that the relationship between New Zealand and the United States is growing stronger by the day."<sup>71</sup> President Obama stated that New Zealand had "well and truly" earned its place at the Nuclear Security Summit in Washington in April 2010, which Prime Minister Key attended.<sup>72</sup>

This warming of relations following bilateral cooperation in Afghanistan and in the war against radical Islamist extremists added ballast to the relationship and began the process of looking at how the two nations could enhance their cooperation in a Pacific and broader context. Below is a discussion of the key developments in this regard from the Wellington Declaration of 2010 through to the Washington Declaration of 2012.

#### **The Wellington Declaration**

The Wellington Declaration of November 2010 established in a public way a new strategic partnership between the US and New Zealand and stated that "our shared democratic values and common interests" will guide the two nations' collective

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<sup>71</sup> Tandon, Shaun, "US, New Zealand Leaders Bond on Trade, Security," *Agence France Press*, 23 July 2011.

<sup>72</sup> Watkins, Tracy, "Obama Praises New Zealand's Nuclear Efforts," *Stuff*, 13 April 2010.

action. It finally put to rest publicly past issues of difference, which had been fading for some time, to focus on areas of ongoing and future cooperation between the two nations. The agreement reaffirmed close ties between the two nations and established a framework of “strategic partnership to shape future practical cooperation and political dialogue.” The agreement also noted that the US and New Zealand are Pacific nations in addition to emphasising shared interests and values.

“Our governments and peoples share a deep and abiding interest in maintaining peace, prosperity and stability in the region, expanding the benefits of freer and more open trade, and promoting and protecting freedom, democracy and human rights.”<sup>73</sup>

The agreement identified two fundamental elements and several areas for joint initiatives in addressing regional and global challenges.

#### Fundamental elements

1. A new focus on practical cooperation in the Pacific region
2. Enhanced political and subject-matter expert dialogue including regular Foreign Ministers’ meetings and political-military discussions

#### New Joint Initiatives in the Global context

1. Climate change
2. Nuclear proliferation
3. Extremism

#### New Joint Initiatives in the Pacific Context

1. Renewable energy in the Pacific
2. Disaster response management in the Pacific
3. Climate change adaptation in the Pacific
4. Enhance dialogue on regional security in the Pacific

In addition, the Declaration advocated developing “deeper and broader people-to-people ties” and expanding commercial and trade relations between the United States and New Zealand while also working together in multilateral fora such as APEC, the East Asia Summit and the United Nations.<sup>74</sup>

## **The Developing Relationship**

Momentum for sustaining the opening created by the Wellington Declaration of November 2010 was initially provided by the Partnership Forum meeting, publication of the Pacific Partners report, and the Christchurch earthquake in February 2011. Approximately 100 US government officials, Congressmen, business leaders and students attended the 4<sup>th</sup> US-New Zealand Partnership Forum in Christchurch. The

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<sup>73</sup> “Wellington Declaration on a New Strategic Partnership Between New Zealand and the United States of America,” Ministry of Foreign Affairs and Trade, Wellington, <http://www.mfat.govt.nz>

<sup>74</sup> “The Wellington Declaration,” *The New Zealand Herald*, 4 November 2010.

earthquake of February 22<sup>nd</sup> 2011 struck the city during these meetings and served as a catalyst for a special bond between those participating in the event.

Brian Lynch of the New Zealand Institute of International Affairs in Wellington and Ernest Bower of the Center for Strategic Studies in Washington were the principal authors of *Pacific Partners: The Future of U.S.-New Zealand Relations*. The report, which was released during the Leadership Dialogue meeting in Christchurch in February 2011, reviewed core components of the relationship and identified five pillars of the relationship: security and political cooperation, trade and investment, science and technology, people to people connections, and transnational issues. The report brought together experts in both countries and served to reinforce the Wellington Declaration by focusing attention on the relationship in a more detailed manner while identifying key issues and offering suggestions for enhancing it. The report pointed out that the two nations “share fundamental values and overwhelming common interests” and called for the relationship to be “elevated to the level of special partnership.” Its chapter on political and security cooperation was titled “Shared Values.”

The New Zealand-US Leadership dialogue process, which was initiated in 2006, has done much to help reinforce renewed ties between the two countries by building informal linkages between high-level business, government and community leaders. The Forum is organised by the New Zealand-US Council and its American based counterpart, the US-New Zealand Council. There is also a large Friends of New Zealand Congressional Caucus that supports bilateral ties. The developing ties between the US and New Zealand increasingly found expression in a Pacific context as well.

## **Cooperation in the Pacific**

The Pacific is a region where development and human security concerns have been higher on the list of priorities among regional states than traditional security concerns. That said, the region has been the centre of strategic conflict, as it was in World War II in battles such as The Coral Sea, Guadalcanal and Midway.

The 2010 Defence White paper issued by Prime Minister Key examines security challenges New Zealand is likely to face over a 25-year scope. In his preface to the document, Prime Minister Key’s then Minister for Defence, the Hon Dr Wayne Mapp, identified the need to “conduct and lead missions in the South Pacific,” along with protecting New Zealand’s territory and citizens, and contributing meaningfully to regional and international security with partners and friends, as the three roles for the armed forces.<sup>75</sup>

The New Zealand Ministry of Defence published a Defence Capability Plan in 2011<sup>76</sup> and has plans for a new Joint Amphibious Task Force (JATF). The JATF provides focus and provides “a long term plan for an NZDF which is combat capable, maritime in outlook and expeditionary in nature ... it’s about being able to do this across the

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<sup>75</sup> Ministry of Defence, *Defence White Paper 2010*

<sup>76</sup> Ministry of Defence, “Defence Capability Plan,” 2011

great expanse of the Pacific.”<sup>77</sup> Based on New Zealand’s experience in places such as Timor-Leste, the Solomon Islands and Bougainville it appears that the JATF structure will facilitate potential future deployments in the Pacific.

One area for further US and New Zealand cooperation in the Pacific is in the area of sustainable economic development, which can help stabilise fragile nations. Economic growth and opportunity, if equitably shared, can help alleviate inter-communal tensions and promote regional stability that can prevent the need for costly military intervention as was the case in Timor-Leste and the Solomon Islands.

Issues related to food security also present the US and New Zealand with opportunities for collaboration in the region. Over 50 per cent of the world’s tuna are to be found in the western and central Pacific Ocean. This resource generates an estimated US \$4 billion annually of which US \$1.6 billion is from fish caught in the Exclusive Economic Zones (EEZs) of Pacific Island states. Foreign fishing entities get the largest share of these profits, as only US\$380 million is caught by Pacific Island countries themselves. Access agreements between Pacific Island Countries (PICs) and foreign fishing entities generate about US\$78 million a year for PICs.<sup>78</sup> Additional fish are poached each year. By one estimate, illegal fishing accounts for A\$1.7 billion annually.<sup>79</sup> Clearly one area where PICs could gain economic viability is by catching and processing more of their fisheries resources.

### **Pacific Maritime Surveillance and Humanitarian Assistance**

New Zealand and the US actively support Pacific island states by helping them patrol their Exclusive Economic Zones. Pacific island states have few naval or air assets of their own to patrol these vast maritime zones. New Zealand’s upgraded P-3K2 Orion aircraft<sup>80</sup> and Offshore Patrol Vessels provide it with enhanced capabilities to conduct aerial surveillance and enforcement on the high seas. New Zealand supports the work of the Forum Fisheries Agency and the Te Vaka Toa Arrangement which provides for enhanced collaboration between New Zealand and PICs in the areas of fisheries protection.<sup>81</sup> The region-wide Niue Treaty also seeks to strengthen regional fisheries protection.<sup>82</sup>

New Zealand works with the United States, as well as with Australia and France to provide maritime surveillance of the region. This group is known as the Quadrilateral Defence Coordination Group, or Quad. The US Coast Guard Ship Rider Program works with Forum Fisheries Agency Member states to help them enforce control of their fisheries. The US Coast Guard signed an agreement with the Cook Islands in 2008. The Ship Rider Program seeks to “build capacity and strengthen interoperability among Pacific Island countries” to deal with illegal fishing. The Program puts law enforcement officers from various Pacific island nations on US Coast Guard ships, which can then serve as platforms for boarding commercial vessels found in Pacific

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<sup>77</sup> Royal New Zealand Navy, “Ahead and Astern,” Wellington, January 2012.

<sup>78</sup> Hayes, John, Chairperson, (December 2010)

<sup>79</sup> Bateman, Sam, “Pacific Patrol Boat Replacement Needs Attention,” *The Australian*, 31 May 2011.

<sup>80</sup> “Arrival of the RNZAF P3K2 Orion,” New Zealand Defence Force, 21 April 2011.

<sup>81</sup> “Te Vaka Toa Arrangement,” South Pacific Fisheries Cooperation, <http://www.tevakamoana.org>

<sup>82</sup> “Niue Treaty Parties Meet,” Pacific Islands Forum Fisheries Agency, <http://www.ffa.int>

Island nations' EEZs.<sup>83</sup>

The United States and New Zealand also participated in Operation Kurukuru.<sup>84</sup> This was the single largest monitoring control and surveillance operation conducted in the region to date. The operation covered 30 million square kilometres of ocean, including parts of the EEZs of the Cook Islands, the Federated States of Micronesia, Fiji, Kiribati, the Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, the Solomon Islands, Tokelau, Tonga, Tuvalu and Vanuatu. The operation involved staff from the Forum Fisheries Agency and Quad counterparts from Australia, France, New Zealand and the United States. The operation sighted 400 vessels, and boarded 80, of which 8 were apprehended.<sup>85</sup> A World Bank study has projected that strengthening fisheries management could yield PICs an additional US\$60 million in revenue annually.<sup>86</sup>

Australia initiated a Patrol Boat Programme in the 1980s to assist Pacific Island Countries (PICs) in patrolling their EEZs. The Programme was extended to 22 boats provided to PICs by 1997. A refit of the boats was completed by 2003. It has been projected that the boats will reach their end of service, beginning in 2018. This has led to calls for replacement ships both in the coastal patrol boat and larger offshore patrol vessel categories in order to provide PICs with the capability to monitor and police their fisheries resources in their EEZs.<sup>87</sup>

New Zealand has also joined the United States in the annual US-led Pacific Partnership exercise. The annual humanitarian assistance and disaster relief exercise is aimed at increasing interoperability. New Zealand participants have included the HMNZS *Canterbury*, medical experts, and engineers in Tonga and Vanuatu. Ambassador Huebner has pointed to bilateral cooperation when the US Coast Guard and NZDF worked together to avert a water shortage on Tokelau and when the HMNZS *Canterbury* and the USS *Cleveland* worked together, noting that this was the first joint US-New Zealand naval operation in 30 years.<sup>88</sup> Pacific partnership is an annual humanitarian and disaster response exercise aimed at increasing interoperability between US, Australian, New Zealand and French forces.<sup>89</sup>

## RIMPAC

New Zealand's return to increasingly close defence cooperation with the US is not limited to disaster relief and humanitarian assistance, as was demonstrated by its return to RIMPAC in 2012. For the first time in 28 years New Zealand defence forces

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<sup>83</sup> "Coast Guard Admiral Signs Bilateral Law Enforcement Agreement with Cook Islands," US Coast Guard, <http://coastguardnews.com>

<sup>84</sup> "Operation Kurukuru," Nautilus Institute for Security and Sustainability, <http://nautilus.org>

<sup>85</sup> "Illegal Fishing Maritime Surveillance Operation," *Scoop News*, 22 November 2011.

<sup>86</sup> "NZ Government: Better Fisheries Management Needed to Boost Pacific Economies," *Dow Jones*, 6 September 2011.

<sup>87</sup> Bateman, Sam, "Pacific Patrol Boat Replacement Needs Attention," *The Australian*, 31 May 2011.

<sup>88</sup> Huebner, David, US Ambassador to New Zealand, "Happy Anniversary, Wellington Declaration," <http://blogs.newzealand.usembassy.gov/ambassador>

<sup>89</sup> "Pacific Partnership, Tonga and Vanuatu," New Zealand Ministry of Foreign Affairs and Trade Aid Programme, <http://www.aid.govt.nz> Ministry of Foreign Affairs and Trade, "Pacific Partnership, Tonga and Vanuatu," Aid Programme, <http://www.aid.govt.nz>

joined with 21 other nations' militaries in the biennial Rim of the Pacific [RIMPAC] military exercise hosted by the US Pacific Fleet and held off Hawaii. The June to August 2012 exercise involved 42 ships, six submarines, over 200 aircraft and 25,000 defence personnel. New Zealand sent HMNZS *Te Kaha* and HMNZS *Endeavour*, a rifle platoon, a Orion P-3K aircraft and headquarters staff to participate in RIMPAC. Commander Joint Forces New Zealand Major General Dave Gawn stated "Participation in exercises like RIMPAC also enables the Defence Force to prepare for a variety of contingencies to ensure that New Zealand can play its part effectively in working with other nations to reduce conflict and improve stability in the Pacific and around the world."<sup>90</sup> RIMPAC 2012 marked the first occasion where non-US officers commanded components of the combined task force in the exercise. Australian Commodore Stuart Mayer of the Royal Australian Navy commanded the maritime component.<sup>91</sup>

## **Strategic Dialogue, WWII Commemorations and Other Exercises**

Among a significant developments in New Zealand-US bilateral security ties, with implications for the two nations in the Pacific, was the March 2012 Strategic Dialogue. Assistant Secretary of State Kurt Campbell hosted a New Zealand delegation including Deputy Secretary of Foreign Affairs and Trade David Walker and Secretary of Defence John McKinnon as part of a ongoing bilateral dialogue.<sup>92</sup> Such dialogue is anticipated to continue.

Bilateral relations were further enhanced in May and June 2012 by the New Zealand Government's hosting a number of events to mark the remembrance of US forces that were based in New Zealand during World War II. US Ambassador Huebner, who has emphasised the importance of first principles in the bilateral relationship,<sup>93</sup> stated:

"As New Zealand and the United States commemorate our shared history, we reflect on values that underpin our special relationship. Together, as we remember the hardship and loss of World War II, we also celebrate our response to those dark times, our camaraderie and the spirit of the men and women, military and civilian, called to serve in the face of such adversity."<sup>94</sup>

Huebner also stated that "in my view, relations are stronger, warmer and closer than they have been at any time since World War II." Huebner has pointed out that approximately 150,000 US servicemen were stationed in New Zealand at different times during World War II. This support to New Zealand's security in time of need is acknowledged by many, particularly older, New Zealanders.

While the older generation of New Zealanders are more likely to remember that

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<sup>90</sup> "NZ Defence Force Involved in World's Largest Exercise," New Zealand Defence Force, <http://www.nzdf.mil.nz>

<sup>91</sup> "RIMPAC to Begin June 29," Third Fleet Public Affairs, <http://www.navy.mil>

<sup>92</sup> Office of the Spokesperson, US Department of State, "US-New Zealand Strategic Dialogue," Washington, 19 March 2012

<sup>93</sup> Huebner, David, "US and New Zealand Became Good Pals 70 Years Ago-Let's Keep It Up," *The Dominion Post*, 16 February 2012

<sup>94</sup> Huebner, David, "Prime Ministerial Announcement on Welcoming US Marines," US Embassy, Wellington, 23 May 2011

American troops were based in New Zealand during World War II, the Vietnam generation will likely view their historical significance in a different light. That said, the younger generation of New Zealanders are more likely to take fresh perspectives on the US.<sup>95</sup>

Exercises Alam Halfa and Bold Alligator are further evidence of the removal of barriers to bilateral defence exercises between the US and New Zealand. US troops travelled to New Zealand in June 2012 to work with their New Zealand counterparts in exercise Alam Halfa. The military exercise provided soldiers from both countries an opportunity to exchange knowledge on tactics and procedures and set a precedent for future training opportunities. Bold Alligator 2012 was held in January and February 2012 off the coast of Virginia, North Carolina and Florida and included participants from 9 countries including New Zealand.<sup>96</sup>

## **The Washington Declaration**

The significant development of bilateral defence cooperation that followed the Wellington Declaration of 2010, as discussed above, was consolidated and substantially extended by the Washington Declaration of June 2012. The Washington Declaration does much to provide a framework for the new strategic partnership that was called for in the Wellington Declaration. The Washington Declaration, signed by Secretary of Defense Panetta and Minister of Defence Coleman, reaffirmed the increasingly close bilateral relationship by setting principles of cooperation while also discussing purposes, scope, and implementation of expanded defence and security cooperation.<sup>97</sup> The agreement is “based on full respect for the independence, self-reliance, and sovereignty of each participant, and is in the spirit of the long-standing friendship, mutual respect, trust, and understanding that exists between the two countries.” The agreement also “promotes a common vision” to shape expanded defence cooperation and will establish regular senior-level, strategic policy dialogue.

Government Ministers stressed that it preserves New Zealand’s independence in foreign affairs. The agreement is a significant step that marks a return to close security cooperation. Minister Coleman described the Declaration as foreshadowing greater cooperation in maritime security, counter-terrorism, humanitarian assistance and disaster relief in the region while also promoting peace support initiatives. Coleman stated “This high level arrangement recognises the significant security cooperation that exists between New Zealand and the US within the context of our independent foreign policy, and seeks to build upon that cooperation in the years ahead.”<sup>98</sup> The agreement does much to codify many of the ongoing bilateral arrangements that have been re-established since the Wellington Declaration while also providing a framework for moving defence cooperation forward in the future. It should be noted

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<sup>95</sup> “Seventieth Anniversary of US Marines in New Zealand,” Veterans Affairs New Zealand, April 2012

<sup>96</sup> “Bold Alligator 2012 to Revitalize Amphibious Operations,” US Fleet Force Command Public Affairs, January 25, 2012. <http://www.navy.mil>

<sup>97</sup> Washington Declaration on Defence Cooperation Between The Department of Defense of the United States of America and the Ministry of Defence of New Zealand and the New Zealand Defence Force, Washington, June 19, 2012. See appendix for full text of the agreement.

<sup>98</sup> “US-NZ Defence Arrangement Signed,” *Scoop News*, 20 June 2012

that this is not a return to an alliance relationship, nor is such a formal alliance with the US sought by New Zealand. Foreign Minister McCully stressed that the agreement maintains New Zealand's independence. "We greatly value our independent foreign policy as a country, ... we think it makes us a better regional and global citizen, and a more valuable friend to have."<sup>99</sup>

Labour Foreign Affairs Spokesman Phil Goff, who is a former Foreign Affairs as well as former Defence Minister, welcomed the agreement, "it makes sense, the United States and New Zealand are good friends."<sup>100</sup> Goff also stressed the need for New Zealand to maintain an independent foreign policy.<sup>101</sup> At the 2011 US-New Zealand Partnership Forum Goff described the bilateral relationship as "special friends, approaching family." While Defence Minister in 2007, Phil Goff lost a nephew who was killed in action while fighting with the US Army in Afghanistan. His nephew, Lt. Matthew Ferrara, was a dual national of the US and New Zealand and a West Point graduate.

As a result, the process begun by the Wellington Declaration, and most recently reaffirmed by the Washington Declaration, has returned the US and New Zealand to a level of increasingly close defence cooperation. It will be interesting to explore more specifically what kind of relationship New Zealand wants with the United States, and the US with New Zealand, as a non-ally but close security partner in the context of America's rebalancing to Asia and the rise of China.

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<sup>99</sup> Young, Audrey "Back to Being Friends," *Weekend Herald*, 23 June 2012

<sup>100</sup> "The Return of NZ Forces Milestone for US Ties," *The Weekend Herald*, 23 June 2012

<sup>101</sup> Watkins, Tracy, "Agreement with the US Sees NZ as 'defacto' Ally," *Stuff*, 20 June 2012

## 4 NEW ZEALAND, CHINA AND THE PACIFIC

The rise of China, while of increasing concern to some in the context of the South China Sea or the East China Sea, has at present led, for the most part, to increased soft balancing activity in the Pacific.<sup>102</sup> The extent to which this will remain the case may well depend on the broader dynamics of the United States-China bilateral relationship in the years to come. China's role as an economic partner continues to be of great importance to both New Zealand and the United States. New Zealand, like many regional states, is seeking to discern the trajectory of the United States and China in both strategic and economic terms and to structure its regional posture accordingly.

The 2010 New Zealand Defence White Paper stated that while the US economy

“... is likely to show more resilience than many expect” the Chinese economy will “ebb and flow [while] the relative shift in economic weight is expected to continue. This will have implications for the distribution of global military power, as those states with growing economies are able to allocate more resources to military spending.”<sup>103</sup>

In this way, the rise of China has captured the attention of the Asia Pacific for good reason. In March 2012, Chinese Premier Wen Jiabao reportedly stated that China must enhance its military to ensure that it can win local wars in the Pacific.<sup>104</sup> While there are certainly limitations to projections based on linear thinking, it is quite significant to contemplate that under current trends China is projected to have an economy that is between one-third and two-fifths larger than the United States' economy by the year 2022. While there are strong signs that China's economy will continue to grow robustly, China's growth targets have been revised downward from 8 per cent in 2012 to 7.5 percent.<sup>105</sup> In annual defence expenditures China had an increase of 12.7 per cent from 2010 to 2011 and 11.4 per cent from 2011 to 2012 to reach a total of 670 billion Yuan.<sup>106</sup>

Some project that by 2015 China's military expenditure will exceed the expenditures of all 12 of China's neighbours.<sup>107</sup> The Stockholm International Peace Research Institute (SIPRI) has estimated that China's actual military expenditures in 2011 were two per cent of China's GDP rather than the official cited statistic of 1.28 per cent of GDP.<sup>108</sup> Under the above-mentioned economic projection, a Chinese defence expenditure of two per cent of GDP would yield a defence budget on par with the

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<sup>102</sup> Marc Lanteign, Presentation on “China and the Pacific,” Victoria University of Wellington, May 2012

<sup>103</sup> New Zealand Government, *Defence White Paper 2010*, Ministry of Defence, November 2010

<sup>104</sup> “Chinese Military Focus on Pacific,” *The Dominion Post*, 7 March 2012

<sup>105</sup> Chu, Ben, “Chinese Economic Crash Could Create Big Bang,” *New Zealand Herald*, 15 March 2012

<sup>106</sup> Richburg, Keith, “China Military Spending to top \$100 Billion in 2012, Alarming Neighbours,” *The Washington Post*, 4 March 2012 and “Chinese Military Focus on Pacific,” *The Dominion Post*, 7 March 2012.

<sup>107</sup> Richberg, Keith, “China Military Spending to top \$100 Billion in 2012, Alarming Neighbors” *The Washington Post*, 4 March 2012 and Foster, Peter, “China's Next leader Wined, Dined, Warned,” *The Dominion Post*, 17 February 2012

<sup>108</sup> Richberg, Keith, “China Military Spending to top \$100 Billion in 2012, Alarming Neighbors” *The Washington Post*, 4 March 2012

United States by 2022. Distinguished US diplomat Chas Freeman has also pointed out that while the US, under current strategic thinking will continue to have global strategic interests and responsibilities, China's interests will likely be focused to a much higher degree in its own geographic neighbourhood.<sup>109</sup>

As China's economic power continues to grow, many expect it will continue to seek to translate its economic power into military power and strategic influence as it asserts its interests abroad. China's posturing in recent years over the South China Sea, as well as its maritime boundary with Japan and its disputed land border with India, have made many in the region nervous of its strategic intentions. During Vice President Xi Jinping's visit to the United States in February 2012, President Obama was viewed as both seeking to develop a working relationship with China and seeking to warn China that China needs to do more to reassure the world that it will be a positive force in international affairs in the years to come.<sup>110</sup> The challenge for the international system is to continue to accommodate China's economic rise and accept it as one of the world's great powers while shaping its strategic behaviour in a way so that it is not destabilising to the strategic interests of other regional states and in a way that it contributes to global order concerns.

## **New Zealand and the Rise of China**

Prime Minister Key has stated that "New Zealand welcomes a closer dialogue with China on development cooperation in the Pacific."<sup>111</sup> More recently in April 2012 Foreign Minister McCully reiterated the Key government's desire to work more closely with China in the Pacific by stating "we can maximise our efforts if we work together more closely."<sup>112</sup> McCully has observed that China has more diplomats in the Pacific than Australia and New Zealand combined despite only having diplomatic representation in eight of the fourteen PIF countries. McCully has also stated that

"I do not regard greater Chinese activity in the Pacific as a great mystery. Nor do I attribute unwholesome motives. China is simply ... undertaking a level of engagement designed to secure access to resources on a scale that will meet its future needs, and establishing a presence through which it can make its other interests clear."<sup>113</sup>

China has reportedly pledged more than US\$600 million in soft loans to the region since 2005. This assistance gives the Chinese leverage. Such leverage has been used in the past to counter efforts by Taiwan to gain recognition in the region.<sup>114</sup> It has been argued that China's loans, grants and infrastructure projects, as well as support for Pacific regional organisations, are part of a new dynamic of soft balance of power activity in the Pacific.<sup>115</sup>

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<sup>109</sup> Freeman, Chas. "The China Bluff," *The National Interest*, 23 February 2012

<sup>110</sup> Foster, Peter, "China's Next leader Wined, Dined, Warned," *The Dominion Post*, 17 February 2012

<sup>111</sup> Key, John, "New Zealand and China: Our Shared Economic Future," Speech at Peking University, 15 April 2009

<sup>112</sup> McCully, Murray, "Speech to China Foreign Affairs University," 6 April 2012

<sup>113</sup> McCully, Murray, "New Zealand, Australia and China's Rise," *Scoop*, 7 April 2011

<sup>114</sup> "NZ Questions China's Pacific Aid Strategy," *New Zealand Herald*, 13 July 2011

<sup>115</sup> Lanteigne, Marc, "China, America, and Soft Balancing in the South Pacific," Pasifika Seminar Series, 2 May 2012

New Zealand's economy has become increasingly linked to China. It is New Zealand's fastest growing export market with exports accounting for 14 per cent of total New Zealand exports, up from 7 per cent of total exports in 2009. The value of New Zealand exports to China, which are primarily milk powder, butter and cheese, in January 2012 jumped 38 per cent over the previous year and now exceeds NZ\$6 billion, which is a substantial proportion of worldwide exports (Table 1).<sup>116</sup>

**Table 1. New Zealand's Main Export Commodities<sup>117</sup>**

	2011	2006
[In NZ\$ million]		
Milk powder, butter and cheese	11,334	5,762
Meat	5,398	4,500
Logs, wood, and wood articles	3,200	1,960
Crude oil	1,997	513
Mechanical Machinery and equipment	1,733	1,791
Fruit	1,487	1,161
Fish, crustaceans, and molluscs	1,382	1,146
Aluminium and aluminium articles	1,260	1,261
Total exports	46,072	32,430

The New Zealand Government promotes trade with China and is sensitive to anything that might disturb its lucrative trade relationship with China due to the increasing importance of that relationship to New Zealand's overall economic well being.<sup>118</sup> New Zealand's Free Trade Agreement with China has done much to facilitate New Zealand's trade relationship with China. China is New Zealand's second largest export partner (Table 2), with New Zealand exports to China more than three times higher in 2011 than in 2006.<sup>119</sup>

**Table 2. New Zealand's Main Trading Partners, 2011<sup>120</sup>**

	Imports	Exports
[in NZ\$ million]		
Australia	7,400	10,314
China	7,121	5,635
United States	5,057	3,931
Japan	2,969	3,371
Total all countries	45,073	46,072

There are a range of views in New Zealand on the rise of China, its implications for New Zealand and the way New Zealand should position itself within the shifting geopolitical and trade dynamics of the region. These views are overwhelmingly

<sup>116</sup> Weir, James, "Exports to China Booming," *The Dominion Post*, 28 February 2012

<sup>117</sup> "New Zealand in Profile: 2012," Statistics New Zealand, <http://www.stats.govt.nz>

<sup>118</sup> "PM Woos Chinese on \$3.5 m Yacht," *New Zealand Herald*, 15 March 2012

<sup>119</sup> "New Zealand in Profile: 2012," Statistics New Zealand, <http://www.stats.govt.nz>

<sup>120</sup> "New Zealand in Profile: 2012," Statistics New Zealand, <http://www.stats.govt.nz>

informed by New Zealand perceptions of the increasingly important role that China plays in buying New Zealand exports, although geopolitical considerations and the role of values are also important.

Foreign Minister McCully has stated that there is a “natural tendency for the rising powers [China] to define and pursue their interests in a more forthright way.” As a result, McCully has argued that countries large and small should “help mediate that relationship” through diplomacy and regional institutions.<sup>121</sup>

Foreign Minister McCully first pointed to New Zealand’s Free Trade Agreement with China when responding in 2011 to a question related to New Zealand’s relationship with China in a Pacific context. He pointed out that New Zealand’s trade with China expanded 166 per cent in the previous three years, growing by 40 per cent in the past year. McCully also stated that China is looking for resources and seeking to protect its interests as a global player and that the challenge is to increase cooperation and transparency with China and to work together. He added that New Zealand “needs to meet China half way” and develop a more cooperative effort in the Pacific.<sup>122</sup>

## **China in the Pacific**

There are a range of academic views in New Zealand and Australia on China’s role in the region. Some are concerned and view China as filling a vacuum created by the West while “incorporating the Pacific islands into its broader quest to become a major-Asia-Pacific power” with the long term goal to “ultimately replace the United States as the pre-eminent power in the Pacific Ocean.”<sup>123</sup> Some have also emphasised that China’s “Look South” strategy towards the region has led PICs to increasingly “Look North” to China rather than to traditional Western partners.<sup>124</sup> Others take a less concerned view, seeing opportunities for PICs to gain foreign assistance while pointing to China’s limited naval reach.<sup>125</sup>

While China has adopted a more assertive stance and hardening of its position in the South China Sea and the East China Sea, its approach to the Pacific has thus far been less overtly assertive. This alternative approach to the Pacific has been described by Marc Lanteigne at the Victoria University of Wellington as soft balancing and is seen as a key reason for renewed American and Western interest in the Pacific.

“The swiftly expanding diplomatic and economic presence of China in the South Pacific, as demonstrated by increased economic aid and various diplomatic initiatives, has prompted a rethinking by Washington and its Pacific allies of their strategic priorities in the region.”

Chinese strategic perceptions of the Pacific, as well as the manner in which it pursues

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<sup>121</sup> McCully, Murray, “Asia Pacific Century: Opportunities and Challenges,” <http://www.mccully.co.nz>

<sup>122</sup> Roggeveen, Sam, “Interview: NZ Foreign Minister McCully,” *The Lowy Institute Interpreter*, 5 September 2011

<sup>123</sup> Henderson, John and Benjamin Reilly, “Dragon in Paradise: China’s Rising Star in Oceania,” *The National Interest*, Summer 2003

<sup>124</sup> Brady, Anne-Marie, and John Henderson, (2010)

<sup>125</sup> Hill, Matthew, “Chessboard or ‘Political Bazaar’? Revisiting Beijing, Canberra and Wellington’s Engagement with the South Pacific,” *Security Challenges*, Spring 2010

its interest in the region, will influence US and New Zealand perceptions of its role. There is also the potential that a deterioration of the strategic situation in the Western Pacific could influence the dynamic between China and Western powers in the South Pacific. China's aid to the Pacific, with its relative lack of transparency and focus on buildings and soft loans differs in its approach from Western development assistance.

While the region had been an arena for Chinese and Taiwanese diplomatic rivalry, this rivalry, which manifested itself in terms of dollar diplomacy was suspended following the election in 2008 of President Ma Ying-jeou of the Nationalist Party of Taiwan who sought improved relations with China. Ma was returned to office in 2012. Kiribati, the Marshall Islands, Nauru, Palau, the Solomon Islands and Tuvalu are among the 23 governments that recognise Taiwan.<sup>126</sup>

In recent years, it appears that China has increased its aid to and engagement with the Pacific to pursue other interests as well. In addition to seeking diplomatic leverage through the region, China is thought to seek to gain access to resources, including minerals, timber, and fish, and to extend its influence in the region. China's aid programme to the Pacific is difficult to quantify but appears to be significant and growing. China is thought to be the third largest aid donor to the Pacific after Australia and the United States, and is thought to contribute about US\$200 million as compared with approximately US\$1 billion in Australian assistance to the region annually.

New Zealand has expressed interest in working with China in aid projects in the Pacific. This could help draw China into a collaborative posture in the region. If China resists such efforts to draw it into collaborative development projects with Western nations it would then appear that China views its assistance as in competition with Western assistance.<sup>127</sup> It was reported that the New Zealand government invited China to join the 2009 Cairns Compact that encourages transparency in foreign assistance to the region and that China declined.<sup>128</sup>

China's first and second Island Chain strategy in the Pacific, when combined with the projected further expansion of Chinese naval capabilities, such as the launch of its first aircraft carrier for sea trials in 2011, appears to be drawing China militarily closer to the Pacific region. China's increasing military capability will likely give it the ability to be more directly involved in the region in the future, though the development and integration of naval capabilities, such as aircraft carriers, will take time to develop.

## **Crafar Farms Controversy**

The Crafar Farms case is an interesting one to gain insight into New Zealand's perspective on foreign ownership of land in New Zealand in general and more specifically into New Zealanders' views towards China and Asia relative to other non-Asian countries. There appears to be a higher level of sensitivity within New Zealand

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<sup>126</sup> Lanteigne, Marc, (2102),

<sup>127</sup> "Aid Action in Oceania," *National Times*, 13 April 2011

<sup>128</sup> Lanteigne, Marc, (2012)

society to Chinese corporate purchases relative to purchases by Western individuals. In part, this seems to stem from a fear of what a faceless corporate entity might do. It also may reflect lingering suspicion among some elements of the population of being dispossessed of the land by Asian corporate interests.

The total purchase of land by China in New Zealand is small when compared with the purchases of land by other foreign interests. The Crafar farms sale included 7,900 hectares of New Zealand farmland, a collection of 16 farms that fell into receivership and were being sold as a group. The New Zealand Government approved a bid by the Chinese company Shanghai Pengxin to purchase the farms for approximately \$200 million but the High Court subsequently overturned the sale.<sup>129</sup>

The Chinese government responded by pointing out that foreign investors may rethink their plans to invest in New Zealand if the Crafar farms bid by Shanghai Pengxin is ultimately rejected. A Chinese Embassy spokesman in Wellington also stated that “I know there are some people in your country who are very sensitive to simply the term China.”<sup>130</sup>

It is possible that the controversy over the Crafar sale reflects a growing sensitivity within New Zealand to China’s growing economic influence over the country which is itself a factor of New Zealand’s rapidly expanding trade with China. This dynamic may in some ways parallel past changes in attitudes towards China in Australia. In Australia, the trial of Rio Tinto mining executives on charges of spying, and China’s urging of suppression of publicity surrounding Uighur leader Rebiya Kadeer and the Dalai Lama led to a realisation by many Australians that the high degree of Australia’s economic closeness to China was leading to Chinese pressure on Australia to make policy decisions that ran counter to many Australians’ values.

From this discussion it is clear that New Zealand’s relationship with China will likely continue to be of central importance to New Zealand. This will involve national economic interests related to the developing trade relationship with China as well as national security interests related to a likely continued expansion of China’s influence in the South Pacific. While unclear at this time, the relationship may also become more complex if New Zealand societal values are perceived to be challenged by this increasingly close relationship with China.

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<sup>129</sup> Bennett, Adam, “Māori Mount Legal Challenge to Crafar Decision,” *New Zealand Herald*, 28 February 2012. Cheng, Derek, “Shearer’s Law Would Close Door on Most Foreign Buys,” *New Zealand Herald*, 12 March 2012

<sup>130</sup> Chapman, Kate, “Investors Will Rethink NZ – Chinese Say,” *Dominion Post*, 16 March 2012

## 5 PERSPECTIVES ON US-NEW ZEALAND PARTNERSHIP

We must ask the question, if the US and New Zealand have largely common values, then why did these two nations, in the period from 1984 to 2010, have such distance in their relationship? Insights into this answer can be found both in the subtle differences in the two nation's values, as articulated by David Hackett Fischer, as well as through a return to our earlier discussion of New Zealand's relationship with the UK and the impact that had New Zealand values and interests.

This examination yields insights into the bilateral relationship. The first is an understanding of why some in New Zealand have been somewhat sceptical of becoming overly reliant on a single great and powerful friend. The second is to understand the extent to which New Zealand's need to maximise its economic opportunities in a globalised economy is influencing its perceptions of China. New Zealand's desire for independence in its external relations can be viewed as a consequence of its historical experience. It should, if respected, not be an impediment to closer cooperation with the US. Shared interests, as well as values, have also played a key role in bringing the US and New Zealand closer together in recent years.

### Identity, Interests & Values

While national interests, such as trade promotion to increase national wealth, are important, the role of values also deserves close attention, particularly in democratic societies, even as they are more difficult to define. The role of values can be seen in New Zealand's emphasis on humanitarian and developmental assistance in its foreign policy toward Pacific Island states in its neighbourhood. The role of values can also be seen in desires by many in New Zealand to remain actively involved in the United Nations and through efforts to promote international peace and stability and thereby play an active role as an international good citizen. This value also relates to a New Zealand's national interest in promoting a rules-based international order.

While the US and New Zealand share many values drawn from their common roots as largely British settler societies, the two nations' values, and from these their national identities, have evolved differently over time. David Hackett Fischer attributes key differences in values between the US and New Zealand to the timing of their founding. The US was founded during the First British Empire when concepts of freedom were paramount. New Zealand was founded later during the Second British Empire when concepts of fairness were more prominent.<sup>131</sup> While values are a deep force that can draw the two nations together they can also be at the core of differences of opinion. While Americans look to New Zealand and see a nation very similar to their own, there are areas of value differences that have an impact on policy.

Professor of Strategic Studies at Victoria University Rob Ayson has delved into the importance of values in New Zealand's engagement with Asia and the world.

“Interests are more concrete, tangible, and material. Values are more abstract, intangible and ideational. Interests are calculable, subject to rational analysis. Values are feelable, ... they are more likely to be about emotions and

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<sup>131</sup> Woodward, Colin, “Fairness and Freedom,” *Washington Post*, 18 February 2012

experience. Interests are things that we regard as necessary for our daily existence. Values are more about what we think is right and good. Interests drive pragmatism and prudence. Values drive moralism and ideology.”<sup>132</sup>

In discussing the role of values in foreign affairs, Ayson has stated that New Zealanders and Americans do not hold identical worldviews despite many commonalities. Ayson, writing before the work of Fischer, has observed that New Zealand’s value system

“...has been shaped by our unique interactions with the Pacific amongst other things. We also probably speak more about rules-based institutions than about freedom, a value which has very strong roots in America’s domestic experience.”<sup>133</sup>

Ayson has also observed that New Zealand’s demographic shift to become an increasingly Asian nation will also likely influence its values in international affairs.

The importance of independence of action must be highlighted as having become a value for New Zealand foreign policy. This is evident in New Zealand’s support for the UN as well as close relations with the US, its FTA with China, in its leadership on climate change and the environment as well as its nuclear policy. It is somewhat counter-intuitive that increased understanding of New Zealand’s desire for independence of action in international affairs is a key factor behind ongoing closer cooperation between the US and New Zealand.

There are other value differences, including differences in the political spectrum of the two nations, views on the role of religion and the state and views on the role of government in public welfare, for example, which indirectly influence the bilateral relationship. Attention to these differences can lead to better understanding of both nations.

The UK’s strategic withdrawal from Asia when combined with its economic shift from the Commonwealth to Europe had a profound effect on New Zealand. The process of its withdrawal from Asia began with the Fall of Singapore in 1942. New Zealand had contributed much to the development of the British base at Singapore. Britain’s 1968 decision to pull back its military forces East of Suez by 1971 signalled the end of substantial British military power in Asia. However, one vestige remains: the Five Power Defence Arrangements of 1971 that include Australia, Malaysia, New Zealand, Singapore and the UK.

In 1973 the UK entered the European Common Market. This event came to have an overwhelming impact on New Zealand’s trade relationships with Britain. In 1940, the UK bought 88 per cent of New Zealand exports,<sup>134</sup> and in 1950, it still bought 70 per cent,<sup>135</sup> but this dropped to 50.9 per cent by 1965, 35.9 per cent by 1970, 22.2 per cent

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<sup>132</sup> Robert Ayson, Professor of Strategic Studies, Victoria University of Wellington, “Interests, Values and New Zealand’s Engagement with Asia,” Inaugural Lecture Hunter Council Chamber, 19 July 2011

<sup>133</sup> Robert Ayson, Professor of Strategic Studies, Victoria University of Wellington, “Interests, Values and New Zealand’s Engagement with Asia,” Inaugural Lecture Hunter Council Chamber, 19 July 2011

<sup>134</sup> Henderson, John, in Alley, Roderic, (1984), p.88

<sup>135</sup> Fischer, David Hackett, (2012), p.180

by 1975, and 17 per cent by 1979.<sup>136</sup> By 2010 the UK accounted for only 3 per cent of New Zealand exports. In 1964 Europe as a whole accounted for 74 per cent of New Zealand exports. This dropped to 18 per cent by 2010.<sup>137</sup>

Fischer, using the work of New Zealand historian James Belich, points out that the UK's decision to join the European community had a profound effect on the thinking of New Zealanders. "Worse than the material injury was a deep sense of moral outrage against a mother country that so casually abandoned its own children." This, when combined with the oil shock of 1973, put the New Zealand economy into decline. New Zealand's national product per capita declined for six years following its levelling off in 1975.<sup>138</sup>

New Zealand, whose economic security was undermined by these events in the 1970s, had arguably been the UK's most loyal supporter. New Zealand troops had fought and died as part of the British Empire in the Boer War, World War I, World War II, and had also fought with the British in Malaya and in the Indonesia-Malaya Confrontation. Over 6,000 fought in the Boer War and over 100,000 served in World War I, representing 40 per cent of the male population between 20 and 45. New Zealand eventually lost 16,317 soldiers in World War I and lost a further 11,625 in World War II, in which most of its soldiers served in distant battlefields in North Africa even after the fall of Singapore while Japanese forces threatened in the South Pacific.<sup>139</sup> In addition, New Zealand troops fought in Korea and Vietnam, though these commitments were more in support of American than British strategic interests.

New Zealand was perhaps more adversely affected than in Australia because of New Zealand's history and ethnic composition. Australia's convict, as well as settler, past gave it a somewhat more equivocal approach to Britain. Its ethnic composition, which is significantly more Irish in nature, as opposed to the more Scottish and English composition of New Zealand may also help explain why New Zealand was relatively reluctant to lessen its ties with Britain. In 2001, 30 per cent of Australians were Irish Catholic as opposed to only nine per cent in New Zealand.<sup>140</sup>

New Zealand academic John Henderson has described New Zealand as a "reluctant nation" due to its strong attachments to the UK and early reluctance to pursue an independent path in its foreign affairs. The Statute of Westminster of 1931, in which the British Parliament formally granted full legal independence to New Zealand was only belatedly ratified by New Zealand in 1947.<sup>141</sup>

The UK's economic shift away from New Zealand lessened the economic security aspect of the relationship at a time when the strategic security aspect of the relationship had already been greatly reduced. Further, it added the threat of economic marginalisation in an increasingly globalised trade environment. As a result, security policies reliant on external power guarantees have met with some scepticism in New Zealand in the contemporary era. This scepticism was exacerbated by the Vietnam

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<sup>136</sup> Alley, Roderic, (1984), , p.228.

<sup>137</sup> McCully, Murray, "Asia Pacific Century: Opportunities and Challenges," <http://www.mccully.co.nz>

<sup>138</sup> Fischer, David Hackett, (2012), p.180, 452

<sup>139</sup> Henderson, John, in Alley, Roderic, ( 1984), p. 90

<sup>140</sup> Fischer, David Hackett, (2012), p.225

<sup>141</sup> Henderson, John, in Alley, Roderic, (1984)

experience which left a generation of New Zealanders – as well as many Americans – more critical of United States foreign policy.

Values derived from culture and history appear to be part of the explanation for why New Zealand contributed so much to Britain's wars and also to explain why New Zealand remained reluctant to fully move on from its relationship with Britain even after the Fall of Singapore and declining trade in the postwar years.

While many New Zealanders supported the Labour Party's position on nuclear issues out of security and environmental concerns, the New Zealand people as a whole were initially reluctant to leave ANZUS even after the 1984 break. In 1986, only 29 per cent of New Zealand Labour Party voters felt that New Zealand was safer outside ANZUS while 57 per cent of Labour voters and 71 per cent of New Zealanders actually favoured staying in ANZUS.<sup>142</sup>

### **Strategic Debate in New Zealand**

After decades of being friends but not allies, the New Zealand Government under Prime Minister John Key has effectively consolidated a return to close security and defence relations with the United States. The Government's desire to return to closer ties with the US coincided with, and was facilitated by, the Obama's Administration's rebalancing towards Asia and the Pacific. It should be noted that the Government built on improvements in the bilateral relationship begun under Key's predecessor, Helen Clark, including in the area of security and defence ties, to reach the November 2010 Wellington Declaration. This closer cooperation, as discussed, was subsequently expanded further through dialogue, visits, and exercises that culminated in the Washington Declaration on Defence Cooperation in June 2012.

While the New Zealand Government has been clear and focused in its policy direction to improve bilateral relations with the US there exists to a limited degree debate within defence and foreign policy circles within the relevant ministries, public policy institutions, academia and to a lesser extent the general public in New Zealand over this shift in New Zealand foreign and defence policy. The shift to closer ties with the US appears to enjoy support from the opposition Labour Party. While the Labour Party may stress to a relative degree New Zealand's independence in foreign policy it will not likely challenge Key's policy direction on closer relations with the US.

The extent to which there is a debate within foreign and strategic policy circles as to how New Zealand should chart its course in the Pacific in the context of the rise of China and the U.S. rebalancing towards Asia is limited and largely informal and appears to be coalescing around three loosely defined positions. The Government's decision to develop defence ties with the US was not controversial among New Zealanders. This was demonstrated by the minimal public debate that followed the announcement of the Washington Declaration. One view that expressed unease with the move called for closer alignment of New Zealand's strategic relations with its developing trade relations.<sup>143</sup>

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<sup>142</sup> McKinnon, Malcolm, (1993), p. 289

<sup>143</sup> O'Brien, Terence, "Care Needed with US Defence Thaw," *Dominion Post*, 26 June 2012

The first position in the debate, represented by the New Zealand Government, is comfortable with American power in Asia and the Pacific and seeks to actively establish closer political, security, and trade ties with the US while maintaining close trade relations with China. This dominant view emphasises the shared values that have underpinned past cooperation with the US. This position is closer to that of Australia's strategic posture than the other two positions. This is important because of the central position that Australia plays in New Zealand's strategic plans. Like almost all Asia Pacific nations, New Zealand does not wish to have to choose between the US and China.

Second, is a view that places more emphasis on New Zealand's relative economic closeness to China, is more worried that New Zealand may have to choose between the US and China, and fears that this could have negative, largely economic, consequences for New Zealand. This second group, if pushed by an adverse strategic environment would side with the US. Like all New Zealanders, this group does not want to have to choose between economic and security interests.<sup>144</sup>

The third and smallest group views the US and China as two great powers without making much of distinctions between the two in terms of values and prefers a more even-handed approach to relations with the US and China and emphasises New Zealand's economic interests with China as key to New Zealand's economic security. This group generally does not oppose enhanced cooperation with the US as long as it does not compromise New Zealand's relationship with China. As such, it would place limits on developing the bilateral relationship with the US. Some in this group also emphasise the economic – and by implication the eventual military – decline of the US relative to China's rise.<sup>145</sup>

## Capacity Issues

One of the factors that may place limits on New Zealand's ability to carry out its full range of foreign policy objectives is its limited diplomatic and defence capacity due to its small size. While many of New Zealand's diplomats are of the highest calibre, the cohort is small in number especially when measured against the nation's broad international agenda. There are a number of important diplomatic challenges facing New Zealand, including diplomacy related to the evolving correlates of power and emerging strategic and economic architectures of the Asia Pacific and New Zealand's bid for a seat on the United Nations Security Council in 2014.<sup>146</sup>

It is believed that Overseas Developmental Assistance (ODA) can do much to alleviate poverty and inequality and as a result improve stability in developing nations including those in the Pacific. "In some Pacific neighbours well targeted aid helps lift people out of poverty by reducing unemployment and corruption and improving health, thereby contributing to stability."<sup>147</sup> While New Zealanders rank in the top five

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<sup>144</sup> Ayson, Robert and David Capie, "Evolution Not Revolution: The US-NZ Security Partnership," East-West Center, 31 March 2011

<sup>145</sup> O'Brien, Terence, (2009)

<sup>146</sup> O'Brien, Terence, "Bad Time to Make Cuts to the Foreign Affairs Budget," *Dominion Post*, 2 February 2012

<sup>147</sup> Green, Wren, "State Doesn't Reflect our Generosity," *Dominion Post*, 1 June 2012

out of 120 countries on levels of assistance provided on an individual basis, New Zealand ODA ranks low when compared with Organisation of Economic Cooperation and Development (OECD) countries. Data for 2011 place New Zealand at only 0.28 per cent of gross national income (GNI) going to ODA, which is far less than the 0.5 per cent levels it attained in the 1970s. Australia, at 0.35 per cent of GNI, increased its ODA for 2012 by AD\$315 million to a total of AD\$5.2 billion. New Zealand ODA is estimated to be \$550 million in 2012.<sup>148</sup>

A key challenge for the New Zealand Defence Force (NZDF) is being able to work with the US across a broad range of collaborative activities. Where once policy differences limited what could be done between the two nations' militaries, now it appears that New Zealand's small size and limited numbers of personnel may become a limiting factor. That said, there is a strong desire inside the Ministry of Defence to do what it can with the United States military.

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<sup>148</sup> Green, Wren, "State Doesn't Reflect our Generosity," *Dominion Post*, 1 June 2012

## 6 CONCLUDING OBSERVATIONS

A more nuanced understanding of New Zealand's international posture depends on continuing to better understand New Zealand's search for independence and economic security and its conceptualisation of its strategic space in the South Pacific and more broadly in Asia, as well as its values as they pertain to international and strategic affairs. The relative impact of history and geography in shaping these conceptions has changed over time. As a result, New Zealand is more Pacific-focused and increasingly Asia-focused. Understanding this change will continue to facilitate the United States' and New Zealand's partnership in the Pacific and beyond.

While the United States' strategic and economic geography is global, New Zealand's geography is more regionally focused on the South Pacific and Asia. New Zealand's current strategic guidance, as well as its historical relationship with the South Pacific, its changing demographic composition and regional security concerns will continue to call for it to be an active player in its near region. New Zealand will likely focus its efforts in the South Pacific as its primary area of strategic interest. New Zealand's economic geography, and its continuing efforts to diversify its trade relations, will likely continue its increasingly broad focus on Asia and regional economic architectures. Within this context China has come to play a key role in New Zealand trade relations. China's increasing presence in the South Pacific will also continue to be of interest to New Zealand.

New Zealand's strategic interests in the South Pacific and its larger Asia Pacific political and economic interests run in tandem with America's rebalancing towards Asia. This American rebalancing contains within it a renewed focus on the Pacific which directly brings US and New Zealand conceptions of their strategic geography into the same space.

While shared interests are of great importance, it is the shared values between the US and New Zealand that give this Pacific partnership its special character. The return to a close defence and security relationship would not likely have been achieved if based on shared interests alone, as it reflects a desire by both nations to re-establish the closeness that these two peoples feel for each other. This closeness stems from shared values, history, and culture, as well as interests, that in many ways give these two nations a shared view of the world.

While it is the shared sense of values and interests that allows the close security ties that have been re-established, subtle differences in values, as discussed above, have led to past disagreements, and continued American attention to New Zealand's values in international affairs – particularly New Zealand's nuclear policy and its desire for independence – will allow the US and New Zealand to build a Pacific partnership that can help meet future challenges in the region.

The US, by agreeing to let past differences over nuclear policy no longer define the relationship, shifted its approach to New Zealand in a way that demonstrates respect for New Zealand's nuclear policy and its independence in foreign affairs. Continued sensitivity to New Zealand's nuclear stance and its desires for independence in international affairs will likely facilitate further deepening of the rapidly expanding linkages between these two great open societies. Expansion of economic and trade ties

between these two, and other, nations through the Trans Pacific Partnership agreement would further enhance this relationship while expanding economic opportunity for many.

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## **APPENDIX 1: SHARED VALUES**

“My visit is part of a committed, concerted effort to restore America’s rightful place as an engaged Pacific nation. In this, as in so many other endeavours, we have a strong partner in New Zealand.”

– Secretary of State Hillary Clinton

“New Zealand and the United States are partners in the 21<sup>st</sup> Century. To me this is an exciting and achievable proposition. Our partnership is based on the bedrock of shared values which both countries have been prepared to defend around the globe.”

– Rt Hon Jim Bolger

“The United States and New Zealand see the world in similar terms – in fact, in many respects, much closer than some countries that would be described as formal allies ... I think it’s a fantastic foundation to build on to move forward.”

– Assistant Secretary of State Curt Campbell

“The United States can continue to count on New Zealand as an engaged, active and stalwart friend.”

– Minister of Foreign Affairs Murray McCully

“New Zealand and the United States, Kiwis and Americans, have a long history of partnership. It is one that is grounded in common interests, but it is elevated by common ideals ... not just here in the Pacific, but indeed, across the globe.”

– Former Secretary of State Condoleezza Rice

“... a shared western heritage, which has shaped common liberal and democratic values, has also produced a like-mindedness that draws our two countries together.”

– Hon Phil Goff

“As New Zealand and the United States commemorate our shared history, we reflect on values that underpin our special relationship. Together, as we remember the hardship and loss of World War II, we also celebrate our response to those dark times, our camaraderie and the spirit of the men and women, military and civilian, called to serve in the face of such adversity.”

– US Ambassador to New Zealand, David Huebner



## **APPENDIX 2: WELLINGTON DECLARATION**

### **Wellington Declaration on a New Strategic Partnership Between New Zealand and the United States of America**

The Wellington Declaration was signed by Minister of Foreign Affairs Murray McCully and US Secretary of State Hillary Clinton during her visit to Wellington on 4 November 2010.

Minister of Foreign Affairs for New Zealand Murray McCully and Secretary of State Hillary Rodham Clinton of the United States of America met today to reaffirm the close ties between their two nations and to establish the framework of a new United States-New Zealand strategic partnership to shape future practical cooperation and political dialogue.

New Zealand and the United States are both Pacific nations. Our governments and peoples share a deep and abiding interest in maintaining peace, prosperity, and stability in the region, expanding the benefits of freer and more open trade, and promoting and protecting freedom, democracy and human rights worldwide. We recall the long history of shared United States and New Zealand sacrifice in battle and we honour those, past and present, who have borne that sacrifice.

As we look to the challenges of the 21st century, our shared democratic values and common interests will continue to guide our collective efforts.

The United States-New Zealand strategic partnership is to have two fundamental elements: a new focus on practical cooperation in the Pacific region; and enhanced political and subject-matter expert dialogue – including regular Foreign Ministers' meetings and political-military discussions.

We resolve to further our two nations' joint cooperation in addressing broader regional and global challenges, such as climate change, nuclear proliferation, and extremism.

We resolve also to develop new joint initiatives that confront the challenges faced by the Pacific. Particular areas of focus are to include renewable energy and disaster response management. We recognise that climate change adaptation in the Pacific is also a priority for both countries and is an issue to which the United States and New Zealand are committed. We intend also to work closely to enhance dialogue on regional security issues.

We endeavour to develop deeper and broader people-to-people ties between the United States and New Zealand, encouraging innovation, and expanding our commercial and trade relations, building on the creativity and rich diversity of our societies.

To ensure the broadest participation of our citizens in strengthening the relationship between our two nations, we should focus efforts across our societies, including women, youth, minorities and future leaders.

We are dedicated to working together to address trade, security and development issues through APEC, the East Asia Summit, the United Nations, and other regional and multilateral institutions.

Our goal is a partnership for the 21st Century that is flexible, dynamic, and reflects our fundamental beliefs and aspirations.

Signed at Wellington, in duplicate, this 4th day of November, 2010.

For New Zealand:	Murray McCully	For the United	Hillary Clinton
	Minister of Foreign	States of America:	Secretary of State
	Affairs		