CSCAP Outlook 2021

New Zealand – A Re-elected Government with Less Appetite for Geopolitics

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If you'd asked New Zealanders in late 2019 what they thought would be dominating the local headlines a year later, there was an easy answer: one election at home and one election abroad. These would answer the big political questions of 2020. Could Jacinda Ardern earn a second three-year term in Wellington and second and could Donald Trump become a two-term President in Washington DC?

Nor would it have been difficult to forecast New Zealand's leading foreign policy question in 2020: how does one deal with the implications of China's rise? This issue has been in the minds of New Zealand's policy community for several years, and there was little sign of that changing. Dealing with a more powerful and confident China was also the leading foreign policy issue for Australia, New Zealand's very close ally. China's growing role had also been affecting the pattern of influence in the South Pacific, New Zealand's primary area of strategic interest. Further into the region, China's re-emergence as a great power has for some time been the leading geopolitical consideration for New Zealand's traditional partners in Southeast Asia and the main external condition in which ASEAN operates. China was also bound to provide the principle foreign policy focus for whoever would be sworn in as President on 20 January 2021, just as it would be the leading issue for America's allies and partners in Asia.

But like your average Australian, Malaysian, or Korean, your average New Zealander could not have been expected to foresee the issue that would dominate all of our lives in 2020: Covid-19. For a while at least, the pandemic has become an independent variable. The two elections quickly became verdicts on how well the incumbents have dealt with the virus. With the United States falling well short of an effective response, Trump's election failure in early November became all but inevitable. By contrast, having led New Zealand into an internationally enviable position in containing the spread of Covid-19, Ardern's already strong position became unassailable.

But the coalition government led by New Zealand's Labour Party has changed. With its populist, anti-immigrant stance made redundant by the virus, New Zealand First is gone, having lost all of its seats in parliament. This means saying goodbye to Winston Peters, the venerable Foreign Minister in a cabinet of younger colleagues. As an experienced Asia hand with an eye for shifting geopolitical currents, Peters was skeptical about China's increasing regional role, especially in the South Pacific. In a series of speeches he went out of his way to attract America's interest in New Zealand's close neighbourhood.

Meanwhile his New Zealand First colleague Ron Mark took advantage of New Zealand's growing concerns about Beijing's strategy, including in the South China Sea, to argue for urgent replacements for ageing defence equipment. The result

was almost unprecedented in the recent history of New Zealand defence capability decision-making. As Defence Minister Mark secured replacements for the ageing Orion maritime surveillance aircraft – the P8 Poseidons which will have significant antisubmarine warfare capacities. Before leaving office he did the same for the overworked C-130 Hercules transport aircraft which will be succeeded by C-130Js. Both decisions reinforce New Zealand's interoperability with traditional partners, including Australia and the United States.

The Greens, the other party holding ministerial portfolios in the first Ardern government, did not stand in the way of these new defence commitments. They now become Labour's only partner in government with two ministerial portfolios. And once the virus no longer dominates the scene, progressive foreign policy causes, including climate change, human rights, and development issues in the South Pacific are likely to attract an increased share of the second Ardern government's attention.

Correspondingly, there may be less bandwidth available for geopolitical ruminations: New Zealand officials may find that there is less enthusiasm in Cabinet for this sort of thinking, and may question whether a National Party government some time down the line would be that way inclined. Moreover, having run up a large debt trying to keep kiwis in jobs and New Zealand companies afloat during the strict covid lockdown of 2020, it is difficult to see defence and foreign affairs having a prime seat for funding requests in subsequent years. The pools of money that Peters and Mark extracted for their portfolios may get a bit smaller now that these two politicians are no longer around. Their lesser known successors in these roles are not among Labour's most influential politicians whose main focus will be on domestic policy challenges.

Yet the external policy demands facing New Zealand have not vanished. While some problems have been overshadowed by the acute international crisis brought on by the pandemic, others have been illuminated and exacerbated. For example, the covid era has placed extra strains on the multilateral rules-based approaches to international politics, where problems are addressed through negotiation rather than plays of power. This has long been a foundation of New Zealand foreign policy. It has made Wellington an enthusiastic and early joiner of cooperative endeavours when these favour the small as well as the strong. From seeking temporary spots on the UN Security Council to joining new multilateral forums which have ASEAN at their centre, New Zealand has been quick to snap up opportunities to be inside these tents.

A transnational pandemic ought to be one of the low hanging fruit that is custom made to show this cooperative machinery at its finest. But this opportunity has been missed. Regional cooperation, at least of an inclusive and integrative sort, has not shone. Where have the ASEAN Regional Forum and the East Asia Summit been when they have been needed? How much has APEC, which New Zealand chairs in 2021, made a difference? And given the rapid spread both of the virus and of travel restrictions applied by nearly every nation state to protect their

populations, there are now more obstacles to the more open and integrated world that New Zealand policy has long encouraged.

With multilateral ventures hardly shining bright, New Zealand has been seeking out what might be called coalitions of the trusted – fellow polities and economies amongst whom supply chains can be salvaged and travel slowly bought back to life. The philosophy is not a new one for New Zealand in Asia: there are echoes of earlier minilateral building blocks which can encourage wider patterns of cooperation eventually. One example is New Zealand's involvement with Singapore, Brunei and Chile in the P4, the forerunner of what became the Comprehensive and Progressive Trans-Pacific Partnership. The same foursome featured in an April 2020 ministerial announcement on maintaining supply chain connectivity in the covid era which also featured Australia, Canada, Laos, Myanmar and Uruguay. But opening up has been a slow process even among closest and most trusted partners, as the repeatedly postponed idea of a travel bubble between New Zealand and Australia demonstrated.

Some opportunities for cooperation have come in Indo-Pacific guise. New Zealand was never an early adopter of this way of talking about the region: Asia-Pacific and South Pacific worked just fine. But bowing to the almost inevitable Wellington eventually settled on a familiar formulation: New Zealand would step inside Indo-Pacific tents whenever principles of inclusivity and openness applied. This was code for avoiding new groupings that were established deliberately to exclude others in the Asia-Pacific region, especially China. In making this cautious step in 2018, New Zealand was following a similar script to ASEAN, whose strategy, forged by Indonesia, conveys the idea of Indo-Pacific regionalism with Southeast Asian characteristics.

Two years on, New Zealand's Ministry of Foreign Affairs noted that New Zealand was involved in talks on covid-era cooperation with Indo-Pacific partners - Australia, the United States, India, Japan, Korea, and Vietnam. In that acknowledgement the Ministry highlighted ASEAN-centred forums as models of best practice. So far, so consistent. But through other glasses, this Indo-Pacific group looks remarkably like a Quad Plus affair with the United States, India, Japan and Australia sitting alongside some of their like-minded partners. Unlike its close ally Australia, New Zealand is neither a member of the Quad nor an advocate of it. New Zealand-India relations remain barely noticeable. But New Zealand and Japan have talked up the benefits of Free and Open Indo-Pacific cooperation. Moreover, keeping the United States regionally engaged has been a highly valued prize in the Trump era for New Zealand among many others. Moreover, in a 2019 *Defence Assessment* New Zealand explicitly positioned its South Pacific interests in an Indo-Pacific context. That it did so at a time when its concern about China's role in the Pacific was rising should not be lost on observers.

There is more. In the middle of 2020, New Zealand joined a Ministerial level discussion on economic cooperation with Australia, Canada, the United Kingdom and the United States. This Five Eyes consultation, promoted by Scott Morrison's government, came as Washington was advocating economic decoupling from

China – and information technology decoupling also. But while the Ardern government had earlier declined a 5G telecommunications upgrade bid from a local company which included Huawei, it's unlikely that New Zealand would want to do without the economic benefits of a strong commercial relationship with China. That's even more so when you are trying to reboot your economy from the covid era which has hit tourism and international student revenues

Wellington has watched on as Canberra's relationship with Beijing has become increasingly brittle. There hasn't been much enthusiasm in New Zealand for copying this formula. At points they have argued in parallel: in separate announcements New Zealand and Australia expressed their concern about Beijing's new National Security Law for Hong Kong. But Wellington offered a muted response to Scott Morrison's proposal for an international investigation into the origins of covid-19, an idea to which China took considerable offence. Moreover, New Zealand's advantages of having a greater degree of autonomy from Washington in comparison to loyal ally Australia have been magnified in the Trump era.

Which brings us back to two elections and the China question. Biden's arrival in office is cause for many major sighs of relief from the second Ardern government. The world's most important democracy is now in more responsible hands. Biden's Whitehouse will have a more positive outlook on some of the things that matter to New Zealand – multilateral diplomacy, climate change cooperation which recognizes the problem as a clear and present danger, and promoting a rules-based order at home as well as offshore. Although Biden has to cope with the realities of US protectionist sentiments and is unlikely to bring the US into the TPP, his Administration will be more inclined to see trade agreements as things that can work for more than one party. That's crucial for New Zealand and many of its partners in Asia.

American policy will seem more reasonable and articulate. That alone will change America's role in the region. But on China, Biden and the Democrats shares many of the Republican's concerns, which are in fact concerns of the Washington policy establishment. Just as Hillary Clinton would have been firm on Beijing had she been elected, Biden will adopt a similar path. In contrast to Trump's haphazardness, this will be firmness consistently applied. And while Washington will be much less prone to impose tariffs on its allies and partners in Asia (to the relief of Japan, Korea and others), it will expect more from them in joining the pressure on China. Those expectations will also be clear and consistent. That means more certainty but it also means more geopolitical competition to which New Zealand and many in ASEAN are allergic. What more can you do for the team in the South Pacific, and Southeast Asia too, New Zealand and others will be asked. Working out what to do with these expectations will take some adroit diplomacy from the Ardern government. But it will be far better to have the challenge of navigating Asia's shifting currents, which continue to move in China's favour, without the awfulness of Covid.