

IN FROM THE COLD: U.S.—NEW ZEALAND TIES RETURNING TO NORMAL

By Murray Hiebert, Benjamin Schaare, and Christopher Doyle



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Front cover image: HMNZS *Otago* (front) forms part of the Royal New Zealand Navy fleet concentration in the Cook Strait [New Zealand Defence Force, licensed under creative commons BY].

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EXECUTIVE SUMMARY

This essay analyzes the dramatic thaw in U.S.–New Zealand relations in recent years and explores ways that the two countries can cooperate to boost security, particularly in the Asia-Pacific, and bolster trade and investment ties with other Pacific nations.

MAIN ARGUMENT

The docking of the HMNZS *Canterbury* at the U.S. naval base in Hawaii in June 2014 marked the near-complete normalization of relations between the U.S. and New Zealand. Strategic ties between these two erstwhile partners were severely strained in 1985 when New Zealand barred port visits by U.S. ships that could be carrying nuclear weapons. Relations began improving in the early 2000s when New Zealand sent special forces to support the U.S.-led war in Afghanistan in 2001 and a contingent of military engineers to support the U.S. mission in Iraq in 2003. Soon after the Obama administration announced its rebalance to Asia, then secretary of state Hillary Clinton visited New Zealand and called for “a new focus on practical cooperation in the Pacific region.” As the United States focuses more attention on the Asia-Pacific, New Zealand is emerging as a willing and able partner with many shared regional objectives.

POLICY IMPLICATIONS

- The restoration of military relations allows New Zealand’s defense forces to recover from years of U.S. isolation and begin to play a larger role with the U.S. and Australia on regional and global security issues.
- With respect to economic and trade issues, Washington and Wellington have an opportunity to work together to press for completion of the Trans-Pacific Partnership.
- The U.S. and New Zealand can now cooperate to help Pacific Island countries tackle problems such as climate change, energy security, and maritime domain awareness and to support the restoration of democracy and the rule of law in Fiji.

This essay explores the dramatic improvement in U.S.–New Zealand relations in recent years and examines ways that the two countries can work together to bolster security, particularly in the Asia-Pacific, and boost trade and investment ties with other Pacific nations. Strategic ties between these two long-time partners were nearly ruptured in 1985 when New Zealand barred port visits by U.S. ships that could be carrying nuclear weapons. Now, nearly three decades later, the docking of a New Zealand naval vessel at a U.S. naval base in Hawaii in June 2014 marked a near-complete rapprochement between New Zealand and the United States.

Relations began improving in the early 2000s when New Zealand sent special forces to help the U.S.-led war in Afghanistan in 2001 and a contingent of military engineers to support the U.S. mission in Iraq in 2003. Not long after the Obama administration announced its rebalance to Asia, then secretary of state Hillary Clinton visited New Zealand and in the Wellington Declaration called for “a new focus on practical cooperation in the Pacific region.”¹ Clinton’s words highlight both the United States’ increased focus on the Asia-Pacific and New Zealand’s emergence as a willing and able partner with many shared regional objectives.

Tiny and remote New Zealand relies on support from more powerful partners like the United States and Australia as the cornerstone of its security strategy. Its geographic location and capacity in areas such as peacekeeping enable New Zealand to fulfill its burden-sharing responsibilities in pursuit of global strategic, political, economic, and development goals that it roughly shares with the United States.

With respect to economics and trade, New Zealand’s advanced, largely open market depends on exports and a secure trade environment to drive growth. Since Wellington and Beijing ratified a free trade agreement (FTA) in 2008, China has become New Zealand’s largest trading partner, with agricultural exports exploding as China seeks to meet growing middle-class demand, pushing the United States down to third place. But U.S.–New Zealand trade relations received a significant boost when Washington decided in 2011 to join the Trans-Pacific Partnership (TPP), which is now a twelve-country grouping seeking to build the next generation of trade architecture in the Asia-Pacific.

This essay develops as follows: The first section outlines New Zealand’s approach to regional security, its reliance on the United States, and its policy of burden-sharing in the Pacific. The next section describes the rupture of U.S.–New Zealand military ties and Wellington’s efforts to rebuild these relations through cooperation on security issues important to Washington, such as the wars in Afghanistan and Iraq. The subsequent section explores how New Zealand has bolstered economic ties with China while remaining closely aligned with the United States for security. The essay then examines how New Zealand is cooperating with the United States to negotiate a regional trade grouping aimed at setting trade rules intended to eventually encompass most of the Asia-Pacific, including China. The final section analyzes the new security and economic opportunities provided by the military rapprochement between the United States and New Zealand.

¹ “Wellington Declaration on a New Strategic Partnership between New Zealand and the United States,” U.S. Department of State, Press Release, November 4, 2010, <http://www.state.gov/r/pa/prs/ps/2010/11/150401.htm>.

New Zealand's Approach to Regional Security

New Zealand's Security and Economic Interests

New Zealand's geographic isolation in the South Pacific has been a blessing from a security standpoint. Since it was colonized in the nineteenth century, the country has only been attacked once on its own soil. However, the security provided by geography cannot be taken for granted, particularly in the areas of maritime security and cybersecurity. This awareness has prompted New Zealand to explore avenues to boost its capability to defend against any potential threats to its sovereignty and sphere of influence, including the prospect of an invasion, however unthinkable.

The government's most recent defense white paper, released in November 2010, lists New Zealand's key security interests 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; and
- a sound global economy underpinned by open trade routes.²

These four priorities suggest that the government views ensuring security in the wider region as a means of protecting the country's national interests. New Zealand's physical security is maintained by its armed forces in cooperation with its intelligence agencies, while the government works to promote a rules-based regional order through a variety of bilateral and multilateral diplomatic arrangements. New Zealand maintains a strong diplomatic presence in approximately 40 countries, an impressive number considering its relatively small size.

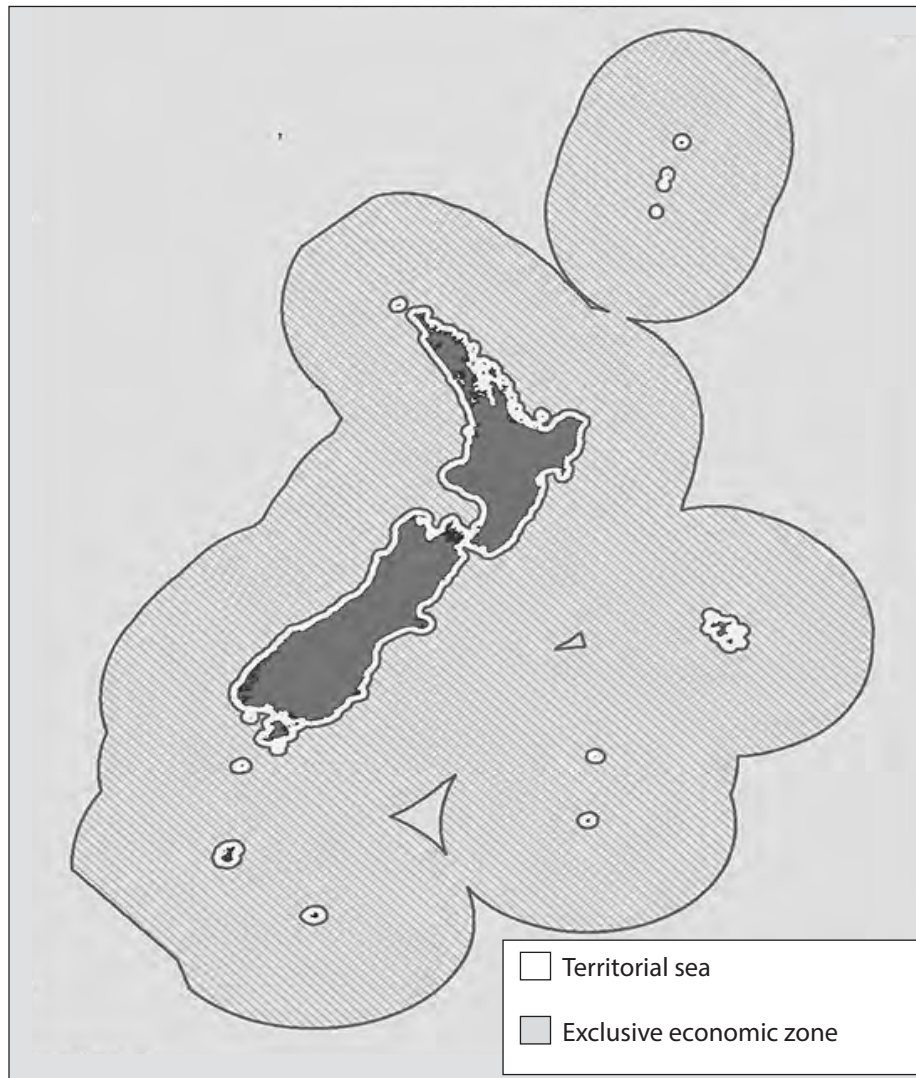
Ensuring the free passage of maritime transport to and from the country is essential to New Zealand's heavily trade-based economy. Wellington works to achieve this objective through maintaining a web of international trading regimes while partnering with Australia and the United States to guarantee freedom of navigation within critical shipping lanes. New Zealand has a vast maritime exclusive economic zone to protect—when included, this otherwise small country becomes the tenth largest in the world by area (see **Figure 1**).³ Although an invasion of the mainland is highly unlikely, an unwarranted encroachment on New Zealand's maritime area would create considerable anxiety in the island nation.

The maintenance of security and stability in the Pacific Islands is also important to New Zealand's national interests. As a geopolitical center for the subregion of Polynesia (see **Figure 2**), failure to maintain human security in the Pacific could have adverse spillover effects for New Zealand, including significant and rapid population inflows, domestic political pressure to provide substantial assistance to the affected states, and negative international political repercussions for failing to prevent instability in its backyard. Indeed, New Zealand bears constitutional responsibility for the defense and foreign affairs of the Cook Islands and the islands of Tokelau and Niue, which remain territories under its administration. The large Pacific Islander community,

² Ministry of Defence (New Zealand), *Defence White Paper 2010* (Wellington, November 2, 2010), 9, <http://www.defence.govt.nz/reports-publications/defence-white-paper-2010/chapter1-executive-summary.html>.

³ Ministry for the Environment (New Zealand), "Improving Regulation of Environmental Effects in New Zealand's Exclusive Economic Zone," Discussion Paper, August 2007, 1, <http://www.mfe.govt.nz/publications/oceans/nz-exclusive-economic-zone-discussion-paper-aug07/index.html>.

FIGURE 1 New Zealand's exclusive economic zone



SOURCE: Ministry of Fisheries (New Zealand), “New Zealand Exclusive Economic Zone and Territorial Sea,” http://www.fish.govt.nz/NR/rdonlyres/A0C4594E-F946-46B5-9DB7-22F8D4359B3A/0/NZ_EEZ_TS.jpg.

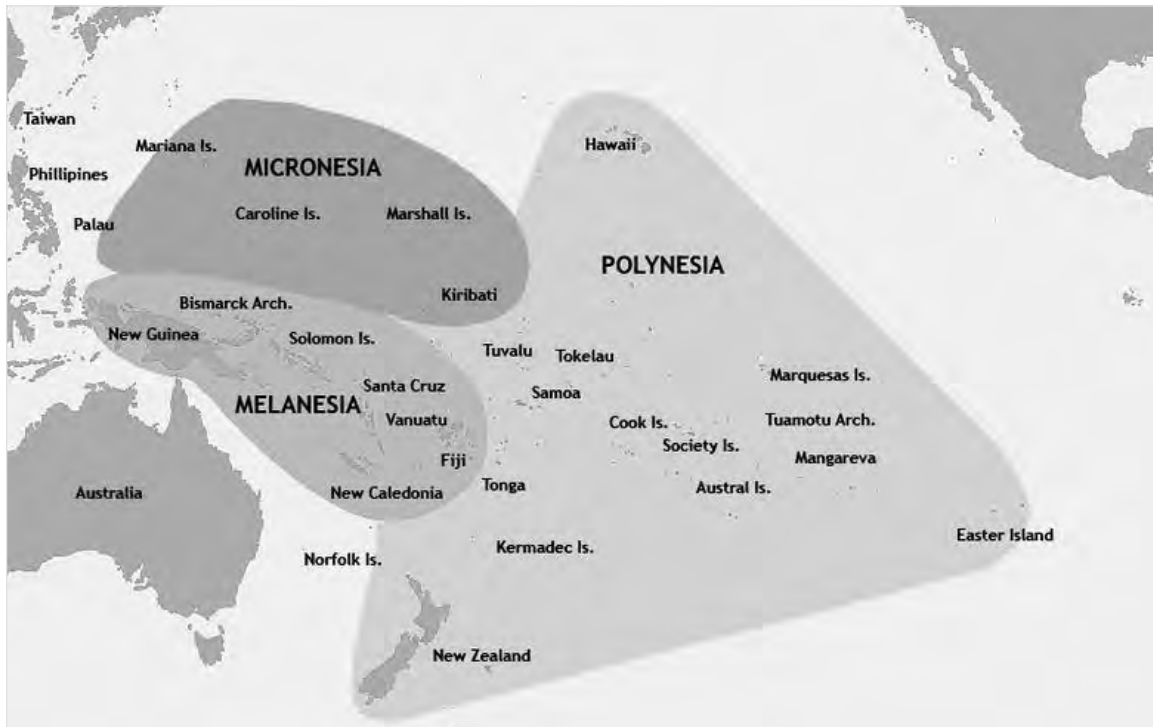
which makes up roughly 7% of New Zealand’s population, serves as a demographic link with other Pacific nations, adding another dimension to the country’s interests in the region.⁴

Distant but Powerful Friends

As is the case for Australia, support from powerful partners serves as the cornerstone of New Zealand’s security strategy. Since its establishment, New Zealand has worked to cement ties with the superpower of the time: the British Empire until World War II and the United States since 1945. In both cases, it cultivated a relationship of reciprocity and contributed strategic

⁴ Statistics New Zealand, “2013 Census-Major Ethnic Groups in New Zealand,” April 15, 2014, <http://www.stats.govt.nz/Census/2013-census/profile-and-summary-reports/infographic-culture-identity.aspx>.

FIGURE 2 Polynesia, Melanesia, and Micronesia



SOURCE: “Pacific Culture Areas,” Wikimedia Commons, http://en.wikipedia.org/wiki/File:Pacific_Culture_Areas.jpg.

NOTE: Polynesia is considered to be New Zealand’s primary sphere of influence.

support to the superpower’s efforts to reinforce the international order. In return, New Zealand expects assistance if its national security is threatened. Over the past century, this relationship of reciprocity has entailed the commitment of New Zealand military personnel in both world wars, the conflicts in Korea and Vietnam, and the U.S. operations in Afghanistan and Iraq following September 11.

New Zealand formalized this reciprocal relationship with the United States in the Australia, New Zealand, and United States Security Treaty (ANZUS Treaty), signed in 1951.⁵ This agreement bound the three nations to cooperate in defense matters and meet mutual security challenges together, which New Zealand did in part by sending troops to help halt the spread of Communism in Korea and Malaya (now Malaysia) in the early 1950s and Vietnam in the 1960s.

In 1985 the United States suspended its obligations to New Zealand under the treaty after a populist anti-nuclear movement led Wellington to ban all visits by nuclear-armed and nuclear-powered ships. This movement was an affront to U.S. strategy at the time, and as a result, the United States excluded New Zealand from future participation in ANZUS exercises and talks. New Zealand’s desire to strike out and pursue a more independent foreign policy caused a rift

⁵ The full text of the ANZUS Treaty is available from AustralianPolitics.com, <http://australianpolitics.com/topics/foreign-policy/anzus-treaty-text>.

between Washington and Wellington, particularly in military relations, but this divide gradually began to heal after New Zealand supported the U.S. military operation in Afghanistan in 2001.

Despite the human losses New Zealand incurred by supporting U.S. strategic and military objectives since World War II, the consensus in the government is that this sacrifice is justified by the security benefits of the relationship. “At the moment, our sacrifices are not great with respect to what we have to give up to try and at least keep abreast of [evolving security threats],” former New Zealand intelligence chief Bruce Ferguson said in 2013. “We spend a minimal amount on the safeguards and rely to a large amount on the largesse of our allies and long may it continue.”⁶

Yet World War II serves as a reminder to New Zealand that even willing superpowers may not be able to defend their distant allies if they are embroiled in a broader conflict. Singapore, the United Kingdom’s key strategic port in the Pacific theater, supposedly served as a security guarantee to regional allies, but the city-state fell easily to Japan. The United Kingdom’s failure to live up to its guarantee served as the catalyst for New Zealand’s shift to relying on the United States and the subsequent creation of ANZUS.

Most observers consider it improbable that New Zealand will be attacked by another country, but the stakes are high enough that Wellington strives to maintain strong U.S. strategic engagement and support. Although both the government and public have disagreed with the United States on issues ranging from the Vietnam War to the long-term detention of prisoners in Guantanamo Bay, New Zealand generally respects the U.S.-led international order and the values that it promotes. Notable areas in which New Zealand supports the U.S. foreign policy agenda are human rights promotion, international trade liberalization, protection of freedom of navigation, nuclear nonproliferation, counterpiracy, and counterterrorism.

New Zealand is a strong supporter, for example, of the United States’ Proliferation Security Initiative, which aims to block the spread of nuclear weapons, material, and technology. The United States also led the way in establishing diplomatic and economic ties with China, whose rapidly growing economy has become a critical market for New Zealand exports. Given the values the two sides share, Wellington is willing to commit the resources it can to promote U.S. strategic interests, which broadly align with its own.

Burden-Sharing

Burden-sharing is the centerpiece of New Zealand’s strategic policy, which is focused on using the capabilities at the country’s disposal to strengthen multiple facets of the U.S.-led international order. The Battle of Guadalcanal in Solomon Islands in 1942–43 is considered the symbolic birth of the cooperative relationship between the United States and New Zealand. Together with Australia, they successfully reversed the momentum of the Japanese forces and subsequently changed the course of the war in the Pacific.

However, New Zealand does more than simply commit military support to U.S. armed engagements. Aware of its limitations as a small country, New Zealand relies on its unique geographic location in the South Pacific to contribute to the international community by taking leadership roles in areas such as peacekeeping and policing, intelligence sharing, development and disaster assistance, and engagement with China on foreign aid in the region.⁷ In the words

⁶ David Fisher, “Ex-Spy Boss: Intelligence Trade-Offs Keep NZ Free,” *New Zealand Herald*, June 12, 2013, http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10889918.

⁷ Thomas Milburn, “A Framework for Assessing New Zealand Peacekeeping,” *Peacekeeping and International Relations* 26, no. 2 (1997): 3.

of a senior U.S. official, New Zealand would rather be exceptional at three things than mediocre at twelve.⁸

New Zealand believes that participating in UN-mandated missions and other peacekeeping exercises is an effective way to contribute to the rules-based international order that the United States leads. In September 2014, there were 113 New Zealand military personnel serving in nine UN missions and other peacekeeping operations, including 9 personnel participating in a NATO-led mission in Afghanistan and 24 deployed in a U.S.-led mission in Sinai.⁹ In addition, 669 New Zealand defense personnel were participating in other overseas deployments and exercises.¹⁰ With the withdrawal of New Zealand's provincial reconstruction team from Afghanistan in 2013, increased participation in UN initiatives is a possible avenue for the country to maintain its commitment to burden-sharing. At a May 2013 symposium on New Zealand's security future at Victoria University, for example, several experts advocated that the country increase its contribution to UN missions, including peacekeeping activities.¹¹

In recent years, New Zealand has mounted an active diplomatic campaign for a seat on the UN Security Council in 2015. The effort was ultimately successful, with New Zealand winning on the first ballot, garnering 145 of 193 votes.¹² The campaign was a priority for the Ministry of Foreign Affairs and Trade and enjoyed bipartisan support from the country's politicians. In 2012, then secretary of state Clinton expressed support for the bid.¹³ By serving on the Security Council, New Zealand hopes to further demonstrate its willingness and capability to carry a share of the burden for maintaining international peace and security.

New Zealand also uses its police to help improve stability and uphold the rule of law overseas. Currently, approximately 50 police officers are stationed in Papua New Guinea, Solomon Islands, Timor Leste, and Tonga.¹⁴ These officers perform a diverse range of roles, from capacity building for local police forces in post-conflict situations, as in Solomon Islands, to responding to natural disasters. New Zealand also uses its police to assist in the investigation and prevention of terrorist plots, which are linked with the broader interests of the United States' war on terrorism. Finally, many countries where the public is suspicious of foreign interference in local politics, such as Afghanistan, perceive New Zealand to be a neutral and trustworthy state, which makes it an ideal partner in those countries.

Five Eyes: Intelligence Sharing

New Zealand is a signatory to the United Kingdom–United States of America Agreement, more commonly known as “Five Eyes” because of its five member countries: Australia, Canada, New Zealand, the United Kingdom, and the United States. Established in 1946, this agreement facilitates the coordination of intelligence among member states. New Zealand's role in Five Eyes is

⁸ Author's off-the-record interview with a U.S. official responsible for U.S. relations with New Zealand.

⁹ Ministry of Defence (New Zealand), “Briefing for the Incoming Defence Minister,” October 2014, <http://www.defence.govt.nz/pdfs/reports-publications/election-brief-october-2014.pdf>.

¹⁰ “Overseas Operations,” New Zealand Defence Force, <http://www.nzdf.mil.nz/operations/default.htm>.

¹¹ “NZ Advised to Contribute More to UN Missions,” Radio New Zealand, May 22, 2013, <http://www.radionz.co.nz/news/national/135789/nz-advised-to-contribute-more-to-un-missions>.

¹² Audrey Young and Claire Trevett, “NZ Wins Seat on Security Council: Victory for the Small States,” *New Zealand Herald*, October 17, 2014, http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11343853.

¹³ “U.S. ‘Quite Admiring’ of NZ’s UN Security Council Bid,” [stuff.co.nz](http://www.stuff.co.nz), May 25, 2012, <http://www.stuff.co.nz/world/americas/6986512/US-quite-admiring-of-NZs-UN-Security-Council-bid>.

¹⁴ “International Service Group,” New Zealand Police, <http://www.police.govt.nz/about-us/programmes-initiatives/isg>.

to monitor the South Pacific, including the maritime area between New Zealand and the Americas below the equator. The Government Communications Security Bureau (GCSB) primarily fulfills this duty via listening posts on both the North and South Islands.

While the South Pacific plays a relatively minor role in international security, New Zealand's responsibility for intelligence gathering in this region demonstrates a level of burden-sharing commensurate with the country's size. New Zealand, for its part, gains great value from its contribution to the Five Eyes. Former GCSB director Bruce Ferguson, for example, stated that New Zealand receives around five times as much useful intelligence from the United States as it provides in return.¹⁵

Development and Disaster Relief

With a Maori and Pacific Islander population of approximately one million people, which constitutes more than one-fifth of its population,¹⁶ New Zealand takes a leadership role in foreign aid and disaster relief in Polynesia, while Australia assumes primary responsibility for Papua New Guinea and other Melanesian nations. Wellington commits roughly \$249 million of New Zealand's \$456 million aid budget to the Pacific each year.¹⁷

One of the key venues for New Zealand's initiative in Pacific development has been the Pacific Partnership exercise. The U.S. Navy's Pacific Fleet established this annual exercise in response to the 2004 Indian Ocean earthquake and tsunami, with the intent of improving interoperability among different regional powers in responding to disasters and conducting humanitarian operations. During times of nonemergency, the U.S. Pacific Fleet, along with personnel from partner nations like New Zealand, travels to multiple developing countries in the Asia-Pacific region, providing a range of services from constructing schools to distributing eyeglasses. This partnership enlists the help of Australia, Canada, Colombia, France, Japan, Malaysia, New Zealand, Singapore, and South Korea. New Zealand led key elements of the exercise for the first time in 2013, visiting Tonga, Samoa, Papua New Guinea, the Marshall Islands, Kiribati, and Solomon Islands.¹⁸

Engagement with China on Foreign Aid

Another important developing area for New Zealand's leadership is engagement with China in the Pacific. Until a few years ago, China and Taiwan often vied for diplomatic support from small Pacific nations, using "checkbox diplomacy." This typically involved giving low-interest loans or undertaking large construction projects, which governments then had difficulty maintaining. For instance, China financed the construction of the \$28 million Tuanaimato Sports Pool Complex in Samoa that contains an Olympic-sized swimming pool, which has been challenging for the government to maintain.¹⁹

¹⁵ Nick Perry and Paisley Dodds, "Five Eyes Spying Alliance Will Survive Edward Snowden: Experts," *Sydney Morning Herald*, July 18, 2013, <http://www.smh.com.au/it-pro/security-it/five-eyes-spying-alliance-will-survive-edward-snowden-experts-20130718-hv0xw.html>.

¹⁶ Statistics New Zealand, "About New Zealand," in "New Zealand in Profile: 2014," http://www.stats.govt.nz/browse_for_stats/snapshots-of-nz/nz-in-profile-2014/about-new-zealand.aspx.

¹⁷ New Zealand Aid Programme, Ministry of Foreign Affairs and Trade (New Zealand), "Aid Statistics," <http://www.aid.govt.nz/about-aid-programme/aid-statistics>; and "Thousands Show for UN Conference in Samoa," *One News*, TVNZ, September 1, 2014, <http://tvnz.co.nz/world-news/thousands-show-united-nations-conference-in-samoa-6069161>.

¹⁸ "NZDF Completes Successful Pacific Mission," *Scoop*, August 16, 2013, <http://www.scoop.co.nz/stories/PA1308/S00272/nzdf-completes-successful-pacific-mission.htm>.

¹⁹ Michele Surcouf, "Making a Splash in Samoa," *stuff.co.nz*, February 9, 2013, <http://www.stuff.co.nz/nelson-mail/lifestyle-entertainment/weekend/9116011/Making-a-splash-in-Samoa>.

A concern among regional development partners, such as Australia and New Zealand, was that Chinese aid and investment was an effort by Beijing to block Taiwan from gaining international support and access to foreign resources and markets. There was fear in some circles that this rivalry would derail the development and political goals of countries such as the United States and New Zealand. However, this competition has eased significantly over the past few years and is no longer a major concern in Wellington or Washington.

Similarly, some observers were anxious that China's development aid, soft loans, and other forms of financial support to Fiji after Commodore Frank Bainimarama's coup in 2006 would undermine the economic sanctions imposed by New Zealand and other nations to pressure the military government to restore democracy. However, as Fiji took steps to hold elections and restore some form of democracy in 2014, New Zealand and Australia gradually eased sanctions imposed on Fiji, including removing the travel ban on members of the Fiji military and their families.

China announced in 2013 that it would provide up to \$2 billion for development projects in Pacific Island countries, specifically mentioning Fiji as a possible recipient.²⁰ Whereas New Zealand, Australia, and the United States insist on attaching conditions to foreign aid, China approaches financial contributions differently, referring to aid packages as unconditional "expression[s] of friendship."²¹ The United States takes a largely hands-off approach to this issue, leaving this area of responsibility primarily to New Zealand and Australia.

New Zealand expends great effort trying to engage China and ensure that its financial contributions to Pacific nations are effective and sustainable—a concern that the United States shares.²² At the 2009 Pacific Forum, the Cairns Compact on Strengthening Development Coordination in the Pacific was signed by the leaders of all fifteen forum members with the goal of ensuring the effective use of foreign aid to help Pacific countries achieve the UN's 2015 Millennium Development Goals. The goals range from halving extreme poverty rates to providing universal primary education by 2015. Although New Zealand's attempts to convince China to sign the compact were unsuccessful, there have been some signs of at least limited cooperation. In 2012, for example, New Zealand and China entered a partnership to expand the water main system on Rarotonga in the Cook Islands, which may serve as a model for future collaboration.²³

In summary, New Zealand's approach to regional security rests primarily on the doctrine of burden-sharing. Recognizing its limits as a small country, New Zealand works actively with larger regional powers, including the United States and Australia, to contribute in areas where it believes it can be most effective.

²⁰ Jenny Hayward-Jones and Philippa Brant, "China Ups the Aid Stakes in the Pacific Islands," Lowy Institute for International Policy, Interpreter, November 18, 2013, <http://www.lowyinterpreter.org/post/2013/11/18/China-ups-the-aid-stakes-in-the-Pacific-Islands.aspx>.

²¹ Fran O'Sullivan, "Chinese Aid a Sticking Point," *New Zealand Herald*, September 10, 2011, http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10750721.

²² *Ibid.*

²³ "New Zealand and China Collaborate on World First in Development," New Zealand Aid Programme, Ministry of Foreign Affairs and Trade (New Zealand), September 2012, <http://www.aid.govt.nz/media-and-publications/development-stories/september-2012/new-zealand-and-china-collaborate-world-fi>.

The Fall and Rise of New Zealand's Relations with the United States

New Zealand's Suspension from ANZUS

The year 1985 saw an unexpected and largely unintentional freeze in U.S.–New Zealand relations, with the United States suspending its ANZUS treaty commitments to New Zealand. The core issue—anti-nuclear sentiment in New Zealand—emerged in the 1950s, when the United Kingdom began nuclear tests in Australia and the Pacific. Opposition to these tests galvanized into a major political movement in New Zealand when Greenpeace and other environmental groups tried to actively prevent France from carrying out nuclear tests in French Polynesia in the 1960s and 1970s. Nuclear opposition became so strong among New Zealanders that it significantly changed the course of domestic politics, resulting in the 1984 election of the Labour Party, which campaigned on a platform to turn New Zealand's land, sea, and airspace into a nuclear-free zone.

Newly elected prime minister David Lange banned all nuclear-powered and nuclear-armed ships from docking at New Zealand's ports. This was considered unacceptable by the United States and prompted the Reagan administration to end the United States' treaty obligations to New Zealand under ANZUS. That same year, French forces bombed and sank the Greenpeace boat *Rainbow Warrior* while berthed in the Auckland harbor, killing a Dutch journalist. The attack was perceived to be a retaliation against New Zealand's attempts to derail French nuclear testing in the South Pacific. Washington's failure to publicly rebuke France for the act further cooled bilateral relations between the United States and New Zealand.

Overall, while relations between the two countries remained generally amicable, the events of 1985 had a long-lasting effect on the strategic relationship. In addition to the United States suspending its defense obligations to New Zealand, the U.S. Senate introduced resolutions calling for the country's products to be withdrawn from U.S. markets. Washington also restricted New Zealand's access to the State Department, blocked intelligence flows, and canceled military cooperation.²⁴ Following the spat, the official U.S. position became that New Zealand was a “friend, not an ally.”²⁵ The United States deliberately chose not to expel New Zealand from the ANZUS alliance, leaving open the option for the country to fully rejoin in the future. Yet the United States and New Zealand still do not have a formal alliance to this day.

Normalization of Relations

Despite the continued suspension of New Zealand from the ANZUS alliance with the United States, bilateral strategic ties between the two countries have improved dramatically since the early 2000s. In particular, the contribution of New Zealand's special forces to the U.S.-led war in Afghanistan from 2001 to 2009 was highly effective on the ground and much appreciated by Washington. New Zealand also sent a small contingent of military engineers to support the U.S.-led mission in Iraq from 2003 to 2004 after a humanitarian mandate was secured from the UN Security Council. While the ban on visits by nuclear ships remains, the relationship between the two countries has warmed and deepened, with New Zealand indisputably pulling its weight in the realm of international security over the past dozen years.

²⁴ Amy L. Catalinac, “Why New Zealand Took Itself Out of ANZUS: Observing Opposition for Autonomy in Asymmetric Alliances,” *Foreign Policy Analysis* 6, no. 3 (2010): 318–19.

²⁵ “U.S. Policy on the New Zealand Port Access Issue,” United States National Security Council, National Security Decision, Directive no. 193, October 21, 1985, <http://www.fas.org/irp/offdocs/nsdd/nsdd-193.htm>.

Two key declarations between the United States and New Zealand in recent years suggest that a de facto alliance has been restored. The first is the Wellington Declaration, announced during then secretary of state Clinton's visit to New Zealand in November 2010. The joint memorandum called for "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."²⁶ After several decades of diplomatic stagnation, Clinton's visit to Wellington generated the momentum necessary to elevate the relationship from just friendship to renewed cooperation on political and military matters.

The second key development was the Washington Declaration, signed by then secretary of defense Leon Panetta and then New Zealand defense minister Jonathan Coleman in June 2012. Described as a "companion document" to the Wellington Declaration, this more recent agreement established a regular U.S.–New Zealand strategic dialogue on security matters between the two countries' militaries.²⁷ Another breakthrough prompted by this agreement was the renewed ability for both nations to hold joint military training exercises, which had been prohibited since the freeze of 1985. In April 2012, New Zealand hosted U.S. Marines for a ten-day joint training exercise on the North Island.²⁸ Both sides agree that this was a significant step forward, with officials from both countries describing the current level of cooperation as "the new normal."²⁹

A driving force behind these improvements in bilateral relations was the United States–New Zealand Pacific Partnership Forum, created by the United States–New Zealand and New Zealand–United States Councils in 2006. The forum is hosted every 18 to 24 months in either Washington or a New Zealand city on an alternating basis and includes discussions on bilateral ties between government, business, and community leaders from both countries. During the security panel discussion at the 2013 forum in Washington, then deputy assistant secretary of state for East Asian and Pacific Affairs Edgard Kagan described the progress in the bilateral security and diplomatic relationship as more rapid than many observers had anticipated. The challenge for the forum is to find ways to develop the relationship even further, now that a resumption of full relations has nearly been achieved.³⁰

Challenges and Opportunities

At present, the United States and New Zealand are in a state of de facto alliance. The issue of naval ship visits remains a sticking point, however, and formalization of the alliance will therefore be unlikely until U.S. ships are permitted to dock at New Zealand ports. Both sides remain pessimistic about this prospect in the short to medium term. While public support in New Zealand for close relations with the United States is strong, the legacy of the anti-nuclear movement continues to make U.S. naval ship visits politically unviable.

The inverse, however, became possible through the Washington Declaration. On May 31, 2013, the *Te Mana* became the first New Zealand naval vessel in three decades to berth at a

²⁶ "Wellington Declaration on a New Strategic Partnership between New Zealand and the United States."

²⁷ "United States, New Zealand Sign Defense Cooperation Arrangement," U.S. Department of Defense, Press Release, June 19, 2012, <http://www.defense.gov/releases/release.aspx?releaseid=15388>.

²⁸ Kirk Spitzer, "Kiwis to Yanks: Welcome Back!" *Time*, April 26, 2012, <http://nation.time.com/2012/04/26/kiwis-to-yanks-welcome-back>.

²⁹ Tracy Watkins, "The 'New Normal' between NZ, U.S.," *stuff.co.nz*, May 22, 2013, <http://www.stuff.co.nz/national/politics/8702538/The-new-normal-between-NZ-US>.

³⁰ "Panel on Security and Foreign Policy," Pacific Partnership Forum 2013, U.S.–NZ Council video, 1:08:27, May 21, 2013, <http://www.usnzcouncil.org/panel-on-security-foreign-policy>.

U.S. naval station when it landed in Guam.³¹ And then on June 27, 2014, the New Zealand Navy's HMNZS *Canterbury* arrived in Pearl Harbor to participate in the 23-nation Rim of the Pacific (RIMPAC) naval exercise. RIMPAC is the world's largest international maritime exercise and is hosted every other year in Hawaii by the U.S. Pacific Fleet to enhance interoperability between armed forces around the Pacific Rim. The docking of the ship marked the first time in 30 years that a New Zealand naval vessel berthed at a U.S. naval base for RIMPAC. Although New Zealand was invited in 2012 to participate in the exercise, its ships had to dock at a civilian berth.³²

In theory, New Zealand could allow the visit of U.S. naval vessels without violating the nuclear-free zone mandated in the country's law. Although ships that are neither nuclear-powered nor nuclear-armed are already permitted to dock, the United States maintains a strict policy of not disclosing whether nuclear arms are present on a given vessel. Nonetheless, the New Zealand government could still permit access to a U.S. ship if its intelligence is confident that the ship is nuclear-free. Because of this, a visit by a small-scale ship should be possible, but a visit by a U.S. carrier group remains impossible because it would include nuclear-powered vessels.

Although little polling data exists on the attitudes of New Zealanders toward the United States, officials from both countries believe that public support for the bilateral relationship has been—and continues to be—high. New Zealanders generally accept the U.S.-led international order, particularly in the areas of international trade and promotion of the rule of law in international disputes. However, differences emerge from time to time on specific foreign policy issues. For instance, the New Zealand public firmly opposed a non-UN mandated invasion of Iraq, with only 7.5% approving of the U.S.-led attack.³³ As a result, the New Zealand government decided not to provide combat support in the Iraq War.

On the other hand, the New Zealand public supported the UN mission in Afghanistan, which the government backed through the deployment of Special Air Service personnel.³⁴ The public also supported a provincial reconstruction team that took over from the U.S. military in Bamyan Province in 2003 and stayed for a decade. The key takeaway is that domestic public opinion strongly influences the degree to which the government supports U.S. strategic objectives. This is best illustrated by Prime Minister John Key's slow deliberation about the nature of New Zealand's commitment to combat the rise of the Islamic State of Iraq and Syria (ISIS). Key announced on November 5, 2014, that Wellington would send military advisers to help train Iraqi forces from "behind the wire," which may be followed by Special Air Service troops.³⁵ The decision took months and was strongly driven by public sentiment.³⁶

New Zealand officials expect a small but vocal minority opposed to increased U.S.-New Zealand military cooperation to continue and possibly from time to time attempt to obstruct U.S. military

³¹ Kevin Kerrigan, "NZ Naval Ship 'Te Mana' Visits Naval Station Guam; 1st Visit of Kiwi Naval Ship to U.S. Port in 30 Years," Pacific News Center, June 3, 2013.

³² Ridwan Rahmat, "RIMPAC 2014: New Zealand Ship Docks in Pearl Harbor, Heralding First RNZN Visit in 30 Years," *IHS Jane's Navy International*, June 30, 2014, <http://www.janes.com/article/40115/rimpac-2014-new-zealand-ship-docks-in-pearl-harbor-heralding-first-rnzn-visit-in-30-years>.

³³ "NZ Public Opinion Opposes Iraq War," ABC Radio Australia, January 31, 2003, <http://www.radioaustralia.net.au/international/2003-01-31/nz-public-opinion-opposes-iraq-war/715910>.

³⁴ Danya Levy, "NZ SAS Troops Withdrawing from Afghanistan," *Dominion Post*, December 22, 2011, <http://www.stuff.co.nz/dominion-post/news/politics/6178660/NZ-SAS-troops-withdrawing-from-Afghanistan>.

³⁵ Audrey Young, "John Key: Kiwi Forces Will Help Train Iraqis Fight ISIS," *New Zealand Herald*, November 5, 2014, http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11353573.

³⁶ "How John Key's Position over ISIS Has Changed," *One News*, TVNZ, November 4, 2014, <http://tvnz.co.nz/national-news/john-key-s-position-over-isis-has-changed-video-6122890>.

activity in New Zealand's territory. An example of this was the 2008 attack on the Waihopai listening post that is used to fulfill New Zealand's role in the Five Eyes intelligence-sharing arrangement. Members of Ploughshares Aotearoa, a Christian pacifist and anti-nuclear organization, broke into the facility and used sickles (a biblical symbol) to slash and deflate an inflatable radar dome. The three offenders were arrested, but despite admitting to vandalizing the radar dome, they pleaded not guilty because they believed the facility was causing human suffering by assisting U.S. military activities in Iraq. A jury agreed and acquitted the offenders.³⁷ However, New Zealand officials appear confident that opposition from pacifist and anti-nuclear groups will provide minimal hindrance as time goes on and regular military cooperation becomes normal. In addition to RIMPAC, the two countries also participated in joint exercises at Camp Pendleton in California in July 2013, on the South Island of New Zealand in November 2013, and in Taranaki on New Zealand's North Island in November 2014. New Zealand media covered these exercises positively and set the tone for future military cooperation.

Increased military cooperation, however, places pressure on the New Zealand Defence Force to maintain and develop its capability to operate with more advanced U.S. forces. Even relative to its economic capacity, New Zealand's military spending is small compared with that of the United States or even Australia. With a budget of \$2.3 billion for the 2013–14 fiscal year, New Zealand is slated to spend only 1.1% of its GDP on defense.³⁸ Since 2010, the New Zealand government has pushed for the military to shed \$280 million from its budget by converting approximately 1,400 military positions into civilian ones.³⁹ However, despite these cuts, in April 2014 the government announced that it would add almost \$450 million to the defense budget over the next four years to operate ships, helicopters, and vehicles.⁴⁰

While there has been little public commentary on what the United States expects New Zealand's defense spending levels to be, a ballpark figure can be estimated from U.S. expectations of other strategic partners. In 2012 the commander of the U.S. Pacific Command, Admiral Samuel Locklear, stated that the spending target for NATO allies is 2.5% of GDP and hinted that Australia should reach similar levels.⁴¹ Given the relative similarity of Australia's and New Zealand's strategic relations with the United States, one can assume that New Zealand's 1.1% of GDP falls well below U.S. expectations. Yet if New Zealand's current level of defense spending dissatisfies the Pentagon, U.S. officials have not expressed this sentiment publicly during talks with their New Zealand counterparts.

³⁷ "Not Guilty Verdicts in Waihopai Trial," *One News*, TVNZ, March 17, 2010, <http://tvnz.co.nz/national-news/not-guilty-verdicts-in-waihopai-trial-3420185>.

³⁸ Treasury (New Zealand), "The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2014," May 16, 2013, 66, <http://www.treasury.govt.nz/budget/2013/estimates>; and Dallas Welch, "Gross Domestic Product: March 2013 Quarter," Statistics New Zealand, June 20, 2013, http://www.stats.govt.nz/browse_for_stats/economic_indicators/GDP/GrossDomesticProduct_HOTPMar13qtr.aspx.

³⁹ Kate Shuttleworth, "Defence Force Cuts Could Be Delayed—Coleman," *New Zealand Herald*, August 12, 2013, http://www.nzherald.co.nz/politics/news/article.cfm?c_id=280&objectid=10911420.

⁴⁰ Isaac Davison, "Big Jump in Defence Spending but Will It Boost Morale?" *New Zealand Herald*, April 30, 2014, http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11246444.

⁴¹ Daniel Flitton, "U.S. Commander Warns Australia on Defence Spending Cuts," *Sydney Morning Herald*, July 13, 2012, <http://www.smh.com.au/federal-politics/political-news/us-commander-warns-australia-on-defence-spending-cuts-20120713-21zwwk.html>.

Growing Economic Ties with China, Strong Security Ties with the United States

In April 2013, five years after New Zealand became the first developed country to sign an FTA with Beijing, China passed Australia to become New Zealand's largest trading partner.⁴² This puts New Zealand in the position of having very different and competing countries as its security guarantor and its key trading partner. The looming question for Wellington is whether rivalry between China and the United States could cause a conflict between New Zealand's strategic and economic priorities.

New Zealand officials publicly express confidence that they can maintain strong and cordial relations with both China and the United States. Many countries in the region, including Australia and New Zealand's Southeast Asian neighbors, express a similar belief in the practicality of developing and maintaining good economic ties with China while depending on the United States for their security. Moreover, U.S. officials appear willing to accept this view. In 2012, then assistant secretary of state for East Asian and Pacific affairs Kurt Campbell said: "We do not want countries to feel that they need to choose; we want countries that have both a strong relationship with China and a strong relationship with the United States."⁴³

One possible avenue for New Zealand to improve the prospects of healthy relations with both major powers is by using its geographic position to promote strategic cooperation in the Asia-Pacific region. One recent example of military-to-military interaction between the three countries was the disaster response exercise conducted in August 2013. Held in Christchurch, where a devastating earthquake caused 185 deaths in 2011, exercise Phoenix Spirit saw military personnel from New Zealand, Australia, the United States, and China run simulations on how each country would respond to a major humanitarian disaster.⁴⁴

Although New Zealand's relations with the United States and China have clear strategic implications, the impact of the country's economic ties is as central to policymakers in Wellington as the impact of its security ties. New Zealand has an advanced economy that depends largely on exports to drive national production and income.⁴⁵ Agricultural products and natural resources account for approximately half of New Zealand's total exports, which, until recently, typically flowed into markets in other Commonwealth countries and the United States.⁴⁶ The United States is currently New Zealand's third-largest trading partner (after China and Australia), with two-way trade totaling nearly \$7 billion in 2013.⁴⁷ Naturally, the trade

⁴² Fran O'Sullivan, "Trade Agreement Just the Start—Clark," *New Zealand Herald*, April 7, 2008, http://www.nzherald.co.nz/trade-deal-with-china/news/article.cfm?c_id=1501819&objectid=10502506&pnum=0; and "China Overtakes Australia as NZ's Top Export Market," *New Zealand Herald*, April 26, 2013, http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10879910.

⁴³ Audrey Young, "U.S. Keen on NZ-China Link," *New Zealand Herald*, December 17, 2012, http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10854525.

⁴⁴ Kurt Bayer, "Christchurch Quake Used as Case Study for Global Military," *New Zealand Herald*, August 14, 2013, http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10912379.

⁴⁵ Tim Groser (speech to ASEAN-Australia-New Zealand Free Trade Agreement Seminars, March 31, 2009), <http://www.beehive.govt.nz/speech/speech-asean-australia-new-zealand-free-trade-agreement-seminars>.

⁴⁶ Treasury (New Zealand), "Industrial Structure and Principal Economic Sectors," in *New Zealand Economic and Financial Overview 2010* (Wellington, 2010), <http://www.treasury.govt.nz/economy/overview/2010/09.htm>; and "New Zealand," in *The World Factbook 2013-14* (Washington, D.C.: Central Intelligence Agency, 2013), <https://www.cia.gov/library/publications/the-world-factbook/geos/nz.html>.

⁴⁷ Office of the U.S. Trade Representative (USTR), "New Zealand," in *2014 National Trade Estimate Report on Foreign Trade Barriers* (Washington, D.C., 2014), <http://www.ustr.gov/about-us/press-office/reports-and-publications/2013/NTE-FTB>; and "China Overtakes Australia as NZ's Top Export Market."

relationship is far more important for New Zealand, given that its annual exports total only around a quarter of U.S. exports in one month.⁴⁸

In an effort to increase exports to the United States (currently around \$3.5 billion a year), New Zealand has long pursued an FTA with the United States, though without any success. This failure can be attributed in part to domestic concerns in the United States that New Zealand's dairy exports would compete with the U.S. dairy industry, as well as to the sense of betrayal that many U.S. government officials felt over New Zealand's nuclear-free policy and ban on visits by nuclear-powered or nuclear-armed ships. In addition, the United States had little incentive to pursue an FTA because New Zealand has long promoted free-market principles and maintains few trade barriers.

Current economic relations between the countries are robust but offer significant room for growth. In 2013, two-way trade in goods was \$6.7 billion, and the U.S. goods trade deficit with New Zealand was \$260 million, up \$52 million from the previous year.⁴⁹ The United States' main exports to New Zealand are aircraft and sophisticated machinery, while New Zealand's principal exports to the United States are meat, dairy products, and wine.⁵⁰ U.S. foreign direct investment in New Zealand was \$9.5 billion in 2012 (the latest year for which data is available), up from \$7.9 billion the previous year, and is mostly concentrated in the financial services, insurance, and manufacturing sectors.⁵¹ New Zealand's investment in the United States is mostly in information technology, software, and healthcare services.

The trade dynamics between the two countries received a significant boost with the United States' decision in 2011 to join the TPP, which is a successor to the 2005 Trans-Pacific Strategic Economic Partnership Agreement between New Zealand, Brunei, Chile, and Singapore.⁵² Prime Minister Key described the TPP as a "backdoor" free-trade deal for New Zealand with the United States.⁵³ New Zealand's Ministry of Foreign Affairs and Trade estimates that a completed TPP would boost the country's GDP by \$2 billion and exports by \$4.1 billion by 2025.⁵⁴ Many but not all of these gains would come from greater access to the U.S. market for agricultural products such as beef, lamb, and dairy. Negotiators bill the TPP as a "gold standard" trade agreement that will seek to address barriers to trade and investment among the member countries in areas such as intellectual property rights, the role of state-owned companies, investment, and government procurement.

Public discussion of the TPP in New Zealand has increased as the negotiations have progressed, with some small but vocal groups opposing the deal. In New Zealand, some of these groups are apprehensive that the final text will expose the country to lawsuits from large U.S. firms or force the government to dismantle Pharmac, the government drug-buying agency central to the country's universal healthcare system. Others are skeptical that the United States will liberalize

⁴⁸ Statistics New Zealand, "Exports," in "New Zealand in Profile: 2012," http://www.stats.govt.nz/browse_for_stats/snapshots-of-nz/nz-in-profile-2012/exports.aspx; and "United States Exports," Trading Economics, August 20, 2013, <http://www.tradingeconomics.com/united-states/exports>.

⁴⁹ USTR, "New Zealand."

⁵⁰ USTR, "New Zealand," Fact Sheet, <http://www.ustr.gov/countries-regions/southeast-asia-pacific/new-zealand>.

⁵¹ Ibid.

⁵² New Zealand–United States Council, "Negotiating the Trans Pacific Partnership (TPP)," http://www.nzuscouncil.com/index.php/section/free_trade_agreement.

⁵³ Tracy Watkins, "Closed Talks on U.S. Trade Deal," [stuff.co.nz](http://www.stuff.co.nz/business/4685526/Closed-talks-on-US-trade-deal), February 2, 2011, <http://www.stuff.co.nz/business/4685526/Closed-talks-on-US-trade-deal>.

⁵⁴ Ministry of Foreign Affairs and Trade (New Zealand), "TPP Negotiations: Potential Benefits," December 11, 2013, <http://mfat.govt.nz/Trade-and-Economic-Relations/2-Trade-Relationships-and-Agreements/Trans-Pacific/index.php#benefits>.

its agricultural market to allow full access to New Zealand products. Still other groups have expressed concerns about U.S. demands on intellectual property rights, which they argue will force Internet service providers to uphold copyright laws on behalf of entertainment companies, including cutting service to lawbreakers, extend copyright protection for twenty years longer than at present, and widen the scope of patent law to include plants, animals, and medical procedures.

In the United States, negotiators have faced pressure from agricultural, pharmaceutical, and entertainment lobbies with respect to New Zealand. U.S. concerns are focused on Pharmac, which pharmaceutical companies claim disadvantages innovative products, and on the impact that opening the U.S. market to dairy imports from New Zealand would have on domestic producers.⁵⁵ However, negotiations are ongoing, and it is not yet clear what final agreement will be reached on these various issues. Public statements from U.S. and New Zealand officials appear to have gone a considerable distance toward allaying the public's concerns. The USTR, for instance, has said that it is largely happy with New Zealand's intellectual property laws but would like to see greater effort to tackle online piracy and counterfeiting.⁵⁶

New Zealand officials have hinted that if the U.S. agricultural market fails to open significantly, they will walk away from the TPP. These officials have also rejected wholesale changes to Pharmac, though they may be open to some logistical adjustments in the way the program is run. In the end, New Zealand officials foresee that the U.S. market for agricultural goods will be sufficiently opened and do not predict that the final agreement will make major changes to Pharmac. In their view, other issues—such as the United States' dispute with Japan over the latter's insistence about maintaining tariffs on sensitive agricultural products like beef, dairy, wheat, rice, and pork—pose far more serious obstacles.

Another concern for both the United States and New Zealand is passing the TPP through their respective legislatures once it is completed. President Barack Obama does not yet have trade promotion authority from Congress, and without this legislation the TPP could face a long series of amendments from members of Congress when it is sent to Capitol Hill for ratification. In New Zealand, the government will likely face some resistance to the deal, and the parliament will need to undertake a series of legislative changes to make New Zealand law compatible with the requirements of the agreement.⁵⁷

In addition to its clear economic benefits, the deal carries significant potential strategic benefits. China has so far chosen not to join the TPP and instead is active in the Regional Comprehensive Economic Partnership (RCEP) negotiations launched in 2012 between eighteen countries that have FTAs with the Association of Southeast Asian Nations (ASEAN).⁵⁸ The RCEP, which includes ASEAN, Australia, China, India, Japan, New Zealand, and South Korea, is primarily an effort to harmonize standards and regulations between different FTAs in the region and is less ambitious than the TPP. Thus, through its participation in the TPP, New Zealand has an important opportunity to influence the trading architecture of the Asia-Pacific. The TPP is expected to codify and streamline trading practices and promote standards and norms in the region in ways that

⁵⁵ Ian F. Fergusson, William H. Cooper, Remy Jurenas, and Brock R. Williams, "The Trans-Pacific Partnership (TPP) Negotiations and Issues for Congress," Congressional Research Service, CRS Report for Congress, R42694, December 13, 2013, <https://www.fas.org/sgp/crs/row/R42694.pdf>.

⁵⁶ USTR, *2013 National Trade Estimate Report on Foreign Trade Barriers* (Washington, D.C., 2013), 264.

⁵⁷ Audrey Young, "Groser: Trade Deal Won't Get Done This Year," February 19, 2014, *New Zealand Herald*, http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11205766.

⁵⁸ Department of Foreign Affairs and Trade (Australia), "Regional Comprehensive Economic Partnership Negotiations," <https://www.dfat.gov.au/fta/rcep>.

China cannot ignore. Foreign Minister Murray McCully summarized New Zealand's thinking about the TPP at the 2013 Pacific Partnership Forum: "We do not need another second-rate FTA. New Zealand has a wonderful platform to advance its strategic interests—through China, through Asia, and the other emerging economies. TPP offers something different."⁵⁹

Conclusions

The normalization of New Zealand–U.S. military ties will allow New Zealand defense forces to recover from the impact of years of U.S. isolation and resume playing their full role with the United States and Australia in maintaining security in the South Pacific. In addition, it will allow New Zealand to play a bigger role in global security issues ranging from territorial disputes in the South China Sea, reform in Fiji and Myanmar, cybersecurity, and the conflicts in Syria, Iraq, and Ukraine.

However, a few more steps remain to fully restore bilateral relations. First, a U.S. naval visit to a New Zealand port would be of great symbolic significance. The arrival of a non-nuclear warship would end the diplomatic stalemate caused by the nuclear-free zone imposed by New Zealand, while at the same time demonstrating U.S. respect for the country's nuclear-free sentiment, which has become engrained in domestic politics. In October 2013, three Chinese Navy vessels visited Auckland, making China the first nuclear power to explicitly guarantee that its visiting ships were non-nuclear.⁶⁰ Prime Minister Key commented on the arrival of the three Chinese ships that "if the Americans want to be in that position [to make a naval visit] they would be more than welcome in a heartbeat."⁶¹

While there would be no direct strategic benefit derived from a visit by the U.S. Navy, it would showcase the United States' strategic presence. The absence of a visit, on the other hand, could create an opening for China to increase its diplomatic standing in the region at the United States' expense. In the spirit of reciprocity, a U.S. ship visit would provide New Zealand with an opportunity to show its willingness to deepen military ties and move beyond the debates of three decades ago.

Second, President Obama should visit New Zealand. Australia hosted the 2014 Group of Twenty (G-20) summit in November and invited New Zealand to attend as a guest participant. Wellington extended an invitation to President Obama to visit New Zealand as part of his trip, but following an extensive travel schedule that included summits in China and Myanmar, he was unable to visit. This was a missed opportunity for the United States to send a clear signal that the bilateral relationship is back on track and that the disputes between the two countries have been largely laid to rest. A trip should be planned during Obama's remaining time in office—for example, a visit to celebrate the completion of the TPP would be particularly appropriate. Such a visit would be popular among the New Zealand public and would generate much goodwill.

Third, the United States and New Zealand should work to ensure that the TPP is completed successfully in the near future. Both governments have a strong desire to conclude the agreement and should work together to bring along some of the more hesitant parties. To fail now would

⁵⁹ "Memorable Quotes from the 2013 Forum," United States–New Zealand Council, 2013, <http://www.usnzcouncil.org/memorable-quotes>.

⁶⁰ Audrey Young, "China Assures Ships Are Nuclear Free," *New Zealand Herald*, October 11, 2013, http://www.nzherald.co.nz/politics/news/article.cfm?c_id=280&objectid=11138519.

⁶¹ Vernon Small, "Chinese Warships Due in Auckland," *stuff.co.nz*, October 10, 2013, <http://www.stuff.co.nz/national/9269773/Chinese-warships-due-in-Auckland>.

send a negative signal to the global trade regime. The TPP represents a realistic opportunity to implement high-quality standards for addressing contentious trade issues, including agriculture, environmental standards, and intellectual property rights. The standards that the TPP sets could become a global benchmark, and in this way New Zealand has a real opportunity to help shape the global trading system.

Fourth, the United States should help strengthen regional forums amenable to U.S. and New Zealand interests in the South Pacific, such as the Pacific Islands Forum. Washington is in a position to help breathe life back into the forum by providing attention and political capital. Even if it is not possible for the U.S. secretary of state to attend each year, Washington should maintain high-level engagement. This would demonstrate the United States' commitment to supporting New Zealand's role as a major Pacific Islands Forum nation in the long term and send a signal that Washington includes the Pacific Islands in its rebalance to Asia. Washington and Wellington have an opportunity to help the Pacific Island countries tackle problems such as climate change, energy security, and maritime domain awareness and to support the restoration of democracy and the rule of law in Fiji.

Relations between New Zealand and the United States have warmed and deepened rapidly over the past decade, despite their somewhat rocky history. This trend reflects the natural partnership between two countries that share a common history and values and have broadly similar visions for the international order. The challenge for both sides is to avoid complacency, move beyond so-called "new normal" relations, and elevate mutual cooperation and engagement, particularly in the military and economic spheres. Regular military engagement and cooperation on the TPP are promising steps in the right direction and provide an opportunity for New Zealand to play a larger role with the United States and Australia in addressing regional and global security challenges.



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