



New Zealand: Outlier of the Five Eyes?

Dr Anne-Marie Schleich

May 2021

Abstract

With the US-China strategic competition intensifying, New Zealand navigates these tricky geopolitical waters and pursues its more 'independent' foreign policy even at the risk of offending its Five Eyes partners.

About ISPSW

The Institute for Strategic, Political, Security and Economic Consultancy (ISPSW) is a private institute for research and consultancy. The ISPSW is an objective, task-oriented and politically non-partisan institute.

In the increasingly complex international environment of globalized economic processes and worldwide political, ecological, social and cultural change, which presents both major opportunities and risks, decision-makers in the economic and political arena depend more than ever before on the advice of highly qualified experts.

ISPSW offers a range of services, including strategic analyses, security consultancy, executive coaching and intercultural competency. ISPSW publications examine a wide range of topics connected with politics, the economy, international relations, and security/ defense. ISPSW network experts have held executive positions – in some cases for decades – and have dispensed advice in a wide range of fields.

About the Author of this Issue

Dr Anne-Marie Schleich was a German diplomat from 1979 until 2016. She was the German Ambassador to New Zealand and seven Pacific Island Countries from 2012 to 2016. Dr Schleich has since written a number of articles on geopolitical developments in the Asia Pacific region.





Analysis

New Zealand always had a reputation for doing foreign policy its own way. Recently, New Zealand's Prime Minister Jacinda Ardern, however, had to clarify previous remarks of her Foreign Minister Mahuta who had given a much-hyped speech titled "The Dragon and the Taniwha" (an ancient Maori sea monster) to the New Zealand China Council on April 19, 2021 when FM Mahuta expressed being "uncomfortable" about the Five Eyes intelligence alliance "going beyond its remit of intelligence sharing". PM Ardern clarified that her government had raised "grave concerns" with China on human rights issues. But she also stressed that "areas of difference with China... need not define a relationship."

Appeasing China or Independent Player?

The New Zealand government has recently demonstrated a certain reluctance to sign up to some of the Five Eyes political declarations against China. The Five Eyes are an intelligence alliance comprising five Western Powers – the US, the UK, Canada, Australia and New Zealand. In May 2020 only four (US, UK, Canada and Australia) of the Five Eyes members issued a statement about the impending imposition of a national security law on Hong Kong; the same happened in January 2021, when only four members made a statement about mass arrests in Hong Kong. New Zealand also did not support a recent Five Eyes nation declaration on denouncing the treatment of the Uyghur minority in Xinjiang.

On the other hand, New Zealand joined its partners in November 2020 expressing concerns about curbs on Hongkong's autonomy. And in March 2021 the Australian and New Zealand Foreign Ministers issued a joint statement voicing their "growing concerns about ... human rights abuses in Xinjiang." New Zealand's parliament debated in May 2021 an opposition party motion and unanimously declared that severe human rights abuses were taking place against Uyghur people in Xinjiang, but only after the word "genocide" was dropped from the text at the request of the government. On May 12, New Zealand was a co-sponsor - together with Australia and Canada - of a UN event in New York organised by Germany, the US and the UK which criticised the human rights situation in Xinjiang.

International commentators have speculated and questioned whether New Zealand might want to appease China, its biggest export market, whether China is intent on driving a wedge into the Five Eyes, whether the Alliance might be in trouble or whether New Zealand could still be trusted as a political ally.

This discussion is set against the geopolitical picture of the Trump and the Biden administrations drumming up political support and push back against China among its allies and partner organisations, such as the revived Quad quasi alliance, NATO, G7 and the Five Eyes. The role of the Five Eyes from a spying and intelligence distribution agency has recently expanded into a more politically vocal one. Contrary to Australia, its long-time political big brother and closest neighbour, New Zealand has started to carefully choose the platforms and partners for its public condemnations of China. A view back into history might help to better understand New Zealand's so called 'independent' foreign and security policy.



A Look Back in History

New Zealand's and Australia's geographic isolation has led both of them, especially Australia, to maintain a strong military partnership with the US. The two Pacific countries have also cooperated very closely with the US, the UK and Canada under the Five Eyes intelligence sharing agreement. The origins of this intelligence alliance date back to the 1946 UKUSA Agreement of the post-World War II cold war era. The five partners divided their spheres of signals intelligence gathering. New Zealand with its main signals facility on the South Island, is responsible for gathering information in the South Pacific, whereas Australia covers South and East Asia. Five Eyes activities are critically viewed domestically, especially because the surveillance is directed against its close partners, the Pacific Island countries, where about 10 % of New Zealand's population originate from. The 2014 Snowden revelations of the extent of the surveillance caused quite a stir in New Zealand.

In the defence area, the 1951 ANZUS treaty between the US, Australia and New Zealand was the foundation for the US military presence in the Pacific Ocean. The three countries fought side by side in the various wars since World War I in Europe, the Pacific, Korea, Afghanistan and the Middle East. But New Zealand has always been a more distant ally of the US. In 1985, the Labour government under PM David Lange led the antinuclear weapons movement in the Pacific region. Much to the delight of his domestic base, the Lange government banned US nuclear-powered warships in New Zealand's territorial waters. The ANZUS alliance with New Zealand was then frozen for almost 30 years while New Zealand's participation in the Five Eyes continued, though somewhat reduced. It was President Obama's "Pivot towards Asia" policy which brought New Zealand back into the US fold. The Washington Declaration signed by the US and New Zealand defence ministers in 2012 was the official icebreaker and provided a framework to reopen bilateral defence ties. For the first time since 1984 New Zealand troops took part in 2012 in the bi-annual US led Rim of the Pacific military exercises. This renewal of their strategic cooperation culminated in the symbolic visit by a US naval ship to New Zealand in December 2016.

Trade Dependence and Political Dilemma

For New Zealand, the Pacific island countries and Australia are its closest neighbours. New Zealand's foreign policy is therefore primarily focused on stability at its doorsteps in the Pacific and on close cooperation with the Pacific Island countries as well as the protection of its own vast Exclusive Economic Zone (EEZ). As a result, New Zealand is investing mainly in surveillance ships for its EEZ as well as ships and aircraft for disaster-related support for its Pacific Island neighbours. The massive increase in Australian defence spending to counter China's maritime assertiveness is not matched by New Zealand because its electorate and certainly the present Labour government are more concerned about the need for investment in education, social welfare and infrastructure.

New Zealand's trade dependence on China has created enormous economic opportunities as well as a political dilemma, similar to its neighbour Australia. China is New Zealand's biggest trading partner with exports of dairy products, meat, and untreated logs. Half of China's specialized dairy imports come from New Zealand. New Zealand's exports quadrupled since the signing of the bilateral free trade agreement (FTA) in 2008 with bilateral trade amounting to NZ\$ 33 billion (2019). Appr. 29 % of its exports went to China. This FTA, the first, that China signed with any country, was upgraded in January 2021. China is also the second largest tourism market and largest source of international students. New Zealand was a founding member of the China led Asian Infrastructure Investment Bank. It signed in 2017 a Memorandum with China for (yet unspecified) Belt and Road projects and in 2020 the RCEP trade agreement.



Navigating Tricky Geopolitical Waters

The second Labour government of Prime Minister Ardern is now able to govern without its previous minor coalition partner, New Zealand First. Then, the outspoken and flamboyant Foreign Minister Winston Peters was rather critical of China and its influence and investments in New Zealand. Now without Peters, the government can avoid an open confrontation with China - unlike its Australian neighbour. With the US-China strategic competition intensifying, New Zealand defines its own national interests and is determined to navigate these tricky geopolitical waters. It also takes into account critical views of its intelligence operations, especially among its close partners in the Pacific. Many of them have close political and economic ties with China. PM Ardern has also questioned the usefulness of public statements which she deems as mostly ineffective when dealing with China. New Zealand sees the Fives Eyes as a pragmatic spying network and not as a foreign policy coordination platform bound by common political values (B. Wakefield). New Zealand's economic vulnerability to potential Chinese reprisals is not the major factor in its foreign policy. It seems to be more a desire to demonstrate to a domestic audience its determination to do foreign policy in its own way by carefully choosing when, and when not, to support the foreign policy statements of its Five Eyes allies. This position is backed by two previous Prime Ministers, Helen Clark and John Key.

With New Zealand continuing to cover the South Pacific intelligence flank, it can be predicted that it will stay a member of the club in spite of the government's occasional unwillingness to back all of the Five Eyes political declarations.

Remarks: Opinions expressed in this contribution are those of the author. This analysis was part of a contribution in *RSIS Commentary* published on May 18, 2021.

<https://www.rsis.edu.sg/rsis-publication/rsis/new-zealand-outlier-of-the-five-eyes/>