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New Zealand: Outlier of the Five Eyes?

By Anne-Marie Schleich

SYNOPSIS

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

COMMENTARY

NEW ZEALAND always had a reputation for doing foreign policy its own way. Recently, New Zealand's Prime Minister Jacinda Ardern explained 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".

The Five Eyes is an intelligence alliance comprising five Western powers — Australia, Canada, New Zealand, the United Kingdom and the United States. New Zealand has recently demonstrated a certain reluctance to sign up to some of the Five Eyes political declarations against China. Its foreign minister said recently that she felt uncomfortable about the alliance "going beyond its remit of intelligence sharing".

Appeasing China or Independent Player?

In May 2020, only four (Australia, Canada, US and UK) of the Five Eyes members issued a statement about the impending imposition of a national security law on Hongkong; the same happened in a January 2021 Five Eyes statement about mass arrests in Hong Kong. New Zealand also did not support a recent Five Eyes declaration on the treatment of the Uyghur minority in Xinjiang.

However, New Zealand joined its partners in November 2020 expressing concerns about curbs on Hong Kong's autonomy. And in March 2021, the Australian and New

Zealand foreign ministers together voiced their “growing concerns about ... human rights abuses in Xinjiang”. New Zealand's parliament last week unanimously passed a motion on human rights abuses against Uyghurs, but only after the word "genocide" was dropped from the text.

International commentators have speculated whether New Zealand wants to appease China, its biggest export market, and whether it could still be trusted as a political ally.

The Biden administration has been drumming up political support against China among allied partner organisations, the revived Quad quasi alliance, NATO, G7 and the Five Eyes; the role of the Five Eyes has expanded from an intelligence agency to a more politically vocal one.

Contrary to Australia, New Zealand has carefully chosen the platforms 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.

Why the Independent-Minded Posture

New Zealand's and Australia's geographic isolation has led both to maintain a strong military partnership with the US. The two Pacific countries have also cooperated 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 Cold War era.

The five partners divided their sphere of intelligence gathering. New Zealand with its main signals facility on the South Island, is responsible for gathering information in the South Pacific. Five Eyes activities were critically viewed domestically, especially because the surveillance is directed against New Zealand's close partners, the Pacific Island countries, where about 10% of the New Zealand population originates from.

In the defence area, the 1951 ANZUS treaty between the Australia and New Zealand and the US 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. But in 1985, the Labour government led the antinuclear weapons movement in the Pacific and banned US nuclear-powered warships from New Zealand waters.

The ANZUS alliance with New Zealand was frozen for 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 2012 Washington Declaration was the official icebreaker and provided a framework to reopen bilateral defence ties and allowed US naval ships back into New Zealand.

Trade Dependence and Political Dilemma

New Zealand's closest neighbours are the Pacific island countries and Australia. Its foreign policy is therefore primarily focused on stability at its Pacific doorsteps, close cooperation with the Pacific Island countries and on the protection of its own vast Exclusive Economic Zone.

New Zealand's trade dependence on China has created enormous economic opportunities as well as a political dilemma, as it has for its neighbour Australia. China is New Zealand's biggest trading partner. 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) and approximately 29% exports 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.

The second Labour government under Prime Minister Jacinda Ardern is able to govern without its previous coalition partner, New Zealand First, whose leader, the then Foreign Minister Winston Peters was critical of China. Now without Peters, the government can avoid an open confrontation with China — unlike its Australian neighbour.

Navigating Tricky Geopolitical Waters

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 also have close political and economic ties with China. The New Zealand PM has questioned the usefulness of direct statements which she deems as mostly ineffective when dealing with China. New Zealand sees Fives Eyes as a pragmatic spying network and not as a foreign policy coordination platform bound by common political values.

Its economic vulnerability to potential Chinese reprisals is not the major factor in New Zealand's foreign policy. With New Zealand continuing to cover the South Pacific intelligence flank, it can be predicted that it will stay a member of the club despite the government's occasional unwillingness to back Five Eyes political statements.

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