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## Shifting the dial



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Foreign Affairs (/portfolio/labour-led-government-2017-2020/foreign-affairs)

Speech to Lowy Institute

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### “Shifting the dial”, Eyes Wide Open, Pacific Reset

#### Introduction

New Zealand’s coalition government was formed with the intention of leading change rather than managing a modified status quo.

If you had choice as carrying on as before or doing something more dramatic.

From domestic policy through to foreign policy the coalition intends to shift the dial. This energy and desire for action also informs a reset of New Zealand’s foreign policy direction in the Pacific, the theme of today’s speech.

But first, there are certain geographical, historical, and social facts about New Zealand.

New Zealand is a Pacific country, linked by history, culture, politics, and demographics.

One in five New Zealanders – approximately one million people – now have Maori or Pasifika heritage, and this demographic trend is growing.

These basic facts have profound consequences for how the New Zealand government regards the Pacific region.

The New Zealand government is intensively engaged in the Pacific. Over 30 New Zealand government agencies have some form of interest or engagement with Pacific Island states, as do a number of Non-Governmental Organisations.

In many respects the Pacific is where New Zealand matters more, wields more influence, and can have more positive impact.

We see in 2018 a region challenged by a dizzying array of social and environmental problems and one attracting an increasing number of external actors and interests. So much is changing in the Pacific and sometimes it is not for the best. Need and temptation often leads to greater risk than prudence would suggest.

Yet, it is also a region of opportunity and empowerment where Pacific countries want to stand on their own two feet as equals, make their own choices, and have their distinctive voices heard on the global stage.

And for all these reasons we regard it as critical for New Zealand to embark on a new, re-energized Pacific strategy.

A re-energized approach based on New Zealand values and increased technical and financial support to the Pacific. A re-energized approach also based on greater coordination of effort by all New Zealand stakeholders with an interest in the Pacific, with Pacific governments and people, and with key partners near and far.

It will be a strategy based on mutual respect under-pinned by a set of guiding principles and with our eyes wide open about the challenges and opportunities before us.

## **Australia**

Let us start with noting the visit of Australian Foreign Minister Julie Bishop to Auckland just a few weeks ago. It was a welcome chance for us to have a discussion about where we might focus our interest in the future. Personalities do matter, but policies matter more.

That meeting, and recent events, has underscored the Trans-Tasman shared instincts for the Pacific region.

Our collective response for example to Tropical Cyclone Gita was a visible demonstration of how Australia and New Zealand work seriously well together.

Immediately both of us deployed defence force assets to airlift emergency supplies to cyclone battered islands. In the case of some of those islands our forces were prepared to go before then cyclone struck.

And as we move from the emergency response phase to long term recovery, both countries are dedicating expertise and resource to helping our Pacific neighbours in their time of need.

Our reaction to these events required no reservation at all, it was a natural reaction in their hour of need. It is also a simple reflection of our shared geography.

Another recent example is when both Australia and New Zealand were at the forefront of search efforts for the ferry missing in Kiribati. While seven people were saved, many lives were lost.

This tragic incident further emphasises how at the Pacific's very worst moments, when they happen, it's the neighbours - Australia and New Zealand – who are always there to help.

So let us acknowledge the huge role Australia plays in the Pacific. Australia is by a considerable margin the Pacific's largest donor.

In the context of broad Pacific challenges, and a complex strategic environment, we in New Zealand acknowledges Australia's influence for the greater good of us all.

And with more regional instability and global uncertainty than at any time in living memory, Australia and New Zealand need to be very clear sighted about facing these challenges together because we have never since 1945 never needed each other more.

It is not a matter of the country cousin or the senior soldier any more. We are in a serious struggle to get on top of the problem we have in the Pacific and we need best efforts from both of our countries.

And so why the Pacific is important to New Zealand?

There are three other reasons why New Zealand regards the Pacific region with such importance.

First, Pacific identity and in particular New Zealand's Polynesian character. There is greater interconnectedness between New Zealand and the countries of Cook Islands, Niue, Samoa, Tokelau and Tonga, than any others in the world, with the possible exception of Australia.

Whilst these countries might be small, and disparate and isolated, in reality they occupy a serious part of the world's space, and it becoming more important every day.

And the second reason is national security. The modern world opens trans-boundary security challenges; including gangs; criminal deportations; drug production and distribution; cyber and financial crime; and aviation and border security. New Zealand's national security is directly affected by the Pacific's stability.

And third, shared prosperity. Pacific Island countries with improved economic and social well-being create opportunities for themselves to improve their resilience and self-reliance. We seek to assist Pacific Island countries to achieve sustainable economic growth and improved public financial management, as the primary engines of lifting living standards and funding vital government services.

### **Changing NZ influence**

It shouldn't be underestimated just how much change is underway in the region.

This, being a second time as New Zealand's Foreign Minister, is a time for reflection because a lot has changed in just 9 years.

It has become increasingly obvious that the perception of New Zealand by Pacific leaders is changing. This reflects a new generation of post-colonial Pacific leaders who are increasingly confident, independent and assertive regionally and internationally. They are more comfortable in courting a range of external partners.

These dynamics are changing New Zealand's relative influence. At one level we are moving from a post-colonial influence to a mature political and development partner.

At another level we have to work harder to maintain our positive influence.

Pacific perceptions of New Zealand are also being shaped by our different patterns of engagement across the region.

In Polynesia, where our political, cultural and historical links are much closer, New Zealand is certainly viewed as a family member.

But the Pacific overall has also become an increasingly contested strategic space, no longer neglected by Great Power ambition, and so Pacific Island leaders have more options. This is creating a degree of strategic anxiety.

New Zealand – which is the Pacific's second-largest donor, accounting for around a tenth of total development spending in the region – is not alone in grappling with the new realities. It is the same question Australia, the European Union and the United States all pose to themselves. We need to better pool our energies and resources to maintain our relative influence.

In navigating a more complex strategic environment, New Zealand's view is that we must be respectful of Pacific Island countries' and clear wish to manage their own international relations while at the same time retain New Zealand's traditional emphasis on human rights, the rule of law, transparency, good governance and the promotion of democracy.

Our wish is that accountability across the Pacific embodies these tenets because we know that good leadership is good government, and what we need is more good political leadership to lift performance across the region.

But make no mistake. Isolation and a lack of size is no excuse for failing to strive for the best of standards. And that is a message we must give clearly through the Pacific from end to end. Being small and isolated is no excuse for failing to strive for the very best.

Pacific Island countries, however, face multiple challenges, which in some cases they are not well equipped to tackle and where leadership is lacking.

### **New Zealand's direction**

New Zealand is a small, realistic and pragmatic country. We know we cannot help the Pacific solve its problems on our own—as there will always be someone with deeper pockets than ours and some Pacific leaders are attracted to easy sources of funding.

And if any of you know of the seductive experience of travelling in some parts of the world it is mind bending for some young politicians.

At the same time, New Zealand is proud to be full members of the Pacific family, and to have played a significant role in assisting the region to meet its challenges over the past generation.

As part of the Pacific family, New Zealand is conscious that our identity, our national security and our prosperity are inextricably linked. We have, in a very genuine sense, a shared Pacific destiny.

For these reasons the new government in New Zealand is undergoing a Pacific reset.

We must, we need, and we should be doing more to make a difference in the region.

This Pacific reset will have two distinct strands.

The first approach is what young people describe as “old school” because it requires “back to basics diplomacy”.

Renewed Pacific diplomacy is why Prime Minister Jacinda Ardern, myself, and other Cabinet Ministers plan to spend considerable time in the Pacific during 2018 and beyond. It starts next week with the New Zealand Pacific Mission to the Cook Islands, Niue, Samoa and Tonga.

Much of next week’s visit will be assessing the recovery and rebuild work required following Cyclone Gita.

But we will also use our discussions to share perspectives on the strategic environment facing the Pacific, including the proliferation of external actors. We just have to get a better dialogue of understanding where people put their cards on the table.

Under our refreshed Pacific policy we are adopting a set of five principles to chart our diplomatic interactions. The New Zealand Cabinet has agreed to these principles to steer our Pacific diplomacy.

To demonstrate a depth of **understanding** of the Pacific shaped by academic, community, civil society and private sector expertise that exists in NZ.

To exhibit **friendship**, including honesty, empathy, trust and respect. This means staying in frequent touch at a political level and having frank and open conversations when necessary.

Also means I think, we need to focus far more on the Pacific, as I suspect our two countries I suspect have been preoccupied with other parts of the world when building on our borders are matters of serious concernn

To strive for solutions of **mutual benefit** when developing domestic and foreign policy with impacts on the Pacific as our third target. For example pension portability, criminal deportations, climate change, labour mobility and health and education policy.

Fourth, to achieve **collective ambition** with Pacific partners and external actors on a shared understanding of what we are trying to achieve together.

Finally, to seek **sustainability** by focusing on the region’s long-term goals, to play our part in promoting greater autonomy and resilience among our Pacific friends through their improved economic and social achievement.

Now diplomacy will take us a long way, but not all the way.

The second strand to New Zealand’s Pacific reset is putting money where our mouth is.

However, the Ministry of Foreign Affairs and Trade has not had a budgetary increase since 2008. Restoring lost capacity is one of our chief goals in advancing New Zealand’s foreign policy interests.

We hold the view that while New Zealand has demonstrated remarkable nimbleness and effectiveness in recent years its diplomatic corps needs to be rebuilt. We need appropriate funding to have the right people on the ground, around the world, but in the Pacific in particular.

New Zealand also has some work to do with its overseas development assistance as our credibility as a humanitarian donor is becoming stretched. And no foreign minister wants to admit that.

New Zealand directs 60 percent of its development spending to the Pacific. This ratio is becoming more important.

But New Zealand's aid spending has declined in comparative terms over the past nine years.

As a proportion of Gross National Income, it declined from 0.30 percent in 2008 to 0.25 percent in 2016.

And if it's not arrested, it will fall below 0.21% by 2021.

For a nation that prides itself on being a responsible international citizen, that is simply not good enough.

This is why New Zealand must, over the term of this government, reverse this recent decline by expanding the size of our official development assistance programme to help our Pacific neighbours improve their resilience, and through that their autonomy.

There might not be votes in it but it is the right thing to do and it shows New Zealand's seriousness in being an active and good neighbour.

A significant shift would, among other things:

- Allow New Zealand to bolster our efforts to tackle priority issues for the Pacific, especially climate change – which is an existential threat in its own right for some island states.
- It would also enable an increased focus on sectors important for the promotion of our values – including good governance and transparency, human rights, women's political and economic empowerment.

And before some fritter away this sentiment internationally, we are one of only 9 countries and Australia's one of then, that can claim a line of unbroken democracy that's held elections every set term, or earlier, since 1854. Only nine in this world and in terms of values as far as we are concerned it counts for something.

- And it would provide for an increase in New Zealand funding to multilateral institutions, especially the World Bank and the Asian Development Bank, both vital institutions that alongside donor states can offer sustainable investment choices for Pacific nations.

This is a shift that starts now, particularly given that 2018 is a critical juncture for the Pacific region. During this year the Cook Islands, French Polynesia, Fiji and the Solomon Islands will all hold elections. Papua New Guinea will host APEC, Nauru will host the Pacific Islands Forum, and Fiji, as current President of the Conference of the Parties on Climate Change, will lead the international community in the important 'Talanoa Dialogue'. A process designed to increase climate attention in the fight against climate change. The world's focus is therefore on the Pacific like never before.

## **Future direction**

And so New Zealand will embark on a refreshed approach to the Pacific Islands and its people, one motivated by our understanding of the scale of the challenges the Pacific faces – stemming from existential climate change issues and ever-present poor economic and social outcomes.

While the size of New Zealand's official development assistance programme is under reconsideration, we speak and prepare for the budget this year we intend to shift the dial to move our Pacific relationships past the donor/recipient interaction and into genuine, mature political partnerships;

And expect New Zealand to approach our Pacific neighbours with understanding, friendship, mutual benefit, and collective ambition, to achieve sustainable results. This reset expresses the trajectory of New Zealand's history, its independent foreign policy, and it is shaped by our close relations in the Pacific region.

This was said before in this speech but it needs to be emphasised tonight again. There has never been a time before since 1945 when Australia and New Zealand need to work together in the Pacific.

This emphasis on leadership diplomacy with the Pacific will manifest itself by undertaking frequent Ministerial travel into the region and providing a high degree of political access to Pacific Leaders who visit New Zealand;

And this Pacific refocus has the intention of working closely with Australia and other regional partners with the objectives of tackling the shared big challenges in the region, and they are big, and shifting the dial on them.

## Ends



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