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Conflict and development

Helen Clark discusses the UN Development Programme’s approach to breaking the cycle of fragility, violence and poverty.

The last time I spoke at the NZIIA was as prime minister in 2004. That seems a lifetime ago. My theme then was the importance of New Zealand’s multilateral engagement on major global challenges. Since then I have had the opportunity to become rather more directly engaged in many of those challenges myself, through my role as UNDP administrator and chair of the UN Development Group.

From its foundation in 1945 as the world’s premier multilateral institution, the United Nations has been a driving force for development. Indeed, development features as one of the three inter-linked pillars of the United Nations’ mandate, alongside human rights and peace and security. It is hard to make sustained progress on any one of those ‘pillars’ without advances on the others.

My theme here is the impact of conflict and armed violence on development, and the importance of creating more peaceful and cohesive environments within which development can thrive. This matters: the world cannot achieve the eradication of extreme poverty if corners of our world continue to be wracked by violent conflict and fragility.

There can be no doubt that, at the global level, huge progress has been made on reducing extreme poverty. The momentum generated since 2000 by the Millennium Development Goals has also brought focus and directed action and resources to that effort. The target in MDG 1 of having the global rate of extreme poverty halved from its 1990 level by 2015 was reached in 2010, five years ahead of schedule. UN Secretary-General Ban Ki-Moon has called this progress ‘the most successful global anti-poverty push in history’.

Progress has been achieved on many other MDG targets, too, not least on improved access to safe drinking water, better living conditions for around 200 million slum-dwellers, and on primary school enrolment and improved infant and child health. But such progress is not yet universal, nor is forward momentum guaranteed. Much work remains. Abject poverty and under-development persist, not least where people lack productive employment and livelihoods; where environmental resources are being depleted and natural disasters are recurrent; and where conflict, armed violence, high levels of crime, and weak governance exist. Added together, these factors perpetuate extreme poverty.

Telling figures

The World Bank calculates that countries affected by conflict and fragility lag behind the most in MDG achievement, accounting for 77 per cent of infant deaths, 65 per cent of the world’s population lacking access to safe drinking water and basic sanitation, and 60 per cent of the world’s under-nourished. People who live in these countries are twice as likely as people living in other developing countries to see their children die before they reach the age of five, and more than three times as likely to be unable to send their children to school. In future, the extremely poor in our world will be increasingly concentrated in these states, as countries not torn apart by conflict and with more effective governance pull ahead. Estimates of the concentration of people living in poverty in these fragile states range from one-third of the global total today to projections of half by 2018, and two-thirds and upwards by 2030.

This article will focus on what can be done to help lift the countries and communities left behind in the ‘conflict–fragility–poverty trap’. That characterisation of the mutually reinforcing impact of conflict, fragility, and poverty on development as a ‘trap’ draws from an extensive body of academic and policy literature, including from Jeffrey Sachs, Paul Collier, the World Bank’s 2011

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The world cannot achieve the eradication of extreme poverty if corners of it continue to be wracked by violent conflict and fragility. Problems affecting fragile states include weak governance and lack of resilience to potential internal and external shocks, such as climate change. High levels of youth unemployment are also a worrying factor. In states that have experienced violent conflict core institutions tend to be weak, and human capital depleted. Societies emerging from conflict often have minimal capacity to address legacies of war. If the underlying factors which drove the conflict are not addressed, the stage may be set for relapse into conflict. The UNDP’s role is to try to dismantle the complex conflict–fragility–poverty trap.
World Development Report, and many other sources. I will:
- discuss what drives conflict and fragility;
- offer some reflections on the impact of conflict and fragility on development; and
- share the UNDP’s current thinking on and approach to supporting countries to break out of the conflict–fragility–poverty trap to move along a path to sustainable development and peace.

**Weak capacity**

What is a fragile state? The OECD defines a fragile state as ‘one which has weak capacity to carry out basic governance functions and lacks the ability to develop mutually constructive relations with society’. Both the OECD and the g7+ group, the latter representing a group of eighteen countries which have self-identified as fragile and conflict-affected, have advanced the notion of a ‘fragility spectrum’ to reflect variations in the degree of fragility of individual states. In this concept, most countries are more or less fragile, and even stable countries may have sub-national pockets of fragility where armed conflict and/or criminal violence take their toll.

As a group, the fragile states often share a number of characteristics which make it difficult for them to get ahead. These may include weak governance, poor relations between state and society, and a lack of resilience to potential internal and external shocks, including to stresses emanating from climate change and natural hazards. They may also include countries overwhelmed by rapid urbanisation and the impact of burgeoning young populations without enough access to work and opportunity.

No single factor determines fragility, and it may be masked by the existence of relatively strong, often authoritarian, institutions, as has been seen in the Arab states region. Rivalry between ethnic groups and along other lines can also drive fragility, especially where authorities lack the political will, impartiality, and/or the ability to intercede and resolve grievances.

**Changing violence**

All the above factors can contribute to violent conflict, which impedes development. The face of conflict itself is changing; armed conflict has dropped overall in the last two decades. Yet while there has been a significant decline in inter-state conflict and battle-related deaths, smaller-scale violence and the number of violence-related deaths have increased. Current forms of armed violence include criminal activity, local conflict over land and natural resources, and inter-ethnic or communal violence.

An estimated 87 per cent of deaths directly resulting from armed violence are rooted in organised crime and gang activities, with the highest rates found in Latin America and the Caribbean and parts of Africa. Only around one in every ten reported violent deaths around the world results from what was once considered typical armed conflict or from an act of terrorism.

Tempering the encouraging trend in the decline of large-scale armed conflict over the past two decades, however, is the dramatic increase in the total number of battle-related deaths in 2012, mostly due to the war in Syria, but with an escalation of armed conflict and resultant fatalities also seen in Afghanistan, Somalia and Yemen. The number of documented deaths resulting from the conflict in Syria since March 2011 now exceeds 100,000. Its impact on human development is severe as communities are torn apart and people flee their homes to seek refuge elsewhere.

**Fragility magnifiers**

What else exacerbates fragility?
- Losses from disasters, including extreme weather events: the connection between drought and violence and conflict has been well documented. In Burundi, for example, recurrent drought and food insecurity, coupled with uneven food distribution, have sparked violence between migrants and host communities over access to land. In Afghanistan, facing the consequences of drought and with few livelihood alternatives, youth in Balkh province have joined illegal armed groups.
- Economic vulnerability: for economics to thrive they must connect with markets, but the ability of fragile states to make those connections, and then to ride out financial volatility or price shocks, is sharply limited. Fragile states are less likely to attract either the sustained domestic or foreign investment which drives economic growth.
- High levels of youth unemployment: when the UNDP polled Arab youth for its landmark 2002 Arab Human Development Report, lack of jobs and access to education topped their list of concerns. Those concerns were largely unchanged as youth poured onto the streets in the region nearly a decade later to demand political change. Beyond the Arab states region, the global financial crisis and its on-going repercussions have contributed to high rates of unemployment and under-employment in the advanced economies too. Young people have borne the brunt of this, with negative trends in the youth labour market accounting for 41 per cent of the decline in the global employment-to-population ratio since 2007.

In fragile states, young people aged fifteen to thirty-four already make up more than one-third of the population. Today, about one in three people living in Africa, or about 344 mil-
The UNDP has a global mandate and presence with programmes and initiatives in virtually every developing country. Our biggest achievements in fragile states have taken a generation. Countries like Rwanda and Ethiopia, however, have shown that, with effective leadership and a focus on improving service delivery and tackling corruption, the transition can be accelerated.

External factors: global factors also drive fragility. These may include trade barriers limiting economic potential, transnational organised crime, and thriving markets for military and security goods and services. Then there are the clear cases of regional spillover from a national crisis — witness the destabilisation of the Sahel as a consequence of the upheaval in Libya, and the heavy impact of refugee flows into the small states of Jordan and Lebanon.

The UNDP has a global mandate and presence with programmes and initiatives in virtually every developing country. Our biggest country programmes are in fragile states, where we have learned a lot about the complex dynamics of conflict, fragility, and under-development. These insights inform our efforts to support countries to lift themselves out of the conflict–fragility–poverty trap.

**Some observations**

Where states have experienced violent conflict, core institutions are weak, and human capital is depleted. Generally in the wake of violent conflict, there is a cohort of trained, mobilised young men, usually with little or no civilian training or education, few job prospects, and facing tremendous challenges in reintegrating into their communities. Societies emerging from conflict often have minimal capacity to address such legacies of war, or to achieve genuine reconciliation. Yet if the underlying factors which drove the conflict are not addressed, the stage may be set for relapse into conflict.

Some of the worst conflicts have occurred in resource-rich countries, such as Sierra Leone or the Democratic Republic of Congo, where the transition to peace and development can be particularly difficult. Addressing the barriers to development in such cases must be informed by a deeper understanding of the full impacts of the conflict on the social and economic system, and of what alternative livelihoods might merit investment to break a pernicious dependence on illicit resource extraction.

Sexual- and gender-based violence rises exponentially in conflict-affected countries — and persists at high levels thereafter. Sadly war does not end for women after a formal cessation of hostilities between warring parties. Violence against women is a strong indicator of fragility; it also exacerbates poverty, as the legacy of war may well be many more women bringing up families alone.

Each fragile context is unique: the specific causes, manifestations, and degrees of fragility which perpetuate poverty vary widely, as does the pace at which change may be brought about. Responses must be tailored to the specific circumstances. Applying a standard template will not work.

Caution is warranted in celebrating early results in post-conflict transitions, as the foundations of lasting stability may be far from built. Fast-tracking elections and supporting transitional regimes, without regard for the wider context of political participation in a society and the polarised relations between different groups, can fuel destructive competition instead of enhancing the legitimacy of government. Adequate time is needed to address the issues that drove groups into conflict in the first place, and to establish infrastructures for peace and reconciliation.

**Development responses**

Given what we now know about the complex and mutually reinforcing dynamics of conflict, fragility, poverty, and under-development, what can be done to support countries to move out of the fragility trap and onto a path to development? The international community has been seized by this important question in recent years.

Two recent World Bank World development reports have focused on this issue. The 2011 report concluded that fragility is best addressed by substantial and sustained investment in strengthening legitimate institutions and governance which can provide security and justice, and is conducive to creating jobs and livelihoods. The 2013 report focuses on the central-ity of work to development. This follows an analysis of worrying trends showing that more than 200 million people, a disproportionate share of them youth, are unemployed and actively looking for work; 621 million young people are neither working nor studying; and 600 million more jobs are needed over the next fifteen years just to keep unemployment rates at their current level.

The European Union has embraced the concept of resilience in its approach to tackling the conflict–fragility–poverty trap,

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**Rebel fighters in Sierra Leone**

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New Zealand International Review
calling for ‘orienting development models and actions towards strategies meant to build up the resilience of societies’, including the resilience of socio-economic systems.

- The New Deal for Engagement in Fragile States, agreed at the Busan High-Level Forum on Aid Effectiveness in 2011, represents further international consensus on how to help fragile states make the transition out of fragility to development. Established with strong support and leadership from the g7+ group of fragile states, the New Deal proposes five priority areas of goals to achieve its vision: promoting legitimate politics based on inclusive settlements and conflict resolution; security; justice; strong economic foundations, including employment and livelihoods; and improved revenue generation and services.

- The report of the UN secretary-general’s High-Level Panel on the Post-2015 Development Agenda recognises the centrality of peace and good governance to the post-2015 development agenda. This heralds a possible paradigm shift in the way in which the international community could approach development, and is a shift which UNDP has long advocated.

**Important effort**

Based on decades of research and development practice, the UNDP, in partnership with developing countries, donors, and international organisations, is working to dismantle the conflict–fragility–poverty trap, through an approach which centres on building the resilience of fragile states, including through support to the peace-building and state-building goals of the ‘New Deal’.

What does a resilience-based approach entail? The UNDP sees a resilience-based approach as a transformative process of building and harnessing the capability of individuals, communities, institutions, and states so that they can direct their own destinies. Resilient societies are characterised by high levels of social solidarity, the existence of common and agreed social norms, inclusive decision-making, and robust and effective institutions.

A resilience-based approach focuses on tackling the multiple dimensions of fragility in a comprehensive way. Note the complex factors which led to famine in Somalia in 2011. The international response was in essence a response to the drought; yet it was the presence of conflict and the absence of effective governance which turned the drought into famine in parts of the country. If Somalia is to avert famine in the future, then peace, social cohesion, and effective governance will have to be built. That is slow and painstaking work, as the UNDP knows to its cost. Our compound in Mogadishu suffered a terrorist attack recently which left eight people there dead, others killed outside, and many others traumatised.

**Needed steps**

So where to begin? First, invest in deep and comprehensive analysis. Development initiatives in fragile states need to be informed by more comprehensive analyses and understanding of the complex drivers of fragility, and of what builds resilience. The latter includes: the capacity of individuals, communities, and institutions to adapt; their capacity for learning and self-organisation; their decision-making processes and dynamics; and their history of collective actions and solidarity. Where organised crime has replaced armed violence, we need a deeper understanding of what maintains criminal groups in communities. Why are they entrenched in these post-conflict societies? Do they in some way carry on the expression of larger fraternal or group grievances?

The UNDP is investing in more targeted analytical tools to ensure that the support we give to fragile states is based on rigorous analysis. We are building the capacity of our country offices to apply a new conflict-related development analysis (CDA) tool. We are working on another targeted tool to assess and analyse institutions and the broader institutional environment in conflict-affected fragile states.

Together with the European Union, the World Bank, and other UN agencies, we are revamping approaches to how post-conflict recovery and development needs are assessed and supported. This is building greater collaboration between key development actors on responses to the needs of post-conflict states.

**Comprehensive engagement**

Second, commit to long-term and comprehensive engagement. Support for fragile states will not get lasting results if it is short-term or fragmented. It needs to address all aspects of development, and engage both state and civil society actors and formal and informal institutions. It must be informed by evidence of what works. A balanced response to building resilience will include strengthening institutions, opening up opportunities for economic recovery and work, and promoting social cohesion. Much of this is not new to the UNDP, but building resilience as a top priority requires new thinking. Some examples of what might involve include building resilient institutions, encompassing:

- a focus on accelerated human capital development. Over the years the UNDP has supported programmes to transfer knowledge and expertise to fragile states, especially from their diaspora communities. This is important, but it is a short-term measure. Development actors need to pay much more attention to investing in the vocational and tertiary institutions which will generate the skill sets countries need for the long term.

- investment in social accountability systems. While it is important to support the strengthening of state institutions, such action needs to be complemented by a strong civil society and by state–society relations built on trust and accountability. A strong civil society understands how policies are made and implemented and how governance systems operate, and it can hold decision-makers to account.

- staying the course. Resilient institutions — state and civil society — are not built overnight. As part of the International Network for Conflict and Fragility (INCAF), UNDP is ad-
vocating for long-term, co-ordinated investment by donors to support transitions out of conflict and fragility.

Resilient economies

In the field of building resilient livelihoods and economies, a first response in the aftermath of conflict may be to set up short-term job creation programmes. This works as a stop-gap measure, but ideally opportunities need to be created for more sustainable livelihoods and skills acquisition. It is not useful to put people into short-term jobs, create the prospect of restored dignity, and then end them with no indication of where people should turn next.

A major source of support for reviving economies in fragile states is official development assistance (ODA). The OECD has documented that ODA represents the largest financial inflow to fragile states, followed by remittances and foreign direct investment. Paul Collier has observed that fragile states are capital-poor and often require a prolonged phase of ‘investing in investing’. A lack of that helps to keep investment away from fragile states — except in the extractive sectors, where those seeking to exploit a resource are prepared to take more risks. Yet that latter kind of investment can encourage a rent-seeking mentality, alongside the criminal profiteering in minerals which generally flourishes through years of conflict and exacerbates it. The movie Blood Diamonds was far from being a work of fiction.

Strategic aid

Aid to fragile states needs to be very strategic and catalytic in building the broader enabling environment for recovery. For a number of fragile states, however, aid is too small and not well targeted. The OECD observes that half of the aid directed to fragile states goes to only seven so-called ‘donor darlings’, and often fails to make a significant impact on fragility and poverty. Afghanistan alone receives more than twelve per cent of the net official development assistance going to fragile states.

Remittances are recognised as one of the most stable and important inflows of funds to developing countries. Accurate data on remittances to fragile states are difficult to obtain, given the poor state of their financial institutions and data collection. The World Bank estimates that the total amount of remittances flowing to developing countries, including fragile states, was $500 billion in 2012. Flexible systems which facilitate the flow of good remittances are needed — alongside the application of tough measures against money-laundering out of fragile states.

State fragility reinforces societal fragility and vice versa. The complex issues, divisions, and social polarisation which conflict imposes sap energy and cohesion across groups and between state and society. These cannot be resolved through one-time media-

Societal resilience

So how can this be done? The UNDP engages in wide-ranging work to build societal resilience, including on establishing what we call ‘infrastructure for peace’. This tends to take the form of formal and informal structures of local facilitators and mediators, backed by local governments and/or communities, which help address the residual issues from past violent conflict, adjudicate past abuses, foster reconciliation, and avert further outbreaks of violence.

For example, in East Timor, between 2007 and 2009, the return home of refugees and internally-displaced persons precipitated numerous conflicts over land. Left unaddressed, these conflicts could have inspired new violence. With UNDP assistance, a network of community mediators was trained. Their work to resolve conflict facilitated the return and resettlement of 13,000 families by 2010. To reinforce those efforts, the government, with UNDP support, has established a new Department for Peacebuilding, providing the country with its own mediation system.

In Ghana, the UNDP helped establish an independent National Peace Council, which played a vital role in the peaceful national elections of 2008, helped defuse immediate tensions in the aftermath of national elections in 2012, and mediated a ceasefire in the violent conflict in the municipal district of Bawku in 2010. The council is mandated to mediate conflicts between and among communities at the local level. It can also mediate between political actors and institutions at the national level. The success of the Peace Council’s mediation has contributed to perceptions of Ghana as a stable country, which in turn contributes to its on-going growth and development.

Confidence-building efforts

In Kyrgyzstan, following communal violence in the south of the country and escalating tension after the April 2010 political regime change, the UNDP helped establish and then provided support to confidence-building efforts of oblast advisory committees at the provincial level and at the local authority advisory commit-
After the overthrow of the former regime in 2011 in Tunisia, the UNDP was invited to assist the designing of a national consultative process. Key Tunisian stakeholders, within and outside the interim government, received support in crafting a locally-specific and locally-led model for social dialogue to underpin the political transition. The aim is to have a nation-wide and inclusive dialogue which can foster consultation across different sectors.

Societal resilience is grounded in people’s confidence in the political system and public institutions, and in positive relationships in and across groups. It strengthens legitimacy, inspires hope, and increases citizens’ stakes in the larger society. How can this be done?

First, processes need to be devised for renewing the social contract. This can include the way in which a new constitution or citizen charter is drafted, or launching a dialogue to develop a new shared vision for the country.

For example: in Tunisia, the National Constituent Assembly, elected in late 2011, is drafting a new constitution. The public dialogue to which I just referred is helping to shape the new constitutional arrangements. Public engagement is in itself an important aspect of the democratic and reconciliation processes there. Events in recent weeks and months suggest that Tunisia’s transition is still fragile, and that even greater efforts to embrace political inclusion must be made.

**Law strengthening**

Second, the rule of law and accountability systems need to be firmly established. In East Timor, the UNDP and the UN peacekeeping mission worked to strengthen the rule of law by helping to:

- establish an indigenous dispute resolution system;
- strengthen civilian oversight of the security sector;
- train and strengthen the police force;
- support the electoral system and make political processes more inclusive;
- develop the constitution, and establish a sovereign wealth fund to ensure that revenues from gas extraction are safeguarded for public benefit.

It is worth noting that after years of intensive international engagement, human development in East Timor is accelerating. Stability has increased, and the UN peacekeeping mission has been withdrawn.

Third, there is a need to enable citizen engagement. Credible elections are an important vehicle for that, although democracy does not begin and end with elections. People’s aspirations for a say on how their countries are governed are also delivered through broader processes of democratic reform. When elections are flawed, or ‘no more than a façade’, political violence and even civil wars can follow.

**Important contribution**

The UNDP has contributed towards this goal in a number of countries. For example, in Sierra Leone, a national, multi-party body, the National Code of Conduct Monitoring Committee, was established with UNDP support prior to the crucial 2007 elections, with corresponding local committees. It worked under the auspices of the Political Parties Registration Committee, whose national and local conflict management capacities were also strengthened. This system was crucial to delivering Sierra Leone’s first ever peaceful political transitions in 2007 and the peace held in the 2012 elections.

In Kenya, a constitutional referendum went ahead in 2010 without violence — a significant step forward from the devastating clashes that had followed the December 2007 elections. The UNDP was heavily engaged in the major reform programme set up after the violence. In the run up to the next elections, we also supported training of police, peace councils, and government and civil society in how to use information and communications technology and crowd-sourcing to identify potential hotspots and act, through improved security or mediation, to defuse conflicts.

**Key points**

The conflict–fragility–poverty trap is preventing a number of countries from achieving the Millennium Development Goals, and, in general, from getting traction on development. Unless countries can climb out of this trap, extreme poverty cannot be eradicated.

While, overall, civil wars are in decline, devastating conflict continues, not least in Syria. There has been a relapse since 2012 into instability in Mali and the Central African Republic and also in the Democratic Republic of the Congo, where the international community has invested billions of dollars in peacekeeping and in attempts to restore state functionality.

These relapses demonstrate how great the challenge of lifting countries out of the conflict–fragility–poverty trap can be. But we also see success stories, not least in East Timor, where New Zealand has played a role over the past fourteen years.

The post-2015 development agenda, currently under discussion, could promote a transformative shift in our approach to sustainable development which emphasises leaving no-one behind. Building resilience to crisis and shock needs to be at the centre of strategies to achieve that.

In the UNDP’s new strategic plan, building resilience is a key pillar. Our aim is to help dismantle the complex conflict–fragility–poverty trap, and enable previously troubled countries to offer a better future for their people. This work needs concerted international support. It will not be possible to eradicate extreme poverty by 2030 or by any other date if a proportion of the world’s people continue to live in fear of war, conflict, and armed violence ripping their communities apart.

Helen Clark signs a copy of her new book, *At the UN: Addresses from Helen Clark’s First Term Leading the UNDP, for Argentine Ambassador HE Fernando Daniel Escalon*
New Zealand between America and China

John McKinnon argues that we need to recognise the nature of Sino-American competition and understand our ability to shape events within this framework.

The Asia–Pacific region in which New Zealand is situated is diverse, with a large number of countries, with multiple linkages between them and many more beyond. Yet in recent years it has become commonplace to speak of the dominance of the region by two great powers, the established power of the United States and the rising power of China, to the extent that to some analysts this is the only significant reality in the region. Is that so? And if it is what would that mean for New Zealand’s future? Will we be caught up in a titanic power struggle, the likes of which we have not seen since the Cold War, but which, unlike the Cold War, may force us to make uncomfortable choices? Is some other form of hegemony possible? Or, as this article argues, is the competition between China and the United States one that we have to recognise and understand, but within which there is more scope for others to shape events than some analyses might suggest?

Let us begin in 1978. Two significant events occurred in the last month of that year. On 15 December the United States and China announced the establishment of full diplomatic relations. And on 22 December the 3rd Plenum of the 11th Central Committee of the Chinese Communist Party announced the policy, which soon was characterised as ‘reform and opening up’ and which heralded the return yet again of Deng Xiaoping to high office in Beijing.

Both decisions built on the past but both were wrenching. The establishment of diplomatic relations between China and the United States, the logical but not the automatic culmination of the actions taken by Nixon and Kissinger in 1971–72, constituted the closure of over 20 years of hostility between the two governments. Nixon, whose anti-communist credentials were second to none, could take that step, confident that his new friends in Beijing, despite being communists themselves, shared his hostility to the Soviet Union. The further step taken by Carter, which required the United States to sever its political relationship with Taiwan, was painful to many both there and in the United States. Nevertheless the decision was not reversed by Reagan when he came to office two years later, although he did negotiate a third communiqué with Beijing which inter alia addressed the question of US support for Taiwan by way of arms sales. The three communiqués still stand as the framework of US–China relations.

The decisions of the 3rd Plenum bore some resemblance to the direction of Chinese policy in the 1950s, before the Great Leap Forward and the Cultural Revolution wreaked havoc on the political and social landscape of China. They also stood in a longer tradition: since the late 19th century Chinese officials and intellectuals had grappled with how China should respond to the impact of the West. Westerners in China, unlike any previous group which China had encountered, had proved impervious to the attractions of civilisation as embodied in the Qing empire. China had investigated and even pursued many different policies in the years between 1898 and 1978. All had been directed at restoring China’s wealth and thus its power, and thereby giving China the wherewithal to safeguard and advance its interests. None had succeeded.

Decisive change

In embarking on the policy of reform and opening up, Deng Xiaoping assessed that economic integration with the rest of the
world would serve China's purposes better than isolation. Even Deng himself probably never imagined how correct his assessment would be. The trajectory is too well known to need repeating. Let it simply be said that China is now the major trading partner of most countries of the world and its economy is likely to exceed in size that of the United States in the next 20 years. China faces significant challenges in the years ahead: its average per capita income is still low and actual per capita incomes vary hugely by both location and occupation. But while these facts will shape China's future they are unlikely to diminish the key role it will play in the global economy and in world affairs more generally by virtue of its economic clout and the military capability that goes with it.

In both decisions there was a reservation. Nixon and Carter opened relations with China despite it being a communist country with a very different political culture and system from that of the United States and despite the requirement to forsake Taiwan. Deng Xiaoping in embracing modernisation of agriculture, industry, agriculture, national defence, and science and technology, at no time included changes to the political system in his agenda. Reform and opening up was about enabling the People's Republic of China to flourish as a state led by the Communist Party, and not otherwise, as demonstrated by the closing down of 'democracy wall' not long after the 3rd Plenum.

New Zealand benefitted from both decisions. The rapprochement between Washington and Beijing paved the way for the establishment of diplomatic relations between New Zealand and China. And Deng’s policy of reform and opening up was to make China over the years an immensely more valuable economic partner for New Zealand than it could ever have been in 1972.

National interests
The policy-makers in Washington and Beijing in the 1970s were both driven by judgments of their respective national interests, not by idealism, still less by a harmony of values. So while in 1978 the United States explicitly recognised the government of the People's Republic, and China implicitly accepted the US presence in the western Pacific, neither side was giving the other a blank cheque. Since that time both sides have managed a relationship in which co-operation and competition have played equal and alternating roles.

In the 1980s much effort was put into making up for the lost decades in which there had been virtually no contact, public or private, between the United States and China. Shared suspicion of the Soviet Union was a powerful bond between the two countries. The collapse of the Soviet Union in 1989–91 removed that particular bond, and their respective reactions to the collapse were very revealing. For the United States this was a triumph of freedom and democracy, of victory in the Cold War; for China, a cautionary tale of how not to manage reform in a one-party state. The almost coincidental and bloody events of 4 June 1989 even more starkly pointed to the differences in the two political systems.

Tiananmen brought a pause in both China's international engagement and its economic progress, but not for long. China resumed its upward economic path after Deng Xiaoping's southern tour in 1992 reinvigorated the entrepreneurial spirit in the country. And despite the anti-China critique in his campaign rhetoric, Clinton in office struck up a rapport with Jiang Zemin, welcoming him to the first APEC summit in Seattle in 1993. The Asian financial crisis enhanced China's economic role in the region without significantly diminishing America's. The bombing of the Chinese embassy in Belgrade in 1999 and the forced landing of a US surveillance plane on Hainan Island in 2001 dented but did not permanently damage the relationship between the two countries. The judgments of the 1970s still prevailed.

Primary preoccupation
The primary preoccupation of the United States in the first decade of the 21st century was defined not by these events but by 9/11. And the threat to which the United States was responding did not come from the Chinese or from East Asia, but from Islamic jihadists and from the Middle East. Indeed the events of 9/11 gave China the opportunity to enlist US support to designate the 'Eastern Turkistan Islamic Movement' as a terrorist entity. For China the example of the 'colour' revolutions in the former Soviet Union stood as a much larger threat to its national integrity. It was in this decade also that China's economic weight, from having been a prospect, became a reality. For New Zealand that was made manifest in the securing of a free trade agreement with China, the first that China successfully negotiated with a developed country. For many other Western countries the geo-political challenge represented by that economic muscle was as challenging as the commercial opportunities it brought with it. Perhaps in some ways the West was reliving what China itself had struggled with in the 19th century — change which did not fit neatly into existing patterns.

History is never tidy, but it is not unreasonable to identify the transition to the following decade, the one in which we are now, as the moment when China's increased ability to shape regional and global affairs began visibly colliding with America's sense of its place in the world. Whether we point to the exchanges on cli-
mate change at the Copenhagen Summit, or on the South China Sea at the ASEAN Regional Forum meeting in Hanoi six months later, a new and strident tone entered into the exchanges between the two countries. In this context it was not surprising that the subsequent United States enunciation of the ‘pivot’ to Asia was greeted with suspicion in Beijing.

But what was novel at this time were less the policies than the manner in which they were communicated and interpreted. The United States had been a naval power in the western Pacific since the mid-19th century, so for China it was difficult to avoid interpreting the renewed assertion of the freedom of commerce and navigation, and the strengthening of relations with its allies and partners in the region (including New Zealand), as other than an endeavour to ‘contain’ China, despite US protestations to the contrary. Equally, when China vigorously asserted its long-standing sovereignty claims in the East and South China Seas, it was difficult for the United States to take at face value China’s consistent position that it valued America as a partner in the region, especially when these claims conflicted with those of US allies.

The balance between the two seemed to be tilting towards competition and away from co-operation.

Growing tension

These sequences of actions and reactions have lent credence to the school of thought that sees in an increasingly tense relationship between China and the United States a replay of previous conflicts, whether between Sparta and Athens in 5th century BC Greece or Britain and Germany in early 20th century Europe. Scholars wandering further afield could point to Rome and Persia, or, closer to home, to innumerable instances of interstate conflict in the Warring States or Three Kingdoms period of Chinese history, all of which ended — eventually — in one state triumphing over others. And if historical examples are dismissed as no longer relevant, strategic analysts can also point to structural features, to strategic hedging by militaries, the logic that impels any military establishment to have planning targets and to the inevitability that the United States and China can hardly avoid identifying each other in this respect. For each, no other country currently could pose the threat that the other does. Not to plan accordingly would be to betray the country, leaving it ill-prepared to meet a highly unlikely but yet conceivable turn of events.

As against that pessimistic approach, others point to the degree of economic integration between China and the United States, and between both and the rest of the world. And not just economic integration. Do not the flows of people and ideas in and out of China, while probably not yet matching those in and out of the United States, put paid to the concept of hermetically sealed strategic entities, doomed to collide? The multiplicity of regional and global institutions in which both countries participate, in some of which — the UN Security Council, for instance — they both have a privileged position, commits them to common approaches to regional and international issues. Not only why would conflict erupt in such a situation, but what could so trigger it that the interests to be protected or advanced through conflict would trump the unintended consequences?

Both approaches are partial in their analysis, and both risk taking a mechanistic approach to international relations. If there is a rising power and a status quo power then conflict is destined to occur. Or if there is economic integration then conflict will be avoided. But human affairs are rarely governed by such cast-iron propositions. And if they were, there could be no moral responsibility for the state of the world, whether by individuals or by governments. It is more useful to recognise that both approaches do have some logic on their side, and both can help illuminate the future landscape of the region — and of the world.

Successful management

The history of recent relations between China and the United States tells us that despite serious differences of policy and politics, and despite alarums and excursions along the way, the two countries have managed this relationship successfully over the last 40 years, if by ‘success’ is meant the avoidance of conflict or a serious long-term breakdown in the relationship or if ‘success’ means the skilful and careful management of diverse issues. This history also tells us that there are forces which both divide and unite the two countries, and that they are rather equally balanced. It would be reasonable to assess that these forces will not change dramatically in the foreseeable future, say the next 40 years, indeed they may well be stronger. The United States is a dynamic and creative society, the third most populous country in the world, attracting talent from all over the globe and with an unrivalled ability to reinvigorate itself. Whatever domestic challenges the United States faces, it is impossible to conceive of circumstances in which it would not wish to be present in the region and would not have the wherewithal to be so. For China, while political change may not be on the agenda, its soft power is increasing and likely to continue doing so. And even more certain is the growth in China’s economic and political engagement with the world beyond the Asia–Pacific region. South America, Africa, the Middle East and Central Asia are all arenas for Chinese trade, investment and infrastructure on a scale not hitherto seen. Some see this as a revival of China as the ‘middle kingdom’. It would be as accurate to depict China as heir to the Atlantic powers of the 19th and 20th centuries, with similarly dispersed global interests.

If all this is so, then we in New Zealand (and elsewhere) need to accustom ourselves to living in a world unlike any other we can recall — two strong powers, not aligned, but not hostile, competing but also co-operating, always with an eye to what the other is doing, and likely to make that a factor in their relations with third parties.

Different character

Where does New Zealand stand in this matter? New Zealand’s relations with China and the United States are of very different character but comparably significant. With the United States we have a shared inheritance of language, law and custom, common values and a long history of joint involvement in the international community, whether on the battlefield or at the conference table. The United States came to New Zealand’s defence in 1942 and its strategic presence in the wider Asia–Pacific region has been welcomed by successive New Zealand governments, even despite the nuclear rupture in formal alliance relations between the two countries in 1985. With China our relationship is much more recent, and reaches across a large cultural divide, but it has acquired depth and breadth over the last 40 years, to the point that China is now amongst our most important political and economic partners. The increased numbers of Chinese living in New Zealand both give weight to and are a reflection of that relationship. The enduring foundation of our relationship with China has been a willing recognition of China’s place in the region and
clear that a TPP which was so constructed as to be a device to join an arrangement. New Zealand ministers have made very maximum openness to all parties who would qualify of that is maximum openness to all parties who would qualify for our purposes. One of the components of that is openness for the purposes that require, but it is not always enough. We have to be engaged.

These two relationships are not equal, if equal means ‘the same’. In fact one might almost say that our relations with these two nations are mirror imaged. With the United States our shared heritage is very deep although that has not prevented differences occurring, some profound. With China the reverse is true. While both sides recognise the political and cultural divergence between us, we have yet been able to build a substantive and comprehensive relationship.

That different quality of these linkages is evident in our respective defence relationships. In recent years New Zealand has developed a modest programme of defence engagement with China, recognising as we do the considerable differences occurring, some profound. With China the reverse is true. While both sides recognise the political and cultural divergence between us, we have yet been able to build a substantive and comprehensive relationship.

Varied paths

But how? There are a variety of paths to pursue.

First, we should not be shy of sharing our perspectives with both the principal protagonists. They cannot be expected to know these if we do not. Those perspectives can include our expectations of how they manage their respective relationship, for instance the weight they place on dialogue, confidence-building and transparency, especially in that most sensitive of areas, national security. This is difficult and delicate. Imagine if somebody told New Zealand how it should manage its relations with Australia or Fiji. And conversations in Washington and Beijing will have a very different character, for the reasons set out above. But nor are such conversations unimaginable, and nor would they always be unwelcome. In fact such countries are usually acutely aware of the effects their actions have on third parties and willing to hear of these, even if that does not necessarily result in a course change.

Current agenda

Some of the complexity of these relationships is encapsulated in the current agenda of regional economic integration. The Trans-Pacific Partnership (TPP) — which includes the United States but not China — and the Regional Comprehensive Economic Partnership (RCEP) — which includes China but not the United States — provide potentially competing pathways to a regional free trade area. For New Zealand the quality and comprehensiveness of the agreement is what matters. A component of that is maximum openness to all parties who would qualify to join an arrangement. New Zealand ministers have made very clear that a TPP which was so constructed as to be a device to exclude China would not be welcome.

The debate on these matters in Australia sometimes characterises Australia’s relationship with the United States as primarily or only about security and that it has with China as primarily or only about trade. The same might be said in New Zealand, but it would be mistaken. In fact, as we have learnt, and much as we might wish it otherwise, none of our major external relationships can flourish without a sure political foundation, without, that is, an understanding on our part of what motivates and drives the other partner, and of how that relationship can be made to achieve our objectives, preserving our integrity and values while respecting, if not always agreeing with, the concerns of the other party.

But the bilateral dimension is only one lens. We could manage our respective relations with the United States and China very well, challenging though that may be at times, and yet still find ourselves suffering collateral damage in a dispute between the two, or forced to make uncomfortable choices. Words are cheap says the sceptic, what happens when the demands of the two partners conflict, or, put less dramatically, when our relationship with one partner might only be managed at the expense of the other? Or what about the reverse situation, what might happen if a ‘G2’ emerges, an agreement however informal to co-manage the region? Some of the commentary on a new form of great power relations appears to be of this persuasion, seemingly neglecting the fact that great powers are not alone in the world.

Keeping our head down and trying to stay out of disputes or debates might no longer be enough. And even if it were enough, would it be appropriate? New Zealand’s involvement in the international community has always been driven by both ideals and interests, a powerful combination indeed. Both are in play as we look ahead at the future of the Asia–Pacific region. If we wish that region to function in accordance with both ideals and interests we have to be engaged.

Varied paths

But how? There are a variety of paths to pursue.

First, we should not be shy of sharing our perspectives with both the principal protagonists. They cannot be expected to know these if we do not. Those perspectives can include our expectations of how they manage their respective relationship, for instance the weight they place on dialogue, confidence-building and transparency, especially in that most sensitive of areas, national security. This is difficult and delicate. Imagine if somebody told New Zealand how it should manage its relations with Australia or Fiji. And conversations in Washington and Beijing will have a very different character, for the reasons set out above. But nor are such conversations unimaginable, and nor would they always be unwelcome. In fact such countries are usually acutely aware of the effects their actions have on third parties and willing to hear of these, even if that does not necessarily result in a course change.

But one application of this approach should be ruled out absolutely: any thought that New Zealand can be (let alone should be) an intermediary between China and the United States. These two countries do not need third parties as go-betweens, and any circumstances in which either side might suggest that would likely be so fraught with risk as not to be worth contemplating. That, of course, does not rule out our being honest and direct with each about our relations with the other, as good diplomacy requires.

Second, we can and should look beyond our own respective
relationships with China and the United States. We are not alone in this region. Japan and the Republic of Korea confront similar but rather more acute dilemmas. Closer to home are the countries of ASEAN, of the South Pacific, and Australia. We do not have to work this out entirely on our own. Indeed, our reflections are likely to be much more useful if informed by the perspectives of others.

**International agreements**

Third, we need to remind ourselves and our friends that we are parties to and the beneficiaries of a host of international agreements, from the Charter of the United Nations to the International Law of the Sea. These instruments, and many others, have been devised specifically to manage conflicts of interest and power in international relations. It would be ironic indeed if we were to neglect them precisely when we most need them.

Fourth, we also have at hand regional organisations and arrangements. These are many and various in the Asia–Pacific region. They can provide valuable opportunities for dialogue, especially when relations between countries may be strained for one reason or another. We saw this many years ago at APEC in Auckland in 1999, the occasion on which Presidents Clinton and Jiang Zemin first met after the bombing of the Chinese embassy in Belgrade. The ASEAN Defence Ministers Meeting Plus (ADMM Plus), which is only having its second gathering this year in Brunei, is already proving to be a worthwhile addition to the regional architecture. These organisations can only be as effective as their members collectively permit, so we should not ask too much of them, but nor should we ask too little. They can provide the powerful, as well as the less powerful, with additional layers of risk assurance.

**Discussion content**

Where issues are discussed is important but so also is *what* is discussed. Broadly, and very summarily, New Zealand benefits from the international rule of law, open regionalism, and the ability of all countries, large and small, to make their way in the world without fear or favour. We favour neither containment nor exclusion. Recognising that structural sources of competition between China and the United States cannot be eliminated, and certainly not by third parties, we can nevertheless argue strongly that ‘non-structural’ issues can and should be addressed — at the very least ventilated and maybe defused. In part this is because they genuinely engage not just the two principal protagonists, but most countries in the region; in part because it may be useful if third parties help determine what is structural and what is non-structural.

Take military capabilities. These are definitionally central to national security. But to the extent that strategic competition is seen as part of the regional environment, the more important it will be to increase the time and space available for countervailing measures to increase confidence and reduce distrust. This is not just for China and the United States, but for most countries in the Asia–Pacific region, even if these capabilities are not necessarily directed at an identified enemy. There have been unilateral and collective moves in this direction. These are to be welcomed. To move from this to actual discussions about respective armaments and their proportionality is almost certainly a step too far at the moment. But at some point the implications and risks of what is sometimes described as an arms race in the region will have to be addressed.

Or territorial disputes. Despite the attention given to them, these are few and far between, and in fact none engage the United States direct with China. But they do engage many other countries. So divergent views of the law governing the high seas, on which China and the United States in some respects have opposed views, are a matter of moment to many, and not just to those two.

**Competition proxies**

These are just two of the many dimensions in which the two countries can find themselves at odds. It is possible and not necessarily wrong to see such issues as proxies for the wider strategic competition. But there is very little practical benefit in so treating them if our objective is, as surely it must be, to find ways of reducing the adverse impacts of strategic competition. Unless we are relaxed about seeing countries drift towards conflict, our efforts should be directed towards narrowing the questions at issue, towards nudging the protagonists towards regional and multilateral approaches. But not ignoring them. New Zealand has as much stake in the equitable and effective operation of the international system as any country, and thus as much need to contribute to that with all the resources at its disposal.

Nearly 20 years ago New Zealand diplomat Bryce Harland wrote a book entitled *Collision Course*, alerting readers to the prospect that China, Japan and the United States were at risk of drifting towards a collision, despite the APEC initiative and many others. It is perhaps some consolation that Harland’s prognosis has not been proved right, at least not yet. But we should not be complacent. It is an underlying premise of this article that the world we live in today bears more resemblance to the world of 19th century diplomacy than to the world of 20th century ideological conflict. In other words, the relationship between the United States and China, with all its challenges, does not carry the existential risk to either country that was present in the Second World War and an element in the Cold War. But let us hope — and more than hope — that this world differs from 19th century diplomacy in one important respect.

A hundred years ago the world enjoyed the last full year of peace before the conflagration of the First World War. It is difficult to believe that any of the protagonists of 1914, looking back at the end of the war, could justify to themselves what had happened in the intervening years. Fortunately the leaderships in both China and the United States recognise the heavy responsibility they have, separately and together, for international peace and security. But the views and policies of countries such as New Zealand can help them stay that course.
Secrets and influence in trade negotiations

Stephen Jacobi discusses the role of non-governmental advisers in US trade policy-making.

In June 2013 similar op eds appeared in at least two major US papers on consecutive days taking issue with the ‘wall of secrecy’ involved in the Trans-Pacific Partnership (TPP) negotiations. The writers took exception to the undue influence wielded by a group of some 600 trade ‘advisers… dominated by representatives of big businesses, who enjoy privileged access to draft texts and negotiators’. Who are these trade advisers and what influence do they really wield over the trade negotiating process?

The somewhat inconvenient truth is that these trade advisers actually exist but they are not all from the private sector or even from big businesses. Drawn from larger companies, small- and medium-sized enterprises and industry associations, they exist alongside an admittedly smaller number of representatives from unions, environmental and community groups as well as academics and think tanks. They participate in what is a highly developed formal advisory system. What is more, the influence they wield is tightly regulated by federal law and overseen by the relevant agencies. The influence of federally registered ‘lobbyists’ is also tightly controlled, although the Obama administration has come under some intense criticism for excluding from the formal advisory system the contribution that could be made by well-placed industry advocates who come within the definition of ‘lobbyists’.

Public consultation
Public consultation has long been a part of trade policy formulation. Governments have recognised that the private sector has a particular role to play as the generator of commercial opportunities to which successful trade negotiations may give rise.

As the trade policy negotiating agenda has become increasingly sophisticated, the need for more in-depth consultation with the private sector has increased. This has also required trade negotiators to confront a range of policy issues with which they are not accustomed. In this context the need for a properly informed basis on which to make policy decisions for translation into trade and economic agreements is critical.

At the same time non-business stakeholders, including groups representing labour, environment and more general interests, are demanding an increasing role in trade policy and for greater ‘transparency’ around the negotiating process. Those advocating for greater transparency claim it is a pre-requisite for more democratic governance and this has given rise to demands for release of draft negotiating texts and for representation at the negotiating table.

Constitutional context
In the United States the framework for stakeholder consultation on trade negotiations cannot be separated from the constitutional context in which US trade policy is enacted. Trade policy is a shared responsibility between the administration (the executive branch headed by the president) and the Congress (both House of Representatives and Senate).

The authority to negotiate the reduction of tariffs was first granted by Congress to the president in the Reciprocal Trade Agreements Act of 1934. Some 40 years later, in the Trade Act of 1974, against a background of complaint from some in the business community about their limited role in the Kennedy round of multilateral trade negotiations, Congress added requirements and guidelines ‘to institutionalize advice from the private sector’. This led to the development of a formal advisory system, which is a distinguishing feature of the American trade policy-making process and is quite unknown in the New Zealand context.

US trade policy has been criticised for giving undue weight to the views of advisers from outside government. The formal advisory system dates back to 1974 and today draws on representatives of business and civil society. The system is tightly regulated. Advisers are appointed by the US government and must be security cleared to receive access to confidential information. Advisers do not receive access to the negotiating text. Registered lobbyists are excluded. The advisory system has assisted the effective development of US negotiating positions. Such a system is unknown in New Zealand but some aspects could usefully be implemented here.

Stephen Jacobi is executive director of the NZ US Council and as a Fulbright scholar recently completed a sabbatical in the United States looking at how the US government consults with business and other stakeholders in respect to trade negotiations.

Containers stacked and ready for export at the port of Long Beach, California
A feature of the formal advisory system is the direct link to congressional processes, which have been progressively refined in successive trade legislation seeking to clarify the roles of the administration and Congress. Trade Promotion Authority (TPA), as it is now known, was last renewed under President Bush in 2002 but lapsed in 2007 and has not been renewed, although the Office of the US Trade Representative (USTR) continues to observe its provisions. Amongst other things, TPA requires the president, no later than 30 calendar days after notifying Congress of his intention to enter into an agreement (that is, once the negotiation is concluded), to submit to Congress ‘private sector advisory reports’ that comment on the draft agreement’s effectiveness in terms of sector interests and the reciprocity of the undertakings being entered into.4

Consultation framework

Looking at this framework for consultation, a New Zealander is struck immediately both by its longevity and elaborate structure. The system of advisory committees has been progressively expanded since the Trade Act of 1934 and today involves a large number of participants as well as multiple government agencies. The system represents a relationship of trust and confidence that officials place in the advice of selected individuals within the system from outside the government. In return these advisers receive access to privileged confidential information, such as draft US negotiating proposals, which can assist them to work with officials to develop negotiating positions. Advisers do not, however, receive access to the full negotiating text, as critics would have us believe.

The formal framework within which these advisers operate is multi-layered and consists of:

- the president’s Export Council (PEC)
- the Advisory Committee for Trade Policy and Negotiations (ACTPN)
- five policy advisory committees
- sixteen sectoral and functional industry trade advisory committees (ITACs)
- six agricultural trade advisory committees (ATACs).

The president’s Export Council comprises up to 28 members, operates at a high strategic level, has no appointees from civil society other than business but does not have a formal advisory role in respect of trade negotiations.

The Advisory Committee for Trade Policy and Negotiations brings together a variety of strategic perspectives on trade policy from up to 45 senior representatives, including business, think tanks, the academic community and other non-governmental figures appointed by the president.5

Advisory committees

The policy advisory committees operate in the fields of agricultural trade, environment, labour, trade and development with Africa and inter-governmental affairs (that is, encompassing relations between the federal government and state governments).6 These committees comprise non-governmental representatives with expertise in the relevant fields appointed by the US trade representative. There is stronger representation from stakeholders other than business in these committees as compared with others in the consultative system. Advice is provided to the US trade representative and relevant Cabinet secretaries and formally to Congress as with the ACTPN above. Representatives of farmer organisations, labour unions and environmental groups are represented in respective committees.

The industry and agriculture trade advisory committees (ITACs and ATACs), operated by Commerce and Agriculture respectively, are at the heart of the consultative system. These committees are mandated both by the Federal Advisory Committee Act,7 which sets strict guidelines as to the operation of all advisory committees. Members of the advisory committees are primarily business representatives appointed by the secretaries of commerce or agriculture to serve for a four-year term. Members are required to undergo security clearance to enable them to receive and view (but not copy or make otherwise available) classified material via
A secure intranet system. Around 350, mostly private sector, professionals from both companies and trade associations participate in industry trade advisory committees and a further 200 in agricultural trade advisory committees. Generally speaking, these are the 600 'trade advisers from big businesses' who are most often mentioned in articles such as those appearing in the US press earlier this year.

Along with this formal system, should be noted the more informal consultative system with which we are more accustomed in New Zealand. The Trade Act of 1974 as amended also requires the US trade representative to consult with the private sector outside the formal system and gives rise to a lively interchange of ideas and views that takes place on a daily basis between government agencies, officials and members of the stakeholder community, both business and non-business. Unlike the formal system, this interchange is unregulated and largely held in private.

Lobbyists’ role
In the United States the term ‘lobbyist’ has a specific legal meaning. An often-repeated concern on the part of business stakeholders is that, following President Obama’s Executive Order on 18 June 2010, individuals defined and registered as lobbyists under the Lobbying Disclosure Act of 1995 are prevented from serving on federal advisory committees, including the trade advisory committees. The implementation of this new policy had the immediate consequence of a sharp reduction of the number of business professionals serving on trade advisory committees, as a large number of Washington-based company representatives serving in a government relations capacity were caught by the net. The loss may have been felt rather more by the administration than the companies — some company representatives interviewed in the course of this research, who had been obliged to leave the advisory system, did not feel that this had impacted negatively on their ability to provide advice to officials, even despite the loss of access to classified information, but they did feel that the technical expertise represented on the committees had been diminished as a result. Others felt, however, that their ability to conduct meaningful dialogue with negotiators had been severely constrained by their exclusion from the formal advisory process and this could impact on the success of the negotiations.

Non-business representatives are included on the Advisory Committee for Trade Policy and Negotiations and the policy advisory committees dealing with functional issues, such as labour and environment, but they are noticeably less represented on the more technical committees such as industry trade advisory committees. The Federal Advisory Committee Act requires that federal advisory committees of all types be ‘fairly balanced in terms of the points of view represented and the functions to be performed’, but to date a viable legal definition of ‘balance’ has yet to be found. A number of legal challenges to the system have been mounted over the years, seeking for example to include representatives of environmental groups on the paper and paper products and chemicals ITACs. It appears that while non-business representatives were appointed to these committees immediately after the legal challenge these memberships have not been maintained.

Different approaches
The United States and New Zealand have different approaches to consultation around trade negotiations. New Zealand has no formal advisory system and no security-cleared advisers either

Protestors express their opposition to the Trans-Pacific Partnership, which could affect internet and digital rights

US Senator Elizabeth Warren, who has been active in seeking transparency in the TPP negotiations
from within business or from civil society. Like their American counterparts New Zealand negotiators consult regularly and often with all stakeholders, calling for written submissions (and generally releasing them to the public after receipt) and engaging in rounds of mostly one-on-one discussions with stakeholder representatives. To develop more detailed negotiating positions New Zealand officials tend to rely on more informal methods of consultation, which in the New Zealand context is facilitated by the smaller scale of the economy. Relationships between negotiators and representatives from key sectors of the economy are close. Negotiators maintain engagement and dialogue with civil society, including labour and environmental groups. There is, however, no sharing of New Zealand draft negotiating proposals beyond the central government agencies and no requirement for formal opinions to be submitted to the legislature prior to ratification of a trade agreement. In New Zealand’s system of parliamentary democracy the power to make binding treaty action rests with the executive. Successive governments have determined that Parliament is to be consulted during the ratification phase, but there is no specific role for the legislature in the negotiation phase.12

It would be questionable on grounds of cost and efficacy whether New Zealand should attempt to put in place the highly developed formal advisory structures that exist in the United States. Some thought could usefully be given by the New Zealand government to replicating the environment of trust and confidence that exists in the US system, since this appears to have served US interests well, both in terms of ensuring negotiating objectives meet national interests and extending the understanding of trade policy amongst key stakeholders. It seems clear that if such an effort were to be made it would need to extend beyond a core business group and would need to be accompanied by similar restraints on the sharing and wider use of confidential material to those that exist in the United States. From the stakeholder’s perspective this would bring greater structure and predictability to the consultation process but would not, as in the United States, obviate the need for continuing wide consultation with broader stakeholder interests.

**Elaborate process**

The US system for stakeholder consultation provides an elaborate and tightly controlled process which has 'created information channels and legitimized a structure through which advice [can] be put to government'.13 The system engages a large number of individuals, organisations and stakeholder groups from both business and beyond and puts consultation with them on a more predictable basis. The resulting flow of advice to negotiators, officials and legislators is significant. The winner from all this is the US public, which can be certain that the negotiating strategies pursued by their government have been submitted to examination by experts from outside government.

The criticism too easily leveled that these ‘trade advisers’ wield undue influence needs, therefore, to be put into its proper context. They are noticeably less shadowy than many critics would have us believe. At a time when the number, range and complexity of issues under consideration in trade negotiations continue to expand, government agencies and trade negotiators, whether in the United States, New Zealand or other economies, have a clear interest in finding ways to expand the range of advice they receive from both within and outside business.

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**NOTES**

1. Lori Wallach and Ben Beachy, ‘Obama’s Covert Trade Deal’, *New York Times*, 2 Jun 2013. Appreciation is expressed to Fulbright NZ, the NZ US Council and the Center for Australian, New Zealand and Pacific Studies at Georgetown University who made this research possible.
4. Section 135 (e) of the Trade Act of 1974 as amended and Section 2104(e) of the Bipartisan Trade Promotion Authority Act of 2002.
New Zealand and the Asia–Europe Meeting: three years on

Mathew Doidge finds New Zealand’s engagement with ASEM to still be tentative and calls for a more flexible approach.

New Zealand, alongside Australia and Russia, formally acceded to the Asia–Europe Meeting (ASEM) in October 2010. This followed fifteen years of drift, a period during which initial strong interest, derailed by the opposition of Malaysian Prime Minister Mahathir Mohamad, subsequently became less certain as views of the forum’s utility to New Zealand dimmed. In effect, by the turn of the millennium, the issue of ASEM membership had been kicked into the long grass, where the Ministry of Foreign Affairs and Trade was happy for it to remain until it became clear in mid-2008 that Australia was pushing strongly for entry and was likely to succeed. This move had wrong-footed MFAT, forcing a rapid rethink of a policy that had rested, among other elements, on a view that New Zealand’s non-membership was acceptable given Australia’s parallel exclusion. The final volte face and scramble for membership was therefore motivated in large part by a fear of marginalisation, a concern that Australian entry would leave New Zealand in the untenable situation of being the only regional state outside the forum.1 Three years on, it is worth considering where New Zealand stands in relation to ASEM. Given its less than wholehearted accession, what benefits does it perceive in participation, and to what extent have these been achieved?

The Asia–Europe Meeting was launched in 1996 to strengthen links between Europe and Asia, and to balance those of each of these regions with the United States. While motivated largely by economic concerns — a European interest in benefitting from the Asian economic miracle, and corresponding Asian concerns with access to the European single market — political and cultural co-operation were also prioritised in the establishment of the forum. It was envisioned as a comprehensive partnership, one that was open, transparent and informal in nature, with no binding powers, but which would, nevertheless, pursue concrete results. Since its inception, ASEM’s breadth, both in terms of its membership (which has risen from 26 at the inaugural summit in 1996 to 51 member states and organisations) and of its dialogue framework, has increased significantly. At the apex of the structure, providing direction to the process, are the biennial summit of heads of state and government and the foreign ministers’ meeting (FMM), below which the forum is divided into three pillars of co-operation:

- political
- economic
- social, cultural and educational.

Dialogue in each of these pillars occurs through a variety of regular and ad hoc ministerial meetings, officials’ meetings, working groups, experts’ groups and so on. In other words, ASEM is not a purely governmental forum, incorporating instead a range of Track 2 structures and processes alongside those of Track 1. It is this that gives ASEM its remarkable breadth of interaction, with on-going meetings and consultations occurring at a variety of levels on a daily basis. One of the most visible of these, and the only physical ASEM institution, is the third pillar’s Asia–Europe Foundation (ASEF), which focuses on intellectual, cultural, and people-to-people exchange, an element differentiating the Asia–Europe Meeting from other international fora and one which has been accorded particular significance by the forum’s membership. In short, while the leaders’ summit and the FMM remain the most visible tip of the iceberg, it is in the structures below the waterline (such as the ASEF) where the bulk of productive engagement is undertaken.

Wellington’s view

With limited resources for conducting external relations, New Zealand’s external policy has involved keeping a finger in as many pies as possible, while focusing efforts on those institutions and fora likely to deliver substantive results. Following early high expectations, particularly around the potential for trade liberalisation not the least of which is the demonstration of credibility and of commitment to the Asian space.

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Launched in 1996, the Asia–Europe Meeting (ASEM) brings together 51 members (49 states and two regional organisations) in an increasingly dense and expansive dialogue framework. New Zealand joined ASEM at its eighth Summit in 2010, fully fifteen years after its initial expression of interest. Three years on, New Zealand’s engagement with ASEM remains tentative. If the most is to be gained from its membership, a flexible approach is needed. There are a range of options open which together offer the possibility of achieving some of those benefits initially conceived, not the least of which is the demonstration of credibility and of commitment to the Asian space.
one of disappointment, with substantive engagement and concrete outcomes largely (though not completely) lacking. Instead, it has gained increasing value in the eyes of its participants as a political space, an ideational and discursive process, and an arena for dialogue without preconception. While this may be beneficial, for New Zealand it has been insufficient to elevate the Asia–Europe Meeting to the level of other regional fora in which it is engaged, notably APEC, the East Asian Summit, and the array of institutions associated with ASEAN. ASEM is, in other words, very much a ‘second order’ forum in the hierarchy of New Zealand’s external engagement.

With substantive outcomes seemingly off the cards, MFAT aspirations for ASEM have rested on issues of access and positioning. Increased potential for dialogue and access as a function of the expansiveness of the process (in terms both of membership and of scope) is perhaps the clearest point of attraction, be this utilising the forum as a mechanism for generating a greater understanding of regional perspectives on an array of topics, for addressing specific issues of priority to New Zealand, or for facilitating access to regional leaders and decision-takers. ASEM is seen to provide, in others words, a means to deepen engagement with key Asian and European leaders. Alongside this lies an interest in reinforcing New Zealand’s regional presence in Asia, contributing to the symbolism of being a part of the Asian caucus while not specifically an Asian state. In this respect, membership of ASEM is seen to contribute to the layering of fora in which New Zealand engages and integrates with its Asian partners, further demonstrating that its interests and those of the Asian states are intertwined. This is an element that has been particularly prominent in New Zealand’s Asia strategy since the 2007 Asia white paper.2

Underwhelming performance
Underpinning each of these elements is the acknowledged importance of participation and engagement, as a means both of delivering dialogue and access, and of demonstrating credibility and commitment to a position in Asia. And yet with nearly three years having elapsed since accession, performance in this respect has been noticeably underwhelming, a situation shaped both by the resource constraint and the relative level of importance accorded ASEM. With limited resourcing allocated to ASEM engagement, the focus has been on the apex structures — the leaders’ summit and the FMM — though, as a second order forum, participation even in these structures has been at the low end of the spectrum, doing little to demonstrate any real commitment to the process in the eyes of the other participants.4

The decision for John Key not to attend the eighth ASEM Summit in 2010, for example, the first to which New Zealand was invited, raised eyebrows among the forum membership. Indeed, such a dim view of this absence was taken, particularly among the Asian states, that the prospect of a new rule was raised, requiring acceding members to attend their first summit at the head of state or government level or potentially have membership placed on hold. Despite the view taken of such absences by its Asian partners, New Zealand has continued on this line, with John Key again a no-show at the ninth Summit in 2012, and with Murray McCully’s non-attendance at the most recent Foreign Ministers’ Meeting in 2011.3 This stands in stark contrast to the approach of Australia, which has used such opportunities to strengthen external relationships, engaging in bilateral discussions at the highest levels and pursuing its own economic and foreign policy agenda through active engagement in various other ASEM fora.

Concomitant with the focus on apex structures has been the low level of New Zealand’s engagement in the various sub-summit and sub-ministerial ASEM fora. The bread and butter of ASEM co-operation lies in the formulation of initiatives at this lower level, and the organisation of meetings and working groups on issues of priority to member states. Such elements contribute to the high density of on-going ASEM dialogue. New Zealand’s involvement in these structures has again, however, been extremely light,6 a matter noted by other ASEM partners as an area where improved performance would be particularly welcome, especially around proposing and driving initiatives.

Group positioning
Where MFAT’s ASEM aspirations have most clearly been achieved is in relation to group positioning. Initially undermined through relegation to a ‘Temporary Third Grouping’ alongside Australia and Russia — a consequence essentially of disagreement as to whether the latter should join ASEM on the European or Asian side — New Zealand’s inclusion into Asia was achieved in March 2012 when a solution to the Russia problem was found. Seen as symbolically significant by MFAT in reinforcing an asserted identity, this also had the practical impact of allowing New Zealand representatives to sit alongside their Asian counterparts in exercising group co-ordination functions. Importantly, however, even as part of the Temporary Third Grouping, New Zealand had adopted strategies to align itself more closely with the Asian grouping, approaching its inclusion as a virtual fait accompli. The decision to move responsibility for ASEM from the Asia to the Europe Division of MFAT, in effect calibrating the administration of the forum with the Asian states, is one such example. Alongside this stood the decision by New Zealand’s ASEC governor to c ausus with the Asian states, in practice inviting himself to take part in their meetings so as to allow no assumption to emerge other than that New Zealand should be integrated into the Asian grouping.

If, as has been recognised within MFAT and among New Zealand’s ASEM partners, participation and engagement is the key to drawing benefit from the Asia–Europe Meeting, then there remains some room for improvement. Setting aside the issue of the apex structures, New Zealand’s ‘under-representation’ at which is unlikely soon to be rectified, there remains significant space to increase participation as the basis for a future ASEM strategy. This must involve a recognition of the body of the iceberg below the waterline, and not least of pillar three (the ASEC pillar), a particular feature of ASEM under which a great weight of on-going interaction takes place. It also must involve an emphasis on the role of institutions beyond MFAT, be this in the form of Track 2 structures or, where appropriate, the participation of ministries and agencies beyond Foreign Affairs. Doing so may
facilitate the deepening of New Zealand’s engagement with the process without increasing the burden on MFAT itself. In this respect, a couple of potential paths are identifiable.

**Structured framework**

The Asia–Europe Foundation, as a forum for intellectual and cultural exchange, provides a structured framework through which, for example, the people-to-people engagement highlighted in the 2007 Asia white paper can be pursued. New Zealand is already an active participant in the ASEF at the board of governors level, and punches above its weight in terms of its funding, but has done little to build upon this. Successful extension of engagement within the framework of the foundation requires encouraging the participation in ASEF programmes of, in particular, secondary and tertiary education institutions and other relevant civil society organisations. The aim should be the establishment of workshops, programmes and processes reflecting a New Zealand influenced agenda.

Beyond Track 2 involvement, ASEF has been utilised by its members as a framework through which to address specific policy issues with relevant partner states, something increasingly seen as providing added value to the process. Again, this is an area where New Zealand could usefully do more, potentially identifying a small number of areas where engagement would prove beneficial — be this as a consequence of the precise constellation of partners in ASEF or of the lack of appropriate fora elsewhere — and encouraging the involvement of agencies beyond MFAT. One such example is in the field of education. In 2011, New Zealand played host to more than 97,000 foreign secondary and tertiary students, generating more than NZ$730 million for the education sector. Of these, 70 per cent were drawn from Asian and 9 per cent from European ASEF members, with the forum, therefore, offering an opportunity to engage collectively with countries accounting for more than three-quarters of foreign student numbers.

**Education focus**

Education matters have become increasingly prominent within ASEF in recent years, with an education ministers’ meeting being held four times since 2008, and the regular convening of meetings and working groups on such diverse issues as university–business collaboration, quality assurance in higher education, the functioning of university credits systems, curriculum development and so on. Given the importance of foreign fee paying students to the New Zealand education sector, issues such as quality assurance are clearly of significance, be this in terms of the qualifications earned in feeder states or of the recognition of those earned in New Zealand, particularly from private education providers such as language schools. Further, with the increased provision of offshore education services a key aspiration in the Ministry of Education’s international strategy, ASEF provides a potentially useful framework for dialogue with target states or indeed for sharing best practice with other ‘exporter states’.

Beyond engaging more with existing structures, the comprehensive nature of ASEF (with no *a priori* exclusions) provides space for the establishment of dialogues on matters of interest to New Zealand. Development, for example, remains a relatively under-considered issue in the ASEF process, standing therefore as a significant opportunity for New Zealand to exercise leadership. With the Asia–Europe Meeting including six of the seven top donors to the region, Pacific development may be one area where this can be exercised, with potential for discussion of regional priorities and donor co-ordination, and indeed for addressing issues of concern (for example, those centred on the role of China).

Three years on, New Zealand’s engagement with the Asia–Europe Meeting remains tentative. If the most is to be gained from its membership, a flexible approach is needed, emphasising the participation of agencies beyond MFAT (including those at the Track 2 level). Such an approach offers the opportunity to move beyond the current light touch scenario, which is the consequence of limits imposed both by resourcing and by the second order relevance of the process in MFAT’s hierarchy of external engagement, to strengthen New Zealand’s place in the process without correspondingly increasing the demands placed on MFAT itself. From a base level of fostering people-to-people engagement through the ASEF to the more complex process of identifying priority issues and facilitating the participation of relevant agencies, there are a range of options open which together offer the possibility of achieving some of those benefits initially conceived, not the least of which is the demonstration of credibility and of commitment to the Asian space.

**NOTES**

1. A fuller consideration of the calculus of New Zealand’s access to the Asia–Europe Meeting may be found in Mathew Doidge, ‘New Zealand and the Asia–Europe Meeting’, *Asia Europe Journal*, vol 11, no 2 (2013), pp.147–62.

2. These identified benefits are drawn from a series of interviews undertaken in 2012 with current and former MFAT officials.


4. Views on New Zealand’s performance were drawn from a series of interviews conducted in 2011–12 with Foreign Affairs officials from ASEF partners.

5. On each of these occasions, lower level delegates have represented New Zealand. At the 2010 Summit, John Key’s place was taken by Deputy Prime Minister Bill English assisted by Foreign Minister Murray McCully, and at the 2012 Summit by McCully. At the 2011 Foreign Ministers’ Meeting, Ambassador to Germany Peter Rider represented New Zealand.

6. Examples of participation can be found, the comptroller of New Zealand Customs having, for example, attended the biennial ASEF Customs Directors-General and Commissioners Meeting in 2011. They remain, however, a relative rarity.

7. Since 2010, New Zealand has provided SG$100,000 per annum to ASEF — the 16th highest amount among the ASEF membership. This compares with Australia, for example, which has contributed SG$76,615 per annum (ranking it 23rd) beginning in 2011.


9. A New Zealand representative attended the third meeting in 2013.

Dealing with the reality of small and distant

Brian Lynch asks how small nations show leadership and gain influence in a globalised world and why they need to.

Regrettably, I suspect that few foreign governments or their advisers wake each morning and the first question they ask themselves is: ‘I wonder what’s bothering the Kiwis today?’ This is the downside of being the only member of the OECD group of developed economies that fits the description ‘small and distant’. Dealing with that reality has preoccupied me for much of my working life and likewise many colleagues in both the public service and private enterprise.

It is the unfortunate truth that seriously difficult challenges confront small nations. Their dilemma is compounded in a rapidly globalising world where integrated supply chains are blurring the relevance of national borders. The harsh reality is that big guys do not instinctively feel they owe the little fellows a living or need to afford them protection. Unless that is, a small economy has been liberally endowed with resources that are in global demand or is blessed with some other strategic asset such as being sited near major trade routes.

This means that the government of any small country has to accept that a passive approach to the outside world does not pay off. In their national interests minor players must try to assert some influence on the world stage. No matter how meagre a hand the country may have been dealt. Deprived for the most part of nature’s bounty they have to find other ways that work of being listened to, of not being ignored and of having their interests taken into account. The motivation always being to receive the all-important invitation to the top table when decisions likely to affect their well-being are under discussion.

To achieve that status, small nations have to demonstrate an ability to impress when there is no scope to impose, to earn respect regardless of limited resources, and to illuminate lesser known paths that others large and small might usefully explore.

**Good traits**

The traits that nations display are really no different fundamentally from the standards of good conduct in personal or professional life that encourage others to hold someone in high regard, or to not do so. For example, in much the same way that humans react or respond, any nation of whatever size that short changes its neighbours or distant partners by deliberate act will sooner or later be found out and pay a price. The repercussions would inevitably fall more heavily on any offending small player.

New Zealand would need to mobilise all the resources it could muster to avoid being cast in that mould, particularly in today’s world, when this country is busy consolidating a new Asia–Pacific focus of its international connectivity, and at an accelerating pace. Such refocusing is not a novel experience for New Zealand, but it has been a rare occurrence. We are not a country given to flights of fancy or rudderless conduct.

Some would argue that the notable exception in recent memory was the mid-1980s rupture of relations with the United States over nuclear ship visits. Unsurprisingly there were faults on both sides. But like any attempt to bring the aggrieved parties together after a family breakdown, the fallout from such a highly public separation took time to begin to repair, about twenty years.

A series of events in the 1970s brought about a defining period in New Zealand’s development. The course of our international engagement since then has not been one of aimless lurching about. It has involved a deliberate shift away from a longstanding Atlantic orientation towards the Asia–Pacific region. A lot of progress has been made in that direction. It has not been all plain sailing, and some painful lessons continue to be learned.

Those lessons began soon enough in the process. Managing...
the aftermath of the Vietnam War, knocking heads against the entrenched position of the Japanese farm lobby, dealing with the consequences of Indonesia’s invasion of East Timor — all these and more gave New Zealand an early taste of the lifelong learning experience to come in getting to understand Asia.

Cherished ties
In the midst of this complex process of realignment, cherished ties with the ‘old world’ have not been abandoned. Nor has there been any weakening of the longstanding adherence to values, such as respect for the law and protection of the individual, that we share with European partners. But what immersing ourselves in the Asia-Pacific region has proved to be about is discovering how to forge new relationships in a very different foreign environment, and how to adjust our thinking to new customs and to appreciate different sets of norms of best practice.

In the vital field of building new business connections, this fresh Asian focus has also meant coming to know and adapt to unfamiliar ways of doing things. For example, to appreciate the importance of personal relationships and the time required to build them. To recognise the return to be earned from a willingness to work alongside in-market counterparts not to presume to sit above them.

A major or even a middle-ranking nation undergoing a period of significant transition would not face challenges of the same magnitude. In developing and maintaining their evolving overseas networks, they can exert influence through the strength of their economies, the might of their armed forces, their access to更加强固的经济地位，以及对所贸易协议的坚定遵守。这些国家可以积极争取美国的好感。战争结束后的美国，海军不再是主宰世界的力量。我们的安全已经变得明显不可靠。日本刚刚取得与英国的农场协议，似乎一切都如常通行。而与我们的出口农产品相比，这些产品在欧洲和北美市场中得到了长期而稳定的保障。我们需要在尽可能的条件下，维护和加强我们对英国市场的出口。而这需要我们与英国的贸易协会、私人公司、法定生产者委员会以及政府的密切合作，尽管在幕后我们可能没有公开反对英国。但在幕后，我们逐渐认识到未来与欧洲的联系将长期维持。这一决定在二十世纪初最为重要，虽然在战争中我们可以暂时依靠英国，但我们需要为未来做准备。如果英国无法坚持其在世界的领导地位，那么我们新泽西的未来将与欧洲紧密相连。这是一场没有确定性的战争，但在面临如此重大的改变时，我们有理由相信英国将在未来继续引领世界。但无论如何，我们都应该认识到，虽然我们可能无法完全控制自己的命运，但我们仍然有能力影响未来的发展。
increasingly apparent in schools and shopping malls and on sports fields. Barely two-thirds of our population now claim European descent. Our fastest growing ethnic groups are the Asian and Pacific Islands communities.

Consider also the pronounced shift in our trade patterns. Seven of our ten main trading partners are in, and around 80 per cent of all our trade is with the Asia-Pacific region. Today we exchange more goods and services with Australia than with all of Europe. Our trade with longstanding ASEAN partner Singapore exceeds that with Britain. ASEAN consumers absorb more New Zealand products in one week than they did in twelve months when the group was set up in 1967.

China is now our largest imports source and second largest export market. The annual volume of exports that New Zealand exchanged with China when diplomatic relations were established in 1972 now moves between the two markets every five hours. Japan and South Korea are our fourth and fifth largest trading partners. It is no surprise that most of New Zealand’s exports travel half the distance they did 40 years ago.

For the first century and a half of New Zealand’s European settlement it was historical background and ancestry that determined our view of the world. Now our horizons of clear and present interest are set by the parameters of our geography. The old image of being an isolated outpost of European culture and heritage has well and truly gone.

Much of this dramatic reorientation closer to home would not have happened, of course — or would have come about much slower — had the region not in the last two decades surged onto the world economy’s centre-stage where, in the case of China and India they once held pride of place and seem set in due course to return to it.

**Dynamic process**

New Zealand is caught up in the dynamism of global and regional readjustment and economic integration. The process has impacted on us already in diverse ways and will continue to do so. It raises a number of questions. Should we be apprehensive about our new found place in the world? Or the sort of society we are becoming? Who today in such a fluid international situation can be looked upon as a true friend of New Zealand? How is ‘friendship’ to be interpreted? In this changing landscape and benefit by choice of a powerful benefactor through a formal alliance structure, how much real influence do we have on things that are important to us?

Those questions offer a template of sorts against which to monitor the effects of the currents of change swirling about New Zealand. They underline the point that when New Zealand interests of the highest order are at stake, a nation in our perpetually exposed position needs to have ready access to the centres of authority and decision-making in capitals or multilateral forums that matter to us.

The most basic concerns of any New Zealand government are two-fold and enduring: protect the people from external threats and promote their material well-being. This is a big ask for a country surrounded by a lot of water, with an economy heavily in thrall to the willingness of other countries to accept the bulk of what it produces.

While there is no question that we live in turbulent times, for New Zealand some things do not alter much or do so at glacial pace. Consider, for example, that:

- our physical location is, of course, constant
- some basic indices barely move: our share of around 0.24 per cent of global population and 0.27 per cent of world trade has been settled for some time
- the agricultural base of our livelihood is changing only incrementally
- in 1960; agriculture provided over 80 per cent of export revenue, now it is 65 per cent
- we are dependent for our living as much as ever on what we can sell offshore
- exports have increased six times since 1960, largely reflecting the extent of rural growth
- because 90 per cent of dairy production is sent abroad, together with 90 per cent fish, 88 per cent lamb, 85 per cent of beef, 75 per cent of forestry products, we manufacture enough quality food to satisfy the needs of 50 million people
- the application of current research in New Zealand could lift that figure to 100 million
- the big plus is that New Zealand is well-placed, within comfortable reach to serve affluent Asia’s craving for high protein, safe food, supplied on time and to the customer’s specifications.

**No mystery**

There is no mystery why economic engagement is so prominent a feature in New Zealand’s overseas connections. More than 50 per cent of our trade takes place with partners in free trade agreements already effective, the key ones to date being the 1983 CER agreement with Australia, the 2008 agreement with China that is still
unique among OECD members, and the 2010 Australia–New Zealand ASEAN agreement. We have a suite of bilateral trade accords in place, the latest being that signed in July with Taiwan, which was another first of its kind and described by the Economist as a ‘diplomatic coup’ for New Zealand.

The share of New Zealand’s overall trade volume enclosed in these preferential agreements could reach 75 per cent when those under negotiation, like the ASEAN-centred RCEP (Regional Comprehensive Economic Partnership) and the more expansive TPP (Trans-Pacific Partnership) come to fruition. We should not under-estimate the task of bringing either of those ambitious projects to completion. It is also too soon to tell whether the most recent mega-agreement proposed, the Trans-Atlantic Trade and Investment Partnership (TTIP), will delay progress on the two Asia–Pacific trade pacts.

New Zealand’s expanding web of formal trade arrangements with built-in commitments that are binding on the parties to them highlights two other facts of life for small players. One is that they rely on agreed rules that others have undertaken to respect or face the prospect of a lengthy dispute resolution process. Another is that on few subjects of global or regional significance can they influence the results through toiling on their own. Small solo performers on the international stage who transparently push their own interests and little else may be given a turn at the podium and listened to politely, but very rarely do they have an impact on the outcomes.

**Underlying message**

The underlying message is that for small states whose sights are set on resolving an issue that weighs heavily on them, the clue to success in most circumstances is working in concert with other ‘like-minded’ small partners sharing the same level of ambition.

That explains why, in New Zealand’s case, so much of the successful trade effort to date has depended on fruitful co-operation with countries such as Brunei, Chile and Singapore, and more recently with Malaysia, Peru and Vietnam. This is true, too, in the World Trade Organisation (WTO) setting, working with fellow members of the Cairns Group of agriculture exporting countries, and in the global alliance on agricultural emissions that was a New Zealand initiative.

Similarly, on broad-based political and security-type problems — nuclear materials issues, for example, or measures to combat the menace of cluster munitions — the path forward has meant being able to work collaboratively with the Nordic nations and with smaller European countries like Austria, Belgium and the Netherlands.

To round-off this overview of the position in which New Zealand now finds itself, there is another intriguing prism to peer through. For the first time in nearly two hundred years New Zealand is in a situation where the main source of its overseas earnings is not also among the group of countries with which we have long shared common strategic and security interests. Should we be apprehensive about that situation? Are there inherent risks of becoming too dependent on the vast China market? My view is that the bilateral relationship with China is one which, with sensitive management across its full extent from both sides, can continue to grow to mutual advantage. It could also be argued that if a more elastic definition of ‘security’ is invoked, to include the new generation of categories such as cyber-crime, climate change, energy, food, people smuggling and water, any perceived gap between China’s interests and those of other nations becomes much narrower.

**Actual strengths**

I have explained why it is crucially important for small nations to have meaningful linkages to the world outside. I have described how the New Zealand focus has moved from Europe to the Asia–Pacific region and the forces driving that shift. I would like now finally to address, and particularly from New Zealand’s perspective, what actual strengths small states may bring to the table.

It is, of course, reassuring to be liked by other peoples and their governments. However, the temptation to be content with that level of comfort alone has to be resisted. Being known to be nice is not a failsafe recipe for success. Such a reputation will in itself nail down few worthwhile bargains. For small countries to be listened to, and if they are not host to sought-after strategic resources, they must have something else to offer of credible value that other and larger countries find appealing.

What qualities should a small country aspire to be known to possess? So that when their official representatives or business people front up in a bilateral or multilateral meeting, a favourable image has gone before them? Bearing in mind that such an image is not easily built or sustained. It can be damaged in a flash by displays of flawed behaviour.

The factors determining how positively a small nation is seen by others are likely to be its consistent presence, its persistence and its performance. Taking New Zealand for illustration, this country has striven mightily over many years to reach the point of:

- being known to bring formidable negotiators onto the field, invariably well-prepared but also ready to play by the generally accepted international rules;
- the profile of a responsible international stakeholder willing to carry its share and more of the burden of safeguarding the global and regional commons; and
- respect for its capacity to see beyond narrow national concerns to embrace wider multilateral objectives.

**Hard-earned reputation**

A hard-earned reputation for having those qualities helps explain why New Zealanders have held top leadership positions in organisations as varied as the Commonwealth Secretariat, the International Court of Justice and other international legal tribunals, the United Nations Development Programme and the World Trade Organisation. The country has been on the governing bodies of
nearly every member of the extended United Nations family of agencies, not simply to take its turn but in the belief that it could contribute a valuable small nation point of view. Another mark of international standing has been New Zealand’s participation, over many years and on most continents, in a wide range of peacekeeping activities that have been internationally authorised.

It has also been to the country’s benefit that the essence of the New Zealand character is recognised abroad as being pragmatic, reasonable, self-reliant, tolerant and non-threatening. New Zealanders tend to be welcomed in the region as people prone to listen rather than lecture. Those features would not amount to much if not underpinned by a sense of humility and generosity of spirit. And, above all, driven by a flinty-eyed determination to succeed.

I shall conclude by making one closing observation: one often hears it being said, both at home and abroad, that New Zealand ‘punches above its weight’. I dislike the phrase and never employ it. Used by New Zealanders it smacks to me too much of smugness. Delivered by observers from outside the country, however well-meaning, it strikes a condescending tone. Almost as though on a particular issue we had accomplished a result well above and beyond any we might justifiably have expected or been entitled to. Rather, it seems to me that the New Zealand ‘punch’ is a reflection of and in keeping with the collective strengths and resolve we are able to bring to the settlement of any given issue. No more no less. Having said that, I see little prospect of the saying falling out of fashion.
Tensions in the East China Sea

Stephen Hoadley reviews the China–Taiwan–Japan disputes over islands in the East China Sea and explores avenues for their mitigation.

Much has been written about China’s disputes with its neighbours in the South China Sea, including in this journal.¹ But the East China Sea dispute with Japan has greater potential for armed clashes and, in the worst case, inducing an East Asian arms race. After reviewing the origins of the dispute and the motives of the parties involved, this article identifies initiatives that could mitigate the conflict, with particular focus on the role played by the Republic of China (Taiwan).

The focus of the East China Sea dispute centres on five small islands and three rocks lying between Okinawa and Taiwan. With a total area of less than 7 square kilometres, these eight entities are uninhabited and provide little shelter for people or ships. Nevertheless, they are significant inasmuch as the 1982 Law of the Sea entitles their owner to the fish, hydrocarbons, and minerals lying within the islands’ 200 nautical mile Exclusive Economic Zone (EEZ). Less tangibly but more potently, they have become symbols of sovereignty, arousing thinly veiled nationalist passions in both China and Japan, revisiting the centuries-old rivalry between these two powers. The issue is further complicated by the fact that the Republic of China on Taiwan is a third claimant, and has become a significant party in the East China Sea dispute.

Both China and Taiwan base their claim on discovery and usage, asserting that Ming Dynasty China gave them their present name — Diaoyutai — in the 15th century, noting in documents that the islands were used by Chinese fishermen and as navigation objects for traffic between Taiwan and the Ryukyu Kingdom (now Okinawa). After Taiwan was officially incorporated into Ching Dynasty China in the 17th (1683) century, the Diaoyutai Islands came under the administration of Kavalan County, Taiwan.²

Japan, however, claims that in the late 19th century the islands were terra nullius. The Meiji government formally annexed them in a Cabinet decision of 14 January 1895. Japan’s victory four months later in the Sino-Japanese War obliged the Ching Dynasty in the Treaty of Shimonoseki to cede Taiwan, whereupon the Diaoyutai Islands, called Senkaku Islands by Japan, were placed under Okinawa’s administrative jurisdiction.

In accordance with the Cairo Declaration of 1943, Japan’s defeat in 1945 led to the annulment of the Treaty of Shimonoseki and the return of Taiwan to the Republic of China. However, the Allies were unaware that the Senkaku Islands were in fact the Diaoyutai Islands and in accordance with the San Francisco Peace Treaty of 1952 the United States administered them as part of Okinawa until 1971, when Okinawa was returned to Japanese control. The current US position is that in accordance with the US Japan Mutual Security Treaty, the Senkaku Islands remain under Japan’s administrative control in the interim and, therefore,

The Diaoyutai Islands have become the focus of intense rivalry between Japan, China and Taiwan in recent years. This is driven by recognition of potential economic benefits arising from the Law of the Sea, which entitles the owner to the fish, hydrocarbons and minerals within the Exclusive Economic Zone that surrounds them. Nationalist sentiment has inflamed the competition. A number of avenues for mitigation of this threatening situation exist. These include international adjudication, joint resource development agreements, and a code of conduct. The Republic of China (Taiwan)’s East China Sea Peace Initiative is a promising template for minimising armed conflict and promoting maritime co-operation.
the United States is obliged to defend them from attack. However, the United States takes no position on the ultimate sovereignty of the islands and has made no move to defend them.

The People’s Republic of China upon its establishment declared itself to be the successor state to the Republic of China, which Beijing asserts ceased to exist in 1949. Nevertheless, the two governments across the Taiwan Strait maintained their own claims to the Diaoyutai Islands.

The dispute lay dormant until 1968, when a UN ESCAP geological survey identified the East China Sea continental shelf as potentially rich in oil. This prompted China publicly to assert its claim to the Diaoyutai Islands and triggered the retort from Japan that there was no territorial dispute because the islands belonged unequivocally to Japan. To the present day Japan refuses to ascribe any validity to China’s claim.

Nationalist sentiment
The past decade has witnessed a rise of nationalist sentiment in China, Taiwan, and Japan, leading all three governments to re-assert their claims and to give tacit approval to public demonstrations of support. The joint force of Taiwan and Hong Kong patriotic non-governmental organisations and that of China and Hong Kong had organised voyages between 2006 and 2013 to the Diaoyutai Islands to plant national flags. These were swiftly taken down by Japanese authorities, whose citizens also made voyages and planted flags. Chinese fishing boats have been harassed by Japanese coast guard vessels resulting in collisions in 2008 and 2010 for which Japan admitted responsibility. Official vessels accompanying the protest boats or fishing fleets for protection and to keep order have clashed with the vessels of the rival governments. Notable fracas occurred in July 2012 when coast guard vessels from Taiwan and Japan collided and in September when Taiwan and Japanese vessels exchanged bombardments by water cannons.

In August 2012 the dispute escalated when the government of Japan announced its intention to purchase three of the islands from their private owners. Aimed to side-line the inflammatory initiatives of Tokyo’s jingoist Governor Shintaro Ishihara, the central government’s move had the opposite effect, triggering large protests in 85 Chinese cities, a boycott of Japanese automobiles and other products, arson and damage to Japanese property, and an uptick in coast guard and military visits to the islands.

Worrying development
Most worrying in the past year is the appearance of military platforms cruising near or overflying the islands, notably Chinese destroyers and a Chinese surveillance aircraft, the latter provoking a scramble by Japanese fighters and stepped up surveillance of the islands by Japanese military aircraft. Japan has accused Chinese vessels of ‘locking on’ their fire control radars (a prelude to opening fire) on two occasions. The most recent incident took place in September 2013 when Japan accused China of incursions by seven Chinese vessels and a drone overflight, triggering another scramble by Japanese military jets. Taiwan, too, has deployed frigates, jet fighters, and E2-K surveillance aircraft to the area intermittently for the purpose of protecting their fishing vessels. The potential for an exchange of lethal fire is high.

While it is in the long-term interest of the claimant parties, and all users of the East China Sea shipping routes, to defuse the confrontation and settle the dispute, four obstacles stand out.

• The first is Japan’s refusal to acknowledge that there is a Chinese claim to answer; in Tokyo’s eyes there is simply no dispute, and China and Taiwan are simply making trouble.

• The second is the ambiguity of the Law of the Sea, which puts the Diaoyutai Islands within the EEZ of the Ryukyu island chain but on China’s continental shelf west of the Okinawa Trench, giving Beijing, Taipei, and Tokyo contrasting legal grounds for their claims.

• The third is the conflicting testimony of the documents on

Former Vice President Annette Lu speaks during a seminar in Taipei in February 2013 announcing her initiative to demilitarise the Diaoyutai Islands and for Taiwan to take a neutral position on the territorial dispute.

Taiwanese fishing boats heading for the disputed islands.

The disputed islands
which China and Japan base their claims, the former mainly from the pre-1895 period, and the latter from the 20th century, compounded by the confusion created by the re-naming of the islands by Japan and their interim administration by the United States, then Japan.

The fourth is the undertone of grievance felt by China towards Japan’s earlier aggression, and the anxiety felt in Japan about China’s rising power, because of which the islands assume exaggerated significance as symbols of sovereignty, status, and security. The dispute has even been described as a ‘proxy’ for an emerging East Asian geo-strategic power struggle.

Promising avenues

Those working for a resolution have identified three promising avenues. The first is to submit the dispute to international judgment. The International Court of Justice (ICJ) has resolved island disputes between Singapore and Malaysia (Pedra Branca) and Malaysia and Indonesia (Ligitan and Sipidan) and (less successfully) the Preah Vihear temple dispute between Thailand and Cambodia. The International Tribunal for the Law of the Sea has accepted twenty cases, in four of which Japan was a party, so is another forum to which the East China Sea dispute might be submitted. Japan has proposed submitting an island dispute over Takeshima (or Takdo) with the Republic of Korea to the ICJ but Korea has not concurred; likewise, China has made clear its opposition to ‘internationalising’ its East China Sea and South China Sea disputes.

The second avenue is the negotiation of maritime joint development zones while setting aside claims to sovereignty. An early example of some 40 joint development zones now in operation was the Bahrain–Saudi Arabia joint zone set up in 1958, encompassing the Fasht Abui-Safahj oil field. This agreement provided for Saudi Arabia to exploit the oil field but to remit to Bahrain one-half of net revenues. This so-called ‘operator model’ pioneered by Saudi Arabia was followed by Australia vis-à-vis East Timor in an agreement in 2002 (modified in 2006) which divided the revenue in the Joint Petroleum Development Area and also in a new gas field called Greater Sunrise, and by Malaysia and Vietnam (below).

Turning to South-east Asian examples, one finds two contrasting models: governmental and operational. The Thailand–Malaysia, Vietnam–Cambodia, and Vietnam–China government-to-government negotiations over maritime boundary

Resource exploitation

In each of these cases the boundary disputes were shelved and the claimant governments focused on resource exploitation. In the most successful of the cases, the actual operators — oil companies or fishers — were given a prominent role in setting up the agreement. This leads to the recommendation to China, Taiwan and Japan to incorporate ‘operators’ alongside officials, and consider delegating negotiation roles to them as much as feasible. This will insulate the practical arrangements from the passions roused by assertions of sovereignty and clashes of island and maritime claims.

The third avenue of dispute management is the negotiation of a code of conduct. This has been proposed most comprehensively by the Republic of China’s President Ma Ying-jeou in his East China Sea Peace Initiative announced in August 2012. The peace initiative encompasses the four ways to resolve disputes without recourse to armed conflict: negotiation, mediation, arbitration, and litigation. The core principle of the initiative is that ‘while sovereignty is indivisible, resources can be shared’. Thus, the initiative calls for inter-governmental negotiations to facilitate joint exploration and exploitation of resources, guided by scientific research, environmental protection, and conservation, while temporarily setting aside the claims to sovereignty without prejudice to their future resolution.

To realise these goals, China, Taiwan and Japan must adhere to common aims, principles and standards of behaviour and these are to be embodied in a code of conduct. President Ma’s peace initiative provides a useful template inasmuch as it calls for all claimants to:

A team of Japanese surveyors prepares to depart for the disputed islands

disputes were protracted (up to fifteen years) and did not result in significant joint exploitation. In contrast, the Malaysian and Vietnam governments turned to their national oil companies, Petronas and PetroVietnam, which then reached speedy agreement whereby Petronas conducted the exploitation and remitted to Vietnam one-half of the net revenues from the Bunga Kekwa oilfield. The two governments maintained oversight via a co-ordination committee. Likewise, in 2005 the China National Overseas Oil Company and PetroVietnam agreed to jointly survey fish and petroleum resources in the Gulf of Tonkin to avoid naval and fishing boat clashes that had erupted despite a demarcation agreement in 2000.
Refrain from taking any antagonistic actions.
Shelve controversies and not abandon dialogue.
Observe international law and resolve disputes through peaceful means.
Seek consensus on a code of conduct in the East China Sea.
Establish a mechanism for co-operation on exploring and developing resources in the East China Sea.

Useful precedent
In 2002 the South China Sea claimants agreed on a Declaration on the Conduct of Parties and are attempting to negotiate a binding Code of Conduct. If successful, this will set a useful precedent for the East China Sea parties. Meanwhile, as former Deputy Secretary of Defence Richard Armitage observed in early 2013, Taiwan’s peace initiative ‘is the only proposal out there… the only real attempt to try to resolve the [East China Sea dispute] situation.’

While not conceding the validity of China’s and Taiwan’s claims, Japan recently made a gesture of mitigation. In April 2013 Tokyo agreed to permit Taiwan’s fishing boats access to 7400 square kilometres of sea in the contested zone and to establish a bilateral fishing commission. Attributed by some to US pressure to cool the dispute, Tokyo’s gesture may have been induced also by the spectre of Taiwan and China working together against Japan, hence an agreement with Taiwan but not yet with China. Also in 2013 the fatal shooting of a Taiwan fisherman by a Philippine coast guard boat has led to the opening of government-to-government negotiations for a fishing agreement that will demarcate the contrasting EEZ claims and allow fishing by both sides in the contested area, with procedures in place to avoid the use of force by either side. This agreement will set another precedent for peaceful dispute resolution and joint resource exploitation despite conflicting maritime claims.

In conclusion, sovereign claims by China, Taiwan and Japan to the Diaoyutai Islands will not be resolved soon, if ever. But the combination of international institutions, constructive precedents, and pragmatic negotiations, and possibly benign pressure from Washington, can reduce the risk of armed conflict and allow increasing co-operation in the East China Sea. Taiwan’s East China Sea Peace Initiative provides a template for a future code of conduct that can moderate the actions of the claimants and facilitate joint development of the disputed area. Bilateral negotiations between Beijing, Taipei and Tokyo, leading to trilateral talks, are the necessary next step.

NOTES
2. The Republic of China (Taiwan) Ministry of Foreign Affairs document The East China Sea Peace Initiative (Taipei, 15 Oct 2012) cites the Revised Gazetteer of Taiwan Prefecture (1747) and subsequent gazetteers dating from 1764, 1852 and 1872 all referring to the administrative links between the Diaoyuoutsai and Taiwan.
6. ROC Ministry of Foreign Affairs, at www.mofagov.tw/EnOfficial/Topics/TopicsIndex/?opno=c7f748f-f55f-4eeb-91b4-cf4a28b8b86f (acc 17 Sep 2013).

CORRIGENDA
In Peter Kennedy’s conference report ‘Syria: is there no end in sight’ in the last issue (vol 38, no 5), footnote 4 was inadvertently omitted on page 25. It was: ‘4. Transcript of press conference by Joint Special Representative for Syria, Lakhdar Brahimi, UNOG, Geneva, 5 Jun 2013.’

In the review by Ian McGibbon Captain Alfred Shout is described as ‘Napier-born’ on page 29. He was in fact born in Wellington.
This book's title encapsulates its central argument: the 1984–87 dispute between New Zealand and the United States over port visits by possibly nuclear armed American warships discharged two volleys of 'friendly fire'. New Zealand's Labour government shot itself — and the country — in the foot by insisting and eventually legislating that no such vessels could enter New Zealand waters. The Reagan administration refused to budge from America's 'neither confirm nor deny' policy about the presence of nuclear arms aboard its ships and retaliated against New Zealand. The end result was the destruction of ANZUS.

How and why did that happen? Who was responsible for a difference of opinion escalating into bitter quarrel that even the best of diplomats could not resolve? Could the whole unhappy affair have been avoided? And what difference did the dispute make for New Zealand, its understanding of its role in the world, and its foreign relations?

Gerald Hensley is uniquely qualified to answer these questions. Readers of this journal may recall that he was head of the Prime Minister's Department at the time. He did not simply observe events but actively participated in meetings and negotiations meant to avert the breakup of ANZUS. As a distinguished retired civil servant, he was able to gain access to archives of his own, the American, and the Australian and British governments that remain closed to non-official researchers. He has interviewed virtually all of the surviving participants in the events he describes. Hensley also brings to this work the insights of a talented historian evident in his two previously published books.

The book's dozen chapters fall logically into three sections.

The first four focus on the origins of the dispute over ship visits and efforts to resolve it. 1984 elections in both countries portended trouble. New Zealand voters put a Labour party deeply divided over economic and nuclear issues in power. The new prime minister, David Lange, was an unpredictable, larger-than-life figure who worried officials and stirred suspicions within his own party. Ronald Reagan won a landslide vote that stiffened his administration's determination to continue its tough approach to the Soviet Union. Keeping Moscow guessing as to where America's strategic deterrents might be by refusing to confirm or deny the presence of nuclear weapons on overseas bases, aircraft, and warships was a cardinal principle of Washington's national security policy. Nevertheless, Washington and Wellington tried to soften their differences by laying plans for the old, and presumably non-nuclear-armed USS Buchanan to visit New Zealand in the spring of 1985.

The book's middle four chapters show how that secret accord exploded into public differences that spelled the end of ANZUS. Hensley faults New Zealand more than the United States for the breakup of the alliance. The Americans distrusted David Lange and stood firm on their position and unwavering in their diplomacy. New Zealand leaders were anything but consistent. Lange was irresponsible. He secretly agreed to the Buchanan's visit, then denied that he had done so, and then went off on holiday, incommunicado, to a remote tropical island. His deputy, Geoff Palmer, presided over an ill-prepared Cabinet meeting that rejected a Buchanan visit and demanded that the US Navy send another, more obviously non-nuclear armed vessel in its stead. When Washington angrily refused to do that, Lange dropped whatever doubts he had had about the feasibility of a non-nuclear New Zealand, pledged to enact legislation to achieve that end, and championed his country's position in speeches in America and Britain. Reagan administration officials could not abide that. Washington excommunicated New Zealand from the alliance, discontinued intelligence sharing with Wellington, and denied Kiwi diplomats access to high-level American officials.

The book's concluding chapters demonstrate the truth of Charles de Gaulle's bon mot about alliances: like flowers and pretty girls, they last for a time, and then are gone. Try as they might, second-level New Zealand and American officials, nudged by their British counterparts but left on their own by Australians more eager to preserve their relationship with Washington than to keep New Zealand in the alliance, failed in every attempt to smooth over their differences. The Americans could not imagine non-nuclear co-operation within an alliance framework. The New Zealanders, forced as they saw it by the Americans, chose nuclear freedom over alliance membership. Protracted talks after ANZUS came to its de facto end showed how difficult it was for sometime allies to remain friends.

Hensley believes the breakup of ANZUS could and should have been avoided. But he acknowledges that the domestic and international political context and cast of leaders made such an outcome difficult, if not impossible. He is far more critical of Da-
vid Lange than of George Shultz and Australian Prime Minister Bob Hawke, whose strong condemnations of the New Zealand prime minister he accepts. In my view, he is perhaps too hard on Lange and Palmer and too soft on the Reagan administration hardliners, who could not look beyond the rigidities of the Cold War alliance order to imagine a more nuanced and diverse pattern of international relationships.

Hensley ends the book by challenging what he sees as the myths that have grown up around the breakup of ANZUS. It marked ‘the wreck’ of New Zealand’s ‘longstanding position in the outside world’. The actions of the Lange government did not give birth to a new and more independent foreign policy that enhanced the country’s international status but rendered it more dependent on Australia in national security matters. Future governments spent the next 25 years trying to get back into the ‘comfortable relationship with America’ that experience showed New Zealand needed. That, Hensley insists, was ‘a clear sign… of the magnitude of the original mistake of breaking with the United States and the unavoidable need to set it right’.

That conclusion may not sit well with many New Zealanders today. But those who disagree with it — and anyone else interested in their nation’s place in the world and Pacific international relations more generally — would ignore this book at their peril. It is a beautifully written, thoroughly researched, and carefully argued work that is likely to remain an absolutely essential source on its subject for years to come. I cannot recommend it highly enough.

ROGER DINGMAN

IN THE RING: A Commonwealth Memoir

Author: Sir Don McKinnon

The Commonwealth is one of those institutions, like the British House of Lords, which no constitutional theorist could invent but which unexpectedly work. Originally seen by the worldly-wise as a tactful but temporary means of accustoming the British public to the loss of their empire, it has instead grown over the decades into an international association second in scope only to the United Nations. No other empire has managed this feat.

The key to this was the establishment of the Commonwealth Secretariat, which put the institution into common ownership. As a voluntary association controlled by all its members, it could mediate, intercede and make demands in ways unthinkable for the former imperial power. Over almost 50 years of the Secretariat the Commonwealth was transformed from the tail-piece of empire into a lively voice in the world community.

Over that time only five Commonwealth secretary-generals have moulded it. Now, the most recently-retired, Don McKinnon, who had long service as a New Zealand foreign minister, has followed his predecessors in giving an account of his eight years, commenting that if he did not someone with less direct experience would.

In a job that has few guidelines and none of the obvious levers of power, the skill and enthusiasm of the secretary-general are crucial. Without military force or economic clout, he is necessarily the practitioner of diplomacy at its purest. So more than most his position relies on social qualities, ease of manner, confidence, firmness of purpose and if possible charm, and McKinnon had them. He had in addition the stamina to keep up a punishing schedule of travel for the personal diplomacy on which the job relies requires face-to-face meetings. The title he chose for his memoir, In the Ring, conveys some of the relish he had for the day-to-day battles and arguments needed to make any headway on big and intractable issues.

Inevitably the book is an account of diplomatic crises large and small, of urgent get-togethers and wrangles over the wording of statements. That is largely the stuff of Commonwealth business. The shared language and other personal links make it a little easier to talk about touchy issues, and a little easier to have rows without denunciations and walkouts. Although there is inevitably a lot of name-dropping (that is the personal way the Commonwealth works), McKinnon covers all the main fields of Commonwealth activity, illustrating them with his own experiences (and setbacks). In practical detail as well as aims the book is something of a handbook of how modern diplomacy works.

As ever throughout the Secretariat’s half century, African problems provoked the most intense efforts, but it is a surprise to discover just how global the secretary-general’s activity now is. When the Commonwealth could once be dismissed as ‘the best club in the world’, or, in Lee Kuan Yew’s words, ‘the best ever course in post-graduate politics’, it has developed clear and formidable goals of its own, aiming to strengthen good governance, democracy and the rule of law in its members.

The reality is always likely to fall short of such ambitious aims, but McKinnon makes it clear that Commonwealth members fully support the need for a more active role. Starting before his time, the association has progressively developed techniques, such as the Commonwealth Ministerial Action Group (CMAG), which have enabled it to respond speedily to periodic crises. His account of dealing with governance and human rights issues in Nigeria, Zimbabwe, Sierra Leone, Pakistan, Bangladesh and Fiji shows the breadth of the Commonwealth and an ability to become involved in practical details that is currently beyond the reach of the United Nations. It demonstrates the strength as well as the flexibility of this purely voluntary association. It has been able to talk sternly to the aberrant members and even to suspend them, and in an impressive sign of the organisation’s pull all those suspended have been eager to rejoin and no state however pressed on its conduct has yet left the Commonwealth.

Not all in the book, as in real life, is high politics. Like all other international organisations, the Commonwealth carries out a wide range of more humdrum but useful activities in development advice, help for small states (many of which are members), and a range of services from constitution-writing in Guyana to reform of Papua New Guinea’s defence force to help with multilateral trade negotiations.

McKinnon writes frankly about the besetting weakness of
SECURING FREEDOM: The Former Head of MI5 on Freedom, Intelligence, the Rule of Law, Torture and Security

Author: Eliza Manningham-Buller

Since the world’s response to the terrorist attacks against the United States in 2001 began, there has been a continuing and at times aggressive debate on the legitimate boundaries of that response. Crudely put, on one side has been the argument that we need to do whatever is necessary to remove any threat of terrorism against us, our people or our facilities; on the other, that we must attend to the broad moral precepts of ‘the laws of war’ because if we do not we become no better than the terrorists themselves. Certainly, in the name of the global war on terror, all states have substantially increased the resources devoted to finding and destroying terrorists, and individual liberties have been reduced in the name of achieving a collective security against the possibility of terrorist activity.

Now, one of the leaders in the United Kingdom’s effort to collect intelligence to support the country’s response to the terrorist threat, Eliza Manningham-Buller, in an edited volume of her 2011 Reith Lectures first broadcast by the BBC, and supported by the text of a 2010 address to the House of Lords, has published her thoughts on many of the core issues. Manningham-Buller was the deputy director-general of the British Security Service, better known as MI5, in 2001 and acceded to the top position in 2002. Manningham-Buller was in the United States for discussions with her American counterparts within a day of the 2001 attacks and she led much of the United Kingdom’s intelligence collection effort from then on. Given her central role in the intelligence collection effort, her insights are valuable even if some of the final policy directions, in relation to the use of torture, for example, were contrary to her own inclinations.

In four short chapters, Manningham-Buller addresses the big and topical issues of ‘terror’, ‘security’, ‘freedom’ and ‘the nature of intelligence’. Individuality, none of the insights is necessarily particularly profound. Collected together they portray a worldview of liberal ideals combined with an understanding of the legitimate needs for the state to protect itself and its citizens against those who would cause harm. Issues highlighted as of continuing relevance include the nature of terrorism as a crime rather than a war, the symbolism of Western ‘crusader’ activity in the Arab region and the motivations of those who join organisations such as al-Qaeda; she sees the motivations of the rank and file at least as being as much about joining a group as about ideology. For Manningham-Buller the 2003 attack on Iraq was a distraction from the pursuit of al-Qaeda and an exacerbating factor of the terrorist threat. She sees the use of torture, waterboarding for example, as wrong in principle and generally counter-productive in practice, despite any short-term gains there might be.

Manningham-Buller does not see any dichotomy between liberty and security. They are different, she argues, but not opposed. There can be no liberty without security and, implicitly, no security without liberty. The trick is to balance these separate needs. Manningham-Buller asserts strongly that the ‘liberal’ component of our democracy is necessary and must be protected and that part of that protection comes from the intelligence collection efforts by agencies such as the one she led, even when that effort intrudes on the private affairs of some citizens. That is why, in a reflection of debates current in New Zealand, she argues for a proper legislative foundation for that intelligence collection activity (but not for the collection agencies to be given any powers to act in the counter-terrorism role). She goes further to argue, robustly, that given a transnational threat such as terrorism, international co-operation is required, and some of that co-operation must be with states with internal policies that might be less than liberal.

Manningham-Buller is realistic, perhaps mildly pessimistic, about what success means when dealing with terrorists. Success, she believes, ‘will not be the absence of terror but less of it, with fewer deaths and a dwindling supply of new recruits’. Sensibly, she argues that success will come from long-term political and economic initiatives aimed at the root causes of terrorism and at countering extreme ideologies, rather than through military effort, security intelligence or police work alone or in combination.

There is much food for thought in this book and much to engage with. It is not necessary to agree with Manningham-Buller’s approach, either in the detail or overall, to accept that she has something useful to say. We should all engage with the issues and this book is a good start to doing that.

Jim Rolfe
European Parliament member Derek Vaughan, the chair of the Friends of New Zealand Group launched last year by Prime Minister John Key in Brussels, gave a presentation at VUW on 31 July. His topic was ‘A UK MEP’s View of Europe in a Post-Lisbon Environment’.

At a meeting jointly organised with the New Zealand Contemporary China Centre and the Centre for Strategic Studies on 1 August, Professor Hugh White (Australian National University) lectured on ‘The Rise of China: Implications for New Zealand and Australia’.

On 12 August, before a packed audience of over 500 (spread between two lecture theatres), UN Development Programme Administrator and former New Zealand Prime Minister Rt Hon Helen Clark delivered the 12th Annual Foreign Policy Lecture at VUW. Her topic was ‘Conflict and Development: Breaking the Cycle of Fragility, Conflict, and Violence’. (The text of her address is to be found elsewhere in this issue.)

**Auckland**

The following meetings were held:
- 23 Jul Nejat Kavvas (longtime New Zealand resident and, since 1985, honorary consul-general of the Republic of Turkey in Auckland), ‘Turkey as a Centre, and No Longer a Margin’.
- 27 Aug Hon Jim McLay (New Zealand ambassador to the United Nations), ‘New Zealand and the United Nations: Small State, Big Challenge’. This meeting was co-hosted by Auckland University’s Political Studies Department.

**Christchurch**

The following meetings were held:

**Hawke’s Bay**

On 19 August HE Yong Kyu Park, the Republic of Korea’s ambassador in New Zealand, addressed the branch on the relationship between New Zealand and Korea 60 years after the fighting ended in the Korean War, as well as discussing the situation on the Korean peninsula.

**Nelson**

On 18 June John Hayes, MP and parliamentary secretary of Foreign Affairs and Trade, described New Zealand’s current campaign to seek a seat on the Security Council in 2014–15. This was followed on 18 July by an address on the ‘Politics of the Climate’ by Dr Adrian Macey, the former chairman of the United Nations Conference on Climate Change.

**Palmerston North**

On 15 May John McKinnon, head of the Asia:NZ Foundation, addressed the branch on ‘China’s Strategy for Regional Security: Implications for New Zealand’. He began by quoting Sun Tzu’s *The Art of War*: strengthening oneself by making one’s country more prosperous. This theme framed the first half of the seminar, which comprised a historical overview highlighting key events in China’s past 60 years; with emphasis on the Deng era, China’s economic liberalisation and global integration in the context of maintaining a stable and peaceful environment. McKinnon noted China’s move from taking a strictly non-interventionist approach to international relations to forging closer relationships with various countries based on strategic interests all over the world, and ultimately to becoming a shaper of multilateral organisations over the past three decades. For many countries, China has become indispensable, which begged the question of whether it was possible for the world to make progress without China’s involvement. Given this situation, would China seek a leadership role as the United States has done for most of the past 50 years? McKinnon’s assessment was that China had other priorities to deal with — contending with many domestic and internal challenges and maintaining a stable environment for economic growth. Moreover, China sees itself as a responsible global citizen and actively contributed to international affairs via multilateral organisations. Yet given its relatively high level of military expansion, improved maritime capability, and territorial disputes with neighbouring states in recent times, there remain some serious concerns about China’s intentions in the region.

The seminar then moved to how New Zealand might fit into all of this. McKinnon cited New Zealand’s strong relationship with traditional partners, and its involvement in regional organisations. He emphasised the value of people-to-people relations, and of bringing leaders together to reduce tensions, enhance understanding and improve communication. New Zealand’s relatively neutral stance could help in brokering China’s relations with other countries. The seminar was supplemented with relevant news items, commentary concerning recent and past defence policies of both China and New Zealand, and reflections on some of his own experiences as ambassador to China and secretary of defence. (Report supplied by James To).

**Tauranga**

The branch held two meetings, each co-sponsored by the Tauranga branch of the United Nations Association:
- 5 Sep Chalotte Darlow (MFAT) and Michael White (New Zealand Human Rights Commission), ‘What Does the United Nations do for Human Rights, and What Does This Mean for New Zealand?’
- 25 Sep Kate Dewes and Rob Green (Disarmament and Security Centre, Christchurch), ‘Is it Possible to Influence the United Nations?’

**Wairarapa**

On 9 September Hanlie Booysen, a former South African diplomat who served in Syria, addressed the branch on ‘Syria — The Unmaking of the Sykes–Picot Understanding’.

**Wellington**

The following meetings were held:
- 25 Jul Dr Jim Rolfe (acting director of VUW’s Centre for Strategic Studies), ‘Towards Security in Libya’.
- 6 Aug HE Michael Potts (Australian high commissioner), ‘Australia–New Zealand Relations’.
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