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NEW ZEALAND'S PLACE IN ASIA: AN INDIAN PERSPECTIVE

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*“Building New Zealanders’
knowledge and
understanding of Asia.”*

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EXECUTIVE SUMMARY

NEW ZEALAND IS INCREASINGLY LOOKING TO INTEGRATE WITH the global economy through trade and investment agreements – and, with the shift in the geo-economic centre from Europe and the United States to Asia, is seeking to enhance its integration with Asian markets.

New Zealand's approach to Asia has been influenced by its membership of multilateral organisations dealing with security issues (such as the ASEAN Regional Forum) and geo-political issues (the East Asian Summit).

Historically, New Zealand and India have differed in their opinions on a number of issues, such as apartheid, nuclear non-proliferation and military alliances. More recently, though, the two countries have taken a specifically Asian orientation in their foreign policies. While India has searched for markets and investment, New Zealand has looked at cooperative security as an alternative way of achieving national security.

Today, India is seen by the world's most influential nations as a rising Asian powerhouse, while New Zealand is increasingly making its mark in the Asian political and economic space.

This paper argues that, from an Indian perspective, New Zealand has immense potential as a player in the Asian landscape – but that its role has been largely subdued owing to power rivalries and its geographical location.

India believes that New Zealand needs to understand the perspectives of regional powers like China, India and Japan, and be more active in multilateral economic and political discussions. While it has made its first steps, it needs to become relevant in the evolving power balance in Asia and integrate more effectively with the region.

Free trade agreements, nuclear disarmament, climate change and non-traditional security challenges (such as piracy, transnational crime and pandemics) have provided platforms for smaller nations to have a greater say in international affairs. New Zealand needs to formulate policies that enable it to have greater participation in the region, but first it needs to be clear about its stance and have clear-cut policy alternatives.

The two nations have similar views on the issue of development and economic growth, but differ on their approach to protecting national interests and international obligations.

“New Zealand has immense potential as a player in the Asian landscape.”

“International relations in Asia today are a unique blend of cooperation and dependence, with concerns about security.”

ASIA – A COMPLEX BLEND OF NATIONS

IT MAKES SENSE TO ANALYSE NEW ZEALAND'S ROLE in the changing geo-strategic and geo-economic landscape of Asia.

International relations in Asia are still an amalgam of interactions occurring in five distinct sub-regions that tend to operate according to their own dynamics: Australia, South East Asia, North East Asia, South Asia and Central Asia. One consequence of this regional diversity and the regions' continuing distinctiveness has been the slow development of pan-regional intergovernmental institutions.¹

In addition, Asia's regional order features many decades-old characteristics: the American presence and alliance system, a 'rising' China, an uncertain Japan, a divided Korean peninsula, unsettled relations between China and Taiwan, an increasingly coherent Association of Southeast Asian Nations (ASEAN) – albeit with diverging opinions on the issue of interregional disputes and Myanmar, and a mixture of political systems amid a general trend towards democracies, educated societies and disciplined workforces.

With the recent remarkable growth of the Indian and Chinese economies and the promising growth rates of countries such as Vietnam and Indonesia, international relations in Asia today are a unique blend of cooperation and dependence, with concerns about security.² New Zealand has good relations with China and India and the politically powerful United States, which might mean it has to walk a tightrope between domestic preferences and international compulsions. India is in a similar position, balancing its relationships with China and the US with efforts to harmonise relations with other Asian nations – a huge exercise for India's diplomatic community and defence planners.

The two nations have a complex relationship. To understand it in today's context, it's important to examine New Zealand's priorities and policy choices *vis à vis* Asia from an historical perspective, one in which India and New Zealand have adopted contrasting views on a number of issues.

1 David Shambaugh, *International Relations in Asia: The Two Level Game*, in David Shambaugh and Michael Yahuda Eds. *International Relations of Asia*, Pentagon Press, Lanham, 2010, p.4.

2 N.18 (David Shambaugh), p.4.

HISTORICAL BACKGROUND

FOR MOST OF THE 19TH AND EARLY 20TH CENTURIES, New Zealand's exposure to the outside world was limited to its links with the United Kingdom and trade relations with a small number of other countries, such as Australia. The advent of refrigerated shipping, which boosted New Zealand's agricultural exports, linked it even more closely with the UK economy, while at the same time India depended on its links with the UK, as its colonial master, for trade. Overall, New Zealand's contacts with the Asian region were relatively limited and did not increase its interests in the area.³

In the late 1940s, Indian Prime Minister Jawaharlal Nehru led his country's drive for independence from the UK, and was proactive in building the Asian community through initiatives such as the 1947 Asian Relations Conference and the 1949 Conference on Indonesia. On the issue of recognising Communist China, New Zealand and India took opposing views, with the former recognising nationalist China and the latter supporting the one-China policy. India was keen to improve ties between communist nations and the anti-communist alliance.

In the aftermath of the Second World War, New Zealand entered alliances with both the UK and the US, and joined the Southeast Asia Treaty Organisation (SEATO) as the New Zealand government perceived a military threat to its security in the region⁴. India claimed that SEATO's formation had brought the Cold War to its doorstep⁵ and that the Manila Treaty (which created SEATO) and the grants of military protection to South Vietnam, Laos and Cambodia under the Treaty, were going against the spirit of the Geneva settlement, through which India was making efforts to neutralise Indochina.⁶

In the post-war years, the New Zealand government lacked an Asian policy. There was no Asia desk in the new Department of External Affairs, and New Zealand relied on the UK and Australia for information on events in the region. Its foreign and defence policies remained oriented toward the Anglo-American entente,⁷ with the widespread fear of communism blending easily with earlier fears of an Asian enemy.

By the late 1950s Asia had begun to figure more in New Zealand's foreign policy – notably with the election of the Labour Party's Walter Nash as Prime Minister in 1957. Although Nash focused more on Southeast Asia, he maintained a warm friendship with Nehru, visited New Delhi in 1958, and contributed NZ\$1 million to the foundation of the All India Institute for Medical Sciences.

However, before these overtures could go further, India became embroiled in two wars; with China in 1962 and Pakistan in 1965. Owing to its anti-communist position, New Zealand lent support to India during the conflict with China, which Indian Prime Minister Indira Gandhi gratefully acknowledged during her visit to New Zealand in 1968. But it was not until Norman Kirk's tenure as New Zealand's Labour Prime Minister (1972-74) that bilateral relations between New Zealand and India acquired any substance⁸.

“By the late 1950's Asia had begun to figure more in New Zealand's foreign policy.”

3 Ibid, pp.3-4.

4 Ibid, p.1.

5 Kripa Sridharan, *The ASEAN Region in India's Foreign Policy*, Dartmouth, Aldershot, 1996, p.20.

6 Ibid, p.25.

7 N.20 (Mark Pearson), pp.4-5.

8 Sekhar Bandyopadhyay, *India and New Zealand: A sixty-year roller coaster*, *New Zealand International Review*, New Zealand Institute of International Affairs, July 2007.

NEW ZEALAND FOREIGN POLICY AND ASIA – EVOLVING UNDERSTANDING

ASIA'S MORE RECENT ECONOMIC DYNAMISM and prosperity have delivered enormous opportunities for New Zealand, whose foreign policy interests are linked to events in Asia.

New Zealand became an ASEAN Dialogue Partner in 1975, and a member of the ASEAN-initiated East Asia Summit (EAS)⁹ in 2005, along with Australia and India. India was keen to become part of ASEAN Plus Three¹⁰ rather than ASEAN Plus Six (ASEAN Plus Three and India, Australia and New Zealand), which it believed somewhat underrated India's interests in the region.

From the Indian point of view, New Zealand was an important economic player in the region, but its overall political profile and contributions were associated more with those of Australia. India believed that integration with Oceania would reduce the Chinese influence and help to create a climate for comprehensive growth and development, not only in Asia but also in neighbouring zones.

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FACTORS SHAPING CHANGE – ECONOMICS AND SECURITY CONCERNS

THE TREND TOWARDS MARKET ECONOMIES AND INTERNATIONAL TRADE PROPELLED New Zealand towards market-driven growth based on its competitive advantage in primary goods. As India was to do in the 1990s, New Zealand's Labour government in the 1980s embarked on a series of economic initiatives, such as floating its currency, slashing tariffs on a range of goods and deregulating its financial and labour markets. This set the stage for deepening its Asian engagement strategy.

With a strategy of moving towards more market integration and a focus on achieving an import-export balance in the country's economy, free trade agreements (FTA's) with Asian partners became a priority. New Zealand signed a Closer Economic Relations agreement with Australia in 1983; it entered FTA's with China in 2008 (becoming one of the first countries to do so) and South Korea in 2009; it is currently negotiating an FTA with India; and it signed Closer Economic Partnership agreements with Singapore and Thailand in 2001 and 2005 respectively. After Australia, China is now New Zealand's largest trading partner.¹¹

New Zealand also adapted to the new trend in international security, which shifted from collective security to cooperative security based on multilateral confidence and security-building measures. With ANZUS having lapsed for New Zealand and SEATO dissolved, New Zealand deepened its military engagement with Australia, expanded its security cooperation with regional allies such as Malaysia and Singapore, and increased its role in United Nations-led multilateral peacekeeping and nation-building operations. These new policies further diminished New Zealand's reliance on the US,¹² and it shifted away from a Euro-centric foreign policy when it opposed French nuclear testing in the South Pacific and sent two frigates to the Mururoa test site in 1973.

9 Beth Greener, East Asian Security Architecture: Where from here?, *New Zealand International Review*, No.1, January/February 2009, p.13.

10 Amita Batra, Asian Economic Integration: ASEAN+3+1 OR ASEAN+1s, *ASEAN Economic Bulletin*, vol.24(1), August 2007, p.183.

11 For further details about the trade data of the year 2011, see Ministry of Foreign Affairs and Trade website at http://www.stats.govt.nz/browse_for_stats/industry_sectors/imports_and_exports/overseas-merchandise-trade.aspx

12 See John Mckinnon, Breaking the Mould: New Zealand's Relations with China, in Bruce Brown Ed. *New Zealand in World Affairs 1972-1990*, Victoria University Press and NZIIA, Wellington, 1999, p.228.

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When India conducted nuclear tests in 1974, it was fiercely criticised by the New Zealand media, reflecting a strong anti-nuclear sentiment. However, the New Zealand government’s response was more cautious: on 22 May 1974, in his first public statement on the issue, then Prime Minister Kirk said that New Zealand understood India’s desire for a peaceful use of nuclear energy and respected the scientific capability and resources that had gone into this experiment. Kirk also expressed his faith that India would not manufacture nuclear weapons. After this controversy, India almost completely disappeared from the radar of New Zealand foreign policy.¹³

In October 1986 relations between the two nations reached a new high when Indian Prime Minister Rajiv Gandhi visited New Zealand. He praised New Zealand for its anti-nuclear policies, claiming that India had shown ‘nuclear self-restraint’ by not weaponising its nuclear capability in the previous 12 years.¹⁴

This cordiality was not to last; India’s nuclear tests of 1998 drew widespread criticism from New Zealand and Australia. Later, New Zealand urged India to sign the Comprehensive Test Ban Treaty,¹⁵ about which India had reservations because the US had not ratified it. The nuclear issue, the closing of the New Zealand High Commission in Delhi and India’s support of South Africa’s apartheid regime in Africa were all low points in the bilateral relationship.

WHY ASIA? THE RATIONALE

THE REASONS FOR NEW ZEALAND’S ENGAGEMENT WITH ASIA ARE MANY. As a small island with no US security guarantee after its expulsion from ANZUS, New Zealand understands the risks of security and stability issues in the region. Conversely, Asia’s prosperity offers opportunities for New Zealand; during the past two decades its growth has fuelled the world’s economic engine.

India’s policy planners believe that strengthening the EAS would amplify the role of regional multilateral organisations without concentrating power in the hands of a few powers. This would help in resolving outstanding issues and lead to better political and economic understandings on a number of issues. India’s view is that New Zealand’s role should be that of an honest broker, and that it should voice its opinion on issues such as global commons and non-traditional security threats such as piracy, transnational crime and pandemics, which can create havoc in Pacific Island nations as well as Asia. More importantly, it believes that New Zealand should provide a platform for smaller Pacific nations through trade integration with Asia, which would create markets for these nations and boost their prospects of economic prosperity.

¹³ Pankaj Jha, *India-New Zealand Relations: From estrangement to engagement*, at <http://www.scribd.com/doc/18932249/India-New-Zealand>

¹⁴ Ibid.

¹⁵ The Comprehensive Nuclear-Test-Ban Treaty bans all nuclear explosions in all environments, for military or civilian purposes. It was adopted by the UN General Assembly on 10 September 1996 but has not entered into force.

FTAS WITH ASIAN NATIONS – GETTING ASIAN-ISED

IN THE PAST TWO DECADES, successive New Zealand governments have established economic ties with a number of Asian countries. In the first year after New Zealand's FTA with China in 2008, New Zealand's exports to China increased in value from NZ\$1 billion to NZ\$3.6 billion.

However, should an FTA be signed between India and New Zealand, the gains for the two countries would be uneven, as New Zealand's tariff rates are substantially lower than India's. The average tariff applied by New Zealand on a 'most favoured nation' basis is 2.2 percent overall (1.4 percent for agricultural products and 2.3 percent for non-agricultural products), while the corresponding overall tariff rate in India is around 13 percent (32 percent for agricultural products).¹⁶ New Zealand is likely to negotiate for a more even, broader-based agreement involving goods and services, investments, the movement of natural persons and technology, and to expect the same terms and conditions as it successfully negotiated with China.

There are many reasons to broaden the scope of the agreement. First, as per the World Trade Organization's (WTO's)¹⁷ country trade profile, in 2009 two-thirds of India's exports were manufactured goods, while agricultural goods accounted for only a 10th of the total. In contrast, about three-quarters of New Zealand's total exports were agricultural products, while only one-quarter was manufactured goods. While New Zealand's exports are dominated by meat, dairy products, wool and forestry products, India's export basket is based on diamonds, jewellery and bed linen.

The importation of agricultural goods is a sensitive issue in India, so tariff reductions could be an issue. New Zealand could emphasise its technological expertise in these industries and look to promote partnerships and technological collaborations between the two countries. The Indian Farmers Fertilizer Cooperative and New Zealand's Fonterra are already exploring the possibilities of joint ventures in dairy farming operations in India. If successful, they could lead to more such joint ventures in the future.

Both countries could also benefit from trade in services. While India is strong in information and communications technology (ICT) enabled and professional services, New Zealand's service exports centre on tourism, education and recreation. A broader FTA could facilitate partnerships between Indian and New Zealand companies involving the ICT-enabled services. Similarly, New Zealand's potential in the education sector could help address major constraints in India's progress towards a knowledge-based economy. New Zealand already attracts an increasing number of Indian students.

Tourism is also looking up, with increasing incomes enabling more Indians to travel abroad: in 2009, 26,000 Indians visited New Zealand, making up the ninth largest group of tourists. Agreements on visas (including multiple entry and longer-term business visas) and more cultural exchanges could be a useful way to deepen the India-New Zealand relationship. The 100,000-strong Indian diaspora in New Zealand could also play a role in facilitating and expanding bilateral investment flows between the two countries.

New Zealand's exports to India totalled NZ\$709 million in the year ended August 2009, an increase of almost 200 percent on the 2007 total, while annual bilateral trade reached NZ\$1 billion in 2009.

India's share of global GDP is now 6.4 percent. The US ranks first with 19 percent and China comes second with 16 percent. The resilience of India's economy could be seen during the global financial crisis, because the drivers of growth in India are different from those of other Asian countries. While India's growth is domestically driven, stimulated by the service industry and internal consumption, the East and South East Asian countries mostly rely on exports or manufacturing, investment from abroad and a lot of low-technology, labour-intensive industries.

¹⁶ Ibid.

¹⁷ Rajiv Kumar, *India: Bold Vision Needed for Exports*, East Asia Forum, 26 August 2009, <http://www.eastasiaforum.org/2009/08/26/india-bold-vision-needed-for-exports>

"The 100,000-strong Indian diaspora in New Zealand could also play a role in facilitating and expanding bilateral investment flows between the two countries."

“New Zealand could use the Asian diaspora to build links with their home countries and as envoys for New Zealand.”

New Zealand companies should not be daunted by the gigantic scale of India's growth, but see it as an opportunity to integrate with the Asian economy. In the path to growth, New Zealand's considerable expertise in areas such as food technology, agribusiness, recreation and sports technology will be of use to India. Some New Zealand companies are already making a start; for example, ANZ India opened its first branch office in Mumbai in June 2011.

To help overcome cultural barriers and networking challenges, the governments and industries in the two countries could work together to smooth market access – reflecting the value of engagement between industries and sectors compared with working at individual levels. However, any expansion of the ties would require improved connections between the two countries, especially through direct flights. Flights between New Zealand and India currently go via Sydney or Singapore, entailing long waits at airports, so the issue must be addressed as quickly as possible.

DEMOGRAPHIC CHANGE – ASIANS IN NEW ZEALAND

NEW ZEALAND'S INDIAN-ORIGIN POPULATION is mostly made up of Fijian diaspora and ethnic Indians, who are mainly well educated and hard working.

As in other developed countries, New Zealand's population is ageing. The median age is projected to be 40 by 2030, compared with 32 in India. Social security and healthcare costs are bound to increase, with the signs already visible. As part of an FTA with India, New Zealand could partner with India's pharmaceutical and healthcare industries to manage its healthcare costs, and use India's research capabilities in a wide range of areas by off-shoring some of its research and development and related activities. This will offer advantages to both countries.

If travel were made easier, New Zealand could expand its talent pool, while the Indian diaspora could get more opportunities to use their talents for the benefit of society. More importantly, New Zealand could use the Asian diaspora to build links with their home countries and as envoys for New Zealand on bilateral issues as well as economic and trade facilitation. Unfortunately, India still lacks a coherent policy on diaspora and has faltered in engaging its diaspora beyond awards, political lobbying and cultural exchanges.

INTEGRATING ASIA WITH THE PACIFIC – A MULTILATERAL ANGLE

UNLIKE CHINA, INDIA HAS NOT BEEN ACTIVELY INVOLVED in shaping the political and economic future of the Pacific Islands region.¹⁸ For example, despite the large Indian migrant population in Fiji, India could not intervene to protect the interests of ethnic Indians when a democratically elected government in Fiji (headed by a person of Indian descent) was overthrown in 1977.¹⁹

At a post-Pacific Island Forum dialogue partners meeting in Vanuatu in August 2010, the Indian Minister of External Affairs, Preneet Kaur, stressed that India's 'Regional Assistance Initiative' was based on the priorities identified by the leaders of Pacific Island Forum countries in the Pacific. She further announced that India's annual grant-in-aid to each of the Pacific Island countries for their economic development would be raised to NZ\$125,000 as a clear demonstration of India's desire for closer engagement with the Pacific region.²⁰

India provides wide-ranging economic and social assistance to Pacific countries. This includes equipment supply for sustainable development initiatives, capacity-building courses to promote small and medium enterprises, training courses for diplomats by the Foreign Service Institute of India, and scholarships for higher studies in centres of academic excellence in India. In 2010, India helped to computerise ministries in Palau and establish a tsunami warning system for Tonga.

India and New Zealand have common interests in the economic and social wellbeing of Pacific nations – New Zealand because of its geographic location and the direct relationship between its own and the islands' peace and prosperity, and India because it is an emerging economic heavyweight with diaspora connections to Pacific nations. India and New Zealand could cooperate in protecting sea routes, maintaining a credible presence close to disputed atolls, dealing with illegal fishing and other resource-depleting activities, and safeguarding inner waters and outer limits of extended economic zones.²¹

CHARTING THE COURSE OF ACTION

INDIA'S TIES WITH OTHER COMMONWEALTH COUNTRIES in the West deteriorated during the Cold War and by the mid-1950's the Commonwealth's significance to India had begun to decline, although India acknowledged that it provided opportunities to improve relations with countries like Australia and New Zealand.²²

Today, the Commonwealth is a useful vehicle for educational exchanges, scholarships, and governance, development, agriculture, export promotion and human resource initiatives. Having raised these opportunities at Commonwealth meetings, India believes that major Commonwealth nations like New Zealand, Australia and the UK could do more in this regard. More importantly, India sees the Commonwealth as an important forum for garnering support for its UN Security Council permanent membership.

New Zealand could work with India on setting up Commonwealth agriculture research institutes and vocational training centres among the least developed members of the group. In fact the Commonwealth could emulate the role of ASEAN-Europe Meetings with regard to human rights, governance and gender empowerment.

18 China is steadily increasing its presence in the South Pacific and has nine diplomatic posts. For China's increasing engagement in the South Pacific, see Tamara Renee, China woos the South Pacific, *Asia Times*, 29 May 2006, <http://www.atimes.com/atimes/China/HC29Ad01.html> (Accessed 19.4.2011).

19 Jon Fraenkel and Stewart Firth, *The Enigmas of Fiji's Good Governance Coup*, Chapter I, Part 1, Introduction, http://epress.anu.edu.au/coup_coup/mobile_devices/ch01.html. Also see *Manas: The Future of the Indians in the Diaspora*, <http://www.sscnet.ucla.edu/southasia/Diaspora/future.html> (Accessed 19.4.2011).

20 For Preneet Kaur's statement, see <http://www.mea.gov.in/mystart.php?id=550316296> (Accessed 19.4.2011).

21 Lynch, N.55, p.83.

22 Ibid, p.5.

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NUCLEAR DISARMAMENT IN ASIA – OPTIONS FOR NEW ZEALAND

ON THE ISSUE OF NUCLEAR DISARMAMENT, India's policy has been consistent and clear. In 1954 Jawaharlal Nehru was the first to plead for total nuclear disarmament under adequate international controls and safeguards.²³ In 1958 India was the first to speak against the militarisation of space and outer space in the UN.²⁴ Nehru was also against going nuclear, even when Homi Bhabha²⁵ proposed that India exercise that option – an idealistic position that put paid to India's future as a nuclear power.²⁶ India's policies and disarmament and non-proliferation were aimed at removing the discriminatory clause.²⁷

The 1985 South Pacific Nuclear Free Zone Treaty (the 'Treaty of Rarotonga')²⁸ was the Asia-Pacific region's first attempt to achieve a nuclear-free zone; it was later replicated in the Southeast Asian region and subsequently in Central Asia. Although New Zealand played a major role in drafting the Treaty, compliance is necessary if consensus is to be reached at a global level. New Zealand's challenge is to be instrumental in formulating the mandate and guidelines for disarmament, especially when the number of nuclear-threshold and nuclear have countries is increasing.

Interestingly, New Zealand's approach to disarmament and its anti-nuclear stance have soured relations with India in the past.²⁹ In a 2005 joint statement on the eve of the Indo-US nuclear deal,³⁰ Indian Prime Minister Dr Manmohan Singh stated that there is: "nothing in this joint statement that amounts to limiting or inhibiting our strategic nuclear weapons programme over which we remain unrestricted, complete and autonomous control".³¹ However, India has been advocating gradual disarmament through such an arrangement, calling for doctrinal changes designed to reduce the salience of nuclear weapons. India flatly resists calls for universalisation of the Nuclear Non-Proliferation Treaty (NPT)³² but has no hesitation in signing both the Comprehensive Nuclear-Test-Ban Treaty³³ and Fissile Material Cutoff Treaty (FMCT),³⁴ as long as all others are on board.³⁵ India has shown its willingness to be a party to the comprehensive nuclear disarmament programme, and in this respect New Zealand and India agree.

"India has shown its willingness to be a party to the comprehensive nuclear disarmament programme."

23 Jawaharlal Nehru had proposed a 'standstill agreement' in 1954 to ban nuclear testing, which is also referred to as the Nehru proposal for the Comprehensive Nuclear-Test-Ban Treaty. For details, see Vatsala Shukla, *India's Foreign Policy in the New Millennium: The role of power*, Atlantic Publishers, New Delhi, 2005, p.237.

24 T.N. Kaul, *Ambassadors need not lie*, in *India and Asia*, Volume 3, Lancer International, New Delhi, 1989, p.104.

25 Homi Bhabha was an Indian nuclear physicist who played a major role in the development of India's atomic energy programme.

26 Ibid.

27 See for further details see J.N. Dixit, *India's Foreign Policy 1947-2003*, Picus Books, New Delhi, 2003, pp.283-284.

28 The Treaty formalised a nuclear-weapon-free zone in the South Pacific. It banned the use, testing and possession of nuclear weapons within the borders of the zone. For the complete draft, see *South Pacific Nuclear Weapons Free Zone Treaty (Treaty of Rarotonga)* at <http://www.nti.org/db/china/rarotonga.htm> also see <http://www.armscontrol.org/documents/Rarotonga>

29 For details about the fallout on nuclear testing in 1998, see Pankaj Jha, *India-New Zealand – From Estrangement to Engagement*, in Rajaram Panda and Pankaj Jha Eds. *India and New Zealand: From estrangement to engagement*, IDSA, New Delhi, 2010.

30 Under the Indo-US nuclear deal, India agreed to separate its civil and military nuclear facilities and to place all its civil nuclear facilities under International Atomic Energy Agency safeguards, and in exchange the US agreed to work toward full civil nuclear cooperation with India.

31 Prime Minister Manmohan Singh's statement on US visit in Parliament, 29 July 2005. Also see India- US Joint Statement, Washington DC, 18 July 2005. Also see Mika Kerttunen, *Nuclear Weapons and Indian Foreign Policy*, National Defence University, Strategic Research No.27, Helsinki, 2009. For the complexities involved in disarmament, see David Krieger, *The Challenge of Abolishing Nuclear Weapons*, Transaction Publishers, London, 2009.

32 The 1970 Nuclear Non-Proliferation Treaty aims to limit the spread (proliferation) of nuclear weapons. 189 states are party to the Treaty, including New Zealand. India is not a party to the Treaty.

33 The Comprehensive Nuclear-Test-Ban Treaty bans all nuclear explosions in all environments, for military or civilian purposes. It was adopted by the UN General Assembly on 10 September 1996 but it has not entered into force.

34 The international Fissile Material Cut off Treaty proposes to prohibit the further production of fissile material for nuclear weapons or other explosive devices.

35 For details about India's approach to disarmament, see *Nuclear Disarmament – A Way Forward*, IDSA Task Force Report, New Delhi, April 2010, p.62.

“New Zealand’s activism on the nuclear security and disarmament issue could benefit Asian nations troubled by the nuclear conundrum.”

New Zealand’s activism on the nuclear security and disarmament issue could benefit Asian nations troubled by the nuclear conundrum. Indeed, its policy stance has become a guiding light for discussions on the increasing nuclearisation of North Korea and the probable nuclearisation of Iran. Apart from that there is a need for a comprehensive discussion on nuclear delivery systems.

New Zealand has been courted by major powers raising issues in the Nuclear Suppliers Group (NSG),³⁶ such as disarmament, climate change and negotiations in the WTO. During US President Barack Obama’s visit to India in November 2010 and Hillary Clinton’s visit to New Zealand around the same time, they made references to disarmament and nuclear proliferation in respective joint statements in Delhi and in the ‘Wellington Declaration’, which formalises New Zealand’s relationship with America and agrees to a new strategic partnership between US and New Zealand.

New Zealand should take the initiative by cooperating with other non-nuclear states aspiring for a nuclear-free world – helping to erode the tensions among the nuclear states and perennially fragile regions of North East Asia, South Asia and the Middle East.

³⁶ The Nuclear Suppliers Group is a group of nuclear supplier countries that seeks to contribute to the non-proliferation of nuclear weapons through the implementation of guidelines for nuclear exports and nuclear-related exports.

WTO – NEW ZEALAND AND ASIA

A MORE LIBERALISED WORLD AGRICULTURAL TRADING SYSTEM has the potential to be a cornerstone for future economic development.

New Zealand is working closely with many developing countries – in the Cairns Group³⁷ and the G-20³⁸ – to seek the reform of the global agricultural trading system. WTO members have recognised that liberalisation in developing countries' markets needs to be more gradual than in developed countries. The principle of 'special and differential treatment' for developing countries is an integral part of the current negotiations.

Outside the Doha round, New Zealand provides technical and development assistance to developing countries, particularly those in the South Pacific region. The government also removed tariffs on all products from least-developed countries from July 2001, providing a model of 'special and differential treatment' for others to follow.³⁹ All these initiatives have helped to build confidence between New Zealand and Asian countries.

Meanwhile, India has been promoting a time-bound removal of non-tariff barriers and seeking a longer timeframe for developing countries to open their markets for agricultural products.

From India's point of view, high tariffs on agricultural products from developing nations and the liberalisation of the services sector go hand in hand, but because of the stalemate in the Doha round of negotiations, world trade is being held hostage by developed nations' agricultural subsidies.

New Zealand has been seeking an outcome from the agriculture negotiations that helps to foster global development.⁴⁰ This would amplify New Zealand's role in Asia and it could become one of the catalysts for progress in the stalled negotiations of the Doha round.

Many Asian countries, including India and China, want the negotiations to progress on an equal footing. New Zealand could offer alternative options to accommodate the interests of both developed and developing countries in this regard – and could also act as a facilitator and neutral broker on issues such as climate change and technology pooling.

India believes that New Zealand needs to make unilateral concessions and offer alternatives for developing nations seeking to integrate with, and develop markets in, the global economy. India has offered such concessions to neighbours like Bangladesh and Sri Lanka to foster better understanding and economic interdependence. Organisations such as the G-20 can offer forums for promoting understanding between developed and developing nations to break the Doha round stalemate.

"New Zealand provides technical and development assistance to developing countries, particularly those in the South Pacific region."

37 The Cairns Group is a coalition of 19 agricultural exporting countries with a commitment to reforming agricultural trade.

38 The Group of Twenty (G-20) Finance Ministers and Central Bank Governors was established in 1999 to bring together systemically important industrialised and developing economies to discuss key issues in the global economy.

39 *Improving Access to Markets*, at <http://www.mfat.govt.nz/Trade-and-Economic-Relations/NZ-and-the-WTO/Improving-access-to-markets/0-agriculturenegs.php#developing>

40 *Ibid.*

CLIMATE CHANGE – PACIFIC ISLANDS, ASIA AND GLOBAL CONSENSUS

THE CATASTROPHIC EFFECTS OF SEA-LEVEL RISE would affect a number of island nations and lead to thousands of climate refugees in Asia and Oceania. In the global effort needed to curb emissions and develop alternatives to non-renewable energy, New Zealand is well positioned to play a key role in Asia as well as the Pacific.

This would involve developing a comprehensive strategy that addresses the causes and analyses the historical data⁴¹. Working with other economies that are controlling their emissions, New Zealand could establish a plan for developing nations and work to encourage consensus on the issue.

RENEWABLE ENERGY – NEW ZEALAND AND ASIA

ENERGY IS A MAJOR SECURITY ISSUE IN ASIA, home of the world's largest energy consumers: China, Japan and India.

The rapid depletion of energy resources has forced these nations to look for alternative forms of energy and renewable energy sources. Wind and solar energy are sustainable, clean energy sources that have the potential to make a significant contribution to New Zealand's economy.⁴²

India can contribute to the global warming issue through technology sharing and development, while New Zealand (along with countries such as Australia, Japan and India, and other Asian nations) can provide the technology pool and best practices for reducing pollution from the atmosphere. These nations could work towards reducing the costs of technology, such as solar panels, and creating networks and support for effective energy management.

In addition, there is immense potential for cooperation among New Zealand, Southeast Asian and South Asian nations in bio-fuel research and the efficient implementation of a bio-fuel programme. Most Asian nations, especially the least-developed countries, are seeking alternative fuels such as bio-gas and compressed natural gas, as well as low-cost transport. New Zealand could work with India and a consortium of other developing nations in Asia to fund technology research in this area (an initiative between India and Australia is already in place, which New Zealand could join). This would help Pacific nations as well as Asia, because most of the countries in these regions have been implementing bio-fuel policies since 2005.

“Clean energy sources that have the potential to make a significant contribution to New Zealand’s economy.”

41 Authors' talk with Dr Uttam Sinha, expert working on India and climate change. Also see *Report of the IDSA Working Group, Security Challenges and Implications of Climate Change for India*, Academic Foundation, New Delhi, 2009.

42 *Renewable Energy in New Zealand*, at <http://www.teara.govt.nz/en/wind-and-solar-power/1> Ibid.

ENGAGING ASIA – CONCLUDING REMARKS

WITHIN ASIA, INDIA HAS INCREASINGLY ACCEPTED THAT REGIONAL SECURITY is about developing understanding and strengthening institutions, although strategic hedging remains a safeguard.

India would like to see New Zealand emerge as a stakeholder and take the initiative in addressing challenges. It believes convergence would help both democracies, with the Commonwealth and East Asia Summit key focus areas for New Zealand's role in Asia.

New Zealand is seen to be taking a strong independent stance in regional forums, including on issues such as nuclear non-proliferation, climate change and energy. It is seen as a proactive country, but it needs to take a more participative role in Asia, provide feasible action plans for the Missile Technology Control Regime,⁴³ Fissile Material Cut-off Treaty (FMCT) and the Nuclear Non-Proliferation Treaty (NPT), and undertake discussions with nations such as Japan and Australia to build regional consensus.

India's priorities lie with the Nuclear Suppliers Group and FMCT; as New Zealand is a member of the NSG, it can contribute to developing an understanding with India and initiate dialogue on these matters with India. India also fully supports New Zealand in raising the issue of discrimination in the nuclear disarmament debate.

In the economic arena, India believes that New Zealand's participation in the Doha round of negotiations should include specifying whether it would support developed or developing nations on the issue of agricultural exports. New Zealand could act as a bridge between developing and developed nations on agricultural tariffs and non-tariff barriers. Interestingly, all the Asian nations are looking for integration in the production network and the global value-added chain – a factor that unifies the manufacturing and services sector in Asia and Oceania.

India also notes New Zealand's outreach programme in Asia, through its FTA with China, its upcoming FTA with South Korea, and its work to include Vietnam as a full partner in the Trans-Pacific Partnership.⁴⁴ New Zealand appreciates that the economies in Asia are growing and that it needs to participate in this growth by engaging with them. New Zealand Prime Minister John Key's visits to Asian countries, including India, with which New Zealand has diplomatic relations have been important in forging effective, enduring links with New Zealand's Asian neighbours.

However, Indian commentators feel that New Zealand should be cautious about the increasing Chinese presence in the country. India's strategy is to encourage greater interaction with China while working with other countries in the region to manage the effects of the changing balance of power in Asia. India believes that, with a proactive strategy and role, New Zealand could help to achieve consensus on a number of issues, but it needs to bring to the table policy alternatives and a common strategy.

"New Zealand is seen to be taking a strong independent stance in regional forums."

⁴³ The Missile Technology Control Regime is an informal and voluntary association of countries that share the goals of non-proliferation of unmanned delivery systems capable of delivering weapons of mass destruction, and that seek to coordinate national export licensing efforts aimed at preventing their proliferation.

⁴⁴ The Trans-Pacific Partnership (also known as the Trans-Pacific Strategic Economic Partnership Agreement or TPP agreement) is a multilateral FTA that aims to integrate the economies of the Asia-Pacific region. The original agreement, between Brunei, Chile, New Zealand and Singapore, entered into force in 2006.

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ASIA NEW ZEALAND FOUNDATION

The Asia New Zealand Foundation (Asia:NZ) was founded in 1994 as a non-profit, apolitical organisation dedicated to building New Zealand's links with Asia. Through its activities in education, business, media, culture, research and policy, Asia:NZ aims to promote initiatives that deepen understanding and relationships between New Zealanders and the peoples of Asia.

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