

**“There goes the neighbourhood”: New Zealand’s new future in Asia<sup>1</sup>, Dr Andrew Butcher, Asia New Zealand Foundation**

**Invited public lecture to Massey University, Albany, May 11, 2011.**

**Abstract:** New Zealand’s relationship with Asia goes back to the 19<sup>th</sup> century, with the arrival of sailors and gold-miners from India and China. With them came the establishment of New Zealand’s Asian communities so that, at the 2006 census, twenty percent each of New Zealand’s Indian and Chinese populations were local-born. After major immigration policy changes in New Zealand in the mid-1980s the inflow of Asian migrants to New Zealand diversified and increased exponentially. From that period to the 2006 census the growth in Asian migrant populations mirrored growth in New Zealand-born Asians, so much so that, according to projections by Statistics New Zealand, by 2026 16 percent of New Zealand’s population will be Asian. If that growth proves accurate, there will be significant public policy challenges, not least with immigration policy itself. Already we see two trends in immigration policy that foreshadow greater challenges: the significant growth in Indian students in New Zealand who use study as a pathway to residence, and similar growth in family reunification migrants, notably parents of current Asian migrants in New Zealand.

Those domestic challenges are significant enough, but they present only half the picture. New Zealand’s place in the Asian region is also facing some significant and historically unique challenges, not least how to address the issues raised by the growing economic and political strength of China. China is New Zealand’s second largest trading partner (after Australia) but it is a country that does not share New Zealand’s democratic ideals, allies or national interests. Alongside an economically weakened United States, which has been largely responsible for a peaceful and stable region in Southeast Asia in the last forty years, there is no guarantee that the next forty years will be as stable as the last forty years. New Zealand’s relative geographical isolation will not protect it from these significant shifts in regional security and power in Asia. Because of New Zealand’s trading or broader political relationships with China and other Asian powers, New Zealand will be drawn into these challenges.

Therefore, New Zealand faces challenges both domestically and internationally. This lecture will identify these challenges in further detail and suggest some questions that the New Zealand public, policy-makers and politicians will need to ask as we approach a new future with the Asia in our neighbourhood and with New Zealand in Asia’s neighbourhood.

**Biography:** Dr Andrew Butcher is a graduate of Massey University, where he gained his PhD in Sociology. Since 2006 he has been Director, Policy and Research at the Asia New Zealand Foundation. Dr Butcher is a member of the International Institute for Strategic Studies and a Professional Member of the Royal Society of New Zealand. Later this year Dr Butcher will be a Visiting Fellow at the Institute of Southeast Asian Studies in Singapore.

---

<sup>1</sup> I am grateful to Marie-Louise Siddle and Claire Harkess for providing relevant administrative data and to Richard Grant and Yvette Koo for their comments on an earlier version of this paper.

## **Introduction**

Good evening and thank you for the invitation to present tonight's lecture. It is a pleasure to be back at my *alma mater*.

Tonight I want to describe two neighbourhoods to you. The first neighbourhood is right here in New Zealand. The second neighbourhood is the Asian region – i.e. the neighbourhood where New Zealand resides. The title of tonight's presentation is not my own; rather, in the spirit of academic and Trans-Tasman cooperation, I've borrowed it from a new book by Dr Michael Wesley, Executive Director of Australia's foremost foreign policy think-tank, the Lowy Institute for International Policy.

These two neighbourhoods might seem distinct and certainly each on their own is sufficient to fill one lecture. But I want to suggest that they are linked. So tonight I am going to describe what I have called 'the first neighbourhood', that is the neighbourhood in New Zealand. Within this neighbourhood I am going to suggest two implications, one with respect to Indian students and the other with respect to immigration policies around family reunification. Two recent incidents draw our attention to some of the challenges in this neighbourhood: the Paul Henry broadcast in 2009 and the protests surrounding the Beijing Olympic Games in 2008. We shall then turn our attention to the second neighbourhood: the region in which New Zealand is situated. Within that neighbourhood there are numerous instabilities, conflicts and crises, which I shall briefly describe. There is also the story of Asia's economic rise, which, like the crises, instabilities and conflicts, bears upon New Zealand in significant ways. The third aspect in that neighbourhood which will also pull New Zealand into its orbit is the relationship between the United States and China. We shall conclude this lecture by considering two friends and two futures. The two friends are Australia and New Zealand; the two futures reflect New Zealand's two neighbourhoods.

### ***Two neighbourhoods: The first neighbourhood***

New Zealand, among Western countries actively engaged with the Asian region, has a significant Asian population. At the 2006 census nine percent of New Zealanders identified themselves as ethnically Asian and we can reasonably suppose that had the census been held this year we would see that percentage increase. Based on projections from the 2006 census, 16 percent of New Zealand's population will be ethnically Asian by the year 2026.

In the mid-1980s there were significant immigration policy changes in New Zealand. Prior to 1986 immigrants to New Zealand had come from a narrow range of mostly English-speaking source countries. After the policy changes New Zealand recruited migrants on the basis of their skills first and their source country second. This skills-based immigration policy strongly linked New Zealand's migrants to needs in the labour market.

From this period onwards there has been a sharp rise in both the number of Asian migrants to New Zealand and the number of ethnically Asian New Zealanders. In work commissioned by the

Asia New Zealand Foundation Dick Bedford and Elsie Ho, at the time at the University of Waikato, noted:

Between March 1986 and March 2006, New Zealand's resident population that had been born in countries in Asia increased almost sevenfold, from 32,685 to 248,364. The Chinese and Indian components of the Asia-born population increased even more – by more than 800 percent during the 20 years. The population that identified with Asian ethnicities (including the New Zealand-born) increased by 550 percent, a useful point to keep in mind when reflecting on the projected doubling of the Asian population between 2006 and 2026. What is forecast by way of growth in the Asian ethnic populations over the next 20 years is much less dramatic in terms of percentage changes than the growth that occurred between 1986 and 2006.<sup>2</sup>

There is an important distinction to be made between those who migrate from Asia and Asians who are born in New Zealand; or, in other words, between ethnicity and birthplace. It is not axiomatic that someone born in Asia will identify as being Asian. Someone born in Asia might identify as being a New Zealand European, reflecting their parents' occupations in those countries at the time of their birth.

Two questions we fill out in the New Zealand census ask us first where our birthplace is and second what our ethnicity is. The birthplace question in the Census is open-ended; we just write down the name of the country in which we were born. The ethnicity question is multi-choice. In the same way that someone born in Asia is not necessarily of Asian ethnicity, so someone born in New Zealand will not necessarily be a 'New Zealand European'.

For example, we can count among those New Zealand-born Asians three of New Zealand's government leaders: the Governor General, the Right Honourable Sir Anand Sataynand; His Worship Meng Foon, the Mayor of Gisborne; and Peter Chin, formerly the Mayor of Dunedin. Each of these men was born in New Zealand, which makes them no less a New Zealander and no less an Asian.

The mix of Asian migrants with New Zealand-born Asians is further complicated by an increasing number of New Zealand-born Asians identifying with multiple ethnicities, in other words Asian *and* Maori, or Asian *and* Pacific, or Asian *and* New Zealand European. So when we – or politicians, media or policy-makers – talk about Asians in New Zealand we have to interrogate what we mean by that phrase. This is especially the case where figures of Asian ethnicity, rather than birthplace, are used as the point of departure. Birthplace data are not necessarily as instructive as we would like them to be. Ethnicity data, when used at the high level, may not fully take into account ethnic complexities. This point is important for all sorts of reasons, not least when we note that by 2026 the population of Asians in New Zealand will

---

<sup>2</sup> Richard Bedford and Elsie Ho (2008), *Asians in New Zealand: Implications of a Changing Demography*, Wellington: Asia New Zealand Foundation, p.11.

equal the population of Maori.<sup>3</sup> The implications of New Zealand's changing demography on its bicultural foundations is a paper for another time, but it is important to note that on this topic Maori and Asian are not two distinct self-enclosed categories.

### ***Two implications: Indian students and family reunification***

Moving on, there are two implications I would like to discuss. The first is the relationship between international students in New Zealand who become residents and the second is the increasing numbers of migrants coming in under the 'family reunification' category – often as parents of existing migrants.

The latest Ministry of Education data show that in 2010 there were 11,597 Indian citizens studying in New Zealand, the third highest proportion of students with 12%, after students from China at 22% and South Korea at 16%. Between 2006 and 2010, there has been an increase of Indian students in New Zealand by 346%. The only other nationality of students to have increased by such a great margin is those from the United Arab Emirates, but from a much lower base. By comparison, in the same period there has been a decline of 37% of students from China. The vast majority (62%) of Indian students in New Zealand in 2010 were in private training establishments (particularly in that part of the sector which receives no government funding) and form the largest proportion of any nationality of students within that sector.<sup>4</sup>

Research by the IMSED research group in the Department of Labour has shown that more than any other nationality students from India come to study in New Zealand as a pathway to residence. The largest two source countries of temporary workers in the July 2010-March 2011 were the UK (13%) and India (11%). Trends for the year to date show a growing number of temporary workers from India (an increase of 17%). Work visa approvals from India have been increasing in the last 5 years and are catching up with the United Kingdom as the top source country.

This mirrors a similar trend in Australia. But in Australia this story did not have a happy ending. In that case, education providers – particularly in the private sector – changed their courses to match the skilled immigration requirements. So some establishments which on one day would be teaching hairdressing would the next day, after a new skills-shortage list was announced, be teaching chef courses, using the same teachers, same facilities and with the same students. Compounded by a number of serious and vicious attacks on Indian students in Victoria, the damage done to Australia's international education sector and to the India-Australia bilateral relationship was severe and, according to one diplomat, set back by ten years.

---

<sup>3</sup> Bedford and Ho, *Asians in New Zealand*, p.32

<sup>4</sup> [http://www.educationcounts.govt.nz/statistics/international\\_education/export\\_education\\_levy\\_statistics/29680/29692](http://www.educationcounts.govt.nz/statistics/international_education/export_education_levy_statistics/29680/29692)

Legislation enabling students to easily transition to residence has only been on the books within the last decade. It follows trends set elsewhere in the world and explicitly links New Zealand's international education and immigration policies. However, as the Australian example illustrates, if things go very badly with a particular nationality of students then it becomes a foreign policy problem as well as a domestic policy problem.

Another policy which links New Zealand's domestic and international interests is on family reunification. In the July 2010-March 2011, 3,515 applicants were approved for New Zealand residence through the Parent and Sibling/Adult Child Stream. China was the largest source country (41%), followed by India (12%).

The issue of migrants' parents coming in increasing numbers is not unique to New Zealand. Other countries with large migrant populations face a similar issue. Where New Zealand differs, however, is that because family reunification is not prioritised in immigration policy it is a much more cumbersome and difficult process to follow. But with an increasing number of migrants coming to New Zealand with the expectation that their parents and other family members might follow them – especially important for many Asian cultures where there are obligations and expectations about looking after parents – then New Zealand's difficult policy around family reunification may, in fact, cause migrants to think twice before they reside and settle in New Zealand.

### ***Two incidents: Paul Henry and the Beijing Olympics***

Two recent incidents further illustrate how closely entwined New Zealand's domestic events and foreign policy are.

Taking them in reverse chronological order, the first incident was care of then Television New Zealand broadcaster Paul Henry. Most of you will be familiar with this event, but to briefly recap: in an interview with Prime Minister John Key, Henry asked whether the next Governor-General of New Zealand would 'look and sound like a New Zealander', referring to the current Governor-General, who is of Indian ancestry. In a separate broadcast Henry kept on repeating, and giggling about, the name of a Delhi Commonwealth Games official. Both of these broadcasts, both directed toward Indians, received a flurry of criticism by the public and, ultimately, Henry was relieved of his role at TVNZ.

What concerns us here is that these broadcasts also led to a diplomatic apology by New Zealand's then High Commissioner to India, Rupert Holborow, to the Indian government. As far as I can recall this is the first time a New Zealand broadcaster's remarks have required a diplomatic apology of this kind. Henry, of course, is not the first broadcaster to make racially offensive comments; there have been many before him and many will follow. But how and why these comments caused such strain to New Zealand's relationship with India is worth consideration. The ease and ubiquity of modern communication enabled the clips of Henry's broadcasts to be replayed around the world. Anyone who had access to the internet could

watch them. The Indian media is famously robust and competitive and so they, along with media in other countries, also reported on Henry's comments. TVNZ initially dismissed the complaints against Henry with the rather weak defence that Henry was just saying what everyone else was thinking, which only served to add further oxygen to this story. And once Henry was dismissed – resigning under duress – he received vocal and significant support for his comments and his generally provocative nature. All of these aspects served to ensure that a couple of 30-second broadcasts received ongoing attention and coverage, potentially putting New Zealand's relationship with India, with whom it has a growing economic relationship, at risk.

The second incident concerns China. During the lead-up to the 2008 Beijing Olympics there were several concerns about China's ability to successfully deliver on the Olympic Games as well as criticisms of its human rights record and lack of freedom of expression. Protests against China took their form during the journey of the Olympic flame through the world's capital cities. Protests in Paris and London disrupted the flame's progress and there were even protests in places the flame never made it to, including Canberra, Wellington and Auckland. The flame's journey was prematurely aborted, but this did not silence the critics. Simultaneous to these anti-China protests, however, were pro-China rallies, consisting of Chinese nationals and students in these various cities, including Wellington. Whether corralled by their embassies, or voluntarily participating, these Chinese nationals were supporting China's goals even when those goals and policies were diametrically opposed to the goals and policies of the country in which they lived. We sometimes assume that all people who live in New Zealand adhere, by and large, to New Zealand's rule of law, ideals and norms. And I think that most of the time that is a reasonable assumption and expectation. But it is not always true. The pro-China rallies also signified a stronger and more confident China, so no longer the 'weak man of Asia', now one of the most powerful economies in the world.

### ***Two neighbourhoods: the second neighbourhood***

China's rise has several significant implications for New Zealand. The example just given shows one of those implications in our own neighbourhood. Another implication, created through New Zealand's Free Trade Agreement with China, is the likely prospect of higher levels of Chinese investment in New Zealand land and other resources. This prospect has something of the bogey-man fear about it and is proving a lightning rod for those on both the left and right of New Zealand politics, albeit for different reasons. What debates about Chinese investment neglect, however, is that foreign investment in New Zealand is hardly new. Most of our hotel chains are owned by Singapore and most of our banks by Australia. There are substantial American investments in New Zealand farms and there is large Korean investment in our movie industry. The FTA with China has the mechanism and facility to allow for foreign investment to take place, which is not unique amongst FTAs. As Fonterra is able to easier invest in China so China's interests are able to easier invest in New Zealand.

Even if we say that our concerns are because China is not a democracy and has a poor human rights' record that would be a double-standard as the same criticisms could apply to Singapore and its substantial investments in New Zealand. I am not suggesting that we turn a blind eye to our differences with China on democracy, freedom of expression and human rights but that if we do wish to engage on those issues then we need to do so transparently, fully aware that some of New Zealand's allies, such as Singapore or Malaysia, do not share our ideals either. If our concerns are xenophobic, however, then that is of a different order again. Perhaps the reason that American and Australian investment in New Zealand industries cause us less angst is because those investments are by people who look and sound and think like us. If that is the basis for our concern then we should just say that we don't want Chinese investment because we don't like Chinese, or China, rather than because we're worried about some grander ideal.

### *Instabilities, conflicts and crises*

That is not to say, however, that the rise of China is without concern for a country like New Zealand. New Zealand's neighbourhood, in the Asia Pacific, is changing rapidly and not only because of the economic rise of China, although that is what dominates debate. India is also a rising economic power and, with a relatively youthful population, could potentially become the second or third largest economy in the world. Still in South Asia, political instabilities are a feature of Pakistan and Afghanistan, both of which are known to harbour Al Qaeda terrorists. In that respect, while the death of Osama bin Laden is clearly a triumph, it is not a game-changer. Terrorism remains a real and legitimate threat, and not more so than in South Asia.

Climate change, in the form of rising sea water, is also a significant problem for South Asia, not least in Bangladesh. The prospect of climate change refugees is very real and potentially will be further destabilising to what is already a region fraught with difficulty. Water is also an issue for China and its surrounding countries. The mouths of many of Asia's great rivers are situated in China and its attempts to dam and influence the flow of these rivers will have serious and detrimental effects for its many Asian neighbours down-stream, in the form of flooding of rice paddies and other arable land as well as in the larger issue of control of water resources.

There are numerous territorial disputes within Asia, some of which go back decades, even centuries. These disputes are not just about access to land, or getting an increased geographical foot-print, but extend to accessing potentially lucrative natural resources on the ocean floor and to strategic trade routes. The protection and control of trade routes are also an important issue in Asia. Most of the world's trade is on the open seas. Piracy in Asia and elsewhere – notably in the Straits of Malacca and the Gulf of Aden – presents a serious threat to world trade flows. The littoral states of Asia engage in counter-piracy initiatives to combat this threat, but with most of the world's trade going through relatively few and narrow straits, the control of those straits – whether by legitimate or illegitimate means – is an important and sought after prize.

Combating these many and varied threats presupposes strong national governments. But there are few democracies in Asia and fewer stable governments. Political instability in Thailand, unchecked terrorist cells in southern Thailand and the Philippines, forthcoming and potentially destabilising leadership changes in China and North Korea, an increasingly assertive Russia, impoverished countries in Laos and Burma, despotic regimes in Burma and North Korea, both of which are probably developing nuclear weapon facilities, and rising inflation and food prices across several Asian countries, present a region that is far from stable and predictable or without cause for anxiety.

Despite all of these concerns, however, the region – particularly Southeast Asia – has remained remarkably free of prolonged and inter-state conflict for the past forty or so years. A large reason for that security and stability is the presence of the United States in Asia. The American military footprint extends to all parts of Asia. The severity of the Global Financial Crisis will undoubtedly constrain America's – and its Western allies' – abilities to maintain this military footprint, not least with two, possibly three, active campaigns in Afghanistan, Iraq and now Libya. America still spends more on defence than any other country in the world at a cost of US\$692.8bn in 2010-11, which is 4.7% of its GDP. Next on the list is China, which spent US\$76.4bn on defence in the 2010-11 year, which is a significant amount but still pales in comparison to America's defence expenditure.<sup>5</sup> Because the United States has been the world's only superpower for most of the twentieth century, at least from after the Cold War, countries in Asia – and elsewhere – have not had to choose between it and another superpower.

### Asia's economic rise

That has now changed. China's staggering economic rise – it is now the second largest economy in the world - is matched by a deepening and tightening of economic and other ties between China and its neighbours near and far, including Australia and New Zealand. For many of these countries, for the first time their major strategic ally and protector is *not* the same as its major trading partner; nor are its strategic protector and economic saviour allies of each other. So with China's economic power extending into the Asia Pacific, there has been a concomitant increase in China's interest in investments in land, financial markets, capital, services and natural resources.

In recent times, most countries in Asia have recorded annual economic growth. In 2010, China's GDP growth was 8.5%. India's economy is growing at rates to rival China's, and will expand by 8.2% in 2011. By contrast, the United Kingdom recorded growth of 1.3%, the United States 1.5% in the same year; Australia growth of 2.6%.<sup>6</sup> New Zealand is forecast to grow by only 0.3% in the 2011 calendar year.<sup>7</sup> Asia's economic rise is reflected in New Zealand's trading patterns.

---

<sup>5</sup> International Institute of Strategic Studies, *The Military Balance 2011*, p.33. London: IISS.

<sup>6</sup> All these statistics drawn from The Economist Intelligence Unit, *The World in Figures, 2011*.

<sup>7</sup> New Zealand Institute of Economic Research, *Quarterly Predictions*, March 2011. Wellington: NZIER.

Seven of New Zealand's top ten trading partners are in Asia: China (2<sup>nd</sup>), Japan (4<sup>th</sup>), Singapore (5<sup>th</sup>), South Korea (7<sup>th</sup>), Malaysia (8<sup>th</sup>), Thailand & Indonesia (10<sup>th</sup>). The ASEAN region as a whole is NZ's third-largest trading partner and NZ's merchandise trade with Southeast Asia has doubled in the past five years.<sup>8</sup>

And with that economic growth have come a move of people to the financial capitals of Asia in Hong Kong, Shanghai, Kuala Lumpur and Singapore. For example, New Zealanders in Asia are no longer just the missionaries and aid workers of previous decades, but are now entrepreneurs, merchant bankers, teachers and lawyers working for large multinational companies. The future in Asia is the rise of Asia, economically, politically, strategically, globally.

### China v. The United States

Some might argue that China will one day surpass the United States as the largest and, by implication, most powerful economy in the world. I think that unlikely, for three reasons. First, this is not a zero-sum game. China's rise is not predicated on the decline of the United States. Second, this is not necessarily a linear progression to greatness. Any number of things, domestic and external, could impede China's economic growth. Third, there are many governments within Asia and elsewhere who would much prefer to have the United States maintain its presence and influence in the region than have China as the more powerful country. Senior American officials have referred to America as an 'Asia-Pacific power': it is a Pacific Rim country, it has sovereign interests in the Pacific and has substantial military presence in several Asian countries, including Japan and the Philippines. Other Asian countries rely on the United States as its protector. The alliance between South Korea and the United States has strengthened in recent months, especially after unpredictable and dangerous behaviour by its neighbour North Korea. Vietnam is courting the United States and other Western allies as it grows concerned about China's territorial behaviour in the South China Sea. Malaysia and Indonesia are heralded by the United States as successful moderate Muslim-dominated countries.

China's economic rise is being matched by an increasing muscular presence in the Asian region as it adopts as 'core interests' issues and territories that had previously been its secondary concern. In New Zealand's neighbourhood there are neighbours not getting on with each other, but does that really concern us? After all, aren't we far enough away geographically that these points of conflict won't disrupt us too much? Apparently not. In 2010, for the first time in its annual survey of New Zealanders' perceptions of Asia and Asian peoples, the Asia New Zealand Foundation asked 'how much of an impact do you think conflicts, threats or instability in Asia could have on New Zealand?' Eighty percent of New Zealanders said these could have 'some' or 'a significant impact'. There is, as I have demonstrated, reason to worry.

---

<sup>8</sup> Daljit Singh (in press), *ASEAN's perspective on New Zealand's place in Asia*, Wellington: Asia New Zealand Foundation.

## ***Two friends and two futures***

In this neighbourhood New Zealand has one big ally. With the exception of sport and one or two other things, Australia and New Zealand usually play together in this particular sandpit. And I'm not excluding sport just because we're about to host the Rugby World Cup and all New Zealanders will support the All Blacks or any team playing against the Wallabies. We see an even greater division in football. For decades, the Socceroos and the All Whites have fought it out to be the champion of the Oceania Football Confederation, and then faced a play-off with a second-tier Asian or South American national team for qualification to the FIFA World Cup, the world's most watched sporting event. At the 2010 World Cup in South Africa, however, New Zealand again represented the Oceania Football Confederation but Australia, for the first time, represented the Asian Football Confederation.<sup>9</sup>

These different allegiances were symbolic as well. When the United States declared ANZUS – the defense treaty between Australia, New Zealand and the United States – inoperative with regard to New Zealand on account of New Zealand's nuclear-free policy, it made clear it regarded the ANZUS relationship with Australia as ongoing. As some might recall, during the George W. Bush administration the then Australian Prime Minister John Howard was called America's deputy sheriff. Australia is also part of the G20 – that is the twenty largest economies in the world – which excludes New Zealand and, not incidentally, a number of Southeast Asian states. However, it does include some of the largest Asian economies. Size does matter. Because Australia is, by its own aspiration, a middle economy and New Zealand is not, Australia can gain entry into clubs to which New Zealand will never be invited.

But while these are real and keenly felt separations, Australia and New Zealand have much more in common than they do apart. In a paper written for the Asia New Zealand Foundation Malcolm Cook, now Professor and Dean of International Relations at Flinders University, noted several common bonds between the two countries, including through: military contributions during the Malayan Emergency and Indonesia's brief *Konfrontasi* aggression; early participation in the Colombo Plan to help stabilise Southeast Asia; active service in the Korean and Vietnam wars; membership of the "short-lived and oddly named" anticommunist Southeast Asia Treaty Organisation (SEATO) along with the United States, France, Great Britain, Thailand, the Philippines and Pakistan; founding membership of the Asian Development Bank; participation in the Five Power Defence Arrangement (FPDA) for the protection of Malaysia and Singapore; as early dialogue partners with ASEAN (Australia in 1974 and New Zealand in 1975; foundation membership of APEC; provision of troops in East Timor; joining the East Asia Summit (though New Zealand did this earlier than Australia); and signing and ratifying the joint FTA between Australia, New Zealand and ASEAN.

---

<sup>9</sup> Malcolm Cook (2009), *Standing together in single file: Australia's perception of New Zealand in Asia*, Wellington: Asia New Zealand Foundation.

As Cook goes on to comment, “This truly is an impressive list that cannot be replicated with any other of Australia’s diplomatic partners, including the United States. It may well be hard to create a similar list for any two non-major powers and their non-bilateral relations with their neighbouring region, except possibly for Australia and New Zealand in the South Pacific, their nearest north.”<sup>10</sup>

It’s worth noting this common ANZAC bond by way of drawing attention to a larger point that Cook makes in his paper. Engaging with a rising China and with a rising Asia generally will best be done in collaboration between Australia and New Zealand. We might have very different outlooks on Asia – Indonesia, for example, barely rates a mention in New Zealand and yet is the fourth most populous nation in the world and right next door to Australia – but we are both next-door neighbours who face the same challenges. The new future in Asia is the one we will face together.

Economically, our futures are tied into Asia. Strategically, instability in Asia will draw both countries into some form of defense, whether because of political instability in East Timor, terrorist attacks in Indonesia, another Asian financial crisis, or the recalibrating of Southeast Asian countries’ allegiances in light of a rising China. Diplomatically, both countries face the challenge of balancing the needs of the United States, Australia’s major ally and China, Australia’s largest trading partner and New Zealand’s second largest trading partner. China’s strong economic relationship with each country inevitably comes with strings attached: the challenge for each country will be when those strings are not either in our national interests or in the interests of the United States. It might be unwise, as the aphorism says, to bite the hand the feeds you, but there will inevitably be occasions where the governments in Australia *and* New Zealand will have to make a decision that will upset this finely tuned equilibrium.

But where New Zealand differs from Australia, and where it will face its unique challenges, is with respect to its demographic changes. As I have highlighted in this lecture, issues that resonate positively or negatively with large Asian populations within New Zealand will reverberate along New Zealand’s bilateral relationships with Asian countries.

The domestic and foreign neighbourhoods aren’t really all that far apart; the Pacific and Indian oceans aren’t so wide that they can’t be crossed by contemporary concerns; being isolated at the bottom of the world won’t serve us well for the new future before us. “There goes the neighbourhood”, we might say. The question is: will we go with it?

Thank you.

---

<sup>10</sup> Cook