

New Zealand-Southeast Asia Relations: A Survey of the Contemporary Relationship

# Outlook

EDITION

New Zealand-Southeast Asia Relations:  
A Survey of the Contemporary Relationship

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# **NEW ZEALAND-SOUTHEAST ASIA RELATIONS: A SURVEY OF THE CONTEMPORARY RELATIONSHIP**

Anthony L. Smith



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The views in this paper are those of the author and not necessarily those of the Asia New Zealand Foundation.

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The views expressed in this article are those of the author and do not reflect the official policy or position of the Asia Pacific Center for Security Studies, United States Pacific Command, the U.S. Department of Defense, or the U.S. government.

## EXECUTIVE SUMMARY

- + Southeast Asia is of ongoing importance to New Zealand. The region sits astride important sea lanes that are crucial for New Zealand's economic wellbeing. New Zealand has always played a role in Southeast Asian security, including in relation to the latest threat of terrorism. However, Wellington's ability to influence events in a region that is important to New Zealand's security, is limited. Furthermore, New Zealand's links with Indonesia remain weak, particularly when set alongside those with Singapore and Malaysia.
- + In the past New Zealand has forged important bilateral relationships with key Southeast Asian countries, but multilateralism, as represented by the Association of Southeast Asian Nations (ASEAN) and associated bodies, has emerged as a substantial area of interest. Through the ASEAN grouping New Zealand has access to a wider security architecture, such as the ASEAN Regional Forum and the Shangri-La Dialogue. ASEAN remains the driver of confidence building in the wider Asia Pacific.
- + Southeast Asia remains a useful secondary market for New Zealand trade and investment. Trade negotiations with Singapore and Thailand have revealed a convergence of interests with those countries. New Zealand needs to find "trade allies" in forthcoming negotiations to establish an ASEAN – Australia – New Zealand free trade agreement.
- + Southeast Asia is second only to the South Pacific in terms of New Zealand aid giving, and thus remains an area of significance in Wellington's Overseas Development Assistance programme. The New Zealand government has opted to provide NZ\$68 million for recovery after the Indian Ocean tsunami, much of which will go to Indonesia.
- + In terms of people-to-people linkages the presence of students and immigrant populations from Southeast Asia greatly assists knowledge of that region. However, a countervailing trend can be observed in New Zealand universities where Southeast Asian expertise is in decline, including the disappearance of all Southeast Asian language courses.

## SUMMARY

**SOUTHEAST ASIA** has always been of some strategic importance to New Zealand, even if the issues and interests have changed over time. Southeast Asia's strategic location, astride important shipping lanes, has remained important to New Zealand since before World War II. New Zealand's post-war involvement in Southeast Asia has also established patterns and ties in defence, trade and aid that have continued into modern times. Additionally, New Zealand now shares with maritime Southeast Asia concern over the threat from internationally linked terrorist groups. Given New Zealand's interests and past connections, Indonesia, Singapore and Malaysia remain the most important countries from Wellington's standpoint. Yet of these three countries, New Zealand's ties with Indonesia are weak relative to that country's significance in Southeast Asia. It may be time to rethink New Zealand's engagement with Indonesia on a number of issues, including security, commercial relations, aid, and people-to-people links.

New Zealand's geographical distance from Southeast Asia, coupled with its limited capacity, means that its policy makers both are constrained in types of foreign policy responses and sense less urgency with regards to Southeast Asian security. Although Australia and New Zealand have historically acted in tandem on many aspects of regional security, Australia's proximity to Southeast Asia makes its involvement more pressing.

In considering New Zealand's links with Southeast Asia, it is useful for policy makers to consider Southeast Asia both as a grouping of countries with which New Zealand must be mindful of the strength of individual bilateral relationships and as a region that has forged something of a collective identity.

ASEAN assumes a new importance in its role as the driver of wider East Asian regionalism – in both security and economic spheres. Although the broader strategic issues will be determined outside ASEAN, with the major challenges being in Northeast Asia, ASEAN remains at the core of regional architecture designed to achieve confidence-building measures. New Zealand will need to decide if it will follow ASEAN's request to sign the Treaty of Amity and Cooperation, despite Australia's opposition. ASEAN will also be an important partner as the countries of the Asia Pacific region adjust to the emergence of China.

As a legacy of its substantial past military commitment to Southeast Asia during the Cold War, New Zealand has retained a number of bilateral Mutual Assistance Programme links with key ASEAN states. New Zealand has also made substantial contributions to Southeast Asia's two most recent peacekeeping operations in Cambodia and Timor Leste. But the New Zealand government has now identified the problem of international terrorism as a leading threat to Southeast Asia, even if New Zealand has not made a major contribution to confronting the problem in that region.

While commercial linkages with ASEAN are going to be secondary to bigger markets, they are still important, and show strong potential in commodity trade, services, investment, tourism and education sales. There are still major opportunities for New Zealand exporters and investors in ASEAN.

New Zealand has shown an interest in global, regional and bilateral trade deals, and Southeast Asia is a region of great promise in this regard.

New Zealand has shown an interest in global, regional and bilateral trade deals, and Southeast Asia is a region of great promise in this regard. Southeast Asia has already agreed in principle to a negotiation for the 2007 completion of a free trade area to link ASEAN with Australia and New Zealand. New Zealand has also found some important free trade “allies” within Southeast Asia. Singapore is the country that most shares New Zealand’s trade orientation. New Zealand is also negotiating deals with Thailand and Malaysia. All of these countries will be natural partners for New Zealand in wider regional negotiations. These partnerships will be important in negotiations with ASEAN itself, as the member states are not agreed amongst themselves about the pace of trade liberalisation.

Aid flows to Southeast Asia are still substantial, and second only to aid to the South Pacific. Aid is now focused on six ASEAN countries, with Indonesia being the largest recipient. New Zealand also gives assistance to Mekong development projects. Although New Zealand aid giving has, in theory, been delinked from considerations of national interest, aid patterns to Southeast Asia have remained broadly constant. New Zealand’s involvement in relief for the Indian Ocean tsunami demonstrates interest in Southeast Asia, although the Clark government’s decision not to forge a bilateral deal with Indonesia (like Australia has done) is further reflective of New Zealand’s different strategic position.

One critical aspect of New Zealand’s relationship with Southeast Asia is the lack of availability of school and university level courses on the region that would generate a pool of students familiar with Southeast Asia. The closure of all Indonesian language programmes at university level undermines New Zealand’s stated efforts to be more integrated with Southeast Asia. Exploring ways and means to get New Zealand students into Southeast Asia, or centres of excellence on Southeast Asia, will be an important bridge.

New Zealand's distance from Asia, coupled with its small size, means that its approach to Southeast Asia will be limited despite the very real interests it has in the region.

## INTRODUCTION

<sup>1</sup> See Asia New Zealand Foundation, (2004), *Seriously Asia: Final Report: Unleashing the Energy of New Zealand's Asian Links*, Wellington.

<sup>2</sup> Interview with Helen Clark, (2005), *Radio New Zealand*, 5 January.

**THE YEAR 2005** is the 30th anniversary of the ASEAN-New Zealand Dialogue partnership, which is an appropriate time to survey New Zealand's links with Southeast Asia, both as a region and as individual component countries. Participants at the November 2003 *Seriously Asia* conference held by the Asia New Zealand Foundation (Asia:NZ, formerly the Asia 2000 Foundation of New Zealand) agreed on the importance of Asia to New Zealand. Much of the discussion, however, tended to drift towards the challenges and opportunities of Northeast Asia.<sup>1</sup> Southeast Asia was best represented through the Keynote Address of Mr Lee Hsien Loong, Deputy Prime Minister of Singapore at the time (and now Prime Minister). But even he focused largely on events in the wider Asian region. Indeed, the larger strategic questions that will shape the future of the Asia Pacific region are formed in Northeast Asia. Nonetheless, Southeast Asia has remained an important region for New Zealand – even if the proceedings of the *Seriously Asia* conference confirm that this important component of New Zealand's foreign policy outlook is probably only of interest to, and understood by, a small section of New Zealand's policy making elite. The purpose of this paper is to examine the nature and extent of New Zealand's linkages with Southeast Asia, covering diplomatic and security linkages, military-to-military ties, trade and commerce, aid, and relevant people-to-people interactions.

New Zealand's links with Southeast Asia are to some extent overshadowed by Australia's. However, the relationship with Southeast Asia has always been of some importance, and although often conducted in tandem with Australia, it has at times been qualitatively different. Clearly New Zealand continues to value relations with Southeast Asia, at the bilateral and multilateral level, even if

its importance to Southeast Asian security and stability has waned since the Cold War years when New Zealand's military had a not inconsiderable presence in key Southeast Asian countries. Even so, the three countries identified by policy makers as being of main importance after World War II – namely Singapore, Malaysia and Indonesia – happen to continue to be of greatest importance in the region from New Zealand's point of view. ASEAN's "strategic core", as these three countries of maritime Southeast Asia are often known, assumes new significance given New Zealand's interest in countering terrorism. On other issues, such as economic or development links, a different set of Southeast Asian countries emerges in importance. New Zealand needs to consider approaching Southeast Asia in terms of strengthening bilateral relationships, but increasingly also in terms of interacting with Southeast Asia as a region.

New Zealand's distance from Asia, coupled with its small size, means that its approach to Southeast Asia will be limited despite the very real interests it has in the region. In commenting on New Zealand's contribution to tsunami-affected areas of the Indian Ocean Rim, Prime Minister Helen Clark described New Zealand as a "niche player" in the relief efforts.<sup>2</sup> This would also be a very good way to describe New Zealand's involvement in regional diplomacy, security and commercial arrangements. It will contribute where it can, and should make its own decisions over its interests in Southeast Asia, but New Zealand will remain a team player to confront the series of challenges that arises in relation to its ties to ASEAN.



## REGIONAL LINKAGES

**THE MINISTRY OF FOREIGN AFFAIRS AND TRADE** speaks of “Areas of Concentration” in its 2003/04 *Annual Report*, which it defines as: cooperation with Australia to the end of greater stability in the Asia Pacific; noting shared values and goals with the United States (US); the War on Terrorism; South Pacific stability; and remaining engaged with regional security architecture.<sup>3</sup> Southeast Asia is important in several of these areas, although interestingly enough none specifically relates to Southeast Asia alone. In another context, however, the Ministry has stated that it desires to “... reinvigorate links with ASEAN, as a regional entity, and with key ASEAN governments”.<sup>4</sup>

In dealing with Southeast Asia, and helping to shore up its stability, it is important for New Zealand to remain connected to the regional security architecture. From the mid-1970s onwards, New Zealand realised the importance of ASEAN to the security of the region. Although not a defence treaty or pact in the traditional sense, policy makers recognised that ASEAN was an indigenous body that would supercede New Zealand’s other past, more formalistic, security arrangements. ASEAN, although founded in 1967 with the declared aim of achieving economic and social integration, was really a diplomatic community to achieve regional stability in the face of instability in Indochina and the US’s withdrawal from the region. Its success in reducing tensions as a diplomatic community has meant that New Zealand has had to pay less attention to Southeast Asian security than it otherwise might.

Since the 1970s, New Zealand has managed its relations with ASEAN carefully. It, quite controversially, accepted ASEAN’s policy with regards to recognition of Cambodia after Vietnam’s

invasion and acknowledging Timor as Indonesian territory. Russell Marshall in 1988, while foreign affairs minister, spoke of “following ASEAN’s lead”.<sup>5</sup> New Zealand has largely continued this approach into the present day. Little has changed since Terence O’Brien noted a decade ago that: “New Zealand’s team player brand of diplomacy in Asia has traditionally served its interests reasonably well.”<sup>6</sup>

In serving New Zealand’s interests, officials have actively sought to participate in relevant ASEAN meetings and in the regional organisations that encompass Southeast Asia. In recent years, ASEAN has placed great emphasis on extra-regional powers signing the Treaty of Amity and Cooperation (TAC) – a treaty that is at the heart of ASEAN practice and codifies non-intervention in domestic affairs. China, India and Russia have signed the TAC in recent years, while invitations have been extended to others, including Australia and New Zealand. The ASEAN foreign ministers agreed that they would ask Australia and New Zealand to sign the TAC at the Tenth Summit in Laos in November 2004. The articulation of Australian Prime Minister, John Howard, of the right to preemption in order to defend Australia, has been met with derision in Southeast Asia, not just in Indonesia and Malaysia, but with fellow US allies, the Philippines and Thailand. (The US, incidentally, has proven resistant to signing the TAC on the grounds that it will constrain action.) New Zealand has sidestepped the issue for now, which is shaping up to be a situation whereby it must choose between close friend and ally, Australia, and the wishes of ASEAN. Prime Minister Helen Clark issued a statement that read, in part: “... I advised the ASEAN leaders that New Zealand is studying, with positive intent, possible accession to the 1976

<sup>3</sup> Ministry of Foreign Affairs and Trade, (2004), *Annual Report 2003/04*, Wellington, pp.41-42.

<sup>4</sup> Ministry of Foreign Affairs and Trade, (2004), *Statement of Intent 2004/05*, Wellington, p.28.

<sup>5</sup> Hon. Russell Marshall, (1988), “New Zealand and ASEAN”, in Ralph C. Hayburn, *New Zealand and the ASEAN Countries: the Papers of the Twenty-Third Foreign Policy School*, University Extension, University of Otago: Dunedin, p.14.

<sup>6</sup> Terence O’Brien and Frank Holmes, (1995), *New Zealand and ASEAN: The Strategic and Economic Outlook*, Institute of Policy Studies: Wellington, p.4.

<sup>7</sup> [www.beehive.govt.nz/ViewDocument.cfm?DocumentID=21655](http://www.beehive.govt.nz/ViewDocument.cfm?DocumentID=21655)

<sup>8</sup> This has not always gone down well with the New Zealand public. Former Prime Minister, Jenny Shipley, generated some domestic controversy in New Zealand when she refused to echo Al Gore's famous remarks about "reformasi" at the 1998 Asia Pacific Economic Cooperation Summit in Kuala Lumpur. Gore was referring to the arrest and trial of Malaysia's former deputy Prime Minister, Anwar Ibrahim, which provided a vitriolic counter-reaction from the then Mahathir-led administration.

<sup>9</sup> Hon. Phil Goff, Minister of Foreign Affairs and Trade, (2003), "Seriously Asia Conference: 'Serious Stocktake'", 26 November 2003, *Foreign Affairs and Trade Record*.

<sup>10</sup> A decade ago Professor Raj Vasil published a short book entitled *New Zealand and ASEAN: A Critical View of the Relationship* (Institute of Policy Studies: Wellington, 1995) in which he cited a number of ASEAN leaders and officials expressing criticism of New Zealand. I find the emphasis of this think-piece does not track with my own interactions with ASEAN officials, who on the whole have very charitable views of New Zealand. Lee Kuan Yew's memoirs provide an example of the Singaporean leader's great praise for New Zealand, in contrast to his reservations for Australia. (See Lee Kuan Yew, (2000), *From Third World to First*, The Straits Times Press: Singapore.) What Vasil did identify was New Zealand's overall lack of attention and capacity in the region, and, while perhaps overstated, is something acknowledged by current government officials.

Treaty of Amity and Cooperation. This would be a signal that New Zealand shares ASEAN's desire to strengthen peace and stability in South-East Asia."<sup>7</sup>

This dilemma concerning the TAC illustrates the careful balancing act that New Zealand needs to undertake with regards to Australia in Southeast Asia. Acting in tandem with Australia makes sense in many respects. New Zealand alone would carry little weight in negotiations like ASEAN-CER (ASEAN – Closer Economic Relations), where the New Zealand market alone is too small to excite much interest, or in security operations like Timor Leste (or the Solomon Islands) where Australia and New Zealand were able to operate together as a cohesive force. At the same time there is a clear need for New Zealand to "brand" itself separately in Southeast Asia. New Zealand politicians and diplomats have so far avoided generating bilateral incidents with Southeast Asian countries in the same way some Australian leaders have for domestic political point scoring.<sup>8</sup> New Zealand is also perceived as less inclined to back foreign policy adventurism. Hon. Phil Goff, Minister of Foreign Affairs and Trade, noted in a speech to the *Seriously Asia* conference that: "Politically we have a reputation for being an independent and positive world player."<sup>9</sup> A reputation for being slightly more removed from the US probably serves New Zealand well in Indonesia and some other ASEAN states, and does little harm in Southeast Asian countries that have their own tight-knit alliances or associations with the US. The trick for New Zealand is to fine-tune a diplomatic style that rides Australian coat tails on its own interests, supports its Australian and ASEAN friends in efforts against terrorism, but quietly divorces itself from some of Australia's positioning with regards to leadership in the Asia Pacific. New Zealand's

remoteness, small size and careful diplomacy, have generally ensured that this is the case.<sup>10</sup>

The Asia Pacific, including Southeast Asia, may be marked by lack of formal security architecture, but a security dialogue has formed between most countries in the wider region. In the absence of a European-style security community, the ASEAN Regional Forum (ARF) remains the most important body for security discussion in the Asia Pacific region. ASEAN, jealously guarding its role as founder and convener of the Forum, sees the meeting as a means to engage with powers from Asia and the Pacific Rim, some of which are involved in strategic competition that could impact on Southeast Asia. Of emerging importance for the Asian region is the Shangri-La Dialogue which has been held in Singapore annually since 2002. Hosted by the International Institute for Strategic Studies (IISS) – and thus sometimes referred as the "IISS meeting" – the Shangri-La Dialogue draws together the defence ministers of Australia, Brunei, Cambodia, France, India, Indonesia, Japan, South Korea, Malaysia, Mongolia, New Zealand, the Philippines, Singapore, the United Kingdom (UK) and the US. High-level officials have also attended from Russia, Myanmar, Thailand and Vietnam. The Dialogue can therefore claim to play host to the most important meeting of defence officials in the Asia Pacific region. However, the absence of China from the IISS meeting still means that ARF has a critical role to play in regional security discussions.

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ASEAN states also see various Track II bodies as important confidence measures.<sup>11</sup> New Zealand's relationship with Southeast Asia is well served by sustained and active participation in the Council for Security Cooperation in the Asia Pacific (CSCAP) – the New Zealand participant for which is Victoria University's Centre for Strategic Studies. It serves New Zealand well to provide continuity in representation to CSCAP. Likewise, New Zealand involvement in the Pacific Economic Cooperation Council, provided by Professor Gary Hawke from Victoria University's School of Government and Professor Rob Scollay from the University of Auckland, is an important Track II process that parallels Asia Pacific Economic Cooperation (APEC).

It is also the case that New Zealand and ASEAN share a number of concerns about wider global issues and the promotion of rules-based international behaviour. Both have, for example, undertaken efforts in various contexts to strengthen international rules and norms governing Weapons of Mass Destruction, including stances for Non-Proliferation (limiting the spread of nuclear weapons) and the Comprehensive Test Ban Treaty (and other measures limiting existing nuclear weapons' holders). There is some common ground to be found in New Zealand's ban on nuclear weapons and nuclear propulsion and the

Southeast Asia Nuclear Weapons Free Zone – although a critical difference is that the latter still allows the US navy widespread access to a number of Southeast Asian ports.

New Zealand also shares with ASEAN countries some of the wider concerns surrounding potential hostilities in South Asia, the continuing crisis on the Korean peninsula, and the possibility of renewed difficulties in the Taiwan Straits. With regards to the last issue, New Zealand and ASEAN (and a number of other countries in the region) "... continue to reposition themselves in response to China's rising power".<sup>12</sup> Furthermore, ASEAN is at the core of regional confidence-building measures and remains the driver of East Asian regionalism.

<sup>11</sup> The term "Track II" refers to semi-official, semi-academic discussions on political, security and economic issues.

<sup>12</sup> Ministry of Foreign Affairs and Trade, (2004), *Statement of Intent 2004/05*, Wellington, p.10.

## SECURITY TIES

**NEW ZEALAND'S INITIAL** contacts with Southeast Asia were often military in nature, although aid also forged relationships. Security links with Southeast Asia have also extended to bilateral contact, but increasingly New Zealand has realised that modern security challenges include transnational issues. The most salient problem is terrorism, which is now the leading security concern of several ASEAN states, and a major issue for a number of others. A key element of Southeast Asia's importance to New Zealand lies in its strategic location. Stability in Southeast Asia's landmass has been important enough for New Zealand to contribute in substantial fashion to military conflict in Malay[sia] and, more controversially, Vietnam. New Zealand also had substantial defence ties to Singapore and Malaysia, and formal alliance ties to Thailand and the Philippines. In addition, New Zealand made contributions to multilateral forces in Cambodia and Timor Leste. New Zealand's aid programme was, for some decades, fashioned to generate greater stability in troubled corners of Southeast Asia. Maintaining maritime passage through the Malacca Straits and the Indonesian archipelago is essential for New Zealand's exports and imports and general lines of transport and communication.

The changing security dynamics in Southeast Asia, including massive military withdrawals by the UK and the US, caused New Zealand to consider bilateral military linkages with a number of Southeast Asian countries. The Mutual Assistance Programme (MAP) has, in the past, facilitated small numbers of military officers from Thailand, Malaysia, the Philippines, Singapore and Indonesia in attending various types of training programmes in New Zealand. There has been no substantial contact with the Indonesian military since MAP

was pared back after the Timor Leste crisis in 1999, and no political will (or public support) for a resumption of ties. New Zealand's most substantial military-to-military link remains with Singapore. New Zealand troops remained stationed in Singapore until 1989, and annual bilateral exercises with Singapore continue. The Singaporean armed forces, always hampered at home by lack of space for training, find New Zealand a useful location for various types of military exercises. Regular contact between the armed forces of the two countries smoothed the way for Singapore's small contribution to the peacekeeping operation in Timor Leste, Singapore's first combat contribution to such a mission, which was embedded with the New Zealand battalion near the border with West Timor. In the past five years there has been a significant increase in bilateral defence contact. New Zealand still participates in annual exercises linked to the Five Power Defence Arrangements (FPDA), which bring in Singapore, Malaysia, the UK and Australia. The FPDA serves New Zealand as an important military-to-military link to both Singapore and Malaysia. The FPDA has evolved somewhat over the years, but the recent addition of anti-terrorism drills is a strong indication of how seriously the member countries regard the terrorism threat. Of the three countries that matter most to Southeast Asia's maritime security (and New Zealand's interest by extension), there are only regular and substantial contacts with Singapore and Malaysia, while, by contrast, military-to-military links with Indonesia remain stagnant, representing a gap in New Zealand's regional engagement.

New Zealand demonstrated twice in the 1990s that it retains the ability to make significant military contributions to crisis situations in Southeast Asia. It supported the United Nations (UN) Transitional

# Transnational issues, particularly terrorism, have worked their way to the top of the security agenda for New Zealand and a number of counterpart countries in ASEAN.

Authority in Cambodia as it paved the way for general elections in May 1993, with nearly 100 armed forces personnel for the tasks of mine clearance, communication establishment, and the patrol of inland and coastal waters to protect fisheries. During the reconstruction of Cambodia, New Zealand also gave more than US\$5 million to UN peacekeeping and humanitarian aid.

New Zealand's contribution to stabilising Timor Leste during and after 1999 far superceded this. Along with other "core group" countries such as Australia, the US and Portugal, New Zealand had engaged in extensive contingency planning for a possible crisis in Timor Leste. After pro-Indonesian militias and Indonesian military elements torched the capital Dili, killed independence supporters and removed a large section of the population, New Zealand was a significant part of the subsequent multilateral Australian-led International Force East Timor (INTERFET) operation to restore stability. At its peak, the New Zealand Defence Force (NZDF) contributed approximately 1,100 personnel to the INTERFET operation. This contribution was largely the New Zealand army battalion centred around Suai, near the border with West Timor, but was backed up with air and sea lift operations, including a sustained helicopter operation and the presence of *HMNZS Canterbury* and *HMNZS Endeavour*. A number of New Zealand police, corrections and customs officers were also deployed. These forces were subsequently placed under the UN Transitional Administration in East Timor in February 2000 and into the UN Mission of Support in East Timor in May 2002. The Timor Leste operation showed that, in conjunction with Australia, New Zealand could still make a major contribution to regional security. There is no evidence that New Zealand's role in Timor Leste

adversely affected the bilateral relationship with Indonesia in the same way that Australia's role did for Australia-Indonesia relations. The Timor Leste operation, which probably involved upwards of half of all NZDF personnel, demonstrates the capacity for state failure in Southeast Asia to draw New Zealand's commitment.

While the NZDF is still prepared to undertake future peacekeeping or security roles in Southeast Asia, if required, the nature of the security environment has changed a great deal. Transnational issues, particularly terrorism, have worked their way to the top of the security agenda for New Zealand and a number of counterpart countries in ASEAN. New Zealand has, since the terrorist attacks by Al Qaeda on American soil on 11 September 2001, raised the terrorist threat to the highest level of concern.<sup>13</sup> New Zealand's Ambassador for Counter-Terrorism, Dell Higgie, in acknowledging that Southeast Asian countries were slow to act with regards to international terrorist groups until the Bali blast, argues that while the world has faced terrorism in the past, the threat from more recent international terrorist groups is more sustained and threatening.<sup>14</sup> The NZDF's *Annual Report 2003/04* speaks of training to meet conventional threats as well as retaining: "[T]he flexibility and versatility to contribute to international efforts to counter terrorism, to contain the fall-out from increasing intra-state conflict, to respond to the breakdown of law and order in failing states and to provide support for efforts to counter transnational criminal activity."<sup>15</sup> Emphasis on countering terrorism has implications for the Southeast Asia relationship. The NZDF report speaks to the importance of supporting wider counter-terrorism efforts, noting the bombings in Bali and the J.W. Marriott Hotel

<sup>13</sup> For examples of official documents that list terrorism prominently see: New Zealand Defence Force, (2004), *Annual Report for the Year Ended 30 June 2004*, Wellington; and New Zealand Ministry of Foreign Affairs and Trade (2004), *Annual Report 2003/04*, Wellington. Compare with (2001) *A Modern, Sustainable Defence Force Matched to New Zealand's Needs*, Government Defence Statement, 8 May. This pre 11 September 2001 document is less specific about the nature of threats that New Zealand will face in the future, with the problem of international terrorism having no prominence.

<sup>14</sup> Dell Higgie, (2005), "Combating Terrorism", *New Zealand International Review*, January-February, p.6.

<sup>15</sup> New Zealand Defence Force, (2004), *Annual Report for the Year Ended 30 June 2004*, p.7.

<sup>16</sup> Prime Minister Helen Clark, (2003/04), "Listing of Terrorist Entities", 22 January, *Foreign Affairs and Trade Record*, December 2003/ January 2004, p.34.

<sup>17</sup> Ministry of Foreign Affairs and Trade, (2004), *Annual Report 2003/04*, p.6.

<sup>18</sup> (2001), *A Modern, Sustainable Defence Force Matched to New Zealand's Needs*, Government Defence Statement, 8 May. Although this document does not use the term "backyard" to describe the South Pacific, it is clearly noted as New Zealand's primary area of interest in defence terms.

in Jakarta as examples of *Jemaah Islamiyah's* (JI) "significant and serious threat in the region".

Prime Minister Helen Clark stated clearly in January 2004 that Southeast Asia's JI has well established links to Al Qaeda.<sup>16</sup> New Zealand is also considering a counter-terrorism agreement with ASEAN similar to one already signed between Australia and ASEAN. The Ministry of Foreign Affairs and Trade's *Annual Report 2003/04* states that the Bali blast "has brought home the reality of the threat", noting that New Zealanders are active travellers.<sup>17</sup> Citing the problems of terrorism, transnational threats more generally, and the potential for a breakdown in law and order puts Southeast Asia clearly into the defence picture. The perception of the threat has altered significantly from when New Zealand views of defending the region were determined by concern over the fear of communist expansion – and thus super power competition and conflict in Southeast Asia. Now threats to stability and security in Southeast Asia are more elusive, as well as being both transnational and subnational in nature.

Ultimately, while New Zealand remains concerned about the terrorist threat emanating from Southeast Asia, there is no evidence that it sees itself as the primary target of any attack. Nonetheless, as the 2002 Bali blast shows, New Zealanders – well known as intrepid travellers, to be found in every corner of the globe – can be caught up in acts of terrorism. While direct, deliberate targeting is not foreseen of New Zealand, New Zealand assets overseas, or New Zealand citizens overseas, the government still sees terrorism as a leading security threat. This interest and heightened concern in Al Qaeda linked terrorist groups, has not led to substantial efforts by New Zealand in Southeast Asia to counter the

problem. While it is quick to confront incidents of transnational crime – in all its guises – within its "backyard", namely the South Pacific,<sup>18</sup> New Zealand remains on the sidelines of a wider international effort to confront the terrorism problem within Southeast Asia. It is largely the US and Australia that have provided resources to improve the capacity of law enforcement, particularly in Indonesia. New Zealand did provide some police resources to Indonesia after the Bali blast, and a police officer remains permanently stationed at the Embassy in Jakarta, but New Zealand's important focus on security in the South Pacific means that limited resources are primarily needed there. New Zealand also remains a player in confronting other transnational issues in Southeast Asia, such as support for the "Bali process" to tackle people smuggling and police liaison in the region to curb narcotics' traffic.

The ten countries of ASEAN, with 500 million people, have a combined GDP of US\$737 billion. It is a market that New Zealand cannot afford to pass up.

## ECONOMIC TIES: LOOKING FOR MARKETS AND TRADE “ALLIES”

**MUCH COMMENTARY** in New Zealand speaks of the potential of the Asian market, perhaps dampened during the Asian financial crisis but on the rise again, bolstered by the tremendous growth in two-way trade with China. Roughly a third of New Zealand’s trade is with the Asian region and, importantly from the perspective of policy makers, the potential for growth in trade is most promising in this wider region. However, in discussing trade with Asia, it is important to disaggregate regions. Northeast Asia not only takes the bulk of New Zealand’s exports to Asia, but Japan, South Korea and China will remain much more important trading partners into the long term. Currently Southeast Asia accounts for only 8% of New Zealand’s exports and imports, thus only a minority of the overall Asian market. In the past few years export returns from Southeast Asia have been in decline, however, with New Zealand’s exports coming off very high commodity prices in the financial year 2000/01. The loss seems commensurate with declining values across all of New Zealand’s important export markets. While in percentage terms the ASEAN market has remained relatively constant, there are important gains to be made here. Southeast Asia, since the 1960s, has been identified by the New Zealand government as a significant market for products – an important alternative to the UK. The ten countries of ASEAN, with 500 million people, have a combined GDP of US\$737 billion.<sup>19</sup> It is a market that New Zealand cannot afford to pass up.

In the trade area a different arrangement of countries emerges in terms of importance to New Zealand than might come from security or wider strategic considerations. In terms of New Zealand’s commodity exports, the important markets are (in order): Malaysia (\$545 million), the Philippines

(\$489 million), Indonesia (\$383 million), Thailand (\$333 million), Singapore (\$307 million) and Vietnam (\$158 million). Singapore ranks highest in import returns, followed by Thailand, Indonesia, Brunei Darussalam (with the importation of petroleum), and the Philippines.<sup>20</sup> If investment and service trade are taken into account Singapore assumes far greater importance than the data from commodity trade might otherwise suggest. New Zealand Trade and Enterprise has based their regional representative in Singapore and Investment New Zealand also has a representative there because of the location and infrastructural advantages offered. Singapore also leads in international visitors to New Zealand, where three Southeast Asian countries show up in official statistics: Singapore (32,603 visitors in the year 2003), Malaysia (23,002) and Thailand (18,751).

Investment links between New Zealand and Southeast Asia are not large but worth noting. In 2004, investment into Southeast Asia was 3.4% of New Zealand’s total, while ASEAN investors represented 2% of incoming investment capital. New Zealand investment still flows to the traditional, and familiar, countries of North America, the UK, Europe and Australia. Investment into Southeast Asia has proven more difficult. Traditionally investments surround the food and beverage markets, which are aimed at Northeast Asia, but with some attention to Southeast Asia – particularly Malaysia, Indonesia and Thailand. Watties and Fonterra are two examples of this. Noting the low levels of investment into Southeast Asia, New Zealand officials argue that the barriers are no longer structural, but cultural and linguistic, which explains why investment has not diversified to the same extent that commodity and service trade has. Other important foreign exchange

<sup>19</sup> (2004) “Goff Welcomes ASEAN Move on FTA”, 22 April, *Foreign Affairs and Trade Record*, p.35.

<sup>20</sup> Figures taken from [www.mfat.govt.nz/foreign/regions/sea/seageneral/nzasean.html](http://www.mfat.govt.nz/foreign/regions/sea/seageneral/nzasean.html)

Undeterred by the warnings of some that the “spaghetti bowl” effect of crisscrossing trade deals may undermine more universal free trade efforts, the New Zealand government has enthusiastically embraced a series of regional and bilateral deals in Southeast Asia.

<sup>21</sup> See, for example, Chin Kin Wah and Michael Richardson, (2004), *Australia-New Zealand and Southeast Asia Relations: An Agenda for Closer Cooperation*, Institute of Southeast Asian Studies: Singapore.

<sup>22</sup> The document that ASEAN released to launch AFTA made mention of the North American Free Trade Agreement and the Single European Market (1992). In more contemporary times ASEAN leaders speak often of the emergence, and challenge, of the Chinese economy, which in many ways is a more direct export competitor.

<sup>23</sup> Michael Vatikiotis and John McBeth, (2003), “A Tango Speeds Asean Integration”, *Far Eastern Economic Review*, 23 October, p.17.

earners for New Zealand are foreign students – principally from Malaysia and Thailand – and tourism. Trade and investment links with Southeast Asia are potentially useful for New Zealand companies seeking to penetrate third markets in the wider Asian region, particularly China and India.

Through the network of trade representatives in New Zealand’s diplomatic posts in the region, much effort goes into trade and investment promotion. A bilateral air services agreement with Vietnam in March 2004 is an example of negotiating a specific access deal – and in a market that New Zealand officials have identified as having enormous potential for trade and investment. Policy makers have also identified Southeast Asia, in particular Singapore, Thailand and Malaysia, as a region with which agreements can be forged to facilitate greater trade flows. New Zealand has always favoured global-level multilateral approaches to the reduction in tariff and non-tariff barriers to trade. However, the complications and sometimes glacial pace of the World Trade Organization (WTO) make bilateral and regional agreements more than useful supplements. Undeterred by the warnings of some that the “spaghetti bowl” effect of crisscrossing trade deals may undermine more universal free trade efforts,<sup>21</sup> the New Zealand government has enthusiastically embraced a series of regional and bilateral deals in Southeast Asia.

Since the 1990s, Australia and New Zealand have explored ways in which they might interface the Australia-New Zealand Closer Economic Relations Trade Agreement (ANZCERTA or, more commonly, CER) with Southeast Asia’s ASEAN Free Trade Agreement (AFTA). Thai officials made an initial approach to Australia and New Zealand in 1993, and in 1994 the Australian government began

to speak openly about the prospects for such an arrangement. What emerged from early discussions in this phase was that the primary value of an ASEAN-CER linkage would be in non-tariff barrier removal (mutual recognition of product standards, streamlining customs, information exchange and so on). An examination of the debates within ASEAN over further integration gives a strong indication that Southeast Asia is not united on how fast to proceed with integration within AFTA, which has a knock-on effect on how far the organisation can proceed with external partners. Non-tariff barrier reduction, known as “AFTA-Plus” in ASEAN, is still in its infancy. The value of an ASEAN-CER arrangement will be to go beyond tariff barriers into the more significant areas of non-tariff barriers, which Australia and New Zealand have largely abolished with each other. Australia and New Zealand are not only developed markets, but are also non-threatening economies, in contrast to Europe and North America – and increasingly China.<sup>22</sup> At ASEAN’s Tenth Summit in Laos in November 2004 the Southeast Asian countries agreed to fashion an ASEAN-CER arrangement. Negotiations will begin in early 2005 and commence over a two-year period. New Zealand’s enthusiasm for this arrangement is evident, and in public statements the Ministry of Foreign Affairs and Trade has spoken of an eventual endpoint for ASEAN-CER that results in a “Single Economic Market”.

Singapore and Thailand have made it plain that they want to speed up intra-ASEAN cooperation. Prior to the 2003 ASEAN Summit, Singapore’s then Prime Minister, Goh Chok Tong, likened Singapore and Thailand to two dance partners who are first to the floor to tango.<sup>23</sup> Goh was alluding to an important strategy, agreed to by ASEAN, whereby



ASEAN has agreed to a “2 minus x” formula, allowing Singapore and Thailand to move ahead with faster trade liberalisation measures, including free trade arrangements with third countries. New Zealand must consider both countries as “allies” in promoting free trade initiatives within ASEAN-CER and wider Asia Pacific and world trade bodies, including APEC and the WTO. The Ministry of Foreign Affairs and Trade’s 2003/04 *Annual Report* speaks of the “Pacific 3” which links New Zealand, Chile and Singapore as *de facto* partners in promoting free trade.<sup>24</sup> Underscoring the point that New Zealand and Singapore have forged Free Trade Agreements (FTAs) as a major foreign policy goal is the fact, noted by Steve Hoadley in 2002, that of the then 30 proposed FTAs in the wider Asia Pacific region, New Zealand and Singapore were associated in some way with 17.<sup>25</sup> New Zealand has undertaken bilateral negotiations with China, Japan, South Korea, India, Malaysia, and Thailand, and successfully completed an agreement with Singapore.

This convergence of views between New Zealand and Singapore has paved the way for a landmark bilateral deal. On 1 January 2001, New Zealand and Singapore entered a Closer Economic Partnership (CEP).<sup>26</sup> The CEP with Singapore is the second most comprehensive agreement that New Zealand has signed after the CER with Australia. The New Zealand-Singapore CEP agreed to, *inter alia*, give equal access to each other’s markets, move to eliminate remaining tariff and non-tariff barriers to commodity and service trade, consider “national treatment” for government procurement, and engage in regular dialogue on trade issues. Under the rules of origin, only 40% of the product content needs to be added in order to qualify under the CEP. (Note that rules of origin specifications under other agreements are usually

not as generous.) This agreement, between two of the most externally orientated trading nations in the world, was as much a political statement as it was a trade agreement. Both New Zealand and Singapore had very little to offer each other in the way of trade liberalisation, but the agreement was a statement of intent between two proactive free traders. Singapore has used the agreement as a template to form agreements with a raft of other nations over the past several years.

New Zealand and Thailand have also negotiated a CEP which is due to come into effect on 1 July 2005. Two-way trade in 2003 with Thailand stood at a healthy NZ\$800 million,<sup>27</sup> but New Zealand exporters face barriers including tariffs in dairy exports (also subject to quota restrictions), horticultural products, meat and manufacturing. New Zealand negotiators hope to reduce or eliminate these trade barriers. New Zealand has also started negotiations with Malaysia for a similar deal.

Looking much further ahead, there are the beginnings of a number of commercial agreements throughout the Pacific Rim, possibly extending to South Asia. While the APEC grouping is regarded by New Zealand as potentially a crucial forum for “open regionalism”, New Zealand needs to remain mindful of subordinate developments. A decade ago, Malaysian Prime Minister, Dr Mahathir bin Mohammad, spoke of creating an “East Asian Economic Group” which would combine the countries in East Asia into an economic bloc. The annual ASEAN Plus Three (ASEAN+3) Summits have gained momentum to the extent that there is now discussion of FTAs – although still at the level of three separate deals with ASEAN – currency swaps through the Chiang Mai initiative, and even the eventual creation of a

<sup>24</sup> In past General Agreement on Tariffs and Trade (GATT) negotiation rounds, New Zealand has found itself in agreement with the agricultural countries of ASEAN in attempting to pressure large First World nations to drop barriers to pastoral products. New Zealand and a number of ASEAN countries were members of the Cairns Group that formed an important bloc in negotiations to counter the negotiating weight of the big three players – the EU, the US and Japan.

<sup>25</sup> Stephen Hoadley, (2002), *Negotiating Free Trade: The New Zealand-Singapore CEP Agreement*, New Zealand Institute of International Affairs: Wellington, p.8. (This figure does not include established arrangements like the North American Free Trade Agreement (NAFTA), CER or the New Zealand-Singapore CEP. Furthermore, a number of the bilateral FTAs that Hoadley refers to have now come into place. However, the point remains that New Zealand and Singapore are free trade activists.)

<sup>26</sup> Ministry of Foreign Affairs and Trade, (2002), *Succeeding in Singapore: Guide to the New Zealand-Singapore Closer Economic Partnership*, Wellington.

<sup>27</sup> (2004) “Study Predicts Access Boost from Thai Trade Deal”, 26 April, *Foreign Affairs and Trade Record*, p.35.

<sup>28</sup> This observation is also found in the following publication: (1970) "Administration of New Zealand Foreign Policy 1950 to 1970", *Foreign Affairs Review*, XX:4, April, p.5 cited in Jim Rolfe, (2005), "Coming to Terms with Regional Identity" in Anthony L. Smith (ed.), *Southeast Asia and New Zealand: A History of Regional and Bilateral Relations*, Institute of Southeast Asian Studies and New Zealand Institute of International Affairs: Singapore and Wellington, forthcoming May.

<sup>29</sup> NZAID, (2004), *Asia Strategy*, 15 September.

common currency. Discussion of an "East Asian Community" is no longer considered a radical suggestion, and has entered regular discourse amongst leaders in East Asia. New Zealand's ties with ASEAN, particularly the ASEAN-CER linkage, will remain critical in terms of keeping pace with regional developments. It is even possible that Australia and New Zealand may be considered for membership of current regional organisations of which they are currently not full members.

## AID AND GOOD GOVERNANCE

**NEW ZEALAND'S AID** to Asia is focused on Southeast Asia, and this, despite changes in the aid programme, has remained a constant since New Zealand became a founding member of the Colombo Plan in 1950 to generate aid for South and Southeast Asia. Much of this aid was directed at stabilising friendly countries such as Indonesia, the Philippines, Malaysia, Singapore and Thailand in the face of possible internal or external threats. One major programme undertaken was to bring students from Southeast Asia to New Zealand under Colombo Plan scholarships. These Colombo Plan students usually returned to positions of prominence. There are numerous anecdotal stories among New Zealand diplomats, aid workers and various other officials of the access gained throughout Southeast Asia (and Asia generally) from well placed graduates of the Colombo Plan.<sup>28</sup> The retirement, now, of the majority of these students removes one of New Zealand's greatest assets in the region.

Modern aid patterns still largely reflect arrangements set up after World War II, whereby the lion's share of direct bilateral aid goes to the South Pacific – around 77% in 2004/05 – with Southeast Asia the next largest recipient with 20%. The separation of NZAID from the Ministry of Foreign Affairs and Trade by the Clark administration was designed to direct aid to where it is most needed rather than on the basis of New Zealand's interest (at least in theory). However, it is evident that patterns of aid giving have not shifted as a result, and Southeast Asia – which is far from the poorest region in the world – continues to be New Zealand's aid focus in Asia, and vastly more important than Africa or the Americas. NZAID recognise that recipients in Asia "place high importance on building long-term, long-lasting relationships",<sup>29</sup> or in

New Zealand has also been able to direct aid to eastern Indonesia, including Papua, where the Indonesian authorities have been suspicious of Australian intentions. In years to come New Zealand may have a greater role to play in that province.

other words, New Zealand's past aid programmes in Southeast Asia have proven to be effective and therefore it makes sense to continue these patterns. Furthermore, NZAID's limited resources can clearly make a far greater impact in niche areas in Southeast Asia. New Zealand's bilateral aid is targeted to six Southeast Asian developing countries: Cambodia (\$2.04 million), Indonesia (\$8.73 million), Laos (\$1.32 million), the Philippines (\$3.37 million), Timor Leste (\$3.05 million) and Vietnam (\$3.06 million).<sup>30</sup> Aid to Thailand is at \$520,000 for the financial year 2004/05, but Thailand will be phased out as an aid recipient in the near future. (New Zealand has allocated just over \$1.3 million to China, making it the only Asian recipient of any note outside Southeast Asia – although there is a very modest amount of aid to Mongolia.) New Zealand also continues funding regional development programmes, including a longstanding commitment to the Mekong Institute. There is not a straight forward means to assess the total aid that New Zealand gives to Southeast Asia as a whole. Although bilateral aid and other forms of direct funding are quantifiable, contributions to Southeast Asia through multilateral channels such as the Asian Development Bank can only be estimated. NZAID estimated the amount allocated to Southeast Asia – bilateral and multilateral – at \$48.3 million for the financial year 2004/05.<sup>31</sup>

Aside from the usual economic development considerations of aid, Overseas Development Assistance (ODA) to Indonesia has also incorporated consideration of human rights standards and conflict prevention. To give one example of this, at the end of December 2003 New Zealand offered \$2.4 million in aid over a three-year period towards conflict prevention – including a \$100,000 grant to the International

Crisis Group (ICG).<sup>32</sup> The money will be drawn from the overall bilateral aid budget to Indonesia. In announcing the grant, Associate Minister of Foreign Affairs and Trade, Marian Hobbs stated: "We have seen the devastating effects terrorist-related violence has had in Indonesia and other parts of South East Asia."<sup>33</sup> New Zealand has also been able to direct aid to eastern Indonesia, including Papua, where the Indonesian authorities have been suspicious of Australian intentions. In years to come New Zealand may have a greater role to play in that province.

Regular aid programmes do not cover unexpected natural catastrophes. New Zealand announced NZ\$5 million of aid for tsunami relief after the December 2004 disaster, with Prime Minister Helen Clark indicating that future aid to Southeast Asia would take into account long-term rebuilding in the wake of the tsunami's destruction. Later the aid level was increased to NZ\$68 million, which has included a promise of an extra \$4 million per annum in bilateral aid to Indonesia over a five-year period on top of the \$8 million budgeted for annually. This aid places New Zealand as the ninth ranked country on the list of bilateral donors. Clark attended the ASEAN Summit for world leaders in Jakarta in January 2005, and foreign minister Phil Goff travelled to Thailand to meet forensic teams and ASEAN officials. New Zealand sent a 30-strong NZDF medical team to Indonesia to assist with relief efforts. Other defence personnel and police were also involved. New Zealand also contributed two C-130 Hercules to transport supplies. Not only did the disaster affect a region that is traditionally a recipient of New Zealand aid, but it also demonstrated the potential for the large numbers of New Zealanders living or travelling overseas to be caught up in tragedies of this nature. Australia's decision to forge the

<sup>30</sup> These figures are based on the financial year 2004/05 allocation and are unchanged from the previous financial year.

<sup>31</sup> Correspondence with John Egan, Programme Manager, Development Assistance Facilities (Asia & Latin America), NZAID, on 30 January 2005.

<sup>32</sup> The International Crisis Group's reports on Indonesia are highly regarded by diplomats and scholars alike. A number of the reports concerning regional violence and *JI* have pointed to the Indonesian government's ineptitude and even, in one case, a link between *JI* and elements of the military. Sidney Jones, ICG head in Indonesia, was essentially expelled from Indonesia (technically a non-renewal of her visa) in 2004.

<sup>33</sup> Hon. Marian Hobbs, Associate Minister of Foreign Affairs and Trade, (2003/04), "Indonesian Peacebuilding Fund Launched", 18 December, *Foreign Affairs and Trade Record*, December 2003/January 2004, p.28.

<sup>34</sup> Peter Cozens quoted in Asia New Zealand Foundation, (2004), *Seriously Asia: Final Report: Unleashing the Energy of New Zealand's Asian Links*, Wellington, p.13.

<sup>35</sup> See Pauline Keating, (2004), *Knowing Asia: The Challenge for New Zealand's Tertiary Education Sector*, New Zealand Asian Studies Society: Wellington. The report notes the disturbing trend of declining numbers and seniority of academics with specialised knowledge of Asia.

Australia-Indonesia Partnership for Reconstruction and Development to channel Australia's largest ever aid provision – A\$1 billion – is not a blueprint for New Zealand. New Zealand, unlike Australia, has chosen not to link its aid to a particular recipient, although with Indonesia bearing the most widespread destruction much of the New Zealand aid will end up in that country in any event.

On the issue of human security and governance, New Zealand and ASEAN may find that their interests do not always coincide – although one should note the ideological differences within ASEAN itself between different types of polities. ASEAN has traditionally adopted a policy of “non-interference” on questions of human rights, which may not have always sat too well with New Zealand, which has made its concerns known through private channels. New Zealand's decision to give aid to ICG, for example, must have proved awkward when then President Megawati and her cabinet (including her then Coordinating Minister for Politics and Security, and now President, Susilo Bambang Yudhoyono) supported removing its representatives from Indonesia. Having said that, New Zealand has not followed the US and European lead in placing sanctions on Myanmar. In other respects New Zealand has shown sensitivity in its public diplomacy on issues of human rights and governance. However, in terms of human rights concerns, the Philippines and Thailand have shown strong interest in issues of human security – even if not completely free of human rights problems themselves – and in this sense have moved further towards the liberal democratic model.

## PEOPLE-TO-PEOPLE LINKS

**A FULSOME ACCOUNT** of people-to-people links between New Zealand and Southeast Asia – of which there are a great many different types – is beyond the scope of this survey. But some aspects of this wide-ranging category impact on official and commercial relationships. Peter Cozens, Director of the Centre for Strategic Studies, has urged that in the interests of understanding security in the Asia Pacific region it is important that New Zealand society become more educated about Asia.<sup>34</sup> Implicit in this observation is New Zealand society's lack of knowledge about aspects of Asia, including Southeast Asia. There is a paucity of scholars who specialise in Southeast Asian issues at the tertiary level (in contrast to the enormous body of such scholars in Australia), and there are now no Southeast Asian languages taught at New Zealand universities.<sup>35</sup>

This lack of capacity makes it difficult for New Zealand to produce Southeast Asia-orientated students who might serve as a recruitment pool to assist its public and private interests in Southeast Asia. Asia:NZ's channelling of funds into scholarships for New Zealand students to take degrees at the National University of Singapore is an encouraging development that cuts across the wider prevailing trend, and is illustrative of the sort of experience that could be expanded into other parts of Southeast Asia and centres that specialise in Southeast Asia. Sydney University's Research Institute for Asia and the Pacific has recently established a Southeast Asia Research Network to serve as an inter-disciplinary, cross-university network to bring together researchers and academics focused on Southeast Asia. Tapping into Australia's extensive resources on Southeast Asia will be of critical importance for New Zealand. Other academic bridges between New Zealand

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and Southeast Asia are the linkages that exist between New Zealand and Asian universities and research institutes. These formal arrangements rest alongside a vast array of private contacts that a number of New Zealand academics maintain with universities and individuals in Southeast Asia.

A large number of students from ASEAN attend New Zealand schools and universities as fee-paying students. Making more effective use of these students may help to fill a void left with the end of the Colombo Plan scholarships. The ASEAN NZ Combined Business Council is, for example, looking at ways to match ASEAN students with work placement opportunities in New Zealand. From 8 to 10 July 2004 the inaugural New Zealand Alumni Convention was held in Kuching, Sarawak. A follow-up meeting is to be held in Wellington next year. Keeping in touch with Southeast Asians who have graduated from New Zealand universities – something that the diplomatic posts already facilitate to some extent – will continue to bind those students to New Zealand. To coincide with the December 2004 Commemorative Summit between ASEAN, Australia and New Zealand, the New Zealand government announced an increase in scholarships and other educational linkages with Southeast Asia.<sup>36</sup>

The changing demographics of New Zealand's population will facilitate people-to-people contact. New Zealand's Asian population now stands at around 7% of the total, and is one of the fastest growing communities. However, this census statistic fails to disaggregate between different Asian groups, although Northeast Asians clearly predominate. Ethnic Filipinos are the largest group from Southeast Asia, although there are communities from the other ASEAN states too.<sup>37</sup> This adds a new dynamic to New Zealand's links to Southeast Asia.

<sup>36</sup> For a full list of these initiatives see: [www.beehive.govt.nz/ViewDocument.cfm?DocumentID=21654](http://www.beehive.govt.nz/ViewDocument.cfm?DocumentID=21654)

<sup>37</sup> The New Zealand census data from 2001 offers the following numbers for Southeast Asians, by ethnic category, out of a total New Zealand population of 3.6 million: Filipino (11,091), Cambodian (5,265), Thai (4,554), Vietnamese (3,462), Indonesian (2,073), "Malay/Malayan" (2,052) and Lao (1,401). The obvious methodological problem here is that this census category tends to measure ethnic groups rather than nationalities, although "Filipino" and "Indonesian" are examples of the latter. Singaporeans and ethnic Chinese and Indians from Malaysia will be subsumed in wider ethnic categories. Another way to assess the size of the Southeast Asian community is to look at the "place of birth", although this brings the problem of adding in those born in Southeast Asia to existing New Zealand families (or even Indonesian-born Dutch migrants) and excluding those born in New Zealand to Southeast Asian parents. By place of birth the numbers are as follows: Malaysia (11,460), the Philippines (10,137), Thailand (5,154), Cambodia (4,770), Vietnam (3,948), Singapore (3,912), Indonesia (3,792), Laos (1,002), and "other" (489).

“Closer engagement with the countries of Asia has become a priority in New Zealand’s foreign and trade policy.”

## CONCLUSION

<sup>38</sup> (2004), “Introduction” in the Ministry of Foreign Affairs and Trade *Annual Report, 2003/04*.

<sup>39</sup> Robert Ayson, (2000), “New Zealand and the Asia-Pacific Security: New Rationales for Engagement?”, *Contemporary Southeast Asia*, 22:2, August, pp.394-395.

<sup>40</sup> Chin Kin Wah and Michael Richardson, (2004), *Australia-New Zealand and Southeast Asia Relations: An Agenda for Closer Cooperation*, Institute of Southeast Asian Studies: Singapore, p.32.

**IT IS CLEAR THAT** New Zealand may be less involved with particular Southeast Asia countries in key areas than it was before. Military and aid relationships with some ASEAN states have been reduced, or wound down in some cases. But taken as a whole, New Zealand has engaged more with Southeast Asia in terms of the relationships with a wider number of the ASEAN states, and the breadth of those relationships. New Zealand policy makers also recognise the importance of maintaining a momentum of linkages with Asia. Prime Minister Helen Clark has stressed this particular point on a number of occasions. The Ministry of Foreign Affairs and Trade states: “Closer engagement with the countries of Asia has become a priority in New Zealand’s foreign and trade policy.”<sup>38</sup>

While New Zealand’s links with Asia are important, these links do not always match the importance of New Zealand’s stated interests. This is particularly notable in the case of Indonesia, a country of huge importance to Southeast Asian stability and of great interest/concern to New Zealand policy makers. New Zealand’s ability to affect change in Indonesia is limited. In stark contrast to the array of government and non-government linkages that exist between New Zealand and Singapore, and New Zealand and Malaysia, the lack of engagement with Indonesia is quite noticeable even though this country may be of even greater importance. That said, dealing with Indonesia has proven problematic, and remains domestically controversial.

New Zealand’s ability to influence events in Southeast Asia is usually not great. In its overall relationship with ASEAN this is both a blessing and a curse. Its lack of capacity, small size, and distance from Southeast Asia put limitations on the types of relationships that it can realistically expect. It also means that New Zealand is less vulnerable to regional difficulties to the north. Robert Ayson, in noting Canberra’s description of the “sea and air gap” between itself and Asia, suggests that for New Zealand it is more of a “sea and air chasm”,<sup>39</sup> New Zealand, with less regional reach, is largely a non-threatening entity throughout Southeast Asia, which explains why Indonesian officials placed the blame for the “loss” of Timor Leste squarely onto Australia, and in doing so ignored New Zealand’s substantial support role. Michael Richardson notes that some New Zealanders “like to think that they are less pushy”, and thus better adapted to dealing with ASEAN, than Australian counterparts.<sup>40</sup> It should be added that New Zealand policy makers have, in this regard, made a virtue out of necessity.

# ASIA NEW ZEALAND FOUNDATION

## THE ASIA NEW ZEALAND FOUNDATION

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 studies, Asia:NZ aims to promote initiatives which deepen understanding and relationships between New Zealanders and the peoples of Asia.

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