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Any notion that New Zealand is a country in which the inhabitants can safely turn their backs on the World, if that ever applied, is now truly a thing of the past. Physically insular and remote this country might be; immune from the problems preoccupying many of the governments of the international community it is not. Certainly New Zealand has a good deal going for it: a population of three million in a land area the size of the Federal German Republic; a population that is largely literate and reasonably skilled; substantial indigenous resources of water, natural gas, coal, and timber; the fourth largest extended maritime economic zone in the World; plentiful rainfall and sunshine in a temperate climate to sustain one of the most advanced grasslands livestock economies anywhere; and a political and social system that is not hidebound by the legacies of class, religion, tradition, and ideological polarisation.

Yet the New Zealanders themselves would be the first to concede that their country now faces increasingly deep-seated problems, difficult to remedy in isolation, and intertwined with external considerations. And despite their advantages, New Zealanders are increasingly at odds with each other - over national priorities of development, on social issues such as race relations, and over a lack of confidence in terms of an ability to earn the respect of self-respect. This brief article will address some of these problems facing a country still coming to terms with its own identity and place in the World.

### The Economy

Several years of inflation persisting at around 15 per cent, worrying levels of unemployment, sluggish economic growth, as well as persistent balance of payments difficulties and declining terms of trade, have all urged the New Zealand Government, headed since December 1975 by Mr Robert Muldoon, to conceptualise foreign policy primarily in terms of how it might best assist domestic economic recovery. In particular, this has been most pronounced since the second wave of oil shocks of 1979 and the further damage they sustained to New Zealand's attempts to trade its way out of its economic difficulties. Export-led recove-

ry, then, through direct subsidies to the agricultural and manufacturing interests concerned, a drive to find new markets, and continuing attempts at a diplomatic and political level to reduce protectionism in important OECD market outlets - especially the European Community - have all been part of this strategy. This has been simply described by Prime Minister Muldoon; he has unequivocally stated: "our foreign policy is trade".(1)

While exports remain dominated by traditionally strong outputs of wool, meat, dairy and processed food products, significant growth has also occurred in manufactures and forest products. Market diversification has also taken place to some effect: the traditional British market, which took 50 per cent of exports in 1960, took 14 per cent in 1980 - this comparable to the percentage of total exports going to New Zealand's other big three markets, Australia, Japan and the United States. Although less stable as markets, the Middle East and the Soviet Union have proved important outlets for New Zealand exports in recent years. Nevertheless OECD markets were still taking three quarters of exports (74 per cent) in 1980, meaning that New Zealand has remained vulnerable to prevailing economic conditions and trade policies in these countries.

Despite a real growth in exports, the declining value of the New Zealand dollar, escalating costs of so-called invisibles such as shipping, and the continuing strain on foreign exchange holdings through energy imports, New Zealand now finds it increasingly difficult to maintain the living standards and welfare state to which the electorate and their representatives alike feel entitled. Borrowing remains high as successive governments have sustained budget deficits, incurred as much through the exigencies of a three-yearly cycle, as the need to import the capital items planned to develop greater self-sufficiency in energy.

#### Closer Economic Relations with Australia

Probably the most significant current initiative to permit New Zealand's troubled economy the scope for needed growth has been the CER (closer economic relations) Agreement with Australia, which aims to create a free trade area between the two countries. The core of the new agreement is the removal of tariffs and quantitative restrictions between the two countries during the next decade.

It is likely that progress towards full implementation of the agreement will be gradual, with tariff reductions in the

first instance, and only then a phasing out of important licensing and export subsidies. While New Zealand has advantages through the competitive edge of its weaker dollar and relatively cheaper labour costs, old attitudes of protectionism and insulation may die only slowly among New Zealand's less efficient commercial enterprises.

To date, the wider political implications of a closer Australian-New Zealand link have gone undebated. For Labour parliamentarian and spokesman on constitutional affairs, Mr Geoffrey Palmer, this has: "tended to have been treated as if it were a technical trade negotiation. In fact it has the possibility of being much more than this... If we are going to remove all restrictions between the two countries on the movement of capital, labour, goods, there are long term implications. In time it will lead to the development of some institutional framework to deal with these problems".(2) Because the foreign policy style of New Zealand is one of short-run pragmatism, then it is unlikely to plan the growth of its developing bilateral relationship with Australia along lines that take full account of the wider advantages of doing so.

### The Wider Regional Setting

Closer economic relations between Australia and New Zealand will necessarily assume ramifications for the wider South Pacific to which both countries are linked through individual as well as joint trade, aid, and cooperative ventures. Both countries are members of the 13 member South Pacific Forum, a political body comprising the governments of independent and selfgoverning countries of the South Pacific. Formed in 1971, this evolved from a concern evinced by leaders of newly independent countries to discuss matters on a common, yet informal basis, and from a realisation that a concerted regional approach was required to overcome particular problems. The Forum operates without rules, constitution, or prescribed powers and functions, yet would regard itself stronger for doing so and reaching its decisions by consensus.

It was through this body that the South Pacific Regional Trade and Economic Agreement (SPARTECA) was signed, coming into effect in 1981. This Agreement allows for duty-free and unrestricted access to the New Zealand market for almost all products exported by Forum Island countries on non-reciprocal basis. It is probable that for this Agreement to assist such countries as Tonga, Western Samoa, the

Solomon Islands, Vanuatu, as well as stronger economies such as Fiji, then better shipping services and greater agricultural productivity by the Island economies will be required.

These needs are to the forefront of New Zealand's development assistance policies towards the South Pacific. At 38 million \$NZ for 1982-83, most aid provided by New Zealand in the form of official development assistance is allocated to the South Pacific.

Yet of that aid a substantial amount is spent on New Zealand goods and services or salaries of personnel. Furthermore, of the commodities exported to New Zealand from the Pacific, most arrive in a raw, unprocessed form so that much of the profit from their sale accrues to New Zealand firms processing and marketing them. Nevertheless, New Zealand has instigated aid programmes to effect in fields as diverse as forestry, agriculture, health, and public utilities (as major projects) to a wide range of technical assistance and training programmes in energy development, fisheries, horticulture, and local transportation.

Although New Zealand has attempted to strengthen the overall fabric of regional cooperation by maintaining strong diplomatic and political support for the South Pacific Forum, some parts of the South Pacific claim greater attention than do others. Included here are the territories for which New Zealand has had colonial or trusteeship responsibilities, namely independent Western Samoa, the fully self-governing Cook Islands and Niue, and the tiny atolls of Tokelau still the responsibility of Wellington.

Because it remains possible to appeal court cases to the Judicial Committee of the Privy Council in Britain, and because such a case was taken by a West Samoan appellant in New Zealand to that body on the grounds that she be permitted permanent residence in New Zealand, the question of old colonial relationships has again assumed significance. In a decision that overturned the unanimous findings of the New Zealand Court of Appeal, the Privy Council found in favour of the appellant who had claimed earlier legislation passed in New Zealand when that country had responsibility for Western Samoa under the League of Nations mandate, and under which full New Zealand citizenship was open to Samoans, was still valid. This was a decision that took the governments of New Zealand and Western Samoa completely by surprise since it had the effect of conferring the citizenship of the former on more than half of the 160,000 population of the latter.(3)

While the lack of jobs and shortages of lower cost housing would deter many Samoans from entering New Zealand, the issue of migrant workers has assumed considerable sensitivity if not resentment, not least among the workers concerned themselves. This has arisen through the inconsistent administrative treatment they have received from the New Zealand authorities regarding enforcement over lapsed work permits. Previous mishandling of these matters is an experience the New Zealand Government now appears anxious to avoid, not just in domestic human terms, but in relation to its wider interests in the South Pacific and the Commonwealth.

### The 1981 South African Springbok Rugby Tour

There is little doubt that the decision by the New Zealand Rugby Football Union to invite a South African side to tour in 1981, this a clear breach of guidelines laid down in the 1977 Gleneagles agreement reached between Commonwealth Heads of Government, proved a most unfortunate episode for New Zealand's sport, its community and foreign relations in general, and its links with the Commonwealth in particular. The visit polarised the local community like no other in recent memory. In the words of a South African observer: "The damage arose from the fact that the tour touched the homes and hearts of New Zealanders, reaching an audience much wider than the rugby faithful. Even before the Springboks arrived, and especially as the tour progressed, families and old friendships were torn apart and, in a normally placid society, clear battlelines drawn which may take years to erase."<sup>(4)</sup>

It appears that at no stage did the New Zealand Government actually call on the Rugby Union to abandon the Tour. Indeed, the Prime Minister's advice to the Rugby Union that it "think well" before making its decision was greeted with widespread dismay by those who saw the visit damaging New Zealand's standing as a country that rejected outright the racial discrimination inherent in apartheid, and as a country prepared to take its responsibilities seriously as an international citizen. Such failure to do so, it was noted, stood in some contrast to the position adopted by the Australian Government and its refusal to allow the Springbok players transit visas.

The 1981 Tour soured relations between Commonwealth Secretary General, Sir Shridath Ramphal, and Prime Minister Muldoon, especially after it was decided to move the

Commonwealth Finance Ministers meeting from its planned venue of Auckland, New Zealand. Nor can there be any doubt that Prime Minister Muldoon found himself in a clear minority through his tactics at the October 1981 Commonwealth Heads of Government meeting, where he openly downgraded the so-called Melbourne Declaration outlining a set of principles regarding the steps needed to remedy the gap between rich and poor countries.

### Law of the Sea and Antarctica

While Law of the Sea and Antarctic issues have not assumed anything like the public salience that was aroused by the heat and controversy of the Springbok Tour, both touch important questions affecting New Zealand's interests.

The refusal in 1982 by the United States to sign the Law of the Sea Convention was greeted with concern by the New Zealand Government. Foreign Minister Warren Cooper maintained that New Zealand, along with other Western countries, had achieved significant compromises at the final negotiating session to get the Reagan Administration to back the Treaty. He also warned against the United States coming to an independent seabed mining arrangement with industrialised countries.(5)

During the final April 1982 Law of the Sea negotiations, New Zealand, along with Australia, Canada, Ireland, Switzerland and the Nordic countries, attempted to bridge the gap that the United States insisted was so wide (but which in fact was amenable to reconciliation) regarding the deep seabed mining arrangements. Along with the governments with which it cooperated, New Zealand has been concerned to prevent confrontation and retaliation emerging between the developing countries and the United States for fear this could endanger an arrangement which, in the main, has been of considerable advantage to New Zealand.(6)

At stake are not just the mineral and living bounty available through prior access to the fourth largest exclusive economic zone in the World, but jurisdiction over the continental shelf resources beyond that limit. Already the domestic fishing industry has developed substantially in recent years to capitalise on these opportunities; tonnages caught have increased, export earnings have been enhanced, while newer technology through joint ventures has been introduced. It has to be recognized however, that the latter development has generated certain frictions through domestic apprehensions regarding the extent to which foreign-

based operations have exerted undue pressure on existing fish resources.

Of the non-renewable resources, there are large quantities of phosphorites on the Chatham Rise to the East of New Zealand and also manganese nodules in the Southwest Pacific Basin. Under a 1976 technical and scientific cooperation agreement, New Zealand and the German Federal Republic have identified the Chatham Rise phosphorites as an area for joint cooperation in exploration and feasibility studies. But it is the oil and gas exploration developments that are likely to dominate mineral resource development in New Zealand waters for the next decade. The Taranaki Basin, where the vast Maui field is located and where exploitation has already begun, will almost certainly remain the most propitious area for exploitation in the immediate future.

Towards Antarctica, New Zealand has important responsibilities as an original participant to the 1959 Treaty - an agreement that now has 14 consultative parties including West Germany. Such countries are those that have demonstrated their interest in Antarctica by conducting substantial scientific research activity there, through the establishment of a scientific station, or the despatch of a scientific expedition. Of the 14 consultative parties, half are countries with sovereign claims, although these go unrecognized by the United States and other non-claimants. All parties accept, however, the necessity to reach an accommodation which prejudices the position neither of claimants nor non-claimants on the sovereignty question.

In 1970, New Zealand suggested to fellow Treaty participants that the lack of provisions regarding the management of any future resource exploitation, and the possible conflict such activity might engender with conservation and environmental needs, should be squarely faced. The importance of doing so had increased by the mid-1970s with the confirmation that Antarctica possessed substantial amounts of protein-rich sea krill, the oil shocks had occurred leading to greater interest in exploration possibilities, while the Law of the Sea negotiations were well in hand legitimising the concept of a common heritage of mankind for the global commons.

At a June 1982 meeting in Wellington, the consultative parties agreed on the need to preserve and strengthen the existing treaty by establishing a minerals regime under the existing arrangement. All delegations placed considerable emphasis on the need to protect the fragile Antarctic environment from activities connected with the exploration and

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exploitation of Antarctic minerals. Unsettled is the question of who would actually mine resources in the Antarctic and on what basis they would do so. That the consultative parties comprise, in the main, of countries that are among the more affluent and technologically advanced will not have escaped the notice of Third World countries that have now acquired experience from other settings in demanding justice from the rich on resources issues. At any rate, New Zealand is well placed to play an important bridging role in interpreting the demands and interests of countries with an interest in Antarctica, be they claimant or non-claimant Treaty partners, be they inside or outside the existing Treaty framework. Following the 1982 Wellington meeting, it was believed the negotiation of an effective minerals regime would take a further two to three years of substantial consultation.

#### The Major Challenge?

While New Zealand remains firmly attached to the ANZUS security treaty linking it to Australia and the United States, and while this policy continues to command bipartisan support, doubts have increased in New Zealand as to whether membership in this alliance can be characterised as constituting the cornerstone of the country's foreign policy. Other needs and demands are making their presence felt: regional links with the newly independent countries of the South Pacific, where there is open disquiet regarding American policy towards the Law of the Sea; continuing calls from within the Labour Party and Trade Unions, as well as a number of non-governmental groups, that New Zealand work for the creation of a nuclear weapons free zone in the South Pacific; the attitude of an older generation of New Zealanders who backed the Government in its support of British handling of the Falkland crisis; the realisation that close security and political links are no guarantee that trade advantages will accrue.

Of greater significance however, certainly in the longer run, is a more insidious threat to the conduct of New Zealand's foreign policy: namely, the belief that in an increasingly hostile and difficult world of intensifying conflict, trade protectionism, and disavowal of civilised norms of behaviour, there is little if anything that a small state such as New Zealand can achieve on the international stage. Although its international experience is relatively recent, New Zealand has maintained a generally active profile in the



pursuit of its national goals and interests. It is that approach that is now under threat, although the reasons for this lie as much within New Zealand and the attitude of its Government and people, as they do beyond its shores.

#### Notes

- 1 Interview with Prime Minister Muldoon, New Zealand International Review, Vol.v, No.1 (January-February 1980), p.2.
- 2 Geoffrey Palmer, MP, speech of 15 May 1982 to Otago Foreign Policy School and entitled Australia - New Zealand Closer Economic Relations: Some Constitutional and Political Implications, unpublished, p.7.
- 3 See The Bulletin (Sydney), August 3, 1982, p.82.
- 4 Peter Vale, "A Year After, The Scars Still Show", Sunday Times (Johannesburg), July 18, 1982.
- 5 The Dominion (Wellington), July 13.
- 6 Press Release by Prime Minister Muldoon, Wellington, May 4, 1982.