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New Zealand: Background and Bilateral Relations with the United States

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Summary

New Zealand is a close partner of the United States and welcomes a U.S. presence in the Asia-Pacific region. New Zealand and the United States engage each other across a broad spectrum of policy areas, including countering Islamist extremism, South Pacific regional issues, intelligence cooperation, the Trans-Pacific Partnership (TPP), and Antarctica. Issues for Congress related to New Zealand, therefore, include oversight and appropriations related to international security cooperation, counterterrorism (CT) and countering violent extremism (CVE), intelligence cooperation among the so-called “Five Eyes” nations, which include New Zealand, and TPP. U.S.–New Zealand ties are bolstered by shared cultural traditions and values as well as on common interests. New Zealand is a stable and active democracy that supports liberalizing trade in the Asia-Pacific region. New Zealand also has a history of fighting alongside the United States in major conflicts including World War I, World War II, Korea, and Vietnam. New Zealand is a regular contributor to international peace and stability operations and has contributed troops to fight militant Islamists in Afghanistan, where New Zealand had a Provincial Reconstruction Team (PRT) in Bamiyan Province, and more recently in Iraq where it is training Iraqi military personnel. As a small nation, New Zealand supports a rules based international order, collective approaches to promote stability and the peaceful resolution of disputes.

During the mid-1980s, the United States suspended its alliance commitments to New Zealand due to differences over nuclear policy. New Zealand legislation made the country nuclear-free, which had the effect of barring visits from nuclear-powered or nuclear armed ships. The United States had, and still has, a policy of neither confirming nor denying the presence of nuclear weapons on U.S. Navy ships. These differences over nuclear policy significantly constrained the relationship for many years.

The bilateral relationship between the United States and New Zealand was strengthened significantly through the signing of the Wellington Declaration in November 2010. The Wellington Declaration, and a subsequent Washington Declaration (2012), opened the way for increased military exchanges and joint participation in military exercises. With the Wellington Declaration, then-Secretary of State Hillary Clinton and New Zealand Prime Minister John Key signaled that differences over nuclear policy had been set aside as the two described the bilateral relationship as the strongest and most productive it had been in 25 years. New Zealand is now a participant in the U.S.-hosted Rim of the Pacific (RIMPAC) naval exercise. RIMPAC, the world’s largest maritime military exercise, seeks to promote interoperability among participating militaries.

New Zealand states that it favors an open and inclusive strategic and economic architecture in the Asia-Pacific region. As an early proponent of liberalized trade in the Asia-Pacific, Wellington sought to promote trans-Pacific multilateral trade through the P-4 (Pacific Four) trade agreement among New Zealand, Brunei, Chile, and Singapore, which came into force in 2006. Some view the P-4 as helping set the scene for the more ambitious, but still unratified, Trans-Pacific Partnership (TPP) trade agreement, negotiated by 12 countries including the United States and New Zealand.

New Zealand has shown a commitment to humanitarian assistance and conflict resolution both in the South Pacific and beyond. In the South Pacific region, it provides foreign assistance and disaster relief and is widely credited with promoting regional stability. Like the United States, New Zealand participates in the annual Pacific Partnership maritime operation, which seeks to improve humanitarian assistance and disaster relief preparedness in the Indo-Asia-Pacific region. New Zealand’s commitment to promoting regional security is demonstrated by its past role in helping to resolve conflict in places such as Bougainville, Papua New Guinea, Timor Leste, and

the Solomon Islands. New Zealand has also contributed to peace operations in places such as Bosnia, Sierra Leone, and Kosovo outside its region. More recently, New Zealand provided disaster relief to Fiji in the wake of the Cyclone Winston.

The National Party, led by Prime Minister Key, and the Labour Party, led by Andrew Little, have traditionally been the two leading political parties in New Zealand. New Zealand has a Mixed Member Proportional (MMP) electoral parliamentary system. The next election is due by November 2017.

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Overview

The United States and New Zealand work together in bilateral, regional, and global contexts to address common interests in the areas of defense, foreign affairs, and trade. Bilateral and multilateral military-to-military exercises involving the two countries have increased in number since the signing of the Wellington Declaration of 2010 and the Washington Declaration of 2012. The United States and New Zealand are both among the 12 nations that negotiated the still unratified Trans-Pacific Partnership (TPP) agreement.

In a February 2016 statement marking New Zealand National Day, Secretary of State John Kerry noted that

The United States and New Zealand are both Pacific countries, and our enduring and vital bonds of friendship reach across the great expanse of ocean, and indeed, around the globe. We work together to advance democratic freedoms, fair and open systems of trade, inclusive economic growth, and environmental protection. The United States highly values our partnership with New Zealand as we both strive to make the world safer, more law-abiding, and more sustainable.¹

The 2016 New Zealand Defence White Paper describes New Zealand's engagement with the United States as having "reached a depth and breadth not seen in 30 years."² Past differences over nuclear policy have now largely been put to rest by the Wellington (see appendix below) and Washington declarations.³ News reports have suggested that the United States Navy (USN) may send a ship to New Zealand later in 2016. If that were to happen, it would be the first USN ship visit to New Zealand in decades.⁴

New Zealand at a Glance

Government: A Mixed-Member Proportional (MMP) democracy with an approximately 121-seat unicameral parliament. Members are elected by popular vote in single member constituencies, including seven seats set aside for members of the Maori ethnic group. Proportional seats are selected from party lists. Members serve three-year terms of office.

Head of State: Queen Elizabeth II, represented by Governor-General Lt. Gen. Sir Jerry Mateparae.

Head of Government: Prime Minister John Key.

Natural resources: Natural gas, iron ore, sand, coal, timber, hydropower, gold, limestone.

Natural hazards: Earthquakes

Terrain: Mountainous and coastal plains, with 41% in pasture & 31% in forest.

Area: About the size of Colorado

Capital: Wellington (population 395,600) (2012)

Population: 4.5 million, with 1% growth rate (2015)

Literacy: 99%, (2014)

Life expectancy at birth: 81 years (2015)

Ethnic groups: European 74.6%, Maori 15.6%, Asian 12.2%, Pacific Islander 7.8% (2014) (Respondents could identify with more than one group.)

Livestock: Sheep 31.2 million, cattle 10.2 million, deer 1 million (2012)

Export Commodities: Dairy products, meat, wood and wood products, fruit, oil, wine.

Major Export Markets (% of total exports): China 20%, Australia 17.5%, U.S. 9.3%, Japan 5.9%. (2014)

Per Capita GDP: \$36,400 in purchasing parity power terms (2015)

GDP by Sector: Services 69%, industry 26.8%, agriculture 4.1%. (2015)

GDP growth: 2.2% (2015)

Labor force: Agriculture 7%, industry 19%, services 74% (2006)

Unemployment: 5.8% (2015)

Sources: CIA World Factbook, Economist Intelligence Unit, Statistics New Zealand, and media reports.

¹ Secretary of State John Kerry, "New Zealand National Day," U.S. Department of State, February 4, 2016.

² *Defence White Paper 2016*, Government of New Zealand, June 2016.

³ Murray Hiebert, "The Next Stage in US-New Zealand Relations," CSIS, September 2015.

⁴ Seth Robinson, "Navy May Resume Port Calls to New Zealand This Year," *Stars and Stripes*, May 16, 2016.

Background

History

New Zealand's population of approximately 4.5 million has many shared values with the United States that stem from common historical roots as settler societies of the British Empire.⁵ New Zealand, also known to New Zealanders as Aotearoa, or "the land of the long white cloud" in Maori, was first settled by the Polynesian-Maori people around the tenth century. Dutch navigator Abel Tasman discovered the western coast of New Zealand in 1642, but it was English Captain James Cook who, over three expeditions in 1769, 1773, and 1777, circumnavigated and mapped the islands. Cook raised the British flag on the Coromandel Peninsula in 1769 and claimed the area for King George III.⁶ The 1840 Treaty of Waitangi, between the British Crown and Maori Chiefs, serves as the basis for relations between the Maori and Pakeha (European) communities. Subsequent conflict over land rights led to the New Zealand Wars (1845-72) between colonial forces and Maori fighters.⁷

In 1893, New Zealand gave all women the equal right to vote. This made New Zealand the first country to do so.⁸ New Zealand attained Dominion status in relation to Britain in 1907. It gained full political independence from Britain under the Statute of Westminster Adoption Act of 1947, and in 1951 entered into an alliance with Australia and the United States, known as ANZUS. New Zealand remains a member of the British Commonwealth.⁹

New Zealand's demographic makeup defines it as a Pacific nation that is still largely European in character. New Zealand's Pacific identity stems from its geographic location, its indigenous Maori population and other more recent Pacific Island immigrants. People of Samoan descent are the largest group of Pacific Islanders in New Zealand. Maori represent 15.6% of the population while Pacific Islanders comprise 7.8%. Together these largely Polynesian people account for approximately 23.4% of the population. Auckland, New Zealand's largest city, is also the world's largest Polynesian city.¹⁰

Government and Politics

The British Monarch, Queen Elizabeth II, is the constitutional head of state of New Zealand. Her representative, the Governor General, acts on the advice of the New Zealand Prime Minister's Cabinet. New Zealand is a unicameral, mixed-member-proportional (MMP), parliamentary democracy. Elections must be held every three years. MMP was introduced in New Zealand in

⁵ While the United States and New Zealand share many values, there are important differences as well. For example the concept of "fairness" appears to be relatively more important in New Zealand when compared with the concept of "freedom" which is relatively more important to Americans. See David Hackett Fischer, *Fairness and Freedom: A History of Two Open Societies: New Zealand and the United States*, (Oxford: Oxford University Press, 2012).

⁶ "British Flag Flies for the First Time in New Zealand," <http://www.nzhistory.net/british-flag-flown>

⁷ James Belich, *The New Zealand Wars and the Victorian Interpretation of Racial Conflict*, (Auckland; University of Auckland Press, 1988).

⁸ A. E. McQueen, "New Zealand: Physical and Social Geography," in *The Far East and Australasia* (Surrey: Europa Publications, 2002), p. 889.

⁹ Fifty three countries are members of the Commonwealth. These nations ascribe to the values of democracy, human rights and the rule of law as articulated in the Commonwealth Charter and meet every two years at the Commonwealth heads of Government Meeting (CHOGM). "Member Countries," and "Our Charter," <http://thecommonwealth.org>

¹⁰ "New Zealand," CIA World Factbook, February, 2016.

1996 following a referendum in 1993.¹¹ There are 121 seats in the current parliament of which 71 are “electorate” member seats¹² (electoral districts in New Zealand are called “electorates”) including seven seats reserved for Maori candidates. The other 50 seats are selected from party lists. Each voter casts both an electorate vote and a party vote. Under the MMP system, a political party that wins at least one electorate seat or 5% of the party vote gets a share of the seats in parliament. A referendum on the MMP system in 2011 returned a 58% endorsement of the system.¹³

The center-right National Party led by Prime Minister Key and the opposition center-left Labour Party, led by Andrew Little, are the two main political parties. The National Party won 60 of 121 seats in the 2014 election with 47% of the vote and lost one seat in a by-election in March 2015 (see **Table 1**). It now rules in coalition with the Maori Party, with two seats, the United Future Party, with one seat, and the ACT New Zealand Party, with one seat. This gives the coalition the support of 63 Members and a working majority in parliament. The opposition Labour Party secured 25.1% of the vote while the Green Party’s received 10.7% of the vote in 2014.¹⁴

In March, 2016, New Zealanders were asked to choose whether to keep their current national flag, which was adopted in 1907 and includes Britain’s Union Jack at the upper left corner, or to adopt a new flag, which would not include Britain’s Union Jack. The referendum chose to keep the current flag. Some who favored a change felt that the new flag would better reflect a more multicultural and independent New Zealand.¹⁵

New Zealand Defense Policy

New Zealand’s defense policy historically supported Great Britain. In recent years, New Zealand’s independent defense policy has focused on contributing to international peace operations, New Zealand’s maritime environment, including its Exclusive Economic Zone (EEZ) and the Southern Ocean, the South Pacific, Antarctica and cybersecurity.

New Zealand armed forces made a significant contribution in support of the allied cause in World War I and World War II. Approximately 100,000 New Zealand troops, out of a total New Zealand population of 1.1 million in 1914, went to fight in battles such as Gallipoli, Passchendaele and the Somme as part of the New Zealand Expeditionary Force. This represented about half of the eligible male population.¹⁶ Several thousand more served with British and Australian forces in World War I.¹⁷ By comparison, the American Expeditionary Force in Europe numbered over 1 million troops in 1918 when the total population of the United States was 103.2 million.¹⁸ Approximately 140,000 New Zealand troops served in World War II out of a total New Zealand

¹¹ “The Road to MMP,” <http://www.nzhistory.net.nz/politics>

¹² A New Zealander’s electorate vote is cast for an individual candidate. The candidate in an electorate with the most votes wins. They do not have to win a majority of votes. A New Zealander’s second vote is for their preferred political party. MPs selected on the basis of party preferences are drawn from the political party lists. “MMP Voting System,” <http://www.elections.org.nz/voting>

¹³ “New Zealand Country Brief,” Australian Government, Department of Foreign Affairs and Trade, <http://dfat.gov.au>

¹⁴ New Zealand Country Report,” The Economist Intelligence Unit, February 25, 2016.

¹⁵ E. Roy, “New Zealand Votes to Keep its Flag After 56.6% Back the Status Quo,” *The Guardian*, March 24, 2016.

¹⁶ “New Zealand, Army WWI Casualty Lists, 1914-19,” <http://search.ancestry.com>

¹⁷ “First World War,” <http://www.nzhistory.net.nz>

¹⁸ “History: WWI,” <http://www.eur.army.mil/organization/history.htm> Total United States mobilized forces equaled 4.355 million in World War I. <https://www.pbs.org>

population of 1.6 million in 1940. They fought in places like Crete, El Alamein, and the Pacific. New Zealand troops also fought alongside American and allied troops in Korea and Vietnam.¹⁹

New Zealand's 2016 Defense White Paper has "a renewed focus on New Zealand's own backyard"²⁰ and places relatively more emphasis on protecting Southern Ocean resources, the South Pacific and Antarctica than previous Defence White Papers. It also states that

The New Zealand Defence Force must be flexible and able to conduct concurrent operations, from humanitarian and disaster response, operating in the Southern Ocean and supporting Antarctic operations, to participating in international coalition deployments. ... These challenges [for the defence force] include maintaining an awareness of and an ability to respond to activities in New Zealand's Exclusive Economic Zone, supporting New Zealand's presence in Antarctica and the Southern Ocean, as well as increasing cyber threats to Defence Force networks.²¹

The White Paper further signals "a commitment to a portfolio of planned Defence capability investments valued at close to \$20 billion over the next 15 years." One observation on the White Paper points out that many specifics have been left to the Defence Capability Plan which is expected to be issued later in 2016.²² Another observer notes that New Zealand defense spending is low when compared to security partners Australia and the United States.²³ The World Bank estimated New Zealand defense spending to be 1.1% of GDP as compared with 1.8% for Australia and 3.5% for the United States in 2014.²⁴

A Public Consultation Document was created in 2015 in preparation for production of the 2016 White Paper. The Public Consultation Document described New Zealand's strategic environment as evolving. It noted that "New Zealand's interests beyond our region are growing while the rules and values we rely on are increasingly under threat." It also noted the rising "number of actors operating within New Zealand's Exclusive Economic Zone, Southern Ocean and the Pacific Islands." The document identified "a marked improvement in our relationship with the United States ...," "China's rising global influence," an "escalation of military spending across Southeast Asia," and "increasing challenges to the rules-based international system."²⁵

Bilateral Relations with the United States

For many years after the mid-1980s, differences over nuclear policy rather than shared values or common interests defined relations between the United States and New Zealand. During the mid-1980s, the United States suspended its alliance commitments to New Zealand due to differences over nuclear policy. New Zealand legislation made the country nuclear-free, which had the effect of barring visits from nuclear-powered or nuclear armed ships. The United States had, and still has, a policy of neither confirming nor denying the presence of nuclear weapons on U.S. Navy ships. These differences over nuclear policy significantly constrained the relationship for many years. Today "virtually all of the sanctions imposed by the United States [on New Zealand] have

¹⁹ Ian McGibbon, ed. *The Oxford Companion to New Zealand Military History*, (Auckland: Oxford University Press, 2000).

²⁰ "Defence Shopping List Reflects a Resources Hungry World," *Sunday Star Times*, June 12, 2016.

²¹ Hon. Gerry Brownlee, Minister for Defence, Defence White Paper 2016, June 2016.

²² Robert Ayson, "A Force to Defend, Deploy and Protect," *The Dominion Post*, June 10, 2016.

²³ Isaac Davidson, "Defence Targets Illegal Fishers," *The New Zealand Herald*, June 9, 2016.

²⁴ "Military Expenditure (% of GDP)," The World Bank, <http://data.worldbank.org>

²⁵ Defence White Paper 2015, Public Consultation Document, Ministry of Defence, May 2015.

been lifted, and relations are now at a new normal.”²⁶ With differences no longer defining the relationship, the United States and New Zealand have in recent years expanded collaboration on areas of common concern. A Center for Strategic and International Studies (CSIS) report published in 2011 stated that the United States and New Zealand

share many common interests and strategic objectives. The countries have a strong focus on a stable and secure Asia-Pacific region and on a robust international architecture that supports and open trade and investment system, a rules based international legal framework, and sound principles of good governance.²⁷

The two nations share a commitment to promoting security and development in the South Pacific. They coordinate their support to Pacific Island states in patrolling their Exclusive Economic Zones (EEZ) to try to prevent poaching of fisheries resources. New Zealand and the United States also participate in joint humanitarian and disaster relief exercises with Pacific Island states.²⁸ The United States and New Zealand are also long-standing partners in Antarctic scientific research. The U.S. Navy support base at Christchurch, New Zealand is used to support U.S. Antarctic operations.²⁹ This is one area of bilateral cooperation that was apparently not affected by past differences.³⁰

People to People Ties

New Zealand filmmaker Peter Jackson’s *Lord of the Rings* films won 11 Academy Awards in 2004. New Zealand actors Russell Crowe and Sam Neil are well known to American audiences, as are country singer Keith Urban, the band Crowded House, opera singer Dame Kiri Te Kanawa, Mountaineer Sir Edmund Hillary and novelist Katherine Mansfield. Actress Lucy Lawless (of *Xena Warrior Princess* fame) and model Rachel Hunter are also New Zealand-born. New Zealand yachtsmen are keen competitors for the America’s Cup. The Fulbright, Axford and Harkness programs also facilitate the exchange of people and ideas between the two nations.

Several organizations and groups, some involving Members of Congress, help promote bilateral ties between the United States and New Zealand, including the United States-New Zealand Council in Washington, DC, and its counterpart, the New Zealand-United States Council in Wellington; and the bipartisan Friends of New Zealand Congressional Caucus and its New Zealand parliamentary counterpart. The U.S.-N.Z. Council was established in 1986 to promote cooperation between the two countries. It works with government agencies and business groups to this end.

The first New Zealand–United States Partnership Forum was held in April 2006. The forum brings together government, business, military and community leaders in an effort to advance bilateral relations. Speaking at the June 2015 Partnership Forum, Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel pointed to the “bonds of trust that extends throughout our diplomatic, intelligence and military relationships” before highlighting that two-way goods trade had increased from \$5 billion in 2009 to \$8 billion in 2014.³¹

²⁶ Richard Teare, “Friendly Fire: The Definitive Account of the U.S.-New Zealand ANZUS Breach,” CSIS CogitAsia, May 2013. See also Gerald Hensley, *Friendly Fire: Nuclear Politics and the Collapse of ANZUS*, (Auckland: Auckland University Press, 2013).

²⁷ Ernie Bower & Brian Lynch, *Pacific Partners: The Future of U.S.-New Zealand Relations*, Center for Strategic and International Studies, 2011.

²⁸ (name redacted), “The United States and New Zealand: Perspectives on a Pacific Partnership,” Ian Axford (New Zealand) Fellowships in Public Policy Paper, August 2012.

²⁹ “The United States and New Zealand: Forward Progress,” *The Scoop*, June 20, 2014.

³⁰ Kevin Clements, “New Zealand Paying for Nuclear Ban,” *Bulletin of Atomic Scientists*, July/August 1987.

³¹ Remarks of Assistant Secretary Daniel Russel in Auckland, “New Zealand – U.S. Partnership Forum,” U.S. Department of State, June 30, 2015.

Defense and Security Ties

Close bilateral defense cooperation between the United States and New Zealand began during World War II, when U.S. military personnel were stationed in New Zealand as they prepared for battle against the Japanese in places such as Guadalcanal and Tarawa. Between 1942 and 1944, New Zealand hosted between 15,000 and 45,000 U.S. military personnel at any given time.³² In 1951, the Australia-New Zealand-United States (ANZUS) alliance was formed.

In 1956, New Zealand joined the UKUSA Agreement, governing signals intelligence cooperation. The agreement is often referred to as the “Five Eyes” alliance. The Five Eyes countries are Australia, Canada, New Zealand, the United Kingdom, and the United States. New Zealand’s responsibilities under Five Eyes, which are handled by the Government Communications Security Bureau, include the South Pacific.³³

The Government Communications Security Bureau (GCSB) ensures the integrity and confidentiality of government information, and investigates and analyses cyber incidents against New Zealand’s critical infrastructure. The GCSB also collects foreign intelligence bearing on New Zealand’s interests, and assists other New Zealand government agencies to discharge their legislatively mandated functions. GCSB ... has two communications interception stations: a high frequency radio interception and direction-finding station at Tangimoana, near Palmerston North, and a satellite communications interception station at Waihopai, near Blenheim.³⁴

As mentioned above, during the mid-1980s, the United States suspended its alliance commitments to New Zealand due to differences over nuclear policy. New Zealand legislation made the country nuclear-free, which had the effect of barring visits from nuclear-powered or nuclear armed ships. The United States had, and still has, a policy of neither confirming nor denying the presence of nuclear weapons on U.S. Navy ships.

New Zealand in the mid-1980s wanted to distance itself from nuclear weapons but not from the United States or the ANZUS alliance. In one poll in 1987, 70% of New Zealanders wished to maintain a ban on nuclear armed or nuclear powered ships porting in New Zealand while 66% wanted New Zealand to be in an alliance with Australia and the United States.³⁵

Bilateral defense ties began to be reestablished following New Zealand’s military contribution to the wars in Afghanistan and Iraq. New Zealand’s commitment of special forces from 2001 to 2009³⁶ and regular troops and other assistance, particularly the Provincial Reconstruction Team (PRT) in Bamiyan Province, Afghanistan from 2003 to 2013,³⁷ demonstrated to many U.S. policymakers New Zealand’s value as a political, diplomatic and military partner. According to one study,

³² “US Force in New Zealand,” <http://www.nzhistory.net.nz/war/us-forces-in-newzealand>

³³ “UKUSA Allies,” Government Communications Security Bureau, <http://www.gcsb.govt.nz> and Murray Hiebert, B. Schare & C. Doyle, *In From the Cold: U.S.-New Zealand Ties Returning to Normal*, The National Bureau of Asian Research, December 2014.

³⁴ “About Us,” Government Communications Security Bureau, <http://www.gcsb.govt.nz>

³⁵ Kevin Clements, “New Zealand Paying for Nuclear Ban,” *Bulletin of Atomic Scientists*, July/August 1987.

³⁶ Murray Hiebert, B. Schare & C. Doyle, *In From the Cold: U.S.-New Zealand Ties Returning to Normal*, The National Bureau of Asian Research, December 2014.

³⁷ New Zealand’s PRT in Bamiyan ended in 2013. That said, New Zealand has continued to have Army personnel in mentoring roles at the Afghan National Army Officer Academy. NZ Army, “Current Deployments,” <http://www.army.mil.nz>

Relations began improving in the early 2000s when New Zealand sent special forces to support the U.S.-led war in Afghanistan in 2001 and a contingent of military engineers to support the U.S. mission in Iraq in 2003.³⁸

The Wellington Declaration of 2010 (Appendix B below) was a key turning point in United States-New Zealand relations. It built on ongoing improvements in the relationship to enable a reorientation of bilateral relations. The Wellington Declaration established in a public way the evolving strategic partnership. It stated that “our shared democratic values and common interests” would guide the two nations’ collective action:

Our governments and peoples share a deep and abiding interest in maintaining peace, prosperity and stability in the region, expanding the benefits of freer and more open trade, and promoting and protecting freedom, democracy and human rights.³⁹

The Declaration reaffirmed close ties and a “strategic partnership to shape future practical cooperation and political dialogue.” The agreement pointed to the need to address regional and global challenges including enhanced dialogue on regional security, practical cooperation in the Pacific, foreign ministers meetings, political-military discussions, and joint cooperation on climate change, nuclear proliferation, and Islamist extremism.⁴⁰

In 2010, President Barack Obama invited Prime Minister Key to attend the first Nuclear Security Summit and stated that New Zealand had “well and truly earned a place at the table.”⁴¹ New Zealand was the only non-nuclear state invited to the meeting. During Prime Minister Key’s visit to Washington in July 2011, President Obama described New Zealand as “an outstanding partner”⁴² The two countries instituted an annual strategic dialogue the same year.

The 2012 Washington Declaration on Defense Cooperation, which opened the way for further enhanced strategic dialogue and defense cooperation, attested to the degree to which the Wellington Declaration improved bilateral ties. This positive momentum in the relationship was sustained by subsequent developments such as then-U.S. Secretary of Defense Leon Panetta’s September 2012 lifting of a ban on New Zealand naval ship visits to the United States, announced during a visit to New Zealand.

Military exercises and cooperation in the fight against Islamist extremists in recent years have also bolstered practical aspects of the two nations’ bilateral defense and security cooperation. A 2014 White House fact sheet noted common objectives and welcomed New Zealand’s participation in RIMPAC.

The United States and New Zealand share in joint efforts to build and sustain a peaceful, secure, and prosperous Asia-Pacific region. The United States welcomes New Zealand’s participation in RIMPAC (Rim of the Pacific Exercise), the world’s largest multinational naval exercise. This will mark the first time a New Zealand navy ship will dock at Pearl

³⁸ Murray Hiebert, B. Schare & C. Doyle, *In From the Cold: U.S.-New Zealand Ties Returning to Normal*, The National Bureau of Asian Research, December 2014.

³⁹ “Wellington Declaration on a New Strategic Partnership Between New Zealand and the United States of America,” Ministry of Foreign Affairs and Trade, Wellington, <http://www.mfat.govt.nz>

⁴⁰ Office of the Spokesperson, U.S. Department of State, “Wellington Declaration on a New Strategic Partnership,” November 4, 2010. “The Wellington Declaration,” *The New Zealand Herald*, November 4, 2010.

⁴¹ Audrey Young, “NZ Earned a Place at Nuclear Summit, Obama Tells Key,” *New Zealand Herald*, April 13, 2010.

⁴² Shaun Tandon, “US, New Zealand Leaders Bond on Trade, Security,” *Agence France Press*, July 23, 2011. Tracy Watkins, “Obama Praises New Zealand’s Nuclear Efforts,” *Stuff*, April 13, 2010.

Harbor Naval Base in over 30 years, a symbol of our renewed engagement on mutual defense and security, especially in the Asia-Pacific region.⁴³

Former Secretary of Defense Hagel in 2014 “praised the growth of the bilateral defense relationship and expressed appreciation for New Zealand’s support”⁴⁴ One study in 2014 went so far as to state that improvements in relations between the United States and New Zealand “suggest that a defacto alliance has been restored.”⁴⁵

In May 2015, the United States and New Zealand held their fifth Strategic Dialogue, at which the co-chairs “reviewed the breadth of cooperation and exchanged views on regional and global matters of mutual concern, including maritime security, the coalition to counter ISIL” the Trans Pacific Partnership agreement, the health of the Ocean and development efforts in the Pacific islands.⁴⁶ New Zealand participates in the Small Group of the Global coalition to counter the Islamic State (IS/ISIL).⁴⁷

New Zealand’s contribution to the Global Coalition to Counter ISIL includes a two-year deployment of troops begun in May 2015 to Taji, Iraq, where they are training Iraqi soldiers alongside Australian troops. The training covers basic weapons skills and combat operations as well as medical and logistical skills.⁴⁸

In discussing the ANZAC Spirit of New Zealand and Australian troops, (See “Australia” section below.), United States Deputy Secretary of Defense Bob Work stated in 2015 that

For over 60 years ago, American, Australian, and New Zealander troops have served far from home, risking their lives to ensure the safety and security of their countries, and advancing peace and stability around the world. The partnership between the United States, Australia and New Zealand has led to rapid responses to the world’s worst threats and crises, no matter where they erupt.

In channeling the tenacity of the Allied troops at Gallipoli, our partnership has served as a model, galvanizing others to participate in struggles around the world. In Afghanistan, our militaries have worked side-by-side for over a decade ... And now, in Iraq, both Australia and New Zealand have become invaluable partners in the international coalition against ISIL. Proving – yet again – that our partnership is not bound by any particular geography, conflict, or adversary. This acute sense of responsibility for global well-being has required no small sacrifice from the people of Australia and New Zealand, and we are grateful for your continued friendship.⁴⁹

New Zealand also opened a consulate in Hawaii to engage more regularly with the United States Pacific Command.⁵⁰ The continuing positive trajectory of the bilateral relationship was further

⁴³ “Fact Sheet: The United States and New Zealand: Forward Progress,” The White House, June 20, 2014.

⁴⁴ “Readout of Secretary Hagel’s Meeting with New Zealand Minister of Defence Gerry Brownlee,” U.S. Department of Defense, November 24, 2014.

⁴⁵ Murray Hiebert, B. Schare & C. Doyle, *In From the Cold: U.S.-New Zealand Ties Returning to Normal*, The National Bureau of Asian Research, December 2014.

⁴⁶ U.S. Department of State, “United States – New Zealand Strategic Dialogue,” June 3, 2015.

⁴⁷ Office of the Spokesperson, “Statement by the Ministers of Foreign Affairs of the Small Group of the Global Coalition to Counter ISIL,” U.S. Department of State, February 2, 2016.

⁴⁸ New Zealand Ministry of Defence, “International Response to the Threat of Islamic State in Iraq and the Levant,” <http://www.defence.govt.nz/reports-publications/iraq/contents.html>. See also Department of Defense Press Briefing by Secretary Ash Carter and General Martin E. Dempsey in the Pentagon, April 16, 2015, <http://www.defense.gov/News/News-Transcripts/Transcript-View/Article/607041>.

⁴⁹ Speech by Deputy Secretary of Defense, Bob Work, “ANZAC Centenary,” The Pentagon, April 22, 2015.

⁵⁰ Murray Hiebert, “The Next Stage in US-New Zealand Relations,” CSIS, September 2015.

highlighted in April 2016 testimony before the House Appropriations Defense Subcommittee, by Commander of the Pacific Command Admiral Harry Harris when he stated:

Despite differences over nuclear policy, our military-to-military relationship with New Zealand, underpinned by the Wellington and Washington Declarations, is on solid footing. The New Zealand military has fought, flown, and sailed with U.S. forces since the beginning of Operation Enduring Freedom. New Zealand continues to be a respected voice in international politics and a recognized leader in the South Pacific that shares common security concerns with the U.S., including terrorism, transnational crime, and maritime security. Military-to-military relations and defense engagements with New Zealand remain strong.⁵¹

Other developments in 2016 may further enhance the bilateral relationship. The Royal New Zealand Navy (RNZN) has reportedly invited the United States Navy to send a ship to visit New Zealand in November 2016 to attend the RNZN's 75th anniversary celebrations.⁵² Under New Zealand law the Prime Minister must be satisfied that visiting ships are not carrying nuclear weapons. Such a visit by a United States Naval Ship would be the first since the mid-1980s.⁵³ New Zealand also participated in the 11th annual Pacific Partnership humanitarian operation with the United States and other navies in May 2016.⁵⁴

Regional Role in the Pacific

New Zealand's Pacific identity, derived from its geography and growing population of New Zealanders with Polynesian or other Pacific Island backgrounds,⁵⁵ as well as its historical relationship with the South Pacific informs its relationship with the region (see **Figure 1**). New Zealand has the world's fourth largest Exclusive Economic Zone.⁵⁶ New Zealand works closely with Pacific Island states on a bilateral and multilateral basis through the Pacific Islands Forum, which is based in Fiji. The Forum has in recent years focused on regional security, sustainable fisheries resources and climate change.⁵⁷ Illegal, Unregulated and Unreported (IUU) fishing is estimated by one source to be worth \$616.11 million each year or 20% of the catch in the Pacific.⁵⁸ Other sources report that IUU fishing accounts for 34% of the total catch in the Western Central Pacific.⁵⁹ New Zealand works with states in the region to help them monitor their fisheries resources. New Zealand has played a key role in promoting peace and stability in the South Pacific in places such as the Solomon Islands, Timor-Leste, and Bougainville in Papua New Guinea. New Zealand also provides development and disaster assistance to the region.

The Defence White Paper of 2016 highlights New Zealand's interests in the South Pacific.

⁵¹ Testimony by Harry Harris, Commander, United States Pacific Command, Before the House Appropriations Defense Subcommittee, April 14, 2016.

⁵² Chris Riback, "US Navy Chief to Meet NZ Military Leaders," *Roll Call*, May 16, 2016.

⁵³ Seth Robson, "Navy May Resume Port Calls to New Zealand This Year," *Stars and Stripes*, May 16, 2016.

⁵⁴ "Stage is Set for Next Pacific Partnership," *Hanford Sentinel*, May 6, 2016.

⁵⁵ "Demographics of New Zealand's Pacific Population," http://www.stats.govt.nz/browse_for_stats/people_and_communities

⁵⁶ "New Zealand's Exclusive Economic Zone," Te Ara, <http://www.teara.govt.nz>

⁵⁷ "New Zealand in the Pacific," New Zealand Ministry of Foreign Affairs and Trade, <http://www.mfat.govt.nz>.

⁵⁸ Michael Field, "How China's Illegal Fishing Armada is Plundering the South Pacific," <http://thespinoff.co.nz/media/>

⁵⁹ "Illegal Fishing," <http://worldoceanreview.com>

Given its strong connections with South Pacific countries, New Zealand has an enduring interest in regional stability. The South Pacific has remained relatively stable since 2010, and is unlikely to face an external military threat in the foreseeable future. However, the region continues to face a range of economic, governance, and environmental challenges. These challenges indicate that it is likely that the Defence Force will have to deploy to the region over the next ten years, for a response beyond humanitarian assistance and disaster relief.⁶⁰

In September 2015, New Zealand pledged to increase foreign assistance to the South Pacific by \$100 million to reach a total of \$1 billion in expenditures over the next three years.⁶¹ Approximately 60% of New Zealand’s foreign assistance goes to the Pacific (see **Table 2**).⁶² Prime Minister Key has reaffirmed New Zealand’s support for the Pacific Island’s Forum and sustainable South Pacific economic development, including for sustainable fisheries in the South Pacific.⁶³

Table 1. Foreign Assistance Provided to Pacific Countries between 2006-2013

Country	Assistance in billions of USD
Australia	\$6.831
United States	\$1.770
Japan	\$1.225
New Zealand	\$1.096
China	\$1.057

Source: Philippa Brant, “Chinese Aid in the Pacific,” *Lowy Institute*, February, 2015.

New Zealand, along with Australia, the United States and Japan, has traditionally been one of the largest aid donors in the South Pacific. In recent years, China too has become a significant aid donor in the region. While much of China’s assistance is bilateral, it also provides assistance to the Pacific Islands Forum. Approximately 80% of Chinese assistance to the region is reportedly in the form of concessional loans.⁶⁴ China has become Fiji’s largest bilateral aid donor and “... it may overtake the United States as the second largest donor [behind Australia] in the region within a few years.”⁶⁵

The Solomon Islands

New Zealand has demonstrated its resolve to help maintain peace and stability in Pacific Island region through participation in operations such as the Australia and New Zealand-led Regional Assistance Mission to the Solomon Islands (RAMSI). RAMSI was first undertaken in 2003 under a Pacific Islands Forum mandate to address civil unrest and lawlessness in the Solomon Islands by restoring civil order, stabilizing governance, and promoting economic recovery.⁶⁶ Differences

⁶⁰ Government of New Zealand, 2016 Defence White Paper, June 2016.

⁶¹ John Key, “NZ Support for the Pacific to Reach \$1 Billion,” September 9, 2015, beehive.govt.nz.

⁶² Ministry of Foreign Affairs and Trade, “Strategic Direction,” <http://www.mfat.govt.nz>

⁶³ “Key Pacific Issues,” New Zealand Ministry of Foreign Affairs and Trade, <http://www.mfat.govt.nz>

⁶⁴ Philippa Brant, “Chinese Aid in the Pacific,” *Lowy Institute*, February, 2015.

⁶⁵ Philippa Brant, “The Geopolitics of Chinese Aid: Mapping Beijing’s Funding in the Pacific,” *Foreign Affairs*, March 4, 2015.

⁶⁶ “Solomon Islands,” New Zealand Defence Force, <http://www.nzdf.mil.nz/operations>

between the people of Guadalcanal and Malaita over land and natural resources and the migration of people within the country were viewed as some of the underlying causes of the conflict in the Solomon Islands.

Timor-Leste

New Zealand, along with Australia, has played a critical role in helping to stabilize Timor-Leste, which gained its independence from Indonesia following a 1999 referendum that turned violent. The law and order situation deteriorated again in 2006, leading the Timorese government to issue a call for international assistance to which New Zealand responded. New Zealand Defence Force personnel served alongside their Australian counterparts as part of the International Stabilization Force in Timor-Leste.⁶⁷ New Zealand currently has a small number of military and police personnel in Timor-Leste as part of its military assistance and community policing programs.⁶⁸

Bougainville

New Zealand played a key role in helping to facilitate peace between the Government of Papua New Guinea and rebels on the island of Bougainville in 1997. Secessionist sentiment and conflict over the Panguna copper mine on Bougainville from 1988 to 1997 led to a low-intensity conflict between the Bougainville Revolutionary Army and Papua New Guinea Defense Force that ultimately claimed over 10,000 lives.⁶⁹ The Burnham I and II dialogues hosted by New Zealand played an important part in the process that culminated in the Bougainville Peace Agreement of 2001.⁷⁰ Under the terms of the agreement, a referendum on self-determination is to be held by mid-2020. A target date of June 2019 has now been agreed to by the Papua New Guinea government and Bougainville regional government. Some factions reportedly have held onto their weapons out of concern that the PNG government would not go through with the referendum. Some observers hope that the announcement will open the way for full weapons disposal on Bougainville.⁷¹

Fiji

New Zealand, along with Australia, sent assistance in the form of naval ships, medics and engineers to Fiji following Cyclone Winston in 2016. Observers described this as the first significant engagement between New Zealand and Fiji since restoration of diplomatic ties following Fiji's elections in 2014, the first elections since a 2006 coup.⁷² New Zealand implemented a limited range of sanctions on Fiji following the December 6, 2006 takeover by Commodore Voreqe Bainimarama and Republic of Fiji Military Forces. New Zealand and other nations' sanctions sought to pressure Fiji to return to democracy and the rule of law and included

⁶⁷ "Australia Aims to Begin Troop Withdrawal From E. Timor Next Year," *Kyodo News*, April 15, 2011.

⁶⁸ "Timor-Leste," NZ Ministry of Foreign Affairs, <https://www.mfat.govt.nz>

⁶⁹ Bede Cory, "The Bougainville Peace Process," in (name redacted) ed*The Unraveling of Island Asia? Governmental, Communal, and Regional Instability* (Westport: Praeger Publishers, 2002).

⁷⁰ Bougainville Peace Agreement, UNDP Pacific Centre,

⁷¹ "Ball Rolling on Bougainville Referendum," Radio New Zealand, May 23, 2016. "Decision Set to Change Bougainville Future," *PACNEWS*, May 22, 2016.

⁷² "Aust-NZ response to Winston May Reset Diplomatic Relations," OSC Australia, March 4, 2016.

restrictions on contact with the military and the regime, travel bans, and restrictions on development assistance.⁷³

Bainimarama, who was elected Prime Minister in 2014, put in place a “Look North” policy under which relations with China have become relatively more important to Fiji.⁷⁴ China has regularly sent specially equipped vessels, used in the tracking of satellites, to the South Pacific, including to Suva Harbor in Fiji.⁷⁵ Bainimarama has argued that Australia and New Zealand should only be allowed to remain members of the Pacific Islands Forum if China and Japan are allowed to join.⁷⁶

Fiji appears to be attracting the attention of other great powers as well. India is reportedly exploring the possibility of establishing a satellite monitoring station in Fiji.⁷⁷ Russia has reportedly sent a shipment of weapons with advisors to help train the Fijian military in the use of the equipment.⁷⁸ Some observers have viewed the expansion of Chinese and return of Russian influence in Fiji and the South Pacific as indicative of diminishing influence by Wellington and Canberra in the region.⁷⁹

New Zealand’s Island Relations

New Zealand has a set of relationships with South Pacific islands that is in some ways similar to the relationships between the United States and various island nations in the Western Pacific, such as the Freely Associated States.⁸⁰ In the past, New Zealand had colonial and trusteeship relationships with the Cook Islands, Niue, and Western Samoa. Samoa became independent in 1962, while the Cook Islands and Niue became self-governing in 1965 and 1974 in “free association” with New Zealand. Tokelau and the Ross Dependency fall within the jurisdiction of New Zealand.⁸¹ These islands are concerned about the impact of projected sea level rise due to global warming and have requested related assistance from New Zealand.

Other Key External Relations

New Zealand conducts its external affairs through international fora, such as the United Nations and the Commonwealth (the Commonwealth was established in 1949 to maintain an association between countries that were once part of the British Empire),⁸² as well as through bilateral ties and other multilateral arrangements. New Zealand has traditionally had particularly close ties with the United Kingdom and Australia and is a member of the Five Power Defence Arrangements (FPDA) of 1971 (discussed below.) In recent years, New Zealand has sought to

⁷³ “Frequently Asked Questions About New Zealand’s Policy Towards Fiji,” New Zealand Ministry of Foreign Affairs and Trade, <http://www.mfat.govt.nz>.

⁷⁴ “Fiji’s Look North Policy Finds and Open Armed Russia,” *Nikkei*, February 25, 2016.

⁷⁵ “Satellite Tracking Ship in Suva,” *Fiji Sun*, August 23, 2015.

⁷⁶ “Renewed Friction Over Fiji’s Stance on Pacific Islands Forum,” *Economist Intelligence Unit*, April 29, 2015.

⁷⁷ “India for Satellite Tracking Unit in Fiji,” *Deccan Herald*, August 20, 2015.

⁷⁸ “Russian Arms Deal with Fiji Prompts Regional Concerns,” *Nikkei*, February 15, 2016.

⁷⁹ Euan Graham, “Replacing the Patrol Boats: A Smart Re-Investment Play,” *PACNEWS*, February 3, 2016.

⁸⁰ The Republic of the Marshall Islands, The Republic of Palau and the Federated States of Micronesia are Freely Associated States with the United States. For more information on U.S. policy towards the Pacific islands see Kurt Campbell, “US Policy in the Pacific Islands,” U.S. Department of State, September 29, 2010.

⁸¹ “Territories Overseas,” *The Statesman’s Yearbook 2016*, Palgrave MacMillan, 2016.

⁸² “The Commonwealth,” New Zealand Ministry of Foreign Affairs and Trade, <https://www.mfat.govt.nz>

expand its traditionally close relationships by reaching out to develop closer ties with other countries, particularly through expanded trade, with China and other Asian states.

United Nations

New Zealand holds a rotating seat on the United Nations Security Council for the 2015-16 term. Former New Zealand Prime Minister Helen Clark, who is the current head of the U.N. Development Program, is a candidate to replace Ban Ki Moon as U.N. Secretary General when he steps down on January 1, 2017. Clark was first elected to parliament in 1981. She became leader of the Labour Party in 1993. Clark served three consecutive terms as prime minister from 1999 to 2008. Responding to her candidacy for the U.N. Secretary General position, Prime Minister Key described her as “the best person for the job.”⁸³ If selected, Clark would be the first female Secretary General.

Australia

New Zealand enjoys very close relations with Australia, its neighbor across the Tasman Sea. These trans-Tasman ties are based, to a large extent, on the two nations’ common origin as British colonies. Their ties were strengthened as the two nations fought together in the Australian and New Zealand Army Corp (ANZAC) in places like Gallipoli in World War I.⁸⁴ This relationship evolved into what is known as “the ANZAC spirit” of close defense cooperation. This ongoing defense cooperation has been demonstrated most recently through the Joint Australia-New Zealand Building Partner Capacity mission in Iraq.⁸⁵ In a 2016 ANZAC Day message, U.S. Secretary of State John Kerry paid tribute to ANZAC bravery and noted that the United States has worked with Australia and New Zealand in support of Afghan security and stability. He also highlighted that the three nations are working together as part of the Global Coalition to Counter ISIL and to ensure regional stability in the Asia Pacific.⁸⁶ Economic ties between New Zealand and Australia are formalized in the Closer Economic Relations (CER) agreement, which prohibits trade tariffs between the two nations.⁸⁷ Close economic, people-to-people, and cultural ties, including the shared popularity of rugby, cricket, and other sports, further reinforce bilateral relations between these two states. Over 647,000 New Zealanders, out of a total population of 4.5 million, live in Australia.⁸⁸ In 2015, for the first time in 24 years, more people moved from Australia to New Zealand than the other direction.⁸⁹

⁸³ “Steely Clark Seen as a Natural for UN Job,” *Agence France Presse*, April 4, 2016.

⁸⁴ P. O’Brien and B. Vaughn, eds. *Amongst Friends: Australian and New Zealand Voices From America* (Dunedin: University of Otago Press, 2005).

⁸⁵ John Key, “Joint Statement Australia-New Zealand,” February 19, 2016, beehive.govt.nz

⁸⁶ U.S. Department of State, “Australian and New Zealand Army Corps (ANZAC) Day,” Statement by Secretary of State John Kerry, April 21, 2016, <http://www.state.gov/secretary/remarks/2016/04/256458.htm>. “John Kerry Praises ANZAC Bravery,” *SBS News*, April 22, 2016 <http://www.sbs.com.au>

⁸⁷ “Australia-New Zealand Closer Economic Relations Trade Agreement,” Department of Foreign Affairs and Trade, <http://dfat.gov.au>

⁸⁸ “New Zealand Country Brief,” Department of Foreign Affairs and Trade, <http://dfat.gov.au>

⁸⁹ “More people Moving from Australia to New Zealand,” *The Independent*, May 21, 2015.

China

New Zealand, like many countries in its region, has benefited economically from the rise of China while at the same time found itself in a period of increasing geopolitical uncertainty that has resulted from China's rise and growing assertiveness in the Pacific. Perhaps because of its relatively remote geographic position, New Zealanders' perceptions of China have tended to be based more on the benefits of trade rather than security concerns.

New Zealand's economy has grown in recent years while its trade with China has expanded rapidly. New Zealand in 2008 was the first organization for Economic Cooperation and Development (OECD) country to sign a Free Trade Agreement with China. New Zealand dairy exports to China grew from NZ\$0.5 billion in 2008 to NZ\$4.6 billion in 2013.⁹⁰ New Zealand established an economic cooperation agreement with Taiwan in 2013. The Agreement between New Zealand and the separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu on Economic Cooperation is known as ANZTEC.⁹¹ Overall, New Zealand exports to China grew from less than 3% of all exports in 2000 to approximately 20% of exports in 2014.⁹² New Zealand's tourism and education sectors have also been boosted by China, and Chinese investment in New Zealand has grown significantly.⁹³ New Zealand's changed economic relationship with China has "changed New Zealanders' perceptions of where their economic future now lies."⁹⁴ In 2014, New Zealand exports to China totaled \$8.8 billion while New Zealand exports to the United States totaled \$3.2 billion.⁹⁵

In discussing "Rapidly Increasing Chinese Power," the 2014 New Zealand Defence Assessment states "China's rapid economic growth has enabled an increase in its defence spending, much of which is focused on developing force projection capabilities. Chinese military power will continue to increase in relative and absolute terms." While the Defence Assessment noted a rising risk of major interstate conflict, and an increase in defense spending in the Asia Pacific region of 23% from 2010 to 2014, it remained cautiously optimistic that major conflict could be averted due to economic incentives produced by an integrated global economy.⁹⁶

The overarching security context articulated in the 2016 Defence White Paper views the rise of Asia as central to shifting global correlates of power.

By 2030 Asia is expected to have surpassed North America and Europe combined in terms of global power, a measure defined by gross domestic product, population size, military spending and technological investment. Nowhere is this shift, driven primarily by three decades of sustained economic growth in China, more striking than in North Asia.⁹⁷

⁹⁰ One New Zealand dollar equaled 71 U.S. cents in June 2016.

⁹¹ "About ANZTEC," <http://nzcio.com/node/247> & "Taiwan - NZ Pact," <https://www.nzte.govt.nz>

⁹² "New Zealand's China Policy: Building a Comprehensive Strategic Partnership," New Zealand Contemporary China Research Centre, Victoria University of Wellington, July 2015.

⁹³ Jason Young, "New Zealand's China Policy," Policy Forum, 14 July 2015, <http://www.policyforum.net/new-zealand-china-policy/>

⁹⁴ "New Zealand's China Policy: Building a Comprehensive Strategic Partnership," New Zealand Contemporary China Research Centre, Victoria University of Wellington, July 2015.

⁹⁵ Murray Hiebert, "The Next Stage in US-New Zealand Relations," CSIS, September 2015.

⁹⁶ New Zealand Ministry of Defence, *Defence Assessment 2014*, May 2015.

⁹⁷ *Defence White Paper 2016*, Government of New Zealand, June 2016.

In April 2016, China's state news agency Xinhua stated that China's government found it "baffling" that New Zealand was participating in the Bersama Shield FPDA military exercise in the South China Sea at the same time that Prime Minister Key was visiting Beijing and added that it "raises suspicions."⁹⁸

China is expanding its presence in Antarctica, which, like the South Pacific, is a region where New Zealand has significant interests. China is developing its scientific presence in Antarctica by enhancing its research capabilities, building research bases and launching ice breakers.⁹⁹ Antarctica is increasingly contested by relative new comers like China. In one analysts view, "The newer players are stepping in to what they view as a treasure house of resources."¹⁰⁰

Increased international activity in Antarctica has attracted the attention of Wellington. The 2016 Defence White Paper notes, "New Zealand has a strong interest in the preservation of the natural environment and stability in the Antarctica and Southern Ocean. In most cases the increasing international activity in the region is focused on scientific research."¹⁰¹

The United Kingdom, The Commonwealth, and the Five Power Defence Arrangements

New Zealanders' affinities for the United Kingdom (U.K.) remain strong despite the U.K.'s decision to sever its preferential trade relationship with New Zealand in order to join the European Community in 1972 and its strategic decision to largely withdraw from East of Suez by 1971.¹⁰² The decline of trade with the United Kingdom led New Zealand to search for new foreign markets. New Zealand's proactive and successful policy of export diversification has expanded New Zealand's markets to include China, Australia, the European Union, the United States, and Japan. The United Kingdom accounted for 88% of New Zealand exports in 1940. This dropped to 35.9% in 1970 and 17% by 1979.¹⁰³ Economic and strategic decisions by Great Britain may have played a role in shaping New Zealand elites' perceptions of strategic guarantees from great powers.¹⁰⁴ The Commonwealth was established in 1949 to maintain an association between countries that were once part of the British Empire. The Commonwealth has a combined population of approximately 2.2 billion.¹⁰⁵

New Zealand remains a member of the 1971 Five Power Defence Arrangement (FPDA) with the United Kingdom, Australia, Malaysia, and Singapore. The FPDA was established following the British decision to remove ground troops east of the Suez after 1971 and the Indonesian Konfrontasi.¹⁰⁶ Between 1964 and 1966, New Zealand troops, fighting with Australian and British

⁹⁸ K. Lacke, "Why NZ Should Leave the FPDA," *The Daily Blog*, May 23, 2016.

⁹⁹ "China to Expand Presence in Antarctica with New Research Bases," *Reuters*, 19 December, 2013.

¹⁰⁰ Anne Marie-Brady, University of Canterbury, as quoted in "Global Politics Arrive at the Bottom of the World Nations Rushing to Have Foothold in Antarctica," *The Plain Dealer*, January 4, 2016.

¹⁰¹ Government of New Zealand, 2016 Defence White Paper, June 2016.

¹⁰² In 1968, British Prime Minister Harold Wilson announced that British troops would be withdrawn from East of the Suez in 1971. In 1970, the Edward Heath Government moved to retain some British presence in Southeast Asia through the Five Power Defence Arrangement. P.L. Pham, *Ending 'East of Suez': The British decision to Withdraw from Malaysia and Singapore*, (Oxford: Oxford University Press, 2010).

¹⁰³ Roderic Alley, *New Zealand and the Pacific*, (Boulder: Westview Press, 1984).

¹⁰⁴ (name redacted), "The United States and New Zealand: Perspectives on a Pacific Partnership," Ian Axford Paper, August 2012.

¹⁰⁵ "The Commonwealth," New Zealand Ministry of Foreign Affairs and Trade, <https://www.mfat.govt.nz>

¹⁰⁶ Carlyle Thayer, "The Five Power Defence Arrangements: The Quiet Achiever," *Security Challenges*, February (continued...)

forces, helped the then new state of Malaysia to fight off Indonesian attempts to wrest control of north Borneo.¹⁰⁷

ASEAN

New Zealand has developed its relations with ASEAN over recent decades. New Zealand became an ASEAN Dialogue Partner in 1975. The ASEAN - New Zealand - Australia Free Trade Agreement came into force in 2010. New Zealand is active in several ASEAN centered groups such as the East Asia Summit, the ASEAN Regional Forum and ASEAN Defense Minister's Meeting (ADMM).¹⁰⁸ New Zealand signed the ASEAN Treaty of Amity and Cooperation in 2005. New Zealand is co-chair of the ADMM Experts Working Group on Maritime Security with Brunei for the period 2014-17. Two way trade between New Zealand and ASEAN totaled US\$10.7 billion in 2014.¹⁰⁹

The Environment and Climate Change

Many New Zealanders take pride in their natural environment. According to Statistics New Zealand, 72.7% of New Zealanders “were very satisfied or satisfied with the state of the lakes, rivers, harbours, oceans and coastlines,” while 84.2% “were satisfied with the state of the native bush, forests, nature reserves, and open green spaces.”¹¹⁰ International perceptions of New Zealand's clean environment have helped draw international tourists and promote New Zealand's agricultural exports. In the year ending July 2015, over 3 million tourists visited New Zealand—a nation of 4.5 million people—and spent NZ\$8.7 billion which marked an increase in spending of 28% over the previous year.¹¹¹ In September 2015, New Zealand created the Kermadec Ocean Sanctuary. The sanctuary covers a maritime area approximately twice the size of New Zealand's land mass that accounts for 15% of New Zealand's Exclusive Economic Zone.¹¹² New Zealand supports sustainable Pacific fisheries.¹¹³

In 2015, New Zealand protested the resumption of whaling by Japan in the Southern Ocean.¹¹⁴ The Government of New Zealand joined the United States, Australia and the Netherlands to state “Our Governments remain resolutely opposed to commercial whaling, in particular in the Southern Ocean Whale sanctuary established by the international whaling commission.”¹¹⁵

On the issue of climate change, New Zealand supports the goal of “limiting global temperature rise to no more than 2 degrees centigrade,”¹¹⁶ and has sought to support international efforts on

(...continued)

2007.

¹⁰⁷ “Confrontation in Borneo,” <http://www.nzhistory.net/war/confrontation-in-borneo>

¹⁰⁸ “40 Years of Partnership,” Ministry of Foreign Affairs and Trade, <https://www.mfat.govt.nz>

¹⁰⁹ ASEAN Secretariat Information Paper, “Overview of ASEAN-New Zealand Dialogue Relations,” November 5, 2015.

¹¹⁰ “New Zealand in Profile 2015,” Statistics New Zealand, Wellington.

¹¹¹ John Key, “Record 3 Million Visitors to New Zealand,” beehive.govt.nz

¹¹² John Key, “PM Announces Kermadec Ocean Sanctuary,” September 29, 2015, beehive.govt.nz

¹¹³ John Key, “New Funding Supports Sustainable Pacific Fisheries,” September 11, 2015, beehive.govt.nz

¹¹⁴ John Key, “NZ Leads Diplomatic Protest Over Japanese Whaling,” December 7, 2015, beehive.govt.nz

¹¹⁵ Office of the Spokesperson, U.S. Department of State, “Joint Statement on Whaling and Safety at Sea,” January 11, 2016.

¹¹⁶ John Key, “PM Addresses Climate Change Conference,” December 1, 2015, beehive.govt.nz

the environment and climate change. Speaking at the United Nations Climate Change Conference in Paris in December 2015, Prime Minister Key committed New Zealand to a target of reducing greenhouse gas emissions to 30% below 2005 levels by 2030. This Intended Nationally Determined Contribution (INDC) goal is equivalent to an 11% reduction below 1990 levels by 2030. The United States INDC pledge would reduce U.S. emissions by 26-28% below 2005 levels by 2025.¹¹⁷ New Zealand’s emissions trading scheme is a key policy tool for reducing emissions. The government plans to complete a review of the Emissions Trading Scheme in 2016.¹¹⁸ New Zealand has set a goal of 90% renewable electricity production by 2025. In 2015, Prime Minister Key joined 40 other nations in calling for the removal of subsidies on fossil fuels.¹¹⁹ Agricultural emissions account for 48% of New Zealand’s greenhouse gas emissions.¹²⁰ In an effort to reduce emissions from livestock, cropping and rice production, New Zealand formed the Global Research Alliance on Agricultural Greenhouse Gases in 2009.¹²¹

Economics and Trade

New Zealand is a trade-dependent nation. As such, its leaders have been strong advocates of free trade. New Zealand’s largest export markets are China, Australia, the European Union, the United States and Japan.¹²² China overtook Australia as New Zealand’s largest trading partner in 2013. New Zealand’s principal exports are dairy products, meat, timber, fish, fruit, wool, and manufactured products (see **Table 2**). New Zealand has approximately 30 million sheep, 3.5 million beef cattle, 6.5 million dairy cattle, 1 million farmed deer and 4.5 million people.¹²³ New Zealand supports liberalized trade through the World Trade Organization process but is also seeking alternative comprehensive free trade relationships in both bilateral and regional fora.

Table 2. U.S. Merchandise and Services Trade with New Zealand

Year	Exports	Imports	Trade Balance	Total Trade
2002	\$2,613,090,988	\$2,903,602,382	-\$290,511,394	\$5,516,693,370
2003	\$2,629,707,506	\$3,142,141,364	-\$512,433,858	\$5,771,848,870
2004	\$2,945,881,798	\$3,819,914,611	-\$874,032,813	\$6,765,796,409
2005	\$3,595,076,963	\$4,070,239,797	-\$475,162,834	\$7,665,316,760
2006	\$3,839,165,775	\$4,172,449,805	-\$333,284,030	\$8,011,615,580
2007	\$4,194,562,746	\$4,233,359,020	-\$38,796,274	\$8,427,921,766

¹¹⁷ The White House, “U.S. Reports its 2025 Emissions Target to the UNFCCC,” March 31, 2015.

¹¹⁸ John Key, “PM’s Statement to Parliament,” February 9, 2016, beehive.govt.nz

¹¹⁹ John Key, “PM Calls for Global Action on Fossil Fuel Subsidies,” December 1, 2015, beehive.govt.nz

¹²⁰ New Zealand Government, Ministry for the Environment, “New Zealand’s Climate Change Target: Discussion Document,” May, 2015.

¹²¹ John Key, “National Statement from New Zealand UN Climate Change Conference, Paris,” December 1, 2015, beehive.govt.nz

¹²² Statistics New Zealand, “New Zealand in Profile 2015,” <http://www.stats.govt.nz>

¹²³ “Stock Numbers Stabilize Says Beef and Lamb New Zealand,” August 13, 2010, <http://www.beeflambnz.com>

Year	Exports	Imports	Trade Balance	Total Trade
2008	\$4,148,906,801	\$4,324,814,654	-\$175,907,853	\$8,473,721,455
2009	\$3,714,504,659	\$3,609,737,340	\$104,767,319	\$7,324,241,999
2010	\$4,556,164,709	\$3,993,541,420	\$562,623,289	\$8,549,706,129
2011	\$5,709,197,846	\$4,578,658,057	\$1,130,539,789	\$10,287,855,903
2012	\$5,302,539,259	\$4,830,819,255	\$471,720,004	\$10,133,358,514
2013	\$5,332,575,120	\$4,979,824,819	\$352,750,301	\$10,312,399,939
2014	\$6,473,696,240	\$5,435,720,377	\$1,037,975,863	\$11,909,416,617

Source: Merchandise trade data from U.S. Census Bureau, services trade data from U.S. Bureau of economic analysis.

Notes: Services trade figures are estimates based on company surveys and other estimation methods. Table compiled by Gabriel Nelson.

New Zealand is among the 12 nations that negotiated the Trans-Pacific Partnership (TPP) trade agreement, which was signed by 12 nations representing 40% of the world’s economy in Auckland in February 2016.¹²⁴ The 12 nations—Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States, and Vietnam—have two years from the signing of the agreement to ratify or reject the pact.¹²⁵ In urging ratification, Prime Minister Key reportedly stated that member nations will seek alternative trade agreements, including with China, if the agreement is not ratified.¹²⁶ Secretary Kerry pointed out on April 12, 2016 “Just two weeks ago, while in Washington for the Nuclear Security Summit, Prime Minister Key of New Zealand warned that if the U.S. abdicates its leadership in the region, the role will get filled. And you all know by who.”¹²⁷ The Trans Pacific Agreement Amendment Bill was introduced to the New Zealand House of Representatives on May 9, 2016. The New Zealand government is expected to ratify the TPP agreement in 2016.¹²⁸ New Zealand has also been pursuing free trade agreements with Indo-Pacific states.

¹²⁴ For more information see CRS Insight IN10443, *CRS Products on the Trans-Pacific Partnership (TPP)*, by (name redacted) and (name redacted) .

¹²⁵ “Trans Pacific Partnership Trade Deal,” *BBC News*, February 4, 2016.

¹²⁶ “New Zealand Leader Warns Congress Not to Reject Trade Deal,” *CQ News*, March 30, 2016.

¹²⁷ John Kerry, “Remarks At the Pacific Council on International Policy,” U.S. Department of State, April 12, 2016.

¹²⁸ The Economist Intelligence Unit, “New Zealand Country Report,” February 25, 2016.

Figure 1. Map of New Zealand



Source: Map Resources; adapted by CRS.

Chronology¹²⁹

1000	New Zealand is first populated with the arrival of Polynesian Maori people.
1642	Abel Tasman of Holland makes first European discovery of New Zealand.
1769-1777	Captain James Cook explores New Zealand.
1815	European settlement of New Zealand begins.
1840	The Treaty of Waitangi is signed between the British Crown and Maori Chiefs.
1841	New Zealand becomes an independent colony of the British Empire.
1845-1872	New Zealand wars between Europeans and Maori as Europeans encroached on Maori lands.
1893	New Zealand gives all women the equal right to vote.
1907	New Zealand shifts from colonial to self-governing dominion status within the British Empire.
1914-1918	Approximately 100,000 New Zealand troops out of a total population of 1.1 million go to fight in WWI.
1915	The campaign on Gallipoli in the Dardenelles begins and represents one of New Zealand's largest contributions of personnel to the war, along with operations in Palestine.
1939-1945	New Zealand contributes forces in support of the allied powers. They fight in Crete and in North Africa at places such as Tobruk and El Alemain.
1950-1953	New Zealand sends troops to fight with U.N. forces in the Korean War.
1951	New Zealand signs the ANZUS treaty with the United States and Australia.
1960s	New Zealand sends troops to fight with the United States in Vietnam.
1983	Closer Economic Relations agreement is signed between New Zealand and Australia.
1985	Labour government of David Lange refuses to let U.S. nuclear warships enter New Zealand harbors.
1986	The United States suspends its alliance commitment to New Zealand.
1996	Mixed Member Proportional representation is introduced.
1999	New Zealand sends troops to East Timor with the United Nations. Helen Clark of the Labour Party becomes prime minister.
2002	Prime Minister Clark wins re-election over a faltering National Party.
2004	New Zealand and China begin free trade talks.
2005	Clark wins a close election over a resurgent National Party.
2006	New Zealand troops go to East Timor to quell unrest.
2008	John Key of the National Party becomes prime minister.
2010	TPP negotiations commence; Wellington Declaration signed
2011	Earthquake devastates Christchurch. John Key re-elected prime minister.
2012	Washington Declaration signed. New Zealand participates in RIMPAC naval exercises.
2014	John Key re-elected. New Zealand participates in RIMPAC for second time
2016	TPP Agreement signed in Auckland.

¹²⁹ For a detailed history of New Zealand See James Belich, *Making People: A History of the New Zealanders From Polynesian Settlement to the End of the Nineteenth Century*, (Honolulu: University of Hawaii Press, 2001) and James Belich, *Paradise Reforged: A History of the New Zealanders from the 1880s to the Year 2000*, (London: Penguin Publishers, 2002), "History – Te Ara Encyclopedia of New Zealand," <http://www.teara.govt.nz/en/history>, New Zealand History, <http://www.nzhistory.net> and "Timeline New Zealand: A Chronology of Key Events," *BBC News*, August 16, 2006.

Appendix A.

The following tables provide a look at the electoral performance of political parties in New Zealand since 2005. These data show the prominent role of the National and Labour Parties as well as the performance of smaller parties. The Green Party’s electoral performance, for example, has increased over much of the period. The Green Party, which is more critical of New Zealand’s relationship with the United States than is the National Party, received 5.3% of the vote in 2005, 6.72% in 2008, 11.06% in 2011 and 10.7% in 2014. one of the Green Party’s specific policy points is to:

Oppose New Zealand involvement in United States-led coalition military operations in Iraq and Afghanistan (but support UN peace-building there); and oppose any intelligence assistance to these wars by closing down the satellite communications interception station at Waihopai.¹³⁰

Table A-1. Selected New Zealand Political Parties and Their Electoral Performance in 2014

Party	Percentage of Vote	Seats in Parliament
National Party	47.04%	60
NZ Labour Party	25.13%	32
Green Party	10.7%	14
NZ First	8.66%	11
Maori Party	1.32%	2
ACT NZ	0.69%	1
United Future	0.22%	1
Total		121

Source: “Official Count results—Overall Status,” Chief Electoral Office, Wellington, 2014, <http://www.election.results.govt.nz>.

Table A-2. Selected New Zealand Political Parties and Their Electoral Performance in 2011

Party	Percentage of Vote	Seats in Parliament
National Party	47.31%	59
NZ Labour Party	27.48%	34
Green Party	11.06%	14
NZ First Party	6.59%	8
Maori Party	1.43%	3
Mana	1.08%	1
ACT NZ	1.07%	1

¹³⁰ “Global Affairs Policy Summary,” Green, Party of Atearoa New Zealand, <https://home:greens.org.nz/policysummary/global-affirs-policy>

Party	Percentage of Vote	Seats in Parliament
United Future	0.60	1
Total		121

Source: “Official Count results—Overall Status,” Chief Electoral Office, Wellington, 2011, <http://www.election.results.govt.nz>.

Table A-3. Selected New Zealand Political Parties and Their Electoral Performance in 2008

Party	Percentage of Vote	Seats in Parliament
National Party	44.93%	58
NZ Labour Party	33.99%	43
Green Party	6.72%	9
ACT NZ	3.65%	5
Maori	2.39%	5
Jim Anderton Progressive	0.91%	1
United Future	0.87%	1
Total		122

Source: “Official Count results—Overall Status,” Chief Electoral Office, Wellington, 2008, <http://www.election.results.govt.nz>.

Table A-4. Selected New Zealand Political Parties and Their Electoral Performance in 2005

Party	Percentage of Party Vote	Seats in Parliament
NZ Labour Party	41.1%	50
National Party	39.1%	48
NZ First Party	5.7%	7
Green Party	5.3%	6
Maori	2.12%	4
United Future	2.67%	3
ACT NZ	1.51%	2
Jim Anderton Progressive	1.16%	1
Total		121

Source: “Official Count results—Overall Status,” Chief Electoral Office, Wellington, 2005, <http://www.election.results.govt.nz>.

Appendix B.

Wellington Declaration on a New Strategic Partnership Between New Zealand and the United States

Media Note
Office of the Spokesman
U.S. Department of State
Washington, DC
November 4, 2010

Minister of Foreign Affairs for New Zealand Murray McCully and Secretary of State Hillary Rodham Clinton of the United States met today to reaffirm the close ties between their two nations and to establish the framework of a new United States-New Zealand strategic partnership to shape future practical cooperation and political dialogue.

New Zealand and the United States are both Pacific nations. Our governments and peoples share a deep and abiding interest in maintaining peace, prosperity, and stability in the region, expanding the benefits of freer and more open trade, and promoting and protecting freedom, democracy and human rights worldwide. We recall the long history of shared United States and New Zealand sacrifice in battle and we honor those, past and present, who have borne that sacrifice.

As we look to the challenges of the 21st century, our shared democratic values and common interests will continue to guide our collective efforts. The United States-New Zealand strategic partnership is to have two fundamental elements: a new focus on practical cooperation in the Pacific region; and enhanced political and subject-matter expert dialogue – including regular Foreign Ministers’ meetings and political-military discussions. We resolve to further our two nations’ joint cooperation in addressing broader regional and global challenges, such as climate change, nuclear proliferation, and extremism.

We resolve also to develop new joint initiatives that confront the challenges faced by the Pacific. Particular areas of focus are to include renewable energy and disaster response management. We recognize that climate change adaptation in the Pacific is also a priority for both countries and is an issue to which the United States and New Zealand are committed. We intend also to work closely to enhance dialogue on regional security issues.

We endeavor to develop deeper and broader people-to-people ties between the United States and New Zealand, encouraging innovation, and expanding our commercial and trade relations, building on the creativity and rich diversity of our societies.

To ensure the broadest participation of our citizens in strengthening the relationship between our two nations, we should focus efforts across our societies, including women, youth, minorities and future leaders.

We are dedicated to working together to address trade, security and development issues through APEC, the East Asia Summit, the United Nations, and other regional and multilateral institutions.

Our goal is a partnership for the 21st Century that is flexible, dynamic, and reflects our fundamental beliefs and aspirations.

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