

# New Zealand government digs in after breakdown of US-led trade talks

John Braddock  
8 August 2015

Many in New Zealand's ruling circles cautiously welcomed, at this stage, last week's failure of the intensive negotiations in Hawaii to seal the US-driven Trans-Pacific Partnership (TPP) trade and investment pact. The reaction points to the broader fissures between countries involved in the talks.

Two of the main unresolved points were among those deemed most important to New Zealand: improved access for dairy products into the US, Canada and Japan, and the demands of US pharmaceutical firms for longer patent terms for new drug treatments.

While New Zealand accounts for just 3 percent of world dairy production, it is the largest global exporter. Dairy products account for over 20 percent of the country's exports. Business and media outlets exerted considerable pressure on the government not to sign up to a deal unless it significantly opened dairy markets in competing countries.

*New Zealand Herald* columnist Fran O'Sullivan declared bluntly on August 1 that Trade Minister Tim Groser should "pack up and leave" the TPP without a good dairy deal. John Wilson, chairman of Fonterra, the world's largest dairy exporting company, flew to Hawaii to personally lobby the closed-door talks.

Prime Minister John Key also came in for criticism for failing to give sufficient assurance over potential costs for drugs and medicines. Any increase in the current five-year life for drug patents—the US is demanding 12 years—would cause major problems for New Zealand's drug-buying agency, Pharmac, which controls the purchase of pharmaceuticals for the public health system.

After the collapse of the talks, Key's government adopted a nationalist posture as the defender of "New Zealand's interests." Groser told the final media conference he was "extremely confident" countries

resisting opening their markets to competitive dairy trade would eventually be won over. Dairy Industry spokesman Andrew Hoggard commended him for holding out for "good trade liberalisation."

Protectionist opponents of the TPP also declared their satisfaction over the breakdown of the negotiations. Robert Reid, head of the First Union, told TV3 News that the New Zealand negotiators adopted a "shambolic stance" throughout the talks, but he was glad that "we possibly do not now have a TPP." Leader of the right-wing nationalist NZ First Party, Winston Peters, flatly declared the TPP a failure and said NZ should now look elsewhere for fresh deals.

Despite the fact that the talks broke down amid worsening global economic conditions, intensifying the conflicts between the governments involved, a prominent TPP critic, Auckland University's Professor Jane Kelsey, claimed that the underlying reason for the gridlock was the domestic opposition in almost all the TPP countries.

In New Zealand, opposition to the TPP has seen repeated protests attracting many thousands, since 2012. The protests have tapped into growing concerns over the increasing powers that the TPP will give to global conglomerates, particularly those based in the US. However, the anti-TPP campaign organisers have sought to divert these concerns into reactionary nationalist channels, labeling the TPP a threat to New Zealand's "sovereignty."

The protests have been co-ordinated by an assortment of trade unions, academics, Greens, and the Maori nationalist Mana Party—all dedicated to the defence of New Zealand capitalism. They represent sections of business that fear that the TPP will cut across their own operations. Maori-owned companies, which have significant stakes in tourism, forestry, fishing and

agriculture, are adamantly opposed to any “foreign” threats to their profits.

The Labour Party, which launched the TPP negotiations when in government in 2006, two years before the US moved into the trade pact, has hedged its bets over the agreement, saying it would not declare a final position until it saw the text. Last week, Labour leader Andrew Little suddenly announced TPP “red lines.” In particular, he demanded legislation to stop foreigners—particularly Chinese investors—buying New Zealand houses.

All these organisations have attempted to obscure the fundamental forces driving the TPP. Falsely presented as a “free trade” deal, the TPP is aimed at creating a vast US-dominated economic bloc. The Obama administration considers the TPP, which will involve 12 Pacific Rim nations but exclude China, to be the vital economic component of its “pivot” to Asia to counter China. Obama has insisted that if the US does not “write the rules” on trade for the twenty-first century, then they will be written by China. The TPP would require its members to scrap all legal, regulatory and government impediments to American investment and corporate operations.

Many governments in South East Asia, including New Zealand’s, confront a strategic dilemma. They have close security ties with the United States, but their major trading partner is China. The Beijing leadership has sought to utilise its economic influence to counter the diplomatic and military pressure it faces from Washington.

China has advanced, as an alternative to the TPP, the establishment of a Regional Comprehensive Economic Partnership. It would comprise Australia, Japan, India, South Korea, China and New Zealand, as well as the 10 members of the Association of South East Asian Nations. Trade Minister Groser warned in a television interview in June that if the TPP should stall until 2018, the “the rest of us will move on to other opportunities.”

This prospect has begun to alarm an increasingly bellicose and xenophobic layer around the Labour Party, unions and pseudo-left groups, who are ramping up anti-Chinese sentiment in order to divert blame for the soaring cost of housing and the deepening social crisis, while seeking to further integrate New Zealand into the war aims of US imperialism.

In a post on the trade union-funded *The Daily Blog* on

July 29, prominent pro-Labour columnist Chris Trotter announced an about-turn on his previous anti-TPP stance. Two days later, he warned his friends on the “Left” to “be careful what you wish for.” Trotter noted a looming collapse of the Chinese economy, which, he claimed, threatens to “panic China’s leaders into a series of ultra-nationalist distractions in the South China Sea or along the Sino-Indian border.” He concluded: “Having all our economic (and most of our diplomatic) eggs in a single Chinese basket could prove to be very awkward.”

Trotter and others in this milieu are raising the spectre of the country being “colonised” by Chinese investors—absurd claims that dovetail with Pentagon propaganda about Chinese “expansionism”—in order to mobilise support for US war plans throughout the Asia-Pacific region.



To contact the WSW and the  
Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**