

Growing tensions over New Zealand's ties to China

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New Zealand's deputy prime minister and foreign minister, Winston Peters, last week concluded his first trip to China, after several months in which he had played a key role in fomenting tensions over Beijing's growing influence in the Asia-Pacific region.

Peters, who leads the populist, anti-Asian New Zealand First Party in the Labour Party-led coalition government, will next month assume the role of acting prime minister when Labour leader Jacinda Ardern takes maternity leave.

During the three-day visit, Peters met Chinese Minister of Foreign Affairs Wang Yi and other high-ranking officials, including Politburo member and former Foreign Minister Yang Jiechi, and the Minister of the Communist Party International Department Song Tao.

Peters said they had "excellent discussions on issues of direct relevance for peace and security in the Asia-Pacific... and resolved to stay in close touch as we continue to encourage all parties to find a path to peace and stability on the Korean Peninsula, including through the North complying with all relevant UN Security Council Resolutions."

Peters added that the trip ended with "an agreement for future high level visits between the two countries to maintain and build on the bilateral relationship." The next round of discussions on the New Zealand-China Free Trade Agreement (FTA) are to begin in June.

China is New Zealand's second largest trading partner after Australia. The FTA, signed in 2008, has almost tripled bilateral trade and discussions about an "upgrade" of the deal were formally launched in late 2016.

Peters' trip took place amid increasingly bitter conflicts between Beijing and Washington over trade and the Trump administration's belligerence over North Korea and the South China Sea. Washington is intensifying its struggle to maintain American hegemony and has identified Russia and China as its main strategic rivals.

New Zealand has sought to maintain an ever-more

fraught balancing act between its traditional military alliance with the US and economic reliance on China. Addressing a China Business Summit in Auckland earlier this month, Ardern said her government intended to "ramp up" engagement with China. However, she expressed caution over Beijing's "Belt and Road" initiative, the multi-billion-dollar infrastructure and investment plan to link China with the rest of the world and counter Washington. Ardern said New Zealand was "still considering" how it would "engage" with the plan.

The 2008–2017 National Party government signed a "memorandum of agreement" to work with China on the initiative. In a speech to the Sydney-based Lowy institute in March, however, Peters lashed out at the decision to sign the agreement "so quickly" and suggested the new government should not feel bound by the deal.

Peters promoted the government's "Pacific reset," a policy aimed at maintaining New Zealand's neo-colonial position in the increasingly "contested strategic space," in an alliance with the US, Australia and European powers. The government's recent budget included almost \$1 billion in foreign affairs spending, mostly for aid and development in the Pacific region, while billions are being spent on the military.

Labour and NZ First have for years sought to whip up anti-Chinese xenophobia in order to more closely align New Zealand with the US military build-up. Following last September's election, the government banned house purchases from overseas, promised to cut immigration by up to 40 percent and signalled restrictions on Chinese investment. Peters called for an inquiry into foreign "interference," demanding an investigation into Chinese-born National MP Jian Yang, who he denounced as a "Manchurian candidate," i.e., a Chinese secret agent.

Ahead of his trip, however, Peters indicated he would not raise the Chinese "interference" allegations. "I'm in a job called foreign affairs and diplomacy is rather

important,” he declared. Asked whether he would raise issues regarding the South China Sea, Peters said he would not air New Zealand’s position via the media. “The Chinese would not have any respect for me if I did that, and I do want them to respect me,” he said.

In fact, the government has already made clear its alignment with Washington’s stance. Last November, Ardern said New Zealand would “intervene in North Korea if backed by a United Nations resolution.” She opposed Chinese territorial claims in the South China Sea, claiming New Zealand’s position was based on “international law” and the need for “consensus on a code of conduct.” These terms echo the “rules based order” invoked by the US—whereby it sets the “rules”—to assert its strategic interests against China.

Washington is now intensifying its pressure on the New Zealand government over its links with China. Hillary Clinton, former US secretary of state and failed 2016 presidential candidate, told an Auckland audience this month that China’s attempt to gain political power and influence is part of “a new global battle.”

Clinton claimed that Beijing is much more active in the Pacific and intent on “dominating its part of the globe through soft power and the projection of its military capabilities.” Clinton cited the work of NATO-funded Christchurch academic Anne-Marie Brady, who has called for New Zealand’s intelligence agencies to take action against Chinese “influence” in NZ politics and business.

The military-intelligence apparatuses in NZ, Australia and the US are demanding stepped-up anti-democratic surveillance measures. Testifying at an Australian Senate hearing last week, Duncan Lewis, head of the Australian Security Intelligence Organisation (ASIO), demanded the urgent passage of the government’s “foreign interference” bills to help combat the “threat” of “foreign interference” on an “unprecedented scale.”

Meanwhile, in a Washington hearing of the US-China Economic and Security Review Commission in April, former CIA analyst Peter Mattis called for a review of New Zealand’s membership in the US-led Five Eyes intelligence alliance, considered to be a “cornerstone” of New Zealand’s external security arrangements.

Mattis claimed the NZ Labour Party had accepted money from donors with links to the Chinese Communist Party, while former Prime Minister Bill English had “routinely” briefed Jian Yang on China-related matters. Mattis did not offer any evidence for his claims.

Mattis told the hearing: “Australia and New Zealand

both face substantial problems with interference by the Chinese Communist Party, [...which has] gotten very close to or inside the political core, if you will, of both countries.”

Labour’s General Secretary Andrew Kirton said the party followed the law on donations and had no idea which donor the testimony referred to. National Party leader Simon Bridges said it was “completely false” that English had routinely shared information. Bridges added, however, that the commission hearing showed there was “a growing mistrust of this government in the US.”

Also this month, a report published by Canadian Security Intelligence Service, *China and the Age of Strategic Rivalry*, stated: “New Zealand is valuable to China, as well as to other states such as Russia, as a soft underbelly through which to access Five Eyes intelligence.”

Ardern refused to comment on the report, telling the *Newsroom* website she had had “no indication that our Five Eyes membership is under question.”

Speaking to the *New Zealand Herald* on May 26, Victoria University academic Van Jackson warned Wellington against being seen as taking insufficient action in response to Washington’s “perceptions.” Jackson, who has worked in the Office of the US Secretary of Defence, said NZ so far had pushed the line that “there’s nothing to see here.” Jackson added that such a response “shows there is a problem” in US-NZ relations.



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