China retaliates over New Zealand government's Huawei ban

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The Chinese government last week initiated an apparent series of retaliatory measures against the New Zealand Labour Party government's move to ban the Chinese telecommunications giant Huawei from supplying hardware for a new generation 5G mobile technology upgrade.

New Zealand, a member of the US-led Five Eyes intelligence network, is one of several US allies pressured by the Trump administration to bar the Chinese company. The Australian government has imposed a similar ban. The measures form part of Washington's economic and military build-up against Beijing, and preparations for war.

Several incidents this month suggested a diplomatic "blowback" by Beijing against Wellington.

These include: the ongoing inability by Prime Minister Jacinda Ardern to arrange a visit to China since last year; the late cancellation of a launch event for the 2019 China-New Zealand Year of Tourism; and the mid-air turning back of an Air NZ flight over the Pacific after it was refused permission to land at Shanghai.

While there has been no formal statement from Beijing, much of the New Zealand media and the main opposition National Party have expressed concern that there has been a significant deterioration in diplomatic relations. Following the signing of a 2008 bilateral Free Trade Agreement, China quickly became New Zealand's largest export destination, accounting for nearly $NZ15.3 billion and 24 percent of total exports. China is also New Zealand's largest source of imports, amounting to $11.9 billion and nearly 20 percent of the total.

Ardern is the first New Zealand prime minister in many years not to visit China during her first 12 months in office. She dismissed concerns over the long-postponed visit, declaring that neither side had been able to "coordinate" their diaries. The major tourism event was cancelled, according to NZ officials, "due to changes of schedule on the Chinese side." In the third incident, Air NZ took responsibility for the failed flight as an "administrative issue" on its part.

A Beijing-based NZ businessman, David Mahon, told the *New Zealand Herald* that Wellington has lost its "favoured status" with the Chinese regime. Mahon said the decision to ban Huawei was the "flash point" for the changed relationship, which had been deteriorating for twelve months. "We've got a big problem. It's viewed as breach of trust," he said.

Successive New Zealand governments have sought to balance between commercial relations with China and an increasingly close military alliance with Washington. This policy has become ever more fraught as the Obama and Trump administrations have ratcheted up tensions with Beijing and demanded that US allies fall into line.

Since assuming office in October 2017, the Labour-NZ First-Green Party government has dramatically strengthened the alliance with the US. Labour gave NZ First, a right-wing nationalist and virulently anti-Chinese party, the roles of deputy prime minister, foreign minister and defence minister.

The government redeployed troops to Iraq and Afghanistan and sent air force personnel to Japan to join the encirclement of North Korea. A 2018 Defence Strategic Policy Statement echoed the Pentagon in labelling Russia and China as the main "threats" to global stability. Foreign Minister and NZ First leader Winston Peters has called on the US to boost its military presence in the Pacific region to counter China's growing presence.

These measures have been accompanied by a

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xenophobic anti-Chinese campaign within New Zealand aimed at overcoming widespread anti-war sentiment and hostility to the Trump administration. New Zealand academic Anne-Marie Brady has become a prominent figure, attacking purported Chinese "influence" in politics, business, universities, media and cultural organisations.

The Government Communications Security Bureau (GCSB) ruled last November that it would block Huawei, citing "significant" security risks. Huawei already has a significant stake in New Zealand as a supplier to Vodafone, Spark and 2Degrees. It had partnered with Spark, NZ's largest telecommunications company, for a trial mobile 5G rollout and was preparing to invest $NZ400 million in telecommunications research.

Spark and Huawei publicly opposed the ban. The deputy CEO of Huawei's New Zealand operation, Andrew Bowater, said no evidence had been presented that Huawei poses a security threat. The company last week took out full-page newspaper advertisements declaring that "5G without Huawei is like rugby without New Zealand." It has offered to exclude Chinese workers from the 5G roll-out and open up its equipment to inspection.

The government may back down and lift the GCSB's ban. The *Financial Times* last week reported that the British government has concluded that it can mitigate any supposed risk from using Huawei equipment. New Zealand's minister responsible for the intelligence agencies, Andrew Little, declared there may be a way forward for Huawei if Spark and other providers can prove the same.

Whatever decision is eventually made, China's apparent retaliation has brought to the surface significant divisions within New Zealand's media, business and political establishment.

A February 19 editorial in the *New Zealand Herald*, while underscoring the importance of the Five Eyes alliance, called on the government to "take another look at" the Huawei ban in light of the statements by British authorities. The newspaper's Heather du Plessis Allan wrote that Foreign Minister Peters needed to "get over" his "dislike of China," or be reined in by Ardern, to prevent Beijing from "tightening its squeeze" on the NZ economy.

National Party leader Simon Bridges said last November that the US and China were in a situation of "virtual war" and that New Zealand should not "take sides." Last week, he accused Ardern and Peters of endangering the China relationship, pointing to Peters' "intemperate" criticism of China's Belt and Road infrastructure projects and calls for a push against China in the Pacific.

Peters countered with an attack on former National Party Prime Minister Jenny Shipley after she was quoted in the *China People's Daily* complimenting China on "lifting 700 million people out of poverty" and praising the Belt and Road initiative. The NZ First leader said Shipley, who chairs the China Construction Bank NZ, was "selling out New Zealand's interests."

Newsroom published a hysterical comment on February 18 by financial analyst Michael Reddell, which lashed the opposition National Party for its "craven deference to China." Describing the Beijing regime as "today's equivalent of Nazi-ruled Germany," the writer denounced the presence of a Chinese-born parliamentarian, Jian Yang, in the party's caucus. NZ First and Brady have accused Yang of being a spy, without presenting any evidence.

One of the most vociferous anti-China mouthpieces, the trade union-funded *Daily Blog*, posted a tirade by the site's editor Martyn Bradbury which declared: "Our Chinese Overlords are angry—we should have angered them a lot sooner!" Bradbury's xenophobic rant attacked Chinese tourists, bus companies and restaurants, stating they made no contribution to local economic growth.

Such comments underscore the fact that there is no anti-war faction within the political establishment. The Labour-NZ First-Greens government, backed by the unions, liberals and pseudo-lefts, is fully prepared to drag the country into a US-led war against China.

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