

New Zealand foreign minister repeats call for increased US role in Pacific

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New Zealand's foreign minister, Winston Peters, used a visit to Washington last week to renew the Labour-led government's appeals for a stepped-up US presence in the Indo-Pacific to counter China's growing influence.

In Washington to attend a "Religious Freedom" gathering hosted by US Secretary of State Mike Pompeo, Peters made no criticism of Trump's fascist rants directed at four congresswomen, including Somali-born Ilhan Omar. Ludicrously, he hailed the US as a beacon of religious freedom and tolerance.

Nor did Peters, who leads the anti-immigrant NZ First Party, a partner in Jacinda Ardern's government, mention the fact that Trump was one of the political heroes of Brenton Tarrant, the fascist terrorist who killed 51 Muslim worshippers at two Christchurch mosques on March 15.

Peters was silent also on the Trump administration's brutal treatment of immigrants and asylum seekers. Peters held a separate meeting with US Vice President Mike Pence, on the heels of the latter's return from inspecting immigrant detention centres at the Mexican border. Peters reportedly has cultivated a close working relationship with Pence as part of efforts to strengthen New Zealand's military and strategic alliance with the US.

In a speech to the Centre for Strategic and International Studies (CSIS), Peters warned that the US was being left behind economically in the region and said its "limited engagement in trade agreements in the Indo-Pacific is of real concern to New Zealand."

Peters said it was in Washington's interests to secure more free trade deals (FTAs) in the Asia-Pacific, pointing out that its share of exports to the region had declined significantly over 30 years. In that time Washington had negotiated only three FTAs, with

Australia, Singapore and South Korea, which between them represent just 12 percent of Asia's economic output.

Peters noted that in 1990, 17.4 percent of all goods imported to Asia came from the US. By 2018, that share dropped to 7.4 percent. US exports to NZ fell from nearly 18 percent of its total to 10 percent. "That means that the US has lost half of its market share over a 28-year period," he declared. China's exports to NZ grew from 1 percent of the total to 20 percent over that time, becoming the country's largest source of imported goods.

Peters said New Zealand stood ready to take up Trump's offer last year to negotiate bilateral trade agreements with any country in the region. Peters was not just making a pitch for greater trade access with the US. He highlighted China's "staggering economic growth," in contrast to the US decline. Concluding a trade deal with NZ would, Peters declared, "send a signal into the Indo-Pacific that the US is in the region to stay."

Peters may have been voicing broader fears among the region's ruling elites about the impact of the intensifying US-led trade war with Beijing. China recently recorded its lowest quarterly growth rate since 1992. Singapore, one of Asia's key trading hubs, suffered a 3.4 percent decline in its growth rate for the second quarter of 2019, with non-oil exports down by 17.3 percent in June.

New Zealand's largest company and exporter to China, the dairy giant Fonterra, last year produced its first annual loss since its creation in 2001. Fonterra's net loss came to \$NZ196 million, compared with a profit of \$745 million in 2016-17. Currently as many as 1,000 forestry jobs are under threat from a 15 percent collapse in the price of logs sent to China. The wood

industry provides the country's third most valuable exports, accounting for \$NZ3.6 billion.

New Zealand faces an ongoing dilemma because of the escalating global tensions. While the economy relies significantly on trade with China, NZ has aligned itself with the Trump administration's belligerent moves against Beijing and preparations for war.

Peters has led the coalition government's "Pacific Reset" strategy, aimed at boosting Wellington's presence in the Pacific through stepped-up diplomatic, aid and military measures to counter China. New Zealand and Australia, both minor imperialist powers, view the Pacific as their sphere of influence and are alarmed at growing Chinese investment and diplomatic influence in the region.

Peters' speech reprised, on the trade front, issues he raised last December in an address at Georgetown University, where he called for a stronger US-New Zealand military and strategic alliance. Referring to China, Peters had noted that "larger players are renewing their interest in the Pacific with an attendant element of strategic competition. The speed and intensity of those interests at play are of great concern to us."

Last week, Peters declared that "six months on we reaffirm the logic of that speech" and issued a reminder that strategic partners "need to support each other economically."

The NZ media is trying to stoke anxiety over China's activities in the Pacific. On July 11, the *New Zealand Herald* published an article titled: "China's largesse in Tonga threatens future of Pacific nation." It claimed that in addition to aid packages to the tiny island kingdom, China offered low-interest loans that "could prove Tonga's undoing."

Tonga, a country of 106,000 people, owes about \$US108 million to China's Export-Import bank, equivalent to about 25 percent of Tonga's annual economic output.

China has advanced \$US1.5 billion in aid and low-interest loans in the South Pacific since 2011, putting it behind only Australia, according to an analysis by the Lowy Institute, an Australian think-tank.

Last August, Tongan Prime Minister 'Akilisi Pohiva called on Pacific nations to join it in demanding debt relief, claiming that China could snatch buildings and other assets. But he reversed his position days later,

saying Tonga was "exceedingly grateful" for China's help. Tonga had been given a reprieve and did not need to start repayments for another five years.

Tonga subsequently announced it would join China's Belt and Road Initiative, the global investment-and-lending program launched by Beijing to push back against Washington. The announcement followed a meeting in Fiji in March involving agriculture ministers from China and eight Pacific states to promote the Belt and Road as the basis for agricultural cooperation.

In response to these developments, NZ is ramping up its alliance with the US and Australia. On July 16, Radio NZ gave air time to Hugh White, professor of Strategic Studies at the Australian National University, who said the cost of trying to stop China moving into the Pacific might "prove impossible to bear." Australia, and by implication New Zealand, would be better off building military defences "for times of war."

In his recently published, *How to Defend Australia*, White argued that Australian governments should consider acquiring nuclear weapons so they did not rely entirely on the US in a "more contested and more dangerous" region.



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