

New Zealand recalibrates Pacific strategy countering China

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In a major speech on the Pacific at the NZ Institute of International Affairs on November 3, New Zealand Foreign Minister Nanaia Mahuta announced a “transition” from the Labour-Green government’s Pacific Reset policy to a focus on building “resilience” across the region.

The Pacific Reset was first announced in 2018 by Winston Peters, leader of the right-wing NZ First Party and foreign minister in the Labour-led coalition government. The strategy was aimed at boosting New Zealand’s presence in the Pacific through stepped-up diplomatic, aid and military measures to counter China’s presence.

New Zealand and Australia treat the Pacific as their sphere of influence and are increasingly alarmed at any Chinese investment and diplomatic influence. Along with Australia’s Pacific Step-up policy, Canberra and Wellington have both significantly increased their diplomatic, and above all military, presence as Washington’s aggressive confrontation with China has intensified.

Mahuta declared the government’s aim is not to replace, but to “build on” the Pacific Reset while shifting towards “resilience.” The shift, she claimed, reflects the biggest issue facing the Pacific in climate change, along with recovering from the impact of COVID-19, which has killed thousands in countries such as Fiji and Papua New Guinea.

Asked how the new approach would differ from the “reset,” Mahuta said it would be more about building “in-country capacity” among Pacific nations. The diplomatic language deliberately obscures deepening apprehension that the COVID pandemic is producing a devastating crisis within the economic and social fabric in the Pacific Islands.

The regional powers are not concerned with the health and well-being of the largely impoverished peoples, but

with further disruption to their geo-strategic dominance as international rivalries intensify. Several Pacific countries, whose vital tourism industries have been all but destroyed, are turning to Chinese-led funding agencies to prop up their budgets after exhausting traditional financing options.

Mahuta, who has previously spoken out against China’s loans in the Pacific, raised the issue of indebtedness in response to a media question. “Much of the aid that we put into the Pacific is by way of grant, and I think it’s a stark difference between how we see ourselves supporting aspirations of the Pacific and how China does,” she declared.

Unproven allegations about “debt trap diplomacy” have been advanced by Washington amid its anti-China diplomatic offensive. At a Pacific leaders’ conference in Hawaii in June, US Secretary of State Antony Blinken angrily declared that China was breaching “international standards” and using “economic coercion” in its provision of aid and concessionary loans.

Reading from the same playbook, Mahuta told her International Affairs audience that “without a concerted effort around building the medium to long term resilience of Pacific economies, not only are they vulnerable to climate change, but they’re vulnerable to increasing debt levels that will set their people back in some quite catastrophic ways potentially.”

In 2019, 67 percent of Chinese aid was given in the form of loans, mainly for infrastructure projects, up from 41 percent the year before. However, Beijing slashed its overall aid budget from \$US246m in 2018 by 31 percent, to \$US169m in 2019.

Australia and New Zealand meanwhile both boosted their financial aid. The Lowy Institute reported last month that while Canberra’s total foreign aid has shrunk, the Morrison government was “retooling” its budget towards the Pacific. Australia accounted for 42 percent of all aid to

the region between 2009 and 2019, but money directed towards health has been cut in favour of infrastructure projects as competition with China ramps up. Overall aid to the Pacific declined by 15 percent in 2019, with health spending accounting for just 11 percent of the \$US2.44bn.

The Pacific risks a “lost decade” following the pandemic, according to the Lowy Institute, with the islands’ sharpest economic contraction in four decades. The level of aid remains totally inadequate. An estimated additional \$US3.5bn will be needed for the region to recover from the pandemic. Donors, however, “appear in short supply,” it stated.

Australia and New Zealand occupy a position of neo-colonial domination over much of the Pacific. The financial and aid contributions they make are inevitably tied to protecting their own interests. The strings attached are increasingly resented by local Pacific leaders.

This is particularly the case with Canberra’s obstruction over climate change. According to a new Greenpeace report, “Australia: Pacific Bully and International Outcast,” the Australian government engages in “bullying tactics” by using aid money as a bargaining chip to “buy silence” over the existential crisis facing Pacific island states from rising sea levels. Australian National University academic Terence Wood has found that Australia’s three biggest “climate” projects dating from 2018 were all to do with “governance” and had no obvious link to climate adaptation.

The intensifying conflicts over aid and state finances are set against the escalating US-led drive to war against Beijing. Mahuta’s speech followed the announcement of the AUKUS agreement which heralds a major shift in the strategic alignments of the imperialist powers, with significant implications for the Pacific.

Prime Minister Jacinda Ardern publicly welcomed the AUKUS deal, under which the US, UK and Australia will vastly increase military cooperation as they expand their military build-up throughout the region. It includes an agreement to equip Australia with nuclear-powered submarines.

China’s deputy chief of mission in New Zealand, Wang Genhua, issued a sharp warning about AUKUS at an event hosted last week by think-tank Diplosphere, saying that it would be “almost necessary” for Australia’s submarines to have nuclear weapons. Stating that the US and UK “cannot be trusted,” Wang declared there will be “more nuclear arms race across the Pacific region, more nuclear tests, and nuclear pollution will take place in the region.”

Ardern previously claimed that New Zealand could not have joined AUKUS, even if invited, because of the country’s long-standing anti-nuclear policy. However, New Zealand remains involved in provocative military exercises. In October the naval frigate Te Kaha and an Air Force Orion joined the Bersama Gold 21 war games, alongside the UK Carrier Strike Group and allied forces in the South China Sea.

As pressure mounts internationally for New Zealand to line up explicitly with the Biden administration’s drive to war, Ardern is, publicly at least, continuing the fraught balancing act to protect the country’s crucial trading relationship with Beijing.

In an interview with US television network NBC over the weekend, Ardern welcomed Washington’s bigger “engagement” in the Indo-Pacific region, while claiming that her government simultaneously has “mature” ties with China that allow for “disagreement.” Speaking by telephone to President Xi Jinping on Friday, prior to this week’s APEC conference, Ardern emphasised that New Zealand has an “independent and values-based” foreign policy.

In fact, as a minor imperialist power, New Zealand has always relied on the backing of a dominant power in order to pursue its interests, particularly in the Pacific. In a November 4 article highlighting the dangerous flashpoint of Taiwan, the *Stuff* website argued that it is in Wellington’s interests to side with Taiwan, and the US, against Beijing in the growing conflict.

Echoing statements from Washington, the article by Lucy Craymer declared that “analysts say an invasion [of Taiwan by China] is conceivable,” threatening “the security of our region.” Craymer falsely stated that the “US military presence in the region has waned, allowing the balance of power to start to shift.” In fact, the US has moved substantial military resources into the region in the past decade, is carrying out provocative military exercises, and has sent Special Forces troops to train in Taiwan. The *Stuff* article approvingly described New Zealand’s participation in war games in the South China Sea as a “show of force” to “stand up to” China.



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