

BRAVE NEW WORLD: NEW ZEALAND FOREIGN POLICY IN THE COVID-19 ERA

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New Zealand has crushed Covid-19, but now we need to face up to the national security risks and economic challenges of the pandemic. The New Zealand government must devise a resilience strategy that will ensure our independence and sovereignty are protected in the post-Covid world.

Key findings

- Covid-19 is a global political crisis, as much as it is global health crisis
- Covid-19-free is the new national security bottom line
- New Zealand is close to eliminating Covid-19 from our nation, now we need to address the national security and economic risks of the pandemic

Executive summary

New Zealand has emerged from eight weeks of Covid-19 lockdown with the epidemic well under control. The next big challenge is how to save our economy and how to devise a foreign policy which will enable us to weather the serious economic disruptions in the international system and escalating tensions among the great powers.

Strategic Environment

Covid-19 is a global political crisis, as well as a global health crisis, and it has drastically changed the strategic environment. The Covid-19 outbreak has strengthened the power of China and Russia, and weakened the US and EU. China is following an aggressive foreign policy, engaging in a disinformation war on the origins of the pandemic, and taking advantage of the weakness of other states to assert its position in the South China Sea, India, Taiwan, and Hong Kong. Russia and Iran are also stepping up cyber warfare and disinformation about the pandemic.¹

Both China and Russia are offering conditional Covid-19 assistance to weak states. Russia sent 100 military medical personnel, accompanied by other military staff, to Italy. The FBI reported that China has launched cyber-attacks against US Covid-19 research facilities.²

Individual EU states struggled to cope with the pandemic, but the EU had no medical support for them and only belatedly talked about a financial package.³ The US appears rudderless and is deeply divided. President Trump's mishandling of the crisis is a national tragedy and has severely weakened US soft power. His failure to respond adequately to the brutal killing of George Floyd and the mass unrest that followed has exacerbated the erosion of US global leadership.



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Covid-19 is now the main cause of death in the US, with over 100,000 dead. The true numbers of coronavirus deaths in China, where the outbreak began, are as yet unknown.

The first reported case of coronavirus in Wuhan was on December 8, 2019. The seafood market it is believed to have originated from was closed down the following day, but Xi Jinping's government did not inform the WHO until December 31. Semi-quarantine measures at schools and universities were put in place in Wuhan by mid-December, but the public was not told why. More than 5 million people left the city for the lunar new year celebrations and the Wuhan city government hosted a banquet for 40,000 in an attempt to set a world record.

New Zealand, like the rest of the world, was reliant on information about the new virus from WHO. New Zealand was clearly unprepared initially, but thankfully the government heeded the advice of experts and acted remarkably fast in closing borders, initially to China, and then worldwide, and setting up protective measures before it was too late. New Zealand's China Ambassador threatened the travel ban would affect New Zealand-China trade, tourism and 'people's sentiments'.⁴

As of June 2020, more than 6 million people worldwide have contracted Covid-19 and 370,000 have died from it. Even though this is a global crisis on a scale never seen before, global cooperation to address the challenge, especially between the great powers, has been sorely lacking.

Core Risks of the Covid-19 Era

New Zealand relies for our national security on the rules-based multi-lateral system, the strength of our Five Eyes partners, and the resilience and independence of our near neighbours in the Pacific. Our economic security is dependent on trade, we make surplus food which can still be exported, but we also depend on the imports of manufactured goods from our trading partners, many of whose factories have closed due to Covid-19 lockdowns. Since the pandemic began, New Zealand has had to confront a worrying number of strategic risks, most of them beyond our control:

- China as the dominant global power
- Russia resurgent
- United States divided and weakened
- The European Union disunited
- A weak and ineffective United Nations

The New Zealand Coalition government, together with the "Team of Five Million", the people of New Zealand, has succeeded in dealing a fatal blow to the outbreak of Covid-19 in our country. Australia and our Pacific island neighbours have also managed to bring Covid-19 under control, as have an increasing number of small and medium states worldwide. Covid-19-free is the new national security bottom line.

The big question now, is how can New Zealand deal with the strategic risks of the Covid-19 crisis, and also, what foreign policy and trade advantages can we gain from our ability to control the epidemic?



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Resilience Strategy

New Zealand agricultural exports will help keep our economy going during this crisis. New Zealand has enough dairy to feed 100 million people and a cornucopia of other great food and wine. New Zealand also has an innovative services sector and small manufacturing base. We are an export-focused economy, and the standard wisdom of our trade negotiators is that we must not become dependent on any one market—no matter what incentives are offered.

The recognised definition of trade dependency is when a nation is 50 percent dependent on one market. New Zealand is now dangerously dependent on the China market. 50 percent of New Zealand imports are from China. New Zealand is strategically dependent on China for 513 categories of goods; and 144 of them have applications in critical national infrastructure.⁵ New Zealand is the most dependent on China for strategic goods of all the Five Eyes states. Meanwhile, 33 percent of New Zealand's dairy exports, 41.9 percent of meat exports, 58.3 percent of logs and timber exports, 37.5 percent of seafood exports, 46.5 percent of wool exports go to China. 28.5 percent of New Zealand's international education income comes from China.

New Zealand exporters are anxious about the political risks of the China market during the pandemic, as many of New Zealand's other economic partners are not buying our goods in their usual quantities.⁶ Normal economic activity is at a standstill in many countries.

Supply chains are also a big issue for New Zealand, as many of our imports and exports travel in the cargo holds of the international airlines which, until Covid-19, brought 5 million tourists to New Zealand annually. 90 percent of all international passenger flights to New Zealand have been suspended.

Now is the time to put maximum effort into diversifying New Zealand trade. Our trade negotiators are already working hard on this. While New Zealand was under lockdown, our diplomats initiated an agreement on supply chains and trade in essential goods, which was soon signed by eight other states.⁷ New Zealand went from being totally dependent on China for all our PPE supplies, to being able to access supplies from Spain and Taiwan. In the early stages of New Zealand's Covid-19 lockdown, China was withholding supplies to New Zealand⁸ and the Minister of Health, David Clarke, admitted that New Zealand only had a couple of weeks supply.⁹ Soon after lockdown began, the New Zealand government launched the International Air Freight Capacity Scheme, which provides subsidies for 56 cargo flights a week.¹⁰ This has ensured that New Zealand exports continue to access multiple destinations, not just the China market. New Zealand diplomats say they are using every available international connection to boost our trading relations.

On multiple levels, New Zealand is now pulling together with other small and medium states to provide economic, political, and strategic support, mitigating the China risk and the absence of US global leadership. New Zealand has joined an informal group of "First Mover" nations,¹¹ countries which have done well in suppressing Covid-19 and want to swap notes on re-opening. The group includes Israel, Austria, Denmark, Czech Republic, and Greece. New Zealand was invited to join an agreement for essential cross-border travel between Korea, Canada, Singapore, and Australia.¹² New Zealand is close to successfully concluding an FTA with the European Union, and an FTA with the United Kingdom should soon follow. Our diplomats are continuing to work on passing a meaningful New Zealand-United States FTA, though hopes for this are slim.



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Pacific island states cannot manage the pandemic on their own and are very vulnerable right now. New Zealand is partnering with Australia to offer practical assistance to our Pacific island neighbours to help them deal effectively with Covid-19.¹³ The continued independence and resilience of the island nations of the Pacific is crucial for New Zealand's own security.¹⁴

Covid-19 provides New Zealand with the opportunity to reset our foreign and trade policy. To do so, we need to return to a bipartisan foreign policy on China. If we are politically divided on such a core issue of our foreign policy, our international voice will be weakened. New Zealand needs a holistic, non-partisan, approach to facing up to the strategic risks of the Covid-19 era.

New Zealand, Taiwan, Australia, Pacific Island Forum states, and other nations who have eliminated Covid-19, should form an education, tourism and trade Covid-free bubble, what I have called a Bubble Alliance.¹⁵ New Zealand should also market itself as a safe and trustworthy place to work, for international businesses who need to escape Covid-19. International film makers and game developers are already looking to produce more content in New Zealand. When borders re-open, New Zealand may be able to attract international students who would otherwise have gone to the US or the UK to study.

The strategic challenges we face now are huge. Covid-19 is putting massive pressure on the global order. Doing nothing, like a rabbit in the headlights, is not an option. Small states like New Zealand must forge new alliances, strengthen bonds with like-minded states, and hedge on trade, so that we can maintain our independence and prosperity.

¹ <https://www.politico.com/news/2020/04/21/russia-china-iran-disinformation-coronavirus-state-department-193107>

² <https://www.us-cert.gov/ncas/current-activity/2020/05/13/cisa-fbi-joint-announcement-prc-targeting-covid-19-research>

³ <https://theconversation.com/protective-gear-rescue-packages-and-research-now-the-eu-spends-big-to-beat-coronavirus-137225>

⁴ <https://www.tvnz.co.nz/one-news/new-zealand/trade-tourism-and-peoples-sentiments-likely-drop-dramatically-due-nz-travel-ban-ambassador>

⁵ <https://henryjacksonsociety.org/wp-content/uploads/2020/05/Breaking-the-China-Chain.pdf>

⁶ https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=12331823

⁷ <https://www.beehive.govt.nz/release/covid-19-response-new-zealand-and-singapore-launch-initiative-ensure-free-flow-essential>

⁸ <https://www.rnz.co.nz/news/national/414466/it-feels-like-china-will-turn-off-tap-soon-fears-over-ppe-importation>

⁹ <https://www.tvnz.co.nz/one-news/new-zealand/live-stream-1-news-6pm-weekends>

¹⁰ <https://www.transport.govt.nz/air/government-support-for-the-aviation-sector/>

¹¹ https://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=12336097

¹² <https://www.straitstimes.com/singapore/coronavirus-singapore-australia-canada-south-korea-new-zealand-commit-to-resume-essential>

¹³ <https://www.rnz.co.nz/international/pacific-news/416364/nz-aid-to-pivot-in-the-age-of-coronavirus>



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¹⁴ Anne-Marie Brady, *Small States and the Changing Global Order: New Zealand Faces the Future*, vol. 6 (Cham: Springer, 2019).

¹⁵ <https://www.stuff.co.nz/national/politics/opinion/121113908/coronavirus-could-an-alliance-with-taiwan-help-nz-survive-the-coronavirus-cataclysm>



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