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We hear a lot at the moment that we live in turbulent times, but we shouldn't immediately jump to the conclusion that the world is any more turbulent at the moment than it has been in the past.

The endless repetition and rapid transmission of events in the world (does not necessarily mean) much greater instability or much greater threat than there has been.

And when you're at the end of the world as New Zealand is, we of course are the place where all the waves eventually wash up.

But we can't control any of that environment and, in my view, a bit of naïve kiwi optimism can take us a long way.

I've always thought it's relatively pointless analysis to say everything is horrendously complicated and going very badly.

Cicero said it, Cato said it, Saint Augustine said it, everyone has said it: it doesn't tell you what you should do.

And part of our job of course, and your job as professionals and people with an interest in foreign affairs, is to work out what to actually do.

Nothing has really changed about New Zealand's basic adherence to the institutions of our international framework. But there is no doubt that global authority is much more contested. And I've seen this just in my recent trip through the Pacific.

Not everyone takes notice of what New Zealand does. I turned up in one country which will remain unnamed.

We were driving down the street and I saw a lovely big billboard welcoming the Rt Hon Prime Minister of New Zealand, John Key.

That was before lunch.

But by after lunch, no doubt, the Ministry of Foreign Affairs had discovered it was an old one left over from John's last trip and, when we came back they had changed it.

But much of the discussion there was about the relative influence of a range of countries in the Pacific, whether it's New Zealand, Australia, China, the US, or Russia to some extent.

And it's certainly a sense of flux about who's looking to have the most interest in the Pacific and plenty of discussion about the effectiveness of their interventions, because as that discussion matures I think people start to understand that the size of your aid budget doesn't mean that you understand the Pacific the best.

And of course that is, regardless of the volatility in the rest of the world, the Pacific still remains our primary focus and the part of the globe where we can exercise our influence as part of our contribution to global stability. And we are very much tied to them.

One of the common themes I adhered to on my trips around four or five of these countries in recent weeks was simply to acknowledge their contribution to New Zealand.

While we accept their gratitude for the very good aid projects and other support we're providing, they've supplied us with tens of thousands of people who are in our businesses, in our workplaces, changing our culture, growing our families, and supporting our communities.

And that is as close a link as you can possibly have next to our links to Australia.

And of course, with Australia we're finding there is a bit of uncertainty there. We can't make the assumptions that we always made about Australia.

The sense of the special relationship gets a bit eroded at the edges but I don't think it's really called into question in the way the media sometimes portrays it.

We are, for instance, from the first of July starting a process with Australia where tens of thousands of New Zealanders will have a new opportunity for a path to citizenship.

You probably won't read about that in the media but it was an arrangement made between Prime Ministers Key and Turnbull just a year or so ago.

So in our near-neighbourhood, the connections and relationships are close, remarkably stable, and I don't think are going to change, regardless of what happens in the rest of the world.

Now there is a long list of what's going wrong in the rest of the world, whether it's the war in Syria, failing states in North Africa, the conflict in the Ukraine, the now very frequent and focussed discussion about North Korea, violent extremism (which is starting to look increasingly random in its nature), and the new threat that we all have to adjust to, which is the cyber intrusions, cyber warfare and espionage which has just become part of running anything from a small business through to a government.

In the context of all that, New Zealand likes to focus on those areas where we can make progress. I've talked about the Pacific and Australia. The other one I think is trade.

The vein of commentary that says the whole world is turning protectionist may be true. There's some evidence for it. But it's no evidence to hold New Zealand back in our goals, which are to by 2030 have 90% of our export trade covered by FTAs, as we announced just two or three months ago.

And this again is where I think some naïve Kiwi optimism has been helpful.

Because while there is rhetoric about growing protectionism, we are now moving into the serious stages of a trade agreement with the EU and the upgrade of the Chinese FTA, and we have some good prospects on the horizon around the Pacific Alliance.

And we were very close with the Gulf States before the Qatar crisis blew up.

So in a world where protectionism is apparently growing, we are making more progress than we've made for some time, on a wider portfolio of agreements, than has been possible to entertain in the past.

And that's before you get to TPP11. And the progress there is certainly the product of naïve Kiwi optimism.

When the US left the agreement, ignoring our strategic arguments for the role that they could play in leadership in the Asia-Pacific region, New Zealand decided we'd try to make what we could of the remaining 11 countries getting together, even though public statements were made as recently as earlier this year that TPP was dead.

Due to some excellent work by Todd McClay, who has been on the road virtually full-time since then, there is now a realistic prospect – though no guarantee – that the remaining 11 countries will come to some agreement at the end of the year.

And what you are seeing among those countries is something of the same dynamic you're seeing in Europe.

And that is that, as the United States has pulled back from its interest in trade, and as Britain has headed down the Brexit route, the groupings of remaining countries have if anything strengthened in their resolve and commitment.

It was very clear to me in Europe in January that European Union President Juncker wanted to show the British that the EU could execute an FTA with a nice friendly easy country like New Zealand (well, if you take out the agricultural bit).

And much the same with the TPP where, with the withdrawal of the US, countries like Japan are now in the incredible position of showing leadership on open trade.

I can recall being in Japan as a finance minister the first time the government made a public statement about being interested in the TPP and it was greeted not just with disbelief but laughed at.

This year, when I visited Prime Minister Abe a couple of months ago, he was quite clear and definite that Japan, as the next biggest economy involved after the United States, wanted to see the TPP happen.

So we don't want to get caught up too much in the rhetoric of volatility and negativity that says some of these things simply can't happen.

I also take the view, partly I suppose because of my experience as a minister of finance that, while politics is more volatile, economies are not.

And that should be a reason for optimism.

It's certainly a much better economic outlook than it was back in 2009/10 when at the time politics looked quite predictable and stable. But in the long run, economics drives political change as much as politics drives economics, and we are a principal beneficiary of greater economic stability.

The fact is that the EU for instance has muddled its way through an economic crisis, probably more successfully than anyone expected just 5 or 6 years ago. They still have some problems: the Italian

banking system, for example. They still haven't worked out how to do EU fiscal management and how to fit that in with their central banking, which is done transnationally. But nevertheless, they are more stable.

And even in the US, it's an economy that's growing, it's got quite low unemployment, around 5 or 6%, it's creating some of the dynamism that is pulling the Asia-Pacific along, including ourselves, and that is to be welcomed.

You won't get that impression from watching the BBC or CNN. And I have to say that coming in, somewhat fresh, to the world of Foreign Affairs, the impact of economics is not talked about at all, which I have to say I find a bit odd.

Because it matters a lot to what decisions countries make and it's quite hard – it's pretty obvious that often their foreign policy and economic interests overlap. So for NZ, which is currently enjoying one of the better economic performances in the OECD, it helps our credibility when we are talking about foreign affairs issues, they simply take more notice because we're doing a bit better than we were.

Another key to the success I think of New Zealand and to our on-going relevance in making our way in the world is the relationships we've set up.

And I must say that coming into this role behind John Key does set the bar rather high.

And by that I mean the quality of the personal relationships that he's enjoyed with leaders around the world of much larger countries, not that he always found it easy.

Occasionally he'd come home and complain he was the only one who didn't have a jet and how his colleagues were horrified to find that he as a world leader had to travel on commercial aircraft. But I assured him it was character building and kept him in touch with normal people.

But there's no doubt that he and before him Helen Clark have built personally, as just two Prime Ministers in I think 17 years, a set of relationships which we have benefited from and have to follow up on.

So earlier this year I was able to have quite a long discussion with Angela Merkel, who is a fascinating character.

Over lunch she reminded you of your favourite auntie with nice stories that made people happy. And then at the end of lunch she said "I have to go and put my face on", which I thought referred to make up, but actually it was a different Angela Merkel who walked out to the media conference. It was the no nonsense, very direct, who took one question and basically told them off and walked away. A mix of characteristics and capacities that has helped Germany become the leader of Europe and shows some promise if she can walk alongside Mr Macron as he brings France back to the table of showing some leadership.

Then of course there are our relationships in the UK – ones which we tend to take for granted. Our previous Prime Minister had a great relationship with David Cameron and I had the opportunity to meet Mrs May.

I had the chance a couple of months ago to write a piece about her for Time Magazine, which I enjoyed the opportunity to do, because officials don't let you write things. And press people certainly don't let you write anything.

So this brief moment of freedom of expression meant I had to cram all my creativity into 250 words, which ended up saying she looked as if she was likely to succeed in the task she had set.

I don't know if that's necessarily how people would look at it now, although I did have a discussion with her the other night and pointed out to her that whatever commentary there was, as far as we could see, being 6 seats ahead was a win. In New Zealand we'd think that was a brilliant victory. And she did laugh as we discussed that.

A growing aspect of how New Zealand relates to the rest of the world are some of our newer forms of diplomacy. I believe that we should not limit ourselves in the projection of influence to the traditional diplomatic channels and its traditional language. It has a vital purpose but a limited purpose. And it connects with some aspects of how other countries work, but limited aspects of how other countries work.

I just wanted to comment on three initiatives in particular.

One is sports diplomacy. I noticed on this trip around the Pacific that there was a great deal of attention to our investments. But the ones that were greeted with what I'd think of as happiness were those focused on sport and health.

Outside of the Pacific, I've found myself in discussions with countries as diverse as China and Indonesia, talking about the benefits of exporting NZ rugby expertise, reaching different communities.

I think it's something we take seriously in the Pacific and should take seriously more broadly as a way of projecting influence, because it is a big part of our brand.

Another opportunity is working closely with similar economies in size and focus.

And the initiative run primarily by the chief government scientist around the small advanced economies, called the Small Advanced Economies Initiative, as you find these things work in foreign affairs: NZ, Ireland, Finland, Denmark, Israel, Singapore, Switzerland, a grouping of economies who are defined by their size and the particular challenges that go with that and each of them of course think they've got some unique challenges and that's true.

That grouping is starting to turn into quite an effective multi-national policy focussed discussion, which is only really started a few years ago and started to pick up some speed.

And I'm particularly pleased to see it playing a role in reviving our relevance to Singapore, where after the end of our defence relationship, given their preoccupations, it hasn't been that easy to maintain relevance.

But when we get together and talk about the way our science and research systems work, or the way our public service reforms work, you're starting to rebuild a depth of relationship that adds to the dimensions of the diplomatic relationship.

Another aspect of that is that we should be aware and alert to the relevant currencies and new currencies of these relationships.

So as I got around Europe earlier this year, I found that the topic that most engaged the leaders I spoke with – the President of the EU, Chancellor of Germany, PM of Great Britain – was social investment.

It immediately got their attention, because what NZ is talking about with the way it thinks about government analysis of the needs of its people and how to adapt services to have a more focussed longer term impact and change lives, is an attractive notion to any government, and it's fresh.

And as a result of those discussions, the EU is sending nine fully qualified econometricians to NZ, very shortly, to look at our world leading integrated data infrastructure, more econometricians than I think New Zealand could possibly apply to all of its economic analysis, let alone one small part.

And there's nothing like a bunch of determined technical Germans to get to the bottom of it. They will find problems we didn't know we had.

So again I think our system needs to be flexible to these different ways of projecting influence to other countries.

I must compliment the Ministry of Foreign Affairs on the way in which they have adapted over the last decade or so to a much broader focus that includes business as part of its diplomacy.

So these other aspects I'm talking about are simply a few more to be added to the list.

Of course all of that has to be underpinned by our fundamental security and defence relationships.

Before I took on this job, I was not quite as aware of how close the Five Eyes relationships actually are.

I think that even if the politicians are changing, as they regularly do, more regularly in Australia than most places, there are permanent ongoing relationships around our security and defence forces which provide a binding glue that keeps things on track, even if the politicians are disagreeing.

And in that context I'm pleased that even through a period of fiscal austerity as we've had in New Zealand, we've committed to long term plans for, and an overhaul of, our defence forces and security agencies in ways that I now realise are vital to the credibility of our contribution, which isn't just about amounts of money – I think that's a very poor measure of anything you do in government – but about the quality of that contribution and the commitment to lifting it.

So we have been through a process of renovation of the agencies and the defence forces which I think has earned respect.

I could discuss all sorts of other aspects of our deployments around the world or views on the issues that are running around on the day - you can get that commentary anywhere. What I think is important to New Zealand in this multi-polar world is really the truism: that is understanding what our own interests are and holding our shape amid the tensions that arise out of this multi-polar world.

So we need to understand that, if we're in Tonga, there's going to be a discussion from other countries about what we were doing there and whether we were pushing and shoving, and knew our place.

When you're in Japan, you become much more aware of the contending interests with different disputes going on there, and that everyone is trying to recruit one word of your statement to their side of it. It matters to them.

And of course when we're dealing with the US, it's pretty important that we understand where our long term interests lie there and I think spend a bit less time following Twitter, as far too many people do, and a bit more time understanding the US is the largest economy in the world with the largest defence forces, and understanding what they're thinking about their relationship, particularly to the growing power of China.

And in that context, probably the most important discussions I've had this year were with Rex Tillerson when he visited here just a while ago, and Premier Li from China.

It was fascinating in the short space of a couple of months to get two views of what they think they're doing, and what was striking about it was the similarity of the views, which was if anything reassuring rather than worrying – and by that I mean the acceptance of each other's economic power, and the wariness of the projection of each other's military power. And of course the vital necessity of New Zealand to understand subtleties of that analysis.

And one small example I'll finish with where, if we are open to opportunities, we can for fleeting moments exercise influence.

When I was finance minister, myself and John Key were involved in a decision to get involved very early in the AIIB. So we were the first developed economic to say that we would sign up.

And we did so on the basis that this proposition was around, it was going to be operating in our region of the world so we had an interest in it, and drawing on the multilateral traditions that have been built up over years here in NZ, put a proposition up that said "we're interested in this but it needs to be a proper multilateral institution and not a Chinese Government SOE.

And drawing on the pool of expertise in this city including John Whitehead, former Secretary of the Treasury, that was achieved.

And so now the AIIB is regarded as a credible multilateral institution, and it's happened really quite quickly, only having begun a couple of years ago.

Our influence of course has now diminished – we're back down to our .5% or whatever it was. But for the time we were the only developed country involved, I believe we had a decisive influence.

And I don't mean that in a political sense, but in the best traditions of the trust that people have in a small country that's smart about where it contributes, and effective when it can see the opportunity.

And part of the role of this Institute is to make sure that tradition is maintained.

Thank you.

Bill English

Prime Minister