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40TH ANNIVERSARY

- **Defence relations**
- **Trade partnerships**
- **Political dialogue**

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New Zealand

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NEW ZEALAND

40TH ANNIVERSARY

The importance of New Zealand's interests in ASEAN is indisputable. ASEAN is one of the world's most dynamic centres of economic growth, with a combined population of over 620 million and a combined GDP of US\$2.4 trillion. ASEAN is an important gateway to the larger Asia-Pacific region, which will be a power house of growth in the global economy.

ASEAN also has important interests in New Zealand. We are an attractive trading partner, a vibrant cultural partner and a dependable security partner for the members of ASEAN.

Our trade and economic relationship is robust and mutually-beneficial. Taken collectively, ASEAN would be the seventh biggest economy in the world and New Zealand's third largest trading partner. Last year, two-way trade between ASEAN and New Zealand was worth \$13 billion. In comparison, in 1975 it was \$162 million. In fact, New Zealand now exports more goods to ASEAN in one and a half weeks than we did in an entire year in 1975. The ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) underpins the trade relationship, making it easier for New Zealand and ASEAN exporters to do business.

Just as regional trade is fundamental to our prosperity, a stable regional environment is fundamental to our security. ASEAN has a vital role to play in regional security, both through its dialogue partnerships and through its sponsorship of three key regional groupings: the ASEAN Defence Ministers' Meeting-plus; the ASEAN Regional Forum; and the East Asia Summit. New Zealand is an active member of all three groupings, and values highly the opportunities these forums provide for us to take practical steps towards improving regional security and building confidence.

Building strong international links is a vital ingredient for success in today's globalised world. Notwithstanding the gains of the past four decades, both New Zealand and ASEAN need to understand each other bet-

ter — our histories, our cultures, our perspectives and our values. People-to-people links help achieve this. New Zealand's people-to-people links with ASEAN were firmly established during the operation of the Colombo Plan, and have continued to flourish. ASEAN is now one of New Zealand's most significant sources of foreign students, tourists and migrants. Today in New Zealand we have a vibrant community of around 80,000 people of South-east Asian origin.

The 40th anniversary of the New Zealand-ASEAN dialogue partnership in 2015 is an opportunity for New Zealand to enhance this relationship across all facets of society — government, business, academia and the public. In this commemorative year, we not only reflect on our history of close co-operation but also look forward to enhancing the New Zealand-ASEAN partnership so that it remains a pillar of regional prosperity and stability into the future.

We have the opportunity now to lay the groundwork for a vision of the future in which emerging technologies and enhanced connectivity have the potential to take our trading relationship to new heights. A future in which ASEAN regional architecture will continue to enhance regional security. And a future in which the people of New Zealand and South-east Asia forge ever-closer links of co-operation and friendship.

I thank the New Zealand Institute of International Affairs for dedicating this issue of the *New Zealand International Review* to this important relationship.

A handwritten signature in black ink that reads 'Brook Barrington'.

Brook Barrington
Chief Executive,
Ministry of Foreign Affairs and Trade

New Zealand–ASEAN: a 40-year dialogue

David Capie provides an overview of New Zealand's relationship with South-east Asia over the last four decades and notes challenges ahead.

When New Zealand officials met their South-east Asian counterparts to launch their relationship as dialogue partners in July 1975, the Association of South-east Asian Nations (ASEAN) looked nothing like the organisation it is today. Its five members (Indonesia, Malaysia, the Philippines, Singapore and Thailand) were confronted by conflict on their borders, worried about on-going insurgencies and communist expansion following the defeat of the United States in Vietnam. South-east Asia's richest country, Singapore, had a per capita GDP only 60 per cent of New Zealand's. Although ASEAN had been in existence for eight years, its leaders were still to hold their first summit. Indeed, the fact that the group had survived its first eight years was seen as something of an unlikely triumph.

Fast-forward 40 years and the transformation of South-east Asia is nothing short of remarkable. ASEAN has, of course, grown to ten countries, long ago incorporating Brunei, Vietnam, Laos and Cambodia and the once isolated Myanmar. Today it boasts a combined economy worth some \$2.4 trillion and its members have some of the highest average growth rates in the world. Singapore's per capita GDP today is 25 per cent higher than New Zealand's. In addition, ASEAN has been transformed from an obscure regional group of developing states to a high-profile bloc that stands at the heart of a dense web of multilateral economic and security links across East Asia.

New Zealand was the second country (after Australia) to become an ASEAN dialogue partner in 1975. But not even the most optimistic officials could have anticipated the importance of the political, economic and security relationship with South-east Asia that has developed over the last four decades.

Original concern

The backdrop to New Zealand's interest in ASEAN was a long-standing preoccupation with the stability and security of South-east Asia. New Zealand troops had fought in Malaya and South Vietnam and as part of a larger Commonwealth defence presence had 'contributed greatly to the confidence and development of Malaysia, Singapore, Thailand and, eventually, Indonesia... [offering] the prospect of a strong indigenous basis for security in the region'.¹ Prior to the formation of ASEAN in 1967, however, New Zealand officials were sceptical about efforts to pursue regional co-ope-

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tion. The South East Asian Treaty Organisation (SEATO), the Association of Southeast Asia, MAPHILINDO and the Asia and Pacific Council had all struggled to establish themselves, suffering from problems of membership or legitimacy. But by 1970, New Zealand officials were beginning to realise that ASEAN could be something different, a genuinely indigenous institution that could 'make an important contribution to long-term stability in the region'. Indeed, that it might 'in time become the most valuable of the regional organizations'.²

The election of the Kirk government in 1972 and Britain's entry into the EEC saw a growing New Zealand interest in engaging with Asia beyond the connections to traditional allies. There were the first signs of a shift from seeing South-east Asia primarily as a source of potential threats to one whose economic progress might offer opportunities for New Zealand and whose 'efforts at regional cooperation are therefore of the closest concern'.³

A key part of the early New Zealand–ASEAN relationship was development assistance. This was a logical continuation from the Colombo Plan, which had been a way for New Zealand to engage with non-communist Asia throughout the 1950s and 1960s. At their first meeting as dialogue partners, ASEAN officials requested development assistance in the areas of forestry, animal husbandry, dental health and trade promotion.

Alongside aid, the new dialogues provided an opportunity to discuss pressing regional and international issues. One early concern for ASEAN was responding to Vietnam's 1978 invasion of Cambodia and the installation of a pro-Hanoi regime in Phnom Penh. Led by Thailand, ASEAN governments worked to deny the new government a seat in the United Nations, lobbying countries to reserve recognition for the previous rulers whose coalition included the genocidal Khmer Rouge. The New Zealand public found the position distasteful, but the government never gave serious consideration to going against the ASEAN position.⁴

Commercial relationship

Gary Hawke has described New Zealand's relationship with South-east Asia as 'a narrative in which a defence relationship was transformed into a modern economic relationship'.⁵ Trade was on the agenda from 1977, with the creation of a Joint Trade Study Group, later subsumed within an ASEAN–New Zealand Business Council. Initially, much of the trade relationship was heavily weighted towards New Zealand's longstanding bilateral ties with Singapore and Malaysia, but from the 1980s onwards there was a greater interest in promoting regional integration and encouraging ASEAN to embrace a liberalisation agenda along the lines New Zealand had developed with Australia under Closer Economic Relations (CER). Not surprisingly, ASEAN rarely spoke with a single voice when it came to sensitive economic reforms and calls

In the 40 years that New Zealand has been a dialogue partner of ASEAN, South-east Asia has undergone a remarkable transformation. From a region preoccupied with security concerns and economically weak, it has become an economic powerhouse. ASEAN, now expanded to ten members, has emerged from an uncertain beginning to become an increasingly confident and valuable regional organisation. The celebrations planned in 2015 to mark the 40th anniversary of the establishment of the dialogue provide the perfect opportunity to once again highlight the importance of the New Zealand–ASEAN relationship and to commit to strengthen it further in the next decade.

for freer trade were often rebuffed, leaving officials in Wellington frustrated. As late as 1987 ASEAN was described as ‘a grouping... [that] lacks economic substance’.

But notwithstanding these challenges, and the difficult years following the Asian financial crisis in 1997–98, the economic relationship between New Zealand and ASEAN has flourished over the last four decades. In the late 1970s, two-way trade between ASEAN and New Zealand was in the region of US\$150 million a year. In the year ending December 2014, New Zealand exported almost \$6 billion worth of trade to the ASEAN-10, making it the country’s fourth largest export market. New Zealand’s export profile is typical: dairy products comprise more than half the total, with other agricultural products dominating the rest. ASEAN is New Zealand’s second largest source of imports after China (almost \$10 billion in 2014), making up around 15 per cent of total imports.⁶

The centerpiece of the modern economic relationship is the AANZFTA, the ASEAN–Australia–New Zealand Free Trade Agreement, which came into force in January 2010. First mooted by ministers in the mid-1990s, the AANZFTA is a high quality free trade agreement that addresses trade in goods, services, investment and also ‘behind the border’ regulations designed to improve the ease of doing business. Under the agreement, tariffs will be eliminated on 99 per cent of New Zealand’s current exports to the four main ASEAN markets of Indonesia, Malaysia, the Philippines and Vietnam, leading to annual savings of around \$50 million in duties. The implementation of the AANZFTA has not always been smooth sailing. Indonesia was slow to ratify the deal and non-tariff measures and quotas represent an on-going obstacle to a deeper economic relationship.

Beyond South-east Asia ASEAN also plays a central role in efforts to create another regional economic arrangement in the form of the Regional Comprehensive Economic Partnership (RCEP), a negotiation between the ASEAN-10 and its six ASEAN free trade partners: China, Japan, South Korea, India, Australia and New Zealand. Negotiations for what leaders have agreed should be a ‘modern, comprehensive, high-quality and mutually beneficial’ economic partnership began in May 2013. The potential payoffs for New Zealand are enormous — the RCEP countries account for 60 per cent of this country’s exports — but progress has been slow and questions remain about what sort of agreement might emerge by the target date of November 2015.

People-to-people ties

An important, if sometimes harder to quantify, component of the relationship between New Zealand and ASEAN is people-to-people ties. South-east Asians are some of the fastest growing groups in the New Zealand population. In the 2013 census, Filipinos replaced Koreans as the third largest Asian group in New Zealand (and the fastest growing overall). As well as permanent migrants, visitors from South-east Asia are also steadily growing, drawn by perceptions of New Zealand’s wide-open spaces and scenic landscapes. In 2014, 133,000 tourists travelled to New Zealand from across the ten ASEAN countries and Tourism New Zealand has identified Indonesia as a priority market for further growth. A lack of direct air links has been one obstacle to closer ties, but the return of Air New Zealand’s direct flights to Singapore, its seasonal flights to Bali and connections with regional airlines look to address this.

Education has been another factor that has drawn South-east Asians to New Zealand. As South-east Asian incomes grow, international education has become an increasingly important area

for discretionary spending. New Zealand markets itself as offering a high quality, English language education and Education New Zealand has seen South-east Asia (in particular Indonesia, Thailand, Vietnam and Malaysia) as a target area for growth. The 2013 ASEAN strategy declared a goal of doubling export earnings from education in South-east Asia to \$450 million by 2017. Education is a highly competitive sector, however, and in the last few years ASEAN student numbers to New Zealand have actually declined slightly. As well as an export industry, education plays a leading role in New Zealand’s aid programme to the region. The ASEAN scholarships programme funds hundreds of students to come to New Zealand each year, hoping to create a new generation of South-east Asians who, like their predecessors in the Colombo Plan, think favourably of their New Zealand experience when they return home.

Growing importance

Since 2000 ASEAN’s growing importance to New Zealand has been reflected in a number of initiatives by successive governments. In 2003, the Clark government’s Seriously Asia programme sought to highlight the changing place of Asia in the world and re-energise efforts to grow political, trade and people-to-people ties. A 2007 MFAT white paper, entitled *Our Future With Asia*, committed to further deepening the relationship with ASEAN. This interest has continued apace under the John Key government. In 2008, New Zealand was the second country to appoint an ambassador to ASEAN. Phillip Gibson and his successor David Taylor both ‘double hatted’ this role in addition to their responsibilities as ambassador to Indonesia, before Stephanie Lee became the first dedicated ambassador to the group in 2014. Her appointment recognised the growing importance of ASEAN in the wider region and also the burgeoning diplomatic community springing up around the Secretariat and the Committee of Permanent Representatives in Jakarta. John Key became the first New Zealand prime minister to visit the ASEAN Secretariat during a visit to Indonesia in 2012.

This growing attention reflects that fact that ASEAN has become the key point of connection for New Zealand with Asia’s wider economic and security architecture. The creation of the ASEAN Regional Forum (ARF) in 1994 marked the beginning of a new phase of institution building that reflected ASEAN’s preferences for ‘soft regionalism’ with minimal bureaucratic structures and based on norms of consensus and non-interference in domestic affairs. The ARF began cautiously with a focus on building trust and confidence between regional states, but rapidly grew in membership. Today it has 27 members, which together with the organisation’s preference for consensus decision-making means it has struggled to make progress on any of the region’s more difficult security dilemmas. New Zealand sees value in promoting security dialogue and over the years has co-chaired a number of ARF groups, including those looking at maritime security, disaster relief and preventive diplomacy.

ASEAN and the ARF have had more success dealing with non-traditional security issues. New Zealand concluded an agreement against terrorism with ASEAN in 2005 and is a contributor to the Jakarta Law Enforcement Cooperation Centre and the South-east Asia Region Centre for Counter Terrorism. More recently, disaster relief has been a growing focus for co-operation, with New Zealand providing support for the ASEAN Coordinating Centre for Humanitarian Assistance on disaster management.

Another institutional innovation came in 2004, when Aus-

tralia, New Zealand and India were invited to join with the ASEAN-10, China, Japan and South Korea to create the East Asia Summit (EAS). Prime Minister Helen Clark was quick to embrace the opportunity, enthusiastically signing the ASEAN Treaty of Amity and Cooperation even while her Australian counterpart hesitated. The EAS focused initially on five priority areas, including energy and environment, education, finance, disaster relief and combatting pandemics. New Zealand has looked for areas where it can add value. One was its early financial support for a new think tank, the Economic Research Institute for ASEAN and East Asia. In 2010, the addition of Russia and the United States took the EAS to eighteen members, meaning it is the only regional group that brings all the key states together at leaders' level to address the full range of political, economic and security issues. Ten years after its creation, the EAS remains a largely informal arrangement. It serves New Zealand's interests simply to have a seat at the table and a chance to interact with global and regional leaders, but as the EAS enters its second decade it is hoped that leaders' discussions can be made more substantive and that there can be greater follow through with commitments made at the annual summit.

The final piece of ASEAN's regional architecture is in the field of defence co-operation, which for many years was seen to be a taboo area for multilateral interaction. This changed in 2006 with the creation of the ASEAN Defence Ministers Meeting (ADMM) and in 2010, when Vietnam was in the ASEAN chair, the ADMM-plus (ADMM+) process was launched, bringing together defence ministers and officials from the ASEAN-plus-eight nations. The ADMM is well regarded by New Zealand defence officials, who contrast its focus on practical activities and exercises with what is sometimes the frustratingly slow pace of the ARF. New Zealand has been an active contributor within the ADMM+, co-chairing an expert working group on peacekeeping operations with the Philippines in 2011–13, and more recently working alongside Brunei in the maritime security group. As well as contributing in modest ways to new regional habits of trust and confidence, these working groups provide the opportunity for New Zealand to build bilateral relationships with South-east Asian militaries.

Possible direction

The New Zealand–ASEAN relationship has obviously come a long way since 1975, but where might it go from here? The government's 2013 ASEAN strategy paper notes that while New Zealand interests 'are increasingly converging with the evolving future of ASEAN... without careful thought we could easily fall short of the potential the region offers to lift our economic performance'.⁷ In other words there is no room for complacency. The strategy paper set out some clear and ambitious commercial goals: to increase exports to ASEAN by 40 per cent, to double two-way investment and to grow the education and tourism revenues from ASEAN. It also declared the government's aim for New Zealand to become 'better connected and more influential' and 'better integrated' into the region.

Achieving these goals will in part depend on how ASEAN itself evolves as an institution. Will it develop into a more tightly integrated regional community able to offer a single position on economic, political or security issues? Or will it remain a diverse group of states that see advantages in co-operation, but which retain strong and distinct identities and interests? Will ASEAN increasingly be able to forge collective responses to challenges such

as regional maritime disputes, or might it become increasingly fractured as external influences and pressures pull its members in different directions? Whichever is the case, South-east Asia will remain important to New Zealand, but how the ASEAN Community proceeds will likely influence decisions about whether to direct new resources and energy towards regional endeavours or to focus on bilateral relationships.

Assuming ASEAN integration continues, albeit incrementally, a challenge for New Zealand will be to maintain the quality of the relationship it has developed over the last four decades. In recent years, South-east Asia has become a more crowded space as a host of new players 'discover' ASEAN and seek to deepen their involvement in South-east Asia. Existing dialogue partners such as China and Japan are also investing heavily in their ties, significantly expanding their diplomatic presence in Jakarta and strengthening the economic and political connections they have with the group. New Zealand has responded with a slightly larger diplomatic footprint — including a new embassy in Myanmar and a bigger presence in Jakarta — but limited resources will remain a constraint. New Zealand also needs to continually refine its value proposition. It has to show that is a committed, active and valuable member of the region, making a substantive contribution to regional co-operation on a wide range of issues, and that it views ASEAN as more than simply a market for exports.

A second challenge will be to build a greater understanding inside New Zealand about ASEAN and indeed about South-east Asia more generally. When New Zealanders think about Asia's importance to New Zealand, their perceptions are dominated by China. A 2012 study by the Asia New Zealand Foundation found that 'an overwhelming majority of the participants in an online qualitative survey had not heard of the term ASEAN or knew very little about its meaning, let alone the organisation's principles and functioning'.⁸ Even among the business community, exporters are often unaware of the opportunities available under the AANZFTA.

Notwithstanding these challenges, the ASEAN–New Zealand relationship has developed in ways that would have been almost impossible to imagine in 1975. The celebrations planned in 2015 to mark 40 years of dialogue partner status provide the perfect opportunity to once again highlight the importance of this relationship and to commit to strengthen it further in the next decade.

NOTES

1. Ian McGibbon, 'Forward Defence: the Southeast Asian Commitment', in Malcolm McKinnon (ed), *New Zealand in World Affairs, vol II 1957–1972* (Wellington, 1991), p.39.
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4. See Anthony Smith, 'The "dilemma" of recognition: New Zealand and Cambodia', in Smith, p.94
5. Gary Hawke, 'The economic relationship', in *ibid.*, p.66.
6. 'ASEAN–New Zealand trade, investment and migration', Statistics New Zealand, 18 Mar 2015.
7. MFAT, *New Zealand's ASEAN Partnership: One Pathway to Ten Nations* (Wellington, 2013), p.5.
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NEW ZEALAND'S DEFENCE RELATIONS WITH ASEAN



40TH ANNIVERSARY

Paul Sinclair reviews the evolution of New Zealand's involvement in efforts to ensure the security of South-east Asia.

New Zealand's defence relationship with ASEAN has its genesis in the history of our commitment to the security and stability of South-east Asia. That commitment was expressed in security agreements, bilateral training and assistance programmes, contributions to United Nations peacekeeping operations in Cambodia and East Timor (subsequently known as Timor Leste), and exercise activities. It was to secure for New Zealand a seat at the table on the formation in 2010 of the ASEAN Defence Ministers Plus (eight) forum.

New Zealand's post-Second World War defence engagement with South-east Asia began with the deployment of RNZAF aircraft to Singapore in 1949 as concern grew over the spread of communism. That was quickly followed by a wider commitment, including ground troops to support efforts to defeat the communist insurgency in Malaya.

Participation in Malayan Emergency operations was accompanied by a tri-service commitment to the British Commonwealth Far East Strategic Reserve from 1955. The reserve was established to protect Commonwealth interests in the region from communist threats. When Malaysia gained its independence from the United Kingdom in 1963 New Zealand stepped up its ground presence with the stationing of a regular force battalion at Terendak. The battalion, along with a SAS squadron and other elements of the New Zealand armed forces, saw service in 1964 through to 1966 in helping Malaysia resist Indonesia's efforts to take control of the eastern Malaysian states of Sabah and Sarawak on the island of Borneo. The battalion subsequently moved to Singapore, where it remained until 1989.

New Zealand's concerns in the early 1950s over the expansion of communist power in the region also led to participation in the South East Asia Treaty Organisation (SEATO), a regional collective defence organisation formed in 1955. New Zealand contributed officers to SEATO's Bangkok headquarters and took part in ground and naval exercises. SEATO was dissolved in 1977.

The New Zealand armed forces played a significant role in the formation and development of the Singapore Navy following

Singapore's decision to break away from Malaysia and become a sovereign country in 1965. That role was to provide a platform for a comprehensive pattern of bilateral engagement with Singapore that continues to this day and which has matured to include operational as well as training collaboration, including regular Singapore troop deployments to New Zealand to use our much larger training areas.

Prior to 1965 New Zealand's support for the region's security attracted little criticism domestically. The deployment of elements of the New Zealand armed forces to South Vietnam, initially an artillery unit and subsequently two companies from the Malaysia-based battalion, however, generated widespread opposition. Continuing concerns about the spread of communism, United States expectations of its alliance partners and alarm over indications that the United Kingdom was planning to withdraw its military presence from the region were all factors in the decision to take part in the Vietnam War. Opposition to involvement in South Vietnam led ultimately to New Zealand's withdrawal from the conflict.

Military presence

The decision to retain a military presence in the region through membership of and participation in the Five Power Defence Arrangements — the other four members being Australia, Malaysia, Singapore and the United Kingdom — was much less contentious. For both Australia and New Zealand, the arrangements, which were made in 1971, were considered the best option to prevent the emergence of a power vacuum in the wake of a rapidly diminishing British military presence.

The importance of continuing to help build a stable and prosperous region was further recognised in 1973 with the launch of the Defence Mutual Assistance Programme. The aim was to provide military training and technical and other support to South-east Asian as well as South Pacific defence forces. Among the South-east Asian countries only Malaysia and Singapore initially participated, but the programme was soon extended to Indonesia, Thailand, the Philippines, Brunei (once it gained independence) and more recently Vietnam.

In 1991 New Zealand army engineers deployed to Cambodia in support of the United Nations Transitional Authority, which was charged with organising national elections following a prolonged period of savage guerrilla warfare. The engineers were to play a key role in establishing the Cambodian Mine Action Centre and its Mine Clearance Training Unit to tackle the wide-

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New Zealand's commitment to the security and stability of South-east Asia dates back to 1949 with an initial RNZAF deployment to the region. Its defence relations with ASEAN developed through participation in the ASEAN Regional Forum, which was formed in 1994. New Zealand is also an active participant in the recently formed ASEAN Defence Ministers Plus forum. This aims to build and sustain confidence between the region's military and civilian defence officials through developing habits of co-operation in tackling non-traditional security issues. The evolution of the ASEAN community in the years ahead should offer opportunities for New Zealand to further strengthen its relations in the defence field.

spread problem of landmines and unexploded ordnance. The New Zealand Defence Force's support for the CMAC continued for several years beyond the departure of the UN mission. New Zealand also contributed army communications specialists and a naval contingent tasked with patrolling Cambodia's inland and coastal waters. Laos faced equally severe unexploded ordnance problems and the NZDF provided logistic and operational support over a period of several years to the Lao Unexploded Ordnance Programme.

Large response

In 1999 chaos erupted in East Timor in the wake of a vote overwhelmingly in favour of independence. New Zealand was one of many countries to answer the United Nations call to take all necessary measures to restore stability and peace. There were no half measures in New Zealand's response; it was our largest overseas military commitment for several decades, and the largest per capita contribution to the initial intervention force and the subsequent UN mission.

The United Nations mission in East Timor was also notable for an important broadening of some of New Zealand's bilateral defence relationships in the region. Operational collaboration through the attachment of a Singapore reinforced infantry platoon to New Zealand's battalion led to a much more comprehensive relationship. Singapore later replaced our battalion, bringing to an end a three-year contribution at that level to the mission, and also replaced the RNZAF's helicopter unit. New Zealand personnel also worked with Malaysian, Thai and Philippines counterparts in East Timor.

More recently, operational collaboration has moved beyond the immediate South-east Asian region. Both Singapore and Malaysia made very useful engineering and medical contributions to our Provincial Reconstruction Team in the Afghan province of Bamiyan. New Zealand and Singapore naval personnel have also operated together in support of the counter-piracy mission in the Indian Ocean in recent years.

New Zealand continues to work closely with Malaysia and Singapore in ensuring that the Five Power Defence Arrangements remain relevant in the contemporary security setting through strengthening collaboration in maritime security, non-conventional operations and humanitarian assistance and disaster relief.

Defence relations

Although ASEAN was formed in 1967, it was not until the ASEAN Regional Forum (ARF) was established some 27 years later, in 1994, that the opportunity arose for New Zealand to develop a defence relationship with ASEAN. The ARF provided a forum for multilateral security dialogue. Defence officials attended the ARF foreign ministry-led inter-sessional group meetings on confidence-building measures and preventive diplomacy, which focused very much on the former and not at all on the latter. There was also defence participation in the annual ARF Senior Officials Meeting, but in the ARF's formative years it was very much in an observer capacity.

The New Zealand Defence Force's first substantive engagement in the ARF's confidence-building process took place in February 1997 when our Ministry of Foreign Affairs and Trade hosted an ARF inter-sessional meeting on disaster relief. Defence officials outlined the role played by the New Zealand Defence Force as a first responder in the unfortunately frequent natural

disasters that hit our South Pacific neighbours, setting out the benefits of close regional co-operation to provide speedy, comprehensive, targeted relief.

Two months later the NZDF hosted a de-mining seminar which drew on the Army's extensive experience in de-mining and included presentations by the Mine Clearance Policy Unit of the UN Department of Humanitarian Affairs, the Cambodian Mine Action Centre, the Lao Unexploded Ordnance Programme and the Mozambique de-mining operation. All three operations were at that time supported by New Zealand Army advisers.

Landmine problem

The seminar considered measures being undertaken by the international community to address the landmine problem, New Zealand's approach to de-mining operations, the practicalities (political, organisational, operational, training, personnel and technical) of such operations, the lessons learned and the way ahead. The seminar included a field demonstration at Linton Military Camp of de-mining operations and techniques and case studies of the operations in Cambodia, Laos and Mozambique.

Initially there was a notable reluctance on the part of some foreign ministries (not including New Zealand's) to agree to the development of a defence dialogue as an integral part of ARF meetings. This reticence appeared to stem from an assumption that defence officials, if given a voice in this way, would challenge the primacy of their foreign ministry counterparts.

It was not until mid-1997 that the first tentative steps were taken to allow defence officials to convene separately at ARF confidence-building meetings. Even then, on that first occasion it was over a lunch with no agenda. Bear in mind, however, that at that time formal meetings of ASEAN senior defence officials were still several years away. Nevertheless, there was agreement on setting up the first meeting of ARF heads of defence colleges for the purpose of sharing ideas on best practice. This forum, in which the New Zealand Defence College participates and has hosted, is now a permanent fixture in the ARF calendar.

Dialogue forum

Following that tentative first meeting New Zealand took a lead role, along with Australia, Singapore and the United States, in developing a forum for defence dialogue with a set agenda that would take place immediately prior to ARF meetings. This became a regular event, with officials reporting outcomes to ARF plenary meetings.

Initially agendas focused on encouraging representatives from member countries that did not produce defence white papers to do so in the interests of transparency. This gentle persuasion met with considerable success. Several ARF members subsequently published defence white papers for the first time and continue to do so. New Zealand took an active role in the defence dialogues, co-chairing two meetings with Laos in 2002–03 and two with Cambodia in 2011–12.

During 2001 and 2002, having established the defence dialogue on a formal footing, New Zealand and Singapore defence officials met in the margins of those meetings to discuss options for building on this process. We had in mind a mechanism for regular meetings of senior defence officials to discuss defence and security issues, which might then lead to identifying opportunities for collaboration to add value to the ARF process. Ultimately, the idea was to establish meetings of defence ministers.

China strongly endorsed this aim and, with support from New Zealand and Singapore, subsequently put forward a formal proposal to the ARF to establish an ARF security policy conference for senior defence officials. This was agreed. China hosted the first such meeting in 2004, but to underline ASEAN centrality it was chaired by Indonesia. The conference now takes place each year held back to back with the ASEAN Senior Officials Meeting.

First meeting

In 2002 Singapore hosted the first in an annual series of meetings of defence ministers, officials and scholars from the Asia-Pacific region (and some from further afield), known as the Shangri-La Dialogue. The aim of this forum is to bring defence ministers and their senior military and civilian officials together in an endeavour to cultivate a sense of community. New Zealand has been present at each dialogue and has contributed substantively to its proceedings.

It was not, however, until 2006 that the first formal meeting of ASEAN defence ministers took place. It was decided at that meeting that work should begin on developing a forum that would bring ASEAN defence ministers together with some of their non-ASEAN counterparts. The intention was to move beyond the informality of the Shangri-La Dialogue by developing proposals for active collaboration. Senior ASEAN officials alerted their New Zealand counterparts that this work was underway.

Recognising the importance of New Zealand's inclusion in such a forum, defence officials in Wellington began to build a case for participation. We did so in conjunction with Australia. In 2008 and again in 2009, my Australian counterpart and I hosted a reception for our ASEAN colleagues in the margins of the Asian security policy conference to press our case for inclusion. Our presentations set out the extensive track record of both countries in contributing over several decades to regional security and stability.

Early in 2010 New Zealand was confirmed as one of eight non-ASEAN countries that would join the ASEAN members in this new forum. The others were Australia, China, India, Japan, South Korea, Russia and the United States. ASEAN officials confirmed that New Zealand's wide-ranging and longstanding security commitments to the region had made a compelling case for inclusion. Canada, on the other hand, which had also sought (and is still seeking) inclusion, was unsuccessful because it could not point to the same level of sustained support for regional security.

Shared vision

The vision New Zealand had shared with Singapore almost a decade earlier was realised with the inaugural meeting of the new ASEAN Defence Ministers-plus forum (known by the acronym ADMM+) in Hanoi in October 2010. New Zealand was represented by Wayne Mapp. In accepting the invitation to join this group, New Zealand signalled its commitment to support a significant new building block in the region's security architecture. The principal objective of the ADMM+ is to build and sustain confidence between the region's military and civilian defence officials through developing habits of co-operation in tackling non-traditional security issues.

At their inaugural meeting the defence ministers signed a joint declaration signalling their agreement to promote the ADMM+ as an effective forum for co-operation on defence-and +security issues. They established an ASEAN plus senior officials meeting

to implement their decisions, and tasked that body with setting up five expert working groups.

The five groups cover maritime security, humanitarian assistance/disaster relief, counter-terrorism, military medicine and peacekeeping operations. At their most recent meeting in Brunei in 2013, ministers added a sixth working group known as humanitarian mine assistance, which was established to tackle the issue of unexploded ordnance, a major challenge especially for Vietnam, Cambodia and Laos.

At the first senior officials meeting New Zealand notified their ASEAN colleagues of our interest in co-chairing one of the working groups to underline our strong commitment to the successful development of the forum. That led to an invitation from the Philippines to co-chair the working group on peacekeeping operations, which was readily accepted. (Each working group has one ASEAN co-chair and one non-ASEAN co-chair and the co-chairs' tenure is for three years.) This was an opportunity to apply New Zealand's extensive peacekeeping experience gained over several decades to the development of this working group.

Important seminar

During their three-year tenure New Zealand and the Philippines organised a seminar on the legal aspects of peacekeeping, and workshops on operational challenges, regional capabilities and force generation. The co-stewardship of the working group concluded with a table top exercise on peacekeeping operations. At the invitation of the co-chairs, the International Committee of the Red Cross participated in a number of these activities, making very useful contributions. On the conclusion of the three-year term, the ASEAN Secretariat noted that this working group was the second most active of the five groups.

New Zealand's participation in the ADMM+ during the 2011-14 term was not limited to the peacekeeping working group. New Zealand took part in activities organised by the other four groups, including the first ADMM+ humanitarian assistance/disaster relief and military medicine exercise held in Brunei in 2013.

As the expert working groups are the fulcrum of the ADMM+, New Zealand sought in 2014, on the expiry of its peacekeeping role, to continue its active engagement in the forum's work and was invited by Brunei to join it as co-chair of the important maritime security working group for the period 2014-17. As a secure maritime environment is vital to our continued economic prosperity, this working group is a good fit with New Zealand's maritime interests.

The decision to co-chair this working group reflects the importance of working with ASEAN to address the many trans-national challenges facing the maritime environment, and to assist in the development of confidence-building and crisis management mechanisms to reduce the risk of incidents at sea and to mitigate the impact of those incidents that do occur.

Counter-piracy workshop

New Zealand has hosted a counter-piracy workshop, which examined the lessons learned during the Indian Ocean counter-piracy operations to determine whether they could be applied to the piracy problems in Asian waters. The next activity planned by Brunei and New Zealand is a 'young leaders' programme on maritime security issues, which will also take place in New Zealand.

The maritime security working group is also engaged with the counter-terrorism working group co-chaired by Australia and Singapore in planning a major maritime counter-terrorism exercise to take place in South-east Asian waters in May 2016. This will be the most ambitious exercise mounted under ADMM+ auspices. Later in 2016, New Zealand will host, in association with the RNZN's 75th anniversary celebrations, an ADMM+ maritime security exercise.

New Zealand also continues to support the peacekeeping operations group now co-chaired by Cambodia and South Korea, and the expertise gained from our de-mining role in Cambodia and Laos has enabled the NZDF to provide assistance to the co-chairs of the recently formed humanitarian mine assistance working group.

The expansion of defence relations with ASEAN has had the side benefit of growing many of the bilateral defence links with individual ASEAN members. For instance, relations with the Philippines were considerably strengthened through the co-chairing of the peacekeeping working group, and the relationship with Brunei is also stronger given the joint endeavours in the maritime domain. The high profile New Zealand has gained through its work in the ADMM+ forum has generated greater interest on the part of several of the ASEAN countries in defence co-operative activities with New Zealand.

Longstanding interest

New Zealand has long had a stake in the security of South-east Asia. Prior to the advent of the ARF, that stake was expressed in support for regional arrangements that were exclusive rather than inclusive, in the development of training and assistance programmes with some but not all the ASEAN members and through participation in UN operations in Cambodia and East Timor.

New Zealand played an active role in establishing both the ARF's defence dialogue and the Asian security policy conference, which formed the initial building blocks for the development of defence co-operation with ASEAN. But it was not until the launch of the ADMM+ in 2010 that a regional security mechanism promoting defence diplomacy at the most senior levels was established. New Zealand was quick to seize the opportunities this new forum provided for a more focused, much deeper and more wide-ranging defence partnership to be built with ASEAN. New Zealand's role in the ADMM+ contributes not only to New Zealand's overall partnership with ASEAN but also to a stable and prosperous Asia-Pacific region.

ASEAN has a central role in the regional architecture. It is close to achieving its goal of building an ASEAN community, which will strengthen its hand in meeting the challenges of the rapidly changing geo-political landscape of the Asia-Pacific region. The achievement of that goal may well provide further opportunities to grow New Zealand's defence partnership with ASEAN.

The ninth meeting of ASEAN Defence Ministers held in Malaysia in mid-March adopted concept papers on an ASEAN Militaries Ready Group on Humanitarian Assistance and Disaster Relief and on the establishment of an ASEAN Centre of Military Medicine. Both offer prospects once in place for New Zealand participation. Should the idea of an ASEAN peacekeeping force — also discussed at this meeting — be realised, there may be scope for some New Zealand involvement in that area as well. 



Fidel Ramos with New Zealand Ambassador David Strachan

A message from former President Fidel V. Ramos of the Philippines on the 40th anniversary of ASEAN–New Zealand Dialogue

Since 2013 I have been espousing that: Within ASEAN-10, our regional institutions, covenants and treaties are our best hopes of moderating the super-power influence of both the United States and China. The ASEAN–Japan–South Korea–India–Australia–New Zealand group has already acquired greater leverage globally.

It is also imperative that all our countries in ASEAN, plus especially the United States, China, Japan, South Korea, India, Australia and New Zealand, undertake burden-sharing responsibilities to ensure Asia-Pacific peace, stability, security and sustainable development against universal 21st century threats like international terrorism, external financial crises, human–drugs–arms trafficking, pandemic diseases, as well as massive death and destruction arising out of severe climate change because of environmental abuse.

This is why our ten South-east Asian states must put more urgency on the ASEAN economic community that we should complete in 2015. Thereafter, the ASEAN socio-economic community and then the ASEAN political-security community are bound to happen sooner rather than later.

Fidel V. Ramos was president of the Philippines from 1992 to 1998. Prior to being elected as president he served his country with distinction for over 40 years as both a military officer and civilian.

ASEAN focus, southern star

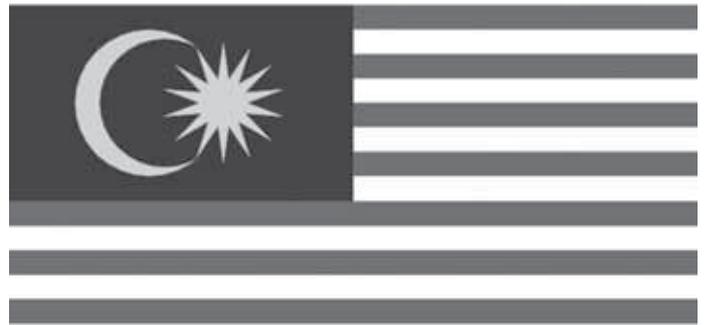
Halim bin Saad provides a Malaysian perspective on New Zealand's role in South-east Asia.

For all its achievements, New Zealand has long been regarded as a star in the southern Pacific. But ask anyone in Singapore or Jakarta what they associate New Zealand with, the answers invariably are All Blacks, *Lord of the Rings* and sheep. More sheep than people, some may add knowingly. It seems that apart from sporting excellence and natural splendour, New Zealand is regarded as a friendly but somewhat distant neighbour. Economic relations between New Zealand and her ASEAN partners are improving, but they can best be described as lukewarm. In 2014 New Zealand exports to the region were worth a little over US\$4 billion, where US\$2.5 billion was dairy and the rest agricultural products. In perspective, ASEAN imported US\$1.2 trillion worth of goods in that year. Little wonder then that New Zealand, other than herculean men in rugby shorts and fresh milk, has yet to make a real impression on the ASEAN economic wave.

ASEAN comprises ten countries: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. This bloc of nations was originally established in 1967 with only five countries (Indonesia, Malaysia, the Philippines, Singapore and Thailand) for security and political purposes mainly as a response to the threat posed by communism in the 1960s.

ASEAN today is defined by its ten-member bloc with a combined GDP of more than US\$2.4 trillion growing at a rate of 6 per cent per annum and a population of 620 million. Despite the 1997 Asian financial crisis, which brought ASEAN members to their knees, the bloc had restored a stable and resilient economy that was sufficient to withstand the 2008 global financial crisis.

Ranked the seventh largest in the world, the ASEAN economy cannot be ignored as an economic powerhouse with much growth potential. At US\$1.2 trillion the value of ASEAN's exports represents 50 per cent of its GDP and 7 per cent of global exports. The purchasing power of ASEAN is demonstrated by its consumer expenditures of \$1.7 trillion, which are expected to reach \$2.3 trillion by 2020. Should the current growth trends continue, we will see ASEAN becoming the fourth largest economy by 2050 after the European Union, the United States and China. International investors have already recognised this trend, as revealed by the amount of foreign direct investment flowing into the bloc. As of today, the investment inflow to ASEAN (US\$128 billion) has already surpassed that of China's (US\$117 billion). More and more of the world's largest companies call



ASEAN their home. ASEAN hosts 227 of these companies with combined revenues of more than US\$1 trillion.

Longstanding relationship

The relationship between New Zealand and South-east Asia pre-dates the formation of ASEAN. New Zealand joined seven other nations in SEATO, which was formed to defend the region from the expanding influence of communism. Despite its name, SEATO's membership included only two South-east Asian nations — Thailand and the Philippines.

It is no simple task to deal with a region consisting of more than ten countries, each with different cultural, political and economic backgrounds. The formation of ASEAN gave birth to a convenient platform not only for internal co-operation between its members but also for a collective voice in dealing with external nations.

New Zealand was one of the first nations, together with Australia and Japan, to embrace ASEAN as a partner when it became ASEAN's dialogue partner in 1975. For the next 30 years, its diplomatic engagement with its ASEAN counterparts was very much limited to the dialogue until 2004, when the ASEAN–New Zealand–Australia summit to commemorate the 30th anniversary of partnership was held in Vientiane. The idea of having a well-defined and meaningful partnership was conceived during that gathering.

The agreement establishing the ASEAN–Australia–New Zealand Free Trade Area was signed in February 2009 and came into effect in the following January. With the exception of the frontier members — Cambodia, Laos, Myanmar and Vietnam — the free trade agreement is to be fully implemented by 2015.

Joint declaration

In July 2010 the framework for the partnership was outlined and adopted via the ASEAN–New Zealand Joint Declaration on Comprehensive Partnership for 2010–15 and the Plan for Action to Implement the Joint Declaration. These two instruments set the blueprint for co-operation in four main areas:

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Although New Zealand was one of the first nations, together with Australia and Japan, to embrace ASEAN as a partner when it became ASEAN's dialogue partner in 1975, economic relations between New Zealand and her ASEAN partners can best be described as lukewarm. New Zealand has yet to make a real impression on the ASEAN economic wave. New Zealand has made good progress on the diplomatic front in the past ten years, setting the stage for closer economic co-operation with ASEAN. However, New Zealand is still far behind in terms of actual economic engagement. New Zealand businesses have yet to lose their fear of going abroad into the region.

- political and security co-operation
- economic co-operation
- socio-cultural co-operation
- initiative for ASEAN integration

New Zealand has also been continuously participating in bilateral initiatives by ASEAN, such as the ASEAN Defence Ministers' Meeting Plus, ASEAN Regional Forum and the East Asia Summit.

New Zealand has made good progress on the diplomatic front in the past ten years, setting the stage for its businesses to venture out into ASEAN. However, New Zealand is still far behind in terms of actual economic engagement. To put this in perspective, the export value of goods and services from New Zealand to ASEAN, at \$4.3 billion, is less than 10 per cent of New Zealand's total exports. That is a small percentage, considering that ASEAN is the next most geographically convenient market after Australia. Let us not even try to calculate New Zealand's market share of the \$1.1 trillion worth of goods and services that ASEAN imports annually. The point has been clearly made. There is a lot of catching up to do.

ASEAN offers abundant opportunities for those who are willing to invest, but the questions remain for New Zealanders:

- What do we invest in?
- How do we approach it?
- How much value can we create?
- What are the challenges in doing business in ASEAN?

To answer these questions, we first need to explore the needs of ASEAN in order to understand what they aspire to be by 2030. We can then revisit the niche strengths of New Zealand, from which we can derive the potential value-adds that will piece together the ASEAN needs and New Zealand strengths.

Food security

In 1980 ASEAN was home to a population of 360 million people. Within a span of 35 years, the population has now almost doubled to more than 620 million people. The future growth rate is forecasted to be 0.85 per cent per annum. A combination of rising fertility and declining mortality underlies this population growth. By 2030, ASEAN's population is projected to be 717 million people, with the three largest countries each having more than 100 million people — Indonesia (284 million), Philippines (127 million) and Vietnam (103 million). Simply put, there will be more and more mouths to feed.

Over the last few decades South-east Asia has achieved considerable success in reducing hunger. According to a 2013 UN Food and Agricultural Organisation report, the region exhibited the biggest decline in terms of under-nourished people — from 140 million in the 1990s to 64.5 million at present. Still, the task of feeding its people remains a huge challenge.

In 2009, at the 14th ASEAN Summit in Thailand, the member states pledged to embrace food security as a high priority policy. Consequently, the ASEAN Integrated Food Security Framework and the Strategic Plan of Action on Food Security in ASEAN were adopted during this summit. The ultimate goal was to 'ensure long-term food security and nutrition, and to improve the livelihoods of farmers in the ASEAN region'. Six strategic thrusts form the core of this initiative. They are:

- strengthen food security arrangements
- promote conducive food marketing and trade
- strengthen integrated food security information systems

- promote sustainable food production
- encourage greater investment in food and agro-based industry
- identify and address emerging issues related to food security (that is, climate change and bio-energy).

Agricultural powerhouse

With some 20 million hectares of farmland, Thailand is perhaps the agricultural powerhouse of ASEAN. It is the world's largest rice exporter. Tapioca, sugar and rubber also constitute a significant portion of Thailand's exports. Agriculture is a way of life, with 50 per cent of the population in rural areas being farmers. The sector contributes approximately 10 per cent of the country's GDP.

In the past decade Indonesia's agriculture has contributed 14 per cent of its GDP and employed more than 118 million workers. The country has some 30 million hectares of land under cultivation, with 60 per cent in Java. Cash crops in Indonesia include rice, tobacco, palm oil, coffee, cocoa, rubber and spices. The sector will continue to play a central role in defining the country's development agenda for 2015 to 2019.

In Vietnam, agricultural growth also powers the country's economic expansion and poverty reduction. The sector provides 60 per cent of Vietnam's employment and represents 22 per cent of GDP. The government has placed a high priority on industrialisation and modernisation of rural agriculture, setting a target of 3.5 per cent annual growth until 2020. Private sector investment is the key to achieving this target. The five strategic commodity value chains have been identified as coffee, tea, vegetables, corn and fisheries.

In the Philippines, agriculture provides employment to more than 10 million people or 30 per cent of the work force. As the country's rural areas are particularly vulnerable to climate-related disasters, the government's primary agenda is to support Filipino farmers in building their livelihoods and resilience. The government also encourages new public-private partnerships for sustainable agricultural growth on key crops such as coconut, corn, rice, cocoa and coffee. Climate change adaptation, market access and research and development also feature strongly in these initiatives.

Facing challenges

ASEAN has 203 million hectares of forest cover. This is similar in size to that of Europe's forest (excluding Russia). The forest cover represents 46 per cent of the landmass in ASEAN — higher than the forest coverage of 31 per cent in New Zealand and 34 per cent in Europe (excluding Russia).

Plagued by soil degradation, lack of water, climate change and a burgeoning population, ASEAN could, it would seem, create more farming land by the simple solution of cutting down the forest. However, anti-deforestation and climate change movements are making further deforestation difficult. ASEAN must, therefore, improve its productivity or yield per hectare. In Thailand and Indonesia, the rice yields are 3 tons and 5 tons per hectare respectively. This is in comparison to the cereal yields of 8 tons per hectare in New Zealand and 6 tons per hectare in China. Lack of modern agricultural know-how and technology are key roadblocks to increasing ASEAN's production yields.

Food wastage is also a perennial problem. Rice consumption in ASEAN is reported by the FAO to be 131 kilograms per person annually. This is, however, accompanied by a wastage of a



only Singapore fares well when it comes to access to higher education and training — coming in at number two. Malaysia, Indonesia and Thailand are ranked 46th, 64th and 66th respectively, while Laos, Cambodia and Myanmar lag behind in the dismal positions of 111th, 116th and 139th respectively.

Not surprisingly then, only Singapore (2nd) and Malaysia (20th) made it to the top 30 of the 2014–15 Global Competitiveness Report. For reference, New Zealand comes in at 17th. As pointed out by economists, ASEAN’s position in the global economy has shifted in the last twenty years; from being a ‘factory’ supplying products to Western multinationals, it has become a competitor to the those multinationals, effectively jostling for market share, capital and funds. Only a quality workforce with the know-how to develop new, better and unique products can maintain the cutting edge in international commerce. The number of research and development researchers per 1000 workers is illustrative — where Singapore has 10.2 persons (on par with Japan), Malaysia has 4.5 and Thailand 1.6. With less than 0.5 researchers per 1000 workers, the rest of ASEAN lags far behind. Comparatively, the OECD average is 7.7 whereas the United States has 8.8 per 1000 workers.

further 55 kilograms per person or 30 per cent of rice production annually. This represents not only a waste of food but also a waste of energy and water resources. Up to a staggering 50 per cent of food produced is wasted, according to an Institute of Mechanical Engineers report.

Three pillars

ASEAN leaders unanimously declared education as the foundation of the three pillars of ASEAN, namely: political and security, economic growth and socio-cultural development. In 2009, the ASEAN Socio-Cultural Community Blueprint was adopted. The blueprint proposed 28 action lines relevant to education for implementation by 2015. An ASEAN Five-Year Work Plan for Education (2011–15) was later developed to prioritise and organise the implementation of these action lines.

On the whole, education policies in ASEAN have been successful in eradicating illiteracy. With the exception of Laos and Cambodia, member states have managed to remove this roadblock to development by achieving a literacy mark of over 95 per cent. Governments in the region continue to invest a significant proportion of their budgetary expenditure on this sector — led by Thailand (29.5 per cent), Singapore (22.7 per cent), Malaysia (21.3 per cent) and Vietnam (19.8 per cent).

However, issues remain. Disparities within countries in access to education for rural children, migrants and minorities are still a major problem. Secondly, there is concern with the quality of education in South-east Asia, with Singapore being an exception. Entrants continually fail to achieve high scores in the Programme for International Student Assessment — in what UNESCO calls a ‘serious issue of quality’ in the school system.

ASEAN has more than 250,000 tertiary students overseas but only 9 per cent attend New Zealand universities. The total is less than students from China (27 per cent) studying in New Zealand.

Pervasive theme

Quality, or rather the lack of it, has become a pervasive theme concerning ASEAN’s work force. As the global economy integrates, countries are driven to increase productivity and improve product quality in order to remain competitive. Access to higher education and training are integral to maintaining this competitive edge. This is where ASEAN flounders.

In the World Economic Forum ranking of 148 countries,

development researchers per 1000 workers is illustrative — where Singapore has 10.2 persons (on par with Japan), Malaysia has 4.5 and Thailand 1.6. With less than 0.5 researchers per 1000 workers, the rest of ASEAN lags far behind. Comparatively, the OECD average is 7.7 whereas the United States has 8.8 per 1000 workers.

On a broader scale, the profound disparity in competitiveness between the ASEAN countries jeopardises the realisation of the ASEAN economic community as a cohesive economic block. As the ASEAN population aspires to higher incomes and living standards, better education and know-how are no longer options but rather prerequisites.

Tourist attractions

South-east Asia is home to some of the world’s most exotic wildlife and ecosystems. Like New Zealand, it has a myriad of spectacular natural wonders as well as a rich and diverse cultural heritage. It is not short of attractions to lure global visitors. From 2000 to 2010, international tourist numbers doubled from 36 million to 77 million. ASEAN’s share in total global arrivals went from 5.4 per cent in 2000 to 7.9 per cent in 2010. The region is now one of the fastest-growing regions in tourist numbers.

The tourist industry currently contributes 4.6 per cent towards ASEAN’s GDP and 10.9 per cent when taking into account indirect contributions. It directly provides employment to 9.3 million workers (or 3.2 per cent of total employment) while indirectly supporting some 25 million jobs.

ASEAN leaders have long recognised the importance of the industry. The ASEAN Tourism Strategic Plan was formulated with a vision:

By 2025, ASEAN will be a quality tourism destination offering a unique, diverse ASEAN experience, and will be committed to responsible, sustainable and inclusive tourism development, so as to contribute significantly to the socio-economic well-being of ASEAN people.

The number of tourist arrivals per annum is forecasted to increase to 123 million by 2020 and to 187 million by 2030. Barring any major catastrophes, the outlook for travel and tourism in South-east Asia is very promising.

Several shortcomings

While great strides have been made, there are several shortcom-

ings that may prevent the tourist industry from fulfilling its promise. The 2011 World Economic Forum's Travel and Tourism Competitiveness Index indicated vastly varied performance levels among ASEAN member countries: Singapore (10th), Malaysia (35th), Thailand (41st), Brunei Darussalam (67th), Indonesia (74th), Vietnam (80th), the Philippines (94th) and Cambodia (109th). The ASEAN performance rankings span almost the entire range of 139 countries assessed by the index. With only three members in the top 50, ASEAN undoubtedly has considerable scope to do better collectively.

'Tourism infrastructure' plays a critical role in supporting the industry. This refers to tourism-specific facilities such as the selection of different hotel grades, numbers of hotel rooms, availability of recognised car rentals and access to automated teller machines. In terms of hotel infrastructure, the contrast in South-east Asia is extremely stark, where Singapore provides 83 hotels rooms per 10,000 population compared to only two rooms in the Philippines — a 40-times gap. Ultimately, investments to develop tourism infrastructure will have to be drawn from the private sector with the government playing a role in creating an environment for such investments.

ASEAN collaboration in information and communications technology started in earnest ten years ago. Its leaders recognised this field as a transformation driver capable of changing entire industries with a direct impact on competitiveness and growth. Research has shown that for every 10 per cent increase in broadband penetration, GDP will increase by an average of 1.3 per cent. Similarly, a 10 per cent increase in mobile penetration will result in a 0.7 per cent increase in GDP. Not surprisingly, ASEAN governments have invested heavily to support the growth of this industry. Today, information and communications technology provides employment to more than 11.7 million workers and contributes 3 per cent to ASEAN's GDP.

Big potential

While ASEAN is becoming more wired via information and communications technology, there are disparities. For example, mobile connectivity in Vietnam is confined to urban areas, which constitute only 30 per cent of its population, while in Thailand there are only 30 internet users per 100 people. In comparison, Singapore has 73 users per 100 and New Zealand 83 users. Such disparity in information and communications technology reach will only widen if infrastructure investments

Airlines play a key role in promoting tourism



The Petronas twin towers in Kuala Lumpur

continue to skew towards the major member states, such as Singapore and Malaysia. In other words, a specific and targeted investment strategy has the potential to tap into under-developed markets. Such initiatives are sought after as ASEAN aims to achieve regional integration via information and communications technology in order to support the vision of an ASEAN economic community.

Other than connectivity, ASEAN's young and tech-savvy population is a fertile market for both hardware and software consumer products. 'Tech gadgets and apps' sales continue to rise and the consumers are equally adept with m-commerce services.

Business opportunities

The rapid population and economic growth in ASEAN offer New Zealand enterprises abundant new markets at their doorstep. While large corporations attract the attention, the reality is that small- and medium-sized enterprises are in many ways the bedrock of the economy and its exports. In Germany, these enterprises employ 70 per cent of the workforce, and many are exporters of machinery and high-technology equipment into the lucrative niche global market segments. For example, Kugler+Womako makes production lines for printing passports and Winkler+Dunnebier makes machines that produce envelopes. These enterprises are typically family-owned or owned by private equity funds.

Similarly in New Zealand, for every Fonterra, there ought to be many more small- and medium-sized enterprises taking on the mantle of pioneering new markets. In total, New Zealand might have 350 companies that are well established as exporters and/or investors overseas, according to analysis by The Icehouse, the business growth centre at the University of Auckland's Business School. The number of enterprises would need to increase almost four-fold in the next eight years if the country were to meet its objective of increasing the percentage of exports to GDP from 30 per cent to 40 per cent by 2025. In other words, the value of exports has to be doubled by then.

While not lacking in technical know-how, small- and medium-sized enterprises typically face expansion hurdles such as inadequate access to capital and lack of cultural savviness. Now, more than ever, it is critical to overcome them if New Zealand is to ride the crest of the

ASEAN economic wave.

Exporting know-how

As ASEAN grapples with its food security issues, New Zealand is well positioned to export its know-how and technology in modern agriculture. New Zealand has a stellar record in increasing productivity, as evidenced by its growth in milk production. In 1980, New Zealand produced 506 million kilograms of milk solids. By 2010, the output had increased three-fold to 1438 million kilograms. Efficient land use, mechanisation, better irrigation methods and improvement in logistics will significantly modernise ASEAN's agricultural industry and create a paradigm shift towards feeding all its people.

In travel and tourism, New Zealand has again excelled in the global arena. The country is synonymous with pristine beauty and a 'must-go-to' destination for adventure seekers. Anyone who can convince tourists to perform death-defying jumps off a sheer cliff or bridge tied to a rope, all in the name of good fun, pretty much excels in marketing. And, so it seems, South-east Asia sorely needs creative marketing in promoting and showcasing New Zealand's tourist assets.

New Zealand has had a long history of promoting its universities to international students. While the number of ASEAN students in New Zealand is not insignificant, perhaps a larger impact can be made if campuses were to be established in ASEAN countries. This will be an attractive proposition to the region as its growing population strives for higher education and better living standards. Several other foreign universities have already embarked on this investment successfully.

Owing to the limitation of new arable and pasturable land in New Zealand for agriculture, it is perhaps imperative for New Zealand to invest in ASEAN if it is to further increase production for new markets. This will be a win-win solution and provide New Zealand a foothold or springboard to access a bigger market share of the global agricultural pie.

Growing sector

The technology industry is one of the fastest growing sectors in New Zealand. Exports have doubled since 2008 to US\$4.5 billion in 2014 — the country's third largest export earner behind dairy and tourism. Australia and North America are currently the main markets. In this regard, New Zealand should consider ASEAN's information and communications technology industry as a fertile new technology export market. New infrastructure or upgrades are required; unique products and services are also highly sought-after by the region's tech-savvy population.

Again in travel and tourism, there are various gaps for New Zealand investors to consider. Currently, only ASEAN hotels of 4 to 5-star are of good standard. The niche is in developing good quality 2 to 3-star accommodation.

Why the lack of interest? It appears that most New Zealand businesses have a fear of going abroad into ASEAN/Asia. This fear is not unfounded, and understandably so, since the culture, law and regulations, economy, workforce and expertise in New Zealand already provide a comfortable and sustainable business environment. Although ASEAN offers great opportunities, there are inherent highly contoured diversities and challenges that need to be considered before diving in.

On political governance, the region consists of four constitutional monarchies, three republics and three states that are

gradually moving towards democracy. The economic background ranges from as high as \$55,000 GDP per capita to as low as \$5000 GDP per capita. The diversity extends to language, religion, culture and climate. Apart from in the Philippines, Malaysia, Brunei and Singapore, English is not widely spoken.

The World Bank ranked only Singapore, Malaysia and Thailand in the top 30 on the ease of doing business in its 2014 rankings. Vietnam and the Philippines were also in the top 100.

Ease of Doing Business Ranking by the World Bank (2014)

Country	Ranking
Singapore	1
Malaysia	18
Thailand	26
Vietnam	78
Philippines	95
Brunei	101
Indonesia	114
Cambodia	135
Laos	148
Myanmar	177
New Zealand	2
Australia	10

Three initiatives

The McKinsey Global Institute identified three major initiatives that require aggressive and concerted implementation by the ASEAN bloc by 2030 in order to sustain the current economic growth. Firstly, it needs to capture a greater share of global flows by greater intra-regional integration and also by increasing labour productivity. Secondly, with more than 90 million people expected to migrate to urban areas by 2030, ASEAN will need to invest in \$7 trillion worth of infrastructure to cater for urbanisation, and to improve trade flows such as port facilities, airports, roads and highways. Thirdly, ASEAN can have a positive economic impact of up to \$625 billion by 2030 by deploying disruptive technologies such as the mobile internet and cloud technology.

ASEAN certainly has a lot to do to remove its boulders of shortcomings that are scaring away weak-hearted investors. However, the issues are being progressively addressed via the implementation of the ASEAN economic community. It may be a slow process but light can already be seen at the end of the tunnel.

It takes a big effort and a lot of courage for someone to venture out into unfamiliar territory. Sameer Handa, the CEO of Patton Group, acknowledges this fact:

Most Kiwi businesses are SMEs and a lot of the owners I come across in New Zealand have the bach, boat and BMW and are very complacent and comfortable. They don't want any more than that because life is pretty good.

New Zealand has much to gain in engaging with ASEAN. Other than Singapore investing \$3.5 billion in New Zealand (4.5 per cent of total foreign direct investment stock), contributions from other ASEAN states are negligible. As ASEAN fulfils its economic potential, a close relationship with ASEAN now can only serve to attract investment from the region in the future.

New Zealand's government has been active in engaging ASEAN but not its enterprises. I have in my youth stayed for a considerable time in New Zealand. Throughout my interaction with Kiwis from all walks of life, I was inspired by their friendliness and love for adventure. In fact, men of great adventure founded New Zealand as a country. Have you lost your pioneer spirit? 

ASEAN–New Zealand’s four-decade long relationship

Nyunt Maung Shein notes New Zealand’s improved relations with Myanmar and proposals to upgrade its ties with ASEAN to a strategic partnership.

This year marks the 40th anniversary of ASEAN–New Zealand dialogue relations. The Post-Ministerial Conference plus one session with New Zealand in Nay Pyi Taw last year welcomed New Zealand’s commitment to deliver high-level initiatives and programmes as part of the commemorative summit, which will be held in Kuala Lumpur in November 2015. New Zealand has been one of the earliest dialogue partners of ASEAN, beginning its relations with ASEAN in 1975. Apart from this longstanding relationship with ASEAN, New Zealand has also participated in the ASEAN Regional Forum since 1994 as a founding member and in the East Asia Summit in 2005 as well as in the ADMM+ in 2010. ASEAN–New Zealand relations have always been complementary, with New Zealand playing a constructive role and in ASEAN-centred forums New Zealand follows the ASEAN lead.

New Zealand has provided financial support for technical training and capacity-building for students for a long time. In July 2010, the ASEAN–New Zealand Joint Declaration on Partnership for 2010–15 and the Plan of Action to implement it were launched. In fact, this initiative aims to enhance the ASEAN–New Zealand partnership to assist ASEAN in achieving the ASEAN Community. The plan of action includes assistance for the ASEAN integration initiative to narrow the development gap among member states.

Improved relations

However, when it comes to bilateral relations with Myanmar, New Zealand consistently supported UN-mandated sanctions against Myanmar. Myanmar became the co-co-ordinator for the dialogue with New Zealand for the years 2007–09. As New Zealand was reluctant to hold meetings with Myanmar, no progress was made at that time. However, following the reforms Myanmar President U Thein Sein has undertaken in the political, economic and social arenas since 2011, bilateral relations between Myanmar and New Zealand have greatly improved with a New Zealand diplomatic mission now established in Yangon. Although initially headed by a charge d’affaires, it was upgraded



in 2014 to ambassadorial status. At the same time, New Zealand formally decided to extend a scholarship programme to allow mid-level officers from the Myanmar Ministry of Foreign Affairs to attend master’s degree programmes at Victoria University of Wellington.

There have also been several exchanges of visits in recent years. President U Thein Sein’s visit resulted in a number of important co-operation projects between the two countries, especially in the livestock and dairy products fields. Moreover, the speakers of both houses of the Myanmar Parliament paid official visits to New Zealand following the presidential visit. On the New Zealand side, the minister of foreign affairs, Murray McCully, paid a visit to Myanmar in 2013. He showed keen interest in assisting and supporting the two communities in Rakhine State displaced by the communal violence that occurred there in 2012. As development in that state is one of the lowest in Myanmar, New Zealand would like to assist residents displaced by the violence, especially by creating job opportunities in such areas as the fishery sector and carpentry.

On the Track II level, the Myanmar Institute of Strategic and International Studies and the New Zealand Asia Foundation have already met twice to exchange views on domestic issues as well as regional and international topics. A delegation from the latter led by its president will visit Yangon soon, and the third Track II bilateral dialogue between New Zealand and the Myanmar institute was held on 24 May 2015.

Supportive stance

On the South China Sea issue New Zealand is generally supportive of ASEAN’s position, namely for the drafting and early

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New Zealand has had a long and fruitful relationship with ASEAN. Its ties with Myanmar were limited until recently, for it consistently supported UN-mandated sanctions against Myanmar and hesitated to engage. But relations have warmed more recently, reflected in a series of high-level visits to both countries. This development stands alongside New Zealand’s efforts to achieve closer ties with ASEAN. Earlier this year it proposed upgrading the existing comprehensive partnership into a strategic partnership. This idea was discussed at the 22nd ASEAN–New Zealand dialogue in Auckland and efforts are now in train to create a plan of action to achieve this goal.

conclusion of a code of conduct between ASEAN and China. It does not specifically take sides with the claimant countries, especially Vietnam and the Philippines, because of its important relations with China.

The 22nd ASEAN–New Zealand dialogue took place in Auckland in February this year. Prior to this meeting New Zealand had officially proposed upgrading the existing comprehensive partnership into a strategic partnership. In this regard, the ASEAN Secretariat has been tasked to review the current ASEAN–New Zealand dialogue relations and to come up with recommendations for upgrading the dialogue status. ASEAN member states are in principle supportive of upgrading the dialogue status into that of strategic partnership. Furthermore, ASEAN and New Zealand are now working to draw up a plan of action to implement the ASEAN–New Zealand strategic partnership for the period 2016 to 2020. In order to deepen the ASEAN–New Zealand dialogue relations, New Zealand recently appointed its first stand-alone ambassador to ASEAN. Overall, New Zealand has been an important and constructive partner of ASEAN for a long time. It is hoped that the dialogue relations will deepen and broaden once the strategic partnership is developed. Myanmar appreciates and welcomes New Zealand's assistance in terms of training for its officials as well as for developing



its livestock and dairy industry.

On this auspicious occasion of the 40th anniversary of ASEAN–New Zealand relations, I sincerely congratulate both ASEAN and New Zealand for fruitful and co-operative relations that they have enjoyed and look forward to closer ties at the strategic level in the years ahead. 

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The ASEAN Regional Forum and its continued relevance



Barry Desker, Sarah Teo Li Shan and Dylan Loh Ming Hui discuss the performance and prospects of an important ASEAN process.

The ASEAN Regional Forum emerged in a post-Cold War security environment shaped by the collapse of the Soviet Union and the end of the bi-polar international structure, as well as the reduced military presence of the United States in South-east Asia. Amid the sense of uncertainty over the strategic future of a sub-region comprising small and then-weak states, the ARF was established as a process to create a more predictable and stable pattern of relationships between major powers and South-east Asia.¹

The chairman's statement of the inaugural ARF in July 1994 declared the objectives of the forum to be the facilitation of open dialogue and constructive discussions on political and security issues that were of concern to all member states, as well as a contribution to confidence-building and preventive diplomacy in the Asia-Pacific region.² Implicit in this conceptualisation was the recognition that regional issues required the engagement of extra-regional countries — in particular the great powers — in regional affairs.³ Today, the ARF boasts an inclusive membership of 27 states⁴ with more expressing their interest to join the organisation.

Over the two decades since its formation, the ARF has received much flak for its perceived lack of achievements. Along

Delegates at the ASEAN Regional Forum in 1994



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with other ASEAN-led regional groupings, the ARF is viewed as a 'talk shop' with little substance and an inability to implement policy deliverables. Despite these criticisms, we would point out that the ARF remains relevant as the region tries to grapple and make sense of the evolving geo-political dynamics. To maximise its utility and effectiveness amid the ever-growing 'alphabet soup' of regional institutions, however, it is perhaps time for the ARF to consider new ways to manage regional security challenges.

Alphabet soup

It is worth bearing in mind that the ARF was conceived as a process, not an institution. It focused on building mutual trust and confidence and sought to develop norms through confidence-building measures. The ARF introduced a new norm into the ASEAN process of co-operative security, which emphasised inclusiveness through the promotion of dialogue among both like-minded and non-likeminded states. Indeed, the ARF deliberately sought the participation of the major powers at well as mid-sized powers such as Australia, South Korea and India, which could have a significant impact on regional developments. The focus was on inclusiveness, bringing in participants with an interest in broader Asian issues that had traditionally been excluded from the consultative processes initiated by ASEAN in its Post-Ministerial Conference dialogues with major Western states and China.

Much criticism of the ARF stems from the perceived ineffectiveness of the ASEAN Way. Originally used by policy-makers to describe the tendency for ASEAN to adopt a lowest common denominator approach when negotiating ASEAN treaties and agreements, it is now a term used in academic and even policy circles to describe ASEAN's unique approach to regional co-operation. The ASEAN Way encapsulates several behavioural norms adhered to by the ASEAN member states, such as respect for sovereignty, non-interference in the domestic affairs of other states and the non-use of force — norms which members of ARF were obliged to follow as well. At the same time, to manage the diverse perceptions and outlooks of member states, the ASEAN Way also refers to a multilateral process which is built on informal consultations, consensus and pragmatism.⁵

Because ASEAN centrality is a core element driving the ARF process, the ASEAN Way has characterised procedures and co-operation in the latter forum. ASEAN's insistence on adhering to the ASEAN Way in regional security has been highlighted by some as a challenge to effective co-operation. The stress on

The ASEAN Regional Forum plays an important role in helping create a more predictable and stable pattern of relationships between major powers and South-east Asia. Established in 1994, and now boasting a membership of 27 states, it has the objective of facilitating open dialogue and constructive discussions on political and security issues that were of concern to all member states, as well as a contribution to confidence-building and preventive diplomacy in the Asia-Pacific region. But to continue to be relevant the ARF needs to transform itself into a problem-solving institution. It should initiate concrete and practical activities and programmes to strengthen regional co-operative security.

consensus decision-making, noted in a recent commentary as resulting in a conservative and lowest common-denominator approach,⁶ has also led some extra-regional powers to dismiss the ARF as a mere 'talk shop' with no power to implement and enforce decisions. This is seen particularly in the inability of the ARF to progress towards preventive diplomacy, much less conflict resolution, in what is supposed to be an evolutionary three-stage process starting from confidence-building. An oft-cited example of the ARF's ineffectiveness is the on-going tension in the South China Sea.

Unclear mandate

Moreover, with the establishment of the leaders-led East Asia Summit, as well as the ASEAN Defence Ministers' Meeting and its plus mechanism, the mandate of the ARF seems to be less clear. The EAS was originally conceived as a dialogue platform for participating states on common strategic, political and economic issues, while the ADMM+ fosters dialogue and co-operation among the defence and security establishments of regional countries. Clearly, the ARF's scope to some extent overlaps with that of the EAS and the ADMM+, giving credence to claims that there are more institutions and meetings in the Asia-Pacific region than are necessary.

Despite these criticisms, the ARF continues to be relevant in the regional security architecture in light of the current geo-political climate. Revisiting the formative elements and objectives of the ARF, the forum has proven itself useful in three broad ways.

□ *Engagement of major powers in the ARF.* It is hard to deny that the ARF has been successful in engaging major powers of the region. Both the dominant power, the United States, and the rising power, China, are in the ARF and support the forum. For China, participation in the forum is important as it seeks to dispel fears of its hegemonic intent and the ARF allows Beijing to further deepen and influence the region. To the United States, the ARF presents itself as an opportunity to bring together three of its key allies — the Philippines, Japan and South Korea — into a co-operative framework. Indeed, the ARF is all the more important given that South Korea's President Park Geun-hye has stated repeatedly that she would not hold a summit with Japan's Prime Minister Shinzo Abe as long as Tokyo does not show sufficient remorse and contrition for its wartime past.

From ASEAN's and Singapore's perspective, the ARF is valuable because it allows ASEAN countries to engage major powers, socialise them to ASEAN norms and keep them interested in ASEAN's prosperity and security. Bilahari Kausikan, Singapore's former permanent secretary of foreign affairs, noted that multilateral forums (that involve major power participation) will be successful only if they are not too successful. He has a point. Ultimately, the big players in the region will take care of their national interests first before anything else — to think otherwise is to engage in wishful thinking.

Loose institution

By virtue of its makeup, the ARF does not legally bind or restrict participants; it is a rather 'loose' institution. It does not have a formal secretariat and it only has an ARF unit within the ASEAN Secretariat supporting it. This 'looseness' makes it extremely low-risk for major powers to be involved in, which, in turn, ensures their continued interest and engagement. If the United States or China starts feeling that its flexibility — in the fullest sense of

the word — is conscribed, it would most definitely not be enamoured with the ARF.

Some critics, as noted above, label the ARF as a 'talk shop' but in some sense there is nothing wrong with talking and dialoguing. It is with this emphasis on talking and discussing that the major powers are socialised into the norms of the region which we hold dear. In that respect, socialising China and the United States into being more 'consensus seeking' and consultative represents an achievement in itself.

□ *Confidence-building measures in the ARF.* Confidence-building measures are necessary in a region where mutual distrust and suspicions of others' strategic intentions exist. Several states, for example, are wary of China's rise and/or the US military presence. Inter-state relations, such as between Japan and South Korea or Thailand and Cambodia, are also characterised by tensions. Rodolfo Severino, former secretary-general of ASEAN, highlighted the fact that the ARF pursues confidence-building in three ways:

- defining and clarifying positions on regional and global issues
- extending the ASEAN Way to co-operative processes for the wider Asia-Pacific region and
- implementing initiatives that promote transparency, build relations and create shared interests.⁷

Important platform

Indeed, such confidence-building measures have helped to build comfort levels and establish a conducive atmosphere for security co-operation, or at the very least for discussions of sensitive regional issues.⁸ While the ARF has admittedly not resolved any disputes, it has provided a platform to facilitate the management and reduction of tensions in the Asia-Pacific region. Its most useful role has been in the development of mutual trust and confidence. As noted several times, the ARF provides an alternative for bilateral and plurilateral informal exchanges within the more formal setting — a premium in the current diplomatic landscape. The practice has been for ministers attending ARF meetings to consult with their counterparts on a bilateral basis as well as in small groups, in addition to the formal exchanges at the ARF, and this has proven useful in building mutual understanding, trust and personal friendships among the elites of the various countries.

□ *Interactions at Track II and impact of Track III levels.* Paralleling the official annual ARF summit is the Senior Officials Meeting, which forms the spine and lays the groundwork for the actual summit. Below this level is the unofficial, mainly academic, Track II meeting. This manifests itself through the Council for Security Cooperation in the Asia Pacific. CSCAP was officially recognised in the chairman's statement at the 10th ARF ministerial meeting, in which it was noted that the

Ministers stressed the importance of strong linkages between Track I (official) and Track II (non-governmental) activities. In this regard, they took note of the ongoing discussions on this issue based on Canada's concept paper 'Strengthening Linkages between Track I and Track II in the ARF Context'. The Ministers noted the conclusions of the Track II Workshop on Counter-Terrorism organized by the Institute of Defence and Strategic Studies of Singapore and the Council on Security Cooperation in the Asia-Pacific — Canada (CSCAP Canada) in Vientiane on 25 March 2003. They agreed that efforts should continue to enhance Track I and Track II interaction, as recommended in the

2002 Brunei Darussalam Stocktaking Paper endorsed by the Ministers.⁹

Interactic process

Additionally, CSCAP's study groups' discussion memoranda are always sent to the ARF Unit and the ARF Unit will, usually, send a senior official to be present at the biannual Steering Committee meetings of CSCAP. This interactive process has proven very useful as the Track II circuit is often used to discuss and float ideas on more 'sensitive' issues that could not be viably discussed at the Track I level. It is also at this Track II level that positions that the different countries hold on different issues are made clearer — making the official meets much smoother and manageable. One innovation that could be used more effectively by the ARF is the ARF Experts and Eminent Persons (EEPs) Group, whose members were nominated by the ARF member states but are expected to provide inputs as experts and eminent persons going beyond the current positions taken by the ARF. The EEPs meet annually and discuss a range of issues. One significant initiative was the involvement of the EEPs as election monitors in the East Timor parliamentary elections.

In a regional political landscape that is ever more contested, the role of Track III cannot be ignored. Regional co-operative networks increasingly encompass non-government organisations. These include trade unions, environmental groups, democracy activists, urban activists and religious organisations which have developed relationships covering the ASEAN and Asia–Pacific regions. In November 2000, an ASEAN Peoples' Assembly was convened for the first time in Batam, Indonesia. These Track III processes will be increasingly significant in the Asia–Pacific region, especially in debates on human security issues. An example of how such non-governmental organisations can shape the global and regional agenda occurred with the adoption by the United Nations of the convention against land mines. The ARF will have to respond to new issues on the security agenda that will be advocated by such non-governmental organisations.

Ensuring relevance

Since the inaugural ARF meeting, regional security co-operation has evolved within a framework that is increasingly complex and multi-layered. The emergence of new institutions, such as the EAS and ADMM+, has contributed to the burgeoning layers of the regional security architecture. These overlaps, however, need not necessarily be seen in a bad light. Rather, the relative peace and prosperity the region has enjoyed can be attributed to these multiple 'webs' of networks and institutions that engage the interests of regional stakeholders. Moreover, the relatively loose and informal structure of the regional security architecture ensures that non-major powers, such as Singapore and New Zealand, can still exert a degree of influence in the affairs of the region.

That said, it is also crucial that the ARF does not fade into irrelevance in light of the growing number of meetings and forums that ASEAN initiates. One way to ensure this is perhaps to work at conflict management/prevention through, conceivably, the disputes in the East and South China Seas.

Given that all the claimant states in the both seas are members of the ARF, it would be a positive step for the ARF to develop a set of conflict management and prevention mechanisms. This is not meant to replace the code of conduct for the South China Sea that ASEAN is co-drafting with China. There is no doubt,

however, that talks on the code of conduct have taken a very long time and look likely not be completed anytime soon. A less comprehensive, more general and briefer (much watered down even) conflict prevention mechanism could be concluded that would, at the very least, make some progress on ensuring transparency of actions and stabilising norms. Effectively addressing tensions arising from two of the region's flashpoints would allow the ARF (and ASEAN) to respond to its critics while at the same time reinforce its usefulness in regional security.

Bolder approach

An even bolder approach would result in initiatives on ARF organisational issues aimed at strengthening the ARF while admittedly raising some of the problems discussed earlier. First, as far as confidence- and security-building and preventive diplomacy are concerned, the ARF needs to transform itself into a problem-solving institution. The ARF should initiate concrete and practical activities and programmes that would strengthen co-operative security in the Asia–Pacific region instead of continuing as a forum exchanging views and perspectives. While attempting to develop common understandings and agreed positions on regional security issues among member countries, the ARF should add substance to the forms of co-operation. Meetings at the Inter-Sessional Group level, for instance, should focus on critical themes and particular issues. Thematic discussions would set the agenda for regional security co-operation. This initiative could not be promoted effectively unless conflict resolution mechanisms are developed. The ARF needs to consider various ways to resolve conflicts impacting security and prosperity of the region. Issues like how to implement the enhanced role of the ARF chair, and how to deploy the EEPs should be on the table. Ultimately, the resilience of the ARF will be strengthened if it goes beyond an exchange-of-views forum towards a problem-solving system.

Secondly, whilst the ARF meetings should be held in an ASEAN country, the co-chair of the ARF discussions could be a non-ASEAN member or an external ARF member. This initiative would extend one of the existing principles. Meetings of the Inter-Sessional Group are being co-chaired by an external member. The effect will be not only to lock in the participation of external powers but also to give them a bigger stake in the ARF process. Ensuring the continued involvement of external powers, especially the United States and China, is vital to peace and security of the region, even if their leaderships and foreign policies may turn unpredictable as a consequence of domestic politics and electoral campaigns.

Thirdly, the establishment of an ARF secretariat is necessary. Any strategy to energise the ARF requires the setting up of a dedicated secretariat. In fact, a first step has already been taken, with the establishment of an ARF Unit within the ASEAN Secretariat to assist the chairman. The ARF Unit, among others, services ARF meetings, updates the ARF Register of Confidence Building Measures, while serving as a repository of ARF documents. As the ARF embarks on concrete co-operation in the Asia–Pacific region, it is essential to get an autonomous secretariat staffed by officials from its member states that could handle security issues impacting the region. Such a secretariat could be co-located with the ASEAN Secretariat or alternatively with the APEC Secretariat. Co-location with the APEC Secretariat will encourage an increasingly symbiotic relationship between these two

key institutions for co-operative regional security and regional economic integration. As part of the process of committing the external ARF members to the ARF process, the secretariat could be chaired by an ASEAN member with a non-ASEAN member as deputy secretary-general, each on two-year terms. To facilitate a build-up in capacity, ARF members could be encouraged to second staff to the ARF Secretariat in the initial years.

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Beyond 40 years: reframing ASEAN in New Zealand's strategic outlook

Thitinan Pongsudhirak discusses the new challenges and opportunities in the relationship between New Zealand and South-east Asia.

The mid-1970s were a momentous and tumultuous period for South-east Asia. Communist expansionism was at its zenith, claiming Cambodia, Laos and then-South Vietnam. With Indo-China states falling to communism like dominoes, Thailand resisted as the frontline bulwark against communism as a treaty ally of the United States. At that time, ASEAN with its five founding members — Indonesia, Malaysia, the Philippines, Thailand, and Singapore — was still in its formative years. These five countries cohered mainly to put down an intra-regional conflict, with the aims of preserving regional autonomy and pursuing national development priorities. Partly to achieve these aims, ASEAN began to engage in dialogues with regional states outside its fold, giving rise to the ASEAN–New Zealand relationship. With South-east Asia divided between communist and non-communist states in the thick of the Cold War between the United States and the Soviet Union, ASEAN eventually weathered the storm of proxy conflicts and overcame the regional divide by incorporating the communist states over time, thereby realising one South-east Asia.

But as ASEAN turns 48, with the ASEAN–New Zealand axis at 40, the ten-member organisation is facing new challenges and opportunities that impinge on the bilateral relationship. ASEAN is now poised to come up with a three-pronged community by the end of 2015, while retaining its central role in the region's architecture-building efforts. Apart from the formal objectives of the ASEAN Community based on the ASEAN Charter, other dynamics of regional integration and co-operation are also in motion. This short essay discusses what might be expected of the ASEAN Community in the near term and what other modalities and frameworks might some or all of the ASEAN states come up with in their neighbourhood in principle and practice. The main thrust here is that the ASEAN Community objectives will be partially met but not nearly as much as envisaged and hyped up by the ASEAN governments. In other words, ASEAN will not become any sort of a common market anytime soon. However, the development and integration of mainland South-east Asia appears likely to surpass what the ASEAN Community has set out on paper.

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Mainland South-east Asia's rise yields both attractive opportunities and daunting challenges for ASEAN itself and for ASEAN's relationships with dialogue partners, such as New Zealand. Let us start with the most recent ASEAN summit.

Elusive community

The aftermath of the 26th ASEAN Summit in Kuala Lumpur on 26–28 April indicated that ASEAN is increasingly challenged in its efforts to bind into the ASEAN Community by the end of 2015. Beset by domestic political tensions and pulled in different directions by geo-political forces in the face of ambitious objectives, ASEAN lacks thrust at a time when it requires momentum the most. Yet ASEAN is not going away; it just will not reach where it wants to be based on the ASEAN Community goals. Indeed, ASEAN is on course to fall short of its integration objectives laid out in the ASEAN Community with its three community pillars, namely political-security, economic and socio-cultural. South-east Asia's regional grouping will need to regroup and map out post-2015 plans for a kind of economic integration and political collaboration that are consistent with its DNA. Its nurturing over 48 years has been phenomenal, but its natural attributes from history and geography to divergent national interests must be taken into account in charting a post-2015 path.

ASEAN's marketable headline figures are well-known. It is home to 625 million people altogether, with four of the world's top-twenty most populous countries in Indonesia (253 million), the Philippines (107 million), Vietnam (93 million) and Thailand (67 million). More than half of these demographic numbers combined are relatively young, still below 35 years on average by 2020, promising future growth and enormous spending power as regional economic development makes headway. As the world's seventh largest economy, ASEAN's collective GDP tops US\$2.5 trillion. Its annual economic growth trajectory over the next five years is in the range of 5 per cent, more than double the average of developed countries in the OECD. More than headline numbers, ASEAN is Asia's most durable regional organisation. In fact, it is the most successful unnatural regional organisation of large size in contemporary world history. Never has a bunch of scattered islands of multiple sizes and shapes in the sea come together with a corner of a continental land mass to form a single organised entity with a recognised global voice and internal dynamism. While its geography is unnatural for a regional organisation, its other attributes go against what is considered natural and conducive in other parts of the world.

ASEAN is the epitome of diversity, the flipside of which is

ASEAN is Asia's most durable regional organisation. In fact, it is the most successful unnatural regional organisation of large size in contemporary world history. ASEAN is attempting to do something no other regional organisation has done — to promote integration without supra-nationality. This is a monumental task, and the recent summit indicated that ASEAN is increasingly challenged in its efforts to bind into the ASEAN Community by the end of 2015. Mainland South-east Asia is where real integration will take place in the immediate future. ASEAN's dialogue partners, such as New Zealand, should reframe their focus to take account of this development.

a congenitally problematic unity. The region harbours all of the world's major religions from Christianity and Islam to Buddhism. It is a polyglot of multiple languages, with no natural common tongue as English becomes the default but difficult lingua franca. It is a region marked by diversified ethnic makeup with little homogeneity. Its political regimes run the gamut from absolute and constitutional monarchies to republics and communist parties, all with different shades of democratic legitimacy. Indonesia is emblematic of this remarkable diversity as the world's largest Muslim country and third-largest democracy, with a potpourri of ethnic minorities around its shores. Yet ASEAN's endurance and durability are world-famous. It originally began in 1967 to resolve intramural conflict, and then weathered the ideological polarisation between the United States and Soviet Union during the Cold War, as mentioned above. Along the way, it achieved regional autonomy and national economic development. By the early 21st century, it went for more than ever in planning to come up with the ASEAN Community.

Beguiling images

The ASEAN community conjures up images of the European Community's common market in the early 1990s before it went on to fully integrate as the European Union. But ASEAN's integration will never be like Europe's. The DNA is different. ASEAN is more co-operative in design, Europe collective. ASEAN has non-interference and other rules that preserve national sovereignty as paramount. In short, ASEAN is attempting to do something no other regional organisation has done — to promote integration without supra-nationality. Understanding how integration can take place without a supra-national authority that governs member states is to grasp what ASEAN is really all about. ASEAN integration can go far but not all the way, only up to a point where it might prove sufficient for its needs. When it aims beyond, such as outer reaches of the political-security, economic and socio-cultural communities, ASEAN's shortcomings are laid bare. For example, the political-security community now must confront the spiralling geo-politics of the South China Sea, where an assertive China is not shy to divide ASEAN in order to advance its contested territorial claims. The Philippines and Vietnam are firmly opposed to perceived Chinese belligerence, but Laos and Cambodia, as well as Myanmar and Thailand to a lesser extent, are not as keen to stand up against Beijing. Without complete commitments from ASEAN states, the political-security community is not equipped to promote rules that all major protagonists can abide by. At the 26th summit, the concluding statement mentioned South China Sea disputes without touching directly on China's aggressive land reclamation and physical construction of facilities. The next summit later this year will be a major navigation test for Malaysia as chair to address the China conundrum.

The economic community, on the other hand, gets all the attention. It is as if ASEAN exists because of it. Unsurprisingly, growth and profits speak louder than security concerns. Yet ASEAN economies remain structurally dependent on outside markets. Intra-ASEAN trade, despite more than two decades since the ASEAN Free Trade Area was launched, is still less than 30 per cent. ASEAN members have achieved on average more than 80 per cent on compliance criteria known as the scorecards, but at the same time non-tariff barriers have gone up. The ASEAN economic community will boost a regional production base as driven by mainly market forces but it will not lead to eco-

nomics integration as we know it. And ASEAN is far away from being 'people-centred' or 'people-oriented'. More democratic members prefer the former, less democratic the latter. In Kuala Lumpur, the ASEAN People's Forum and ASEAN Civil Society Conference held meetings prior to the summit but two civil society representatives were rejected from meeting with ASEAN leaders during the mandated 'interface'. ASEAN peoples ultimately hold the key to tighter connectivity towards integration, but the socio-cultural community pillar has the longest way to go compared to the political-security and economic communities. In the near term, ASEAN's growing connectivity, especially on communications and transport infrastructure, may turn out to be an effective substitute for integration. In other words, ASEAN connectivity is economic integration minus supra-nationality. Connectivity is thus more consistent with the ASEAN DNA, and warrants more focus than integration.

Mainland frames

Those caught up over the ASEAN Community hype with its political-security, economic and socio-cultural communities are fixated on wrong places. Integration from connectivity where borders are proving decreasingly relevant is happening less on paper and more on the ground in mainland of South-east Asia. Beyond the agreements and scorecards of the Greater Mekong Sub-region, mainland South-east Asia is where real integration will take place. The mainland sub-region used to be known more for a colonial contest between Britain and France during imperialism and a geo-political grapple during the Cold War. This is no longer the case. The group of countries comprising Cambodia, Laos, Myanmar and Vietnam — formerly known as the newer 'CLMV' members of ASEAN — is coming into its own. Cambodia, Laos and Vietnam constituted French Indo-China, while Myanmar was part of British India. Add Thailand to this mix as a colonial holdout, and the mainland half of South-east Asia — CLMVT — is coming together for the first time in the modern era.

Its future looks more like its past, minus imperialism, when its mainly Buddhist peoples crisscrossed the land for better livelihoods, mixing and enmeshing across ethnic and linguistic lines. Borders were not drawn then, as they matter less now. War and conquest were rife and part of life, but trade and commerce were also brisk and prevalent. This mainland sub-region would not be complete without China's southern Yunnan province, known as the Nanchao kingdom in the distant past, bordering Laos, Myanmar and Vietnam. Yunnan traditionally defined the ethnicity and lineage of many parts of mainland South-east Asia, its history interwoven with those of other mainland countries. These mainland South-east Asian economies coalesce into a consumer and labour market of 300 million with rising income and a combined GDP that is headed above \$1 trillion by 2020.

This sub-region is a global pivot, connecting North-east, South and South-east Asia, with more than a three billion population altogether. Poised to grow as a nexus of the Asian landmass on the back of ASEAN's more incremental integration efforts, mainland South-east Asia has entered an unprecedented period of promise and expectation, revolving around Myanmar's transformation and the Myanmar–Thailand gateway. It is a sub-region being wooed, as in the Central Asian great game of the 19th century, by China as the resident super-power and the United States with its staying power, with Japan heavily invested and India as a civilisational cradle. In view of global economic volatility and

fluid geo-political uncertainty, no sub-region beckons quite like mainland South-east Asia as a hedging strategy and smart diversification for investors from near and far.

Exceptional growth

The solid sources of growth in these mainland economies go beyond headline numbers. True, the macro-economic figures are considerable. Cambodia, Laos, Myanmar and Vietnam have clocked and are on course to maintain a 5–7 per cent or higher growth trajectory through the 2010s, while Thailand is expected to hover lower in the 3–4 per cent range due to its domestic problems. With a population of 50 million, a US\$200 billion GDP and economic expansion well above the Chinese national average, Yunnan province can pass as an impressive economy elsewhere. Inflation is in check in these economies, higher in some than others, but nowhere near a runaway problem. All have healthy international reserves, sustainable external accounts and manageable debt profiles. Except for Thailand's minor GDP contraction in 2009, all stood up well and maintained their trajectories in the face of the global financial crisis. Yet the growth potential of these mainland economies is more than headline numbers.

The shared history and convergent destiny of these five mainland countries and a large Chinese province are bound by geography. The Greater Mekong Sub-region, a Japan-backed initiative administered by the Asian Development Bank since 1992, has harnessed the potential and promise of the Mekong economies through road and rail infrastructure development straddling the mainland in multiple directions. The sub-region also includes the Guangxi Zhuang Autonomous Region in China's deep south, next to Yunnan and north of Vietnam. Guangxi adds a 50-million population and a US\$250-billion economy to the sub-region's market. Current roadways in sub-region economies exceed 865,594 kilometres. Its rail equivalent is around 19,200 kilometres. The highways and railways will significantly lengthen both within and across the sub-region economies as development continues to make headway. According to a recent ADB study, the corridors of the sub-region's road transport will reduce transaction costs and expand markets to achieve sub-region gains of between 1.1 to 8.3 per cent for the rest of this decade.

The road and rail connectivity in mainland South-east Asia is creating an integrated market on the ground without too much trying and without the ASEAN Community's fancy documents and pronouncements. Mainland South-east Asia just connects and integrates. For example; more than 2.5 million mostly undocumented migrant workers from Myanmar and 250,000 Cambodians take up low-income jobs in Thailand; without them the Thai economy would sink to its knees. Thailand, in turn, is a leading investor in Cambodia, Laos and Myanmar. Bangkok is the aviation and tourism hub of this sub-region. Tourists, diplomats, development specialists and sundry non-governmental organisations are enticed and romanticised by the prospect of work and making a difference in Cambodia, Laos and especially Myanmar, but when they need down time they flock to the Thai capital and outlying resorts. Likewise, the presence of Chinese workers and capitalists can be felt increasingly in the CLMTV countries, especially in their northern provinces and townships.

Laotian battery

Known as the 'battery' of this sub-region, Laos is dominated by three economies: Yunnan to the north, Thailand on its western

flank and Vietnam on the eastern side. Sharing a Buddhist and linguistic heritage with Thailand, Laos is a major hydropower exporter, and sells almost all of its excess electricity to Thailand. Laotians also speak a north-eastern Thai dialect and tune in to Thai soap operas for prime-time entertainment. Cambodia's government, on the other hand, is beholden to the Chinese the most, as Beijing has been the largest investor in and aid donor to the country. Sandwiched between the Vietnamese and the Thais, Cambodia is spawning more economic activity in light manufacturing and the tourism industry in an effort to rely less on aid and more on productivity and competitiveness, buoyed by a young workforce, most of whom were born after the Cambodian peace process was in place in the early 1990s. Although hounded by macro-economic challenges, Vietnam's GDP expansion remains in the 6–8 per cent range. Its large internal market of more than 90 million people makes Vietnam one of the largest regional recipients of foreign direct investment so far this decade. Thailand is well known for being in the middle income trap, stuck in the US\$5000 per capita income range. But the trap talk may be overstated if the Thai economy can keep diversifying and expanding on a combination of labour-competitiveness, incremental upgrading and limited productivity gains, especially in services.

Geography will lead the way for the Greater Mekong Sub-region economies. Rich natural resources, ample labour, expansive and fertile land and growing capital from within and outside, all pack a promising growth punch. Their relative low-base effects leave much room for at least another decade of upward-sloping trajectories, during which they would need to get the basics right for longer-term expansion. Their location between Japan and South Korea, on one hand, and India and South Asia, on the other, and between China and maritime South-east Asia, makes this a compelling region. A young working population, unlike the aging dilemma of OECD economies, bodes well for future growth. But it is not all robust and rosy for these mainland economies. They are beset by environmental degradation, human and drug trafficking, transnational crime and other non-traditional security concerns, which need to be adequately addressed individually and in a regional framework. The construction of dams by upstream countries, namely China and Laos, has not only adversely affected natural habitats but also created a potential upstream-downstream interstate conflict down the road. But if these problems can be managed, the mainland growth story will continue to unfold.

Accordingly, ASEAN's dialogue partners, such as New Zealand, should reframe their focus. Mainland South-east Asia is poised to be a major locomotive for regional growth and development irrespective of what happens with the ASEAN Community at the end of 2015 and beyond. Maritime ASEAN will become more connected over time, but the mainland is where the real action of connectivity and integration will be. Mainland South-east Asia around the Mekong — the 'Mekong Mainland' — can satisfy the global quest for ever-newer sources of economic dynamism and growth. It is a sub-region with undeniable geographic coherence, solid growth trajectories, attractive natural endowments and a critical mass of land and population that is going to be more connected and integrated on the ground, much like in centuries past. The aim for countries with a smart strategic outlook and a longer horizon is to piggy-back on the inexorable rise of mainland South-east Asia. 

Indonesia–New Zealand relations: platform for a stronger ASEAN

Rahimah Abdulrahim, Ibrahim Almuttaqi and Steven Yohanes Polhaupesy assess the prospects for closer ties between New Zealand and ASEAN's largest member.

When President Susilo Bambang Yudhoyono paid a state visit to New Zealand in 2005, it was agreed that the relationship between Jakarta and Wellington was 'good and stable'. But the Indonesian president and Prime Minister Helen Clark also agreed that the bilateral relationship was 'still way below its potential'.¹ This view was applicable across all levels of co-operation in the fields of politics-security, economics and socio-culture. A decade on from Yudhoyono's visit, 2015 marks the 40th anniversary of dialogue relations between New Zealand and ASEAN, of which Indonesia is a founding member. While Wellington has appointed a dedicated New Zealand ambassador to ASEAN in this important year, it might be asked why it has taken the country so long to do so. At the same time, 2015 has seen damaging headlines about New Zealand's intelligence agency intercepting electronic communications of Indonesian citizens. Although Jakarta did not respond to the revelations in the same way it did with a similar case involving Australia (Indonesia withdrew its ambassador and downgraded bilateral relations with Canberra), the news served to reinforce the suggestion that bilateral relations between Indonesia and New Zealand are marked by a certain degree of distrust and misunderstanding.

This article will examine the state of the bilateral relationship between Indonesia and New Zealand in the three fields of politics-security, economics and socio-cultural before offering some thoughts on how Jakarta–Wellington relations can and should be utilised to create a stronger ASEAN.

Bilateral relations

Politically, the Indonesia–New Zealand relationship was born out of Indonesia's independence struggle. In 1948 and 1949 New Zealand twice supported Indonesia's membership to United Nations bodies at a time when the republic was still engaged in a war of independence with its Dutch colonisers.² Moreover, the New

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Zealand government strongly criticised the Netherlands' 'police actions', supporting the decision to take the matter to the UN Security Council. When Indonesian independence was achieved with the transfer of sovereignty in December 1949, New Zealand was one of the first countries to recognise the new republic. New Zealand's minister for external affairs visited President Sukarno a month later. Interestingly, New Zealand support for Indonesia's independence was not confined to the government level. Dock labourers in Wellington refusing to load Dutch ships carrying supplies to the Dutch-controlled areas of Java during the war of independence.³

Despite this promising early start to the relationship, there was a significant delay before the two countries exchanged ambassadors. Indonesia's first ambassador to New Zealand did not arrive until 1958, almost a decade after Wellington's recognition of Indonesian independence.⁴ However, New Zealand's representation in Jakarta consisted of just a Colombo Plan office at that time. It was not until 1968 that New Zealand's representation to Jakarta was upgraded to full embassy status.⁵ In some ways, this reflects what one academic has described as the 'uneasy' partnership between the two countries. While Wellington's early recognition of Indonesia's independence promoted positive political ties, such ties were 'shallow', with New Zealand seen to prefer ties with other South-east Asian countries that were part of the Commonwealth.⁶ Indeed, during Indonesia's *Konfrontasi* with Malaysia, New Zealand military units were deployed on the island of Borneo in support of Malaysia and against Indonesia.⁷

This 'shallowness' is reflected in the fact that Indonesian

New Zealand's relationship with Indonesia has its roots in the latter's independence struggle. New Zealand was one of the first countries to recognise the new republic on its proclamation in 1949. But the establishment of diplomatic ties was long delayed, New Zealand not upgrading its representation in Jakarta until 1968. But the relationship remained relatively shallow, not helped by New Zealand's active participation in operations in opposition to Indonesia's *Konfrontasi* with Malaysia in the 1960s and later differences over East Timor issues. Today there are good and growing trade relations, while co-operation in other fields, especially tourism and education, is increasing.



Jakarta by night

President Abdurahman Wahid's state visit to New Zealand in 2001 was the first by an Indonesian head of state since 1972. In addition, New Zealand suspended military co-operation with Indonesia's armed forces in 1999, not resuming until 2006. Even then, the resumed military co-operation was low-level, focused only in the areas of military education and training.

Renewed appreciation

Despite this 'uneasy' past, a renewed appreciation of the Indonesia–New Zealand relationship has been evident in recent years. On Indonesia's part, there is recognition of the positive momentum heading in the right direction, with Jakarta 'eager to strengthen relations' with New Zealand.⁸ At the same time, the Indonesian government has spoken of its desire to be New Zealand's 'friend' and 'partner' and, moreover, declared its intention to 'stand and grow together with New Zealand in peace and prosperity'.⁹ On New Zealand's part, there is acknowledgement of Indonesia's 'fundamental importance' by virtue of its size, strategic location and natural resources.¹⁰ Moreover, Indonesia's *Reformasi* has been hailed by New Zealand as 'one of the great achievements of the last decade'.¹¹

Indonesia's democratic transformation was also highlighted when New Zealand cited their 'common interests as democracies and neighbours in the Asia–Pacific region'.¹² At a regional level, the New Zealand government's 'NZ Inc ASEAN Strategy' also calls for Wellington to be 'better connected and more influential with key ASEAN countries', building on the current co-operation it has with Indonesia and ASEAN in regional and international forums such as the United Nations, the World Trade Organisation, APEC, the ASEAN Post-Ministerial Conference, the ASEAN Defence Ministers' Meeting-plus, the ASEAN Regional Forum and the East Asian Summit, among others.¹³ Here it should be noted that the main mechanism for Indonesia–New Zealand relations takes the form of the annual Joint Ministerial Commission, which last took place in October 2013 and was headed by Indonesia's Foreign Minister Marty Natalegawa and New Zealand's Foreign Minister Murray McCully.

However, with a new president and government in place in Jakarta, there are some question marks as to whether Indonesia will continue this trend of renewed appreciation. This is especial-

ly so given the general feeling that Indonesia's President Joko Widodo appears to be more domestic-orientated with his foreign policies driven by the desire to ensure that Indonesia's national interests are directly met.

Economic relations

In terms of the economy, Indonesia and New Zealand enjoy strong and growing trade. In 2013 total two-way trade stood at US\$1.28 billion, with Indonesia's imports from New Zealand worth US\$806 million and exports to New Zealand worth US\$470 million.¹⁴ As such, Indonesia was New Zealand's eleventh largest trading partner in 2013, an improvement on thirteenth in 2012. Significantly, Indonesia–New Zealand trade is seen to be complementary and largely non-competitive. Thus, while 90 per cent of New Zealand's exports to Indonesia are primary products such as dairy products, wood products and meat, Indonesia's exports to New Zealand consist of petroleum oil, coal, natural rubber, textiles, clothing and footwear.

However, while these facts may seem impressive, a closer look reveals that, among the ASEAN members, Indonesia is only the fourth largest trading partner.¹⁵ This despite the fact that Indonesia is ASEAN's largest economy, contributing 38 per cent of the region's combined GDP. At the same time, there was acknowledgement by the two governments that the Indonesia–New Zealand trade profile had not changed much in the past two decades. Prime Minister Helen Clark once remarked that

We need to update the perceptions around New Zealand and Indonesian businesses and the state of each other's economies... we're probably in something of a time warp in ways that we see each other.¹⁶

It is also notable that while ASEAN and New Zealand (together with Australia) signed the AANZFTA on 27 February 2009, Indonesia did not join the other parties in implementing the agreement on its commencement date of 1 January 2010. Indonesia was the last to participate in the AANZFTA, with the Indonesian Parliament not ratifying the agreement until 2012. As such, Indonesia lagged behind countries such as Cambodia, Laos, Myanmar and Vietnam in taking part in the free trade agreement, raising some questions about Indonesia's commitment to the Indonesia–New Zealand relationship.

Socio-cultural relations

Lastly, in terms of socio-culture, statistics show that in 2012 55,857 New Zealanders visited Indonesia — an increase of 52.3 per cent from the preceding year. Meanwhile, 12,384 Indonesians visited New Zealand in 2012 — up from the 11,558 Indonesian visitors

Garuda is yet to establish commercial flights from Jakarta to Auckland



in the previous year.¹⁷ The huge jump in New Zealand visitors to Indonesia may be attributed to the decision of New Zealand's flag carrier, Air New Zealand, to fly seasonal flights to Bali in 2012. While these flights, from Auckland to Bali, are welcome, they highlight the lack of direct flights between the two capitals and/or other major cities on offer by Indonesian or New Zealand airlines. Indonesia's flag carrier, Garuda Indonesia, currently does not run commercial services to Auckland from either Jakarta or Bali, although a memorandum of understanding was signed by it with Auckland airport in 2012, committing the two parties to re-open air links between the two countries. However, this agreement came with the caveat 'as soon as market conditions and aircraft availability allow', which to date have not occurred.¹⁸ Given the success of Air New Zealand's seasonal flights to Bali, more direct flights between the two countries can be expected to have a positive impact.

In the area of education, around 800 Indonesian students attended educational institutions in New Zealand in 2014. This represents an improvement from 2007, when there were 484.¹⁹ However, with New Zealand hosting 100,000 international students, Indonesia's 800 students represent a very small proportion — less than 1 per cent. The New Zealand government has placed a new emphasis on education co-operation as a key part of Indonesia–New Zealand relations. To demonstrate the importance attached to education, Prime Minister John Key was accompanied by a 60-member education delegation when he visited Indonesia in April 2012. To encourage more Indonesians to study in New Zealand, around US\$ 4.9 million per year has been committed to a scholarship programme that is open to 50 Indonesians.²⁰ This is an improvement on the fifteen scholarships available in previous years. It is perhaps questionable whether a scholarship programme for only 50 Indonesians can truly boost Indonesia–New Zealand relations. Nevertheless, all eight New Zealand universities have now entered agreements, partnerships or links with Indonesian universities to offer joint degrees, joint research and opportunities for Indonesians to further their studies in New Zealand.

Aid programme

Beyond the areas of tourism and education, Indonesia–New Zealand socio-cultural relations are also underlined by the New Zealand aid programme, which is focused on three integrated priority areas:

- sustainable growth and development
- human resource development and
- stability in growth.

In terms of New Zealand's aid allocation for the Asian region, Indonesia was the largest recipient in 2010 with NZ\$14 million.²¹ Interestingly, the New Zealand aid programme was said to give priority to Indonesia's eastern islands, thus preventing Indonesia–New Zealand relations from falling into the trap of Jakarta-centrism. In addition to the New Zealand aid programme, which consists of around 28 projects, New Zealand also provided relief assistance following natural disasters in Aceh, Nias, Padang and Yogyakarta. After the 2004 Indian Ocean tsunami Wellington announced aid worth NZ\$68 million — New Zealand's largest ever response to a humanitarian crisis.²² While development assistance from New Zealand to Indonesia is welcome, there is a need for the Indonesia–New Zealand relationship to avoid becoming a donor-recipient one and for Jakarta and Wellington to



The fourth Joint Ministerial Commission between Indonesia and New Zealand was held in Auckland on 9 September 2011

emerge as true partners of equal standing.

Enhancing relations

Just as New Zealand's engagement with Indonesia has a long history, so, too, does Wellington's interaction with the South-east Asian region as a whole. This is true not only since the establishment of ASEAN in 1967 but also even prior to it. For example, motivated by defence and security concerns, New Zealand was a founding member of the failed SEATO. New Zealand's role arguably marks implicitly Wellington's consistent interest in protecting the security and stability of South-east Asia. After ASEAN came into existence, New Zealand successfully engaged in co-operation with the founding five ASEAN members. Since ASEAN has expanded to its current format of ten member-states, New Zealand has also actively contributed to South-east Asia's peace and stability by participating in various regional co-operation entities, such as the ASEAN Regional Forum, the East Asia Summit and the ASEAN Defence Ministers' Meeting. Nevertheless, New Zealand, it should be noted, has recently been focusing much more on maritime issues in South-east Asia, as is evident in Wellington's co-chairing of the ADMM+ Experts Working Group on Maritime Security from 2014 to 2016.

New Zealand's maritime interests can be attributed to recognition of the changing nature of geo-politics in the Asia–Pacific region. This particularly affects New Zealand political-security perception of ASEAN, such as over the South China Sea issue. Moreover, New Zealand needs access to the sea lanes of communication to continue its trade with major Asian trading partners, such as China, Japan, Singapore, Malaysia, Thailand and Indonesia. With the new Indonesian government under President Widodo pushing for a greater maritime agenda — both domestically and regionally — there is a real opportunity here for Jakarta and Wellington to work together.

Stumbling block

Interestingly, New Zealand's involvement in security arrangements with Australia and the United States could be a stumbling block in its path to co-operation with ASEAN members. The informal defence alliance between New Zealand, the United States and Australia pushes New Zealand to support the United States and Australia, even when New Zealand has no direct involvement in the issues at stake. However, both ASEAN and New

Zealand are interested in maintaining regional peace and order. It is, therefore, important for both to look to the possibility of convergence for the betterment of regional peace and security.

In terms of economic relations, in line with the growth of ASEAN as a regional organisation, New Zealand's partnership with ASEAN has also grown bigger. In 2013, two-way trade between ASEAN and New Zealand increased 4.3 per cent on the previous year. Meanwhile, at the same time, New Zealand foreign direct investment in ASEAN more than doubled from US\$110 million in 2012 to \$250 million in 2013.²³ New Zealand alongside Australia formed a free trade agreement with ASEAN, AANZFTA, which came into force in 2010. According to the 'New Zealand Inc ASEAN Strategy', 99 per cent of New Zealand exports will become tariff-free to ASEAN.²⁴

The ASEAN economic community that will come into force by the end of this year is a great venue for ASEAN and New Zealand to upgrade and strengthen their relationship. There will be big economic opportunities for both ASEAN and New Zealand. There are three key strategic goals, according to the 'New Zealand Inc ASEAN Strategy', that could also support ASEAN in fostering their economy:

- encourage high-level exchanges between the people of ASEAN and New Zealand
- enhance understanding in the ASEAN community
- speed up trade and investment from both ASEAN and New Zealand.

These key strategic goals represent the needs of and the gaps in co-operation between ASEAN and New Zealand. They will enhance awareness, connect the shared vision and prove advantageous for both ASEAN and New Zealand. They will help the further regional trade negotiation between the RCEP (where most ASEAN states are involved) and the TPP (where New Zealand is involved). They will also connect ASEAN and New Zealand in regional economic integration negotiations in the future. Again, New Zealand's involvement in rival regional trade agreements is not an obstacle to a stronger ASEAN but rather an opportunity to bridge the gap between the two sides and bring the best of both worlds.

It is clear then that Indonesia and New Zealand have much scope to discuss opportunities and potential co-operation in various sectors, with the wider goal of creating a stronger South-east Asian region as represented by ASEAN. With 2015 marking the 40th year of dialogue partnership between ASEAN and New Zealand, such opportunities arising from the momentum that will no doubt emanate during this historic year should be seized.

NOTES

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The New Zealand–ASEAN trade partnership: 40 years of development and prospects

Nguyen Duc Thanh outlines the process by which New Zealand and Vietnam changed from neighbours to strategic partners.

New Zealand and ASEAN have a long history of co-operation on various fronts. Formal relations can be traced back to 1975, when New Zealand was among the first countries to become an ASEAN dialogue partner. The relationship reached a landmark with the adoption of the Joint Declaration on Comprehensive Partnership for 2010–15 and the Plan of Action to Implement the Joint Declaration, designed to broaden and deepen the partnership in political and security, economic and socio-cultural co-operation. ASEAN is now considering New Zealand for strategic partnership.

Nowadays, more than two-thirds of New Zealand's trade and investment is occurring in the Asia–Pacific region. Expected to emerge as the next destination after China for investment by leading economic powers, ASEAN presents an increasingly significant opportunity for New Zealand.

New Zealand and nine out of ten of the official members of ASEAN are members of the World Trade Organisation. New Zealand was also one of twelve founding members (of which seven are ASEAN members) of APEC in 1989. Additionally, New Zealand and the ASEAN countries are all involved in the East Asia Summit, within which the Regional Comprehensive Economic Partnership is proposed. However, one of the most important agreements co-signed by New Zealand and ASEAN is the AANZFTA which affects a combined population of 600 million people in the twelve countries involved with an aggregated GDP exceeding US\$2.7 trillion.

The elimination of tariffs and other barriers to trade under the agreement opens up further opportunities for New Zealand exporters throughout the ASEAN markets. Indeed, as a result of the ASEAN member countries' commitments under the free trade agreement, tariffs will be eliminated on all key products of trade interest in major markets within twelve years. Significant commercial benefits will be provided to exporters through the elimination of tariffs on about 99 per cent of New Zealand's exports to priority markets (namely, Indonesia, Malaysia, the



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Philippines and Vietnam). Indonesia, the Philippines and Vietnam markets were deemed priority markets in the negotiations because New Zealand already has high quality and comprehensive free trade agreements with Singapore, Brunei, Thailand and Malaysia.

Trade performance

There are two major characteristics in the development of New Zealand's international trade. First, New Zealand imports and exports grew four-fold during the period 2001–14. Initially, there was a faster pace of import increase during 2002 and 2008, resulting in a widening trade deficit. The net import figure peaked at nearly US\$4 billion in 2007. The recession that commenced in early 2008 may have contributed to a large fall in both exports and imports in 2009. Exports have been rebounding at a faster rate than imports since 2010, resulting in the first trade surplus in ten years. This improved further in 2011 to \$1.5 billion. Afterwards, the trade balance switched to deficit again, albeit only marginally.

The second characteristic is that the increasing international trade accompanied a respective rise in GDP, which tended to keep New Zealand's trade openness unchanged. Trade openness is calculated by taking the sum of trade and dividing it by the nominal GDP. This trait is far different from emerging economies in ASEAN, such as Vietnam, Malaysia and Indonesia, which witnessed a significant increase in trade openness during the course of integration. The implication for these countries is that they are becoming increasingly reliant on external economies and demand. In contrast, New Zealand managed to maintain a stable trade openness (and at a relatively low level). On one hand, this shows that New Zealand seemed to have a better control in its economic integration process. The fruits of international trade

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With two-thirds of New Zealand's trade and investment now occurring in the Asia–Pacific region, New Zealand can be expected to look for increasing opportunities in the ASEAN area in future. Its longstanding relationship with ASEAN, dating back to 1975, will stand it in good stead. The ASEAN–Australia–New Zealand Free Trade Agreement, which came into force in 2010, gives New Zealand exporters many possible advantages, especially as tariffs are progressively eliminated to priority markets. One of those markets is Vietnam, with which New Zealand's trade has increased four-fold in the last five years. A collaborative approach will bring many benefits.



In March 2015 Vietnamese Prime Minister Nguyen Tan Dung, seen here at a press conference with John Key, visited New Zealand with a 100-strong delegation which included seven government ministers

seemed to be transferred completely to the improvement of living standards. It could also be explained by a sustained improvement in productivity, which helped build the foundation of competitiveness of New Zealand exported products. Although further study is needed to understand the New Zealand economy, it can be seen that the country has successfully managed its international integration, which normally brings benefits but at the same time transfers external risks into the economy.

Clear trend

Looking closer at the nature of New Zealand trade, with a focus on the relationship with ASEAN, a clear trend is discernible. New Zealand's trade in general, and imports in particular, have been diverting from Australia to other countries, including the United States, European Union, China and ASEAN. Imports from Australia appeared to decrease after 2005 to around \$5 billion. Imports from the United States have more than doubled, from European Union have tripled, from the ASEAN have increased and from China risen seven-fold.

Since 2001 New Zealand's imports from Australia have decreased in proportion as ASEAN and Chinese imports have risen persistently. Emerging ASEAN members tended to see a rise in exports to New Zealand, notably Malaysia and Thailand. Exports from Indonesia to New Zealand have also increased quite firmly, while those of Vietnam witnessed a strong uptrend after 2010, when AANZFTA was adopted. In the five-year period following the conclusion of the free trade agreement, New Zealand's imports from Vietnam climbed to \$410 million in 2014, a four-fold increase. This compares with a less than 50 per cent increase in New Zealand's imports from Thailand, 70 per cent from Singapore and 100 per cent from Malaysia.

A New Zealand Trade and Enterprise-organised delegation led by Prime Minister John Key and including Minister for Primary Industries Nathan Guy visited Thailand in December 2013



Import structure classified by the broad economic category shows that New Zealand's imports have not changed significantly over the observed years. However, a number of trends have arisen, implying a slight change in import demand. New Zealand is importing consumption goods at an increasing rate, while there was a slight decline, from over 20 per cent in 2001 to about 15 per cent in 2014, in imports of industrial supplies and capital goods. In contrast, fuels and lubricants, foods and beverages and transportation equipment have been on the rise.

Solid performance

New Zealand's exports to the world are on a solid increasing trend. The country's exports to China and ASEAN have been increasing significantly since the adoption of free trade agreements with China in 2008 and with ASEAN in 2010. ASEAN's imports from New Zealand reached \$4.2 billion in 2014, a 30 per cent increase from the 2010 figure. Meanwhile, exports to China more than doubled during the period 2008–14. The increase in New Zealand's trade over the past ten years is correlated with the rise of the Asia-Pacific emerging economies. In contrast, New Zealand also seemed to decreasingly rely on the Western bloc in its trade. Exports to the United States, the European Union and Australia have been shrinking, from 50 per cent of total exports in 2001 to less than 40 per cent in 2014.

A closer look at New Zealand's exports to ASEAN shows a uniform growth pattern amongst ASEAN countries. Top importers of New Zealand products are Singapore, Malaysia and Indonesia, reaching around \$800 million. Thailand and the Philippines followed with over \$600 million. Even the late-bloomer Vietnam appeared to catch up with ASEAN neighbours as imports in 2014 (\$450 million) more than doubled the 2009 figure. ASEAN consumers are increasingly consuming New Zealand-made products, of which dairy and meat products account for nearly two-thirds.

Export structure classified by broad economic category shows that New Zealand's exports of food and beverages are on the rise, while the remaining products have declined in proportion. Food and beverages accounted for a combined 55 per cent of all exports. The numbers suggest that exports of food and beverages, mainly dairy and meat products, have grown faster than other categories, clearly showing the advantage of New Zealand in this industry.

Trade balance

In the import–export situation outlined above, a clear trend is discernible in New Zealand's trade balance, moving from deficit toward balanced and probably surplus in coming years. In 2014, the country had a relatively low trade deficit (\$890 million) thanks to strong surpluses from trading with China and Australia, two of its biggest trade partners. During the 2001–09 period, New Zealand experienced a persistent trade deficit, peaking at \$4.5 billion in 2005. China used to be the main factor in this phenomenon, but the direction has been reversed recently. Since 2010 the European Union (New Zealand's current biggest trade partner) has replaced China as the largest source of trade deficit, registering \$3.21 billion in 2014, and the deficit seems likely to continue.

The second largest source of trade deficit is ASEAN, a condition in which New Zealand has been since 2001, when both sides started fostering their trade relationship. The United States

Table 1: Bilateral Average Tariff Rate Applied by Selected Negotiating TPP Members (%) Source: VEPR(2015), calculated from GTAP database

	Vietnam	Australia	New Zealand	Japan	Malaysia	Singapore	Canada	US
Vietnam		0.7	3.9	3.8	3.5	0.0	6.3	6.2
Australia	4.7		0.0	4.1	3.6	0.0	1.9	1.0
New Zealand	11.9	0.0		7.2	2.2	0.0	24.1	2.9
Japan	10.8	9.3	5.3		7.4	0.0	3.1	1.1
Malaysia	4.9	1.6	1.1	0.6		0.0	1.2	0.7
Singapore	10.1	0.0	0.0	1.4	0.6		0.8	0.0
Canada	3.0	1.2	0.2	5.8	1.0	0.0	0.8	0.1
US	9.1	0.4	1.6	3.3	2.1	0.0	0.8	

Source: VEPR (2015), calculated from GTAP database



Tourism New Zealand works with travel sellers from across all offshore markets to ensure they have a good understanding of New Zealand, that they offer the products the target market wants to buy and that they are passionate about what is offered as a destination

is New Zealand’s third biggest trade partner, with the relationship having remained relatively in balance since 2001. Yet recent data shows that New Zealand tends to go into deficit with the United States, registering \$1.02 billion in 2014.

ASEAN, as a single market, has been an increasingly significant trade partner for New Zealand, with bilateral trade value increasing nearly six-fold from \$1.15 billion (2001) to \$6.66 billion (2014). Among countries that have a trade surplus with New Zealand — Malaysia, Singapore and Thailand — Malaysia is the biggest trade partner as well as source of deficit for New Zealand. New Zealand has a significantly high trade surplus with the Philippines, reaching \$520 million in 2014. With Vietnam and Indonesia, New Zealand has experienced a relatively stable trade balance since 2001.

Increased room

Free trade agreements that New Zealand has entered or is in the process of negotiating will not accelerate growth in the country’s imports, since its tariff level is already low. On the contrary, because tariffs other countries levy on New Zealand’s goods remain relatively high, free trade agreements will create more room for New Zealand’s exports. In fact, recent data has shown that New Zealand’s trade deficit has been greatly reduced, and is now almost in balance. It can be forecast that New Zealand’s exports will continue to increase. ASEAN and China, already among the country’s top four trade partners by value, will become more and more significant.

New Zealand has a competitive advantage in tourism services (classified as ‘travel’ in official statistics). Travel is the only service which registers a surplus. Travel has improved significantly during the period 2000–13, nearly tripling from \$1.42 billion to

\$3.60 billion.

New Zealand’s trade has picked up significantly since the adoption of the AANZFTA in 2010 as its products penetrate more easily into ASEAN markets. Because New Zealand’s tariff was low before integration, its imports structure has remained relatively unchanged compared with other emerging countries. Even with the adoption of multilateral agreements under negotiation, such as the TPP or RCEP, the structure and the growth rate of imports is likely to be stable. On the other hand, New Zealand’s exports may further diversify as its trade partners set higher import tariffs for New Zealand products. Thanks to tariff reduction in participating countries in these agreements, New Zealand exports will have more room to expand. Thus, New Zealand is likely to have a trade surplus as it further engages in international integration.

Further discussions

To fully to take advantage of the opportunities provided by the AANZFTA, New Zealand should take a collaborative approach, involving both government and business community efforts. New Zealand should continue to implement the ASEAN strategy — the ‘New Zealand Inc ASEAN Strategy’ — which was announced in 2013. This called for more focus on services, trade and investment, particularly in sectors in which the country holds a competitive advantage, such as agriculture and tourism. In addition, ASEAN, with a combined population of more than 600 million people and growing middle class, is increasingly in need of high-quality, clean and organic agricultural products, a niche that New Zealand is well placed to dominate. New Zealand businesses can choose either to set up their own branches or manufacturing sites in the ASEAN market or to foster the export

Prime Minister John Key took a trade mission to Indonesia in 2012



of agricultural products to the region. Given ASEAN's increasingly open business environment, accelerating inbound investment into the region could be a justifiable choice. Healthcare is another service in which New Zealand enterprises can help meet growing demand in the region.

ASEAN's younger generations — 65 per cent of its people are under 35 — are also in need of higher professional training and education. Along with the United States, Europe and Japan, Australia and New Zealand have been dream destinations for ASEAN young people. Therefore, the New Zealand government's target of doubling education value from ASEAN by 2017 is reasonable; yet it might perhaps be more effective if it could produce a concrete plan to attract ASEAN students to New Zealand. This would not only help bring more value to New Zealand's education sector but also enhance ASEAN's future labour force as well as strengthen the ASEAN–New Zealand relationship at the people-to-people level. Focusing on the ASEAN market for education services would also help New Zealand diversify its markets and reduce the risks of putting all its eggs in one basket. According to recent data, the number of international fee-paying enrolments in New Zealand universities declined slightly in 2000–11, mainly because of a decrease in enrolments of Chinese students (down from more than 13,000 in 2006 to a mere 6000 in 2011). By contrast the number of students from ASEAN, particularly Malaysia, has been rising rapidly.

New Zealand is famous for its jaw-dropping natural beauties, friendly people and fresh environment. As tourism accounts for most of the country's service industry, it is vital that New Zealand keeps its identity as a green and environmentally friendly nation, a destination of nature-lovers. As ASEAN gets richer, there will be more demand for travel, and it will be no surprise if many South-east Asians choose to enjoy their holidays in New Zealand.

Way ahead

To get the best out of its relationship with ASEAN, the New Zealand government should address any problems associated with the implementation of the AANZFTA, as well as any additional barriers to trade that might arise. It needs to work with the private sector to facilitate, establish and maintain long-term business-to-business links. To help New Zealand businesses take advantage of the opportunities provided by the ASEAN free trade agreement, it should ensure that they are well informed about the benefits of the agreement.

The Bank of New Zealand's Allison Scott in discussion with other members of a trade mission to Indonesia in May 2013



In July 2014 the Asia New Zealand Foundation hosted a meeting of their honorary advisers, a group of influential Asian individuals who support the Asia New Zealand Foundation's activities in Asia. Tan Sri Leo Moggie (right), a member of Parliament in Malaysia from 1974 to 2004 and the current non-executive chair of Tenaga Nasional Berhad, is one of those advisers and is shown with Peter Crisp, New Zealand Trade and Enterprise chief executive

The ASEAN economy will continue to benefit greatly from the AANZFTA. Lower tariffs will ensure an increase in bilateral trade. ASEAN will probably see imports from New Zealand increasing faster than exports to it. While there will initially be a trade deficit in favour of New Zealand, this will probably decrease as New Zealand imports less from other countries.

ASEAN could broaden and deepen its relationship with New Zealand by promoting further co-operation in education, tourism and investment. ASEAN may promote education exchange with New Zealand in secondary and higher education by providing scholarships, fellowships and joint educational programmes. To boost tourism from New Zealand travellers, ASEAN and New Zealand may work together to reduce visa requirements, for example visa fees. Currently, only citizens of Brunei, Malaysia and Singapore do not need to apply for a visa to enter New Zealand. Furthermore, more direct flights should be set up to increase tourism and trade.

Last but not least, each of the ASEAN countries needs to improve its laws and regulations regarding business and investment to boost investment from New Zealand. It is mainly the differences in business practices and in codes of conduct that prevent co-operation and hinder business. 

CORRECTIONS

On p.12 of the last issue (vol 40, no 3), we published a photograph that purported to be of Arnold Entwistle; it was in fact of Otago University's Prof Bill Harris.

In the article by Karim Pourhamzavi, 'How jihadists think and act', the following incorrect statement was made on p.16: 'In 1923, when this empire was abolished and had no control over any part of Arabia, the Wahhabis massacred over a half million people in Mecca when they conquered it.' This sentence should be replaced with: 'The last Wahhabi campaign, which also coincided with the abolition of the Ottoman Empire, ended with the conquest of Mecca in 1924. The campaign led to substantial casualties and displacement of populations over a 23-year period.'

ASEAN–New Zealand political and security relations

Lim Jock Seng provides a Brunei Darussalam perspective.

ASEAN's relationship with New Zealand started as early as 1975. Two years later, ASEAN leaders had a summit meeting with New Zealand's leader in Kuala Lumpur. Since then the dialogue relations have developed into a close partnership in many areas of co-operation based on mutual interests and commitment towards promoting regional peace, stability and prosperity.

This year marks the 40th anniversary of ASEAN–New Zealand relations. A number of commemorative activities have been proposed to mark this very important milestone, including a commemorative summit, ASEAN–New Zealand youth summit, ASEAN–New Zealand business summit, an ASEAN night market in New Zealand, an ASEAN–New Zealand young business leaders' forum, a fellowship scheme for ASEAN visitors to New Zealand and a New Zealand trade mission to ASEAN member states. All these will promote goodwill and better understanding among our people at various levels and, at the same time, provide an opportunity to explore new ideas and strategies in strengthening our future co-operation.

Many of us in ASEAN feel an affinity with New Zealand. Firstly, we all admire and appreciate what a small state like New Zealand has achieved on the world stage. To name a few, it has world class teams in sports like rugby and sailing; it is famous for its incredible beautiful scenery in the *Lord of the Rings* movie series; it is known globally for its innovative and challenging information technology; and although small in population, it has an economically advanced society. Secondly, over the past four decades, ASEAN and New Zealand have had a very fruitful and relatively trouble-free relationship. Indeed, we have a lot to learn from New Zealand.

Brunei Darussalam, in particular, is very appreciative of the friendship and support that New Zealand has shown to us for decades, both bilaterally and through the ASEAN process. When Brunei Darussalam joined ASEAN in 1984, one of the assignments given to us was to become a country co-ordinator for one of the six dialogue partners. In that way, each ASEAN country was assigned to handle one dialogue partner. So Brunei Darussalam became a country co-ordinator for the ASEAN–New Zealand dialogue relations in July 1985 for a period of

Yang Berhormat Pehin Orang Kaya Pekerma Dewa Dato Lim Jock Seng is the second minister of foreign affairs and trade in Brunei Darussalam and a former non-resident high commissioner to New Zealand.



three years. Our role was to co-chair the annual ASEAN–New Zealand ministerial meeting, alternately host and co-chair the ASEAN–New Zealand dialogue meetings with our New Zealand counterparts and co-ordinate all the activities and programmes relating to the ASEAN–New Zealand dialogue.

Early insight

In fact, prior to Brunei Darussalam's membership of ASEAN, I had the privilege of leading the Brunei Darussalam delegation, as an observer, to attend the ASEAN–New Zealand meeting in Wellington in November 1983, which gave me an early insight into the many issues and subject matters involved in ASEAN–New Zealand dialogue relations. In addition to my role as the director-general of ASEAN–Brunei Darussalam then, I was appointed as the non-resident high commissioner of Brunei Darussalam to New Zealand in February 1986. This greatly helped me to establish warm personal ties with many New Zealand friends, including the then prime minister and foreign minister of New Zealand, the late David Lange, who extended me a very warm friendship and close working relations. This also facilitated closer co-ordination between our two countries, both bilaterally and regionally. My role was very clear: to reaffirm and work together in strengthening our commitment with New Zealand both for our bilateral co-operation and for the benefit of the region we share.

Despite the physical distance that separates us, Brunei Darussalam and New Zealand have remained close friends. Politically, our leaders, ministers and senior officials have established warm friendship and good contacts. Military personnel from New Zealand and Brunei Darussalam have undertaken joint exercises and training in the Brunei jungles, which have benefitted our two nations. Close co-operation exists between Brunei Darussalam's Ministry of Defence and Massey University, which helps facili-

Brunei Darussalam's relationship with New Zealand is very close, both bilaterally and through the ASEAN process. Within ASEAN, it began in July 1985 when Brunei Darussalam, shortly after joining the association, became a country co-ordinator for ASEAN–New Zealand dialogue relations, a three-year role. Politically, the two countries' leaders, ministers and senior officials have established warm friendship and good contacts. Economically, New Zealand is one of Brunei Darussalam important trading partners. On the multilateral level Brunei Darussalam values New Zealand's interest and participation in ASEAN affairs, which have been substantial in the last 40 years and are still very strong.

tate the running of courses for the Royal Brunei Armed Forces Command and Staff College. We are pleased that the collaboration was expanded to include a master's degree programme in 2013, which will help the academy move towards achieving its goal of becoming a centre of excellence. Our defence and military officials have been working together through regular joint military exercises and military training. New Zealand took part for the first time in the 2011 BRIDEX and also participated in the 2013 BRIDEX held in Bandar Seri Begawan from 3–7 December 2013.

We also very much value New Zealand's longstanding support in the area of education, which helps enhance our human resource development, especially in the field of health and medicine.

Economically, New Zealand is one of our important trading partners. Brunei Darussalam has been exporting oil to New Zealand since 1995 and we are importing food products, livestock, machinery and transport equipment from New Zealand.

Dialogue relations

While we in Brunei are enjoying the meaningful and warm bilateral relationship with New Zealand, we also very much appreciate the support and close co-operation we have had with New Zealand in the context of our dialogue relations with ASEAN over the past 40 years.

ASEAN and New Zealand have played a significant role in contributing to the peace and stability in the Asia–Pacific region. Even before the formation of ASEAN, New Zealand had a security relationship with some South-east Asian countries through SEATO, and was involved in helping some South-east Asian countries to deal with the Malayan Emergency, the Confrontation and the Vietnam conflict, which were seen as the source of instability and potential conflict in the region. It has taken part in the Five Power Defence Arrangements, which also involve Malaysia, Singapore, Australia and the United Kingdom. This indeed reflects New Zealand's longstanding commitment to preserving peace and stability in South-east Asia. This arrangement has to this day helped to maintain co-operation between the militaries of the five countries.

Over the years, ASEAN has evolved and strengthened its co-operation to respond effectively to challenges affecting the political and security situation in the South-east Asian region.

Along the way with its dialogue partners, including New Zealand, ASEAN has introduced several processes to deal with political and security issues, such as the Post Ministerial Conference and the ASEAN Regional Forum. This call for security dialogue with outside powers reflects increased confidence among the ASEAN states. It also reflects the dialogue partners' trust and confidence in ASEAN, and recognition that the security situation in South-east Asia could no longer be viewed separately because of the benefits of the growing economic inter-dependence and strategic linkages between countries in the region.

Appropriate base

ASEAN and its dialogue partners at the Post Ministerial Conference in Kuala Lumpur in July 1991 decided that that conference was an appropriate base for the discussion of regional security issues. It then had as its members the six ASEAN countries (Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand) and seven dialogue partners (Australia, Canada, Eu-

ropean Community, Japan, New Zealand, South Korea and the United States).

Following this, in January 1992, ASEAN leaders at their fourth summit in Singapore decided that the association should intensify external dialogues in political and security matters by using the ASEAN Post Ministerial Conference.

New Zealand, together with other dialogue partners, welcomed the initiative and attached great importance to the PMC process. It provided New Zealand with the opportunity to share its interest in the political, security and economic affairs of South-east Asia and the Asia–Pacific region.

While the PMC process was useful, some ministers were not comfortable with the formal setting, especially where sensitive issues were being discussed. The increase in the number of ASEAN members and dialogue partners had an impact on the size of the conference room, intimacy of the discussion among ministers and logistical arrangements.

Important development

In 1993 a decision was reached during the AMM informal dinner in Singapore, attended by the ASEAN foreign ministers, dialogue partners, observers and guest countries of ASEAN, to hold the first ASEAN Regional Forum in Bangkok the following year with a view to conducting informal consultations on regional political and security issues.

A year later the ASEAN Regional Forum was established. The forum serves as a venue for ASEAN, its neighbours, the major powers and others with interests in the region to consult on issues of regional security and eventually to prevent conflict, if not to settle them.

When the first meeting of the ARF was held in Bangkok in July 1994, there was no blueprint or road map. But the initial hard work to lay the foundation started from there and, of course, in Singapore the year before. One of the very significant outcomes of the forum was the ministerial endorsement of the purposes and principles of the Treaty of Amity and Cooperation as a code of conduct governing relations between participants.

At the Second ARF in Brunei Darussalam in 1995 an ASEAN draft 'ARF Concept Paper', which provides the framework and direction of the ARF, was adopted. It outlined a three-stage approach for the ARF, covering confidence-building, development of preventive diplomacy and conflict resolution.

Rewarding experience

The Second ARF in Brunei Darussalam provided a very rewarding experience and collective satisfaction for all ARF participants, especially for the success in coming up with 'A Concept Paper', which became the basis for shaping the nature and direction of the ARF. It was the result of hard work and extensive consultations among ASEAN friends and lobbying with other non-ASEAN members, through formal bilateral meetings, pull-asides along the corridors and formal sessions, with a common interest to promote peace, stability and security in the region. Also that was the first time we had to build a consensus with the non-ASEAN ARF participants, and I am indeed very grateful for the support and valuable contribution extended by our good friends who worked together with Brunei back then.¹

The Brunei meeting also agreed that while active and equal participation would be required of all members, ASEAN would undertake the obligation to be the primary driving force. An

agreement was made that the ARF would be developed at a pace comfortable to all and the decisions would be by consensus. The meeting also decided that the ARF would move along two tracks. Track I activities would be carried out by government officials, while Track II would be by strategic institutes and relevant non-government organisations of member states.

As an ASEAN dialogue partner, New Zealand was a founding participant in the ARF. It has been actively involved in the forum to promote understanding in the evolving security landscape of the Asia–Pacific region and also co-chaired a number of forum meetings, including sessions on peacekeeping. It has played a constructive role in the forum, which was often serving as a bridge to narrow gaps in positions among forum participants.

Changing picture

Over the years, a number of developments have taken place. Firstly, the composition of the ARF membership has grown in size to 27 countries, and discussions, even on sensitive issues, have become more frank. Secondly, dialogues and interactions have also increased with the setting up of the Inter-Sessional Support Groups and Inter-Sessional Meetings, as well as with the convening of Track II meetings. Thirdly, there has been increasing involvement of defence and military officials at various levels of the ARF. This indeed is a significant trend because of the critical need to get the militaries of member states to understand and support the ARF process and to interact and network among themselves.

Today, the ARF is one of the few multilateral forums in the Asia–Pacific region that provides a venue to discuss security matters and this is a very important contribution from ASEAN to the maintenance of peace, stability and prosperity in the region.

Apart from the ARF, New Zealand actively participates in other ASEAN-initiated mechanisms, such as the ASEAN Defence Ministers' Meeting-plus and the East Asia Summit. The teamwork, dedication and practical co-operation shown by our defence and military officials during the first ADMM+ human assistance and disaster relief and military medicine exercises, in Bandar Seri Begawan in June 2013, was one of the success stories that involved New Zealand. The ASEAN leaders at their summit meeting in Brunei Darussalam in October 2013 collectively commended the ADMM+ for the success of that initiative, which has promoted capacity-building, enhanced inter-operability and established mechanisms for effective response among our militaries. New Zealand is now serving as co-chair of the ADMM+ Experts' Working Group on Maritime Security for the period 2014–16.

New Zealand has been an active participant in the East Asia Summit, a leaders-led forum for dialogue and co-operation on issues of strategic importance to the region, including political, security, economic and development.

Important component

As our partner, we will continue to work in close partnership with all EAS participating countries, including New Zealand, to ensure that the EAS will continue to be an important component of the emerging regional architecture.

Although at the time of its establishment ASEAN deliberately declared its co-operation on economic, social and cultural matters, member states were grouping together more for

political and security objectives. The political and security issues were included as part of ASEAN co-operation at the first ASEAN Summit in Bali in 1976. It was at this summit that ASEAN also devised a few formal instruments for the advancement of peace and stability in the region, including the Treaty of Amity and Cooperation in Southeast Asia, which serves as a code of conduct governing inter-state relations in the region and provides a mechanism for the peaceful settlement of disputes. The treaty was amended in 1987 to allow non-South-east Asian states to accede to it.

When the ASEAN leaders and leaders of Australia and New Zealand had their commemorative summit in Vientiane on 30 November 2004, ASEAN encouraged the two countries to consider acceding to the treaty in future in the spirit of the strong trust and friendship between ASEAN and Australia and New Zealand. Responding positively, New Zealand acceded to the treaty on 28 July 2005 in Vientiane, which underlined its strong commitment to maintaining peace, stability and security in the region.

Since its formation, ASEAN has been emphasising the importance of preserving the South-east Asia region as a nuclear weapon free zone and one free of all other weapons of mass destruction, as enshrined in the Treaty on the Southeast Asia Nuclear Weapons Free Zone and the ASEAN Charter. Here, it is important to note that New Zealand is among the strongest supporters of ASEAN's initiative on the zone. New Zealand is also supportive of the idea of having a general and complete disarmament of nuclear weapons in the region and condemns any regional nuclear testing. ASEAN and New Zealand take similar stands on nuclear non-proliferation.

Transnational issues

Terrorism and transnational crime are issues that cannot be handled by one country alone. In this regard, ASEAN member states together with ASEAN's partners and the international community need to address the matter collectively. In this area, ASEAN and New Zealand are committed to combat terrorism and transnational crime through the framework of the ASEAN–New Zealand Joint Declaration to Combat International Terrorism signed on 29 July 2005 in Vientiane. Despite its limited capacity or expertise in this area, New Zealand has helped ASEAN to implement the joint declaration.

As well as this, New Zealand has been participating in the regional inter-faith dialogue meetings organised by ASEAN states, and co-hosted the third regional inter-faith dialogue at Waitangi in May 2007, which among other things aimed to enhance better understanding in the Asia–Pacific region and to collectively address the challenges to peace in the region.

Common interests

While ASEAN is intensifying its efforts to hasten and deepen the integration of its regional economy, it has remained open to the rest of the world. Its relationship with its dialogue partners and the rest of the world is very essential. This will not only enhance ASEAN's regional competitiveness but also ensure that ASEAN's work will be beneficial to its business community by opening up opportunities both within and beyond the region.

This is where we see New Zealand as our close friend and partner. In fact, its close economic links with ASEAN date back to the time when ASEAN was formed in 1967 and derive from

political and people-to-people linkages between the two sides. New Zealand was one of the earliest dialogue partners to negotiate a free trade agreement with ASEAN.

Despite its small economy New Zealand came to the assistance of its ASEAN friends during the 1997–98 financial and economic crisis. New Zealand helped some ASEAN members bilaterally in devising ways to deal with the crisis.

Trade growth

Over the years, ASEAN–New Zealand economic co-operation has grown significantly and eventually developed through the creation of the ASEAN–Australia–New Zealand Free Trade Agreement (AANZFTA). And Brunei Darussalam has the privilege of assuming the role of country co-ordinator for ASEAN’s economic co-operation with Australia and New Zealand. The free trade agreement has a strong political and economic significance for the region. It is ASEAN’s most comprehensive free trade agreement to date. It not only reinforces New Zealand’s close engagement with South-east Asia but also promotes trade and investment flows between the two regions by exploiting their relative comparative advantages.

Today, the region is moving towards more comprehensive engagements such as the Regional Comprehensive Economic Partnership, which is aimed at broadening and deepening ASEAN’s existing free trade arrangement with its partners, including New Zealand. In addition, the Trans-Pacific Strategic Economic Partnership (P4), which entered into force in 2006 with Brunei Darussalam, Singapore, New Zealand and Chile as founding members, paved the way for the larger Trans-Pacific Partnership negotiations, which began in 2010. These arrangements have the potential to further deepen the relationship between ASEAN and New Zealand and open new business opportunities for the private sector in the wider East Asia and Asia–Pacific region. It is also envisioned that free trade agreements such as the RCEP and the TPP could eventually serve as possible pathways for the Free Trade Area of the Asia Pacific.

Practical benefits

Apart from the political, security and economic co-operative frameworks, New Zealand’s support through its development co-operation programmes has contributed significantly to our efforts in providing technological capacity, knowledge and skills for our people. Through their involvement in the many technical and development assistance programmes funded by New Zealand, our people are also able to exchange ideas, establish contacts among themselves and understand each other’s culture and traditions.

In the early years of our dialogue relations, New Zealand’s development assistance to ASEAN involved projects related to animal husbandry, reforestation and pine forest development. It has slowly expanded to include energy — bio-energy, geothermal power, energy inventory and assessment. It also funded several research projects, including a research fellowship in ASEAN affairs at the Institute of South East Asian Studies, and financed programmes that created linkages between the professional, academic, commercial and scientific institutions of ASEAN and New Zealand.

This area of co-operation eventually developed into specific flagship initiatives with specific plans of action, which are now

covering areas such as youth, agriculture, disaster management, health and education.

In supporting ASEAN’s integration efforts, New Zealand has helped ASEAN’s newer members through the implementation of the Initiative of ASEAN Integration programmes and development of capacity-building.

New Zealand’s investment, technology and official development assistance have enabled the countries and people of ASEAN to make rapid progress in their social and economic development. It also recognises that their continued engagement and contribution to ASEAN can lead to significant spin-off effects for the wider bilateral relationships with individual ASEAN member states, including education, scientific and cultural co-operation.

Good friends

In conclusion, I would like to take this opportunity to express my sincere appreciation to the many good friends who worked closely with Brunei Darussalam back then, including among others David Lange, Mike Moore and Sir Don McKinnon, who extended me such valuable support and warm friendship during my tenures as the then director-general of ASEAN–Brunei Darussalam, high commissioner to New Zealand, and permanent secretary cum SOM leader of Brunei Darussalam.

I have been the fortunate beneficiary of many kind-hearted friends from New Zealand. The senior officials Tim Francis, Neil Walter, Sir Maarten Wevers, Richard Nottage and Chris Elder, among others, always had a friendly working relationship with me, both bilaterally and in the ambit of ASEAN–New Zealand relations. Their friendship and support promoted mutual trust and excellent interactions among us.

When we made our first experiment to send abroad accredited ambassadors and high commissioners, New Zealand was the first country to receive such an arrangement, and I was appointed. This continuing bilateral link works very well and is cost effective. With these personal ties and mutual trust, Brunei Darussalam and New Zealand have continued to enjoy a very warm and cordial relationship over the years.

As we celebrate the 40th anniversary of the dialogue relationship with New Zealand, we in Brunei would like to convey our deepest gratitude to the government and people of New Zealand for their contributions to the growth and development of Brunei Darussalam as well as other ASEAN member states. Brunei Darussalam will continue to work closely with New Zealand in promoting and enhancing our co-operation in many areas in our mutual efforts to ensuring continued peace, stability and prosperity in the Asia–Pacific region.

NOTE

1. Including among others: Izhar Ibrahim of Indonesia, Tan Sri Kamil Jaafar and Tan Sri Kadir Mohamed (Malaysia), Rodolfo C. Severino (Philippines), Kishore Mahbubani and Peter Ho (Singapore), Saroj Chanvanaviraj (Thailand), Vu Khoan (Vietnam), Phongsavath Boupha (Laos), Alan Ooisa (Papua New Guinea), Michael Costello (Australia), Michael Kergin (Canada), Wang Yingfan and Fu Ying (China), Gilles Chouraqui (European Union), Hiroshi Fukuda (Japan), Ban Ki-moon (South Korea), Neil Walter (New Zealand), Dr Alexander Panov (Russia) and Winston Lord (United States). 

Book

THE SOUTH CHINA SEA: The Struggle for Power in Asia

Author: Bill Hayton

Published by: Yale University Press, New Haven and London, 2014, 298pp, US\$35.

In 1867 the United States purchased the Alaska Territory from Russia for the relatively small sum of \$7.2 million — a pretty good bargain, even when adjusted for inflation, for what would become America's largest state. Selling territory, sometimes under duress, was once not unknown, but states today jealously guard every square centimetre of what they regard as their sovereign territory. Nothing illustrates that point more than the South China Sea dispute, where six states (or seven if Taiwan is included as an actor) maintain overlapping maritime claims based on small islands, shoals and reefs.

Understanding the South China Sea dispute is no easy task, and thankfully BBC journalist Bill Hayton has written a fairly comprehensive, yet still highly readable, overview of the various claims and the wider geo-politics. Hayton has had access to material from all the important actors in the South China Sea, as well as being able to draw on the insights of the foremost experts on the problem.

Along the way Hayton tackles a few myths. While it is true that a race for resources has made the dispute more intense, the sea is actually not particularly rich in oil and gas. Hayton puts his finger on what is really at stake here — national pride and modern constructions of sovereignty. Hayton judges that all of the claims are of dubious provenance, but this has not stopped some of the claimants constructing a nationalist narrative that is hard to back down from. Hayton finds that China and Vietnam in particular are using nationalist themes to establish their respective single-party rulers as 'saviours of the nation'. The school curriculum, that great incubator of nationalist myth-making, has been appropriated for this purpose by a number of claimant states. Beijing in the last few years now includes a map of China in passports that features the 'nine-dash line' of claim to the entire South China Sea (although, as Hayton explains, it remains unclear what China's nine-dash claim — also called the 'U-shaped line' — refers to in practice).

Claimants go to great lengths and considerable expense (which will likely never be recouped) to establish a presence in the South China Sea. As well as setting up an official presence and sometimes civilian communities, land features have been built up, and a game of cat and mouse ensues between regional navies and coast guards setting up markers of various kinds while removing those of rivals. Malaysia has established a tourist resort on one of its claimed islands. The Philippines once ran a ship aground on Second Thomas Shoal to shore up its claim; the vessel is now so dilapidated that its deck is not safe to walk across by those unfortunate enough to have to live there; meanwhile China opposes any maintenance work while the ship slowly rusts into the sea. At the southern-most edge

of China's claim lies a submerged sand bank known as James Shoal (once referred to as a 'reef' on Chinese maps, which Hayton suspects is a mistake copied from an colonial era British exploration map). James Shoal is actually 22 metres below sea level, and 1500 kilometres from China's Hainan Island — but it is close to the Malaysian coast. Chinese vessels on patrol will occasionally add to the small mound of steles now building up on the shallow ocean floor at James Shoal.

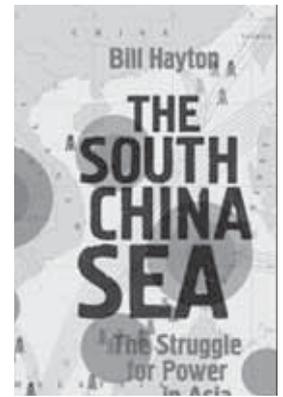
Hayton documents ASEAN's struggle to get traction on this issue, and the difficulty over getting to a code of conduct arrangement, which has been effectively shelved for more than a decade. This problem also has environmental consequences as it is also standing in the way of the disputing parties making joint decisions on sustainable fishing in a valuable spawning ground for fish stock.

What does international law say about this? Hayton notes that key elements of UN Convention on the Law of the Sea are in dispute. But recent cases involving islands in the Black Sea and near Central America demonstrate that claims to islands and various land features in the ocean do not entitle claimants to all the maritime waters between a distant island and the mainland. Furthermore, most of the land features in the South China Sea are not islands by a reasonable definition of the convention. Noting that the claims are probably all of recent vintage, Hayton concludes that this adds up to the fact that all the claimants may be on shaky legal grounds.

Hayton also considers the inherent dangers of the Pacific Ocean's two largest powers, China and the United States, facing off against each other. Part of this is China's view that military assets passing through an exclusive economic zone must seek permission; this is not the standard interpretation of law of the sea convention but a handful of states (including Malaysia and Vietnam) hold this view. So while the US Pacific Command likely has little interest in the islands and rocks themselves, Hayton demonstrates that the significance for Washington lies in access to the South China Sea. That half the world's trade passes through the waterways around South-east Asia is reason enough, but for the US military, in particular, access is an essential component of maintaining alliances and partnerships throughout the region as the Obama administration pursues its rebalancing strategy. Washington fears that China may, at some point, seek to deny the right of passage.

Hayton reaches a very significant conclusion. Although admitting that he started the project viewing conflict as inevitable, he no longer sees that this necessarily need be the case. There are important factors (largely of inter-dependence) that appear to restrain the claimants and extra-regional actors. But for Hayton, this largely comes down to how China chooses to enforce the extent of its (currently ambiguously defined) U-shaped line.

This is a book that needed to be written. It has received a lot of acclaim; and that praise is well deserved. As an indispensable guide to the problem, it could well play its own part in shedding light on options for those countries that sit around the table at the ASEAN Regional Forum and the East Asia Summit.



Note on reviewer

Dr Anthony Smith is in the Department of Prime Minister and Cabinet. The views expressed here are those of the author alone and do not represent the DPMC or the New Zealand government.

ANTHONY SMITH

Institute Notes

National Office and branch activities.

On 30 March, at a meeting co-hosted by the NZIIA, UN Association, the Institute for Governance and Policy Studies, the New Zealand Centre for Global Studies and the Centre for Strategic Studies, Dr Ramesh Thakur (former UN assistant secretary-general, ICISS commissioner and director of the ANU Centre for Nuclear Non-Proliferation and Disarmament) gave a public address on 'Nuclear Weapons: The State of Play 2015'.

On 11 May in conjunction with the Victoria Institute for Links with Latin America and the Latin America New Zealand Business Council and supported by the Ministry of Foreign Affairs and Trade, the NZIIA staged a public lecture by Leonardo Arízaga (Ecuador's vice-minister for foreign affairs) on 'Ecuador: Outcomes and Challenges for the Citizens' Revolution'.

On 12 May the NZIIA joined with the European Union Delegation to New Zealand, the British High Commission and the New Zealand European Union Centres Network to stage a panel discussion at Parliament on the UK general election hosted by Paul Foster-Bell MP. The topic was 'The European Union and the United Kingdom — What Next After the UK Election?'

On 28 May, in conjunction with the European Union Delegation to New Zealand, the New Zealand European Union Centres Network and the Embassy of the Slovak Republic, the NZIIA convened a meeting at Parliament to hear HE Miroslav Lajčák (deputy prime minister and minister of foreign and European affairs of the Slovak Republic) speak on 'Slovakia's Place in the World: The Role and Priorities of Slovak Foreign Policy within the EU and in the World'. Mark Mitchell MP, the chair of the Foreign Affairs, Defence and Trade Select Committee, hosted the meeting.

The NZIIA's Annual Dinner and National Council meeting were held on 17–18 June. A full report will be included in the next issue.

NZIIA members were saddened to learn of the death on 7 May of Erima Henare, a former member of the Standing Committee.

Christchurch

The following meetings were held:

- 29 Apr Jin Zhijian (Chinese consul general for Christchurch), 'Great Opportunities Facing Sino-New Zealand Relations'.
- 28 May Dr Maria A. Pozza, 'Laws of Arms Control in Outer Space'.
- 10 Jun Lt-Col Jeremy Ramsden (deputy director strategic engagements, New Zealand Defence Force), 'Security in North-east Asia and the Challenge of North Korea'.

Waikato

The branch held its AGM on 22 April. The following officers were elected:

Chair — Prof Dov Bing
Deputy Chair — Brian Main
Secretary — Simon Gray

Treasurer — David Foreman

Student Rep — Shane Major

Committee — Dr Ron Smith

After the AGM Dr Ron Smith, a research associate in the University of Waikato's Political Science and Public Policy Programmes, gave an address on 'Evaluating the Iranian Nuclear Deal'.

On 13 May Mohamed Kamal, an Egyptian and the University of Waikato's international market manager for the Middle East and Africa, spoke on 'The Failure of the Arab Spring in Egypt'.

Wairarapa

The following meetings were held:

- 22 Apr Tony Browne (former diplomat and chair of VUW's New Zealand Contemporary China Research Centre), 'China's Evolving Relations with Countries in the Pacific Region, with Particular Reference to the View from New Zealand'.
- 13 May Dr Adrian Macey (adjunct professor at the New Zealand Climate Change Research Institute and senior associate at VUW's Institute for Governance and Policy Studies), 'Six months to Save the Planet? Prospects for the Paris Climate Change Talks and What New Zealand Can Contribute'.
- 8 Jun Colin James (political commentator), 'Global Citizens, Global Disorder and Gore'.

Wellington

The branch AGM was held on 9 April. The following officers were elected:

Chair — Brian Lynch ONZM

Deputy Chair — Joe Burton

Secretary — Lisa Marriner

Treasurer — Mark Holden

Membership Secretary — Kerry Boyle

Media Secretary — Tim Wang

Events Co-ordinator — Andrew Warren

Student Representative — Eva Bain

Committee — Vern Bennett, Hon Sir Douglas Kidd KNZM, Oliver Harper, Dr Anna Powles, Kelvin Ratnam, Tricia Walbridge, Frank Wilson, Alison Mann (MFAT), Peter Kennedy (NZIIA).

Following the AGM John Hayes MP, the former Parliamentary secretary for foreign affairs and chair of the Foreign Affairs, Defence and Trade Select Committee, spoke on 'Is Parliamentary Scrutiny of International Issues Adequate?'

The following meetings were held:

- 19 May Brigadier Muhammad Asghar (defence advisor, Pakistan High Commission, Canberra), 'Pakistan's Contribution in the War on Terror — Promoting Regional and Global Security'.
- 4 Jun Dr Yves Lafoy (official representative of New Caledonia to New Zealand), 'Political and Economic Challenges of New Caledonia's Regional Integration'.

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