'What Counts in New Zealand's Links with Britain'

Speech by Derek Leask,

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to the New Zealand Studies Network

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E nga hau e whaa,

Kua tae mai i te po nei

Tena Koutou

Tena Koutou

Tena tatou Katoa

Diplomacy is an odd word.

People outside the profession often associate it with politeness and tact – even smoothness.

And then they meet me.

The illusion is shattered.

Now there is nothing wrong with politeness and tact and smoothness.

But they don't define diplomacy. They are just tools of diplomacy.

Along with the hammer.

And one of my favourites, the spanner.

A spanner can be used to take the issues apart.

Or you can just drop it in the works.

So if I don't define diplomacy by the tools, how do I define it?

Diplomacy is about identifying interests.

And diplomacy is what you do to advance or defend those interests.

No more. No less.

Diplomacy is nothing but negotiation.

You can do it with heart or with passion.

You can do it with conviction and inspiration.

You will inevitably have to do it by getting to know people and winning them over.

So there is a place for politeness and tact and smoothness.

But at the end of the day New Zealand diplomacy is all about negotiating to advance New Zealand interests.

And a New Zealand High Commissioner in London is a New Zealand public servant paid to do just that.

I have been asked to max out at 30 minutes and leave time for questions.

The subject is "What Counts in New Zealand's Links with Britain".

That is not a question.

It is a heading.

After four years and eight months here I should be able to say what I think matters to New Zealand in its ties with the UK.

I welcome this opportunity to give it a go.

My starting point is this.

New Zealand might be a small country and we might be a young nation.

But we are confident of our own identity and proud of our diverse origins.

We have strong traditions. We are confident, too, about our future.

We are open-minded.

We want to ensure that our own Pacific neighbourhood is a good place to be.

And we want to make our own way in the world.

So when I came to Britain, there was no trace in me of the nesting instinct.

But the nesting instinct is one thing.

- Being proud of one's origins and traditions is another.

I together with the majority of New Zealanders am greatly proud of our origins and traditions.

And these provide the broad and generic framework for what counts most in New Zealand's links with Britain.

We are a parliamentary democracy. We have particular views about justice and human rights and personal and economic and educational and religious freedoms. We are a <u>nation</u> of the West.

More than that, many of us – although by no means all of us – would be happy to be described as <u>people</u> of the West.

It is not just that for many of us this is where our families come from.

It is that New Zealanders young and old, continue to look at Britain and Europe, along with Australia and the United States as a primary source of inspiration and a primary point of reference for music and the arts, for literature and film, and for whatever is coming down next down the electronic pipe.

I have to emphasise two things about this view of mine of New Zealand as a nation and as people of the West.

First of all this is not a matter of Government policy. Or something that is legislated. It is just a description of the way we are.

Secondly, and before anyone gets excited, I of course am not claiming that the Western brand is absolute or without qualification.

The most immediate and obvious consideration is that the place that came to be called New Zealand was a place with a tangata whenua long before there was any European element in its history.

 This is central to the traditions and character of the New Zealand we have today.

And other points of difference and exception from the Western model abound.

I am just trying to capture the basic characteristics of New Zealand that are relevant to the climate in which the New Zealand High Commissioner in London does his job.

So what are the elements of that job?

I want to talk about three things – three key interests that New Zealand has in its links with Britain and which I have aimed to protect and to advance in my time here:

- First maintaining the strength of our bilateral ties with the UK and in particular the ability of our people to visit and work here;
- Second Working as a close partner with Britain on foreign policy, defence and security; and

• Third – maintaining and improving trade and other economic links.

Close Ties

Diplomats and Government Ministers are experts at asserting the value of bilateral relationships, usually on the occasion of an important visit in one direction or another.

We dig out the trade figures, scratch around for some points of commonality in matters of foreign policy, or industry, or sport or something else. And over a nice dinner we proclaim success.

But a number of bilateral relationships really do matter, such is their weight in matters of New Zealand's economic or security interests.

I want, however, to single out two countries – two relationships – that matter for a different reason. And the point is that they matter not just to Governments or industry, they matter to the people of New Zealand.

The two bilateral relationships are those with Australia and Britain.

In each case our common history has been intense.

In each case the family and personal connections run deep.

In each case the institutional connections run deep.

And these are the only two countries in the world that have offered significant access for young New Zealanders and skilled New Zealanders to live and work.

Individual New Zealanders take a strong and close interest in the on-going quality of these linkages.

Australia and Britain have a palpable impact on the way that New Zealanders feel about the world.

And the most important thing of all that they give us is off-shore options. New Zealanders as they grow up do not feel bound forever to our own small islands in the Pacific.

If this is important to individual New Zealanders, imagine what it means for us as a country.

People are often surprised about how open we are and how New Zealanders despite being so distant are neither insular nor protectionist.

And for every sector in New Zealand – in the economy, in music and the arts, in literature, in sport, in science and in education, New Zealand's success has depended on our uptake and our response to international best practice.

Our freedom to travel and work off-shore should be seen as one of the fundamental requirements for our on-going development.

So it will be no surprise to any of you that British rules on immigration have been a constant element in New Zealand High Commission diplomacy.

Throughout my time here in Britain, immigration has been an important domestic and political issue. London and the rest of Britain have been an employment magnet. And there is mainly free access into Britain for most people in the European Union, complete with a right to work. That inevitably creates pressures.

Our approach to this is simple enough. For a start New Zealand does have immigration policies of its own – even without the European Union at our doorstep. So we do understand the pressures.

But we have not hesitated to argue against the anomalies of British immigration policy. Neither have we refrained from pointing out the actual consequences for New Zealand. And we have argued hard for common sense approaches that allow long and well-tried practices to remain.

We need to pick this immigration question apart a bit.

<u>Short term visits</u> are OK. In 2008 there were some proposals afoot to cut the standard entitlement back from 6 months to 3 months. We argued hard

against it. And so did many others – especially from within Britain. The proposal was dropped.

- The numbers are about 180,000 in this direction each year and 240,000 into New Zealand.

<u>Working holidays</u> are OK – even if these days one has to call them something different. Youth Mobility is now the preferred expression.

Both the former Labour Government and the current Coalition Government have protected the reciprocal visa schemes for 18-30 year olds.

What is more we were able to secure an important improvement in 2008. The unworkable requirement that youth should only work 12 months out of 24 was dropped.

The numbers are surprising. About 4000 young New Zealanders take it up each year.

But about 10,000 British youth go to New Zealand each year for their working holidays.

Education is mainly OK. New Zealanders do not come in big numbers – a few hundred - and they mainly come to established post graduate institutions. Student visa numbers have not changed very much as far as we can tell. Job opportunities after education are though more of a problem than was once the case.

And <u>ancestry visas</u> have also been protected.

When you add all those categories up, you can see that successive British Governments – with our encouragement – have been careful to protect some of the most important immigration freedoms.

There is nonetheless one big matter that has still to be worked through.

That is visas for skilled workers.

Each year New Zealand welcomes about 8000 skilled workers from Britain.

The number coming in this direction has been only about 1500.

And the preliminary evidence is that this has been halved to 750 since changes to immigration rules in 2010.

Anecdotal evidence is that the flow of accountants and lawyers and people in medical professions is drying up.

The reason for this is that Britain has all but stopped taking people on the basis of skills alone. Sponsorship is now required. The quota of sponsorship slots is not the problem. There are plenty of slots available. It is the sponsorship process itself that has halved the numbers.

Sponsorship requirements stop the New Zealand/UK labour market from working. A sponsored visa is not just long and slow and expensive – it is also uncertain in its outcome.

Many companies are not going to go through the expense and rigmarole and risk of seeking to employ someone from New Zealand when the only question they have to ask of an EU applicant is whether they could possibly start next Monday.

And New Zealand does not have the number of major companies that might otherwise ensure a substantial flow of people generated by incompany transfers and inter-company connections.

You could I suppose look at this from a brain-drain perspective. You could conclude that this is a brilliant result! "New Zealand was the beneficiary of 8000 brains drained from Britain and we halved our loss in the other direction."

I don't see it that way.

No New Zealand Government has allowed brain drain to trump the necessity of having our people go off-shore. And Britain has been a nursery for New Zealand talent.

What better than to work outside New Zealand for a while. See what is happening in Britain and Europe. Recognise what New Zealand looks like from the outside. And go back to New Zealand with new insights and new skills.

We are talking to the British Government about this. We are still in an assessment phase. Both sides want to be sure about the numbers and the impacts.

What is plain already is that something negative is happening and that it is big enough to worry about.

Immigration will stay on the bilateral agenda in the period ahead.

For the High Commission it will, I am sure, remain a top priority in our dealings with the British Government and the Houses of Westminster over the next few years.

Because it matters. It matters greatly for New Zealand.

Foreign Policy, Defence and Security

Let's move to foreign policy, defence and security.

This is the High Commission's bread and butter.

We cooperate with the United Kingdom right across the foreign policy and security agenda.

In my time here the issues on the go have been:

Iraq, Iran, and Afghanistan

North Africa and the Middle East with Syria now on the boil.

All of what the British call the Far East and we call Asia.

- China has been a special focus because of the depth of our own linkages.

Africa.

And of course our own Region.

- Notably Fiji

Plus terrorism and conversely intelligence.

Plus cyber-security.

Plus interfaith issues.

Plus human rights issues.

Plus issues around democracy and what might loosely be described as "alternatives" to democracy.

Not to forget the United Nations.

And right here in London, the Commonwealth.

I am not going to talk further about these individual issues.

But I have to say why Britain matters as New Zealand works to deal with them.

And it goes like this.

New Zealand has long had a voice in the world.

On issues that really matter to us we have made our mark.

We have long had influence in our own neighbourhood in close cooperation with Australia.

On occasion we have struck out on our own – David Lange did that with our anti-nuclear policy and we have done it in trade negotiations.

And in recent years we have worked effectively in our own region through the APEC collective.

But these don't explain the long term source of New Zealand's influence.

Mostly, we have made our way by being a highly professional player in a rather important team – the one called "The West".

You only get to play on that team if you have the credentials and you pay the subs.

But if you are on the team, you can gain an edge.

That edge comes in many ways:

By way of information and insights into the issues and the processes.

By way of the "brand" – others aspire to our international reputation

By way of access to big players and involvement in international negotiation.

By being able to work with big, like-minded countries as challenges to our global interests arise – be that in the UN, the WTO, the climate change negotiations or wherever.

And, on occasion, by way of support from big players.

Britain has been central to New Zealand's engagement in this broad and sometimes ill-defined Western mix of politics, democracy, liberty, security and history.

And without playing down the strength and importance of our links with Australia and the United States, our credentials have in significant measure been earned through our connections with Britain.

Mainly because that is where things all started.

There are two things that have consistently stood out for me in my dealings as High Commissioner here in London.

The first is the straightforward access accorded to me into all parts of the British establishment.

This is a lot more than recognition of our shared family origins.

It is recognition that we share traditions and values, constitutions and institutions, democracy and liberty, church and state, language and laughter, open economies, lamb and butter.

The second is that even today, that establishment, together with the wider public recognises what New Zealand did in two World Wars.

The feeling towards New Zealand is strongest in the Defence establishment and the FCO where there is close interest in what we do today in support of British and broader Western interests.

But those are the very institutions where attitudes are shaped, too, by a deep knowledge of our shared history in the terrible events of the first half of the 20th Century and by the shared impact this Century of 9/11 and subsequent attacks in London and Bali and elsewhere.

So in Britain there is an instinctively strong support both for New Zealand and for its policies and objectives.

And this extends to support for our engagement in Western conversations about major defence and security and foreign policy developments.

I was here in London during the 1980s when it is fair to say that support for New Zealand policies waned. The anti-nuclear posture was not widely welcomed here.

But there was still a strong inclination to support New Zealand the country and to allow for the day when normal relations might resume.

And in any event, our close cooperation with Britain and others was done on a much wider canvas. Britain was ready as always to work closely with us across the foreign policy and security spectrum.

It is over twenty five years since I was first posted in London.

This is the span of a generation. My daughter is now almost the same age as I was then.

So there has been a generational shift in the British Parliament, the British Government, in the British media, in British academia and in every other part of the British system.

Knowledge and attitudes about New Zealand have shifted accordingly.

Support for New Zealand has moved upward from the heart and into the head.

British Ministers and Officials have read about our role in the first half of last Century – but with a few exceptions their parents neither fought alongside

New Zealanders, nor remember the sacrifices of food or finance that New Zealand made following the Second World War.

But other matters of cooperation and mutual allegiance have come to the fore.

We may have had, in global terms a, long and largely productive peace.

But the one constant has been uncertainty.

Not least in recent years.

9/11 shook the West to its core.

But it also tapped the West's resilience. The threat of terrorism has pulled us together.

Our contribution in Afghanistan has to be seen in that light.

New technologies are changing the field on which "Diplomacy" and "Security" and "Trade" are played – as well as domestic politics.

There are immediate implications in the form of threats to cyber security.

And there are wider implications, like the new inability of repressive Government to suppress the flow of information. The Arab spring was from one viewpoint an electronic revolution.

We talk with the British about all this as well.

And my point is that as new landscapes emerge there are old friends to work with in comprehending and dealing with them.

In my time in London, I have had the sense of building modern day structures on the foundations of our earlier history.

I have been aware, too, that this business of having solid long term friends requires constant work – and that it is not cost free.

And I know that the British feel that we have done our bit – at a high price – not just last Century but in this Century too.

Trade and Economic links

Let's deal now with our trade and economic links.

I joined the Department of External Affairs on 30 November 1969.

A year later I was placed in the Economic Division – working on Britain's membership of the EEC.

The British intention was clear – they intended to join the EEC.

We were vulnerable. Britain took about 40% of our total exports. And more than 80% of our major agriculture exports.

Being vulnerable was of course bad. But it was also good. It was our vulnerability that gave us the negotiating coin we needed.

And, boy, did we and the British use it in protecting our lamb and dairy markets.

Lamb was a problem but not a life and death one. There were some tariff issues to sort out but the trade was under no threat – there was no EEC sheepmeat regulation.

Dairy was the major issue. Our huge trade could have been cut off overnight.

But in the end we got a reasonable deal. For two reasons

New Zealand put together a strong case. The argument that our economy could be wrecked was taken around Britain and Europe. And remember we had only to make this argument in 6 EEC capitals.

Secondly, The British negotiated hard for us. They instinctively were looking to protect their long standing partners. But more important the British public would not forgive a British government that abandoned New Zealand.

So when Britain joined the EEC in 1973 our essential immediate needs were met. But for the next 20 years New Zealand's diplomacy in Britain and Europe

would be dominated by access issues over butter and cheese and by the damage done to world markets by European export subsidies.

As for sheepmeat, by 1980 European regulators had looked around and realised there was one bit of European agriculture they had not so far managed to mess up. So we got a sheepmeat regulation as well.

I can be brief about what this has all meant for the New Zealand <u>economic</u> story

Despite the myths to the contrary Britain had not turned its back on us. We were not cut off overnight .

Our economy survived and New Zealand, encouraged to diversify, did just that.

The EU takes 11% of New Zealand exports of goods and is our third largest market.

Agriculture remains central to New Zealand's export performance.

But I do want to highlight the <u>diplomatic</u> story.

For more than 20 years from 1973 to 1994 New Zealand trade negotiators kept the European market open.

Then in 1994, New Zealand trade negotiators were able to secure a deal in the GATT Uruguay round that guaranteed our access permanently and provided tariff advantages as well.

January 1 2013 – 10 Tuesdays away – is the 40th Anniversary of British accession to the EEC.

It is has to be one of our more significant diplomatic achievements that 40 years on, New Zealand continues to have significant access to Europe for lamb and butter - access that goes well beyond what other countries have available to them.

The final bit of the diplomatic story is that as High Commissioner here in London from 2008, I have not had to spend a lot of time on urgent or major

trade access issues. There has been remarkable stability in our access conditions.

This access has in turn provided the platform for a remarkable transformation in our profile here in Britain and Europe.

Something happened sometime between the start of the 1980s and the start of this century. New Zealand was always regarded as a beautiful and friendly place. And when it came to food and drink, we could provide lots of it.

The New Zealand brand now is different.

It would be worth a study.

When and how did we earn a reputation for quality and for excellence?

I have my own theory.

It is first of all a matter of wine. From the 1980s and probably earlier British experts started tasting New Zealand wine and British writers started writing it up. Then we start winning competitions.

And perhaps at about the same time, in New Zealand itself, the food industry and the coffee making industry started cooking and roasting themselves into recognition. Travel writers start praising more than our mountains. There is life in New Zealand as well.

Add to this the intrinsic quality of New Zealand's top end agriculture exports and the "high quality and excellent value" image starts to snowball.

Moreover, in a market that worries about green, we are seen as green.

In addition our film industry starts to be noticed. The images are great. But so is the technology.

And our rugby team wins the world cup.

So New Zealand is modern and a bit exciting.

And those who visit find

that we are indeed modern and professional;

that there are places in the world where you can open a bank account in less than two weeks.

In summary, the New Zealand brand in Britain and Europe is first rate.

And we are now seen that same way in many other markets.

I would argue too that New Zealand's international brand has in large measure been made in Britain and Europe. Certainly that is the case with wine.

My final conclusion from all this is that Britain and Europe will continue to be central to our trade and investment and tourism objectives.

On goods and services we need Britain and Europe because these are the countries that buy our goods and our services including tourism at the high end of the market. And they help us forge the international reputation that we need for quality, value, and desirability.

On investment, New Zealand needs to maintain a broad spectrum of international business engagement in New Zealand. Europe is having its moments. But I have seen no analysis to suggest that in the long term Britain and Germany and other countries in Europe will fade away as major players and potential partners in the sectors and the technologies that will lead to new growth and new opportunities for New Zealand people and New Zealand enterprises.

And in science and innovation Britain will continue to be a hub of discovery and innovation and one that is relatively open to New Zealanders.

As I said, my trade and economic focus has not been on access conditions for our exports. I have been able to throw my weight behind the business of increasing trade and investment linkages.

But just to complete the economic picture I do have to say that I have had to devote energy to the Air Passenger Duty that was increased so markedly and so unfairly in 2008 and in later years. That will be a burr under the saddle of the relationship until it is corrected.

And of course New Zealand interest in the global and European banking and financial crises has been strong and required us to establish deeper links into the City than we had already.

Some concluding thoughts

Ladies and Gentlemen – some concluding thoughts

I have put it that Britain matters – to the point of being essential to New Zealand's interests – in three ways:

- In the depth of the historical, institutional, cultural and person-to-person ties that we have with Britain;
- In the interests we have in continuing to engage closely with like-minded countries on matters of foreign policy, defence and security; and
- In the vital part that Britain and Europe will continue to play in the New Zealand trade and economic profile.

Change can be a fascinating thing.

And diplomats like it.

We can explain knowledgeably how the latest development fits exactly with what we said six months or six years ago.

Or if that doesn't work we can explain knowledgeably why we couldn't possibly have seen it coming.

And as the world changes diplomatic priorities change.

There is no better example than the drama of Asia in recent years.

We have seen Asia take off –

in production and consumption,

in trade,

in global savings and global investment,

in science and technology,

in ownership of national resources, in carbon emissions, and most importantly in confidence and global influence.

New Zealand's diplomacy has moved to match the Asian phenomenon.

We have shifted resources.

And we have done quite well.

But I want to bring this back to my contention that Britain still matters.

The Asia phenomenon does not change one bit my analysis of our key interests here and in Europe.

There is no need to choose. We don't have to choose between Asia and Britain or Europe or the United States any more than we have to choose between Asia and Australia.

On the contrary -

We must continue to spread the risk.

We need to hold on to those things of great value that we already have.

And we need to recognise that building on present markets and on present relationships can be as productive as forging new ones.

The conclusion is plain. There is a lot that counts in our links with Britain.

That is all I need to say Ladies and Gentlemen,

Trish and I have thoroughly enjoyed our time here.

It has been a momentous four and a half years.

We have dealt with the diplomatic issues.

We have shared with New Zealanders and Britons alike the tragedies of Pike River and the Christchurch Earthquake.

And we have shared the spectacular success of the Jubilee and the Olympics and Paralympics.

Thank you for inviting me here tonight.

Good luck with the Network.

No reira

Tena koutou

Tena koutou

Tena tatou katoa