

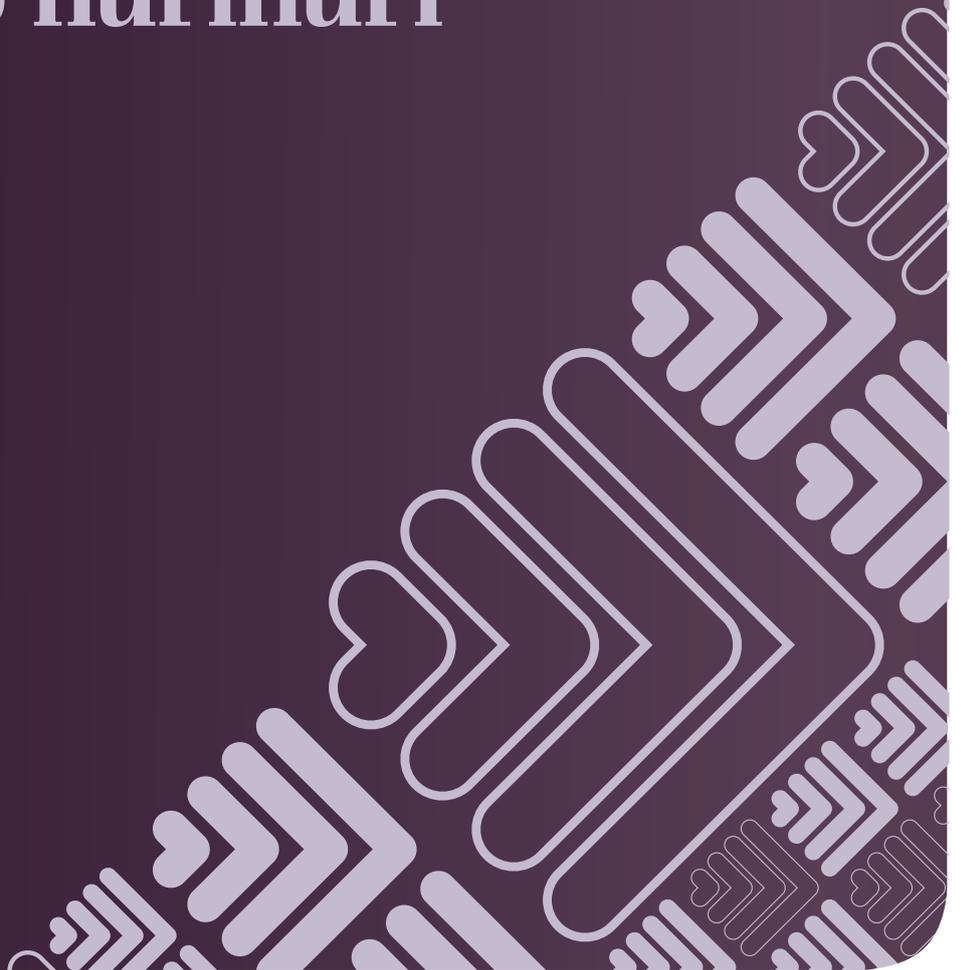


NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

JULY 2023

Navigating a shifting world

Te whakaterere i tētahi ao hurihuri





**Ma te rongō, ka mōhio
Ma te mōhio, ka mārama
Ma te mārama, ka mātau
Ma te mātau, Ka Ora**

**Through listening comes awareness
Through awareness comes understanding
Through understanding comes knowledge
Through knowledge comes life and well-being**

This Waka oar pattern featured in this document symbolises the need to row the waka in the same direction, together.



Chief Executive Foreword

Te wāhinga kōrero a te Tumu Whakarae



The Ministry of Foreign Affairs and Trade (Manatū Aorere) (the Ministry) acts in the world to build a safer, more prosperous and more sustainable future for New Zealanders. To do this effectively we must be alert to how the world is changing and the impacts of those changes on Aotearoa New Zealand.

To support this, every three years we undertake a Strategic Foreign Policy Assessment that helps us to understand our strategic environment (that is, the global conditions, circumstances and influences affecting New Zealand) and prepare for the longer term. This Assessment looks ahead to 2035 and – with the theme of *Navigating a shifting world – Te whakatere i tētahi ao hurihuri* – is intended as a contribution to the national conversation on foreign policy.

For a generation or more, we have enjoyed a comparatively stable and secure strategic environment that has been favourable to New Zealand's interests and values. However, this Assessment sees us navigating a more challenging world, one that will demand more of our policy and operational expertise.

The Assessment makes the case that the present (let alone the future) does not and will not look like the recent past. It points to a global outlook of increased complexity, heightened strategic tension and growing levels of disruption and risk. It sees the impacts of climate change and environmental degradation as significant and undeniable, and technological development as moving at a rapid pace.

It's important to note that, while the Assessment considers a number of key issues, challenges and opportunities, its purpose is not to propose specific responses. Rather, it provides a wide-angle lens that we can use to shape our foreign, trade and development policy choices. It will help New Zealand to prepare for potential risks and seize emerging opportunities.

As New Zealand's foreign ministry, it is important that we reflect our bicultural context and our multicultural society in our work. We acknowledge Māori as tangata whenua and the unique role of Māori in shaping our approach to the world. Te Ao Māori within foreign affairs enables New Zealand to stand taller and have a unique influence on the world, and incorporating tirohanga Māori (a Māori perspective) was a priority in producing this Assessment.

Our thanks go to the Ministry's staff and NZ Inc colleagues, as well as others who engaged throughout the process, for willingly sharing their perspectives and analysis. Their contributions had a key role in the Assessment's development and production.

CHRIS SEED
Secretary of Foreign Affairs and Trade
Hekeretari o Manatū Aorere

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Executive summary

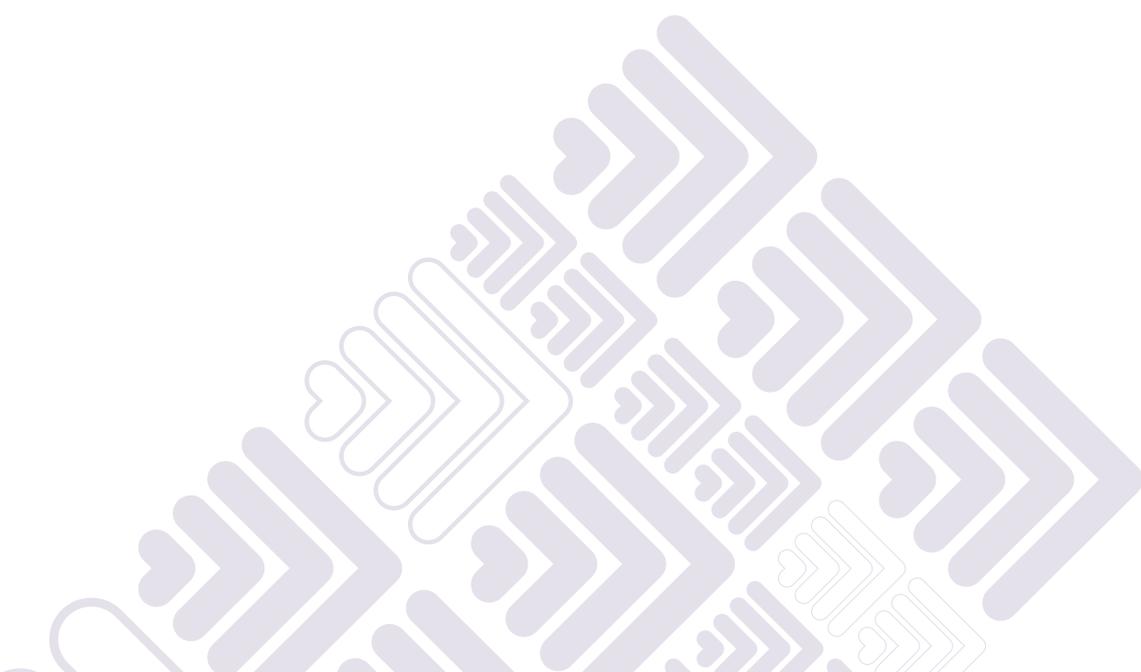
Te whakarāpopototanga Ihorei

This Strategic Foreign Policy Assessment aims to provide context for Aotearoa New Zealand’s foreign, trade and development policy to 2035 by identifying important shifts in New Zealand’s global strategic context.

- 1 The world is changing. The purpose of this Assessment is to describe these changes, and consider their impacts on New Zealand’s enduring foreign policy interests.
- 2 The Ministry’s Assessment sits alongside a number of significant strategy documents from across New Zealand’s public service, including the forthcoming National Security Strategy and the Defence Policy and Strategy Statement 2023. They each reflect and respond to the shifting world, with the aim of building a more secure, more prosperous, and more sustainable future for New Zealanders.
- 3 The first section in this Assessment, *Finding our place*, explores how New Zealand’s national identity and its place in the world, along with the Treaty of Waitangi/Te Tiriti o Waitangi¹ inform its interests, values and partnerships.
- 4 The second section, *What really matters*, discusses the fact that, after a generation or more in which New Zealand enjoyed a comparatively stable and secure strategic environment, favourable to many of New Zealand’s foreign policy interests, international shifts are affecting its global operating environment. This makes it more important than ever to have clarity on New Zealand’s interests and values.
- 5 The third section, *A shifting world*, describes New Zealand’s strategic context for the next decade. It identifies three “Big Shifts” happening in the international order that could fundamentally alter how New Zealand sees and shapes its place in the world:
 - 1) **A shift from rules to power** – a shift towards a “multipolar world”, characterised by a period in which rules are more contested and relative power between states assumes a greater role in shaping international affairs;
 - 2) **A shift from economics to security** – a shift in which economic relationships are reassessed in light of increased military competition in a more securitised and less stable world; and
 - 3) **A shift from efficiency to resilience** – a shift in the drivers of economic behaviour, where building greater resilience and addressing pressing social and sustainability issues become more prominent.

¹ This Assessment uses Te Tiriti o Waitangi to refer to both the English and te reo Māori texts that comprise the Treaty of Waitangi.

- 6 These Big Shifts in the international order in which New Zealand’s foreign policy operates are taking place at the same time as a number of other hugely disruptive events: the global recovery from the COVID-19 pandemic; Russia’s illegal invasion of Ukraine; difficult economic conditions that drag on international cooperation and global growth; the rapid advances in emerging technology; and the increasingly devastating impacts of climate change, including in Te Moana-nui-a-Kiwa (or the Blue Pacific Continent – the region covering the Pacific Ocean, its island nations and their collective interests).
- 7 The fourth section, *What lies ahead*, explores the potential effects of these realities on New Zealand’s approach to international affairs. In particular, it looks at how New Zealand’s interests will be impacted across five key foreign policy domains (Peace, Planet, Prosperity, People, and Partnerships). The Ministry of Foreign Affairs and Trade will need to respond accordingly.
- 8 The fifth section, *Charting a course*, outlines a more specific set of foreign policy challenges and opportunities that will be significant for New Zealand in the period to 2035. It looks at how creative and entrepreneurial policy can support New Zealand’s agency in this shifting world, and what we may need to do to maximise it.
- 9 New Zealand has already proven its adaptability and resilience during periods of uncertainty and through significant shifts in the strategic environment. We hope that this assessment of New Zealand’s foreign, trade and development policy in a turbulent world will help it do so again.





Finding our place

Te kimi i te aroaro whenua

New Zealand’s foreign policy priorities and approach are heavily influenced by its national identity and geographic location in the world.

- 10 New Zealand is a country of contrasts. It is both in the Pacific and “western”; independent and lacking hard power; geographically distant and well-connected; and principled and pragmatic. These unique characteristics are important to New Zealand’s identity, reputation, influence and mana.
- 11 New Zealand is also a relatively small country, with limited resources. However, it actively engages in the international system and is committed to working alongside others to promote a safer, more prosperous future.
- 12 New Zealand’s international identity reflects its development as a nation. This continues to evolve, balancing different perspectives while pursuing common objectives. New Zealand takes principled stances in support of national interests and values, and seeks to bridge differences while respecting the mana of others. This in turn is reflected in its approach to international relationships and its intent to engage others through:
 - **Whanaungatanga** –connectedness and a strong focus on relationships;
 - **Mahi tahi and kotahitanga** – working towards a common purpose, with shared objectives and unity;
 - **Kaitiakitanga** – being a guardian and steward of our intergenerational well-being
 - **Manaakitanga** – kindness, care, a spirit of reciprocity and our common humanity.
- 13 New Zealand is a bicultural and multicultural nation, reflecting an historic and living reality, and evolving aspirations. Its bicultural nature reflects the presence, strength and contribution of Te Ao Māori as recognised by Te Tiriti (*see Figure 1*). Its multicultural nature is reflected in an intention to respect, retain and value the diversity of cultures and contributions that make up New Zealand.
- 14 The Ministry of Foreign Affairs and Trade (Manatū Aorere) (the Ministry) has a responsibility to engage with the world in a way that reflects New Zealand’s bicultural and multicultural identities. This acknowledges and respects the place of Māori as tangata whenua within a culturally diverse population and partners of the Crown under Te Tiriti o Waitangi.



TE AO MĀORI KI TE AORERE

A VIBRANT TE AO MĀORI WITHIN FOREIGN AFFAIRS ENABLES AOTEAROA NEW ZEALAND TO STAND TALLER AND HAVE GREATER INFLUENCE IN THE WORLD



Authenticity

Te Ao Māori, approached with integrity, lends authenticity to Aotearoa New Zealand's presence and voice in the world as a Pacific nation.



Thought

Te Ao Māori frames and approaches problems differently. Te Ao Māori is a source for new thinking and approaches, including for intractable global challenges.



Identity

Te Ao Māori is unique to Aotearoa New Zealand; it is part of our international identity and reputation. In a crowded world, Te Ao Māori sets us apart and amplifies our voice.



Economy

The Māori economy is a domestic economic force and a major part of New Zealand's trade and trade interests. Aotearoa New Zealand prospers when Māori business prospers.



Ethics

Te Ao Māori brings particular thinking to environmental issues: the relationship between people and the natural world, and indigenous kaitiakitanga practices that have application, including in development and foreign policy.



Connection

Te Ao Māori has its own presence, reputation and relationships in the world and in our region; it can open doors that are not always available to the government and widen those that are.



Te Moana-nui-a-Kiwa

Te Ao Māori whakapapa to the Pacific binding Aotearoa New Zealand to our region. This is a primary underpinning to our Pacific engagement. Language, culture and whakapapa connections have high value for our foreign policy in the region and beyond.



Inclusion

Te Ao Māori can model a way of embracing difference and moving forward positively from past conflict.

E pā ana te kīnga, 'Te Ao Māori' ki te tirohanga ā-ao hirahira a te Māori, tana tirohanga taiao, kikokiko, wairua anō hoki. E mārama ana tēnei tirohanga ki te hononga o ngā mea katoa, mā tēnei tirohanga hoki e mārama ai te Māori ki tana whai wāhitanga atu ki te taiao e karapotī nei i a ia me tana hononga motuhake ki taua taiao rā. He tirohanga ā-ao tēnei kua whanake i roto i ngā whakaturanga, he tirohanga tēnei kua whakahāngaitia hoki ki ngā takiwā ā-iwi, ā-hapū.

Te Ao Māori refers to a dynamic worldview that includes the natural, the physical and metaphysical parts of our world. It is the perspective that understands the interrelationships between all things and allows Māori to understand their place in the broader eco-system around them and the interconnected role they play within their respective environment. It is a worldview that has been developed over generations and is often shaped by the environment of a particular iwi and or hapū.

Kei Te Ao Māori te mātauranga Māori, tana whakapono, ana uara, tana ahurea, ōna kawa me ana tikanga me ngā whakaaro hoki e noho nei hei tūāpapa mō ana whakahaere. Kua whakawhenuatia tēnei ao ki te whakapapa, ngā wāhi, ngā tātai heke me ngā mahinga a ngā tūpuna e whakaako tonu nei i a tātou, mohoa nei.

Te Ao Māori contains Māori knowledge and beliefs, values and culture, kawa and tikanga, and the concepts underpinning customary law. It is rooted in whakapapa and place, particularly the exploits of tūpuna that have given rise to and continue to inform the present.

Kei te nāiane hoki Te Ao Māori e noho ana, e homai nei ia i ētahi tini, ētahi rerekētanga, tauarotanga ki, tātaritanga o, whanaketanga o, āpīhanga hoki ki te ao hou. E hara Te Ao Māori i te mea māmōre, heoi he raraunga nō ētahi āhuatanga ōrite, rerekē anō hoki nō ngā tini iwi, hapū Māori. E hara Te Ao Māori i te āhuatanga panoni kore, heoi anō tāna he whakautu mai, he raranga whakaaro, hangarau, mātauranga hou anō hoki. E hara Te Ao Māori i te āhuatanga noho whakamohoa, heoi anō tāna he whakanui i te whakapapa, he kite i ngā tikanga nā ngā iwi o Te Moana-nui-a-Kiwa, nā ngā iwi taketake hoki, rātou e whai pānga tata nei ki te taiao whānui.

But Te Ao Māori also remains current providing, alternatives to, critique of, or adaptation and reapplication within the modern world. It is not singular, but encompassing of common and differing elements across different iwi and hapū. It is not unchanging, but responds to and integrates new ideas, technologies and knowledge. It is not isolated, but it honours whakapapa, recognises shared values in particular to peoples of Te Moana-nui-a-Kiwa, commonality with indigenous peoples, and an intrinsic connection to the wider environment.

Hono ai, whanake ai hoki a Aotearoa Niu Tīreni ki ana kaingākaunui i tēnei ao, he wāhanga nui Te Ao Māori ki tērā hononga.

As Aotearoa New Zealand engages with and pursues its interests in the world, Te Ao Māori is an integral and increasing part of that engagement.

Figure 1 - Te Ao Māori

- 15 New Zealand’s national identity and our geographic location influence how we see our international relationships and the parts of the world and partnerships that we prioritise (Figure 2).



Figure 2 - New Zealand's Place in the World



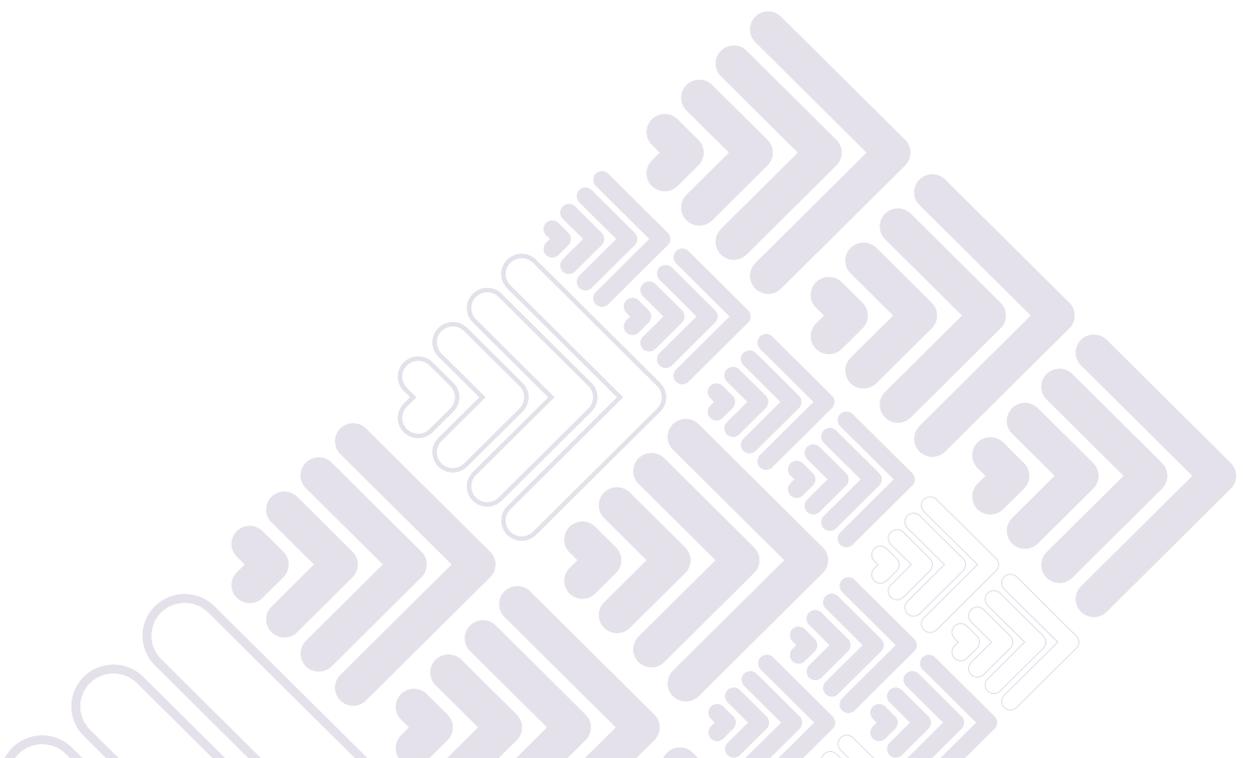
What really matters

Ngā mea matua

In a shifting, increasingly unpredictable, and more complex world, it is more important than ever that New Zealand is clear on its essential and enduring interests in order to maximise its influence, leverage opportunities and mitigate risk.

- 16 Like all sovereign countries, New Zealand pursues an independent foreign policy that is driven by a set of essential and enduring interests shaped by its values and place in the world. In pursuing these interests, New Zealand gains agency and influence through its intrinsic national features, its international contributions, and its bilateral, regional and multilateral partnerships and relationships (Figure 3).
- 17 **Interests (Ō mātou kaingākaunui)** are the things New Zealand pursues for New Zealanders' safety, security, prosperity and sustainability, and to safeguard sovereignty. New Zealand's national interests are not only within our borders. There are shared regional interests as members of both Pacific and Indo-Pacific regions, and there are global interests as members of an international community and, indeed, of a world facing major common global challenges.
- 18 **Values (Ngā uara)** are the things New Zealand stands for. Values define how New Zealanders see themselves and how others see New Zealand. They influence both *how* New Zealand acts, and *what* New Zealand does. They also influence the nature and closeness of New Zealand's partnerships and relationships. Values inform New Zealand's interests. For example:
 - a world in which universal human rights and freedoms are ignored, undermined, or abused is not a safer world for New Zealanders – whether they are abroad or at home.
 - a world that fails as kaitiaki of global or regional commons will not secure New Zealand's own sustainability, security or prosperity interests.
 - a world where democratic norms and institutions are permitted to weaken and wane is not a world favourable to democracy anywhere, including in New Zealand.

- 19 There will be times when governments have to make difficult choices in balancing the pursuit of interests and values. Individual decisions that involve trade-offs do not necessarily mean that interests are more important than values, or vice versa. Both are fundamentally important. Together they help to define New Zealand's foreign policy and they are usually intertwined.
- 20 **Partnerships and relationships (Ngā piringa me ngā hononga)** are critical. They can amplify strengths and influence and offset weaknesses. They reflect varying degrees of understanding and trust, which ultimately determine the extent to which countries and entities are prepared to engage, share, cooperate and collaborate with each other. Relationships are long term and intergenerational, resting on history, culture, geography, people and shared interests and values. New Zealand highly values its relationships and will continue to invest in and build these over time.



NEW ZEALAND HAS ESSENTIAL AND ENDURING INTERESTS

- **A safer and more secure future for New Zealanders – He ao-haumarū te anamata mō ngā tāngata katoa o Aotearoa**
 - » Protection of the sovereignty and territorial integrity of New Zealand¹.
 - » Stability and security in the Pacific, and wider Indo-Pacific, including protection from challenges to regional security, including external interference and coercion, cyber vulnerabilities, and transnational crime, as well as the threat of climate change.
- **A more prosperous future for New Zealanders – He ao-tōnuī**
 - » Conditions and connections that support New Zealand’s economic resilience and enduring prosperity of New Zealanders, Tangata Tiriti and Tangata whenua, and of New Zealand’s whanaunga in the Pacific.
- **A more sustainable future for New Zealanders – He ao-pāmau**
 - » Successful global action on climate and environmental imperatives for the benefit of future generations.
- **Effective rules based international system – He ao-tika**
 - » Rules, norms and other international frameworks governing global affairs, which reflect New Zealand’s interests and values.



New Zealand stands for: Tā Aotearoa i āki ai:

- Peace and security;
- Adherence to and belief in the rule of law;
- Human rights, dignity, equality and development everywhere;
- Integrity, democratic principles, fairness, accountability and transparency;
- Kaitiakitanga² of the natural world; and
- Liberal rules-based economic norms.



New Zealand holds mana and credibility for its: He mana, he here hoki tā Aotearoa ki ngā āhuatanga motuhake ā-motu:

- Commitment to human rights, equality and freedom;
- Belief in and adherence to the rule of law;
- Strong democratic institutions and principles, including fairness, accountability and transparency;
- Difference as a developed “western” democracy and “northern” economy in the geographic “south” with an indigenous people and growing indigenous identity;
- Distinctive bicultural context and Te Ao Māori insight and relevance to international issues;
- The experience and example of Te Tiriti o Waitangi and the Crown-Māori partnership; Pacific orientation and Pasifika population;
- Diverse multicultural society and tolerant and cohesive communities;
- Robust and reputable domestic policy settings (open economy, ease of doing business, high transparency and low corruption);
- Consistency; and
- Kaitiakitanga.



New Zealand earns respect from the contributions it makes: Tau mai ai te kauanuanu ki a Aotearoa mō ā mātou i hoatu ai:

- Strong history of partnering with Pacific and developing countries to deliver responsive, effective and inclusive development outcomes, and humanitarian assistance;
- Diplomatic networks and expertise;
- Creative and constructive developer of innovative foreign, trade and development policy and architecture that helps sustain the existing rules-based international system and addresses new and emerging issues;
- Strong investment, credibility and achievement in Antarctic science;
- Promotion of international and regional security through the deployment of a professional and capable New Zealand Defence Force;
- New Zealand Police, respected for its modern, community-based policing approach;
- High quality analysis of classified and open source intelligence; and
- History of being a constructive and effective bridge-builder.



New Zealand is enabled by its partnerships Nā ō mātou hononga i taea ai e mātou:

- Effective multilateralism that enables collective action on global problems and maintains predictability and stability in global rules and norms;
- Active membership and influence in key regional architectures and multilateral institutions; and
- A suite of fit-for-purpose relationships that support New Zealand’s interests and amplifies its values

¹ This includes an essential and enduring interest in the protection of Tokelau, as a non-self-governing territory of New Zealand and in the Cook Islands and Niue as countries in free association with New Zealand.

² Kaitiakitanga refers to protection or guardianship of those things that sustain life now and for future generations; it is particularly applied to the environment and natural world and humanity’s place and role within it but can also be applied to other taonga important for human well-being.

Figure 3 - New Zealand has essential and enduring interests

A shifting world

He ao hurihuri

New Zealand's strategic context is informed by its geographic location, its international persona, its national identity, and significant changes in the global environment that are creating a more complex and disrupted world.

The global outlook

He tirohanga whānui ā-ao

- 21 The global outlook is experiencing heightened strategic tension and considerable levels of disruption and risk. New Zealand has traditionally seen itself as protected from global threats by its geography and a relatively peaceful Pacific region. However, its interconnectedness with the world, the changing nature of the region, and the evolution of new threats mean New Zealand is as affected as other countries by global trends and an increasingly complex international environment. The period to 2035 will likely be challenging for New Zealand and the Pacific region.
- 22 Many of the assumptions in relation to global and regional affairs that have underpinned New Zealand's foreign policy for a generation or more are coming under real and sustained pressure. The appeal of liberal democracy has waned in many countries and global cooperation and multilateral solutions on issues of importance to New Zealand cannot be taken for granted. Most recently, there has been a lack of leadership on key global issues, including the early response to COVID-19 and action to limit global warming to 1.5 degrees Celsius.
- 23 The Pacific region is no longer strategically benign and Pacific Island countries face a number of shared challenges to regional stability and security. Through the Boe Declaration of 2018, New Zealand and Pacific partners recognised the threat of climate change as the single greatest threat to all aspects of the Pacific's way of life, and identified key challenges of external interference and coercion, domestic cyber vulnerabilities, and transnational crime.
- 24 New Zealand can no longer rely on the durability of continuing trade liberalisation and international cooperation, which have been the foundation of its foreign, trade and economic policies for decades.

- 25 The COVID-19 pandemic and its response had profound disruptive effects. It accelerated and exacerbated many of the existing negative global trends, including greater inequality, declining development progress in some parts of the world and worsening poverty and hunger. Ultimately, it contributed to a world that is now less prosperous, less secure and less open.
- 26 The effects on the international system of an increase in geostrategic competition and pressure on multilateral and regional rules and norms are evident. For example, Russia's invasion of Ukraine, which was an assault by a permanent member of the UN Security Council on the rules-based international system, further exacerbated food and energy insecurity, and revived old threats of overt state-to-state armed conflict and nuclear war.
- 27 Closer to home, the wider Indo-Pacific, of which New Zealand is a part, is also impacted by these changes. With the Chinese Government's more assertive foreign policy, the Democratic People's Republic of Korea's nuclear capability and aggressive rhetoric, and increasing geopolitical engagement across the Pacific, the wider Indo-Pacific region is now the central theatre for increasing strategic competition.
- 28 All these issues reduce the international system's capacity to tackle more existential challenges - notably climate change, which along with other human-induced environmental and biodiversity deterioration will in many ways define the next decade. Climate change's devastating consequences are already being felt, both at home and abroad, through events such as extreme flooding and forest fires. Meanwhile sea-level rise, ocean acidification, drought, water scarcity and more extreme weather events will further exacerbate food insecurity and affect traditional sources of employment and cultural practices, such as those relating to fisheries. Conflict over resources, particularly over access to fresh water, is already occurring in many parts of the world, including in the Indo-Pacific region.
- 29 Ecological and impacts relating to climate change are already major stressors for Pacific countries, and other Small Island Developing States, exacerbating their current suite of unique vulnerabilities. Losses and damages from climate change are already evident in the Pacific (and New Zealand). The cost of disaster response and recovery is a growing budget priority and sea-level rise a constant threat to core infrastructure and a demand on economic resources. Some in the Pacific are also facing the reality that sea-level rise or severe weather events will make an island or – eventually – a country temporarily or permanently uninhabitable. These impacts will only worsen by 2035.

- 30 The economic growth projections for the short to immediate term are sobering. Equitable growth in that time period will continue to be difficult, as the world absorbs the economic costs of the Russia-Ukraine war, adapts to endemic COVID-19 and attempts to accelerate the transitions required for climate-resilient economies.
- 31 The past year has seen the return of increasing inflationary pressures. Central banks have responded rapidly by tightening monetary policy, in turn, increasing the risk of recessionary consequences. The risk of economic shocks to global financial stability is increasing due to the elevated debt levels of many nations (particularly developing countries), a reduction in the quality of overall corporate debt, and increased pressure in key housing markets. High food and fuel prices are also driving food and energy insecurity, and this may further elevate the risk of financial instability, especially in developing economies.
- 32 While there are still opportunities for prosperity and economic advantage, the world's least developed, fragile and conflict-affected countries, and communities that are marginalised and poor are falling further behind. This includes women, children and youth, Indigenous Peoples, persons with disabilities, and people of diverse sexual orientation, gender identity and expression, and sex characteristics (SOGIESC). Growing inequality and inequitable growth are posing significant challenges locally, regionally and internationally and will have their own strategic and security impacts if not addressed.
- 33 The exponential pace and scale of technological change will continue to exert both positive and negative disruptive effects. For example, technological advances under development may have the potential to revolutionise healthcare, tackle food insecurity, address biodiversity loss and mitigate climate change, however the actual potential of these advances for positive change is not yet well understood. Many of these same technologies also raise significant ethical concerns, have a range of hard-to-predict second- and third-order effects, and could potentially be used for powerful malign purposes. Their development and application sit outside current regulatory frameworks, and the speed and complexity of developments are outpacing the ability of many governments to understand and regulate them. As a result, the realisation of the opportunities provided by such technology may be slowed and risks may remain largely unmitigated.

- 34 Against this backdrop, the rise of populism and distrust of institutions in some democratic societies will continue to be fuelled by misinformation, disinformation and foreign interference, with international cooperation remaining difficult, as leaders prioritise domestic politics and issues. There is also an increased risk that external actors will use domestic discontent for malign purposes. Within borders, the trends toward reduced social cohesion and trust in governments and institutions means some countries will lack the domestic capacity to respond to and withstand challenges and crises.
- 35 Reflecting these challenges, the Ministry has identified eight “megatrends” that inform New Zealand’s strategic context:

MEGATRENDS

A megatrend is a long-term change that affects governments, societies and economies permanently over a long period of time. They may be slow to form but, once in place, can disrupt established activities, processes and perceptions. A megatrend can interact with, coincide with and amplify other megatrends.

The Ministry has identified the following eight megatrends that it believes will have the greatest impact on international affairs in the period ahead to 2035:



Figure 4: Megatrends

Big Shifts in New Zealand’s strategic context

Ngā hurihuringa i roto i te horopaki ā-rautaki

36 The world is changing rapidly. In order to make sense of this change, this Assessment identifies three **Big Shifts** in the international order that will affect New Zealand’s place in the world in the period to 2035:

BIG SHIFTS



FROM RULES TO POWER

– a shift towards a “multipolar world”, which is characterised by a period in which rules are more contested and relative power between states assumes a greater role in shaping international affairs



FROM ECONOMICS TO SECURITY

– a shift in which economic relationships are reassessed in light of increased military competition in a more securitised and less stable world



FROM EFFICIENCY TO RESILIENCE

– a shift in the drivers of economic behaviour, where the neoliberal growth model gives way to a new form of global growth based on building greater resilience and addressing pressing social and sustainability issues

Figure 5: The three “Big Shifts”

- 37 These shifts are not binary. Instead, they represent shifts along the spectrums between continuing influential drivers in the international system: rules and power; economics and security; efficiency and resilience.
- 38 The positions on these spectrums have been broadly stable for the past 30 years. However, with power being redistributed between states, and emergent powers contesting important international rules and norms, sustained and stable shifts are emerging. This provides a new and more challenging strategic context for New Zealand’s foreign policy.

From rules to power I ngā ture ki te mana

The shift from “rules to power” reflects a transition to a multipolar international order where international rules, and their liberal underpinnings, are more contested as more states have the power and inclination to challenge them. When global rules are challenged or ignored, there is a risk that they will lose credibility and in the resulting environment, relative power will matter more. New rules to address emergent challenges will be more difficult to develop and gaining agreement to them may be difficult. However, those that do gain agreement will likely be more valuable and durable because of their contested origins.

- 39 While the world has grown ever more connected and interdependent, recently international affairs have been characterised by narrowing national interest agendas, reduced political will for international compromise and increasing self-interest in international relations. These behaviours are being driven by emerging populist nationalism and greater protectionism and are both decreasing the appetite for international cooperation and exacerbating deadlock on issues within the multilateral system.
- 40 At the same time, the world is transitioning to a “multipolar” order that has a number of competing powers. The current rules-based international system reflects those most active and influential at the time the rules were adopted, primarily “western” liberal democracies. Many countries do not see their interests reflected in key elements of the current system, and some perceive the rules and the system itself do not reflect contemporary distribution of power or population. Without multilateral reform

Multilateralism and the Rules-Based International System

Multilateralism is a form of cooperation between multiple states towards a common goal. In its most institutionalised form, it involves participation in international organisations and processes that are focused on specific goals and require participants to adhere to agreed rules and norms and generalised principles of behaviour. The United Nations system, the World Trade Organization, and the Bretton Woods Institutions are the most prominent examples of multilateral institutions. Multilateralism and the principles that underlie it are central elements of the current rules-based international system.

The rules-based international system is the framework of rules, norms and institutions that has governed relations between states since the end of World War II. It is underpinned by principles such as the peaceful settlement of disputes, respect for sovereignty and territorial integrity, and the promotion of sustainable development and respect for fundamental human rights.

New Zealand has been an active participant in this system of global governance, which has served our interests well, providing opportunities for voice and influence that we could not otherwise achieve. The current orientation of the rules-based international system towards liberal democracy, respect for human rights and free and open markets aligns well with New Zealand’s fundamental values and interests. The stability, predictability, universality and protections offered by the current rules-based international system has underpinned much of the security and prosperity New Zealand has enjoyed during the post-war period, and multilateral institutions have provided an important framework for collective action to address shared challenges and complex cross-border threats.

to better reflect current political and economic power realities, states will likely become increasingly active, coordinated and insistent in their challenge of existing rules, norms and power structures. To date, efforts at meaningful reform of key multilateral institutions have been unsuccessful.

- 41 Certain countries are increasingly exercising hard power to test the limits of the rules-based international system, at the expense of rules that serve smaller countries. The clearest example of this is Russia's unprovoked and illegal invasion of Ukraine, which is an assault on the rules-based international system by a permanent member of the UN Security Council.
- 42 The Chinese Government has more assertively pursued diplomatic, trade, security, and development initiatives aimed at enhancing China's influence, shaping international approaches, challenging existing international rules and norms, and promoting China's vision in these areas.
- 43 The increasingly nuclear-capable Democratic People's Republic of Korea, the negative trajectory of the Iran nuclear deal, and strategic interest in the Southern Ocean and Antarctica are also challenging the international agenda.
- 44 The shift away from rules towards relative power has been underlined by Russia's invasion. While there has been strong international condemnation of its actions, it has also reinvigorated hard power dynamics, such as nuclear deterrence and increased defence spending.
- 45 Together, these trends are generating a growing sense of disruption and uncertainty in international affairs and it is becoming clear that they are limiting the scope for cooperation on a range of international issues. And while multilateral institutions will remain vital, the vision and ambition for these institutions are shifting.
- 46 For countries that see themselves in and benefit strongly from the current order, this change is deeply unsettling. The rules-based international system relies on a commitment to cooperation and an alignment of interests to be effective. Accordingly, despite much-needed and urgent cooperation to address global problems such as climate change, multilateral progress is likely to become slower, harder and more uneven.
- 47 If these current trends continue, the period to 2035 is likely to see geostrategic competition and power relationships regain their prominence at the expense of cooperative approaches favoured over the previous few decades. These are destabilising prospects for international security and prosperity. This could introduce particular risks for smaller liberal democracies like New Zealand.

- 48 In addition, non-state actors are increasingly influential in global affairs. Popular social and environmental movements have enabled non-state actors to shift dominant attitudes positively where political leaders have otherwise struggled. There is a new interest in the work of indigenous peoples and the relevance of traditional knowledge systems and practices to resolving or mitigating complex problems, including climate change and environmental degradation.
- 49 Large multinational companies continue to exert economic power globally, despite new regulations aimed at controlling their influence. A number of potentially transformative technologies in the digital sphere are regulated not by governments but by companies (a development that can be seen in technologies relating to space exploration and use, Artificial Intelligence, weapons' development, financial markets, health and climate control). This reality, coupled with the emergence of data as a strategic resource, will make navigating geostrategic competition more difficult for many states.
- 50 These trends will likely result in a difficult period for the multilateral system. With time, the international order may evolve into a more cooperative and inclusive multipolar world, with a system (and underlying rules) that reflects a more diverse range of views and values. However, in the immediate term, the system will likely be defined by a number of large powers vying for influence, making international cooperation more challenging, and a heightened risk of inter-state conflict.
- 51 For New Zealand, the prospect of a shift from rules to power is challenging. As a relatively small country, New Zealand has benefitted significantly from the certainty and stability the rules-based international system provides, and has enjoyed remarkable successes in driving, shaping, and implementing international rules and norms in areas of importance to its interests, for example international trade, oceans and disarmament. As such, New Zealand has a strong stake in fighting to defend and maintain an inclusive rules-based international system against these growing challenges.
- 52 In a world where rules are contested, cooperation is more challenging, and relative power assumes greater importance, progress – or even maintaining the status quo – on issues New Zealand cares deeply about will be harder to achieve. These issues will include those related to: nuclear disarmament and non-proliferation; arms control regimes; the universality of human rights; social inclusion; poverty alleviation and inclusive development; the peaceful use of space; an open trade environment; the strength of the Antarctic Treaty System and environmental protections in Antarctica; and collective and coordinated action on biodiversity and climate change.

From economics to security

I ngā ohaohatanga ki ngā whakahaumarutanga

The emergence of strategic competition is causing countries to reassess how they balance economic opportunities with security objectives. In the Indo-Pacific region, growing geostrategic competition, military competition and securitisation are accompanied by supply-chain disruption, economic coercion, areas of economic decoupling and the imposition of economic sanctions. The combined effects will increasingly hamper trade opportunities, constrain economic growth and increase the risk of conflict.

- 53 As geostrategic competition sharpens globally – including with the war in Ukraine – countries have begun to reassess the exposures that can come with trade relationships. For example, Russia’s invasion and associated economic sanctions are prompting European nations to decouple from Russian energy, despite the significant economic pain that results.
- 54 With geopolitical fault-lines widening in recent years, countries have shown a preparedness to enact wide-reaching economic measures with real long-term domestic strategic impacts in order to attempt to shape the international environment.
- 55 Economic interdependencies are strong disincentives for conflict. However, as individual countries weigh and balance their interests, trade dependencies are being reassessed. Trade relationships are no longer being held up for the peace dividends they may pay. Rather, economic inter-dependencies with strategic competitors are increasingly perceived as strategic vulnerabilities.
- 56 The Indo-Pacific has been the engine of global economic growth, largely owing to: China’s expansion as a manufacturing powerhouse and market; changing demographics and the explosion of the middle class in Asia more broadly; the rise of global value chains; and the importance of maritime routes through Asia. Trade with, within and via the region has expanded dramatically and economic opportunities have come to underpin intra- and inter-regional relationships, creating enormously interconnected economies.
- 57 Since the 2010s the long-run geostrategic contest in the Indo-Pacific has sharpened, owing to an increasing tilt toward prioritising security considerations. Countries in the region are finding it more and more challenging to both protect their economic relationships from wider foreign policy concerns and balance economic imperatives with critical political and security considerations.
- 58 China’s economic power and influence have grown over the past decade and as a result the Chinese Government has become more assertive in its foreign policy, which is the primary driver of strategic competition. This has increased regional tensions (including in the South China Sea and Taiwan Strait), and prompted significant shifts in foreign and defence policy in the region.

- 59 As geostrategic competition continues to increase in the region, the effectiveness of various regional architectures may be challenged and new groupings may form. The Association of South East Asian Nations' (ASEAN's) centrality and ability to facilitate an open, inclusive, stable and prosperous Indo-Pacific region is essential to New Zealand's interests and should not be taken for granted.
- 60 The risk of a shift in the strategic balance in the Pacific is now a present and serious concern in the region. This presents a risk to Pacific countries' ability to chart their own future, to the stability of the region, and to New Zealand's own security. Pacific countries and regional organisations are facing pressures and feeling the impacts, especially in the face of a more assertive China. New Zealand has a strong interest in supporting Pacific priorities, including the Pacific's ability to assert and pursue its interests. This includes maintaining the primacy and effectiveness of the Pacific Islands Forum, pursuing shared Pacific priorities (seen in the "2050 Strategy for the Blue Pacific Continent", including its commitments to principles of democracy, good governance, and non-interference in national affairs) and reinforcing the existing security architecture and norms (notably the Boe Declaration and a "family first" approach to security).
- 61 New Zealand faces a less stable wider Indo-Pacific region where inter-state conflict could occur and security considerations already dominate key partners' thinking. In the future, New Zealand may face situations where terms of trade are impacted as importers and exporters need to absorb market disturbances and/or seek less lucrative but more stable markets. As geopolitical and security considerations loom larger, New Zealand will be less able to prioritise economic priorities and will likely need to devote more energy and resources to defence and security imperatives, including to shore up economic resilience.

From efficiency to resilience

I ngā penapenatanga ki ngā mārohirohitanga

“Just-in-time” efficiency is giving way to “just-in-case” caution as some countries and corporations are increasingly concerned about the resilience of markets and supply chains and access to strategic resources. Environmental, social and sustainability challenges will be an increasing focus of new trade rules and business decisions.

- 62 Economic growth models of the past 40 years have been based on concepts of “efficiency” and free market competition with minimal state intervention. These concepts have driven deregulation, privatisation and the development of global value

chains. They have also incentivised the structuring of national economies to be geared toward competitive advantage. These considerations are being revisited in light of the twin imperatives of shoring up resilience in the face of growing strategic risk and addressing increasingly pressing social and sustainability concerns.

- 63 The COVID-19 pandemic, the increasing risk of economic coercion, and the energy and food insecurity resulting from Russia’s invasion of Ukraine, together underscore the strategic vulnerabilities of both an over-reliance on complex and “just-in-time” supply chains and the risks of relying on strategic competitors for access to strategic resources². As a result, governments and corporations around the world are giving increased weight to economic resilience over economic productivity as they factor in greater uncertainty and risk. Exactly where this shift will settle (and it may be different for different countries) is not yet clear.
- 64 Self-sufficiency, which requires economic depth and scale, is not practical for most countries. Accordingly, efforts to decouple, derisk or re-shore will likely be limited to a handful of strategic industries in large, affluent countries. Elsewhere, the drivers of retaining control of strategic goods and industries and reducing economic exposure to strategic competitors will propel efforts to “friend-shore”, where resilience is improved through a reliance on trusted markets. In all cases, shorter supply chains are likely to be a goal.
- 65 One of the key challenges for New Zealand in the period to 2035 will be to improve the diversification of its trade relationships. Even with a robust trade diversification and resilience strategy, constrained access for key goods exports to the European Union (notwithstanding the recent New Zealand-European Union FTA) and the United States means it is likely that, given continued price premiums, a significant proportion of New Zealand’s exports will continue to go to China over the next decade.

Decoupling and de-risking

Different countries are managing the trade-off between economic efficiency and resilience in different ways. Increasingly concepts like decoupling and de-risking are being used as a rationale for domestic economic and foreign trade policy.

Decoupling is where a country disconnects, separates, terminates or severely restricts its economic ties with another. It is large scale economic and supply chain fragmentation along geopolitical lines.

De-risking relates to actions to reduce a country’s economic vulnerability within its domestic system to a defined external risk. It is aimed to protect sectors and technologies that are of national security interest.

Re-shoring, on-shoring, friend-shoring and near-shoring are all subsets of decoupling and de-risking.

You can see these concepts where countries have sought to expand their domestic manufacturing bases, diversify their suppliers of particular goods, or have focused on building trusted supplier networks.

² Strategic resources include products such as food commodities, water, energy, rare earth metals, lithium batteries, semiconductors and active pharmaceutical ingredients.

- 66 The protectionism likely to arise from re-shoring will be damaging to global trade rules and small, export-led economies like that of New Zealand. Shortening supply chains could also have negative impact on countries that sit at the end of supply chains, and further constrict shipping to and from the Pacific. “Friend-shoring”, however, could bring opportunities; for example, Māori actors are developing friend-shoring options as they explore economic relationships with other indigenous peoples.
- 67 Without participating in existing plurilateral trade arrangements in the Indo-Pacific region, US trade and investment competitiveness and economic influence could potentially decline relative to other major players. While the US’s newly established Indo-Pacific Economic Framework initiative is a welcome addition to its Indo-Pacific regional engagement, limitations of scope (e.g. market access is not included in the Framework) mean it will not fully bridge this gap.
- 68 Maintaining support for freer trade in the World Trade Organization (WTO) is likely to require hard work. In recent times, the political appetite among the broad WTO membership for progress on new rules or reform has been weak and public perceptions that trade liberalisation has not delivered on its promises are increasing.
- 69 Although there has been a lack of progress in parts of the WTO, bilateral and regional FTAs continue to flourish. Newer FTAs address a wider agenda, including Māori and indigenous trade and economic interests and perspectives, sustainability, gender, the environment, human rights, inclusivity, labour standards, and animal welfare standards. This broadening of the trade agenda to work more deliberately to deliver for a wider proportion of society potentially reflects a paradigm shift and a refreshed social strategy that will increasingly shape the direction of international trade policy.
- 70 Adapting trade policy to address climate change and sustainability priorities will also affect progress on trade liberalisation, likely supporting calls for a more interventionist government and a walk-back from free-market economics³.
- 71 Consumers and shareholders, too, are changing their preferences and priorities. “Green” and sustainability-focused market forces are strengthening, and middle-class consumer preferences are shifting towards lower-carbon products and services, producers with demonstrable standards of sustainability and accountability, and local producers, even where there is a price premium. Investors and funds are increasingly taking environmental and social concerns to the boardroom.
- 72 New Zealand has an innovative trade policy with a demonstrated ability to respond effectively to external challenges. It has a solid set of FTAs and strong trade and economic relationships bilaterally, regionally and multilaterally. It is part of and central to strategically significant trade architecture (for example, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and the Regional Comprehensive Economic Partnership) and is again at the forefront of a new international trade agenda

³ Examples include the imposition of tariffs and other trade restrictions, as well as non-negotiated outcomes, such as various mooted border carbon taxes.

through work on “trade and” issues⁴. New Zealand is well positioned to accommodate and even lead some of these economic shifts, and in turn promote more constructive and future-oriented trade. However, navigating these shifts will not be easy and it is expected that terms of trade will be expected to be negatively affected, at least in the short term, given that the current trade model is highly geared towards efficiency. In addition, parts of New Zealand’s export sector may find it challenging to adapt to a low(er) carbon global economy.

- 73 The impacts could be much greater for emerging economies that rely on low-cost production opportunities for employment and export income. Job losses and reduced national income as a result of higher costs and resilience and sustainability agendas in developed countries could intensify instability and unrest in emerging economies, and increase competition for already scarce development and climate finance.

⁴ New Zealand has long promoted labour, environment and indigenous issues in its FTAs. The newer trade architecture and engagement through APEC seeks to show leadership and advance rules and norms on a wider range of social and environmental issues. Relevant architecture includes initiatives such as the Agreement on Climate Change, Trade and Sustainability (ACCTS), the Digital Economic Partnership Agreement (DEPA), the Indigenous Peoples Economic and Trade Cooperation Arrangement (IPETCA), the Inclusive Trade Action Group (ITAG) and the Global Trade and Gender Arrangement (GTAGA).

What lies ahead

He aha kei mua

The period to 2035 will be a more uncertain and complex time for New Zealand. New Zealand will need to navigate a wider array of global threats and increased risks within a fundamentally different strategic context. Foreign policy will need to change to reflect this new reality, and the Ministry will need to understand where the challenges and opportunities lie for New Zealand.

74 New Zealand's foreign policy interests can be viewed through the lens of five key domains⁵. All are impacted by the changing world.

75 New Zealand has foreign, trade, and development policy interests and objectives within each domain:

- **Planet – te taiao.** New Zealand seeks successful global action on climate, environment, kaitiakitanga and sustainability issues for the benefit of future generations.
- **Peace – te maungārongo.** New Zealand seeks to uphold the sovereignty, tino rangatiratanga and territorial integrity of New Zealand, including freedom from foreign interference and coercion; as well as stability and security in the Pacific region and globally.
- **Prosperity – te ohaoha.** New Zealand seeks global conditions and connections that support New Zealand's economic resilience and enduring prosperity and that of its Pacific partners.
- **People – ngā tāngata.** New Zealand seeks global conditions and connections that promote liberal values and improve the well-being of its people, including Tangata Tiriti and Tangata Whenua, our Pacific whanaunga, and people everywhere.
- **Partnerships – ō mātou hononga.** New Zealand seeks effective multilateralism that enables collective action on global problems and maintains predictability and stability in global rules and norms; as well as a set of fit-for-purpose relationships and partnerships that supports its interests and amplifies its bicultural values.

⁵ The five domains originate in the UN Sustainable Development Goals. They have been used here to highlight the intertwined nature of New Zealand's foreign policy.

- 76 The **Big Shift from rules to power**, and transition toward a multipolar world, will be marked by increased power dynamics and contest. New global rules will be harder to agree, but will be even more valuable for the cooperation they represent. Existing rules will however be increasingly challenged, making addressing urgent global issues across all of the foreign policy domains more difficult, especially in the **Planet** and **Peace** domains.
- 77 The changes in our strategic environment that represent the **Big Shift from economics to security** is most relevant to the **Peace, People** and **Partnerships** domains. New Zealand's security has been based on a stable and secure strategic environment, reinforced by geographical distance and isolation. These assumptions no longer hold true – the Indo-Pacific is the central theatre for geostrategic competition, while geographic isolation no longer affords the protection it used to. New Zealand's alliance relationship with Australia and security partnerships with the US and other key partners remain vital in this changing environment.
- 78 In the **Prosperity** domain, New Zealand's interests will be impacted by the **Big Shift from efficiency to resilience**, but it is also well-placed to respond given innovative trade and economic policy, centrality to strategic trade agreements and trade architectures, and a network of high quality Free Trade Agreements. Demand for what New Zealand currently produces will remain strong in the short- to medium-term while the shift will open opportunities for new products.
- 79 Already, the Ministry is finding that greater foreign policy effort is needed to defend things New Zealand has previously taken for granted across these five domains. There are opportunities for positive gains in this new strategic context, but the Ministry is facing more obstacles as we seek to drive progress on things that matter. At times it might be difficult to maintain the status quo, or prevent moving backwards.
- 80 These realities will have significant implications for how New Zealand approaches international affairs in the period to 2035. To make progress the Ministry will need to have a clear sense of the outlook under each domain, hold clear foreign policy objectives, and know where the most important challenges and greatest opportunities lie.
- 81 The Ministry's initial assessment of some of these implications is provided in Figures 6-10.

PLANET TE TAIAO

The global outlook

- Ecological changes are causing a less hospitable world, declining ocean health is evident and biodiversity loss will accelerate unless urgent action is taken.
- The consequences of what is done – or not done – to mitigate climate change and biodiversity loss in the period to 2035 will have profound implications for the planet’s long-term future.
- Climate and environment issues are areas where shared threats and public concern may be sufficient to drive change to “go greener” with governments and producers.
- Frontier regions and areas beyond undisputed borders (e.g. the high seas, space, Antarctica) may be at risk as states (and non-state actors) seek to control or exploit resources.

Foreign Policy Objectives

- Ambitious global action on climate change
- Protection of biodiversity
- Improving ocean health
- Preservation of Antarctica as a natural reserve, devoted to peace and science

Opportunities

- Growing and leveraging environment and climate aspects of trade agreements
- Demonstrating commitment to Pacific priorities including through efforts to ensure strong multilateral outcomes on oceans and climate, and through effective development finance
- Sharing indigenous experience and promoting and shaping appropriate technological solutions to climate change and biodiversity loss
- Collaborating with partners, helping New Zealand to innovate and shape best practice approaches and market opportunities
- Using New Zealand’s influence within the Antarctic Treaty System for globally relevant environmental outcomes

Challenges

- Agreeing and implementing global solutions for global climate and environment issues
- Maintaining alignment of New Zealand’s ambitious international advocacy on climate change and its domestic response, acknowledging a credibility challenge should the rate of New Zealand’s emissions reductions fall out of step with those of partners
- Addressing potential market disruption arising from climate change impacts in other countries
- Mobilising financial resources in a fiscally constrained environment to support Pacific countries and Small Island Developing States to address grave climate and environment threats
- Addressing the possibility that the Antarctic Treaty System’s stability and environmental protections may be threatened by global geopolitical dynamics and increasing disruption of the rules-based international order

Tirohanga Māori

When considering environmental issues, Te Ao Māori brings a long term perspective and strategic interests in strengthening the mauri of the natural world, its ecosystems and species – both for its own sake and for the benefit of future generations.

Māori have direct mana whenua connections and strategic interests, often not fully realised, in protecting the health of whakapa-pa connection and access to local indigenous ecosystems and resource base. A Te Ao Māori world view will likely see people and human activity as integral to, rather than separate from, the natural world, and includes strong cultural values and practices that moderate use and prevent damage which are finding new application in environmental, resource and public health management internationally.

Figure 6: Planet – Te taiao

PEACE TE MAUNGARONGO

The global outlook

- Present and wide-ranging security issues make for an uncertain decade: the Russia – Ukraine war; arms control agreements unravelling; border conflicts; strategic competition; nuclear proliferation, military competition and arms races; and the destabilising effects of climate change, foreign interference and some emerging technologies.
- In the Pacific, long-term development challenges, exacerbated by COVID-19 and climate impacts, bring enduring security challenges and strategic vulnerabilities.
- Geostrategic tensions will impact international security and disarmament fora, become a more prominent feature in many of New Zealand’s bilateral relationships and make it harder to advance – or even protect – New Zealand’s security interests.

Foreign Policy Objectives

- Stability, security and sovereignty in the Pacific
- Peace and security in the Indo-Pacific region
- Upholding the rules-based international system
- Reducing threat from “grey zone”¹ activity
- Mitigating trans-boundary security threats

¹ Military and non-military forms of assertiveness and coercion aimed at achieving strategic goals without provoking conflict e.g. spreading dis- or mis- information, manipulation of social or mass media, etc.

Opportunities

- Reducing national and sectoral economic vulnerability to foreign coercion/interference
- Supporting rules and norms of emerging technology, including collaboration with partners
- Engagement in the multilateral system on disarmament issues, including non-proliferation of weapons of mass destruction
- Working with partners in the Pacific to build regional and domestic cyber capabilities
- Leveraging New Zealand’s domestic experience in preventing and countering terrorism and violent extremism to inform and influence global best practice
- Supporting the UN to deliver fairer, more inclusive global development

Challenges

- Sharpening geostrategic competition and an Indo-Pacific region shaped by military competition is heightening tensions and the risk of conflict, including over the Taiwan Strait and South China Sea
- Geostrategic challenges faced by Pacific countries are significant and growing, which risk distracting from other regional priorities, including climate change
- Managing tensions with the Antarctic Treaty System
- The potential re-emergence of Da’esh and Al Qaeda, and the rise of the far right

Tirohanga Māori

At a national level, Māori whakahaumaru (Protection and security) is tied to, and affected by, all aspects of New Zealand’s and our region’s security. Māori contribute disproportionately to Aotearoa New Zealand’s security through their presence in our defence capability and have been critical to past deployments in both war and peace keeping. Iwi, hapū, and marae make significant contributions to New Zealand’s responses to, and recovery from, a range of national crises.

Māori also have values, traditions and cultural ideas related to conflict, conflict resolution and peace, generally mediated by recognition of tauutuutu or reciprocity, balance and mana that inform Aotearoa New Zealand’s work in peace and security.

Figure 7: Peace – Te maungarongo

PEOPLE NGĀ TĀNGATA

The global outlook

- Climate change, a weak global economy, ongoing global health threats and challenges to human rights are affecting people everywhere particularly marginalised communities¹.
- Food and energy insecurity challenges are becoming crises.
- Global cooperation, coordination and investment are insufficient to address the myriad challenges facing the developing world and COVID-19 has set back development progress.
- Human security challenges are exacerbated by conflict, authoritarian advance, religious conservatism, the challenge to liberal values in multilateral fora, and the erosion of human rights.
- Inequalities between and within countries are growing, styming the necessary cooperation to achieve outcomes in areas of global challenge.
- Conflict and poor governance is creating pressure leading to increasing people flows, between countries and regions.

¹ Including women, children and youth, indigenous peoples, persons with disabilities, and people of diverse SOGIESC.

Foreign Policy Objectives

- A resilient, prosperous and sustainable Pacific
- A functioning multilateral system and regional norms underpinned by liberal values, democracy and human rights
- The safety and security of New Zealanders in the world, supported by high-quality consular advice and assistance
- Successful management of global health issues through improved multilateral frameworks

Opportunities

- Cooperating with International Development partners from outside the Pacific region
- Advocating for access to development and climate finance that recognises the enduring vulnerabilities of Pacific countries (and Small Island Developing States more broadly)
- Promoting new international social and sustainability frameworks
- Ease of trans-Tasman movement of New Zealanders

Challenges

- The depth and breadth of challenges, and our own resource limitations, affecting New Zealand's ability to retain influence and have meaningful impact in our region
- Severe economic and social challenges in the Pacific, with potential impacts on stability
- The tension between providing vital short-term humanitarian responses, recovery, and much-needed longer term development and resilience investment
- Increasing regional complexities arising from engagement by development partners from outside the region
- Technology and social media offering more "tools of control" to authoritarian governments while increasing division in democratic societies
- Increasing and more complex consular demands from New Zealanders in the world

Tirohanga Māori

People, via both their individual and collective dignity, and their interpersonal relationships, underpin many core Māori values including mana, oranga, manaakitanga, kotahitanga, mahi tahi and aroha.

Māori have core strategic interests in the long-term health and well being of Māori – iwi, hapū, and Māori generally, including across all pou within te whare tapa whā. This is particularly important as Māori pursue a post-colonial future via the assertion of Te Ao Māori across economic, cultural, social and political spheres.

Māori are asserting their exercise of tino-rangatiratanga across a range of environments, resources, economic activity and social service delivery. Māori have a strong interest in asserting their rights recognised by Te Tiriti and applying them in new areas including data sovereignty.

Figure 8: People – Ngā tāngata

PROSPERITY TE OHAOHA

The global outlook

- The strength of the multilateral trading system and commitment to liberal economic norms are waning. Over time, freer trade may regain momentum.
- Trade agreements may hold (even partial) solutions to social and environmental problems.
- Transformation in global markets will affect New Zealand's trading relationships, our markets and our exports.
- As supply-chain resilience and sustainability become more important, some supply chains will be reconfigured, energy markets (and relationships) will transform, and consumer preferences will shift.
- Demographic changes will affect the size and location of our key markets, with emphasis remaining on Asia.
- China and the US may seek to de-risk strategically important parts of their economies, driven by both policy and the market.
- The rise in the digital economy could transform financial markets, access to financial services and the state monopoly on control of money.

Foreign Policy Objectives

- A resilient economy supported by diversified markets
- Liberal economic norms and the absence of protectionism
- Effective international trade architecture with new trade rules that address social and sustainability issues
- Stable and secure supply chains
- Economic resilience in the Pacific

Opportunities

- Growing e-commerce will mitigate certain challenges
- Implementing recent FTAs will provide market-diversification opportunities, and businesses are seeing some success with high-end products even in non-FTA markets
- Surging middle classes in Asia will expand some of New Zealand's most prominent markets
- "Friend-shoring" could bring some opportunities for (as well as risks to) New Zealand
- Growing export opportunities for New Zealand businesses active in emerging and climate technologies

Challenges

- New Zealand relies predominantly on primary product exports and a narrow range of services
- Adjusting to a low-carbon global economy and changing consumer preferences for protein sources
- Tourism may never return to pre-COVID-19 levels due to changes in consumer behaviours, policy shifts and climate imperatives
- Populism, protectionism, non-tariff barriers and a weaker WTO will continue to impede trade
- Global economic impacts arising from any further escalation in the trade challenges between the US and China
- Difficult economic conditions will intensify challenges and reduce the capacity available to address them
- Shorter supply chains could also affect countries like New Zealand that sit at one end, and could further restrict Pacific shipping
- Vulnerability to economic coercion for New Zealand and others
- Weak economic outlook in the Pacific

Tirohanga Māori

Māori are important economic actors in the New Zealand economy as resource owners, workers, businesses, iwi and Māori entities. All have a strategic interest in the well-being of New Zealand's economy and international connectivity which is providing an important base for both economic and cultural reassertion.

Some Māori business and iwi are ahead of much of New Zealand in taking a long-term and broad well-being approach that sees economic development serving larger ends.

Māori labour and business interests are heavily weighted to the export sector, particularly the primary sector and tourism and to China. Māori have strategic interests in New Zealand's market access and could be significantly affected by sharp changes.

Māori also have strategic interests in indigenous rights issues such as via the protection of indigenous knowledge and intellectual property, and authenticity via the rules-based system.

PARTNERSHIPS O MĀTOU HONONGA

The global outlook

- The transition from a unipolar world order to a more contested distribution of power will be difficult, disruptive and competitive, and accompanied by a heightened risk of inter-state conflict.
- A more contested distribution of power will see the emergence of a wider range of countries seeking to lead on issues and a spread of influence across multilateral fora.
- Deep geostrategic struggles of rules and power, and ambition and vision.
- The role of non-state actors, including civil society, and the importance of multi-stakeholder approaches will increase, with some non-state actors (e.g. Big Tech companies) also contesting power.

Foreign Policy Objectives

- A wide network of strong, enduring and productive relationships
- A unifying Pacific regional architecture, investing in Pacific resilience, with the Pacific Islands Forum at its centre
- An Indo-Pacific regional architecture and order that promotes stability, productivity and human security, and preserves the agency of all states in the region to make their own independent, sovereign choices
- Global action is aligned with Pacific interests, and is supported by New Zealand's coordination with partners in the region
- A rules-based international system that provides stability, predictability and fairness

Opportunities

- Utilising our bilateral relationships to better shore up our preferred foreign policy outcomes
- Our partnerships with our Five Country partners, Germany, France and, increasingly, Japan and South Korea. We also often partner with a range of groups of countries, including Pacific island countries, small advanced economies, smaller EU member states, the Nordics and several Latin American countries
- Broadening the coalition of like-minded partners on issues of importance to New Zealanders
- Supporting foreign policy objectives and improving productivity through partnerships with likeminded countries in emerging technologies
- Continuing to leverage NZ Inc to achieve foreign policy objectives
- Supporting the growing network of Māori international relationships and partnerships

Challenges

- New Zealand's preferred means of operating through existing multilateral approaches and frameworks is likely to face increased obstacles
- Difficult choices in foreign policy and balancing interests and values will become more frequent
- Groupings involving a small number of nations or parties (minilateral groupings) will proliferate, attracting greater attention and becoming less inclusive, and may bring resource challenges
- Shaping an advantageous Indo-Pacific regional order, where New Zealand's influence is maintained

Tirohanga Māori

Relationships are central to Te Ao Māori and Māori values; consequentially, many Māori have strategic and immediate interests in international relationships – both those held by Māori groups directly and those held by the Crown – and how they are managed.

Māori have historical and growing international relationships and agendas separate to those of the state – including with other indigenous peoples and their organisations, with Pacific nations and peoples, particularly in Polynesia, and via a plethora of economic, people-to-people, educational, cultural and diaspora links. Many Māori are independently building their international networks and have strategic interests in furthering this aspect of tino-rangatiratanga.

Māori are keenly interested in the relationships the New Zealand Government prioritises and the ways in which it does so, especially given their economic and cultural relationships with China and other states.

Figure 10: Partnerships – O mātou hononga



Charting a course

Te Tātai Whetū

There are a number of key foreign policy challenges and opportunities that will be especially significant for New Zealand in the period to 2035. Addressing the challenges and harnessing the opportunities may involve difficult decisions and will benefit from a national conversation.

82 Despite the changing world, opportunities still exist for New Zealand to enjoy success, given its wide network of relationships and connections to important international and regional architectures. New Zealand aims to be a responsive, predictable and reliable partner. Like other sovereign states, New Zealand pursues an independent foreign policy based on an assessment of its national interests. It also has a strong history as an effective bridge-builder and a demonstrated ability to advance creative, constructive, innovative and entrepreneurial foreign, trade and development policy solutions for the benefit of New Zealand, the Pacific and Indo-Pacific regions and the world. Now, in this time of disruption and challenge, these abilities and traits together with a good reputation are more important than ever.

Navigating trade-offs

Te Whakatere i te moana Ohaoha

83 In order for New Zealand to navigate the increasingly difficult strategic context, it is important that New Zealand and the Ministry are clear on New Zealand's foreign policy interests. In addition, the Ministry must be:

- **Clear-eyed on risk and trade-offs – Te Mātai Huarere:** Where trade-offs are needed, they should be based on a clear-eyed assessments of what is at stake, the risks involved, the second- and third-order effects, and the likely best overall responses.
- **Tactical and strategic – Ngā Nuka me ngā Rautaki:** Given that risks – especially now – are not individual and linear but systemic and compounding, one eye must stay on the issue at hand and another on the larger context.
- **Rigorous on what works – Te aronui ki ngā kaupapa matua:** The Ministry will need to maximise the impacts of the resources and effort we have available. The scope for discretionary effort will be slight.

Key foreign policy challenges and opportunities Ngā panonitanga matua ki ngā kaupapa here tautangata

- 84 The previous section identified the impact of a changing world on the broad range of New Zealand's foreign policy interests. This sections identifies a number of key foreign policy challenges and opportunities that will be especially significant for New Zealand in the period to 2035.
- 85 The Ministry will continue to position New Zealand to take advantage of the opportunities, while preparing appropriately for the risks. These challenges and opportunities are outlined in Figure 11.
- 86 As New Zealand's strategic context becomes more complex and the foundations on which it has relied for several decades are challenged, New Zealand's foreign policy will be presented with difficult decisions with increasing frequency. It will be critical to have a strong social license based on a clear understanding of the trade-offs being made, and a trusted partnership with Māori.
- 87 With this in mind, there would be considerable value in having a more deliberate national conversation on New Zealand's foreign policy to help raise awareness of the priorities, risks, challenges and opportunities. It could also lead to a greater understanding of the difficult options and choices that New Zealand will need to navigate in pursuit of a safer, more prosperous and more sustainable world.

KEY FOREIGN POLICY CHALLENGES AND OPPORTUNITIES

NGĀ PANONITANGA MATUA KI NGĀ KAUPAPA HERE TAUTANGATA



Advancing New Zealand's strategic interests Te whakawhanake i ngā rautaki tūmanako a Aotearoa

The contested nature of the global order and the emerging multipolarity will mean that concepts of “trust” and “friendship” will be more important. The global strategic outlook will become more complex and shaped in part by countries with different interests and values to our own. New Zealand will need to be consistent and predictable in making its decisions based on its enduring interests and values.



Growing New Zealand's economic resilience Te whakakaha i te mārohirohitanga o te ao ohaoha o Aotearoa

Driven by a low carbon future and the emergence of strategic competition, New Zealand's trade and economic diplomacy will need to continue to evolve to support greater economic resilience and diversification in products and markets. New Zealand will maintain a vital interest in ensuring the ongoing resilience and relevance of the WTO's open and rules based trade norms, however its trade economic diplomacy also needs to support innovation and transitions in the national economy, including through innovative approaches to trade architecture, supporting exports to new markets, and promoting inclusive trade.



The increased value of New Zealand's partnerships Te mahi tahi ki a Ahitereiria me ngā hoa pūmau

New Zealand has an indispensable relationship with Australia. The strength, breadth, depth and size of the trans-Tasman relationship will remain of significant value to both countries.

New Zealand shares deep and enduring connections with Pacific partners across Te Moana-Nui-a-Kiwa. These relationships are fundamental to how New Zealand articulates its place in the world.

New Zealand will continue to partner with countries who share its values and commitment to the multilateral system while engaging with a broad range of partners to expand points of commonality, minimise points of difference, and advocate strongly for approaches that reflect its interests and values.



Promoting a secure, stable and resilient Pacific Te whakatairanga i tētahi Moana-nui-a-Kiwa, haumarū, ita, manawarua

Constrained development prospects, rising climate impacts, greater need for humanitarian responses and sharpening strategic competition in the Pacific will place further pressure on the region and already stretched New Zealand resources, with potentially significant implications for regional security, prosperity, stability, norms and alignment.

New Zealand, with our ally Australia, will continue to partner with Pacific countries to promote a peaceful, secure, stable, prosperous and resilient region. Additionally, New Zealand should continue to consolidate and expand the network of like-minded partners that will work, in a respectful and coordinated way, to meet the ambitions of the Pacific, in line with the region's priorities.

Figure 11 - Key foreign policy challenges and opportunities (1 of 2)



Shaping an advantageous Indo-Pacific regional order

Te waihanga i ētahi tikanga whakawhanake i ngā takiwā i Initonihia ki te Te Moana-nui-a-Kiwa

Supporting stability, security and prosperity in the Indo-Pacific region, is a key New Zealand interest. The regional architecture of the Indo-Pacific has and will continue to evolve. New Zealand will continue to balance pursuing its interests and principles through the existing inclusive and innovative regional architecture that has a history of delivering for the region and any novel multilateral groupings as these develop.

At a time when the focus in the region is shifting from trade and economics towards defence and security issues, New Zealand needs to ensure that it is engaged in and seen as a useful contributor to the key discussions and issues facing the region.



Accelerating global climate action and assuring New Zealand's climate credentials

Te whakahohoro i ngā mahinga āhuarangi, te whakaū hoki i ngā mana āhuarangi o Aotearoa

The world urgently needs to reduce carbon emissions and New Zealand will continue to play its part in order to apply pressure on large emitters and to maintain its reputation as a good international citizen. New Zealand's foreign policy will need to focus on playing to its strengths and shaping future resilience through supporting and shaping technological solutions to climate change. Promoting proven and effective technology solutions to the climate change response, including science- and nature-based solutions, could contribute to meaningful global climate change action.



Defending and advancing New Zealand's interests in the rules-based international system

Te tautiaki me te whakapakari i te ahunga whakamua o ngā taumata ture-tūāpapa o te ao

As the rules and norms underpinning the rules-based international system are increasingly contested, and alternate visions are advanced that align less closely with New Zealand's interests and values, it will be harder to defend and advance New Zealand's core interests. The multilateral system is an important common good, one that has served New Zealand's interests well by facilitating collective responses to pressing global challenges, promoting collective security, furthering global development and providing stability through international law, rules and norms. As the system becomes more complex, fragmented, and contested, New Zealand will need to work hard to defend and maintain existing rules, norms and values of priority importance to it, while also investing in new norms and frameworks to tackle emerging issues. Success will come through close cooperation with a range of likeminded countries, meaning New Zealand will also need to invest in issues that are of importance to key partners.



Promoting a national conversation

Te hiki i te mōhiohio o te motu, me te waihanga hoki i te raihana pāpori

As New Zealand's strategic context becomes more complex, a strong social license based on a clear understanding of the trade-offs being made, and a trusted partnership between the Crown and Māori as Treaty partners, will be critical for the effective pursuit of New Zealand's foreign policy.

A more deliberate national conversation on foreign policy to help raise awareness of New Zealand's foreign policy priorities, risks, challenges and opportunities could also lead to greater understanding of the rationale behind the difficult choices and positions the Ministry may take in pursuit of a safer, more prosperous and more sustainable world for New Zealanders.

The Ministry, will need to support this foreign policy conversation to grow a greater public understanding of New Zealand's foreign policy.

Figure 11 - Key foreign policy challenges and opportunities (2 of 2)

Conclusion

Whakakapinga

88 The future will not look like the recent past. The climate change crisis and response will be a defining feature and will increasingly shape all aspects of international relations. New Zealand will also face fundamental shifts in the international order through the three Big Shifts:

- Rules will give ground to relative power.
- Economic priorities will give ground to security concerns.
- Efficiency will give ground to resilience.

89 The Big Shifts promise to test key elements of New Zealand’s foreign policy and have significant implications for New Zealand’s approach to international affairs in the period to 2035. Embedding a vibrant Te Ao Māori within foreign affairs, with a trusted partnership between the Crown and Māori as Treaty partners, will help to shape this approach and enable New Zealand to stand taller and have greater influence in the world.

90 Geopolitically, over the longer term, New Zealand may find significant opportunities in a more stable and functional multipolar world. However, in the short to medium term the future looks grim. The global strategic outlook will become more complex, while the Pacific and Indo-Pacific regions will be more contested and less stable. Globally, New Zealand will find it more difficult to advance some of the issues it cares deeply about, including peace and security, in what is becoming a fundamentally different world.

91 New Zealand will continue to work hard to remain relevant to its close partners and work smart to avoid situations that may have significant negative effects. This will include acknowledging and preparing for the possibility of further sustained inter-state conflict and the risk of conflict being more widespread, even as New Zealand also engages bilaterally and within the multilateral system to find diplomatic solutions.

92 Economically, the immediate period will be challenging. New Zealand will have to navigate a period of low (or even negative) global growth and difficult transitions for some of its exporters and importers. However, at some point new forms of global growth will emerge that offer the potential to be more sustainable and more equal. These will be driven by momentum in the climate transition and aided by technological advances, continued socio-economic development progress and new forms of international economic cooperation. The path will be difficult to follow at times and the economic outlook will not be immune to the broader risks of a more contested world, but New Zealand is well placed to engage across this new trade agenda.

- 93 New Zealand’s influence and mana in this shifting world will come from:
- a. its ability to marshal its foreign policy efforts and resources behind the set of issues that really matter to New Zealand;
 - b. having the right people in the right places; and
 - c. amplifying its influence and impacts through engagement across the rules-based international system and working with international partners and regional and international institutions.
- 94 In progressing New Zealand’s foreign policy in this period, the Ministry will need to adjust to the shifting world as it acts to build a “safer, more prosperous and more sustainable future for New Zealanders”. **A safer world** will need reinvigorated defence and security relationships, tools to manage regional tensions, and rules and norms to address new and emerging technology challenges. **A more prosperous world** will be one in which New Zealand’s importers, exporters, investors, supply chains, markets and economy are all well positioned for changing markets and more resilient to shocks. It will also be one in which local, regional and multilateral governance arrangements can make real, positive and lasting differences to human rights and human security within the context of urgent measures for **a sustainable world**, addressing climate change and environmental degradation.



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