



28 November 2023

Minister of Foreign Affairs

For approval by

6 December 2023

Our United States Relationship

BRIEFING Overview Submission

PURPOSE To outline the significance of the US bilateral relationship for New Zealand,
s6(a)

Recommended referrals

Prime Minister	For information by	6 December 2023
Minister of Defence	For information by	6 December 2023
Minister for Trade	For information by	6 December 2023
Minister of State for Trade	For information by	6 December 2023

Contact details

NAME	ROLE	DIVISION	WORK PHONE
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Minister's Office to complete

<input type="checkbox"/> Approved	<input type="checkbox"/> Noted	<input type="checkbox"/> Referred
<input type="checkbox"/> Needs amendment	<input type="checkbox"/> Declined	<input type="checkbox"/> Withdrawn
<input type="checkbox"/> Overtaken by events	<input type="checkbox"/> See Minister's notes	

Comments

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Key points

- The United States is New Zealand's most powerful and influential bilateral partner. It is of fundamental importance to New Zealand's security, prosperity and sustainability, now and into the future. New Zealand's interests are best served by a strong, prosperous and internationally engaged US.
- The relationship has some strong foundations ^{s6(a)}
- The US is an important, growing and highly profitable market for our exporters, with trade and investment largely unhindered even in the absence of an FTA. It is our 3rd-largest export market, with a trend towards high-value exports and services, and 3rd-largest source of inward investment. As an innovation powerhouse, the US will be critical to further growth of our high-tech sectors and helping to mitigate climate change impacts.
- There is more trade potential to be unlocked. Non-trade barriers ^{s6(a)} will require political-level commitment and attention to the broader relationship to address these.
- New Zealand benefits disproportionately from our security relationship with the US. The US has hard and soft power assets that it can deploy globally in defence of our shared values and interests. It is our most significant defence and security partner, after Australia. Via our Five Eyes membership, New Zealand is deeply integrated with US security and intelligence ^{s6(b)(i)}
- ^{s6(a)}
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- It is in our interests that New Zealand maintains a consistent and positive approach to the US relationship, with regular and open communication at all levels. ^{s6(a)}

Deborah Geels
for Secretary of Foreign Affairs and Trade

Our United States Relationship Recommendations

It is recommended that you:

- | | | | |
|---|--|--|-----------------|
| 1 | s6(a) | | Yes / No |
| 2 | Advise if you would like to discuss the information in this submission with officials, or to receive more information on specific issues; and | | Yes / No |
| 3 | Refer a copy of this submission to the Prime Minister, Minister for Trade, Minister of Defence, and Minister of State for Trade. | | Yes / No |

Rt Hon Winston Peters
Minister of Foreign Affairs

Date: / /

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Our United States Relationship Report

Why the United States relationship matters to New Zealand

1. The United States is New Zealand's most powerful and influential partner, second only to Australia as a bilateral partner. It is the world's pre-eminent power by almost all measures, with extensive reach and resources. ^{s9(2)(g)(i)}

It is generally like-minded on many issues of importance to New Zealand and New Zealanders, and shares New Zealand's commitment to liberal democracy and rule of law.

2. New Zealand and the US have extensive formal and informal ties covering security, trade, business, innovation, investment, people links, education, science, and popular culture. This is documented in Annex 1. Set against the breadth and depth of our many shared interests, New Zealand's relationship with the US is heavily asymmetric in New Zealand's favour, given huge disparities in size, GDP, and international influence.
3. New Zealand's interests are best served by a strong, prosperous, and internationally engaged US. Its leadership remains pivotal to the resolution of many global issues and it retains unparalleled international convening power. US leadership has underpinned the international rules-based system which has advanced New Zealand's prosperity and security since the end of the Second World War.
4. When its actions accord with our interests and values, the US can significantly amplify New Zealand's efforts and advance our objectives. ^{s6(a)}

Annex 1 is withheld in full under 5(a) and 9(2)(g)(i)

The view from the United States

5. US interests are global, long-standing and deep and it has extensive resources to support these interests. ^{s6(a)}
6. The Biden Administration has prioritised consistent and respectful engagement with partners and allies which share its interests in addressing global challenges. ^{s9(2)(g)(i)}
7. In the Pacific, and of core interest to New Zealand, US engagement has undergone a fundamental uplift in ambition, with an increase in high-level contact, commitment of resources and enhanced diplomatic presence. These investments are a significant step change in the US' regional presence ^{s6(a)}

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8. There are few advocates on either side of the US political spectrum for trade liberalisation via either bilateral FTAs, or in regional groupings. Congress protects its right to confirm any trade agreements, and “Trade Promotion Authority”, which mandates the Administration to negotiate trade agreements, has long lapsed. ^{s6(a), s9(2)(g)(i)}

Instead, US trade policy has increasingly privileged protectionism of its domestic industries and jobs for US workers. Security concerns are also seeing the US increasingly move towards “friend-shoring” its critical supply chains and “de-risking” key strategic sectors from China, including semiconductors and emerging technologies. ^{s6(a)}

9. New Zealand, ^{s6(a)} and others in the Indo-Pacific remain advocates for substantive US trade and economic engagement in the region. We take this stance because we need a strong and prosperous US in order to maintain a stable region with conditions that best foster our own security and prosperity; ^{s6(a)}
10. New Zealand has consistently maintained that the Comprehensive Progressive Trans Pacific Partnership (CPTPP) is the best vehicle for US economic engagement across the Indo-Pacific. ^{s6(a), s9(2)(g)(i)}

11. ^{s9(2)(g)(i)} the US has led negotiations for the Indo-Pacific Economic Framework (IPEF). Although this lacks a trade access component, it will create aspirational new supply chain, clean economy and fair economy norms. Crucially, it will also establish architecture for regular Ministerial and leader engagement.

State of the New Zealand-US relationship

Strong foundations

12. New Zealand’s relationship with the United States has strong foundations. There has been a good pattern of Ministerial and senior official-level engagement over the past 18 months. We formally moved on from the post-ANZUS rift with the Wellington Declaration in 2010 and the defence-related Washington Declaration in 2012. Since then, New Zealand has benefited disproportionately from restored access to the Five Eyes intelligence partnership and the associated frank and trusted relationship with the US and other partners.
13. ^{s6(a)}

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s6(a)

14. This relationship is fundamental to our national security. While not formally an ally of the US, we enjoy defence and intelligence connections ^{s9(2)(g)(i)}
s6(a)

By way of example, the 2022 Cullen-Reddy review of intelligence and security practices in New Zealand found that for every intelligence report the NZSIS provides to a foreign partner, it receives 170 in return. For every report the GCSB provides, it receives access to 99.

15. The US also has hard and soft power assets that it can deploy globally in defence of our shared values and interests, in a way we do not. ^{s6(a), s9(2)(g)(i)}

As the international situation becomes more complex and unstable, it is in New Zealand's interests to maintain this close and trusted relationship.

s6(a)

16. The US is essential for New Zealand's economic prosperity. Trade and innovation links are strong and growing, with more potential to be unlocked even in the absence of any free trade agreement between the countries. The US is currently New Zealand's third largest single country trading partner and has consistently been among our top three trading partners since the 1980s. Trade with the US has a different profile than with many of New Zealand's other trading partners, with many of our exports to the US sitting higher up the value chain. It is the fastest growing of NZTE's export markets, with a trend towards high value exports, particularly technology. It is our second largest market for services exports, and our third largest source of inbound investment. The US is also our second largest market for primary sector goods behind China.

17. As an innovation powerhouse, and the world's largest investor in emerging technologies, the US will be critical to further growth of our high-tech sectors. US green tech will be essential to helping mitigate climate change impacts globally.

18. The trade relationship is strong, but there is more potential to be unlocked. US protectionism and non-tariff barriers impede New Zealand exports in some sectors, particularly dairy, and resolution of these issues is an ongoing task for officials. US regulatory constraints are a challenge for some of New Zealand's technology exports. ^{s6(a)}
s9(2)(g)(i)

19. As detailed in Annex I, New Zealand's cooperation with the United States has considerable breadth and depth. Senior officials regularly engage with US counterparts through formal mechanisms across security, trade, and sustainability issues.

Annex I is withheld in full under 6(a) and 9(2)(g)(i)

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s6(a)

20. ^{s6(a)}

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s6(a), s9(2)(g)(i)

25. ^{s6(a), s9(2)(g)(i)}

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s6(a), s9(2)(g)(i)

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27.

Next steps

28. ^{s6(a)}

A US Business Summit on 30 November in Auckland will provide an early opportunity for Ministers/the Prime Minister to provide perspectives on the US relationship both to a domestic audience and to the US Administration.

29. We also recommend prompt Prime Ministerial and Ministerial attention to engaging with the US Administration before the US political system becomes increasingly focused on the Presidential election in November 2024. ^{s6(a)}

30. ^{s6(a)}

31.