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India and New Zealand: Inching Forward, Gradually

While there are some important differences between India and New Zealand – in their conceptualization of the Asian region and membership of the Nuclear Suppliers Group – closer political and economic links can help narrow these gaps.

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John Key's second visit to India as the Prime Minister of New Zealand in the last week of October 2016 has a notable first. The India-New Zealand Joint Statement released on 26 October mentions the "Indo-Pacific" region, a first for New Zealand's strategic lexicon. While India's current and previous Prime Ministers, Narendra Modi and Manmohan Singh respectively, have both used this term, it had been absent from New Zealand's worldview even as it is vigorously debated in Australia, New Zealand's closest partner. The Indo-Pacific terminology has also been used by other major powers such as Japan and the United States.

At the core of this concept is the idea that Asia's emerging strategic reality is creating a "new" super-region by blurring the boundaries between South Asia/Indian Ocean and East Asia. For its proponents, the creation of this super-region is being led by the phenomenal rise of China (as a South Asian and Indian Ocean power), the American "pivot" to Asia, the "normalization"

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of Japan (and its dependence on sea-lanes in the Indian Ocean for energy imports from the Persian Gulf), India's "Act East" policy as well as the importance of the Strait of Malacca (and its littoral States) in connecting the Indian and the Pacific Oceans together with Australia.

However, this was not New Zealand's view of Asia's emerging strategic reality – at least not until now – for two main reasons. First, unlike Australia, which is both an Indian Ocean and a Pacific Ocean power by the virtue of its geography alone, New Zealand is located in the South Pacific and has no direct geographic links with the Indian Ocean. Second, New Zealand's trade links with India – the largest South Asian/Indian Ocean economy – are anaemic. New Zealand's total trade in goods and services with India was NZ\$2.55 billion last year. This compares very unfavourably with New Zealand's total trade with China (NZ\$22.86 billion), Japan (NZ\$7.24 billion), and Singapore (NZ\$4.43 billion). From a purely economic perspective, East Asia is a far more important region for New Zealand than South Asia/Indian Ocean. While New Zealand recognizes the importance of the security of the sea-lanes in the Indian Ocean, Wellington has heretofore treated East Asia and South Asia/Indian Ocean as distinct strategic theatres.

So, does the use of the term Indo-Pacific in the Joint Statement imply a change in New Zealand's worldview? While its very use signifies that New Zealand's strategic community is rethinking the larger Asian strategic context, a closer examination of the Joint Statement reveals that New Zealand remains unconvinced for now for two important reasons. First, the term Indo-Pacific is used in the Joint Statement along with the term Asia-Pacific. The term Asia-Pacific largely ignores the Indian Ocean dimension of Asia by continuing to emphasize the importance of the States on the Pacific Rim of Asia. Geographically, India is not a Pacific Ocean power even as New Delhi has ambitions there. More importantly, New Zealand remains unconvinced about India's ability to project power to the east of the Strait of Malacca.

Secondly, and more importantly, the 2016 New Zealand Defence White Paper makes one solitary reference to India (and this reference is in the list of the members of the ASEAN Regional Forum as opposed to any strategic importance of India *per se*). Contrast this with the 2010 Defence White Paper that noted the "rise of India ... in the region and internationally".

This relative lack of enthusiasm for India (in 2016 compared to 2010) is a function of the fact that India has shown a lack of imagination in terms of engaging the smaller States in region to the east of India (with Singapore being the exception that proves the rule). India's recent diplomacy – in tandem with the "rise of India" narrative – has emphasized large powers such

as the United States, China, Japan, and Australia at the expense of the smaller States. For example, even as Prime Minister Key had earlier visited India in 2011 and former Prime Minister Helen Clark visited in 2004, Rajiv Gandhi was the last Indian Prime Minister to visit New Zealand in 1986. While Prime Minister Modi visited Australia (and Fiji – with its large Indian diaspora) in 2014, he skipped New Zealand (although President Pranab Mukherjee visited Auckland earlier this year).

At the same time, while India's economic diplomacy emphasizes investments and technology transfer, New Zealand would also like access to India's large and growing market for its dairy exports and agricultural produce. However, no progress has been made on the bilateral India-New Zealand free trade negotiations while India is also foot-dragging on the Regional Comprehensive Economic Partnership negotiations (which will emerge as a multilateral free trade agreement in the Indo-Pacific if it succeeds).

Nevertheless, there are some positive developments on the horizon (in addition to New Zealand's use of the term Indo-Pacific). India's quest for membership of the Nuclear Suppliers Group (NSG) has woken New Delhi to the reality of having the support of small but important States like New Zealand. While New Zealand has some reservations about the admission of new members to the NSG, India and New Zealand agreed to work constructively on this issue during Key's recent trip. Similarly, India has also expressed its gratitude to New Zealand for supporting India's quest for membership in a reformed United Nations Security Council, including as a Permanent Member. Furthermore, there are even opportunities for India and New Zealand to cooperate on defence and maritime security issues, especially on Humanitarian and Disaster Relief operations in the Indian Ocean as well as the South Pacific.

Although New Zealand and India are geographically distant, they have overlapping views on the emerging regional order in Asia – with an emphasis on an open and inclusive region, a rules-based order, and ASEAN centrality in the region's strategic/institutional architecture. In other words, while they have all the “necessary” ingredients for a closer relationship, New Delhi and Wellington must now get the politics and economics right for the India-New Zealand relationship to realize its full potential.

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