

The Rt. Hon. John Key – Prime Minister of New Zealand
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Europa Lecture: Europe's Place in New Zealand's Foreign Policy

Thank you for your welcome.

Your excellencies, distinguished guests, ladies and gentlemen.

First, may I offer my thanks to the New Zealand European Union Centres Network and the New Zealand Europe Business Council for inviting me to give this year's Europa lecture.

Can I also take this opportunity to acknowledge the 50th Anniversary of New Zealand's diplomatic relations with the European Union. My topic tonight is Europe's place in New Zealand foreign policy. This significant anniversary provides an occasion to look at how we can work together over the next 50 years. This evening I would like to discuss our commitment to a broad and substantial European relationship, and our plans for carrying the relationship forward.

New Zealand and its people have a very close and natural affinity to Europe. New Zealand has adopted and adapted much of its norms, values and institutions from Europe. The experience of Two World Wars and the massive loss of life on European soil is an example of our entwined heritage. For many New Zealanders, Europe has an enormous draw - for its culture and its history. The thousands of young New Zealanders who travel to Europe each year for their overseas experience are testament to this. The strong European influence within our society is augmented by New Zealand's cultural diversity and our Maori culture as well as the more recent influences from other parts of the world, most notably the regions of Asia and the Pacific.

New Zealand, like Europe, has experienced significant demographic change over the past five decades. Thirty years ago upwards of 85 per cent of our population considered themselves to be of European origin or Pakeha. Our last census, in 2006, showed that people of European descent now number 68 per cent of the population. More than 14 per cent are Maori, 7 per cent Pasifika, and 9 per cent people of Asian descent. This illustrates that today's New Zealanders come from diverse cultural backgrounds, a situation that is becoming more common in Europe as well. We celebrate this. We also continue to value our European heritage - our culture, our institutions and our shared values.

In terms of our foreign policy, throughout the last 50 years New Zealand has become a nation that is more self-confident. New Zealand in 2010 sees itself as a vibrant and multicultural nation, with an independent foreign policy, as confident with our position in the Asia-Pacific region as we are with our strong European and Maori cultural influences.

New Zealand, with its strategic location within the Asia-Pacific region, has established new relationships and agreements with the emerging economies of Asia and more recently with the Gulf States. Developing these trading networks is key to New Zealand's economic growth. Our growing set of free trade agreements with our near neighbours in the region has led to a significant broadening of these bilateral relationships.

Most recently, New Zealand has announced its intention to negotiate a Free Trade Agreement with Russia, a country that links both the Asia-Pacific and Europe regions.

The overarching point I would like to stress this evening is that our focus on relationships with Asia-Pacific partners does not mean that we are turning away from Europe – far from it. "Likemindedness" has become a key word used to describe the similarities of our views on major international issues. We have been fortunate that New Zealand's location in the Asia-Pacific region has, in the last few decades, brought significant economic advantages to New Zealand. Europe, too, has begun to shift its focus towards the Asia-Pacific as member states seek to tap into the region's flourishing economic activity. There is also recognition of the growing global influence of the regional heavy weights, India and China.

In my view, the relationship between New Zealand and the EU provides significant potential for both sides in this changing geo-political environment. New Zealand's membership of the Asia Europe Meeting or ASEM provides a further opportunity for New Zealand and the EU to engage on regional issues. New Zealand is pleased to be part of ASEM and we see it as another important strand in our broader relationship with both regions. The Deputy Prime Minister, Mr English, led the New Zealand delegation to the leaders' summit in Brussels last week, which also included Foreign Minister McCully.

I had been looking forward to attending ASEM and was disappointed not to be able to. Unfortunately the Christchurch earthquake and the Government's focus on recovery and rebuilding have seen me minimising my official overseas travel for the time being. However, I hope to make an official visit to Europe in the early part of next year.

When talking about the relationship between New Zealand and Europe in its early years - particularly around the time that the UK joined what was then the EEC - it would be fair to say that it was heavily focused on defensive trading interests. At the time, our relationship was dominated by questions of market access for our agricultural trade and Europe's action on international markets.

Trade issues, while still important, are today only one part of the issues and agenda with Europe. This is the result of closer engagement with the EU across a wide range of areas. The EU and New Zealand now have extremely useful sectoral agreements with the EU, covering animal products, science and technology, mutual recognition, and other areas. The trade and economic relationship with the EU remains significant for New Zealand. The EU is our second-largest trading partner behind Australia - ahead of both China and the US. Total trade in 2009 amounted to nearly \$12.5 billion, with New Zealand exporting nearly \$5.5 billion in goods to the EU. Our main exports are primary products, such as sheep meat and fresh fruit, with wine, medical products and yachts also appearing in the top 20 export items.

In the other direction New Zealand imports nearly \$7 billion in goods from the EU each year, mainly vehicles, medical products and other manufactured items. Our trade levels have remained fairly static over the past five years compared to trade with other markets, after relatively steady growth in both directions between 1995 and 2004. New Zealand is a consistent market for high-tech EU manufacturing; however there is a risk that the EU may lose its market share in New Zealand to competitors in the region. New Zealand, for its part, is also keen to ensure that it retains its position as a top provider of high-quality food and beverage to the high-value EU market.

On the investment side the EU's stock of direct investment into New Zealand is around \$10 billion. This figure is the third highest but has remained at broadly the same levels over the past five years, while investment levels from Australia and the US have grown significantly over the same period. New Zealand's investment in the EU stood at \$2.7 billion in 2009 - a figure which has nearly quadrupled over the past five years. These statistics illustrate the significance of our trade and economic relationship, but they also show that there is scope to do more.

Europe is also the second largest visitor market for tourism. Visitors from Europe are particularly valued because they tend to stay longer in New Zealand and spend more. Thousands of young Europeans come to New Zealand each year to study or to participate in our working holiday schemes. There are now nearly 10,000 Working Holidaymakers per year from the UK, more than 7,000 from Germany, and more than 3,000 from France. Not to mention the numbers who shift to New Zealand to work and take up longer-term residence.

An education example of our closer engagement is the facilitation for New Zealand graduate internships to the European Parliament, which is an initiative supported by the European Union Centres Network.

Europe is also a major regional partner for science, technology and innovation - nearly 40 per cent of all collaborations funded by the New Zealand Government involve European partners. This illustrates Europe's immense capabilities in the areas of scientific and technological advancement, which New Zealand benefits from in many ways.

It would be remiss of me not to mention the close sporting ties between New Zealand and Europe, particularly as we prepare to welcome countries from Europe to New Zealand for the Rugby World Cup in 2011. The All Blacks enjoy huge brand recognition in Europe and, likewise, visiting teams from Europe are assured of pulling spectators through the turnstiles. Rugby World Cup 2011 present a unique opportunity for New Zealand and Europe to interact on the rugby fields, in the stands, in the restaurants and in the many activities planned throughout the country as part of the REAL New Zealand Festival. New Zealand will be opening its doors to Europe.

At the political level, you will see a multi-faceted engagement not only with the EU as a whole, but also with the individual member states. The changes that we have seen in Europe over the past 50 years, through the expansion of the EU and the development of its institutions, have in fact provided greater scope for New Zealand to cooperate with the 27 member states of the EU than ever before. We welcome the closer links forged with the new member states in Eastern and Southern Europe; particularly as they begin to look beyond the EU for likeminded partners in other regions.

The increased institutional cohesiveness of the European Union and its expansion are goals that are shared by New Zealand. The implementation of the Lisbon Treaty is the latest milestone in a long trajectory of European integration - a process that was supported at the outset by New Zealand governments, notwithstanding the immediate concern it raised for our economic interests and well being. It also provides a new basis upon which New Zealand and the EU can work together.

From New Zealand's perspective, a united Europe not only provides security and prosperity for its members, but projects values globally that are important to us - democracy, good government, the rule of law and respect for human rights. The EU's role is vitally important in ensuring international peace and security. Looking across the range of issues on which we interact, you will see many examples where New Zealand works with Europe to make the world fairer and safer.

Take the International Assistance Force in Afghanistan, known as ISAF. New Zealand military and civilian personnel are working alongside European partners in reconstruction efforts as we seek to ensure the transition to a stable and secure Afghanistan. New Zealand works closely with the EU Police Mission team, called EUPOL, in Bamyán province, one of five provinces where EUPOL has chosen to focus its resources.

Afghanistan is in fact the second deployment of New Zealand personnel under NATO auspices; the first was to Bosnia over a decade ago in the biggest deployment of New Zealand troops to Europe since the Second World War.

This illustrates the importance that New Zealand attaches to working with European partners on peace and security initiatives.

These efforts encompass initiatives aimed at ensuring peace and security in a world that is facing increasing challenges on these fronts. The EU and New Zealand have, for example, worked together on a number of practical projects in the region that enhance security and counter radicalisation. This includes the New Zealand-EU partnered East Asia Regional Media Programme, which brought together over 50 regional journalists and aimed to promote better media understanding and reporting on situations involving terrorism or insurgency.

New Zealand and the EU share a common commitment to reduce the effects of climate change. We value the EU's leadership within international negotiations and its example as a leader on sustainability issues within your own region and your countries. As pioneers of the use of emission trading systems, we have much to share to ensure that these mechanisms play the desired role in incentivising greater use of renewable energy, energy efficiency and of course reducing greenhouse gas emissions.

We have common climate change interests in agriculture too. In this regard New Zealand is appreciative of the support and leadership of EU member states for the Global Research Alliance on Agricultural Greenhouse Gas Emissions, an initiative spearheaded by New Zealand. Nine EU member states participate in the Alliance to date.

The EU also plays an important role in our own region, the Pacific. The EU and individual member states make significant contributions to the region through international development assistance. These include efforts to address and mitigate the effects of climate change and your support for good governance and human rights. The EU has increased its engagement with the Pacific Islands Forum in recent years, through for example the EU-Pacific Islands Ministerial Troika. New Zealand, Australia and the EU also work closely together to ensure alignment in the delivery of our development assistance in the Pacific and consult regularly on key policy questions. We have appreciated the EU's support for the Pacific Forum's position on Fiji and we are also committed to closer practical collaboration in a range of development areas including budget support to Pacific Island countries, and renewable energy projects.

I have outlined only a small cross-section of New Zealand's cooperation with Europe on the world stage this evening. But it illustrates the fact that the EU is a natural ally for New Zealand as we advance our interests globally. The task now for both sides is to consider where we want take the relationship over the next 50 years.

I see significant opportunities for us to work together. Many of the issues confronting the European Union and New Zealand, both now and into the foreseeable future, are global issues that must be approached internationally. Closer cooperation between two such likeminded parties can bring benefits not only in bilateral but also in global contexts. Given our likeminded approaches on a wide range of issues, we also think that our economic relations should be on the same level, or better, than those that we have formed with other countries or regional blocs. We think our relationship offers significant benefits to both parties.

The European Union, too, is seeking to extend its role in a wide range of international activities, including in our Asia-Pacific region. New Zealand's growing engagement with Asia-Pacific countries offers not only a point of comparison for the European Union, but also tangible opportunities for joint approaches to investment, trade, research, education and other linkages.

There are opportunities for the EU to work with New Zealand, as a likeminded partner, in contributing to global and regional security, counter-terrorism and promotion of human rights; movement of people; and development cooperation.

But if we want to take the relationship forward in the future, then I think it will be important to achieve the right framework that will allow us to work together as bilateral partners in an increasingly complex world. We need to be forward-thinking and creative; we need to look across all aspects of our relationship and adopt a comprehensive approach.

New Zealand realises that it is by far the smaller partner, but we are committed to working with the EU to realise common goals.

Last year Commission President Barroso and I agreed to take discussion of our partnership to the nextstage: a formal comprehensive agreement. The aim is to build on the 2007 Joint Declaration on Relations and Cooperation between New Zealand and the EU. In my view, a formal agreement that covers all areas of the relationship between the EU and New Zealand, including political, security, economic and trade elements is both a logical and desirable next step for a relationship of such significance. We have a mature relationship, but this does not mean we cannot do more.

A comprehensive agreement would provide the opportunity to significantly lift our trade and economic relationship. This has been our experience elsewhere in the Asia-Pacific region. The success of our agreement with China is a case in point. The EU will have had similar experiences. We should seize the chance.

It would not only provide a platform for cooperation between the EU and New Zealand bilaterally, but also for further EU engagement within the Asia-Pacific region; a region that is becoming increasingly economically integrated.

Both New Zealand and the EU are proponents of liberalised trade. In any objective terms New Zealand is not a threat to European economic interests, but we recognise the sensitivities that exist. I believe an agreement between the EU and New Zealand could thus be of very high quality. It could also provide a blueprint for future comprehensive agreements with other partners.

We have been discussing this proposal with counterparts in the Commission and member state governments. I am pleased at the encouragement to pursue this proposal. I hope that EU Members will consider their long-term interests in an agreement with this part of the world. I would like discussions on a comprehensive agreement to continue and, at the right time, take this proposal to the negotiations phase.

My message this evening is that New Zealand is ready to work as a close partner of the EU – this is in New Zealand's interest, and Europe's.

We have a strong basis on which we can build: shared values and strong personal, cultural, political and economic ties.

New Zealand is ready to strengthen our links further. It will be the responsibility of all sectors, both government and society, to take this relationship to its full potential over the coming 50 years.

Thank
you.