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Abbott's and Key's Washington Visits: Deepening Two Pacific Partnerships

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President Barack Obama will host the prime ministers of both Australia and New Zealand in the weeks ahead. Australia's Tony Abbott will make his maiden visit to the White House on June 12, and New Zealand's John Key will be there on June 20. This quick succession puts a spotlight on the importance of the "Pacific" in the United States' Asia-Pacific rebalance, and on the strength of each of these bilateral relationships.

Australia, New Zealand, and the United States enjoy close and natural friendships, with similar colonial roots, a common language, and shared historical experiences. Their soldiers fought side by side in both World Wars and in Vietnam and Afghanistan. And recent years have finally seen the healing of the 1980s rift between New Zealand and the United States over Wellington's ban on visits by U.S. nuclear-armed or -powered vessels. Obama should seize on these opportune visits to further cooperation with both countries and, in the case of New Zealand, cement progress toward putting historical animosities to bed.

The most important area in which progress is needed is trade. Australia, New Zealand, and the United States have invested significant time and energy in the 12-nation Trans-Pacific Partnership (TPP) agreement, but negotiations are well behind schedule. The Obama administration has made the TPP central to economic engagement as part of the rebalance. Negotiators remain hard at work, but the longer talks go on without

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From left to right, First Ladies Bronagh Key and Michelle Obama, Prime Minister John Key, and President Barack Obama during a 2009 meeting at the White House. Key and Obama will meet again on June 20. <https://www.flickr.com/photos/statephotos/3949293573/>

demonstrable progress, the more time is available for domestic opposition to grow, especially in the more reticent negotiating countries. Australia, New Zealand, and the United States have all committed to the Asia-Pacific Economic Cooperation vision of a regionwide free trade zone. Completing the TPP is a critical step along that path.

Attention has recently focused on U.S.-Japan bilateral talks, which are critical to finding a breakthrough in the TPP. But Australia, as the fourth-largest TPP economy, and New Zealand, as one of the original four negotiating countries and a significant agriculture and dairy market, cannot be discounted. Obama should seek a genuine commitment from both prime

ministers to find a breakthrough in the coming months and push others, especially Japan, to make necessary concessions on core issues like market access.

On the political front, Obama should use Key's visit to further solidify the new era of U.S.-New Zealand partnership. Relations turned an important corner in 2010 with the Wellington Declaration, which committed New Zealand and the United States to further their relationship at all levels. This was followed in 2012 by the Washington Declaration, specifically committing the U.S. and New Zealand militaries to closer ties and cooperation. Since then, bilateral exercises and military cooperation have increased rapidly.

But the issue of ship visits remains a persistent psychological barrier in the relationship. New Zealand joined the biannual U.S.-led Rim of the Pacific (RIMPAC) naval exercises for the first time in 2012, but its ships were forced to anchor at a civilian dock rather than at the U.S. Navy facilities at Pearl Harbor. This year's RIMPAC will remedy that, with New Zealand's navy welcomed at Pearl Harbor. Obama and Key will doubtless herald this new era in naval relations, but Washington should go a step further.

The U.S. Navy is not in a position to reciprocate with a ship visit to New Zealand, as official policy is to neither confirm nor deny whether vessels

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are carrying nuclear material. But Key has indicated for some time that his government would welcome a U.S. Coast Guard visit, and public opinion polls in New Zealand are broadly supportive of the idea. Obama should take the opportunity of his counterpart's visit to announce that such a visit will be forthcoming, thereby sending a strong signal that the disagreements of the past are going to remain in the past.

To cement this, Obama should visit New Zealand during his trip to the Group of 20 summit in Australia this November. Though the president will have a packed schedule during his trip, a stop in New Zealand would be relatively simple and quick. June 20 will mark Key's second visit to the White House. Returning the gesture would send a strong message about the new era of U.S.-New Zealand relations, and of U.S. commitment to the Pacific as part of the rebalance.

During Abbott's visit, Obama should underscore the foundational and comprehensive nature of the U.S.-Australia alliance. The two leaders should seek to highlight their nations' shared history and culture, deep economic and people-to-people linkages, and commitment to preservation of the international order and the global commons. Abbott's government is facing increasing domestic criticism over his controversial budget, which seeks to cut just about everything except defense, and his costly decision to purchase more next-generation F-35 Joint Strike Fighters from the United States. And this comes on the back of revelations about the two allies' intelligence gathering and sharing activities. At such a time, a reminder that the bilateral relationship is far broader and deeper than just security relations would be welcome.

Obama and Abbott should use the opportunity of their meeting to make clear that Australia and the United States are of one mind when it comes to the future of the Asia-Pacific regional order. Both nations have spoken out forcefully on the importance of peaceful resolution of disputes in the South China Sea according to international law. And both have decried last month's military coup in Thailand, with Canberra on May 24 echoing Washington in issuing travel restrictions on coup leaders and halting defense exchanges with Thailand. A joint statement addressing those two issues would send a strong message that Australia and the United States are committed to democracy, the rule of law, and a peaceful regional order in the Asia Pacific.

Abbott's visit also offers an opportunity to highlight the Obama administration's renewed determination to combat climate change, and to

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Chief negotiators from the Trans-Pacific Partnership negotiating countries during a 2012 stakeholders' meeting in Leesburg, Virginia. The back-to-back visits of prime ministers Tony Abbott and John Key offer opportunities to recommit Australia, New Zealand, and the United States to complete the agreement. <https://www.flickr.com/photos/75610371@N08/7983318079/>

give Canberra's a shot in the arm. The prime minister will visit Washington just a week and a half after the Obama administration unveiled new regulations aimed at cutting carbon emissions from power plants by 30 percent, and after China followed suit with its own announcement that it will place an absolute cap on carbon emissions starting in 2016.

Abbott campaigned on a pledge to repeal former prime minister Julia Gillard's 2011 Clean Energy Act, which included a forward-leaning carbon tax. The Australian Senate has so far rejected that repeal effort and on May 31, due to a deadline included in the act, Australia's greenhouse-gas-cut target officially jumped from 5 percent by 2020 to over 18 percent.

Abbott's government insists it will find the votes to repeal the carbon tax and reduce that target back to 5 percent. But with the government in Canberra's popularity sagging and Washington having recommitted to the battle against climate change, Obama should urge Abbott to reconsider. It is uncertain, at best, that he can win this fight. And if he does, he will only be tarnishing Australia's reputation in a region that is uniquely challenged by rising sea levels, extreme weather, and other effects of climate change.

Across the trade, security, and even climate sectors, June offers a unique chance for the Obama administration to bolster, at the highest level, relations with two important partners and advance its commitment to include the Pacific as an integral part of the rebalance. It should not allow these two head-of-state visits to pass as little more than goodwill trips. ▲

The Month That Was

AUSTRALIA

Abbott, Yudhoyono seek to ease tensions during bilateral meeting.

Prime Minister Tony Abbott met with his Indonesian counterpart, Susilo Bambang Yudhoyono, on June 4 during a stopover in Indonesia en route to a 10-day visit to Europe and North America. The meeting signaled a thaw in relations, which have been strained by Australia's policy of turning back asylum-seeker boats coming from Indonesia and revelations that the Australian Embassy in Jakarta had spied on Indonesian officials. The meeting came on the heels of Indonesian ambassador Nadjib Riphath Kesoema's return to Canberra for the first time since being recalled in November due to the asylum-seeker dispute.

Government budget makes wide-ranging cuts. Prime Minister Tony Abbott's government released its first budget on May 13, proposing broad cuts to put the country on a path to surplus. The proposed budget would introduce a controversial tax of 2 percent on those earning over \$166,000, cut 16,500 civil servant jobs over four years, and abolish 230 government programs. It would also tighten eligibility for welfare and halt growth in foreign aid. The budget has been widely panned, driving down the ruling Liberal-National coalition's support to just 36 percent in recent polls. It is expected to face heavy resistance in the Australian Senate.

Students clash with police over education cuts. Students across Australia demonstrated against proposed changes to education in the Australian budget, clashing with police on May 22–23. The proposed budget includes plans to deregulate university fees in 2016, allowing schools to charge whatever they like. The budget would also increase the interest rate on student loans and decrease the income threshold at which students must begin paying back loans. Student protests forced Prime Minister Tony Abbott and Education Minister Christopher Pyne to cancel a May 21 speech at Deakin University for fear it would “incite a riot.”

Australia to increase defense budget by 6 percent. Prime Minister Tony Abbott's proposed budget, released on May 13, would boost defense spending 6.1 percent in fiscal year 2014–2015, to \$27.1 billion from \$25 billion a year earlier. The budget proposes holding defense spending steady for two years after that before increasing it again in 2017–2018. Abbott's government has pledged to lift defense spending to 2 percent of gross domestic product over the next 10 years. Despite the funding increase, Abbott's budget would eliminate 2,000 civilian defense jobs to generate savings.



Australian prime minister Tony Abbott. His government recently released its first budget, which seeks to introduce widely unpopular spending cuts. <https://www.flickr.com/photos/121483302@N02/14073509860/>

Cambodia agrees to resettle “voluntary” asylum seekers from Australia.

Cambodian prime minister Hun Sen said May 28 that his country will only resettle asylum seekers who “agree voluntarily” to come to Cambodia. Hun Sen sparked widespread criticism on May 20 when he confirmed that Cambodia had agreed in principle to resettle asylum seekers currently being held in an Australian detention center in Nauru. Australia’s immigration minister, Scott Morrison, said May 23 that the two countries were making progress on a final deal, which will reportedly include increased Australian aid for Cambodia.

Australia begins resettling refugees in Nauru, Papua New Guinea.

Australian authorities on May 21 approved the refugee status of 13 asylum seekers at the Australian-run detention facility in Nauru and 11 at Australia’s Papua New Guinea facility. They are the first of the nearly 2,500 asylum seekers held at those facilities to receive refugee status. The 24 refugees were released into the local communities in Nauru and Papua New Guinea and will be given language and employment training in the hopes that they will be able to support themselves within 12 months. The refugees are free to move around the islands and seek employment.

NEW ZEALAND

Budget projects \$318 million surplus. The New Zealand government released its election year budget on May 15, projecting a \$318 million surplus. The governing National Party had promised during its 2011 election campaign to bring about a surplus, but the final projection exceeded most expectations. The budget contains \$850 million in new spending, with half going toward family support programs, including free doctors’ visits and prescriptions for all children under 13. The National Party government’s previous budgets focused on cutting spending to prevent debt levels from rising.

New Zealand All Blacks to play exhibition in United States.

Representatives of the U.S. and New Zealand national rugby teams—the USA Eagles and the All Blacks—announced May 14 that they will play an exhibition match at Chicago’s Soldier Field on November 1. The match will be just the fourth between the two sides in more than 100 years, and the first in the United States since 1980. The game is expected to attract a record crowd for a rugby match in the United States, with NBC planning to broadcast the match live. The New Zealand Rugby Union hopes to use the trip to promote the rapidly growing sport in the United States.



The New Zealand All Blacks performing the haka, a traditional Maori war dance. The All Blacks will play an exhibition match against the USA Eagles in Chicago on November 1. <https://www.flickr.com/photos/martynr/189349725>

Snowden documents detail New Zealand's cooperation with NSA. Former U.S. National Security Agency (NSA) contractor and fugitive Edward Snowden released documents on May 14 detailing the scope of the cooperation of the New Zealand Government Communications Security Bureau (GCSB) with the NSA. The documents purport to show that the GCSB was privy to intelligence gathered by the NSA through diplomatic espionage and the use of mass surveillance software. Prime Minister John Key refused to comment on the details, but insisted that the bureau worked within New Zealand law. Opposition parties have strongly criticized New Zealand's cooperation with the NSA.

Reserve Bank to lift lending restrictions as housing market cools. The Reserve Bank of New Zealand said May 9 that "loan to value ratio" restrictions placed on banks in October 2013 are successfully cooling the housing market and could be removed by the end of 2014. The restrictions limit banks to lending a maximum of 10 percent of their overall loans to borrowers who provide less than a 20 percent down payment. Reserve Bank deputy governor Grant Spencer said that inflationary pressures in the housing market are easing, with sales volumes dropping across the country.

PACIFIC ISLANDS

Vanuatu prime minister ousted by no-confidence vote. Joe Natuman became Vanuatu's new prime minister on May 15 after leading a successful no-confidence vote against his predecessor, Moana Carcasses. The motion, which was the latest in a string of attempts to oust Carcasses, passed by a margin of 40 to 12, surprising many observers. Natuman is Vanuatu's third leader since national elections in 2012. He told colleagues that he plans to ensure Vanuatu is "living within its means" after years of overspending by previous governments. Natuman pledged to review the funding of a new regional airport, as well as the controversial sale of citizenship to foreigners.

Rioting in Solomon Islands after flood aid delays. Rioting and looting broke out in Honiara, capital of the Solomon Islands, on May 16 as victims of severe floods that killed 24 people in April vented their frustration with the perceived slowness of the government's disbursement of aid. Most of those involved in the rioting were among approximately 4,500 people still living in a temporary shelter center set up for victims. Rioters burned shops and exchanged gunfire with police. The situation has since calmed, but thousands remain in camps.

Papua New Guinea LNG project ships first delivery. The ExxonMobil-led Papua New Guinea Liquefied Natural Gas (PNG LNG) project shipped its



A liquefied natural gas (LNG) tanker. The ExxonMobil-led Papua New Guinea LNG project recently shipped its first delivery, to Japan, ahead of schedule. <https://www.flickr.com/photos/royaldutchshell/5484965989>

first delivery on May 26, ahead of schedule, to the Tokyo Electric Power Company. ExxonMobil holds a 33 percent stake in the \$19 billion project and expects it to produce more than 9 trillion cubic feet of gas over 30 years. The project will ship to large, rapidly expanding Asian markets and is projected to double Papua New Guinea's rate of economic growth.

NGOs must register to provide voter education for Fiji elections. Fijian authorities announced May 22 that nongovernmental organizations (NGOs) hoping to provide voter education ahead of the country's September elections will need to register and have their materials approved by the Electoral Commission. Chen Bunn Young, the commission's chairperson, said the restrictions are designed to ensure that the contents of education documents are not misleading or biased. NGOs have decried the restriction, saying it will give them no time to carry out their work.

Separatists gain ground in New Caledonia elections. Supporters of New Caledonia's independence from France won 25 of the 54 seats in the territory's Congress during May 10 elections. The result gives the party two more seats than it won in the last election in 2009. Parties that want to keep New Caledonia as a part of France still hold a four-seat majority in the legislature. The incoming Congress will be tasked with setting a date for a referendum on independence. If it fails to agree on a date, Paris will organize a referendum in 2018.

Fijian opposition leader appeals conviction. Former Fijian prime minister and current opposition leader Mahendra Chaudhry on May 3 lodged an appeal against his April conviction for defrauding the country's central bank. The conviction makes Chaudhry ineligible to run in the country's September elections, the first since Rear Admiral Frank Bainimarama seized power in a 2006 coup. Chaudhry was convicted for failing to surrender \$1.4 million to the government and for illegal currency dealing.

Trade officials make little progress toward PACER Plus agreement. Senior trade officials from around the Pacific met in Kiribati on May 28 to discuss ongoing attempts to conclude the 15-nation Pacific Agreement on Closer Economic Relations (PACER) Plus free trade agreement, but they failed to reach a breakthrough. Robert Sisilo, lead negotiator for the 13 Pacific Island countries involved, said that Australia and New Zealand remain unwilling to make binding commitments on labor mobility and development assistance demanded by the other parties.

Washington extends transitional worker visa program for CNMI. Commonwealth of the Northern Mariana Islands (CNMI) governor Eloy Inos announced May 29 that U.S. labor secretary Thomas Perez had agreed to



American Memorial Park in Saipan, Commonwealth of the Northern Mariana Islands (CNMI). The U.S. Department of Labor has extended for another five years a CNMI-only visa program that covers about 10,000 foreign professionals in the commonwealth. <https://www.flickr.com/photos/killkudzu/5239410483>

extend the CNMI-Only Transitional Worker visa program until 2019. The program allows employers in the commonwealth to hire foreign workers who would otherwise be ineligible to work in the United States. It was set to expire at the end of 2014, but CNMI employers complained that they could not survive the immediate loss of up to 10,000 skilled professionals covered by the visa program. ▲

Looking Ahead

Discussion on Asia-Pacific economic integration. The CSIS Japan Chair and Simon Chair in Political Economy will cohost a conference June 10 on the role of the United States and Japan in Asia-Pacific economic integration. The day will include an address from Congressman Aaron Schock (R-IL), remarks by Acting Deputy United States Trade Representative Wendy Cutler, and several panel discussions. The event will take place from 8:00 a.m. to 1:30 p.m. in the CSIS Second Floor Conference Room, 1616 Rhode Island Ave, NW. Please [click here](#) to RSVP.

Conference on Asia, energy, and national security. The Center for a New American Security will host its eighth annual National Security Conference on June 11. Discussion topics will include the U.S. leadership role in the Asia Pacific, the changing global energy landscape, and the future of defense technology. Speakers will include National Security Advisor Susan Rice. The event will take place from 9:00 a.m. to 5:30 p.m. at the Willard InterContinental Hotel, 4101 Pennsylvania Ave., NW. For more information and to RSVP, please [click here](#).

Down Under Barbeque. The Australia America Association and the Southern Cross Club will cohost a “Down Under Barbeque” on June 21 featuring live entertainment, door prizes, and an open bar. The barbeque will be held from 5:30 p.m. to 8:30 p.m. at the New Zealand Embassy, 37 Observatory Circle, NW. Tickets will go on sale June 18 at \$75 for nonmembers, \$65 for members, and \$25 for children aged 4-12. For more information, please [click here](#). ▲

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