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NZ's involvement in striking Yemen risks trade with Gulf States

Geopolitical analyst Geoffrey Miller has just visited five of the States for his doctoral work and says we have a great reputation there – but for how long?



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NZ's involvement in striking Yemen risks trade with Gulf States



Flags of the Gulf States

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In joining the US-led military response on Yemen's Houthis, New Zealand is potentially risking this country's trading relationship with the Middle East and its reputation for impartiality, says a leading geopolitical analyst.

Geoffrey Miller analyses foreign affairs for the Democracy Project at Victoria University in Wellington and has just returned from a visit to the Arab Gulf states, where he visited officials in Bahrain, Oman, Qatar, Saudi Arabia, and the United Arab Emirates, as part of his doctoral studies into the trade and political relationship between New Zealand and the region.

The visit coincided with war in Gaza, which Miller said was "front and centre" of every conversation he had with those in the Gulf states. The countries are actively interested in doing more with New Zealand in both trade



Geoffrey Miller



Prime Minister Chris Luxon.

and diplomacy, he said, but would on the other hand pay attention if New Zealand was to move from being considered generally an 'honest broker' to being aligned to US-backed war efforts in the region

Last week, Prime Minister Christopher Luxon said six New Zealand Defence Force troops would be sent to support the US-UK airstrikes on Yemen – an effort that goes beyond New Zealand's existing involvement with the Bahrain-based Combined Maritime Forces, which concentrated on activities such as countering drug smuggling and smuggling.

It was also one step beyond 'Operation Prosperity Guardian', a naval patrol mission involving some 20 countries aiming to keep the Red Sea waterway safe.

This morning it was revealed that New Zealand was also moving closer to becoming part of the Aukus US-led security alliance, with officials from Australia set to visit the country this year to talk about becoming part of its Pillar 2 grouping.

These moves, which edge the country closer to US military activity, risked backfiring on New Zealand's aspirations in the Gulf, including for a free trade agreement, Miller said.

“Everything is very connected, it's all based on personal relationships over there ... So, if New Zealand does continue down this path, if it shifts its position on the Palestinian issue, I think that would be noticed,” he said.

“It's unlikely we're going to be top of mind most of the time but, when it comes to these specific issues ... when New Zealand is looking for free trade agreements, for deals and so forth, I think everything gets put on the table and our voting record will be looked at.”

Reputation

Miller said while he travelled he would often hear from the Gulf officials and others he met that New Zealand could play the role of a bridge-builder, or even peace maker, focused on dialogue and diplomacy, perhaps working in concert with other small states such as Qatar, rather than be involved militarily.

“The capabilities we bring to the US coalition are quite small ... What we do bring is our good name and a good reputation. The symbolism of having New Zealand involved in these airstrikes in Yemen is quite significant. That is why the US and the UK are keen to have New Zealand on board.”

The geopolitical analyst said the “enormous goodwill” towards New Zealand at present came in part because of the country's response to the Al Noor Mosque and Linwood Islamic Centre massacres in 2019, as well as the country's Covid pandemic response.

But New Zealand's good reputation in the Gulf precedes even that. New Zealanders do not need visas for short-term visits to Oman, for example. Locals still remember that NZ supplied some of its ‘butter mountain’ to the country in the 1970s when others would not trade with it – and New Zealand's butter trade with the UK collapsed.

More recently, Murray McCully, long-time Foreign Affairs Minister in John Key's National Government, made frequent visits to the Gulf States in pursuit of a free trade deal. His path was eased by New Zealand's joint UN Security Council resolution in 2017, done in concert with Malaysia, Senegal, and Venezuela, demanding an end to Israeli settlement activity in the occupied Palestinian territories. The resolution was adopted with 14 members of the Security Council voting in favour – the most ever – and the United States abstaining.

Trade



Saudi's Adel Al-Jubeir and Murray McCully in 2017.

McCully got as far as initialling documents for a free trade agreement between New Zealand and the Gulf Cooperation Council (Bahrain, Oman, Qatar, Saudi Arabia, Kuwait, and the Emirates) in 2009 but, since then, a full and finalised free trade agreement has not eventuated.

Trade continues unabated, however. Currently New Zealand does some \$2 billion of exports to the Gulf States each year, our eighth-largest export destination. Some \$76m of that is comprised of services, but the rest is largely in dairy, meat, cereal, fruit and nuts, machinery, and vehicles.

bulk of that minerals, fuels and oil, alongside fertilisers and plastics.

New Zealand imports almost \$3 billion from the same countries, the

While a full FTA with the Gulf may be some time away, bilateral possibilities have emerged. Trade Minister Todd McClay is currently at the World Trade Organisation in Geneva, after which he will visit Dubai, aiming to undertake exploratory talks towards a bilateral Closer Economic Partnership agreement.

Miller said the interesting thing he found in documents he'd obtained under an OIA was that it was the UAE that asked New Zealand for this particular deal, something he described as "remarkable".



Trade Minister Todd McClay

“While food is the starting point, and that’s what we’re known for in the Gulf, our meat and dairy products, particularly fruit ... there’s a whole lot of other areas that we could be focusing on, services in particular,” he said.

“Certainly, the New Zealand businesspeople I talked to are very keen for New Zealand to take this region a bit more seriously at government level, to facilitate more engagement at the government level to help

open doors for them.”

Miller said there had been a lack of high-level engagement from the last Government.

“Last year, Chris Hipkins, when he was Prime Minister, travelled twice via Dubai but didn’t stop off there,” he said.

“It’s a huge opportunity to build in stopovers and Murray McCully was good at doing that for the last National government – perhaps we’ll see more of that strategy coming back like Todd McClay is doing this month. This Government seem to at least be aware of the opportunities in that region.”

Aukus

While the current government ministers at least get off the plane on the Gulf lay-over, they are also moving intractably towards a closer alignment with the US in the form of inclusion in Aukus.

Aukus is a grouping of the US and its allies in the Indo-Pacific, like Asean and the Quad (a ‘strategic security dialogue’ between Australia, India, Japan, and the US) to achieve ‘integrated deterrence’ – countering China’s power and influence in the region.

RNZ’s Phil Pennington revealed from an OIA request last week that New Zealand Defence officials had for months been pitching the benefits of joining this alliance, albeit on a ‘Pillar 2’ basis. Pillar 1, according to the US Council on Foreign Relations, focuses on Australia’s acquisition of conventionally armed nuclear-powered submarines (making it the only country besides the UK with which the US will share nuclear propulsion technology).

Pillar 2, to which New Zealand is considering signing up, would see allied countries jointly develop advanced military technologies, including ‘hypersonics tech’, which the likes of New Zealand’s Rocket Lab is already developing for the Pentagon, Pennington revealed.

Australian officials are now slated to come to New Zealand this year for further briefings on New Zealand joining the alliance.

While the Government has not talked fulsomely about its reason for moving towards Aukus, a desire to participate more in a security alliance with the US was signalled shortly after the coalition Government took power in October 2023.



Aukus publicity material from the UK

At a United States Business Summit held in late November last year, Foreign Minister and Deputy Prime Minister Winston Peters called for a return of the US Peace Corps to the Pacific, and said New Zealand sought to “strengthen engagement with the US on strategic and security challenges [based] on our common interests in a stable, peaceful, and prosperous Indo-Pacific,” putting an emphasis on the ‘Indo’.

Miller said there was a general realignment taking place, exemplified by both the talk of Aukus and also the grouping in the small group of countries opting to be part of strikes on Yemen. But it really was a step change for New Zealand in terms of its global positioning, he added.

“These are airstrikes on Yemen; this is very different from these bigger multilateral operations that have often had UN backing,” said Miller.

“This is a very small group of countries bombing Yemen, and New Zealand, as part of them – it’s a very different position for New Zealand to be in. I think we need a lot more debate and discussion about this, to know what New Zealand’s up to,” he added.

“But I don’t think the Government really wants that. And they’ve been quite clever in the way they’ve kind of managed the PR, and it looks confusing. Even for someone like me, I was very confused about what exactly we were signing up to last week.”