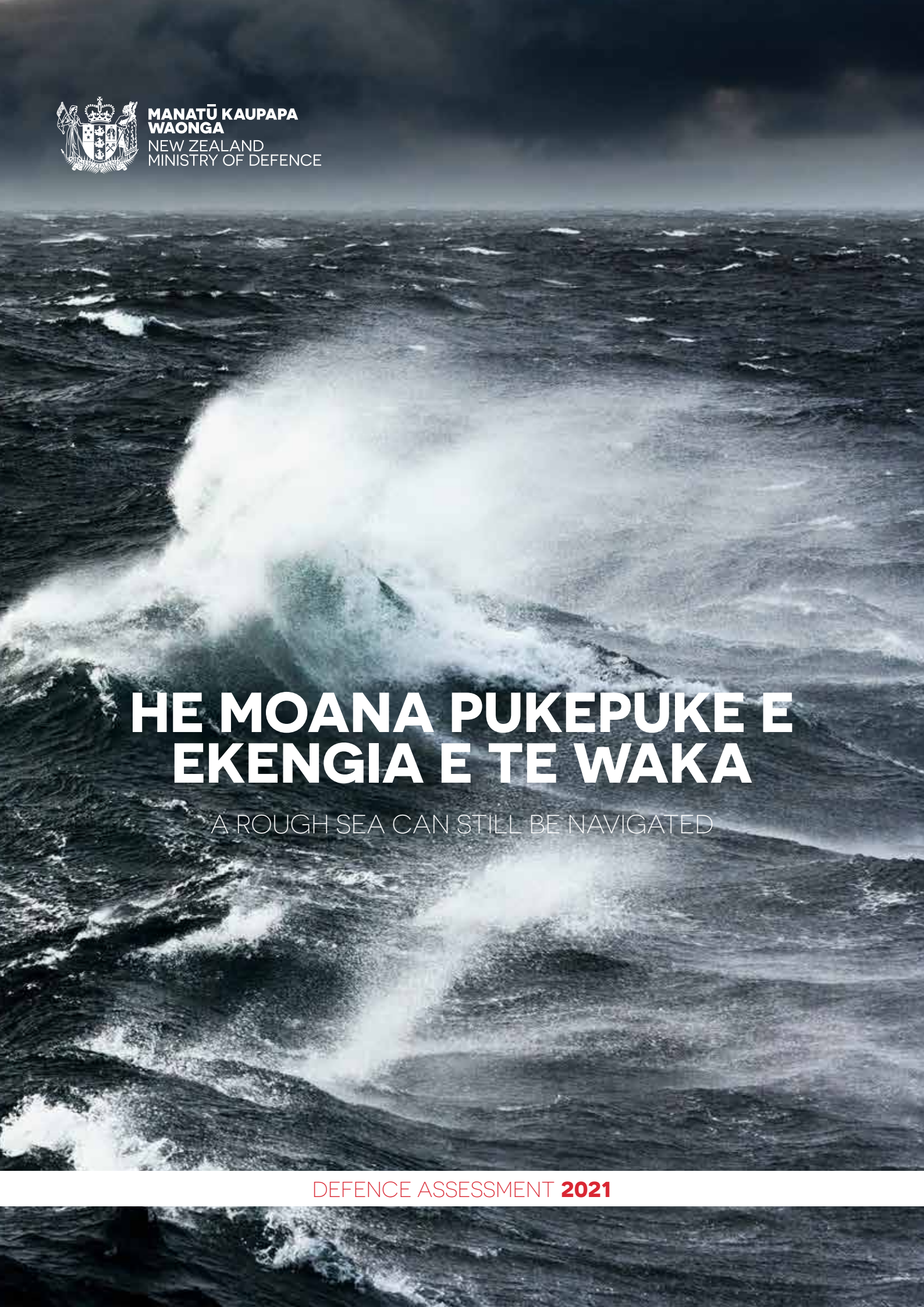

MANATŪ KAUPAPA WAONGA
NEW ZEALAND MINISTRY OF DEFENCE

HE MOANA PUKEPUKE E EKENGIA E TE WAKA

A ROUGH SEA CAN STILL BE NAVIGATED

DEFENCE ASSESSMENT **2021**

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MANATŪ KAUPAPA WAONGA
NEW ZEALAND MINISTRY OF DEFENCE

SECRETARY OF DEFENCE'S FOREWORD

This Defence Assessment looks at the challenges facing New Zealand through a specifically defence and security lens. In doing so, we are seeking to provide Government with a clear Defence view that can be calibrated alongside other instruments of statecraft.

Defence Assessment 2021 comes to five key conclusions:

1. There are two principal challenges to New Zealand's defence interests:
   i. strategic competition; and
   ii. the impacts of climate change.
2. These challenges are increasing and there is nothing to indicate the trends will reverse. Unchecked, they pose a threat to New Zealand's sovereignty and other key national security interests.
3. Given the increasingly adverse environment we are facing, New Zealand's defence policy approach needs to shift from risk management to a more deliberate, proactive strategy with clear priorities.
4. As a small nation, New Zealand must concentrate its defence efforts and focus on that region where its security is most affected and where it can make the biggest impact: the Pacific.
5. Such prioritisation does not preclude Defence from contributing further afield in a targeted way, especially in the wider Indo-Pacific where New Zealand has significant security interests.

In bringing this Assessment together, we need to be mindful of the complexities and variables affecting defence as a sphere of public policy. Hugh White, Emeritus Professor at the Australian National University, noted when commenting on conflict that it "remains one of the most puzzling and unpredictable aspects of human behaviour. There are few hard facts to work with, so we must rely on judgements about things that are at best uncertain, and sometimes quite unknowable."

He moana pukepuke e ekengia e te waka: a rough sea can still be navigated. Despite the ominous signs set out in this Defence Assessment, we must never "will" the worst to happen. In fulfilling its purpose to protect New Zealand's interests, Defence must above all else have as its objective the pursuit of peace and peaceful ways to prevent, or where necessary to resolve, conflict.

Andrew Bridgman
Secretary of Defence
Te Tumu Whakarae mō te Waonga

EXECUTIVE SUMMARY

New Zealand's strategic environment is deteriorating, and security threats are increasing

1. New Zealand faces a substantially more challenging and complex strategic environment than it has for decades. The COVID-19 pandemic has intensified, not displaced, the impacts of other, longer-term strategic trends. Amidst this complexity, we judge the principal challenges to New Zealand's security interests, now and over the coming decades, will be:
   - strategic competition; and
   - the impacts of climate change.

2. These challenges are playing out globally, including in New Zealand's immediate neighbourhood (from Antarctica through to the South Pacific), with direct implications for New Zealand's security and wellbeing.

3. New Zealand faces a world in which strategic competition is increasingly the background for states' relationships. China's rise is the major driver for this competition. Globally, strategic competition is most visible between China and the United States, but all other states are involved to varying degrees.

4. Growing strategic competition will increase the potential for confrontation and conflict. Even absent open conflict, strategic competition will play out across a range of theatres (including in space and cyber-space) in ways that will threaten New Zealand's security: this is true of both the wider Indo-Pacific and New Zealand's immediate region.

5. Similarly, the accelerating impacts of climate change will have fundamental effects on global security, but are being felt early and deeply in the Pacific. Climate change is causing more extreme weather patterns and increasing numbers of climate-related natural disasters, and is most acutely affecting states less equipped to respond. The direct human security impacts of climate change will increasingly intersect with and exacerbate national security challenges. For some countries, including in the Pacific, the threat is existential.

6. Strategic competition and climate change, as well as the continuing impacts of COVID-19, intersect with and are amplified by a range of other sources of insecurity, including in New Zealand's immediate neighbourhood. These include long-standing challenges to governance and human security in the Pacific, the weaponisation of information and emerging technologies, violent extremism, and transnational organised crime.

A more strategic approach to New Zealand's defence policy: prioritising the Pacific

7. New Zealand's defence policy settings have remained broadly stable over at least recent years, but an approach developed for a less threatening world will not necessarily support New Zealand's national security interests into the future.

8. We consider New Zealand's defence policy should shift from a predominantly reactive risk management-centred approach to one based on a more deliberate and proactive strategy. A more strategy-led approach would better enable Defence[1] to pre-empt and prevent security threats, and better build resilience against the impacts of climate change and other security challenges. This would still, however, require Defence to respond to discrete contingencies: such a strategy would incorporate, not preclude, the requirement to maintain capabilities at readiness for situations in New Zealand and offshore.

9. Challenges to international security and stability are today most acutely expressed in the wider Indo-Pacific, with significant consequences for New Zealand's security and wellbeing. New Zealand Defence activities in the wider Indo-Pacific provide important support to New Zealand's security interests, as part of broader international efforts.

10. New Zealand Defence activities are, however, directly consequential for the security of New Zealand's immediate neighbourhood. New Zealand also has a much greater responsibility to act in this region than elsewhere. And New Zealand today faces significant and likely increasing challenges to its interests in this region, and particularly in the Pacific, from strategic competition, climate change, other complex disruptors, and the immediate and substantial impacts of COVID-19.

11. Consequently, we consider New Zealand's defence policy and strategy should focus on promoting and protecting New Zealand's interests in its immediate region, and in particular on working with partners in the Pacific. This should include a more explicit emphasis on proactive activities alongside more familiar response activities.

12. In the past, New Zealand's defence policy has largely considered the Pacific as requiring only lower end capabilities suitable for responding to, for example, natural disasters or contained intra-state conflicts, whereas Defence activities further afield required high-end capabilities suitable for more complex operations and higher threat environments. This binary is now being eroded, and Defence operations within New Zealand's immediate neighbourhood will increasingly require the use of more sophisticated military capabilities in support of regional partners, for example in greater maritime domain awareness or greater responsiveness to pressures on fishing resources.

DEFENCE INTERESTS			
A secure, sovereign and resilient New Zealand	A stable and secure region in which New Zealand has the freedom to act in support of shared interests and values	A strong international rules-based system, centred on multilateralism and liberal democratic values	A strong network of international security relationships, partnerships and alliances

SECURED THROUGH

DEFENCE POLICY OBJECTIVES			
Protecting New Zealand's sovereignty and territorial integrity, and promoting national resilience	Building a secure, stable region comprised of secure and resilient states	Contributing to the maintenance of global security and the international rules-based system	Promoting New Zealand's security through maintaining and contributing to New Zealand's security partnerships

1 "New Zealand Defence" and "Defence" refer to both the New Zealand Defence Force and the Ministry of Defence.

Implementing a more strategic approach: reviewing strategy, capability and resourcing

13. This Assessment identifies a much more challenging strategic environment than New Zealand has confronted for decades, with medium and long-term trends that will play out in New Zealand's region and elsewhere in complex and compounding ways. The high-level defence policy response that this Assessment recommends will require further analysis to develop. This includes developing and testing a more detailed overall strategy, as well as determining the balance of capability and resourcing required to deliver the strategy and address the challenges New Zealand now faces.

1

DEFENCE AND NEW ZEALAND'S NATIONAL SECURITY

1.1
PURPOSE OF DEFENCE ASSESSMENT 2021

14. This Defence Assessment analyses New Zealand's strategic environment, and explores the implications, opportunities and challenges for New Zealand over coming decades.[2] It presents the advice of the Secretary of Defence in close consultation with the Chief of Defence Force, as provided for by the Defence Act 1990.

1.2
DEFENCE'S ROLE IN SUPPORTING NEW ZEALAND'S NATIONAL SECURITY

15. The fundamental role of New Zealand Defence is the generation and application of military capabilities to defend New Zealand and advance its national security interests. Defence also provides options and tools, as part of an all-of-government approach, to pursue New Zealand's broader interests in a range of ways.

1.3
NEW ZEALAND'S DEFENCE INTERESTS

16. New Zealand's core defence interests can be derived from New Zealand's sources of security: those enduring national and international characteristics that underpin New Zealand's capacity to protect and promote its security, and therefore wellbeing. This section sets out those key defence interests.

1.3.1
A secure, sovereign and resilient New Zealand

17. New Zealand's national security both relies upon and enables the resilience and maintenance of democratic government, the safeguarding of territorial integrity, the protection of New Zealand's expansive maritime domain[3], and the exercise of New Zealand's sovereign authority.

WHAT IS DEFENCE POLICY?

Defence policy is one aspect of national security policy, alongside foreign policy and other overlapping and mutually supporting policy areas.

Defence policy is Government direction that:

- Establishes the policy objectives that Defence will deliver, or contribute to delivering;
- Guides the development of defence strategy, which describes the ways in which Defence will achieve those policy objectives, alongside other tools of statecraft; and
- Determines how Defence will be organised, equipped and resourced to deliver on the policy objectives, through defence strategy.

New Zealand's overall defence policy is typically determined through the development of formal policy statements, such as Defence White Papers, that outline how Government intends to use Defence, alongside other tools of statecraft, to advance national objectives. Defence policy also evolves as Government makes decisions on employing Defence in particular circumstances, and on investments in defence capabilities.

Established defence policy settings enable Government to provide direction with a full view of the broader context and potential outcomes that any individual decision may have; this is especially important for defence policy, given the large-scale, long-term investments required to develop and employ defence capabilities.

2 We have deliberately avoided attempting to assign precise time-frames to both anticipated future developments and policy responses. In general, however, "short term" can be understood as meaning 0-5 years from now, "medium term" as 5-10 years, and "long term" as 10-20+ years.

3 As described in the 2020 Maritime Security Strategy, New Zealand's maritime domain incorporates New Zealand's territorial sea, contiguous zone, exclusive economic zone (EEZ), and continental shelf. This domain is part of New Zealand's broader maritime area of interest, which also includes the Southern Ocean and the South Pacific, as well as New Zealand's maritime approaches more generally.

18. Geographically remote, New Zealand has historically faced little direct military threat to its territory. Geography alone does not, however, protect against all threats – including those projecting through space and cyber-space – nor from hazards such as natural disasters.

19. The Defence Force contributes to securing New Zealand's maritime domain, including protecting maritime resources, and safeguarding the Ross Dependency in Antarctica, the Cook Islands, Niue, and Tokelau. Using military capabilities for such activities both supports wider government objectives and demonstrates New Zealand's commitment to protecting its territory and sovereign authority.

20. Within New Zealand, the Defence Force contributes to all-of-government responses to a range of contingencies. This includes providing military capabilities to support search and rescue, civil defence and police responses, and rural fire services. Of particular current significance, the Defence Force has provided critical support to New Zealand's COVID-19 response. Defence also supports a range of other government objectives, such as youth development programmes, that enable New Zealand's overall wellbeing.

1.3.2

A stable and secure region in which New Zealand has the freedom to act in support of shared interests and values

21. New Zealand's immediate region – its neighbourhood – encompasses an expansive, diverse and largely maritime area, within the broader Indo-Pacific[4], spanning from Antarctica through to the South Pacific, and west toward Australia and South East Asia. The security and stability of this region is hugely important for New Zealand's security and wellbeing. The close connections between New Zealand and other countries in the region means instability would directly impact New Zealand and New Zealanders. But beyond this, any direct military threat to New Zealand itself would necessarily come from or through the region (aside from those threats projecting via space, cyber-space or intercontinental-range weapon systems).

22. Defence activities form an important aspect of New Zealand's support for the security, stability and resilience of individual Pacific Island countries and the region as a whole. This includes contributing to building Pacific countries' resilience against, and supporting responses to, natural disasters and incidents of instability, and working with Pacific countries to develop shared approaches to regional security issues.

23. Looking south, the Antarctic Treaty System contributes to stability on the Antarctic continent and in the Southern Ocean. The Defence Force provides critical logistical support to New Zealand's Antarctic activities and provides the platforms that undertake New Zealand's Southern Ocean patrol programme.

24. Until relatively recently, New Zealand's region has been largely stable, secure and strategically favourable. This has enabled New Zealand to act generally freely in pursuit of its interests and those of its Pacific partners and other likeminded states. Being secure close to home has enabled New Zealand to engage and act further afield.

1.3.3

A strong international rules-based system, centred on multilateralism and liberal democratic values

25. The international rules-based system is fundamental to New Zealand's national security. The system as it is today (which is really multiple interconnected systems) is the result of development and evolution since World War Two in ways that drew strongly on liberal democratic values and placed multilateral approaches at the centre. This is an international system that strongly aligns with New Zealand's values and interests.

26. This system has afforded New Zealand the protection and support of multilateral architectures, institutions and collective arrangements, and supported New Zealand's broad access to global markets. The system has disciplined states' exercise of national power through a complex arrangement of international law, rules, custom, convention and norms of behaviour. The system's respect for the sovereign equality of states has supported stability and provided safeguards, albeit imperfect, against coercion, confrontation and conflict.

4 The "Indo-Pacific", which broadly encompasses the Indian and Pacific Oceans, is increasingly used in security contexts in preference to other concepts and terms, such as the "Asia-Pacific". Accordingly, we have used Indo-Pacific in this Assessment.

27. Defence activities provide an important element of New Zealand's overall contribution to the international rules-based system. Defence has long-standing commitments to United Nations peace support operations in the Middle East, Africa and the Republic of Korea. In recent decades, the Defence Force has undertaken stability and support operations in Timor-Leste, Bougainville, Afghanistan, Solomon Islands and Tonga, as well as counter-piracy operations off the Horn of Africa, capacity building in both Afghanistan and Iraq, and sanctions enforcement around North Korea.

1.3.4

A strong network of international security relationships, partnerships and alliances

28. All states maintain international relationships to protect and promote their interests and values, but such relationships are particularly important for smaller states. New Zealand's network of international relationships supports its security and prosperity, and amplifies its influence with both its partners and others. New Zealand's closest defence and security partners tend to be those states that most closely share New Zealand's values and interests, and tend to be New Zealand's closest international relationships overall.

29. Australia is New Zealand's only formal defence ally, and New Zealand's most important international partner overall. New Zealand and Australia work together across the span of defence and security activities to promote shared interests in the Pacific, the Indo-Pacific and further afield, with the two countries typically pursuing similar and/or complementary approaches to particular problems.

30. New Zealand has strong cultural and historical ties across the Pacific, including constitutional commitments to the Cook Islands, Niue and Tokelau. New Zealand is also deeply integrated into Pacific regional architectures. People-to-people ties, including defence relationships, enable and amplify general cooperation and direct operational support for other Pacific countries' security and wellbeing. Although Defence is part of a much broader set of New Zealand agencies represented and operating in the region, Defence Force capabilities are often critical enablers for other agencies' objectives.

31. The United States is a critical defence partner for New Zealand, with defence engagement deepening over the past decade since the signing of the Wellington and Washington declarations in 2010 and 2012 respectively. The United States has long underwritten security in the Indo-Pacific, and is taking an increasingly close interest in contributing to security in the Pacific. New Zealand also has long and deep histories of defence cooperation with the United Kingdom and Canada, and both countries have committed to engaging more deeply in the Indo-Pacific.

32. New Zealand's relationships with Australia, Canada, the United Kingdom and the United States also form part of the overall Five Eyes partnership, in which the defence aspect is as long-standing and as fundamental as the intelligence aspect. This is a critical grouping for New Zealand of countries that share fundamental values and interests. New Zealand Defence derives enormous benefit from this partnership, including in terms of access to defence capabilities, information technologies and military developments that would otherwise be unachievable.

33. New Zealand's most important Asian defence partners today include Singapore, Malaysia, Japan, the Republic of Korea, Viet Nam and Indonesia. New Zealand is increasingly grappling with similar security issues to those facing these states, including in the defence space. These relationships are conducted both bilaterally and through multinational mechanisms such as the ASEAN Defence Ministers' Meeting Plus (ADMM-Plus) and the Five Power Defence Arrangements (FPDA – involving Australia, Malaysia, New Zealand, Singapore and the United Kingdom).

34. Defence engagement with European states takes place both bilaterally and through the North Atlantic Treaty Organization (NATO). These defence links have strengthened over more than a decade of combined operations in places like Afghanistan, building on long-standing shared values and interests. European states, notably including France and Germany, are also seeking to engage more actively in the Indo-Pacific. France is also an important partner in the Pacific given its own interests there.

35. Elsewhere, New Zealand's defence relationships have tended to develop in response to more discrete operational requirements, notably in the Middle East and Africa. Some of these are long-standing and complement the deep trade and economic relationships with these regions.

2

NEW ZEALAND'S STRATEGIC ENVIRONMENT

2.1
NEW ZEALAND'S WORLD IS SUBJECT TO MAJOR GEOSTRATEGIC RISKS

36. Since the end of World War Two, New Zealand has benefited from a strategic environment primarily defined by an international rules-based system that reflected New Zealand's values and supported its interests. While imperfect, the system of international law, norms and institutions contributed to broad stability, provided safeguards against major conflict, and enabled collective action on a range of issues.

37. The *Strategic Defence Policy Statement 2018* presented an assessment of the strategic environment in which the international rules-based system was under significant pressure. The issues and trends identified in the Policy Statement have if anything intensified over the past three years, and are intersecting with new security challenges.

38. Out of this complex and uncertain global landscape, we have identified two significant and compounding challenges that we judge will have the greatest impact on New Zealand's security interests over the medium-to-long term:
    - strategic competition; and
    - the impacts of climate change.

39. These challenges are already affecting the strategic environment, and will intersect with other trends and discrete events, with the global COVID-19 pandemic as a particularly acute example. New Zealand, together with its defence and security partners, faces a future strategic environment that will be much worse than that of the recent past.

2.2
STRATEGIC COMPETITION IS AT THE CENTRE OF INTERNATIONAL SECURITY CHALLENGES

40. New Zealand faces a world in which strategic competition is increasingly the background for states' relationships. A variety of states are now more actively seeking to advance conflicting visions for regional and global orders, and many are increasingly pursuing their interests in ways that depend less on the norms of the international rules-based system. Strategic competition is most visible between China and the United States, but all other states are involved to varying degrees.[5]

41. Greater competition will increase global and regional tensions, and increase the potential for confrontation and conflict. Strategic competition is playing out most acutely in the Indo-Pacific, but it is and will be significant globally. Strategic competition is also playing out in space and cyber-space.

2.2.1
An increasingly powerful China is more assertively pursuing its interests

42. China's rise is the major driver of geopolitical change. Its remarkable economic rise has already exceeded numerous predictions, and despite facing a number of structural challenges, China is most likely to remain on a strong economic growth path for the coming decade and beyond.

43. China's external objectives have expanded over time, as has the expression of China's "core interests". This has been accompanied by an increasingly strong nationalist narrative. Ultimately, Beijing is seeking to reshape the international system to make it more compatible with China's governance model and national values, and with China recognised as a global leader.

44. Over recent years, New Zealand has publically expressed its concerns about a number of developments. These include the building and militarisation of features in the South China Sea, as well as other actions in the South China Sea that are inconsistent with the United Nations Convention on the Law of the Sea. Tensions between China and neighbouring states and territories have increased. New Zealand has also publically raised concerns about cyber measures against New Zealand and other states that have been attributed to China.

China's military modernisation

45. Having prioritised economic growth for several decades, Beijing is now more explicitly pursuing modernisation of the People's Liberation Army (PLA). China has stated that it intends to "basically complete the modernisation" of its military by 2035, and to transform the PLA into a "world-class" military by 2049.

5 We use "strategic competition" where others refer to "great power competition" as the latter neglects the agency of the small and middle powers that must nonetheless negotiate their own positions in relation to larger powers.

46. Much of this effort has focussed on building capabilities intended to deter and defeat adversaries from operating within the "First Island Chain" (Japan – Taiwan – Philippines – Borneo). Some of these capabilities will also increasingly support China's ability to project force further out. As part of growing its capability to operate further afield, China has been working to transform the PLA-Navy into a "blue water" force, and China now has the world's largest navy in terms of ship numbers. The PLA's overall capacity to undertake joint operations and its expeditionary capability are increasing.

47. In addition to building its military capabilities, China has increasingly integrated the activities of its military with those of civilian (including paramilitary) entities as part of its "military-civilian fusion" approach to prosecuting its strategic interests.

48. Internationally, Beijing has been improving its use of military capabilities and activities to support its broader national objectives, for example by growing its defence diplomacy to support China's global influence. China is also better integrating its defence activities with those of its international partners. Since 2019, for example, China and Russia have conducted joint maritime bomber patrols in East Asia.

2.2.2

The United States is returning to a more proactive leadership role

49. The United States has largely underwritten the international rules-based system in the years since World War Two, and has been one of the principal global exponents and proponents of liberal democratic values. United States engagement and presence across the globe, enabled by its expansive portfolio of bilateral and multilateral security arrangements, has underpinned stability and security in key global regions.

50. Although affected by domestic political developments, responding to China's rise and its increasing assertiveness has been a relatively consistent strand of Washington's international efforts, with a key focus on marshalling collective international responses to Chinese actions. This draws on long-standing United States alliances and partnerships, which Washington characterises as one of its strategic advantages over China.

51. The Biden Administration has signalled a renewed commitment by the United States to bolster its partnerships, presence and influence in the Indo-Pacific. Washington's delivery on this commitment, over both short and longer terms, will be important in determining the future for this region, including New Zealand's own neighbourhood, and for international security more generally.

2.2.3

Russia and others are also undermining the international rules-based system

52. Russia retains both broad international interests and a wide range of tools with which to prosecute those interests. These include substantial nuclear weapon capabilities and a significant military capable of both large-scale conventional operations and "grey zone" activities. Over recent years, Russia has acted in a range of ways that challenge the international rules-based system, including using chemical weapons in the United Kingdom, undermining democratic processes in other states, and using military force against other states, notably including Georgia and Ukraine. Some of the world's most significant and costly cyber breaches have been attributed to Russia, and Moscow's support for autocratic regimes has at times frustrated international attempts to promote security, prevent human rights abuses, or facilitate humanitarian assistance.

53. European states in particular consider that Russian activities present an acute and ongoing threat to their security. Globally, Russia's flouting of international rules and norms, together with its ongoing efforts to challenge multilateral processes and institutions, contributes along with others, to undermining the international rules-based system and frustrating collective actions on a range of important issues.

54. After reaching a high-water mark in the early 2000s, overall global adherence to democratic norms has been declining. This ranges from increases in nationalist sentiment, through reversals in previous trends toward greater liberalism, to a narrowing of the civil society space. Globally, moves away from democracy within individual states contribute to weakening the basis and support for the values and norms that underpin the international rules-based system.

2.2.4

While other states are responding

55. Australia now sees its strategic interests to be under greater challenge than for at least several decades, and perhaps more than at any time since the end of World War Two. Australia's *2020 Defence Strategic Update* sets out a strategic environment with greater geopolitical competition and higher potential for military miscalculation, and states that the prospect of high-intensity conflict in the region, while still unlikely, is now less remote. It concludes Australia can no longer rely on a ten-year strategic warning period for a major conventional attack on its territory.

56. Australia's response, including as set out in its *2020 Defence Strategic Update* and *Force Structure Plan*, has been to reinforce its emphasis on its alliance with the United States as its strategic bedrock, re-prioritise its security efforts on proactively protecting its interests within its immediate region[6] ("Shape, Deter, Respond"), and signal investments in a range of high-end military capabilities.

57. The United Kingdom has set out both a similar assessment of the international strategic environment and a similarly proactive posture in its recent 2021 Integrated Review and 2021 Defence Command Paper. In response to increasing challenges, the United Kingdom is seeking to engage more fully in global issues, and particularly in the Indo-Pacific, as well as reinforcing its commitments to security and resilience at home and in Europe.

58. The re-emergence of the Quadrilateral Security Dialogue ("the Quad") consisting of Australia, India, Japan and the United States (as major Indo-Pacific democracies) is a particularly significant and visible example of states seeking collective action to reinforce the international system. The partnership known as AUKUS is another example of collective approaches, and builds on long-standing practices of defence and security cooperation between Australia, the United Kingdom and the United States.

59. Consistent and reliable United States engagement continues to be perceived by many Indo-Pacific states as critical to their security, even as China's economic rise has driven broader growth and development. Many states are finding their space to navigate a middle path to be narrowing.

2.2.5

Strategic competition will increasingly play out in the "grey zone"

60. Increasing strategic competition is reflected in states pursuing their objectives by operating in the "grey zone": the space between peace and war that spans cooperation, competition, confrontation and conflict (the "competition continuum"). The grey zone is not a modern phenomenon: activities such as propaganda, sabotage, clandestine military actions and foreign interference have taken place throughout history and across the globe.

61. Actors engaging in grey zone activities seek to create or exploit uncertainty, which can shape others' perceptions around risks of escalation, including thresholds for armed conflict. These activities provide states with a level of plausible deniability, are not well addressed in international law, and hinder others' abilities to react, including in space, cyber-space and the high seas.

62. By undertaking grey zone campaigns, states can deploy a wide range of tools of statecraft to pursue their objectives – including incrementally and/or opportunistically – while avoiding or mitigating international responses.

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6 This region is defined in Australia's 2020 Defence Strategic Update as "ranging from the north-eastern Indian Ocean, through maritime and mainland South East Asia to Papua New Guinea and the South West Pacific".

2.3
CLIMATE CHANGE IMPACTS WILL INCREASE AND INTENSIFY SECURITY CONCERNS

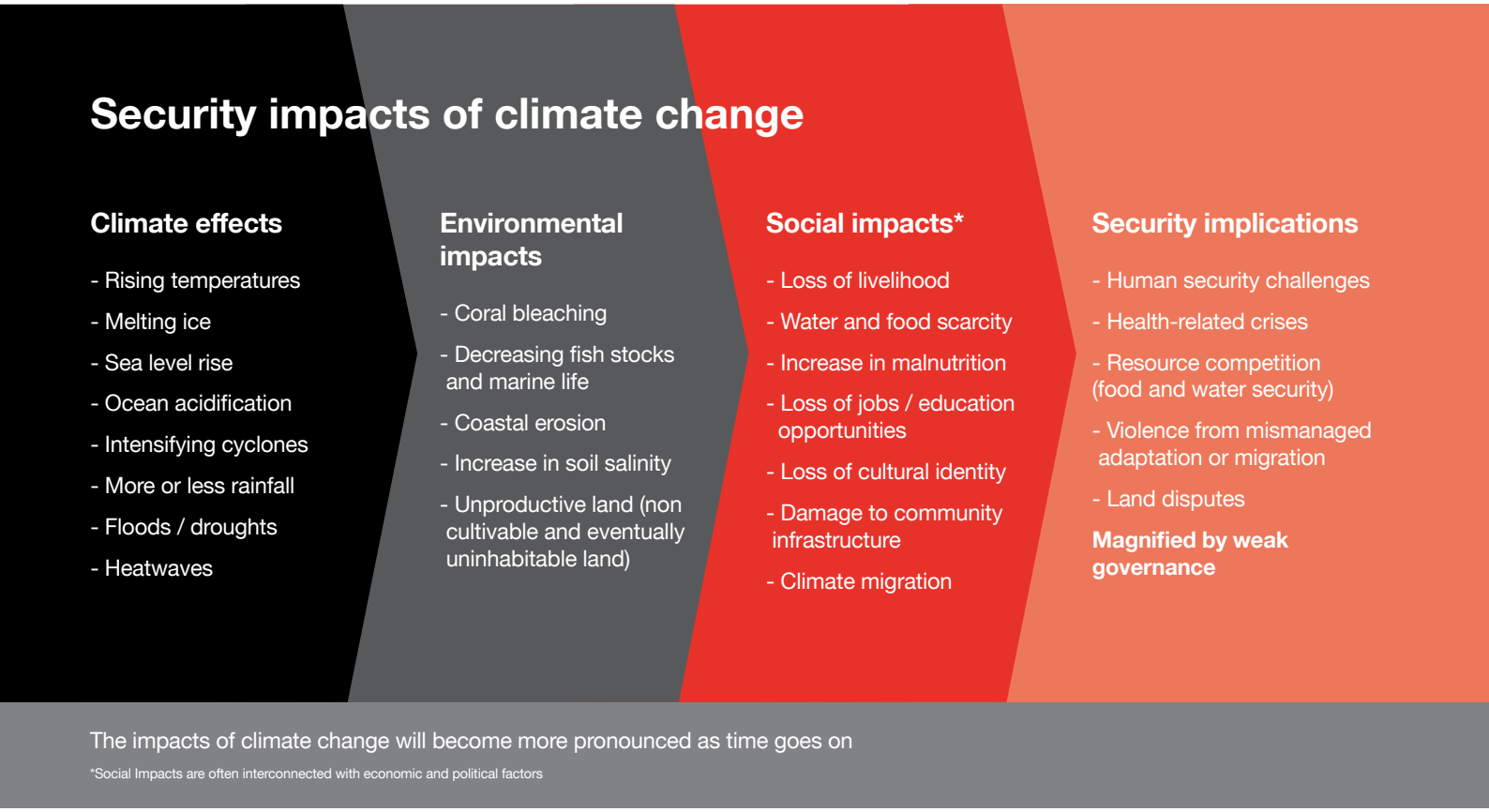

Diagram from the Climate Crisis: Defence Readiness and Responsibilities 2018, page 6

2.3.1

Direct climate change impacts are accelerating, increasingly affecting human security

63. Addressing the direct and indirect impacts of climate change will be one of the greatest global challenges of coming decades. These impacts are already accelerating, with increasing global temperatures resulting in changing weather patterns and increasing numbers of climate-related natural disasters. Climate change has led to more extreme fires with hotter, drier, and windier conditions. Warmer ocean temperatures are leading to sea level rise, increased frequency and intensity of extreme weather events such as storm surges, increased intensity of tropical cyclones, more variable rainfall patterns, and prolonged droughts. These events and trends are already, in turn, affecting food and water resources.

64. These impacts present direct human security challenges, particularly as climate change is most acutely affecting states less equipped to respond. That includes states in the Indo-Pacific, the Middle East and Africa, but the impact is especially early and severe for Small Island Developing States (SIDS), including for the large ocean states of the Pacific region. More frequent disasters means reduced recovery time between events, and more intense disasters means more damage from which to recover.

65. Climate change impacts also exacerbate the risk factors that contribute to social and political instability, which will mean increased competition for basic resources and greater uncontrolled migration. Climate-related migration and relocation are already taking place within the Pacific Islands region, albeit at a much smaller scale than in other regions.

66. In many countries, pressures on governments' capacities and legitimacies are likely to increase, exacerbating risks of civil unrest and, in some cases, more violent conflict. The stresses placed on communities from the impacts of climate change are further magnified in conflict and post-conflict environments.

FUTURE GLOBAL FISHERIES: AN EXAMPLE OF CLIMATE CHANGE IMPACTS ON HUMAN AND NATIONAL SECURITY

Global competition for access to fisheries is already growing, particularly in the Indo-Pacific, as global populations grow and pressure increases on fish stocks. Two broad climate change-related trends are likely to impact Pacific tuna stocks: an eastern shift in skipjack, bigeye and yellowfin tuna; and a shift south for albacore tuna. Over time, these trends will likely mean more tuna in the high seas and changes in the distribution between different Pacific Island countries' exclusive economic zones, leading to reduced fisheries revenue – and increased economic vulnerability – for some of those countries. These trends will mean increasing international focus on, and competition for, fisheries within New Zealand's immediate neighbourhood. Increasing pressure on fisheries is also motivating increased interest in Southern Ocean krill resources.

Increased fisheries competition has brought with it increased challenges to Pacific countries' abilities to maintain control over both regional fisheries and their maritime domains. While most such competition may focus on deep water fisheries, increasing pressure will also likely come on coastal fisheries, which are significant for food security.

2.3.2

And climate change impacts will increasingly intersect with national security, particularly in the Pacific

67. The direct environmental and human security impacts of climate change will be increasingly likely to present national security challenges for many countries and regions, and these challenges will intersect in complex and varied ways. In some cases, including in the Pacific, the direct impacts of climate change will be sufficiently serious – in scope and/or scale – to threaten the overall security or viability of countries. The 2018 Boe Declaration by the leaders of Pacific Islands Forum countries and territories, including New Zealand, reaffirmed that climate change presents "the single greatest threat to the livelihoods, security and wellbeing of the peoples of the Pacific".

2.3.3

Climate change mitigation efforts will have their own strategic impacts

68. Efforts to mitigate climate change, alongside responding and adapting to its impacts, will themselves have direct and indirect impacts on the global strategic environment. Transitioning to less carbon-intensive energy sources will likely be particularly significant in this regard.

69. The global shift away from the use of coal, oil and natural gas for energy production will affect the geo-economic importance – and potentially the economic security – of petroleum-rich countries and regions, particularly the Middle East, and alter the relative significance of some trade routes. For New Zealand, the transition to carbon neutrality has the potential to shift the country's energy dependence to other, including domestic, sources, with corresponding strategic impacts.

2.4

COVID-19 PRESENTS AN IMMEDIATE CHALLENGE, AND IS INTENSIFYING OTHER NEGATIVE SECURITY TRENDS

70. The COVID-19 pandemic is accelerating and intensifying pre-existing trends and security challenges, but is only one – albeit particularly significant– in a series of infectious disease events. The pandemic has challenged the abilities of multilateral institutions to respond to complex global challenges where effective responses require agreement between states in competition. COVID-19 has become both a context for and contributor to strategic competition.

71. Some countries are experiencing severe economic shocks, with effects that will compound over time. These impacts will exacerbate pre-existing socio-economic stresses and security challenges.

72. COVID-19 restrictions on the movements of people and goods between Pacific countries have complicated, but not halted, ongoing New Zealand support and responses to events like Tropical Cyclone Harold in Vanuatu and Fiji. COVID-19 restrictions have also hindered regional security activities.

2.5

COMPLEX DISRUPTORS AND OTHER SECURITY TRENDS CONTINUE TO AFFECT GLOBAL SECURITY CHALLENGES AND RESPONSES

73. The *Strategic Defence Policy Statement 2018* introduced the term "complex disruptors" to describe transnational trends and developments that challenge international stability in complex ways. While some offer opportunities, these disruptors often amplify or enable other threats, in addition to presenting direct challenges. Many complex disruptors disproportionately impact open societies and states with weak governance and/or resilience. And they can have differing impacts on population groups depending on factors such as gender, age or socio-economic status.

74. Technological change continues to affect global society in complex ways, and will have far-reaching impacts on the character of military operations and conflict. Technology development, standards, security, access and use are also increasingly venues for strategic competition, notably in dual-use, sensitive and potentially transformative technologies such as telecommunications, energy technologies and quantum technologies. Science and technology capabilities, and the ability to influence the use of technology by others, will be increasingly important measures of global power.

    - The ongoing development of **artificial intelligence** will provide advantages to states that employ such technologies in military operations, while presenting new legal and ethical challenges. Constraints on the use of these technologies will differ across states, as do perspectives on and adherence to international human rights standards and the law of armed conflict. States' abilities to exploit "big data" using artificial intelligence tools will enable wide-ranging information campaigns and highly targeted information operations, both of which can have direct and indirect military effects.
    - **Cyber** capabilities are already a standard component of many militaries' force structures. Cyber activities are being increasingly normalised as elements of military operations (including in the grey zone), as well as more broadly affecting the human and national security landscapes.

- Increasingly, military cyber activities are intersecting with more traditional **electronic warfare** activities (including force protection) in a more contested electronic spectrum. Militaries' increasing use of and reliance on integrated and networked systems are challenging their abilities to deliver both resilient capabilities and operational effects.
- **Space** capabilities are critical elements supporting both national wellbeing and military operations, and can increasingly be held at risk. The rules and norms that help protect New Zealand's interests in space have not kept pace with technological change. A wider range of states are investing in a range of counter-space systems, including cyber capabilities, ground-based anti-satellite weapons and, in some cases, space-based anti-satellite capabilities. Operational use – and sometimes even testing – of at least some types of anti-satellite systems by any actor could significantly degrade the orbital environment and impact New Zealand's space interests.
- More broadly, the **asymmetry of offensive and defensive** military capabilities is changing in complex ways, particularly in the maritime and aerospace domains, and generally increasing the threat to military platforms. New types of weapons, such as hypersonic missiles, will be harder to counter, but technological developments will also enable greater flexibility to deploy sensor and weapon systems in new ways (for example on smaller autonomous vehicles). At the same time, inexpensive and widely available systems such as weaponised drones already present significant threats to forces in many theatres, and will likely be used in any future conflicts.

75. **Transnational organised crime** is a corrupting influence worldwide, including in New Zealand's immediate neighbourhood, that undermines community wellbeing, including disproportionate effects on women and children, governance, economic development and security. Transnational criminal groups globally are capitalising on the disruption caused by the COVID-19 pandemic, and are increasingly using cyber methods both to support their other activities and as a direct vector for crime.

76. The **supply chain** shocks caused by the COVID-19 pandemic are a reminder of New Zealand's dependence on extensive, vulnerable supply chains. New Zealand's trade exposure (54 percent of GDP in 2019) is not high in comparison with many European economies (for example Sweden, 85 percent in 2020, and Norway, 65 percent in 2020)[7], but New Zealand is highly dependent on critical imports, and tends to be at the margin of supply chains which centre on the northern hemisphere and traverse several regions facing substantial geostrategic risks.

77. Ninety-nine percent of New Zealand's goods exports by volume is carried by ship, as is 84 percent of goods exports by value.[8] The challenge of maintaining maritime freedom of movement, however, intersects with technology-driven changes to military capabilities and the character of conflict.

78. The threat of **terrorism and violent extremism** continues to evolve, driven by a wide range of complex and often overlapping motivations, although overall global terrorist violence has declined steadily and sharply since 2014. The 15 March 2019 terrorist attack in Christchurch continues to impact the global terrorist environment, including by providing inspiration for extremists domestically and internationally. And Islamic State persists as an insurgency in Iraq and Syria (with affiliates elsewhere), even as it has lost much of its capability to direct attacks internationally.

79. **Fragile states** across the globe, but particularly in the Middle East and Africa, will continue to experience ongoing challenges across the conflict spectrum. These challenges can directly engage New Zealand's interests in complex ways, as was the case with the recent evacuation operations from Afghanistan. Peace support operations to respond to such conflicts face significant challenges, and the United Nations will continue to call on member states for commitments, while also working to progress efforts such as the Women, Peace and Security agenda. The centre of gravity for United Nations peacekeeping continues to be in Africa, where the requirement is increasingly for larger-scale combat-capable forces.

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7 This data has been sourced from World Bank national accounts data and OECD National Accounts data files, via data.worldbank.org.

8 Ministry of Transport, Sea, last updated 08/10/2019 https://www.transport.govt.nz/sea.

3

IMPACTS ON NEW ZEALAND'S INTERESTS

3.1
NEW ZEALAND ITSELF IS RELATIVELY SECURE, BUT FACES SECURITY CHALLENGES

80. Despite the substantial negative strategic trends set out in Part 2, we consider New Zealand does not yet face a direct military threat to the territory of New Zealand itself, and judge that any such threat would almost certainly only emerge in the context of a major war. We do agree, however, with the judgement in Australia's *2020 Defence Strategic Update* that the prospect of major armed conflict in the Indo-Pacific is less remote than it has been.

81. We do anticipate New Zealand will face other forms of challenge to its sovereignty and authority over its broader maritime domain. We also anticipate increasing risks to New Zealand's physical, electronic and space-based international connections.

82. At the same time, we anticipate sustained, and potentially increasing, demands for Defence assistance to the civil power, both familiar (such as supporting civil defence responses) and novel (such as Defence's support to New Zealand's COVID-19 response).

OPERATION PROTECT: SUPPORTING THE GOVERNMENT'S RESPONSE TO COVID-19

The all-of-government response to COVID-19 has demonstrated both the speed with which new hazards can develop and the Defence Force's ability to respond to national crises at speed and scale. The Defence Force is currently deploying around 1,200 personnel (including those preparing to deploy and in respite) to a wide range of planning, security, and staff roles as part of Operation PROTECT, making this New Zealand's largest military operation since Timor-Leste.

Concurrent to Operation PROTECT, the Defence Force has maintained its standing domestic and Southern Ocean tasks, upheld international commitments, and supported disaster relief following Tropical Cyclone Harold.

The scale of the commitment to Operation PROTECT has, nevertheless, exposed challenges in both maintaining this operational concurrency and conducting important training activities.

3.2
NEW ZEALAND'S SECURITY INTERESTS IN THE PACIFIC ARE INCREASINGLY CHALLENGED

83. The Pacific is a richly diverse region, and the security challenges for each Pacific country are distinct. There are, nevertheless, commonalities and overall trends that link countries across the "Blue Pacific" continent. The 2018 Boe Declaration describes these challenges: climate change, environmental and resource security, transnational crime and cyber-security. The Declaration also recognised that geopolitical developments were leading the Pacific to be increasingly crowded and complex.

84. These challenges mean that one of New Zealand's critical and most immediate interests – shared with other Pacific and likeminded states – in having a Pacific that is secure and stable is increasingly under threat.

3.2.1
Strategic competition has returned to the Pacific

85. The Pacific region had, for decades, attracted relatively little attention from extra-regional states. This has now changed.

86. In 2019, China publicly announced its intention to increase its military cooperation in the Pacific, as part of its plan for an enhanced global military footprint. China views an increased presence in the Pacific as part of its natural progression towards its global goals, but there are also more specific reasons for Beijing's interest, spanning geopolitical, strategic and economic drivers.

87. A range of other countries are also seeking to increase their Pacific engagement and presence for a variety of reasons, including the United States, Japan, the United Kingdom, France, Indonesia and Russia. This expanded interest means increased crowding, complexity and competition.

88. Pacific countries have their own interests and agency in responding to this increasing competition, and Pacific governments will seek to maintain their sovereign independence as they navigate and respond to the changing environment.

89. In terms of New Zealand's defence and security interests, among the most threatening potential developments would be the following.

- **The establishment of a military base or dual-use facility in the Pacific by a state that does not share New Zealand's values and security interests:** Such a development would fundamentally alter the strategic balance of the region. In addition to crowding out access to limited Pacific infrastructure, such a military facility would enable a greater quantity, quality and diversity of military capabilities to operate in and through the region, as well as potentially supporting grey zone and other activities counter to New Zealand's interests.
- **Extra-regional military-backed resource exploitation:** Military and paramilitary supported resource exploitation (of both fisheries and undersea oil and gas) has increasingly become a feature of activities in the South China Sea, and similar activities could take place in the South Pacific.
- **Military confrontation:** Increasing strategic competition will likely lead to greater chances for military confrontation, by both accident and design, and particularly at sea.
- **Contested responses to security events:** Greater competition for regional influence will increase the potential that a range of states will seek to respond to events, such as natural disasters or internal instability affecting Pacific countries, in ways that are at least incoherent and could be actively contested.

3.2.2

Familiar Pacific security challenges will continue to require New Zealand responses

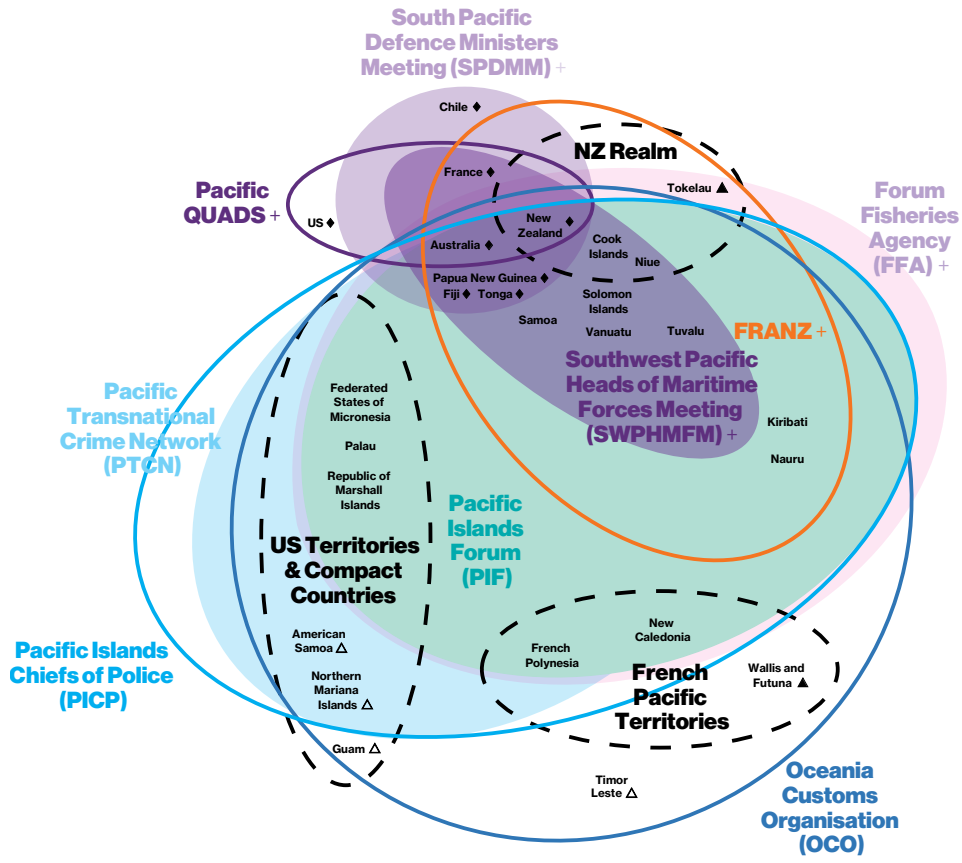
90. Pacific communities hold important local and indigenous knowledge that can enable climate change mitigation and adaptation. But the persistent nature of climate change and the flow-on environmental, social, economic, and health implications are challenging communities across the region. Increasing impacts from climate change will lead to increasing demands for New Zealand and others to assist in preparing for and responding to natural disasters and more incremental hazards.

91. At the same time, COVID-19 has acutely disrupted the industries that Pacific countries typically rely on for their economic wellbeing.

92. The direct and indirect impacts of both climate change and COVID-19 will also intersect with other pre-existing and emerging regional stresses. We expect ongoing, and potentially increasing, discrete security events in Pacific countries that will likely require external support to address, including calls for stability operations.

93. Pacific regional security architecture supports the management of security concerns, but the current arrangements have built up largely organically in response to discrete events and particular interests. They are relatively complex and overlapping, were not developed in anticipation of external actors seeking contradictory objectives, and may not alone be sufficient to manage future security challenges.

Pacific Regional Security Architecture



▲ Tokelau and Wallis and Futuna are associate members of PIF.

△ American Samoa, Guam, Northern Mariana Islands, and Timor Leste are PIF observer countries and territories.

♦ Countries maintaining defence forces

\+ Organisations that include defence participation

Adapted from Advancing Pacific Partnerships 2019, pages 18-19

3.3
ANTARCTICA AND THE SOUTHERN OCEAN ARE LESS DIRECTLY AT RISK, FOR NOW

94. Despite their extreme remoteness and environmental harshness, the Southern Ocean and Antarctica are becoming increasingly strategically important (as is the Arctic), and are changing as a result of climate change and increasing human activity. Antarctica is a potential location for a range of military and security-related activities, notably in relation to space, and both Antarctica and the Southern Ocean are seen by some as potential sources for strategic and natural resources.

95. The various instruments of the Antarctic Treaty, which strongly support New Zealand's interests, commit Contracting Parties to preserving Antarctica exclusively as a place for peace, science and international cooperation. Military activities are prohibited,[9] as are any activities relating to mineral resources other than scientific research; assurance that activities in the region are aligned with these commitments will continue to be important.

96. China has been open about its guiding principles for polar activity ("understand, protect, and use") and has described the continent as part of so-called strategic new frontiers. Russia and China have been increasingly focused on the utilisation of resources, particularly at the Commission for the Conservation of Antarctic Marine Living Resources.

97. Into the future, we anticipate increasing interest and competition in Antarctica and the Southern Ocean, even if for now the situation remains broadly stable.

3.4
THE INDO-PACIFIC IS FACING ACUTE CHALLENGES AND WILL BE INCREASINGLY CONTESTED

98. The Indo-Pacific now sits firmly at the centre of international security challenges. It shares with other regions a range of security risks and threats, including territorial disputes, threats from nuclear weapons and violent extremism, as well as diverse impacts from climate change. But the difference is that the Indo-Pacific is the central global theatre for strategic competition.

3.4.1
The risk of conflict in the Indo-Pacific, both large and small, is real

99. Intensifying strategic competition in the Indo-Pacific, layering on top of existing regional tensions and fault lines, is increasing the potential for confrontation that could escalate to military conflict.

100. Even without strategic intent, the growing numbers and operational proximity of military assets from competing states, coupled with increasingly assertive actions and robust responses, raise the risks of tactical miscalculation leading to unintended conflict. States across the region are continuing to modernise their militaries, developing and deploying new capabilities that, while intended to promote their own security, also increase the costs should conflict occur. But the potential for deliberate action leading to conflict is also real.

101. In terms of New Zealand's interests in the defence and security of the Indo-Pacific, we consider the most significant conflict risks include:
    - Increasing cross-Strait tensions and the potential for military conflict;
    - Maritime incidents and tensions in the South and East China Seas;
    - North Korea's nuclear and missile development; and
    - Conflicts in and through space and cyber-space.

9 New Zealand Defence Force activities in Antarctica are allowed under the Antarctic Treaty as they are undertaken in direct support of scientific research and other peaceful purposes.

3.4.2
Existing regional architectures are not adequately addressing the challenges

102. Regional security architecture across Asia remains relatively underdeveloped to address the challenges facing the region, and the architecture that is in place is largely centred on South East Asia. North Asia lacks its own dedicated security architecture, instead relying largely on bilateral security guarantees provided by the United States.

103. The ASEAN Defence Ministers' Meeting Plus (ADMM-Plus) mechanism (of which New Zealand is a founding member) is valuable for strategic messaging, but it does not have the mandate or infrastructure of other security institutions to deliver more. The management of most crises is left to bilateral engagement. There is little prospect of new regional mechanisms (along the lines of the Organisation for Security Cooperation in Europe – OSCE) developing in coming years to manage growing tensions.

104. New Zealand engagement in the Five Power Defence Arrangements (FPDA) remains an important signal of New Zealand's commitment to the region. The FPDA provides a valuable channel for New Zealand engagement with key ASEAN partners that is expressly focussed on military cooperation and collective security, and reinforces New Zealand's strategic interests in the wider region.

3.5
THE INTERNATIONAL RULES-BASED SYSTEM WILL BE UNDER INCREASING PRESSURE

105. Growing strategic competition will challenge the formal institutions of the international rules-based system traditionally charged with peace and security issues, such as the United Nations Security Council. States may increasingly act to prosecute their interests unilaterally, in small coalitions, or in bespoke groupings in ways that will be at various degrees of alignment with prevailing international norms.

106. Some aspects of the system will continue to be of central importance, however, particularly in relation to dealing with issues on which the world's major players at least broadly agree. Climate change is very likely to be one of these issues.

107. With growing strategic competition, conflicting visions for regional and global orders, and changes in the balance between democratic and authoritarian systems of government, pressure may increase on the alignment of the international rules-based system with its underlying liberal democratic principles. Over coming years and decades, elements of the system may function in ways that are less supportive of New Zealand's values and interests. These tensions will probably be most acutely felt in new and emerging issues, such as in relation to the development of international norms governing state behaviour in space and cyber-space.

108. The international rules-based system will nevertheless remain an important element of the global strategic environment, particularly for liberal democratic states like New Zealand that value multilateralism. It will continue to provide the foundation for international law and norms shaping states' behaviour, even as it increasingly sits alongside other mechanisms by which states interact.

4

SHAPING A MORE ACTIVE DEFENCE POLICY TO RESPOND TO GREATER CHALLENGES

4.1
NEW ZEALAND'S CURRENT DEFENCE POLICY SETTINGS

109. Overall, New Zealand's defence policy settings have remained broadly stable over recent years. In line with New Zealand's overall national security posture, the *Strategic Defence Policy Statement 2018* implicitly continued New Zealand's existing – and long-term – approach to defence policy that centres on risk management, rather than being primarily driven by an explicit strategy focussed on the pursuit of interests.[10]

110. A risk management approach was arguably well suited to New Zealand's strategic environment, in which the international rules-based system provided strong support to New Zealand's values and interests. In this environment, the primary requirement for Defence was to be able to contribute, domestically and internationally, to responding to a wide range of discrete events.

4.2
A DEFENCE POLICY APPROACH FOR A MORE CHALLENGING ENVIRONMENT

111. An approach to defence policy developed for a less threatening world will not necessarily best support New Zealand's national security interests today and into the future. As such, we consider New Zealand's defence policy settings (and national security policy settings more broadly) should be reviewed to ensure Defence is best placed to support the protection and promotion of New Zealand's interests, over both the short and longer terms.

112. In developing this Defence Assessment, we have taken into account the principles developed using the framing concepts provided by the Minister of Defence (see text box). The principles inform both the objectives of New Zealand's defence policy, and the way in which Defence works towards these objectives.

GOVERNMENT'S PRINCIPLES FOR DEFENCE

- **Angitu** (success, effort, striving) – Defence is a combat capable, ready force that delivers high-quality outcomes for New Zealanders at home and abroad; continually assesses the strategic environment in which New Zealand acts; and provides Government with meaningful options for decision-making.
- **Kotahitanga** (unity, togetherness, solidarity, collective action) – Defence prioritises unity of purpose and a shared approach to national security issues; policy is based on the principles of Te Tiriti o Waitangi, in particular partnership and mutual respect; embodies connectedness with New Zealand communities; pursues collective solutions to security challenges; and reflects New Zealand's whanaungatanga / kinship with the Pacific region.
- **Mana / Pono** (influence, prestige, authority; to be true, valid, honest, sincere) – Defence supports New Zealand's reputation and credibility, including by making meaningful and valued contributions to global security; acts with integrity to build and maintain transparency and accountability; and is influential and earns trust.
- **Kaitiakitanga** (guardianship, stewardship, trust) – Defence stewards capabilities for future generations; supports and promotes intergenerational wellbeing and security; and adopts and promotes environmentally sustainable practices.

10 We use the term "risk management", consistent with the *National Security System Handbook*, to mean an approach that aims to build resilience against risks by ensuring a system's ability to respond to and recover from potential adverse events; this is primarily a reactive "means-centred" approach. We use the term "strategy", by contrast, to mean an "ends-centred" approach that seeks to achieve defined policy objectives (the "ends") through the coherent, deliberate and proactive employment (the "ways") of available capabilities (the "means").

4.2.1

A proactive, strategy-led approach to defence policy

113. The principal change we recommend is for New Zealand's defence policy to shift from a risk management-centred approach to one based on a deliberate and proactive strategy, with more explicit – and explicitly prioritised – policy objectives. A more strategy-led approach would better enable Defence – as part of broader national efforts – to pre-empt and prevent, as well as respond to, security threats, and better build resilience against the incremental impacts of climate change and other security challenges.

114. Changing approaches in this way will require more deliberate and rigorous prioritisation of effort, and some hard choices and trade-offs. And a more proactive strategy-led approach would still require Defence to respond to discrete contingencies: such a strategy would incorporate, not preclude, the requirement to maintain capabilities at readiness for situations in New Zealand and offshore. Ministers would still, as now, ultimately determine how Defence capabilities are used.

4.2.2

Defence policy objectives

DEFENCE INTERESTS			
A secure, sovereign and resilient New Zealand	A stable and secure region in which New Zealand has the freedom to act in support of shared interests and values	A strong international rules-based system, centred on multilateralism and liberal democratic values	A strong network of international security relationships, partnerships and alliances

SECURED THROUGH

DEFENCE POLICY OBJECTIVES			
Protecting New Zealand's sovereignty and territorial integrity, and promoting national resilience	Building a secure, stable region comprised of secure and resilient states	Contributing to the maintenance of global security and the international rules-based system	Promoting New Zealand's security through maintaining and contributing to New Zealand's security partnerships

115. In Part 1 of this Assessment we described New Zealand's defence interests. We consider these interests, alongside New Zealand's values, provide a useful framework on which to build explicit defence policy objectives to underpin a more proactive defence strategy. There are many ways in which such objectives could be constructed, but we consider a one-to-one correspondence between interests and objectives provides useful clarity and directness. The table above sets out indicative objectives to guide a more proactive, strategy-led defence policy approach.

116. These objectives are mutually reinforcing: for example, a strong international rules-based system supports New Zealand's sovereignty and territorial integrity. The objectives are also broad, and a meaningful defence policy requires a more granular understanding of the activities that would give effect to them.

4.3
RESPONDING TO IMMEDIATE CHALLENGES: PRIORITISING THE PACIFIC

117. The defence policy objectives set out above require clear and deliberate prioritisation to be achievable. We consider this prioritisation should take into account four key factors:
    - The degree of threat;
    - The significance of the threat to New Zealand's national security and defence interests;
    - New Zealand's responsibility and commitment to act; and
    - The potential impact of Defence activities.

118. New Zealand's defence policy has traditionally considered the relative emphasis given to different geographic theatres, often using a "concentric circles" approach: New Zealand itself; New Zealand's neighbourhood (Antarctica to the South Pacific); the Indo-Pacific (in various guises); and the rest of the world. While not a complete framework, a meaningful defence strategy requires at least some degree of geographic prioritisation.

119. As described in Parts 2 and 3 of this Assessment, challenges to international security and stability are today most acutely expressed in the Indo-Pacific, and in particular in maritime East Asia. The risks of armed conflict are increasing, layered on top of ongoing strategic competition and a range of other security trends and disruptors. These challenges are highly consequential for New Zealand's security and wellbeing.

120. New Zealand Defence contributions to security activities in the Indo-Pacific are important, both for New Zealand directly and more generally. New Zealand's contributions have an important demonstrative effect, support New Zealand's international relationships and standing, contribute to international security efforts, and strengthen the international rules-based system.

121. New Zealand Defence activities can, however, have a much more consequential direct impact on the security of New Zealand's immediate neighbourhood. New Zealand also has a much greater responsibility to act in this region than elsewhere, through constitutional, diplomatic, cultural and other connections and commitments. As described in Parts 2 and 3, New Zealand today faces significant and likely increasing challenges to its interests in this region, and particularly in the South Pacific, from strategic competition, climate change, other complex disruptors, and the immediate and substantial impacts of COVID-19.

122. New Zealand's key defence and security partners, including both Pacific Island countries and extra-regional partners, are also increasingly looking to New Zealand to provide a leading role in pursuing shared security interests in this region, including to enable their own activities.

123. In the past, the Pacific has been considered by New Zealand's defence policy as requiring lower end capabilities suitable for responding to, for example, natural disasters. New Zealand Defence activities in the wider Indo-Pacific or other regions further afield, by contrast, drew on high-end capabilities suitable for more complex operations and higher threat environments. This binary is now being eroded, with a growing need for more sophisticated capabilities in support of New Zealand's Pacific partners.

124. Taking these issues into account, we consider New Zealand's defence policy and strategy should focus on promoting and protecting New Zealand's interests in its immediate region, and in particular in the South Pacific, to include a more explicit emphasis on proactive operations alongside more familiar response activities.

125. An increased priority and focus on New Zealand's neighbourhood will require trade-offs, but does not mean a complete withdrawal of Defence contributions to New Zealand's security interests elsewhere. Continuing to operate and engage outside of New Zealand's immediate neighbourhood, and particularly in the Indo-Pacific, will support New Zealand's international relationships, credibility and influence, and help to ensure Defence remains interoperable with key partners and maintains world-class military capabilities.

4.3.1
Protecting New Zealand's sovereignty and territorial integrity, and promoting national resilience

126. As previously stated in this Assessment, we consider New Zealand does not yet face a direct military threat to the territory of New Zealand itself, and judge that any such threat would only emerge in the context of a major war. New Zealand would very likely require substantial assistance from partner nations to deter or defeat any such military threat (the last such threat was during World War Two). The independent territorial defence of New Zealand should not therefore be the principal driver for New Zealand's defence policy.

127. New Zealand does, however, face real and likely increasing threats to its broader maritime domain, including in relation to its constitutional responsibilities to the Cook Islands, Niue and Tokelau. New Zealand's defence policy settings should therefore enable both proactive and reactive protection of New Zealand's maritime interests.

128. At the same time, Defence capabilities – across both platforms and people – will continue to provide Government with options to respond to a range of national contingencies and to support broader national resilience, with Defence's support to the COVID-19 response as a major current example. We anticipate increasing demands for such Defence assistance to the civil power, including as a result of climate change, but decisions on the employment of Defence in this way will need to take account of competing priorities.

4.3.2
Promoting security and stability in the Pacific

129. New Zealand's defence policy settings have long placed a priority on the Pacific. New Zealand's policy settings have also long recognised that New Zealand's engagement in the Pacific is built on a foundation of relationships, at both institutional and individual levels, with Pacific Island Countries and others. The importance of relationships, within a whanaungatanga context, underpins the approach outlined in the 2018 Defence Assessment *Advancing Pacific Partnerships*, both directly with other Pacific countries and through supporting Pacific regional security architectures.

130. Defence activities to date in the Pacific have largely involved operations, like disaster response and fisheries patrols, that have not typically required high-end military capabilities. Even stability operations have not presented the Defence Force with the types of sophisticated high-threat environments found in other theatres.

131. Increasing strategic competition, however, means a fundamentally different operating context for Defence in the Pacific: one in which the Defence Force will likely face different and more sophisticated threats than have previously been present. This changed environment requires Defence, alongside other agencies, to operate differently and with a clearer focus.

132. We consider promoting and protecting New Zealand's interests in the Pacific should be the highest priority for New Zealand's defence policy. Defence's primary objective in the Pacific should be to proactively work with New Zealand's Pacific partners to build stability and security, as well as responding as required to discrete incidents. In line with the principle of kotahitanga, Defence activities should form part of a broader New Zealand approach, in concert with security partners, to support other Pacific countries' own security and resilience, and to enable Pacific Island countries to deal with climate change, COVID-19 and other security challenges.

133. As strategic competition grows, Defence should work with its Pacific partners to support their resilience and deter activities that could infringe on the freedom of action of Pacific countries.

134. Into the future, in addition to familiar activities such as disaster response and fisheries patrols, Defence activities in the Pacific could include:

- Expanded maritime domain awareness, including patrols in concert with Pacific and other likeminded partners in an increasingly complex and congested strategic space;
- Greater interoperability with partners to counter Illegal, Unreported, and Unregulated fishing;
- Cyber operations to ensure New Zealand, Pacific and other partner systems are defended against increasing cyber threats, including as a part of broader Defence activities; and
- Greater and more persistent Defence support for Pacific partners, including expanded combined training.

4.3.3
Promoting shared security interests with New Zealand's partners

135. Australia remains New Zealand's only formal defence ally, and a key partner in promoting New Zealand's security interests within the region and further afield. The two states share a fundamentally similar view of strategic challenges. The enduring reality is that any direct threat to Australia's security would very likely also put New Zealand's security at risk – including because of the hundreds of thousands of New Zealanders resident in Australia – and could lead to a subsequent direct threat to New Zealand itself.

136. Defence should continue to work with Australia to support shared security interests (notably in the Pacific and Indo-Pacific), and ensure the Defence Force is able to provide a credible and valued contribution to Australia's security. Maintaining interoperability with Australia and undertaking joint operations and exercises also ensures New Zealand Defence can continue to operate at world-class levels, and thereby support New Zealand's broader national security interests.

137. Similar observations can also be made in relation to New Zealand's other key defence and security partners. The United States in particular shares New Zealand's concerns about addressing strategic competition in the Pacific (as elsewhere), and is increasingly focussed on climate change as a national security issue. New Zealand and its security partners, including in particular the other Five Eyes states, France and Japan, can bring substantial capabilities to bear in the Pacific, but these states' collective efforts will be most effective when they are coherent, complementary and appropriate for the region. New Zealand, including Defence, should use its insights and experience in relation to the Pacific to enable its partners to best support both shared security interests and Pacific countries themselves.

4.3.4
Supporting New Zealand's interests in Antarctica and the Southern Ocean

138. New Zealand needs to be prepared for increasing pressure over time on the Antarctic Treaty System, even though today's challenges remain at a relatively low level (at least compared to other regions). Defence should continue to operate in Antarctica and the Southern Ocean, in particular in the Ross Dependency, in support of New Zealand's broader southern interests and in alignment with international agreements and norms of behaviour. In addition to directly delivering effects for New Zealand, operating in this way reinforces those desired international standards.

4.3.5
Contributing to security in the Indo-Pacific

139. The wider Indo-Pacific is a key region for New Zealand's broader interests, and faces both chronic and acute security challenges. New Zealand Defence activities and engagement in this theatre can generate a broad range of benefits.

140. Preparing for and conducting operations in the Indo-Pacific, particularly in higher threat environments and alongside New Zealand's key security partners, also helps to maintain Defence's ability to conduct high-end military operations in other contexts; this in turn supports Defence's credibility, deterrent capacity, and ability to influence the strategic environment more generally.

141. Defence can and should maintain the ability to make materially valuable and internationally credible contributions to addressing Indo-Pacific security challenges, and particularly in South East and North East Asia, in line with New Zealand's interests and values. Where possible, such contributions should take place within a multilateral, notably UN framework, and/or in concert with New Zealand's key security partners. (Defence Force support for North Korean sanctions enforcement – Operation WHIO – is a good example of a Defence activity conducted in the context of a multilateral operation in the Indo-Pacific.)

4.3.6
Supporting global security further afield

142. New Zealand's security interests are in general less directly engaged in areas outside the Indo-Pacific, and as such should receive overall lower priority in terms of shaping defence strategy and capability planning. Defence activities outside the Indo-Pacific should remain, as now, highly discretionary. Such activities, for example New Zealand's long-standing support for global peace support operations, particularly in Africa and the broader Middle East, can nevertheless be helpful in terms of contributing to New Zealand's security partnerships, the strength of the international rules-based system, and Defence's operational effectiveness.

143. Global events can and do intervene, however, and in unexpected ways. Accordingly, Defence should continue to maintain the ability to provide limited contributions to collective security activities in a wide range of theatres, in addition to providing military options to pursue New Zealand's other interests (as with the recent evacuation operations from Afghanistan). Such activities will be more likely to involve smaller, shorter-duration force commitments. These types of activities will also typically rely at least in part on partners to provide enabling activities such as situational awareness and logistics support.

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CONCLUSION

144. New Zealand's strategic environment has worsened significantly over recent years. The threats to New Zealand's security interests posed by strategic competition, climate change and other challenges are sharpening. Rather than continuing with policy settings developed for a more benign environment, New Zealand now requires a new approach. This Assessment argues for an approach to New Zealand's defence policy that is strategy-led, focusses on proactively pursuing New Zealand's key defence interests, and prioritises building a secure and stable region.

145. As a small state in demographic and economic terms, however, New Zealand faces an enduring tension between its need to protect and promote its expansive security interests, and the resources it is willing to commit to doing so. As military inflation and technological change gather pace, New Zealand will be increasingly challenged to maintain military capabilities that are effective, interoperable with key security partners, and can provide credible contributions to collective security operations.

146. Understanding and delivering on a more proactive, strategy-led approach to defence policy requires a more comprehensive review of New Zealand's overall defence policy settings, to explicitly set out Government's defence policy objectives and the strategy, capabilities and resources needed to achieve them, over both the shorter and longer terms. This defence policy work will need to address the challenge of promoting New Zealand's expansive security interests with a small military.

147. Even ahead of this work, we judge that capabilities to deliver presence, awareness and response in and through the maritime domain will be critical, as will the ability to operate within communities to support Pacific Island partners to develop their own security capabilities and respond to shared challenges.

148. At the same time, the Defence Force will need to maintain capabilities that can deliver credible military effects both independently and as part of broader international efforts. These capabilities will be increasingly crucial to Defence's ability to deter, and respond to, activities in New Zealand's region, and are central to Defence's international reputation and influence. A capable Defence Force is fundamental to New Zealand's capacity to maintain independence in its defence policy, enabling sovereign decision making on when and where to apply military effects in New Zealand's national interest.

149. Shaping New Zealand's defence policy as we have recommended in this Assessment will most effectively enable Defence to operate independently and with partners to promote New Zealand's security interests, and enable Defence to be a constructive and valued partner to New Zealand's neighbours in the Pacific. Despite the challenges outlined in this Assessment, he moana pukepuke e ekengia e te waka: a rough sea can still be navigated.

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