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What should Australia do about...

PRC activities in the South Pacific?

by Michael Wesley

Over the past two decades, the interest and presence of the People's Republic of China (PRC) in the South Pacific has increased considerably. Using measures similar to those it has deployed in Africa, South Asia and Southeast Asia, Beijing has proclaimed an ambition to promote "South-South cooperation" in the South Pacific. It has provided considerable aid to states across Melanesia, Micronesia and Polynesia, and significant numbers of PRC economic migrants have settled there over the past decades.

The PRC's motives are complex. It continues to seek to dislodge Taiwan's remaining diplomatic partners. The growing presence of the PRC in the region is also partly a consequence of the growth of its economy and the expansion of its economic interests. But there are also compelling strategic reasons drawing Beijing towards the region. The PRC's attention will have been drawn to the route through the South Pacific as an alternative to that through an increasingly contested Southeast Asia for its energy supplies from the Gulf. But this new route would require protection with its own naval presence.¹

Australia has reacted to the PRC's growing role with increasing alarm. The prospect of the region being militarised brings potentially serious consequences. However, Australia has failed to convince Pacific Island leaders to reduce their cooperation with the PRC, which allows them to balance pressures from Australia and its allies. To maintain its influence in the South Pacific, Australia must listen to – and engage genuinely with – the concerns of the region, most pressingly on climate change.

Securing Australian interests

Ensuring that the South Pacific and Southeast Asia remain free of hostile interests is the second highest priority (after defending the Australian landmass) in Australia's defence policy. The 2016 Defence White Paper warned that "Australia cannot be secure if our immediate neighbourhood including . . . Pacific Island Countries becomes a source of threat to Australia".

Australia is right to be concerned about the PRC's motives and activities in the South Pacific. If Beijing does harbour ambitions to build military-capable ports in the region, it raises the prospect – with potentially serious negative consequences – of militarising a region that has been largely de-militarised since Western powers ceased their atomic testing there. Introducing great power rivalries into the region could destabilise some of the fractious domestic politics at play in some Pacific Island countries. Already there are signs that public opinion in Cook Islands, Niue, Papua New Guinea, Vanuatu, Solomon Islands and Fiji is at odds with these governments' close and supportive relations with Beijing.² Continued PRC migration will likely lead to deepening resentment among local populations, who believe Chinese migrants are dominating local economies and businesses.

There is also the prospect that different perspectives on the PRC will introduce rifts into regional institutions, eroding the general solidarity among Pacific Island countries that has developed on issues such as the Blue Pacific strategy. Indeed, the recent walk-out at the Pacific Islands Forum (PIF) by the Micronesian states shows how fragile this solidarity can be.



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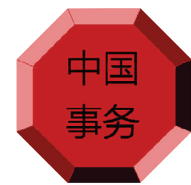
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Responding to these concerns, as well as its US ally's growing sense of alarm about the PRC's activities in the South Pacific, Canberra announced its "Pacific Step-Up" in September 2016. This is ostensibly a step-change in the way Australia engages with the Pacific Islands region. The associated measures include switching over half of Australia's bilateral aid program towards the Pacific Islands region; a \$2 billion Infrastructure Financing Facility for the region; telecommunications infrastructure; investment in renewable energy and climate resilience; and investment in transnational security training and fusion capabilities. While the Pacific Step-Up signals the importance of the region to Australia, in its current form it will not achieve its objective of forestalling growing PRC influence in the South Pacific.

The South Pacific's stiffening resolve

The PRC has demonstrated its ambition for South-South cooperation in the South Pacific in the form of aid and trade. According to one estimate, the PRC has provided aid worth more than \$2.1 billion to Papua New Guinea, Fiji, Vanuatu, Samoa and Tonga since 2010. This assistance has mainly taken the form of grants and loans for infrastructure, communications, mining and forestry, and health and education.³ The PRC's trade with the South Pacific quadrupled between 2007 and 2017, making it the region's largest trading partner at \$10.6 billion, well ahead of Australia's \$6.5 billion.⁴ Beijing's South-South diplomacy has also been in full swing, with three heads-of-state summits held between PRC and Pacific Island leaders, in 2006, 2014 and 2018, and in 2019 the PRC persuaded Solomon Islands and Kiribati to switch recognition from Taiwan.

Top 5 Donors of Aid Spent (left) and Committed (right) in the Pacific 2010-2018



Source: The Lowy Institute, Pacific Aid Map
N.B. Data for 2019 and 2020 has not been reported for all donors and is incomplete. 2018 is the latest year of comprehensive aid data from all donors.

Most Pacific Island leaders refuse to buy in to claims from Australia – as well as New Zealand and the US – that the PRC's growing role represents a threat to the region. Many are justly wary of Cold War manoeuvring as a prelude to neo-colonial interventions: in the words of the Samoan Prime Minister, "we are again seeing invasion and interest in the form of strategic manipulation".⁵

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Pacific Island leaders reject the notion of having to choose between traditional metropolitan partners and the PRC, preferring to deal with all interested parties at the same time. They see the PRC's engagement as an opportunity for the region, providing "access to markets, technology, financing, infrastructure [and] access to a viable future".⁶ The competitive responses of Australia, New Zealand and the US have seen unprecedented levels of aid and investment flow into the South Pacific. Unsurprisingly, many of the governments there are delighted.

Underlying the resolve of Pacific Island countries is a new determination to exercise much greater agency in deciding the fate of their region. They are unwilling to acquiesce in great powers' attempts to determine their fate for them, as has occurred in the past. Pacific Island leaders have conceived of the region as the Blue Pacific, which counters the narrative of smallness, fragility and remoteness. It focuses instead on the region's rich oceanic resources and represents the region as "large, connected and strategically important".⁷ This speaks to a refusal to be overlooked in conversations about the regional order, as the Pacific Island countries were in earlier conversations concerning the Asia-Pacific. As enunciated by the Deputy Secretary General of the PIF, "what matters to this region is our own collective ambition to define our place".⁸



The new assertiveness of the Pacific Island countries has also resulted in a different framing of security concerns. The PIF has eschewed the logic of great power competition, instead focusing on climate change, resource depletion and transnational crime as the main threats to its members.

In September 2018 the PIF adopted the Boe Declaration, elevating climate change as “the single greatest threat to the livelihoods, security and wellbeing of the peoples of the Pacific”. In so doing, the leaders of Pacific Islands countries have refused to allow Australia and New Zealand to shape the collective objectives of the region, as they previously did in relation to free trade and state fragility, or to permit Canberra and Wellington to mute the Pacific Islands’ voice in advocating for urgent action on climate change in global forums. As Solomon Islands Prime Minister Manasseh Sogavare admitted, the PRC option provides Pacific Island countries the confidence to push back against Canberra and Wellington when necessary.⁹

Canberra’s policy challenges

This combination of factors means that, despite its Pacific Step-Up, Australia finds itself with arguably the lowest levels of influence and authority in the South Pacific since the mid-1980s. Even though it is a member and the main funder of the PIF, Canberra is increasingly isolated in the face of an assertive Pacific Islands membership, which has seen increased levels of solidarity around the pressing concern of climate change. Australia’s passive stance on climate change and its role as a major producer and exporter of coal and gas are major sources of estrangement from Pacific Island countries. Hosting his Australian counterpart, the Fijian Prime Minister said “from where we are sitting, we cannot imagine how the interests of any single industry can be placed above the welfare of Pacific people [and] vulnerable people in the world over”.¹⁰

Australia is right to be concerned about the PRC’s growing presence in the South Pacific, but its policy response is too transparently focused

on countering the PRC. Australia must adapt its policy on the region in several ways to look beyond strategic competition with the PRC.

First, Canberra must highlight the values that Australia and its Pacific neighbours share. By adopting a Blue Pacific rather than a Cold War framing, Australia will decrease perceptions of its apartness and neo-colonial impulses, and increase its influence at this critical time. Second, Australia should avoid directly countering the PRC’s initiatives with its own (particularly on infrastructure). Doing so simply lends credibility to the PRC’s role as a long-term development partner in the region. Third, Australia’s policy framing must avoid obvious competition with the PRC. This will help avoid cynical attempts by Pacific Island governments to bid up proposals and counter-proposals to gain the maximum advantage.

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There is no need to frame Australia’s Pacific Islands strategy in anti-PRC terms. Canberra should be aware of the disquiet in the region about the PRC’s growing role. This occurs among the general public of certain countries, and occasionally in statements such as that from Tongan Prime Minister Akilisi Pohiva in 2018 about Pacific Island countries’ ability to repay PRC loans.¹¹ Antagonism towards Chinese migrants is real and enduring, and there is growing awareness of the PRC’s repression of Christian minorities. The bullying tactics of PRC diplomats at recent PIF and Asia-Pacific Economic Cooperation (APEC) summits have resonated broadly across the region. The PRC’s long-distance fishing fleets, its demands for non-sustainable resources such as hardwood and its status as the world’s largest carbon emitter are attributes that are deeply threatening to the Boe Declaration’s interests.

Recommendations

- Australia should drop mention of PRC concerns from its Pacific Islands policy. It should be ready, if asked, to help build the capacities of Pacific Island countries to deal pragmatically with a more diverse set of international partners – including the PRC.
- Australia should engage genuinely with the security framing and imperatives of the Boe Declaration. This will mean taking more determined action on climate change and signalling the phasing out of fossil fuel production and exports. It must also work in partnership to promote key aspects of the Declaration – solidarity, resilience and the assertion of the interests of Pacific Island countries.
- Australia should build on its existing advantages in the South Pacific – the longevity of its involvement, the popular goodwill towards Australians and the legacy of broad Australia–Pacific Islands links.
- Australia should review its restrictive visa policies on Pacific Islanders’ travel to Australia, which continue to create ill will. It should retain and expand the Pacific Labour Mobility scheme.
- Canberra should consider investing more heavily in education and skills development in the South Pacific, aiming to create a broad cadre of Australian alumni into the future.
- Australia should continue to support Pacific Island countries in addressing the health, social and economic costs of the COVID-19 pandemic. It should help to reinvigorate the tourism industry in the region by joining the South Pacific Tourism Organisation.
- Australia should also pledge to provide surplus vaccines directly to Pacific Island countries and to provide logistics capabilities to support the vaccine rollout there, potentially through the Australian Defence Force (ADF) or ADF Reserves.



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This policy brief is published in the interests of advancing a mature discussion on how Australia should manage the PRC's activities in the South Pacific. Our goal is to inform government and relevant business, educational and nongovernmental sectors on this and other critical policy issues.

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