

# The Militarisation of China in the Pacific: Stepping Up to a New Cold War?<sup>1</sup>

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## Introduction

In Australia, the volume of commentary on the implications of China’s foreign policy, especially in the South Pacific,<sup>2</sup> is increasing exponentially while simultaneously narrowing in focus. Commentary is concentrating on geopolitics, while the perspectives of Pacific specialists that reflect more closely on Pacific conditions and the agency of Pacific leaders are being sidelined and this may ultimately be at the detriment to the sustainability of the government’s Pacific ‘Step Up’. Two interconnected trends are becoming clear:

First, assumptions about China’s motivations are becoming orthodoxies and in the process China’s actions are being militarised. Militarisation relates to a tendency to interpret threats through a military security lens and to prescribe military solutions to counter them.<sup>3</sup> Militarisation narrows the object of security to focus on state security in relation to threats from other states while devaluing non-traditional perspectives, such as human and environmental security where the referent object being secured is not delimited by state sovereignty. This means that China’s activities in the South Pacific are viewed as a strategic threat to Australia that is best countered through military means while the non-military security concerns of Pacific Island countries (PICs), such as climate change, are frequently overlooked.

Militarisation involves declaratory policy statements, media commentary and operational commitments. Militarisation can be seen in both how China’s actions are routinely interpreted and in Australia’s foreign policy responses to them. Militarism is evident in a range of activities from the optics of the Prime Minister’s policy announcement of this “New Chapter” in Pacific relations in front of Australia’s Ready Deployment Force at Lavarack Barracks in Townsville, to the increases in rotational deployments of ships and aircraft as part of the Pacific Maritime Security Programme, the gifting of new patrol boats to PICs, the sale of defence equipment, and the upgrading and development of regional bases such as Manus Island in Papua New Guinea and Black Rock in Fiji. Defence

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1 This article has its genesis in a paper presented to the *How does the ‘Pacific’ fit into the ‘Indo-Pacific’? The changing geopolitics of the Pacific Islands’ Workshop* held at the ANU in June 2019. I am grateful to the editors and two anonymous referees for their comments on an earlier draft. As always, any errors or omissions are entirely my own.

2 The focus on this paper is Australia’s foreign policy toward the South Pacific, but it is commonplace in government documents and media commentary to refer to the Pacific and this convention is used where relevant.

3 Anna Stavrianakis and Jan Selby (eds), *Militarism and International Relations: Political Economy, Security, Theory* (London: Routledge, 2012).

cooperation works to meet Pacific needs in relation to humanitarian assistance and disaster relief (HADR) and also achieve strategic denial by reinforcing Australia's White Paper strategy of maintaining its position as a "security partner of choice".

The military aspects of the 'Step Up' should not be overstated, but the point is that this is an outcome of the militarised tone in the commentary where Canberra's defence cooperation with the Pacific is viewed as a direct counter to China. Headlines highlighting the China threat are commonplace while Australia's longstanding and extensive Regional Aid Program's focus on governance, gender and climate resilience hardly rates a mention. Similarly, the role of economic and social aspects of the 'Step Up', such as the \$2 billion Australian Infrastructure Financing Facility (AIFF), and 'people to people' links through education and seasonal worker schemes, in maintaining Australia's regional influence are underestimated by this commentary, further reinforcing militarisation.<sup>4</sup>

Second, militarisation is in part a consequence of a lack of debate between strategists and Pacific specialists and narrow media reportage. A curious 'non-debate' exists between, on the one hand, Australian defence strategists and, on the other hand, Australian Pacific specialists<sup>5</sup> who see two quite different South *Pacifics*. Strategists tend to view the Pacific primarily as a venue for geostrategic contest, while Pacific specialists view the Pacific in terms of history, geography and identity. These two *Pacifics* exist parallel to one another and co-exist temporally, but involve very different etymologies. The first Pacific is a potential battlespace where external powers compete for relative advantage. The other Pacific is a seascape dotted with isolated islands populated by diverse peoples endeavouring to maintain traditional ways of living while engaging with the globalised economy. The differences in vantage is exemplified in the juxtaposition between the evolution of the 'Indo-Pacific' moniker as both a geographic entity and grand strategy,<sup>6</sup> and the development of the 'Blue Pacific' as an expression of PIC interests in the face of external powers who are increasingly viewing the Pacific through a geopolitical lens.<sup>7</sup> It must be noted that this essentialised description of strategists and Pacific specialists has elements of caricature, but this is a device used to highlight the dominance of militarised views in public commentary.

Much of the commentary in Australia now emphasises the strategists' view of the Pacific, and increasingly discusses militarised 'worst-case' scenarios. Numerous declaratory statements, such as the 2017 Foreign Policy White Paper acknowledge the possibility of cooperation with China, but much of the recent media commentary on 'debt traps' and bases in the Pacific emphasises strategic competition. This diminishes both the government's longstanding 'soft power' approach to Pacific policy that is evidenced in the

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4 'Stepping-up Australia's Engagement with Our Pacific Family', Department of Foreign Affairs and Trade, <[dfat.gov.au/geo/pacific/engagement/Pages/stepping-up-australias-pacific-engagement.aspx](http://dfat.gov.au/geo/pacific/engagement/Pages/stepping-up-australias-pacific-engagement.aspx)> [Accessed 4 January 2019].

5 The term 'Pacific specialists' is used throughout to denote the academic and practitioners from history, development studies, area studies, international relations, anthropology, geography, etc. which have a primary focus on the Pacific.

6 US Department of Defense, *Indo-Pacific Strategy Report: Preparedness, Partnerships and Promoting a Networked Region* (Washington DC: Department of Defense, 2019); <[media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT-OF-DEFENSE-INDO-PACIFIC-STRATEGY-REPORT-2019.PDF](http://media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT-OF-DEFENSE-INDO-PACIFIC-STRATEGY-REPORT-2019.PDF)> [Accessed 3 August 2019].

7 Wesley Morgan, 'The Indo-Pacific and the Blue Pacific', *Devpolicy Blog*, Development Policy Centre, ANU, 22 August 2018, <[www.devpolicy.org/the-indo-pacific-and-the-blue-pacific-20180822/](http://www.devpolicy.org/the-indo-pacific-and-the-blue-pacific-20180822/)> [Accessed 22 August 2018].

non-militarised aspects of the ‘Step Up’ and also overshadows the non-traditional security interests of PICs that Australian development assistance has historically focused on. While China may become a military threat to Australian interests, this is not yet inevitable and policy options should not be limited by binary thinking. Of equal importance is ensuring that Australian foreign policy does not inadvertently act against Australia’s long-term strategic interests in the South Pacific, and a further aim of this article is to highlight that rushing to militarise China in the Pacific may in fact alienate PIC leaders who are focused on non-military threats such as climate change. Involving Pacific specialists more closely in policy debates may provide insights into how to engage the threat perceptions of PICs in ways that achieve both their and Australia’s interests.

### *An Important Caveat: China May Become a Military Threat to Australia in the Pacific, But This Is Not Inevitable*

At the outset it must be clear that China may very well become a military threat to Australia in the Pacific. China has increasingly displayed belligerence in the South China Sea (verging on revisionism in relation to the liberal ‘rules-based order’) and this is compounded by a lack of transparency in dealing with other states with legitimate concerns about its behaviour. China may not be interested in engaging as a responsible global citizen and it may in fact pose a threat to Australia in the future, but the point is to acknowledge that at this juncture this is far from certain and it would be a strategic miscalculation to hasten this possible future through Cold War style framing.<sup>8</sup> Presently Beijing is doing little to dissuade strategists from drawing militarised conclusions and more work needs to be done to understand Chinese intentions, but this paper is concerned with the interpretation of China’s Pacific foreign policy.

A key aim of this article is to highlight that much of the commentary is already treating China as a threat and that this narrative may narrow policy options. This article does not assume that China’s behaviour is benign, but equally does not seek to hasten the potential for strategic miscalculation that is possible if commentary is blinkered. The aim is to identify a dynamic of non-debate that potentially constrains opportunities to engage with China’s interests in the South Pacific, which could mean that the China threat scenario ultimately becomes a self-fulfilling prophecy. As such, this article reflects on how Australian media commentary is responding to China during this delicate diplomatic era and argues that greater balance needs to be struck between taking account of worst-case scenarios and keeping open the potential for alternative futures.

### *Two Parallel Pacifics in the Minds of Strategists, Academics and Practitioners*

There is general agreement amongst Australian policymakers, analysts and commentators about the geography and characteristics of the South Pacific, but there are two parallel *Pacifics* with respect to security. The prime question that separates these two *Pacifics* is whose security is being secured and why? Subsidiary questions include does Pacific

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8 John Gaddis, *The Cold War* (London: Penguin, 2007).

security include the day-to-day wellbeing of Pacific Islanders? Does it include the threat perceptions of PICs themselves? Does it refer to metropolitan powers with interests in the South Pacific? Does it refer to the interests of great powers who can compete in the Pacific?

Australian strategists rightfully focus on Australia's security in the Pacific. Since before Federation Australian threat perceptions have prompted a militarised 'strategy of denial' in the proximate area of primary strategic concern. These threat perceptions are so manifest that they form a key plank in Australia's strategic culture<sup>9</sup> and through this lens the South Pacific is akin to Australia's Monroe Doctrine or Sphere of Influence.<sup>10</sup> Militarisation reflects the perceived interests of Australia as a metropolitan power and its great power allies and competitors. This is why Canberra routinely identifies military threats to Australia emanating from or through the Pacific. As such Australia's longstanding 'strategy of denial' rightfully serves its strategic interests, but it must be acknowledged that it might either not serve the interests of PICs, or if 'strategic denial' does serve PICs, they may not necessarily perceive it that way. Other aspects of Australia's Pacific foreign policy that build Australia's 'soft power', such as the extensive aid and development program resonate with PICs but they are de-emphasised by the militarised commentary. In an era of increased geopolitical rivalry where PICs are demonstrating growing confidence and independence, appearing to overlook their interests in relation to the threat of climate change, which they perceive as existential and connected to Australia's fossil fuel driven development path, may actually be counter to Australia's long-term strategic interests.

This situation reflects debates amongst International Relations academics over the significance of the referent object of security and the conditions under which it can be achieved.<sup>11</sup> From a theoretical standpoint militarisation can be seen as a Realist counter reaction to the broadening of security agendas supported by the Copenhagen School, whereby the contested political nature of security threats is meaningfully obscured by attempts to elevate them into an apparently objective characteristic of national security.<sup>12</sup> Broadening security agendas to include issues such as climate change can dilute the traditional focus on national security and subverts orthodoxies about the central place of military force in foreign policy. In practice, strategists focused on geostrategic contest often view security and stability in the South Pacific as a condition required to achieve Australia's security, while Pacific specialists more likely view the South Pacific through the lens of the security of Pacific Islanders themselves. So, in Australia there are two lenses through which analysts and commentators view the South Pacific, one primarily focuses on Australia's interests in the Pacific and the other concentrates on the interests of Pacific Islanders themselves.

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9 Adam Lockyer and Michael Cohen, 'Denial Strategy in Australian Strategic Thought', *Australian Journal of International Affairs*, vol. 71, no. 4 (August 2017), pp. 423-39; Michael O'Keefe, 'Teaching Australian Foreign Policy through the Lens of Strategic Culture', *Australian Journal of International Affairs*, vol. 73, no. 6 (2019).

10 'Australia to Have a Monroe Doctrine', *New York Times*, 1 June 1918, p. 9, <[www.nytimes.com/1918/06/01/archives/australia-to-have-a-monroe-doctrine-hands-off-all-the-southern.html](http://www.nytimes.com/1918/06/01/archives/australia-to-have-a-monroe-doctrine-hands-off-all-the-southern.html)> [Accessed 2 December 2019]; Merze Tate, 'The Australasian Monroe Doctrine', *Political Science Quarterly*, vol. 76, no. 2 (1961), pp. 264-84.

11 Barry Buzan, *People States and Fear: An Agenda for International Security Studies in the Post-Cold War Era* (Boulder, CO: Lynne Rienner, 1991), p. 26; David Baldwin, 'The Concept of Security', *Review of International Studies*, vol. 23 (1997), pp. 5-26.

12 Barry Buzan, Ole Waever and Jaap de Wilde, *Security: A New Framework for Analysis* (Boulder, CO: Lynne Rienner, 1998).

The dynamic of two *Pacifics* will be illustrated through two case studies, namely the rumoured Chinese military base in Vanuatu and China's so-called 'debt trap' diplomacy. The first case study tests the strategic aspects of debates in relation to militarisation, while the second explores the securitisation of aid as political influence, both of which are framed by the government and media as potentially undermining Australia's strategic interests.

## "Islands Still Matter" for the US, China and Australia (Strategically and Geopolitically)

There are legitimate grounds for Canberra to be concerned about China's foreign policy in the South Pacific. China's Sea Denial strategy in the South China Sea would be greatly strengthened by forward positioning of forces as the United States currently does in Guam and Diego Garcia.<sup>13</sup> From a strategic standpoint this is the key significance of discussions of Chinese bases in the South Pacific, which is outside of China's so-called Second Island Chain. This approach to achieving or maintaining supremacy has a long history in maritime strategy and it resonates throughout the writings of Alfred Mahan and Halfred Makinder.<sup>14</sup> US strategists note that China's militarisation of the South China Sea islets "represents an extremely rare case in history of a nation altering inconvenient facts of geography in its favour",<sup>15</sup> and if this strategy was extended to the South Pacific it would directly threaten Australian and US interests.

An assumption in much of the commentary in Australia is that China's strategy in the South China Sea can be transposed onto the South Pacific.<sup>16</sup> If China acquired military bases in the South Pacific, and the maritime capabilities to sustain them, the Chinese military may be able to break out of the Second Island Chain. This worst-case scenario would represent a significant strategic challenge to the United States and Australia because the security of sea lanes of communication (SLOC) through the Pacific are taken for granted in Australia's strategic outlook.<sup>17</sup> If China was able to sustain a military base in the South Pacific this would create a Third Island Chain which would require Australia to acquire maritime capabilities that could quickly neutralise bases making them redundant in time of war.<sup>18</sup> However, it is not clear that the conditions in the South China Sea and South Pacific are similar enough to warrant transposing China's strategy, and the most

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13 Andrew Erickson and Joel Wuthnow, 'Barriers, Springboards and Benchmarks: How China Conceptualises the Pacific "Island Chains"', *The China Quarterly*, vol. 225 (2016), pp. 1-22.

14 Alfred Mahan, *The Influence of Sea Power on History: 1660-1783* (Boston: Little Brown, 1890); Halfred Makinder, 'The Geographical Pivot of History', *Geographical Journal*, vol. 23, no. 4 (1904), pp. 421-37.

15 Andrew S. Erickson and Joel Wuthnow, 'Why Islands Still Matter in Asia: The Enduring Significance of Pacific "Island Chains"', *The National Interest*, 5 February 2016, <nationalinterest.org/feature/why-islands-still-matter-asia-15121> [Accessed 15 August 2018].

16 Ewen Levick, 'Is China Using Its South China Sea Strategy in the South Pacific?', *The Strategist*, Australian Strategic Policy Institute, 18 June 2019, <www.aspistrategist.org.au/is-china-using-its-south-china-sea-strategy-in-the-south-pacific/> [Accessed 25 June 2019].

17 During the Cold War Australia (and NZ) were allotted responsibility for keeping SLOCs open in time of war. Sea Power Centre—Australia, 'The History of The Radford-Collins Agreement', *Semaphore*, no. 15 (November 2007), <www.navy.gov.au/media-room/publications/semaphore-november-2007> [Accessed 30 October 2019].

18 Thomas G. Mahnken, Travis Sharp, Billy Fabian and Peter Kouretsos, *Tightening the Chain: Implementing a Strategy of Maritime Pressure in the Western Pacific* (Washington DC: Centre for Strategic and Budgetary Assessments, 2019).

significant difference is that rather than exaggerating a tenuous historical claim to get a foothold on an isolated islet Beijing has to convince a PIC or PICs to host a base that it can militarise and use to threaten the United States and Australia.

This worst-case scenario planning assumes three conditions, all of which need to be analysed in far greater depth before accepting the inevitability of a Cold War style containment policy in the Pacific. First, it is assumed that China's intent is to set up a military base that would represent an aggressive escalation in the current stand-off with the United States over the South China Sea. Second, it is assumed that a PIC or PICs can be influenced to allow such a military base to be set up (and that this would most likely occur through some form of insidious undue influence). Third, it is assumed that such a base would pose a significant threat, reflecting longstanding strategic anxieties about potentially hostile powers acquiring a foothold in the region from which to threaten Australia. As the renowned strategist and architect of the 1987 Defence White Paper Paul Dibb put it: "The fact is that attacks on Australia of an intensity and duration sufficient to be a serious threat to our national way of life would be possible only by forces with access to bases and facilities in our immediate neighbourhood."<sup>19</sup>

There is no doubt that it is prudent to prepare capabilities to counter the development of a potential foreign base in the Pacific, as Hugh White notes, and this might be easier than preventing the development of the base in the first place.<sup>20</sup> However, this worst-case scenario should not overshadow the non-militarised options that are and can be used to engage with the non-military security interests of Pacific Islanders. It is not necessarily the intention of strategists to narrow options, but this is often the result of the tendency toward bifurcation in much of the Australian commentary on the South Pacific. The media treatment of the rumoured Chinese Luganville Wharf development in Vanuatu as a military base is a case in point. When is a wharf a base? It is simply a wharf until a whole range of conditions are met, including exclusive access, sovereign rights etc., and it's not clear that the wharf was even a proposal, let alone anything more than an upgraded dual use facility like any other wharf in the Pacific.

## The Media and Militarisation

While government declaratory policy has focused on sovereignty and 'debt traps', until mid-2018 it assiduously avoided mentioning China. For instance, in February 2018 Prime Minister Turnbull declined to identify China as a threat and noted that "we don't see the region through what is frankly and out of date Cold War prism".<sup>21</sup> That changed in June 2018, when the then Foreign Minister Julie Bishop declared that Australia would "compete" with China to fund infrastructure in the Pacific. This change in rhetoric had

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19 Paul Dibb, 'If China Builds a Military Base in Vanuatu, What Are the Implications for Australia's Defence Planning?' *The Strategist*, Australian Strategic Policy Institute, 14 April 2018, <[www.aspistrategist.org.au/china-builds-military-base-vanuatu-implications-australias-defence-planning/](http://www.aspistrategist.org.au/china-builds-military-base-vanuatu-implications-australias-defence-planning/)> [Accessed 27 November 2019].

20 Hugh White, 'Australia Must Prepare for a Chinese Base in the Pacific', *The Guardian*, 15 July 2019, <[www.theguardian.com/world/commentisfree/2019/jul/15/australia-must-prepare-for-a-chinese-military-base-in-the-pacific](http://www.theguardian.com/world/commentisfree/2019/jul/15/australia-must-prepare-for-a-chinese-military-base-in-the-pacific)> [Accessed 3 December 2019].

21 David Crowe, 'Malcolm Turnbull Says China Does Not Present a "Threat" to Australia', *Sydney Morning Herald*, 22 February 2018, <[www.smh.com.au/politics/federal/malcolm-turnbull-says-china-does-not-present-a-threat-to-australia-20180222-p4z177.html](http://www.smh.com.au/politics/federal/malcolm-turnbull-says-china-does-not-present-a-threat-to-australia-20180222-p4z177.html)> [Accessed 22 February 2018].

been partly driven by the media, which has become increasingly alarmist in its portrayal of the consequences of China's increased presence in the region. For example, when PM Morrison visited the Solomon Islands in June 2019 he pledged that Australia would devote \$259 million to urgent projects. The headline in *The Age* reporting his visit was: 'Scott Morrison Promises \$250m to Stave Off China's Pacific Growth'.<sup>22</sup> Similarly, Australia's success in reversing a deal with China to build a submarine cable to the Solomon Islands was explained by the headline: 'How an Australian Spy Stopped China from Growing Internet Influence [sic] South Pacific'.<sup>23</sup> The reportage on Australia's support for Fiji's Black Rock Humanitarian Assistance and Disaster Response base highlighted the urgency of strategic denial in Australia's policy with a headline 'Australia Beats China to Funding Fiji Base' and the article noted that Australia "outbid China to secure the rights as the sole foreign donor".<sup>24</sup> Increasingly, media reportage presents Australia's policy 'Step Up' in the region in the context of strategic contest.<sup>25</sup>

While the government is not responsible for news headlines it does influence them through declaratory policy statements and through back briefing. For instance, Freedom of Information releases in relation to the alleged Chinese base in Vanuatu highlight the DOD's messaging. All the background briefing points relate to defence cooperation and activities and the clear message repeated often was that any base would be "a grave concern" for Australia, reflecting the long strand of Australian strategic thinking about the region. No part of the government's media strategy queried the veracity of the rumour, which is a significant omission that raises questions about whether the government knew more than was reported. Indeed, there was debate over whether to use the word "great" or "grave" to describe Canberra's concern; the PM's initial doorstep used the former and then later statements used the more powerful "grave".<sup>26</sup>

Of course, the media is not simply driven by government messaging, but also responds to public opinion. Portrayals of a geopolitical contest with China in the Pacific also has a receptive audience due to the enduring nature of these threat paradigms to readers, as reflected in public opinion. According to the 2019 Lowy Poll, 46 per cent of respondents think China will become a military threat to Australia in the next twenty years and this sentiment is rising (up from 41% in 2009).<sup>27</sup> Australians also think it highly likely (77%) Australia will be drawn into a war between the United States and China.<sup>28</sup> Exaggerated

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22 Chris O'Keefe, 'Scott Morrison Promises \$250m to Stave Off China's Pacific Growth', *The Age*, 2 June 2019, <[www.smh.com.au/world/oceania/australia-to-fund-250m-worth-of-projects-in-the-solomon-islands-20190602-p51tov.html](http://www.smh.com.au/world/oceania/australia-to-fund-250m-worth-of-projects-in-the-solomon-islands-20190602-p51tov.html)> [Accessed 3 June 2019].

23 Matt Young, 'How an Australian Spy Stopped China from Growing Internet Influence in South Pacific', news.com.au, 13 June 2018, <[www.news.com.au/technology/online/security/how-an-australian-spy-stopped-china-from-growing-internet-influence-south-pacific/news-story/4eb83151f54c66a50917a95096015666](http://www.news.com.au/technology/online/security/how-an-australian-spy-stopped-china-from-growing-internet-influence-south-pacific/news-story/4eb83151f54c66a50917a95096015666)> [Accessed 13 June 2018].

24 Primrose Riordan, 'Australia Beats China to Funding Fiji Base', *The Australian*, 7 September 2019, <[www.theaustralian.com.au/nation/defence/australia-beats-china-to-funding-fiji-base/news-story/60d05ca8eb2bec629080c2c844255bbd](http://www.theaustralian.com.au/nation/defence/australia-beats-china-to-funding-fiji-base/news-story/60d05ca8eb2bec629080c2c844255bbd)> [Accessed 21 September 2018].

25 Katharine Murphy, 'Scott Morrison to Reveal \$3bn in Pacific Funding to Counter Chinese Influence', *The Guardian*, 8 November 2018, <[www.theguardian.com/australia-news/2018/nov/08/scott-morrison-to-reveal-3bn-in-pacific-funding-to-counter-chinese-influence?CMP=Share\\_iOSApp\\_%E2%80%A6](http://www.theguardian.com/australia-news/2018/nov/08/scott-morrison-to-reveal-3bn-in-pacific-funding-to-counter-chinese-influence?CMP=Share_iOSApp_%E2%80%A6)> [Accessed 12 November 2018].

26 Department of Defence, 'China in the Pacific Briefing Notes and Emails', FOI 385/17/18, Canberra, 10 April 2018.

27 Alex Oliver, *2018 Lowy Institute Poll* (Sydney: Lowy Institute, 20 June 2018), pp. 10, 12.

28 Fergus Hanson, *2009 Lowy Institute Poll* (Sydney: Lowy Institute, 13 October 2009), p. 8; Oliver, *2018 Lowy Institute Poll*, pp. 10, 12.



threats are an enduring theme in Australian foreign policy as is a threat from the ‘north’, so the media is faithfully representing attitudes widely held in the community. As with worst-case scenarios, these fears may find a basis in China’s future behaviour, but the binary nature of much of the reporting (especially in the broadsheets) makes it difficult for opportunities for broader analysis of China’s motives, the agency of PICs and Australia’s foreign policy options to receive public attention.

The current militarisation of the Pacific in the media is not a new trend, with Pacific specialists such as Graeme Smith arguing against the simplification of ‘myths’ in reportage on China in the Pacific.<sup>29</sup> But the intensity has increased exponentially, prompting responses from Pacific specialists such as Terence Wood’s ‘How to Avoid Overstating China’s Aid to the Pacific, a Primer to Journalists’.<sup>30</sup> There is also pointed criticism from some commentators of the dominance of security intelligence agencies in the development of policy toward China and the influence of an increasingly influential “dystopian world view” of think tanks.<sup>31</sup> The two parallel *Pacifics* are clearly on display as there are diverse possibilities that would be revealed if Pacific specialists were brought into mainstream media to add nuance to commentary and develop a robust debate,<sup>32</sup> but the overwhelming current of thought amongst strategists reported in the media is of increased military threat. Of course strategic analysts necessarily focus on strategy but the dominance of these perspectives in media reporting is crowding out the input of Pacific specialists leading to a non-debate.

## Pacific Islanders Matter for Australia’s Strategy of Denial

“Australia does not see our region through a narrow lens of strategic competition.”  
Frances Adamson, Secretary, DFAT, Shangri-La Dialogue.<sup>33</sup>

Islands still matter strategically, but the non-debate is continuing a longstanding division between those in Canberra who see an ‘Arc of Instability’ in the South Pacific and those who see an ‘Arc of Opportunity’.<sup>34</sup> This is not new, and it has played out in

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29 Graeme Smith, ‘The Top Four Myths about China in the Pacific’, *The Interpreter*, Lowy Institute, 18 November 2014, <[www.lowyinstitute.org/the-interpreter/top-four-myths-about-china-pacific](http://www.lowyinstitute.org/the-interpreter/top-four-myths-about-china-pacific)> [Accessed 28 January 2015].

30 Terence Wood, ‘How to Avoid Overstating China’s Aid to the Pacific, a Primer for Journalists’, *Devpolicy Blog*, Development Policy Centre, ANU, 19 June 2019, <[www.devpolicy.org/how-to-avoid-overstating-chinas-aid-to-the-pacific-a-primer-for-journalists-20190619/](http://www.devpolicy.org/how-to-avoid-overstating-chinas-aid-to-the-pacific-a-primer-for-journalists-20190619/)> [Accessed 25 June 2019].

31 Tony Walker, ‘Australia Has a China Problem and We Can’t Leave it to Faceless Spooks’, *The Age*, 16 June 2019, <[www.theage.com.au/world/asia/australia-has-a-china-problem-and-we-can-t-leave-it-to-faceless-spooks-20190614-p51xpx.html](http://www.theage.com.au/world/asia/australia-has-a-china-problem-and-we-can-t-leave-it-to-faceless-spooks-20190614-p51xpx.html)> [Accessed 16 June 2019].

32 See for instance, Tess Newton-Cain, *Walking the Talk: Is Australia’s Engagement with the Pacific a ‘Step up’ or a Stumble?*, Cairns Institute Policy Paper (Cairns: Cairns Institute, 2018) <<https://www.cairnsinstitute.jcu.edu.au/walking-the-talk/>> [Accessed 20 November 2018]; Pichamon Yeophantong and Luke Fletcher, ‘Why Australia Shouldn’t Overreact to China in the Pacific’, *Australian Outlook*, Australian Institute of International Affairs, 29 April 2019, <[www.internationalaffairs.org.au/australianoutlook/australia-shouldnt-overreact-china-pacific/](http://www.internationalaffairs.org.au/australianoutlook/australia-shouldnt-overreact-china-pacific/)> [Accessed 29 April 2019].

33 Frances Adamson in ‘Strategic interests and Competition in the South Pacific’, 18th Asia Security Summit, IISS Shangri-La Dialogue, Singapore, 1 June 2019, <[www.iiss.org/events/shangri-la-dialogue/shangri-la-dialogue-2019](http://www.iiss.org/events/shangri-la-dialogue/shangri-la-dialogue-2019)> [Accessed 3 July 2019].

34 Joanne Wallis, *Pacific Power? Australia’s Strategy in the Pacific Islands*, (Melbourne: Melbourne University Publishing, 2017); Joanne Wallis, ‘The South Pacific: “Arc of Instability” or “Arc of Opportunity”?’ *Global Change, Peace & Security*, vol. 27, no. 1 (2015), pp. 39-53.



several Australian interventions in the Pacific,<sup>35</sup> but the intensity is increasing as the lens through which Chinese activities are viewed alters from interest to alarm. The Morrison government's 'Step Up' itself has significant economic and social aspects, but for every reasonable declaratory policy statement focused on development or 'people to people' links or direct denials of strategic posturing as with Adamson's statement above, there is commentary that is reminiscent of the Cold War. For example, Peter Jennings noted that "Morrison's decision to embrace a 'Pacific step-up' strategy creates the basis for pushing back against China's 'we win, you lose' approach".<sup>36</sup> Similarly Andrew Hastie, Chair of the Parliamentary Joint Committee on Intelligence and Security, has warned of the dangers of appeasement in the lead-up to World War Two by comparing China to Nazi Germany.<sup>37</sup> Pacific specialist commentators are not well represented in the media but they have noted the increased militarisation of Australian foreign policy toward the South Pacific. For instance, militarisation has been described as putting a "Khaki Tinge" on the whole strategy.<sup>38</sup>

Australia is threatened by worst-case scenarios of Chinese militarisation in the Pacific, but this does not mean that these threat perceptions are shared with Pacific Islanders. It also does not mean that PICs welcome Australian militarisation to counter China. Of course foreign policy should aim to achieve Australia's national interests, but a distinguishing feature of Australia's 'soft-power' approach has been described as 'vuvale' or family which involves assumptions about reciprocity that can be contrasted with China's more transactional approach. As such, a key element of the 'Step Up' is the defence of Pacific sovereignty, as defined by Australia, but Canberra's view of China's insidious influence may not be recognisable to PICs. As Samoan Prime Minister Tuilaepa Malielegaoi noted about Australia's containment strategy, "their enemies are not our enemies".<sup>39</sup>

For Pacific Island leaders the referent object of security is the human security of Pacific Islanders and the culture and environment which is the source of their identity and sustainment. If the object of security is the livelihood and wellbeing of Pacific Islanders, then climate change is an "existential" threat.<sup>40</sup> Despite the shift in declaratory policy toward a sense of family or 'vuvale' relations in the 'Step Up', climate change remains a key barrier to Australia being seen as a member of the Pacific family. Many Pacific leaders have not looked kindly on Australia's stance on climate change or the use of the 'Pacific

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35 Michael O'Keefe, 'Australia's Intervention in Its Neighborhood: Sheriff and Humanitarian?', in C. A. J. Coady and Michael O'Keefe (eds), *Righteous Violence, The Ethics and Politics of Humanitarian intervention* (Melbourne: Melbourne University Press, 2005), pp. 75-98.

36 Peter Jennings, 'A New Cold War Will Force Changes in Australian Behaviour', *The Strategist*, Australian Strategic Policy Institute, 18 June 2019, <[www.aspistrategist.org.au/a-new-cold-war-will-force-changes-in-australian-behaviour/](http://www.aspistrategist.org.au/a-new-cold-war-will-force-changes-in-australian-behaviour/)> [Accessed 25 June 2019].

37 Andrew Hastie, 'We Must See China—the Opportunities and the Threats—Clearly', *Sydney Morning Herald*, 8 August 2019, <[www.smh.com.au/politics/federal/we-must-see-china-the-opportunities-and-the-threats-with-clear-eyes-20190807-p52eon.html](http://www.smh.com.au/politics/federal/we-must-see-china-the-opportunities-and-the-threats-with-clear-eyes-20190807-p52eon.html)> [Accessed 16 August 2019].

38 Wesley Morgan, question at Panel 5: 'How Can Australia Ensure That Its 'Step-up' Advances Its Strategic Interests in the Pacific Islands?', *Pacific Geopolitics Workshop*, 6-7 June 2019 (Canberra: Australian National University, 7 June 2019). <[dpa.bellschool.anu.edu.au/news-events/podcasts/audio/6959/pacific-geopolitics-workshop-how-can-australia-ensure-its-step](http://dpa.bellschool.anu.edu.au/news-events/podcasts/audio/6959/pacific-geopolitics-workshop-how-can-australia-ensure-its-step)> [Accessed 1 August 2019].

39 'Their Enemies Are Not Our Enemies: Pacific Nations Won't Join Stand against China', *The Australian*, 15 August 2019.

40 Frank Bainimarama, 'Prime Minister Hon. Voreqe Bainimarama's Remarks at the PIDF Plenary Session on Governance and Institutional Issues', Fijian Government, Nadi, 30 July 2019, <[www.fiji.gov.fj/Media-Centre/Speeches/PRIME-MINISTER-HON-VOREQE-BAINIMARAMA-S-REMARKS-AT](http://www.fiji.gov.fj/Media-Centre/Speeches/PRIME-MINISTER-HON-VOREQE-BAINIMARAMA-S-REMARKS-AT)> [Accessed 1 July 2019].

Solution’ to solve its unauthorised immigration challenges.<sup>41</sup> For instance, Solomon Islands PM Darcy Lilo rebuffed Australia’s requests to set up an offshore processing centre and noted that “you cannot invent something in Australia and say that is the Pacific solution. That’s wrong” and Fiji’s Foreign Minister Inoke Kubuabola said that the proposal to “dump” asylum seekers in the Pacific was “inconsiderate, prescriptive, high-handed and arrogant”.<sup>42</sup> A militarised Australian response to China akin to the Cold War could be similarly viewed by PICs as in Australia’s interests, when they are more focused on human security threats posed by climate change.

Climate change provides a chasm in the development of shared security interests and the gulf only widens with regular rumours of Australian attempts at watering down regional declarations, such as occurred recently with the Boe Declaration or 2019 Pacific Islands Forum Communiqué.<sup>43</sup> Fiji’s Prime Minister Frank Bainimarama captured the regional sentiment on climate change well, when he noted:

Australia is siding with what I call the coalition of the selfish—those industrialised nations which are putting the welfare of their carbon-polluting industries and their workers before our welfare and survival as Pacific Islanders.<sup>44</sup>

The Pacific has agency when facing Australia and is not as entranced by Chinese aid as Canberra might assume. Pacific leaders are more confident in identifying and pursuing their interests than ever. The ‘Blue Pacific’ is an expression of the collective agency that Pacific Island leaders possess: “inspiring ‘us all’ to value the strategic potential of the region, and to act together from a position of strength”,<sup>45</sup> and this agency should not be underestimated. In the last decade, there has been a growing confidence and intellectual leadership amongst Pacific leaders, which has been coined the “New Pacific Diplomacy”.<sup>46</sup> Central to this shift is a much clearer focus on defining security interests through a Pacific lens. Therefore, while caution needs to be exercised in transposing external strategic outlooks onto the Pacific seascape, even greater caution is needed when factoring the agency of South Pacific leaders into analysis. PIC leaders are more confident facing donors/development partners to channel aid to suit their preferences but

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- 41 Joanne Wallis and Steffen Dalsgaard, ‘Money, Manipulation and Misunderstanding on Manus Island’, *The Journal of Pacific History*, vol. 51, no. 3 (2016), pp. 301-29; Joanne Wallis, ‘Is China Changing the “Rules” in the Pacific Islands?’, *The Strategist*, Australian Strategic Policy Institute, 18 April 2018, <[www.aspistrategist.org.au/china-changing-rules-pacific-islands/](http://www.aspistrategist.org.au/china-changing-rules-pacific-islands/)> [Accessed 15 February 2019].
- 42 AAP, ‘Solomons PM Rejects Taking Asylum Seekers’, *news.com.au*, 6 August 2013, <[www.news.com.au/world/breaking-news/solomons-pm-rejects-taking-asylum-seekers/news-story/198e08ccb7ddaca8783421cd4a03c25b](http://www.news.com.au/world/breaking-news/solomons-pm-rejects-taking-asylum-seekers/news-story/198e08ccb7ddaca8783421cd4a03c25b)> [Accessed 14 January 2020].
- 43 Stephen Dziedzic, Michael Walsh and Jack Kilbride, ‘Australia Signs Declaration on Pacific Climate “Threat”, Islands Call on US to Return to Paris Deal’, *ABC News*, 7 September 2018, <[www.abc.net.au/news/2018-09-05/australia-and-pacific-nations-sign-climate-security-declaration/10204422](http://www.abc.net.au/news/2018-09-05/australia-and-pacific-nations-sign-climate-security-declaration/10204422)> [Accessed 13 February 2019]; Michael O’Keefe, ‘Pacific Island Nations Will No Longer Stand for Australia’s Inaction on Climate Change’, *The Conversation*, 16 August 2019, <[theconversation.com/pacific-island-nations-will-no-longer-stand-for-australias-inaction-on-climate-change-121976](http://theconversation.com/pacific-island-nations-will-no-longer-stand-for-australias-inaction-on-climate-change-121976)> [Accessed 16 August 2019].
- 44 Rowan Callick, ‘Fiji’s Bainimarama Blasts Australia’s “Coalition of the Selfish”’, *The Australian*, 7 May 2015, <[www.theaustralian.com.au/nation/world/fijis-bainimarama-blasts-australias-coalition-of-the-selfish/news-story/a49a7be2d33585cea3bb48174a006424](http://www.theaustralian.com.au/nation/world/fijis-bainimarama-blasts-australias-coalition-of-the-selfish/news-story/a49a7be2d33585cea3bb48174a006424)> [Accessed 3 August 2019].
- 45 Dame Meg Taylor, ‘A Rising China and the Future of the “Blue Pacific”’, *The Interpreter*, Lowy Institute, 15 February 2019, <[www.lowyinterpreter.org/the-interpreter/rising-china-and-future-blue-pacific](http://www.lowyinterpreter.org/the-interpreter/rising-china-and-future-blue-pacific)> [Accessed 1 July 2019]; Pacific Islands Forum, *Forum Communiqué*, Forty-Eighth Pacific Islands Forum, Apia, 5-8 September 2017, <[www.forumsec.org/wp-content/uploads/2018/02/Final\\_48-PIF-Communique\\_2017\\_14Sep17.pdf](http://www.forumsec.org/wp-content/uploads/2018/02/Final_48-PIF-Communique_2017_14Sep17.pdf)> [Accessed 1 July 2019].
- 46 Greg Fry and Sandra Tarte (eds.), *The New Pacific Diplomacy* (Canberra: ANU Press, 2015).

this does not mean that China is gaining influence. This is evident in domestic criticisms over the efficacy of aid and utility of projects such as the twelve-lane freeway in Port Moresby.<sup>47</sup> As such, in a competition for influence Australia's ambitions for a 'Step Up' could be thwarted from within the region itself. This points to the fact that Canberra needs to listen to PIC leaders, lest the 'Step Up' stumbles.<sup>48</sup>

## Aid, 'Soft Power' and China's Influence in the South Pacific

China did not appear on Australia's Pacific radar until well into the 2000s, as armed stability operations in the Solomon Islands and regional integration dominated the agenda.<sup>49</sup> In his seminal 2007 work, *Asia in the Pacific: Replacing the West*, Ron Crocombe highlighted a shift in influence to many Asian countries, with Japan the focus at that time.<sup>50</sup> Twenty years later strategic competition between Australia and China is increasingly open and aid is being used as a key platform for both, but it would be an overstatement to suggest that China in replacing the West (Australia).

As noted earlier, significant differences are evident in the commentary between Pacific specialists who primarily see the Pacific in terms of history, geography and identity, versus the strategists who primarily see the Pacific as a venue for geostrategic contest. There has been a significant increase in Chinese aid to the Pacific since 2006, but there are differences of opinion over the relevance of this aid in relation to both influence (that speaks to those who view the Pacific as a venue for geopolitics) and efficacy (which is more relevant to those who focus on the welfare of Pacific Islanders). Furthermore, there are also credible reasons to treat China's recent commitments with scepticism because grand announcements have not always been followed through in the past.<sup>51</sup> The nuance is lost in much of the Australian media and strategic commentary, where the securitised view that aid equates to influence dominates.<sup>52</sup> As such, Australia's relative position is perceived to have been weakened by China and so the increase in aid to the Pacific, including infrastructure aid, in the 'Step Up' is often treated as a welcome counter to rising Chinese influence.<sup>53</sup>

An underlying assumption connected to assertions about Chinese aid is that it represents a form of 'soft power' that can be converted into influence.<sup>54</sup> However, this assumption should be questioned because soft power cannot be bought and requires an endearing sense of attraction to shared norms of behaviour.<sup>55</sup> Australia exercises considerable 'soft

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47 Yeophantong and Fletcher, 'Why Australia Shouldn't Overreact to China in the Pacific'.

48 Newton-Cain, *Is Australia's Engagement with the Pacific a 'Step up' or a Stumble?*

49 Derek McDougal, 'Insecurity in Oceania: An Australian Perspective', *The Round Table*, vol. 96, no. 391 (August 2007), pp. 415-27.

50 Ron Crocombe, *Asia in the Pacific: Replacing the West* (Suva: University of the South Pacific, 2007).

51 Wood, 'How to Avoid Overstating China's Aid to the Pacific'.

52 Stephen Dziedzic, 'Chinese Influence Drives Australia's Multi-Billion-Dollar Pivot to the Pacific', *ABC News*, 9 November 2018, <[www.abc.net.au/news/2018-11-09/australia-pacific-funding-pivot-after-china-enters-region/10479286](http://www.abc.net.au/news/2018-11-09/australia-pacific-funding-pivot-after-china-enters-region/10479286)> [Accessed 3 December 2019].

53 'Morrison's Mission to Rebuff China', *The Australian*, 27 May 2019.

54 Zhiqun Zhu, *China's New Diplomacy: Rationale, Strategies and Significance* (Burlington: Ashgate Publishing, 2010), pp. 139-64.

55 Joseph S. Nye, *Soft Power: The Means to Success in World Politics* (New York: Public Affairs, 2004); Bates Gill and Yanzhong Huang, 'Sources and Limits of Chinese "Soft Power"', *Survival*, vol. 48, no. 2 (2006), pp. 17-36.

power' in the South Pacific based on proximity, enduring historical links and a sense of affinity that is not openly apparent in transactional relations between China and PICs. In contrast, influence can be bought, but it is far more fleeting and unpredictable. This is clearly evident in the chequebook diplomacy over recognition of Taiwan which saw Kiribati and Solomon Islands shift allegiance to China in September 2019. How analysts envisage 'debt traps' will play out is illustrative. China's:

debt diplomacy is another lever with dual purposes. It wins China temporary kudos in Pacific states, while simultaneously countering Canberra's aspirations of improving Pacific development by saddling tiny island nations with unaffordable loans. When the debts become crippling, they will afford Beijing another opportunity to niggle Canberra by offering debt relief in return for something that will frustrate Australian plans, or inflict a burden of debt relief on Australia.<sup>56</sup>

The majority of Chinese aid is not gifted and is in fact concessional lending. The critique is that these concessional loans are often unsustainable because they would fail tests of probity and profitability and that, when repayment is due, PICs will face extreme debt pressure. This debt distress has already played out in Tonga, but the question of how loans are converted into influence remains. The salient point that is largely ignored by analysts is that Chinese loans with deferred payment plans meet the political needs of Pacific leaders. The focus of commentary is almost exclusively on China's political motive, but analysis should not ignore the agency of Pacific Island leaders in requesting loans or accepting unsolicited loans (and also that they are implicated in any decisions that are unsustainable). The assumption amongst strategists is that outside pressures almost exclusively influence geopolitics in the Pacific and the growing confidence of Pacific leaders to engage as active participants in achieving their national interests is almost always obscured or devalued.<sup>57</sup>

China is focused on the Belt and Road Initiative elsewhere, such as Africa, and the commercial basis of activities there may be more relevant to the Pacific than a singular focus on geopolitical competition.<sup>58</sup> In contrast to the focus on political motives, there is a strong argument to be made that Chinese loans have been made based on a range of considerations including their commercial basis rather than as simply a political tool. Therefore the loans need to be repaid.<sup>59</sup> Defaulting on loans is not a favourable option in the global financial system, so the debt-laden PICs of this 'debt trap' worst-case scenario would be forced to find some other means of repaying them, or of securing an extension/remission of debt. However, China's role in this scenario is more complex than often portrayed. In general PICs do have rising debt burdens, and while China is implicated, it is only a major debtor in a few PICs, such as Tonga.<sup>60</sup> Before the 2018 Pacific Islands Forum,

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56 Fergus Hanson, 'Are We Being Played in the Pacific?', *The Strategist*, Australian Strategic Policy Institute, 10 September 2018, <[www.aspistrategist.org.au/are-we-being-played-in-the-pacific/](http://www.aspistrategist.org.au/are-we-being-played-in-the-pacific/)> [Accessed 1 July 2019].

57 Michael O'Keefe, 'The Strategic Context of the New Pacific Diplomacy', in Greg Fry and Sandra Tarte (eds), *The New Pacific Diplomacy* (Canberra: ANU Press, 2015).

58 For Africa see Deborah Brautigam, 'Crony Capitalism: Misdiagnosing the Chinese Infrastructure Push', *The American Interest*, 4 April 2019, <[www.the-american-interest.com/2019/04/04/misdiagnosing-the-chinese-infrastructure-push/](http://www.the-american-interest.com/2019/04/04/misdiagnosing-the-chinese-infrastructure-push/)> [Accessed 18 July 2019].

59 Denghua Zhang, 'Chinese Concessional Loans Part 2—Pacific Indebtedness', *DPA In Brief*, 2018/29, (Canberra: Department of Pacific Affairs, Australian National University, 2019).

60 Rohan Fox and Matt Dornan, 'China in the Pacific: Is China Engaged in "Debt Trap Diplomacy"?', *Devpolicy Blog*, Development Policy Centre, ANU, 8 November 2018, <[www.devpolicy.org/is-china-engaged-in-debt-trap-diplomacy-20181108/](http://www.devpolicy.org/is-china-engaged-in-debt-trap-diplomacy-20181108/)> [Accessed 11 November 2018].

Tonga did call for PICs to unite to leverage China for repayment extensions, but there was a cold response. This approach reflects the very different levels of indebtedness to China in the region, as Tonga's debt distress was not generalisable. Ultimately Tonga received a second five-year extension, deferring the question of unsustainability and opening up the criticism that China now has the opportunity to leverage Tonga for influence. However, beyond the battle for diplomatic recognition with Taiwan, finding concrete evidence of a susceptibility to nefarious influence is challenging.

A robust methodology for measuring 'influence' has not been developed to analyse the 'debt trap'. The inability to disaggregate activities that might simply relate to influence peddling in relation to China's core interest of limiting the recognition of Taiwan,<sup>61</sup> and the presumably more insidious attempt to influence PICs to outmanoeuvre Australia and its allies in the Pacific is a gap in strategic commentary that is being tentatively addressed by Pacific specialists. As it stands, there is little evidence that China has been able to create an environment where Pacific leaders or peoples are reflexively inclined to view China positively as would be required to achieve Nye's conception of 'soft power'.<sup>62</sup> A recent Australian Strategic Policy Institute (ASPI) report on *Chinese Influence in the Pacific Islands* found that China is not achieving great return on its Pacific investments in this regard.<sup>63</sup> There has been a long history of chequebook diplomacy over recognition of Taiwan that had achieved some success, but this has not been replicated in other policy areas, where a high level of instrumentalism persists amongst pragmatic Pacific leaders, which accords with the literature on the role of local elites.<sup>64</sup> Furthermore, there is some evidence that overt attempts to influence Pacific leaders can actually be counterproductive with respect to the attitudes of Pacific citizenry toward them and China.<sup>65</sup>

An additional important criticism of the 'debt trap' argument is the agency and rationality it assumes exists in the delivery of Chinese loans and aid. This is how it can be characterised as a nefarious attempt to leverage influence. However, Pacific specialists have noted that China's aid bureaucracy is far less coordinated than most commentary assumes and that it can actually be internally competitive,<sup>66</sup> especially when projects supported by provincial governments are factored in, as in the case of Guangdong. Despite the large sums of loans committed<sup>67</sup> it is not clear that there is anything like a coherent strategy to bankrupt PICs. It would be imprudent to completely discount the possibility, but equally it should not be treated as the certainty portrayed in most of the 'debt trap' literature. If not, then this devalues claims of insidious behaviour and may point to the immaturity and inexperience in China's foreign aid activities. It may be in fact that the unsustainable debt burden ascribed to Chinese loans is actually a result of the lack of coordination between

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61 Denghua Zhang, 'China's Diplomacy in the Pacific: Interests, Means and Implications', *Security Challenges*, vol. 13, no. 2 (2017), pp. 32-53.

62 Michael O'Keefe, 'Why China's "Debt-Book Diplomacy" in the Pacific Shouldn't Ring Alarm Bells Just Yet', *The Conversation*, 17 May 2018, <[theconversation.com/why-chinas-debt-book-diplomacy-in-the-pacific-shouldnt-ring-alarm-bells-just-yet-96709](http://theconversation.com/why-chinas-debt-book-diplomacy-in-the-pacific-shouldnt-ring-alarm-bells-just-yet-96709)> [Accessed 17 May 2018].

63 Richard Herr, *Chinese Influence in the Pacific Islands*, ASPI Special Report (Canberra: Australian Strategic Policy Institute, April 2019).

64 Geoffrey Bertram, "'Sustainable Development" in Pacific Micro-economies', *World Development*, vol. 14, no. 7 (1986), pp. 809-22.

65 Herr, *Chinese Influence in the Pacific Islands*.

66 Merriden Varrall, 'Understanding China's Approach to Aid', *The Interpreter*, Lowy Institute, 12 January 2018, <[www.lowyinstitute.org/the-interpreter/understanding-chinas-approach-aid](http://www.lowyinstitute.org/the-interpreter/understanding-chinas-approach-aid)> [Accessed 12 January 2018].

67 Fox and Dornan, 'Is China Engaged in "Debt Trap Diplomacy"?'.

Chinese lenders themselves and between Chinese and other lenders, because as noted debt distress undermines the underlying commercial basis for loans and is unlikely to deliver ‘soft power’ returns. As Merriden Varrall notes, a word of caution is needed as “China’s development record in the Pacific is mixed. But this should not be confused with China being nefarious.”<sup>68</sup> So much so that often ‘China’ should probably be put in inverted commas because it may not function with anywhere near the unified voice that is assumed in the militarising commentary.

The focus on the insidious potential of the ‘debt trap’ has narrowed analysis and it may actually be that China is learning from previous mistakes and criticisms from states such as Australia. China has deferred loan repayments in recent years, including \$50 billion in 2018, and in the case of states such as Tonga, it has deferred payment twice. Research from the investment sector notes that “actual asset seizures are a very rare occurrence”.<sup>69</sup> This does not seem like the act of a monolithic state seeking leverage through accelerating the indebtedness of vulnerable states. If it is possible that China is more driven by economic than strategic interests then “it would be premature—if not misguided—to treat current Chinese behaviour in the region as a ‘premeditated’ provocation towards Australia”.<sup>70</sup> Canberra’s interest in strategic denial is being robustly messaged and if China acted in a manner that directly targeted these interests, such as to create a military base, then this would be a provocation, but Chinese aid does not meet the threshold to be considered a provocation.

The question of unsustainability of loans highlights the narrow way that ‘aid as influence’ can be viewed if commentary is focused on the Pacific as an arena of geopolitical contest. The efficacy of Chinese aid, rather than the geopolitical influence it might gain should be the focus of critique, and there are plentiful examples of this in the development literature. Prior to the militarisation of China’s activities in the South Pacific, Matthew Dornan, Denghua Zhang and Philippa Brant provided the following analysis:

EXIM Bank loans to the Pacific have been used to fund both productive as well as less productive infrastructure, ranging from investment in roads, government communication systems, and ports, to government buildings. There has typically been limited economic analysis of such projects. Funding of ongoing costs related to operation and maintenance of infrastructure has also not been considered. This has resulted in the rapid deterioration of infrastructure.<sup>71</sup>

This analysis coincided with rising criticism from PICs in relation to the unsustainability of some Chinese infrastructure projects (e.g. importing Chinese labour and materials) with little emphasis on local capacity building. Since then, more attention has been given to analysing the effectiveness of these projects and the results are mixed.<sup>72</sup> It may be

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68 Varrall, ‘Understanding China’s Approach to Aid’.

69 Agatha Kratz, Allen Feng and Logan Wright, *New Data on the “Debt Trap” Question* (New York: Rhodium Group, 29 April 2019).

70 Yeophantong and Fletcher, ‘Why Australia Shouldn’t Overreact to China in the Pacific’.

71 Matthew Dornan, Denghua Zhang and Philippa Brant, ‘China Announces More Aid, and Loans, to Pacific Island Countries’, *Devpolicy Blog*, Development Policy Centre, ANU, 13 November 2013, <[www.devpolicy.org/china-announces-more-aid-and-loans-to-pacific-islands-countries-20131113-2/](http://www.devpolicy.org/china-announces-more-aid-and-loans-to-pacific-islands-countries-20131113-2/)> [Accessed 1 July 2019].

72 Jonathan Pryke, ‘The Bad—and Good—of China’s Aid in the Pacific’, *The Interpreter*, Lowy Institute, 11 January 2018, <[www.lowyinstitute.org/the-interpreter/bad-and-good-china-aid-pacific](http://www.lowyinstitute.org/the-interpreter/bad-and-good-china-aid-pacific)> [Accessed 21 August 2019].



that this development studies' analysis, and PIC responses to many Chinese projects, actually highlight the limits of the Chinese ability to convert loans/aid into influence. Further evidence of this may also be found from the Chinese themselves, who may be improving the quality of projects, but with commercial rather than strategic interests in mind. If pressure from PICs themselves is shaping China's aid program, then again we should not underestimate the agency of PIC leaders.

The then Foreign Minister highlighted Australia's role in defending the Pacific from the threat to sovereignty posed by foreign 'debt traps'.<sup>73</sup> Julie Bishop noted that "we want to ensure that they retain their sovereignty ... and are not trapped into unsustainable debt outcomes. The trap can then be a debt-for-equity swap and they have lost their sovereignty."<sup>74</sup> The Australian government and media are constructing this threat perception through a process of securitisation; China's 'irresponsible' lending becomes a threat that PICs cannot defend themselves from and this means that they need Australian intervention on their behalf. The threat to PIC sovereignty then becomes a military threat to Australia due to the claim that China could leverage bases from debt distressed PICs. This securitisation speaks to the threat perceptions in Australia, but it may not be as welcome to PICs concerned about climate change, and may not be as effective in countering Chinese influence as other instruments of 'soft power' that form part of the 'Step Up', but are under-emphasised in the media-reporting.

## The Chinese 'Non-base' in Vanuatu

Beyond influence, the widely posited assumption behind the 'debt trap' critique is that China can coerce a recipient state to pay a 'tribute' to Beijing by ceding local assets when it cannot pay back its debts. The Hambantota port in Sri Lanka is often quoted as an example of how this could come to pass.<sup>75</sup> However, it remains a commercial port rather than a military base, just as the Port of Darwin has not been militarised since a Chinese company took over the long-term lease in 2015. China does have one overseas military base in Djibouti that it set up in 2017 after negotiating with the heavily indebted government but it is also situated across the city from a much larger US base. The Hambantota port seems a compelling case, but it is a single example and it is not clear both whether it reflects a Chinese strategy and also whether it is applicable to the Pacific. However, much of the strategic commentary in Australia noted the Hambantota example as a possibility for Vanuatu:

A Beijing-funded wharf in Vanuatu that is struggling to make money is big enough to allow powerful warships to dock alongside it, heightening fears the port could be converted into a Chinese naval installation.<sup>76</sup>

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73 David Wroe, 'Australia Will Compete with China to Save Pacific Sovereignty, Says Bishop', *The Age*, 18 June 2018, <[www.smh.com.au/politics/federal/australia-will-compete-with-china-to-save-pacific-sovereignty-says-bishop-20180617-p4zm1h.html](http://www.smh.com.au/politics/federal/australia-will-compete-with-china-to-save-pacific-sovereignty-says-bishop-20180617-p4zm1h.html)> [Accessed 19 June 2018].

74 Ibid.

75 Malcolm Davis, 'Going Forward to Manus', *The Strategist*, Australian Strategic Policy Institute, 21 September 2018, <[www.aspistrategist.org.au/going-forward-to-manus/](http://www.aspistrategist.org.au/going-forward-to-manus/)> [Accessed 21 September 2018]; Brahma Chellaney, 'China's Creditor Imperialism', *The Strategist*, Australian Strategic Policy Institute, 21 December 2017, <[www.aspistrategist.org.au/chinas-creditor-imperialism/](http://www.aspistrategist.org.au/chinas-creditor-imperialism/)> [Accessed 21 September 2018].

76 David Wroe, 'The Great Wharf from China: Raising Eyebrows Across the Pacific', *Sydney Morning Herald*, 11 April 2018, <[www.smh.com.au/politics/federal/the-great-wharf-from-china-raising-eyebrows-across-the-pacific-20180411-p4z8yu.html](http://www.smh.com.au/politics/federal/the-great-wharf-from-china-raising-eyebrows-across-the-pacific-20180411-p4z8yu.html)> [Accessed 11 April 2018].



In April 2108 Fairfax broke a story from a leaked source claiming that China was in negotiations with Vanuatu to set up a naval base. The story described the base as a “globally significant move that could see the rising superpower sail warships on Australia’s doorstep”.<sup>77</sup> The story was syndicated and quoted widely leading to alarmist analyses.<sup>78</sup> Official denials by Vanuatu (and China) were ignored when the then Prime Minister Malcolm Turnbull released an uncharacteristic warning to Vanuatu (and China); “We would view with great concern the establishment of any foreign military bases in those Pacific Island countries and neighbours of ours.”<sup>79</sup> This sounded much like the megaphone diplomacy that has led to claims of Australian heavy handedness in the past. At the time of writing no base has materialised. It could be that no base was proposed or that Australia’s protestations dissuaded Vanuatu (and China) from proceeding, but the general public is not likely to ever know the truth. However, the impression in the media was that the crisis was averted.

To date the worst-case scenario has dominated commentary. As one analyst put it:

Chinese-owned ports and airports could eventually facilitate a forward presence for the PLA Navy and Air Force in the maritime air approaches to Australia’s eastern seaboard. That would fundamentally change our strategic circumstances for the worse as key population centres would come under direct threat in wartime.<sup>80</sup>

The rumours of a Vanuatu base were followed by rumours about Chinese commercial development of a port in Samoa, with *The Australian* newspaper noting that: “China’s involvement has raised red flags with military analysts. Who warned that the port could lead to a ‘salient right through the heart’ of America’s defences in the South Pacific or threaten Australia’s east-coast trade routes to the US.”<sup>81</sup> Significantly this example of China allegedly attempting to set up ‘bases’ in the Pacific were not associated with ‘debt trap’ leverage, but rather commercial ventures of infrastructure that could be considered dual use. That is, port facilities could berth naval vessels just as they would commercial shipping. This commercial motive resonates with other examples of strategic denial such as the submarine internet cable to the Solomon Islands. There are also grounds for debate over the strategic value of any hypothetical Chinese base in the South Pacific but militarised analysis reported in the press is focused on their threat to Australia. However, strategists also recognise that they would be extremely vulnerable due to their isolation, which negates their utility in time of war,<sup>82</sup> but this more nuanced position is absent from reportage on the issue.

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77 David Wroe, ‘China Eyes Vanuatu Military Base in Plan with Global Ramifications’, *The Age*, 9 April 2018, <[www.theage.com.au/politics/federal/china-eyes-vanuatu-military-base-in-plan-with-global-ramifications-20180409-p4z8j9.html](http://www.theage.com.au/politics/federal/china-eyes-vanuatu-military-base-in-plan-with-global-ramifications-20180409-p4z8j9.html)> [Accessed 9 April 2018].

78 AAP, ‘Australia and New Zealand Warn China against Vanuatu Base’, *Daily News*, 10 April 2018, <[www.nydailynews.com/news/world/australia-new-zealand-warn-china-vanuatu-base-article-1.3925300](http://www.nydailynews.com/news/world/australia-new-zealand-warn-china-vanuatu-base-article-1.3925300)> [Accessed 10 April 2018].

79 ‘Chinese Military Base in Pacific Would Be of “Great Concern”, Turnbull Tells Vanuatu’, *ABC News*, 10 April 2018, <[www.abc.net.au/news/2018-04-10/china-military-base-in-vanuatu-report-of-concern-turnbull-says/9635742](http://www.abc.net.au/news/2018-04-10/china-military-base-in-vanuatu-report-of-concern-turnbull-says/9635742)> [Accessed 10 April 2018].

80 Malcolm Davis, ‘Going Forward to Manus’, *The Strategist*, Australian Strategic Policy Institute, 21 September 2018, <[www.aspistrategist.org.au/going-forward-to-manus/](http://www.aspistrategist.org.au/going-forward-to-manus/)> [Accessed 21 September 2018].

81 Rory Callinan, ‘China’s Plan to Develop Samoan Port a Regional Security Concern’, *The Australian*, 27 November 2018, <[www.theaustralian.com.au/nation/foreign-affairs/chinas-plan-to-develop-samoan-port-a-regional-security-concern/news-story/ede01bfe7ac23d97e2872a3ff6a07368](http://www.theaustralian.com.au/nation/foreign-affairs/chinas-plan-to-develop-samoan-port-a-regional-security-concern/news-story/ede01bfe7ac23d97e2872a3ff6a07368)> [Accessed 14 January 2019].

82 Sean Andrews and Brendan Sargeant, Q&A at ‘Panel 1—How do the Pacific Islands fit into Australia’s region of strategic interest, the “Indo-Pacific”’, Pacific Geopolitics Workshop, Australian National University, Canberra, 6-7 June 2019, <[bellschool.anu.edu.au/news-events/podcasts/audio/6953/pacific-geopolitics-workshop-how-do-pacific-islands-fit-australias](http://bellschool.anu.edu.au/news-events/podcasts/audio/6953/pacific-geopolitics-workshop-how-do-pacific-islands-fit-australias)> [Accessed 1 August 2019].

The cost of openly provoking Australia's tendency toward strategic denial in its sphere of influence would also have to weigh heavily on Chinese defence planners but whether restraint is being exercised by China is beyond the scope of present militarised commentary. Furthermore, Pacific agency is largely absent from present analysis. The assumption that PIC leaders will be either willing to accept a Chinese military base (that so clearly undermines Australian and US interests and thereby destabilises the region) or unable to resist Chinese pressure should be questioned. The recent history of chequebook diplomacy demonstrates that some PIC leaders may not be inclined to reject Chinese entreaties and, if so, this poses a great challenge for Canberra that is best addressed through 'soft power'.

## Conclusion

In May 1980 China tested its growing intercontinental ballistic missile (ICBM) arsenal in the Pacific. The ICBM splashed down 1,200 kilometres north-west of Fiji and ignited much commentary about the arrival of geopolitics in the Pacific. However, the Pacific has been a venue for European geopolitical contest for over a century,<sup>83</sup> and alarm was expressed then just as it is today.<sup>84</sup> The present policy problem is that Canberra claims to defend the Pacific from China, when it is increasingly clear to PIC leaders that it is defending its interests in the Pacific rather than the interests of PICs, such as climate change, and this realisation has introduced a new tension in Australian foreign policy.

Australia remains unchallenged as the 'security partner of choice' in the South Pacific and also remains the dominant donor. Despite these advantages the alarmist tone of commentary is framing China's activities in the Pacific as a military threat to Australia and this diminishes the impact of Australian 'soft power' gained through its longstanding aid program and military diplomacy. Canberra treats the South Pacific as Australia's sphere of influence and the present militarised commentary has not tested whether China may in fact be treading warily. That does not mean that China does not have interests in the South Pacific, but rather that they might not needlessly conflict with Australia's interests (e.g. in relation to Taiwan). While China could easily overtake Australia, it has not done so and it should be acknowledged that it may not be an accident that China has not challenged Australia more openly or directly, especially in the military arena. China may have showed restraint in response to Canberra's increasingly strident statements and actions amounting to strategic denial. This raises the question of whether co-existence might be possible and engineering this outcome may be preferable to worst-case scenarios.

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83 Paul Kennedy, *The Samoan Tangle: A Study in Anglo-German-American Relations 1878-1900* (Dublin: Irish University Press, 1974).

84 Michael Godley, 'China: The Waking Giant', in Ron Crocombe and Ahmed Ali (eds), *Foreign Forces in Pacific Politics* (Suva: University of the South Pacific Press, 1983), p. 140.

More work needs to be done to establish precisely how aid equates to influence, especially of the sort that would force PICs to host a Chinese military base that would upset the regional strategic balance. Contrary to much speculation the jury is out over whether China has systematically tried to use debt to gain influence and, if so, whether it has been successful at convincing or forcing Pacific Islands to routinely align with China (other than in the case of recognition of Taiwan). This highlights that the level of Pacific agency in geopolitics should not be underestimated and the non-military aspects of 'soft power' should not be devalued. Furthermore, there is even less evidence of either the place of aid/concessional loans in achieving influence or any explicit Chinese attempt to challenge Australia's influence in the Pacific versus the longstanding interests in maintaining the status quo regarding the recognition of Taiwan.

While the jury is still out, the militarisation and securitisation of China may still become a self-fulfilling prophecy. It would be imprudent for strategists to ignore worst-case scenarios, but the question is to what degree they should direct Australia's foreign policy now. An important caveat is the very real possibility that China may not be interested in engaging as a responsible international citizen and that it will pose a threat to Australia in the future, but the point is to acknowledge that at this time this is far from certain and it would be a strategic miscalculation to hasten this possible future. The militarisation of China in the Pacific is not yet justified enough by events to close off other perspectives, and it is limiting debate and narrowing the scope of analysis and the presentation of diplomatic possibilities. Furthermore, the view from Beijing is missing in all of this. China may actually have misjudged the impact of various events and may be learning from the criticisms and changing its behaviour. If this is possible then the change is not being adequately documented due to the overwhelming focus on the military threat from China.

It is not unusual for the Australian media to support government foreign policy initiatives,<sup>85</sup> but the degree of support for the 'Step Up' and active role in militarising China is noteworthy. While much of the commentary could be framed as a debate, there appears to be little direct debate between those who see the Pacific primarily as a battleground for external geostrategic competition and those who see the Pacific as a seascape inhabited by peoples facing unique human security threats. A basis for debate over China's influence in the Pacific exists, but increasingly the strategists are dominating commentary. Alternate views of those Pacific specialists focussed on the security of Pacific islanders and aid effectiveness are being drowned out by the sheer volume of commentary catastrophising China's activities in the Pacific and they need to be brought into a debate.

Rushing to frame China as a military threat is reminiscent of the binary thinking of the early stages of the Cold War. If we are at another liminal moment then analysts should be circumspect. China may well become the strategic threat of worst-case scenarios and it would be imprudent to ignore this possibility, but that future is not predetermined,

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85 Peter Mulherin and Benjamin Isakhan, 'State-Media Consensus on Going to War? Australian Newspapers, Political Elites, and Fighting the Islamic State', *The International Journal of Press/Politics*, vol. 24, no. 4 (2019), pp. 531-50.

and we should engage in robust debate before denying other alternatives. This suggests that debate about the inevitability of conflict and possibility of co-existence that is occurring in the United States needs to be encouraged in Australia.<sup>86</sup>

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86 For example, see Kurt Campbell and Jake Sullivan, 'Competition without Catastrophe: How America Can Both Challenge and Coexist with China', *Foreign Affairs*, September/October 2019.