

How Should Australia Respond to China's Increased Presence in the Pacific Islands?

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Australia and its partners face a challenge when expressing their concern about China's increased presence in the Pacific Islands: how can they address their legitimate strategic concerns while at the same time avoiding making Pacific Island states feel insecure? This article argues that Australia needs to do two things. First, recognise that its approach to the Pacific Islands is frequently counterproductive, particularly when perceived domestic political imperatives generate a disconnect with its stated foreign and strategic policy priority of stepping up its relationships in the region. Second, ensure that it strikes a balance between expressing its strategic concerns and respecting the sovereign independence of Pacific Island states. Pacific Island states do not necessarily share the same geostrategic perspective as Australia, and may perceive that, by framing its region of primary strategic interest as the Indo-Pacific, Australia is dragging them into geostrategic competition of which they do not want to be part.

In the 2013 Defence White Paper the Australian Government first explicitly identified its zone of strategic interest as the Indo-Pacific.¹ While there has been much academic and policy debate about the Indo-Pacific concept, the question of how the Pacific Islands fit into this strategic region has been overlooked.

This changed in 2018 when Dame Meg Taylor, Secretary General of the Pacific Islands Forum, emphasised her concern about the “recasting of geostrategic competition and cooperation under the rubric of the ‘Indo-Pacific’”.² A week earlier, the Samoan Prime Minister Tuilaepa Sailele Malielegaoi delivered a speech in which he highlighted the “real risk of privileging Indo over the Pacific”.³ Both were concerned that the Indo-Pacific formulation encourages external powers to overlook the particularities and interests of the Pacific Islands and to see the region primarily through the lens of geostrategic competition between major powers, which they say has “inculcat[ed] a far-reaching sense of insecurity”.⁴

1 Department of Defence, *Defence White Paper 2013* (Canberra: Commonwealth of Australia, 2013).

2 Meg Taylor, ‘Keynote Address by Secretary General Meg Taylor to the 2018 State of the Pacific Conference’, Canberra, Australian National University, 8 September 2018, Pacific Islands Forum Secretariat, <www.forumsec.org/keynote-address-by-secretary-general-meg-taylor-to-the-2018-state-of-the-pacific-conference/> [Accessed 8 April 2019].

3 Tuilaepa Sailele Malielegaoi, ‘Speech by the Hon Prime Minister Tuilaepa Sailele Malielegaoi on Pacific Perspectives on the New Geostrategic Landscape, Sydney, Lowy Institute, 30 August 2018, <www.lowyinstitute.org/publications/speech-hon-prime-minister-tuilaepa-sailele-malielegaoi-pacific-perspectives-new> [Accessed 8 April 2019].

4 Ibid.

This highlights the challenge that Australia and its partners face when expressing their concern about China's increased presence in the region: how can they address their legitimate strategic concerns while at the same time avoiding making Pacific Island states feel insecure?

China in the Pacific Islands

Before answering this question, it is necessary to understand what China is doing in the Pacific Islands. During the 1980s and 1990s China's interest was driven primarily by its competition with Taiwan for diplomatic recognition. More recently China's strategic interests shifted to focus on signals intelligence monitoring.⁵ There has also been speculation that China wants to establish a military presence, culminating in a 2018 report that China was in talks to build a military base in Vanuatu.⁶ Although both the Chinese and Vanuatu governments quickly denied this report,⁷ there are increasing military ties and defence cooperation briefings between certain Pacific Island states and China. These activities have contributed to a sense of 'China threat'⁸ and there are claims that the Pacific Islands could provide a testing ground for China's strategic power.⁹ Indeed, there is speculation that China's increasing footprint in the Pacific Islands forms part of its island-chain strategy.¹⁰

Others argue that the Pacific Islands are "marginal in China's strategic landscape".¹¹ Although there are signs that it is becoming more purposeful, until recently China's influence in the region seems to have grown more by accident than by design. After Fiji's 2006 military coup, Australia and its partners attempted to isolate the military regime. As a result, Fiji accelerated its 'Look North' foreign policy and sought closer engagement with China, other East Asian partners and global emerging powers. Even though Australia and its partners have been rebuilding their relationships with Fiji since 2012, China remains a key partner.

Chinese President Xi Jinping visited Papua New Guinea for the November 2018 APEC meeting, and in 2014 he visited Fiji. On both occasions he met with leaders of those Pacific Island states that recognise China. On both occasions Xi announced 'strategic partnerships' with those states. Papua New Guinea, Vanuatu, Fiji, Samoa and Tonga

5 Paul Buchanan, 'A New Containment Policy in the South Pacific', *Scoop Independent News*, 24 February 2012, <www.scoop.co.nz/stories/HL1202/S00206/paul-buchanan-a-new-containment-policy-in-the-south-pacific.htm> [Accessed 8 April 2019].

6 David Wroe, 'China Eyes Vanuatu Military Base in Plan with Global Ramifications', *Sydney Morning Herald*, 9 April 2018, <www.smh.com.au/politics/federal/china-eyes-vanuatu-military-base-in-plan-with-global-ramifications-20180409-p4z8j9.html> [Accessed 8 April 2019].

7 Ben Smee and Dan McGarry, "'Impossible': China Denies Planning Military Base in Vanuatu", *The Guardian*, 10 April 2018, <www.theguardian.com/world/2018/apr/10/concerns-china-in-talks-with-vanuatu-about-south-pacific-military-base?CMP=share_btn_tw> [Accessed 8 April 2019].

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

9 John Henderson and Benjamin Reilly, 'Dragon in Paradise: China's Rising Star in Oceania', *The National Interest*, no. 72 (Summer, 2003), pp. 94-104.

10 Chang Sen Yu, 'The Pacific Islands in China's Strategy for the 21st Century', in Chang Sen Yu (ed.), *2014-2015 Dayangzhou lanpi shu* [2014-2015 Blue Book of Oceania], 2nd edn (Beijing: Social Sciences Academic Press, 2015).

11 Jian Yang, 'China in the South Pacific: Hegemon on the Horizon?', *Pacific Review*, vol. 22, no. 2 (2009), p. 145.

have also signed up to China's One Belt, One Road initiative. Chinese corporations also undertake logging projects, develop fisheries enterprises and conduct mineral extraction in the region.

Although it continues to try, China has had limited success influencing the Pacific Islands Forum, of which Australia and New Zealand are members. It has instead focused on the Melanesian Spearhead Group, including financing its secretariat and headquarters in Vanuatu. China has also invested in cultural diplomacy, including television broadcasts, and after Australia abandoned its shortwave radio frequencies, in many places China has taken them up. China has expanded its student and professional exchange programs and encouraged tourism. There has also been a long history of Chinese migration to the Pacific Islands and, although Chinese average less than 1 per cent of the total population of the region, they play an influential role in local political and economic life.

Implications for Pacific Island states

There is concern that China's increased presence in the Pacific Islands may encroach on the sovereignty of Pacific Island states.¹² Most notable is the idea that China is engaging in 'debt-trap diplomacy'.¹³ This is based on the claim that, if Pacific Island states fail to repay their loans, China could seek to swap the debt for infrastructure, with dual-use facilities such as commercial ports potentially converted into military bases. However, the risk of this occurring in the Pacific Islands has been disputed; most debt in the region is domestic, and only Tonga is in debt distress because of Chinese loans.¹⁴

Moreover, while some Pacific leaders have enthusiastically signed up to Chinese loans, there is growing regional concern about their impact. This highlights that Pacific Island states are not 'passive dupes' to Chinese influence; Pacific leaders are aware of the regional geopolitical context and the challenges of dealing with China.¹⁵ There have been some well-publicised examples of Pacific leaders resisting Chinese pressure. For example, at the September 2018 Pacific Islands Forum meeting the head of the Chinese delegation was refused the opportunity to speak, despite making his displeasure loudly known. At the November 2018 APEC meeting Papua New Guinea Foreign Minister Rimbink Pato reportedly refused to meet with Chinese officials who were said to be seeking to influence the final communique.¹⁶ However, there are examples of apparent Chinese

12 David Wroe, 'Australia Will Compete with China to Save Pacific Sovereignty, Says Bishop', *Sydney Morning Herald*, 18 June 2018, <www.smh.com.au/politics/federal/australia-will-compete-with-china-to-save-pacific-sovereignty-says-bishop-20180617-p4zm1h.html> [Accessed 8 April 2019].

13 Sam Parker and Gabrielle Chefetz, *Debtbook Diplomacy: China's Strategic Leveraging of its Newfound Economic Influence and the Consequences for U.S. Foreign Policy* (Cambridge, MA: Harvard Kennedy School, 2018), <www.belfercenter.org/sites/default/files/files/publication/Debtbook%20Diplomacy%20PDF.pdf> [Accessed 8 April 2019].

14 Rohan Fox and Matthew Dornan, 'China in the Pacific: Is China Engaged in "Debt-Trap Diplomacy"?', *DevPolicy blog*, Development Policy Centre, 8 November 2018, <www.devpolicy.org/is-china-engaged-in-debt-trap-diplomacy-20181108/?print=print> [Accessed 8 April 2019].

15 Anna Powles, Joanne Wallis and Tess Newton-Cain, 'Chinese Whispers and Pacific Agency', *The Interpreter*, Lowy Institute, 22 October 2018, <www.loyyinstitute.org/the-interpreter/chinese-whispers-and-pacific-agency> [Accessed 8 April 2019].

16 Natalie Whiting and Stephen Dziedzic, 'APEC 2018: Chinese Officials Barge into PNG Foreign Minister's Office after Being Denied Meeting', *ABC News*, 18 November 2018, <www.abc.net.au/news/2018-11-18/chinese-officials-create-diplomatic-storm-at-apec/10508812> [Accessed 8 April 2019].

influence succeeding. For example, at APEC Tonga signed onto China's One Belt, One Road initiative and was given a five-year reprieve in its debt repayments. This is even though then Tongan Prime Minister, Akilisi Pohiva, had previously made public calls for China to forgive Tonga's debt.¹⁷

Another risk is that Chinese influence undermines democracy and the rule of law. There were signs of this during the APEC meeting. For example, when President Xi held a working dinner with leaders of eight Pacific Island states, Pacific Islander and international journalists were barred from entering the meeting. This caused considerable anger and anxiety amongst Pacific journalists, who play a key role in facilitating transparency and democracy in the region.¹⁸ There have long been concerns about the impact of China's 'chequebook diplomacy'.¹⁹ Much Chinese aid is on the form of concessional loans, but it also includes untied and unconditional grants; China prides itself on a 'no strings attached' approach.²⁰ Of course, there are strings, as for many years this aid was primarily aimed at competing with Taiwan for diplomatic recognition. It now seems to have an additional aim of acquiring influence over regional governments. This aid has contributed to official corruption and political instability, exemplified by the post-election riots in Solomon Islands and Tonga in 2006, which were incited in part by local resentment about the perceived influence of Chinese and Taiwanese interests on certain political leaders.

Implications for Australia and Its Partners

The most serious implication for Australia and its partners is the risk of China establishing a military base in the region. This poses an existential threat to Australia, which has long identified that one of its primary strategic interests is in ensuring that no potentially hostile power gains a foothold in the region from which it could threaten Australia.²¹ The Pacific Islands also lie across some of Australia's most important sea and air lines of communication.

Another risk is that China's loans and aid foster corruption and instability. This can undercut Australia's purported efforts to strengthen democracy and the rule of law in the region (noting that Australia also undermines these efforts, such as through its offshore processing regime²²). Australia and New Zealand have already had to mount stabilisation missions to quell the violence that occurred in Honiara and Nukualofa in

17 Joyetter Feagaimaali'i-Luamanu, 'Pohiva Says "Slow Down" on Chinese Loans', *Samoa Observer*, 14 August 2018, <www.samoobserver.ws/category/samoa/28806> [Accessed 8 April 2019].

18 Natalie Whiting, 'China Boots Media from Pacific Island Leaders Meeting with Chinese President Xi Jinping', *ABC News*, 18 November 2018, <www.abc.net.au/news/2018-11-16/media-kicked-out-of-xi-jinping-pacific-leaders-meeting/10506666> [Accessed 8 April 2019].

19 Graeme Dobell, 'Australia Warns China, Taiwan against Chequebook Diplomacy', *Correspondents Report*, ABC, 30 April 2006, <www.abc.net.au/correspondents/content/2006/s1626719.htm> [Accessed 8 April 2019].

20 Wen Jiabao, 'Win-Win Cooperation for Common Development', speech at the Opening of the First Ministerial Conference of the China–Pacific Island Countries Economic Development and Cooperation Forum, Fiji, 5 April 2006, <www.gov.cn/english/2006-04/05/content_245681.htm> [Accessed 8 April 2019].

21 Joanne Wallis, *Pacific Power? Australia's Strategy in the Pacific Islands* (Melbourne: Melbourne University Press, 2017).

22 Joanne Wallis and Steffen Dalgaard, 'Money, Manipulation and Misunderstanding on Manus', *Journal of Pacific History*, vol. 51, no. 3 (2016), pp. 301-29.

2006. And, if Pacific Island states are destabilised, this makes them more vulnerable to potentially hostile external influences.

What Can Australia and Its Partners Do?

After years of relative neglect, the Australian Government is now taking its strategic interests in the Pacific Islands very seriously. In 2017 the government announced its intention to ‘step up’ its engagement with the Pacific Islands and devoted a whole chapter of the 2017 Foreign Policy White Paper to the region.²³ In November 2018 Australian Prime Minister Scott Morrison fleshed out Australia’s ‘step up’ during a major foreign policy speech, which included a raft of new economic support for the region, as well as an increased diplomatic presence and enhanced security cooperation, including partnering with Papua New Guinea to redevelop the Lobrum naval base on Manus Island.²⁴ The 2019 Budget saw funding directed away from other regions, so that 35 per cent of all Australia aid goes to the Pacific Islands.²⁵ A dedicated ‘Office of the Pacific’ has been created in the Department of Foreign Affairs and given the status of being one of the agency’s six organisational groups.

But, Australia’s policy approach to the Pacific Islands is frequently counterproductive, particularly when perceived domestic political imperatives see the government adopt policies that undermine its stated foreign and strategic policy priority of stepping up its relationships in the region. This is exemplified by Australia’s approach to climate change, which Pacific Islands Forum leaders specifically identified as the region’s priority in the 2018 *Boe Declaration*,²⁶ and in asylum seeker processing and resettlement. Other decisions, like the one to cut funding for Pacific television broadcasting and close shortwave radio, undermine Australia’s influence in the Pacific Islands for no apparent reason other than the government’s ideological objections to the ABC.²⁷

While Prime Minister Morrison likes to talk about Australia and the Pacific Islands as ‘family’,²⁸ Australia needs to recognise that its strategic and security concerns will not always be the same as its so-called family members. Pacific Island states are sovereign; they are entitled and able to execute their own foreign and strategic policies. In fact, Pacific Islands’ leaders have expressed their concerns about the Indo-Pacific framing that

23 DFAT, ‘Stepping-up Australia’s Pacific Engagement’, 2017, <dfat.gov.au/geo/pacific/engagement/Pages/stepping-up-australias-pacific-engagement.aspx> [Accessed 8 April 2019]; Department of Foreign Affairs and Trade, *2017 Foreign Policy White Paper* (Canberra: Commonwealth of Australia, 2017).

24 Scott Morrison, ‘Australia and the Pacific: A New Chapter’, speech, Lavarack Barracks, Townsville, 8 November 2018, <www.pm.gov.au/media/address-australia-and-pacific-new-chapter> [Accessed 8 April 2019].

25 Helen Davidson, ‘Foreign Aid Declines Further in Australian Budget, with Focus on Pacific’, *The Guardian*, 3 April 2019, <www.theguardian.com/australia-news/2019/apr/03/foreign-aid-declines-further-in-australian-budget-with-focus-on-pacific> [Accessed 8 April 2019].

26 Pacific Islands Forum, *Boe Declaration on Regional Security*, 5 September 2018, <www.forumsec.org/boe-declaration-on-regional-security/> [Accessed 8 April 2019].

27 Graeme Dobell, Geoff Heriot and Jemima Garrett, *Hard News and Free Media as the Sharp Edge of Australian Soft Power* (Canberra: Australian Strategic Policy Institute, 2018), <s3-ap-southeast-2.amazonaws.com/ad-aspi/2018-09/Hard%20news%20and%20Free%20media.pdf?g.8XK_1xuWupM0mXAvBFHlykgEVI3e_S> [Accessed 8 April 2019].

28 Morrison, ‘Australia and the Pacific’.

Australia uses and have advanced the alternative concept of the 'Blue Pacific'.²⁹ Dame Meg Taylor has argued that this formulation could see Pacific Island states "exercising stronger strategic autonomy", "understanding ... the strategic value of our region" and "maintain[ing] our solidarity in the face of those who seek to divide us".³⁰ This suggests that Pacific Island states want Australia and its other partners to take their interests seriously and view them as valuable in their own right, rather than as strategic stepping stones or buffer states.

Australia needs to do two things. First, recognise that its approach to the Pacific Islands is frequently counterproductive, particularly when perceived domestic political imperatives generate a disconnect with its stated foreign and strategic policy priorities. And, second, have more honest conversations with Pacific Island states regarding its strategic concerns about China's increased presence in the region. These conversations need to recognise that Pacific Island states are sovereign and do not necessarily share the same geostrategic perspective as Australia, particularly with respect to China. They also need to recognise that, by framing its region of primary strategic interest as the Indo-Pacific, Australia may contribute to insecurity in the Pacific Islands, particularly if this framing is interpreted as dragging the region into geostrategic competition of which it does not want to be part.

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29 Tuilaepa Lupesoliai Sialele Malielegaoi, 'Opening Address by Prime Minister Tuilaepa Sialele Malielegaoi of Samoa to open the 48th Pacific Islands Forum 2017', 5 September 2017, <www.forumsec.org/opening-address-prime-minister-tuilaepa-sialele-malielegaoi-samoa-open-48th-pacific-islands-forum-2017/> [Accessed 8 April 2019].

30 Taylor, 'Keynote Address'.