Australia’s Response to China in the Pacific: From Alert to Alarmed

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Introduction

Australia has moved from a position of alert to one of alarm regarding China’s growing presence in the Pacific. As one security analyst explains, ‘Canberra is increasingly concerned about Beijing’s intensified interest in the Pacific islands, including efforts to sway political elites and targeted pursuit of transportation infrastructure projects in locations across Melanesia’ (Graham 2018a). This viewpoint is based on the combination of two main factors: Australia’s concerns about China and Australia’s understandings of the vulnerabilities of the Pacific. Australia increasingly sees China as a strategic threat at global, regional and national levels, while at the same time it is closely tied to the Chinese economy. Concomitantly, Australia functions on a deeply held assumption that Pacific Island countries (PICs) are in no position to resist China as its presence grows. This chapter will examine the multifaceted aspects of Australia’s strong and growing concern about China, including views that China is a revisionist country determined to rewrite the rules of the global order and apprehension about the impact of a rising China on Australia’s national interests. It will also look at Australia’s concerns about China’s impact on the Pacific Islands region and how a stronger China in the Pacific could negatively affect Australia. The chapter will
then look at how Australia understands the Pacific Islands region—it's needs and interests—and discuss Australian perceptions of how capable, or otherwise, the Pacific is to resist China, comparing these with the views from PICs. It will examine how the combination of these concerns results in a sense of alarm regarding China’s intentions and behaviours in the Pacific, as they affect Australia, the region and the international system. Australia's recent Pacific ‘Step-Up’ policy is a major element of an effort to counteract these concerns, looking to ensure that Australia is the region's preferred partner. Ultimately, this chapter will ask whether Australia’s approach to ameliorating its concerns about China in the Pacific Islands is likely to achieve the desired goals.

Australia’s understanding of China’s rise

For at least a decade, Australia has been observing China’s increasing presence on the global stage, in the region and, more recently, within Australia itself with considerable interest. However, in recent years, there has been a distinct shift from observation to anxiety. Australia's foreign policy White Paper of 2003 described China as an economic opportunity, with the focus of the bilateral relationship on engagement and building a strategic economic partnership (Australian Government 2003:5). Then, Australia did not fear the demise of the US's role in global or regional security, confident that no country or group of countries would be able to challenge the US's capacity to shape the global environment. However, by 2017, the central security concern in the new foreign policy white paper was the challenge posed to Australia by China's expanding role in international affairs, occurring at the same time as the US's apparent withdrawal. The 2017 White Paper focused on the changing power balance in the Indo-Pacific, noting that ‘the United States has been the dominant power in our region throughout Australia's post–World War II history. Today, China is challenging America’s position' (Australian Government 2017:1). The white paper advocates that the US should maintain its commitment and encourages China to operate according to the existing rules.

Likewise, the Australian Government’s *Strong and Secure: A Strategy for Australia’s National Security* (Australian Government 2013b), the country’s first, refers to the risk of another state seeking to influence Australia or its regional and global partners by economic, political or military pressure. It stops short of naming China, but the implication is clear (Hayward-Jones 2013:5). Recent defence white papers also note
Australian concerns about China. The 2009 Defence White Paper made clear that Australia viewed China as a security challenge for the regional order. While somewhat more moderate in tone, the 2013 Defence White Paper warned of the danger of a ‘major power with hostile intentions’ establishing bases ‘in our immediate neighbourhood from which it could project force against us’ (Australian Government 2013a:25). In its 2016 Defence White Paper, the Australian Government criticised China directly in some places, as well as referring obliquely to ‘newly powerful countries’ that ‘want greater influence and to challenge some of the rules in the global architecture established some 70 years ago … leading to uncertainty and tensions’ (Australian Government 2016:45).

In recent years, many prominent Australian politicians and commentators have taken the stance that China is a revisionist power that seeks to undermine or reinvent the existing structures of the international order. This narrative is widespread across media as well as policy and political circles. For example, then minister for foreign affairs Julie Bishop and prime minister Malcolm Turnbull made a number of high-profile public remarks regarding their concern about China’s role in the international system, which were reported across the Australian media. In 2017, Turnbull gave a keynote address at the Shangri-La Dialogue in Singapore that warned of the dangers of Chinese aggression and the importance of maintaining the ‘rules-based order’, highlighting unilateral actions to militarise or create territory. He advised China to respect others’ sovereignty (see, for example, Harvey 2017; Smethurst 2017; Farrow 2017; SBS News 2017). Bishop backed Turnbull’s strong line, saying that China had acted in ‘direct disregard’ of the international order (see, for example, Riordan 2017). Nick Warner, the Director General of newly formed intelligence agency the Office for National Intelligence (ONI), argued that the rules-based order is under threat by countries who prefer to use strength rather than abide by existing rules and norms, alluding—if not referring directly—to China (ABC Radio National 2019). Many public intellectuals and think tank analysts have made similar comments (see, for example, Bisley and Schreer 2018; Chellaney 2018; Graham 2018a; Medcalf 2015).

Impact on Australia’s national interests

There are several aspects to how this broader concern about China’s rise is seen to be impacting Australia’s national interests. One element is the growing anxiety about China’s influence on Australian politics, public
debate and freedom of speech (see, for example, Chen 2017; Grattan 2017; Smith 2017). Intellectual-about-town Clive Hamilton also weighed in on the debate with his high-profile book *Silent Invasion: China's Influence in Australia* in which he paints China very clearly as ‘Australia’s enemy’, determined not only to control Chinese at home but to dominate the world, including Australia, by whatever means (Hamilton 2018; for a review of the book, see Podger 2018).

The question of Chinese influence in Australia became a heated public debate after the ABC’s *Four Corners* program and Fairfax Media released a joint investigation into China’s power and influence in Australia in June 2017, dramatically labelling it a ‘tale of secrets, power and intimidation’ (ABC News and Fairfax 2017). In the program, journalists ‘uncover[ed] how China’s Communist Party (CCP) is secretly infiltrating Australia’ in order to undermine Australian interests and promote the CCP’s agenda (ibid.). The concern around Chinese influence centres on the growing role and power of China’s United Front Work Department (UFWD) and its agenda to strengthen the authority and legitimacy of the CCP both in China and abroad (see Groot 2015). The UFWD works to convince those who are not the CCP’s natural allies that China and the CCP do not pose any kind of threat. It is not easy to be clear about who may be working for the UFWD and, as a result, many Chinese individuals have come to be suspected of promoting the UFWD agenda in Australia. For example, over the past several years, papers and articles have proliferated around the potential role of Chinese students in influencing debates and views in Australia (see, for example, among many others: Garnaut 2017; Gill and Jakobson 2017; Joske 2017; Laurenceson 2017; Seo 2018; Varrall 2017). Chinese media in Australia has also been viewed as a source of concern (see Birtles 2017; Lim and Bergin 2018). Some Chinese businesspeople came under suspicion of disloyalty to Australia because of connections with the United Front or CCP. Connections between Australian politicians and Chinese businesspeople with CCP or UFWD links were closely scrutinised and, in some cases, this scrutiny led to political resignations such as that of former Australian Labor Party (ALP) senator Sam Dastyari (see, for example, Brophy 2019). In response, new national security and foreign interference laws were introduced in 2018, generally accepted as being long overdue (Douek 2018).

Australia is also worried about China choking off economic ties should it decide to do so. Australia is acutely sensitive to the risk that it may experience ‘sanctions with Chinese characteristics’, as Gavekal
Dragonomics described it in an internal note to clients (Xie and Cui 2017). The Australian economy is closely linked to China—China is Australia’s largest trading partner and has been for some years. The economic relationship is broadening and deepening across many areas, particularly in services such as tourism and education. For many educational institutions, international students, of which Chinese students make up a large proportion, are an important source of fee revenue (RBA 2018; see also Smith and Lim 2018). There is considerable concern around what a government-encouraged downturn of Chinese students could mean to the viability of Australian universities, given that they represent around 30 per cent of the international student population and a considerable proportion of funding in some universities (see, for example, White 2018). Linda Jakobson from China Matters notes that a warning issued by the Chinese embassy in December 2017 could be read as ‘the very first small step in the use of economic coercion’ (Smith and Lim 2018). Around the same time, an op-ed article in Chinese newspaper The Global Times, titled ‘Australia must do more for Chinese students’, argued that Australia was not an ideal destination for Chinese students (Wang 2017). Interestingly, this article appeared in the English-language version of the paper, suggesting it was a message intended for Western rather than Chinese readers. There are indications that these signals are having some impact. For example, Australian Department of Education and Training data suggests that while the number of Chinese students to Australia continued to increase in 2018, the rate of growth has dropped by 7 per cent (Australian Government 2018). Coinciding with the most heated discussions about Chinese influence, Australia found its beef exports stranded in Chinese ports and there was also a similarly unexplained slowdown in clearance times for Australian wine and cheese.\footnote{Australian business representatives, December 2018. Conversations with author.}

In early 2019, Australian coal exports were blocked or slowed in ports in northeast China (Walker 2019). Despite Beijing denying any official ban, it was speculated that this slowdown could be retaliation against Australia’s ban on Chinese telecommunications company Huawei from bidding on Australia’s 5G network (Bloomberg News 2019). At the time of going to press, the China’s embassy in Australia had taken the unusual step of releasing a list of 14 grievances, including the Huawei and ZTE ban, and ‘incessant wanton interference in China’s Xinjiang, Hong Kong and Taiwan affairs’, but also concerns that went well beyond
China’s core interests, including funding of an ‘anti-China’ think tank and ‘spreading disinformation imported from the US’ about COVID-19 (Kearsley et al. 2020).

China has in the past responded to South Korea’s announcement that it would host a US missile-defence system in 2017 by cancelling group tours and closing some local operations of Korean businesses, hurting the South Korean economy for several months. In November 2016, China imposed fees on Mongolian imports after Mongolia hosted a visit from the Dalai Lama. In May of that year, group tours and agricultural imports to Taiwan were cut after President Tsai Ing-wen omitted the One China principle in a speech. In 2012, the Philippines attempted to arrest Chinese fishermen in disputed waters; China suspended imports of Philippine bananas and issued a travel alert. In 2010, China cut imports of Norwegian salmon after Chinese political activist Liu Xiaobo was awarded the Nobel Peace Prize. Also in 2010, after Japan arrested a Chinese fisherman in disputed waters, China blocked exports of rare earths to Japan (Xie and Cui 2017).

In addition to these concerns about Chinese political influence and potential economic leverage in Australia, Australia is also highly alert to the challenge of China as a strategic military threat. This is particularly true of China’s increasing role in the Pacific Islands region, as will be explored in more detail in the following section.

China’s impacts on and influence in the Pacific Islands region

With these broader concerns about China’s increasing global role in mind, Australia has for many years been observing China’s activities in the Pacific Islands region with some unease. Over the past 15 years, a number of scholarly and policy-focused papers have drawn policymakers’ attention to the topic. For example, in 2003, an article titled ‘Dragon in Paradise: China’s Rising Star in Oceania’ appeared in The National Interest, in which authors John Henderson, Benjamin Reilly and Nathaniel Peffer warned of the ‘important long-term consequences’ of China’s growing role in Oceania (2003:1). In 2006 the Australian Parliament’s Senate Standing Committee on Foreign Affairs, Defence and Trade released a report on Australia’s relationship with China, Chapter 10 of which was dedicated to understanding China’s relationship with countries in the Southwest Pacific and the implications for Australia (Parliament of Australia 2006). In 2007, Terence Wesley-Smith published a paper on China as a new
force in Pacific politics (Wesley-Smith 2007). In the past several years this interest has noticeably increased and expanded—from discussions in academic and policy circles to numerous articles on the topic of Chinese influence in the Pacific Islands region in Australian think tanks and media. Articles decrying China’s ‘mighty orbit’ in the Pacific (Saunokonoko 2018), its foreign influence as ‘offensive’ and a danger to Australia, appear regularly (see Brady 2017; Brook 2018; Dobell 2018 and others).

There are a number of recurring themes in the Australian literature about China in the Pacific Islands. In particular, many commentators raise concerns about Chinese aid, including its developmental effectiveness, its labour and environmental standards, links to local corruption, its potential military presence and its potential for creating debt burdens that could be utilised for political purposes. Here I examine those that are of the most concern to Australia.

**Developmental effectiveness**

Australian government aid officials have long been concerned that Chinese development interventions in the region not only had few sustainable development impacts, but also actually undermined the efforts of traditional donors like Australia. Chinese aid to the Pacific was in Australian headlines again in 2018 when former Australian minister for international development and the Pacific Concetta Fierravanti-Wells described it as ‘useless’, with few economic or health benefits (Graue and Dziedzic 2018). These concerns reflect a long tradition of criticism of Chinese aid globally, including an influential piece by Moses Naim in 2009 that described China as a ‘rogue donor’ providing ‘very, very toxic’ loans to developing countries. Including China with Iran, Saudi Arabia and Venezuela, Naim argued that ‘their goal is not to help other countries develop ... Rogue aid providers couldn’t care less about the long-term well-being of the population of the countries they “aid”’ (Naim 2009). However, more recent analyses suggest that while the developmental effectiveness of Chinese aid in the Pacific is mixed, results are ‘dependent in large part on the actions of Pacific Island governments’ (Dornan and Brant 2014; see also Smith 2018).

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2  AusAID (Australia’s former Australian international aid agency) and Department of Foreign Affairs and Trade (DFAT) officials in Beijing 2011–14. Conversations with author. AusAID was merged with DFAT in late 2013.
Corruption

Putative connections between an increased Chinese presence and corruption have been a source of concern around the world. Research undertaken in Africa suggests that there is an increase in local corruption around active Chinese project sites, which lingers after the project implementation period has ended. In Africa at least, this effect does not seem to be because of the increase in economic activity per se, but rather because the Chinese presence has an impact on local norms. These impacts do not occur with other bilateral donors or multilateral donors like the World Bank (Isaksson and Kotsadam 2016). The broader picture around the relationship between aid and corruption is inconclusive, so it would be premature to conclude that there is a simple causal connection (ibid.).

However, Chinese investment and the potential it holds for fuelling corruption in the Pacific Islands region is certainly a source of concern in Australia and has been for some years. At the top end of the scale are incidents such as the use of Chinese aid money to make an AU$1 million bribe to the former Papua New Guinea (PNG) prime minister, Sir Michael Somare, as ‘part of Beijing’s push to exert greater influence in the Pacific’ (Grigg and McKenzie 2018). At the more day-to-day level, as Dornan and Brant (2014) note, lack of transparency and an insufficient involvement of the civil service in project selection processes means political leaders can negotiate directly with Chinese contractors. Practices where Chinese construction companies provide benefits such as meals and travel to ministers when lobbying for projects, are described by civil servants as ‘corruption’, although some argue this is more ‘political clientelism’ or ‘leadership by “big men”’, in which gains are received but not necessarily for personal benefit (Dornan and Brant 2014). Dobell noted in 2007 that the competition between Taiwan and the People’s Republic of China (PRC) for diplomatic recognition was ‘destabilising island states … making Pacific politics more corrupt and more violent’ (2007:17).

The issue of Chinese presence and corruption has also been observed by some Pacific Island leaders. For example, Vanuatu Foreign Minister Ralph Regenvanu has argued that policing of local laws and issues around corruption are the biggest problems in dealing with China (Smith and Lim 2019). However, Terence Wesley-Smith (2007) argued that in fact there is little evidence to suggest that China’s activities have encouraged corruption and instability in Oceania. The degree and extent of corruption caused by China’s increased presence in the Pacific is not clear; however, it continues to
be a source of considerable concern for Australia. For Australia, the concern about corruption is not only that it undermines good governance and the effectiveness of aid, but that it is also a particular risk in countries that, in Australian narratives, are often understood as dangerously close to becoming ‘failed states’. In 2005, then prime minister John Howard noted that for many ‘fragile tiny states’ in the Pacific Islands region, ‘poor governance, crime and corruption pose a real threat to both economic development and to regional security’ (Howard 2005).

**Debt**

Much of the literature around Chinese interest in PICs discusses the issue of debt burden. Debt is considered to be a burden when a country has trouble paying back the loans it has received, creating pressure on the economy. How much debt a country can manage is usually measured by looking at the ratio of debt to how much the economy is growing (GDP). Chinese bilateral development assistance does not adhere to the OECD’s Development Assistance Committee (DAC) guidelines and loans can be provided at whatever concessional interest rate is negotiated between the two parties (for more detailed information on Chinese aid, see Lancaster 2007; Brautigam 2009, particularly Chapters 4, 5 and 6; Dornan and Brant 2014; Varrall 2018; Johnston and Rudyak 2017; Zhang 2017, 2018). Several countries in the Pacific Islands region have high debt-to-GDP ratios and are considered to be in ‘debt distress’. The countries in the high-risk category are Kiribati, Marshall Islands, Micronesia, Samoa, Tonga and Tuvalu (Fox and Dornan 2018). Tonga provides an illustration of where Chinese aid practices can result in debt distress with questionable developmental outcomes: 14.5 million Tongan paʻanga (around AU$9 million) in aid money for expanding the royal palace (Dreher et al. 2017, who note that it is unclear whether the funding was a loan or via export credits). However, it is incorrect to assume that all PICs that have high debt are in debt to China or that all countries that have received Chinese loans are in difficult fiscal circumstances. For example, Cook Islands Finance Minister Mark Beer notes that the country is managing its debts well, referring to an Asian Development Bank report that shows the country has a debt-to-GDP ratio of around 25 per cent, well below ‘danger’ levels (Hill 2018). Importantly, as Fox and Dornan (2018) point out, around half of the countries in the high-risk category do not recognise the PRC, but rather have a diplomatic relationship with Taiwan, so do not have access to Chinese concessional finance. In total,
China holds around 12 per cent of the debt owed by Pacific Island nations and it is only Tonga, Samoa and Vanuatu where Chinese lending makes up more than one-third of total debt. In Samoa, debts to multilateral development banks is higher than debt to China. Vanuatu is not at high risk of debt distress and government statements suggest the country will be working towards lowering levels of debt (Fox and Dornan 2018).

Most recently, Lowy Institute research published in 2019, drawing on data from the International Monetary Fund (IMF) and the Lowy Institute’s own Pacific Aid Map, argued that while debt burden is rising in the Pacific, this reflects a confluence of factors and is more closely linked to the region’s risk of disaster than excessive Chinese lending (Rajah et al. 2019). The research also records that China is not the dominant financier in the region and, except for Tonga where China holds more than half of public debt, traditional creditors like Japan, the Asia Development Bank and the World Bank play a more significant role. In the case of Tonga, China has twice agreed to defer debt repayments with little apparently in return (ibid.). Additionally, the analysis shows that, in 90 per cent of cases, Chinese loans were made in situations where at the time there appeared to be scope to sustainably absorb the debt, not dissimilar to other official lenders in the region (ibid.).

**Strategic military threat**

Concerns about China as a strategic military threat are particularly resonant in relation to the Pacific Islands region, based on a long-held view that it is via this route that adversaries could project military power into Australia. Since the 1970s, defence white papers have made clear that the regions near Australia need to be kept secure, stable and able to intercept any adversaries before they reach Australia (Hegarty 2015:8). As Graeme Dobell argues, ‘Australia’s strategic denial instinct in the South Pacific is a constant, with a 140-year history (it helped drive federation in 1901)’ (2017). Similarly, Greg Sheridan and Cameron Stewart (2018) argued in *The Australian* that:

> Australia’s intelligence and analysis agencies believe that the South Pacific now presents the greatest strategic threat to Australia, as a result of what they believe is Beijing’s intention to establish a military base in the region. This marks the first time since World War II that the South Pacific has been of such intense strategic concern to Canberra.
While this anxiety around the Pacific as an access point for adversaries has been recorded in defence white papers for decades, the current degree of concern has not been seen since World War II and perhaps the Cold War to a lesser extent. Australia’s ‘vulnerability to threats from hostile powers coming from or through the region’ was demonstrated with Japan’s advance into Australia during World War II. At that time, as Shadow Defence Minister Richard Marles said in a speech at the Lowy Institute in November 2017, PICs like Kiribati, Solomon Islands and PNG were the scenes of horrific and intense fighting in which thousands were killed. The Bomana War Cemetery in PNG is the largest Australian war cemetery in the world, with around 4,000 Australian defence force personnel buried there (Marles 2017). Concerns were reignited during the Cold War when Libya and the USSR ‘made overtures’ to countries in the Pacific (Wallis 2017:7).

Now, many in the Australian policy community are convinced that it is China’s ambition in the Pacific Islands region to set up one or more military bases as part of a global strategy of force projection. As one security academic explains, it is now becoming a ‘settled view’ within the Australian Government that ‘Beijing has strategic designs on the so-called “second island chain”, including ambitions to establish some form of military base, potentially upsetting the Western powers’ “traditional” predominance that has existed without serious challenge since 1945’ (Graham 2018b). The government’s fear is that China is seeking to find a ‘malleable country’ from which it can begin its ‘salami-slicing tactics’ in the Pacific Islands region.³ They foresee that China would pursue a strategy of first setting up something apparently innocuous like a monitoring outpost to police Chinese fishing vessels, followed by the appointment of a defence attaché and then, within 10 years, would install full military facilities.

Reflecting these concerns, reports that China was in discussions with Vanuatu to establish a military base there caused consternation in Australia. Dr Malcolm Davis of the Australian Strategic Policy Institute (ASPI, a think tank funded by the Australian Department of Defence) has noted that Chinese spending in Vanuatu is not just about promoting tourism, arguing that ‘they’re thinking commercial influence, political influence and ultimately a military presence’ (Bilton 2018). China is funding a major new wharf on the island of Espiritu Santo in Vanuatu, ³ Australian analyst on the Pacific Islands region, December 2018. Interview with author.
which raised eyebrows in defence, intelligence and diplomatic circles ‘because while its stated purpose is to host cruise ships, its size means it also has the potential to service naval vessels’ (Jonathan Pryke from the Lowy Institute, as quoted in Wroe 2018). The notion was compared with China’s development of a military base in Djibouti and reports that it is considering building military facilities in Sri Lanka and Pakistan, in which China’s economic influence appears to be being utilised for strategic purposes. Military experts such as Charles Edel from the United States Studies Centre argue that if a Chinese military base were to be established in Vanuatu, or anywhere in the Pacific, other bases would soon follow, allowing the Chinese military to challenge US and allied access to the region, fundamentally undermining Australia’s security (as quoted in Wroe 2018). A proposed Chinese port on Manus Island as well as the possible development of harbours in PNG has also worried Australia, as it could provide ‘Beijing with a prime strategic location for projecting military power north towards US forces in Guam, or south towards Australia’ (Davis 2018).

Others, however, have argued that despite reports, China has in fact ‘not attempted to establish port facilities or military bases anywhere in the vast reaches of Oceania’ (Wesley-Smith, 2007:2; see also Hayward-Jones 2013:7). From over a decade ago, researchers of the Pacific Islands region, such as Terence Wesley-Smith and Jenny Hayward-Jones, have observed that analysts who make claims about Chinese military intentions ‘offered no proof that China is actually engaged in any military-related activities in Oceania, or has any plans to do so’ (Wesley-Smith 2007:15; see also Hayward-Jones 2013:7). Now, despite ongoing concerns, just as argued in this research, China has not established any actual military presence in the Pacific. One possible exception is the Chinese satellite-tracking facility established in Kiribati in 1997. Some suspect this facility was used to monitor US missile-testing activities in the neighbouring Marshall Islands. However, when Kiribati changed its diplomatic recognition to Taiwan in November 2003, China dismantled the tracking station, which does not suggest that it was of critical strategic importance to China (Wesley-Smith 2007:16). Another is the reported approach to the Government of Timor-Leste by Chinese defence firms to establish a radar to monitor shipping and illegal fishing in the Wetar Strait with the condition that the facilities be staffed by Chinese technicians. Then vice prime minister José Guterres contacted the US embassy with concerns that the facilities could be used for other purposes and the project did not proceed (WikiLeaks 2008).
Influence

Australia is particularly concerned about rising Chinese influence in the Pacific Islands region and the implications this may have in the region, globally and directly on Australia’s interests. Critics argue that China’s propensity to give loans regardless of a country’s existing debt burden and repayment capacity is creating a situation in which loan-recipient countries will be so crippled by their debt to China as to be vulnerable to Chinese political influence. That is, they will be economically beholden to China and be in no position to resist China’s requests for certain behaviours and positions—for example, regarding China’s claims in the South China Sea or the development of military facilities. Commentators point to Hambantota Port in Sri Lanka as an example of the possible result of a debt burden to China. In that case, Sri Lanka was unable to service the loan for the port’s construction and the two countries negotiated a debt-for-equity swap accompanied by a 99-year lease for China to manage the port. As one commentator put it, ‘China wants to conquer the world, and its sneaky strategy to get there already has several countries in a sticky situation’ (Fernando 2018).

The shorthand for this phenomenon is ‘debt-trap diplomacy’ and it generates great concern in Australia as it suggests China could increase its influence over Pacific Island nations to the detriment of Australia’s own influence and interests. In one example, Cameron Hawker, an analyst with the Australian Defence Force Academy (ADFA) and a former adviser to the ruling Coalition government, is quoted in a newspaper article as saying, ‘I think we all know now is that [Australia’s] role in the Pacific is being challenged by [the fact that] China’s frankly cashed up and it’s spending its money pretty freely across the South Pacific’ (McCarthy 2016). An article in the Australian Financial Review (AFR) argued that while Pacific Island countries in general, and PNG in particular, have ‘historically been in Australia’s orbit’, PNG has been ‘rapidly taking on Chinese loans it can’t afford to pay and offers a strategic location in addition to significant LNG and resource deposits’ for China (Kehoe 2018; for similar perspectives on debt distress caused by China, see also Fernando 2018; Garrick 2018; Pryke 2019). A report written by Harvard scholars for the US State Department—classified but a version of it was leaked to the AFR—argued that countries like PNG, Vanuatu and Tonga were at risk of undue Chinese influence because of the unsustainable loans they had received (Parker and Chefitz 2018; discussed by O’Keefe 2018).
The debate around debt and influence has not been clearly resolved. According to Fox and Dornan, Tonga is the only country where the debt-trap diplomacy narrative may have some basis—and even then understanding of how these loans came about makes this unlikely. Based on their analysis, they conclude that while debt is a problem in the region, the Chinese “debt-trap diplomacy” argument is without foundation (for an analysis of Pacific Islands region debt, see Fox and Dornan 2018). Rajah, Pryke and Dayant (2019) argue in their research that the most recent evidence suggests that accusations of China using debt-trap diplomacy for leverage are inaccurate, although they emphasise that this could change if current practices continue without substantial restructuring along the lines of formal lending rules similar to those of the multilateral development banks. Smith, however, notes that there are already signs in the Pacific Islands region that the PRC is willing to leverage aid for political advantage, citing examples such as Fiji’s closure of its trade and tourism office in Taiwan immediately after Prime Minister Bainimarama attended the Belt and Road Forum in May 2017 (Smith 2018).

**Australia’s understanding of the Pacific Islands region**

Australia has long considered the Pacific Islands region to be ‘its backyard’, with associated feelings of obligation and managerial responsibility. The perceptions and understandings that underpin the relationship tend to be taken for granted in Australian political, policy and public circles and are rarely interrogated. However, these understandings are not neutral, but constructed and maintained according to particular philosophical and ideological visions of what is and should be happening in the region and have consequences for the policy options Australia considers appropriate or necessary.

Australian commentary on the Pacific Islands region has for some time been founded on the concepts of vulnerability, weakness and the danger of the collapse of the state. These weaknesses are usually ascribed to PICs’ small size, low economic growth and general economic strength, and governance challenges. For example, Graeme Dobell (2019) from ASPI argued that ‘the familiar list’ of challenges facing the Pacific
is as cruel as ever—small economies with big challenges, rapid population growth and stretched governments. Plenty of modern ills are arriving, along with climate change to rev recurring natural disasters.

This kind of framing is not new. As Greg Fry observed over two decades ago, prominent Australian images of the South Pacific and Pacific Islanders depicted a ‘doomsday’ or ‘nightmare’ scenario (Fry 1997:313). Wesley-Smith argued that the literature around governance in the Pacific Islands region gives the impression that ‘all island leaders are corrupt, malleable, self-serving and impulsive’ (2007:18). Overall, the picture painted in the great majority of the Australian literature about the Pacific is one of a region and individual countries in multifaceted crisis—economic, governance, health, democratically and security.

Problems and solutions: What does a ‘region in crisis’ need?

This framing is important because how a ‘problem’ is constructed and understood serves to allow and disallow certain solutions as seemingly acceptable and appropriate. As Fry argued in 1997, these conceptions ‘significantly affect the parameters within which future possibilities are worked out’ (1997:313). Over time, and continuing today, the framing of the Pacific Islands as a region in the grip of one or another of multiple forms of crisis allows Australia to conclude that even if certain parties, including the Pacific Islanders themselves, do not like the policy solutions Australia proffers, they are necessary and inevitable. For example, commenting on the 2017 Foreign Policy White Paper’s policy shift based on Pacific integration with Australia, Dobell (2017) contended that critics will argue that ‘integration is colonialism redux, a polite term for dominance’. But, he argued, this does not mean it is a poor policy, rather, the criticisms need to be countered. He stated:

The rebuttal will require slow persuasion and consistent delivery. The promise of integration with Australia and New Zealand is the offer of a stronger, richer region—because poor and weak states can’t be truly independent.

The ‘doomsday’ Australian discourse continues to result in a perception that Pacific Islanders needed to reinvent themselves—and be reinvented—as rational, liberal, democratic, modern actors in the ‘real’ world (Fry 1997).
A region in crisis requires a proactive response from Australia

The ‘naturally reached’ conclusion in Australia has tended to be that the Australian Government must take proactive measures to manage, mitigate, control or prevent weakness becoming a broader problem both for PICs themselves and for Australia’s own interests. The Regional Assistance Mission to Solomon Islands (RAMSI) is a good example. First articulated in 2002, the idea of Solomon Islands as a potential failed state was quickly taken up by Australian analysts and commentators (Kabutaulaka 2005:295). In a report with the unequivocal title Our Failing Neighbour—Australia and the Future of Solomon Islands, ASPI argued that the imminent risk of Solomon Islands becoming a failed state meant that Australia was obliged to take decisive action in order to prevent ‘Solomon Islands becoming a vector in the region for the kind of transnational problems that are so common elsewhere in the world’, which would ‘make Australia significantly more vulnerable to transnational criminal operations’ as well as flowing over to other countries in the region (Wainwright 2003:13–14). The ASPI report’s construction of the situation was influential. Then prime minister John Howard used almost exactly the same language in an interview with ABC Radio that same year, and in 2004, RAMSI Special Coordinator Nick Warner used the same reasons to explain the importance of the intervention force in a speech to a national security conference (Warner 2004).

A region in crisis cannot manage external threats without support from Australia

This framing of the Pacific Islands as a region in crisis also underpins how Australia is responding to China’s increased presence in the region. The understanding that Pacific Island nations are weak, and governments are overstretched or corrupt, results in the conclusion that they are either incapable of resisting Chinese overtures and influence efforts, or willing to sell themselves cheaply. For example, the aforementioned 2006 Senate Standing Committee’s report noted that ‘the weakness of Pacific islands make them attractive strategic resources for China’, drawing on Henderson, Reilly and Peffer’s argument that ‘their financial and other problems make the support of Pacific states cheap for Beijing to buy’ (Parliament of Australia 2006, citing Henderson et al. 2003:98).
In this research cited by the Senate, the authors argue that the Pacific Islands’ utility as ... possible sites for port facilities or even military bases, means that relatively small investments in these countries can have major longer-term payoffs for countries like China.

Likewise, Susan Windybank from the influential Australian think tank Centre for Independent Studies (CIS) argued in 2005 that Pacific Island countries were vulnerable to what she termed ‘The China Syndrome’, in which China works to cultivate new friends and allies while others such as the United States are distracted elsewhere (Windybank 2005:28). She raised concerns that the Pacific could ‘become a testing ground for China’s growing power’ (ibid.:29; see also Wallis 2017).

A region in crisis—what did Australia do wrong before and what should Australia do about it now?

With these fundamental assumptions about the Pacific settled into concrete fact, the issue for Australian analysts and policymakers is then framed as a simple technocratic question of ‘what did Australia do wrong before and what should Australia do about it now?’ (For example, see Dobell 2019; Firth 2018; Hegarty 2015; Wallis 2018).

The question of ‘what Australia should do about the Pacific’ has been fraught for decades. Australian engagement with, and approaches to, the Pacific Islands region have fluctuated greatly over time, often reflecting events in the region, the advocacy of ‘policy entrepreneurs’ and the personal interest of the Australian foreign minister of the time. Jonathan Schultz noted in his research that Australia’s approach to the Pacific Islands region can be characterised into key periods. He describes 1988–93 as ‘constructive commitment’; 1993–96 as focused on economic reform and resource management; 1996–2000 as a period of ‘confidence and neglect’; a ‘brief and glorious period’ from 2000–03; and ‘intervention and confrontation’ from 2003–07 (Schultz 2012, 2014).

Again, events in Solomon Islands in 2003 provide a good example of the mercurial nature of Australia’s approach to the region. In that year, the government switched from adamant rejection of intervention in the Solomon Islands crisis, to full support. In January, then foreign minister Alexander Downer (2003) argued that:
Sending in Australia troops to occupy the Solomon Islands would be folly in the extreme. It would be difficult to justify to Australian taxpayers. And for how many years would such an occupation have to continue? And what would be the exit strategy? And the real show-stopper, however, is that it would not work … Foreigners do not have the answers for the deep-seated problems affecting the Solomon Islands.

However, within six months, the Australian Government had made a full about-face. An anonymous letter to the editor of the Solomon Star and Island Sun newspapers (2016) noted that this shift in approach was ‘greeted with some surprise’ in the Pacific.

The ups and downs in Australia’s attentiveness to the Pacific continued through the Howard, Rudd, Gillard and Abbott governments. Former Liberal prime minister John Howard’s policy in the Pacific Islands region was frequently criticised. Pacific Island leaders, such as former PNG prime minister Michael Somare, described his government’s approach as ‘arrogant and insulting’ (SBS News 2013). Kevin Rudd’s government (2007–10), from the Labor side of politics, made some positive progress in bilateral relations with PNG and Solomon Islands. Rudd made PNG his first overseas visit as prime minister. Subsequently, however, Liberal prime minister Tony Abbott’s attitude was uninterested at best, as illustrated by his decision not to attend the 2014 Pacific Islands Forum (PIF) leaders meeting (Maclellan 2014). In 2009, around 12 per cent of Australia’s diplomatic posts were in the Pacific, fewer than the number in Europe (Broadbent et al. 2009). Australian broadcasting services to the Pacific Islands region, through the Australia Network and Radio Australia, were closed, and Australia’s voice in the region ‘has become little more than a croak into the ether’ (Dover and Macintosh 2018; see also Maclellan 2014). Since 2014, Australia has been dramatically cutting its aid budget, including to the Pacific (see, for example, Georgeou and Hawksley 2016; Maclellan 2014; Pryke 2019; Wood 2014).

**A region in crisis—Australia steps up**

Most recently, late 2018 saw another turnaround when the Australian Government’s Department of Foreign Affairs and Trade (DFAT) formally announced the Step-Up initiative in the Pacific, stating that the ‘Pacific is one of the highest priorities of the 2017 Foreign Policy White Paper’ (DFAT 2018). The Minister for Foreign Affairs Marise Payne (2018) said ‘stepping up in the Pacific is not an option, it is an imperative’. The stated
The goal of the Step-Up is simply to ‘support a more resilient region’. The means to achieve this goal is through ‘strengthening Australia’s engagement with the region’ with enhanced partnerships and relationships across economic growth, security and people-to-people ties. The political language around this policy shift strongly emphasises the moral obligation aspect of Australia’s engagement with the region, setting it in terms of a ‘response to the significant long-term challenges faced by our partners in the Pacific’ and a ‘new chapter in relations with our Pacific family’ (DFAT 2018).

The new Step-Up initiatives fall into three categories.

The first, stronger partnerships for economic growth, includes proposals to support infrastructure development in the region. Two major projects were announced on 8 November 2018: AU$2 billion for a new Australian Infrastructure Financing Facility for the Pacific (AIFPP) and a proposal for the Australian Parliament to approve additional resources and powers for Australia’s Export Finance and Insurance Corporation (EFIC). A week later, at the Asia-Pacific Economic Cooperation (APEC) summit in PNG, leaders from Australia, Japan and the United States announced a memorandum of understanding (MOU) on a trilateral partnership for infrastructure investment in the Indo-Pacific region. Also at APEC, the Australian Prime Minister jointly announced the Papua New Guinea Electrification Partnership. With Japan, New Zealand, the US and PNG, the partnership aims to provide 70 per cent of PNG with access to electricity by 2030.

The economic growth proposals also include expanding the Pacific Labour Scheme to all PICs, uncapping the numbers of workers and promoting the Pacific Agreement on Closer Economic Relations (PACER) Plus as a means of better integrating Pacific Island economies, expected to enter into force in mid-2020 when ratified by eight of the signatory countries.

The second category, stronger partnerships for security, intends to reflect concerns raised in the Boe Declaration on Regional Security, signed on 5 September 2018 in Nauru by PIF leaders. The Boe Declaration recognises an expanded concept of security that includes human, cyber and environmental security. The establishment of an Australia Pacific Security College and Pacific Fusion Centre are designed to support the implementation of the Boe Declaration. The purpose of these institutions is to provide training and professional development opportunities for officials across countries and agencies, and aggregate and share security information as a means to support well-informed responses to security
challenges across the region. Other projects were also announced in November 2018: a dedicated vessel for support, humanitarian and disaster relief and response; an annual Joint Heads of Pacific Security Forces event; an Australian Defence Force Pacific Mobile Training Team; and a Pacific Faculty of Policing at the Australian Institute of Police Management. In addition, the Australian Government announced AU$9 million over four years for expanding Australia’s Cyber Cooperation Partnership with the Pacific. These announcements build on earlier initiatives and programs, such as the bilateral security partnership MOUs with Tuvalu and Nauru; a bilateral security treaty with Solomon Islands; and a commitment of AU$2 billion to the Pacific Maritime Security Program over the next 30 years, among others.

The third category, ‘stronger relationships between our people’, includes education initiatives such as scholarships for Pacific students to study in Australian secondary schools; an increase to the number of scholarships under the Australia Pacific Training Coalition; and an expansion of the Australia–Pacific BRIDGE School Partnerships for teacher training. This category also encompasses a new Church Partnerships Program announced by the Australian Prime Minister in November 2018 and a new Australia–Pacific sports linkages program. A new Pacific–Australia Card (PAC) will offer eligible applicants priority visa application processing and recognition at Australian airports. These initiatives are in addition to a number of existing programs such as the Pacific Connect Program announced in September 2017 and the three-year AU$10 million Australian Aid: Friendship Grants program.

Structural changes within DFAT were another important element of the Pacific Step-Up policy. As the DFAT website sets out, an Office of the Pacific was established to coordinate ‘deepening engagement with the Pacific’ through whole-of-government coordination and support for Australia’s efforts to develop even closer ties with the Pacific (DFAT 2018). As at the end of 2018, DFAT had established a new Indo-Pacific group, under which falls the Office of the Pacific. It consists of two divisions: the Pacific Strategy Division and the Pacific Bilateral Division. Within these divisions are seven branches dedicated to Pacific Island countries and themes. Themes include Pacific Labour Mobility and Economic Growth; Pacific Regional Engagement and Outreach; Pacific Infrastructure; and Pacific Security—Maritime and Climate Change. Some insiders note that that this kind of ‘re-tooling’ has not been seen for decades, and certainly not for the Pacific. However, this new Office of the Pacific at
DFAT was seen by some Pacific analysts as representing very little in terms of a real shift in conceptualisation of, or approach towards, the Pacific Islands region, given that indications suggested it may largely be staffed by secondees from the Australian Federal Police and departments of Defence, Home Affairs and the Attorney-General, with no mention of, for example, education, health or climate change expertise—all key priority areas for the Pacific.⁴

**The view from the Pacific—‘anything but tiny’**

In general, views from the Pacific Islands region differ markedly from the Australian perspective. As Wesley Morgan argues, ‘it is far from certain that Pacific island countries share the same geostrategic anxieties, and diplomatic agendas, of traditional powers on the Pacific-rim’ (2018). In a beautiful article written in 1993, Epeli Hau‘ofa offers a ‘view of Oceania that is new and optimistic’, in which the Pacific Islands region is not understood as ‘pitiful microstates condemned forever to depend on migration, remittances, aid and bureaucracy, and not on any real economic productivity’ and in which Pacific peoples are not belittled, even unintentionally, by often well-meaning external commentators (Hau‘ofa 1993:150). Hau‘ofa argues that ‘the world of Oceania is not small; it is huge, and growing bigger every day’ (ibid.:151). He says:

But if we look at the myths, legends, and oral traditions, and the cosmologies of the peoples of Oceania, it becomes evident that they did not conceive of their world in such microscopic proportions. Their universe comprised not only land surfaces, but the surrounding ocean as far as they could traverse and exploit it, the underworld with its fire-controlling and earth-shaking denizens, and the heavens above with their hierarchies of powerful gods and named stars and constellations that people could count on to guide their ways across the seas. Their world was anything but tiny (1993:152).

He posited that the perspective of Pacific weakness is simply a reflection of neo-colonialist perspectives, convincing people that they ‘have no choice but to depend’ (ibid.:151). Hau‘ofa then argued that:

If this very narrow, deterministic perspective is not questioned or checked, it could contribute importantly to an eventual consignment of groups of human beings to a perpetual state of wardship wherein they and their surrounding lands and seas would be at the mercy of the manipulators of the global economy and ‘world orders’ of one kind or another (ibid.:151–52).

The strategic priorities of the ‘Blue Pacific’

Building on these ideas, in 2017, the notion of the ‘Blue Pacific’ was articulated by Samoan Prime Minister Tuilaepa Sailele Malielegaoi at the Pacific Islands Forum (PIF) leaders meeting, emphasising Pacific Island states’ autonomy, independence and ability to determine and pursue their own strategic interests. The Boe Declaration on Regional Security, released at the leaders meeting in Nauru in 2018, further reiterated this determination. Of particular interest is the expanded definition of what constitutes security and threats to security. Whereas Australia’s support for the concept of the ‘Indo-Pacific’ emphasises ameliorating military security concerns, the Boe Declaration explains that for the Pacific, security includes human security, humanitarian assistance and environmental security. However, it also clearly states that the primary security concern is climate change, which ‘remains the single greatest threat to the livelihoods, security and wellbeing of the peoples of the Pacific’ (PIF Secretariat 2018).

Climate change was again emphasised as the primary concern for the Pacific at the 2019 PIF in Tuvalu. Host Prime Minister Enele Sopoaga’s goal was for leaders to agree to the Tuvalu Declaration, which acknowledged a climate crisis, encouraged countries to revise emissions reductions targets and called for a rapid phase-out of coal use. Despite the then Tuvaluan prime minister’s efforts, the declaration was not unanimously endorsed. New Zealand had reservations about financing for the UN’s Green Climate Fund, as did Australia, and Australia also expressed concerns about the sections on emissions reductions and coal use. Several Pacific Island leaders expressed strong disappointment about these qualifications, including the Prime Ministers of Fiji and Tonga. Mr Sopoaga said that while Australian Prime Minister Scott Morrison was ‘concerned about saving your economy in Australia’, he was ‘concerned about saving my people in Tuvalu’ (Clarke 2019).
Collective identity, collective diplomacy

The Blue Pacific, the Boe Declaration and the Tuvalu Declaration all build on a broader movement of Pacific Islands diplomacy based on a common sense of identity and purpose in overcoming common constraints (PIF Secretariat 2014:1) as a means to reassert Pacific Islands’ agency and interests. Collective diplomacy itself is not a new idea in the region. During the 20th century, the ‘Pacific Way’ of undertaking diplomacy emphasised consensus among Island states (Aqorau 2015; see also Tarte 2014). This approach had a number of successes both regionally and globally, including the Rarotonga Treaty of 1985, which designated the South Pacific as a nuclear-free zone (Naupa 2017:903). The more recent narrative position of PICs is that they are one ‘Blue Continent’, critical to the effective and sustainable management of a vast swathe of the world’s ocean, and the marine resources associated with it, notably the world’s largest tuna fishery and seabed minerals and energy supplies (Morgan 2018).

More recently, the region has deliberately begun to reconfigure its identity as a neighbourhood with shared interests rather than a collection of individual states pursuing their own interests (Naupa 2017:904). As Fry and Tarte argue, Pacific Island states have experienced what former president of Kiribati Anote Tong described as a ‘paradigm shift’, fundamentally changing their approach to engaging with regional and world politics (Fry and Tarte 2015:3). Networked, rather than traditional state-centric ‘club’ diplomacy, is being adopted as a means to gain access to inner circles of policy negotiation (Naupa 2017:904). Pacific diplomacy aims to interrupt the prevalent international relations discourses that see global affairs through the prism of strategies and interests of powerful Pacific Rim countries and in which Pacific Islands’ affairs are viewed as means to broader and greater ends.

Regarding China, Pacific Island leaders, such as PIF Secretary General Dame Meg Taylor and Vanuatu Minister of Foreign Affairs Ralph Regenvanu, argue that the Blue Pacific is aware of and capable of negotiating the challenges arising from China’s increased presence in the region (see interview with Smith and Lim 2019; also O’Keefe 2018). Taylor and Regenvanu emphasise that Pacific Island states are not naïve regarding China’s interests and approaches. However, both emphasise that the immediate security priority for the Pacific is climate change, not potential development of military bases. As Taylor explained in an interview:
If you look at the Pacific Rim countries, you’ve got to ask yourself, who is really committed to the one issue, the most important issue that faces this region: climate change? (Smith and Lim 2019)

And in relation to the priorities of large powers with interests in the region, Taylor said, ‘they’re not prepared to really look at the needs of the region and our young people, then I’d be questioning, “Well, why come back?”’ (ibid.).

Conclusion

Australia has long been aware of and uncomfortable about China’s presence in the Pacific Islands region. Australia has made it very clear that it wants to be the region’s preferred partner, not China. As Graeme Dobell (2019) noted, China’s growing presence in the Pacific has prompted a renewed surge of interest in maintaining Australia’s preeminent position as the preferred partner of PICs. In recent years, Australia’s response to China in the region has shifted from alert to alarm. While carefully avoiding direct references to China, its latest Pacific Islands policy, as laid out in the 2017 Foreign Policy White Paper and in the 2018 launch of the Step-Up initiative, is—at its heart—concerned with managing and containing China’s influence in the region (see, for example, Murray 2018; Whiting and Dziedzic 2019 among many other media stories. See also Dobell 2018 and O’Keefe 2018). Australia’s Step-Up initiative reflects this recent dramatic increase in concern about China in the Pacific, although a renewed interest (again) in the Pacific Islands region had been under discussion for several years both in political and bureaucratic circles.\(^5\) It is clear that Australia continues to be extremely anxious that Pacific Island nations cannot, or perhaps will not (or perhaps both), push back against China in the way that most aligns with Australian strategic interests and priorities.

While many consider that it is Australia’s neglect of the region that has caused Pacific Island states to ‘fall into the arms of China’, another way to look at the situation is that it is because of how Australia constructs the Pacific Islands region, with corresponding actions, that PICs are open to engaging with other partners, depending on whether what is on offer aligns with their own articulated interests. The 2019 PIF in Tuvalu provides an

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illustrative example—much of the English-language analysis of Australia’s engagement at the 2019 forum suggests that it has had a detrimental effect on Australia’s reputation in the region, damaged its Step-Up goal of being the Pacific’s preferred partner and affected the region’s relationship with China in ways that do not align with Australia’s interests (Clarke 2019). Certainly, the Chinese Foreign Ministry lost no time in arguing that Australia would do well to reflect on its ‘condescending and insulting’ approach to the Pacific Islands region, contrasting it directly with China, which ‘doesn’t insult island countries and go down and tell the world that we’ve given this much money to the Pacific islands’ and describing Australia as a ‘condescending master’ (Geng 2019).

Australia’s approach to the Pacific for the past several decades has been inconsistent, oscillating between neglect and intervention. Despite this, certain fundamental assumptions about the region have remained constant over time, particularly around the weakness and incapacity of Pacific Island countries. Over the past several years, the Australian policy and political community has combined this long-held understanding with growing concerns about China’s influence in the region, resulting in increased anxiety, if not alarm, about risks to security and a renewed determination to ‘step up’ and counterbalance. However, the distinctly differing conceptions between Australia and Pacific Island countries about what the ultimate threat to security is means that Australia’s approach threatens to undermine the very goals it is aiming to achieve.

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