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## 【《UH・UR合同シシポジウム》報告】 China's Rise and Its Implications for Oceania

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《UH・UR 合同シンポジウム》報告

## China's Rise and Its Implications for Oceania

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### Abstract

This paper identifies a broad context for assessing China's increased interest in the Pacific Islands, and examines some of the major implications for regional security, regional politics, western influence, and self determination in the region. It argues that Beijing's policy towards Pacific Islands states is not driven by strategic competition with the United States, as some have maintained. Nor is it reducible to a specific set of interests centered on natural resources and, especially, competition with Taiwan. Although these factors are important, China's activities in the Pacific Islands region are best understood as part of a much larger outreach to the developing world that is likely to endure and intensify. The paper suggests that China's rise is generally welcomed by island leaders, and makes the case that it offers island states economic and political opportunities not available under established structures of power and influence.

### 1. China's Rise in Oceania<sup>1</sup>

The dramatic global emergence of China over the last three decades has set the stage for what Princeton University Professor of Politics and International Affairs G. John Ikenberry calls "one of the great dramas of the twenty-first century."<sup>2</sup> Oceania is a small but significant part of this drama. Beijing now has formal or informal relations with many of the independent and self-governing Pacific Island states, and with the major regional organizations, including the Pacific Islands Forum. According to China's ambassador to the Fiji Islands, in 2010 the value of trade with the islands region reached

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<sup>1</sup> This paper draws on materials previously published in Terence Wesley-Smith, *China in Oceania: New Forces in Pacific Politics* (Honolulu: East-West Center, 2007) and Edgar Porter and Terence Wesley-Smith, eds., *China in Oceania: Reshaping the Pacific?* (New York and Oxford: Berghahn Books, 2010).

<sup>2</sup> G. John Ikenberry, "The Rise of China and the Future of the West: Can the Liberal System Survive?" *Foreign Affairs* 87, no. 1 (2008), pp. 23-37.

US\$3.66 billion, a nine-fold increase from 2001, and continues to expand.<sup>3</sup> State-owned China Metallurgical Construction Group Corporation is developing the US\$1.7 billion Ramu Nickel mining project in Papua New Guinea, and more large-scale resource investment is likely in the future. In a report for the Sydney-based Lowy Institute for International Policy, Fergus Hanson suggests that if all pledged resources are actually delivered, China is now one of the largest aid donors to the Pacific Island states, competing with the United States for second place behind Australia.<sup>4</sup> China's rise to prominence in Oceania is among the most important regional developments since the end of the Cold War.

This paper explores some key dimensions of China's emergence as a significant force in Pacific Island affairs. It argues that Beijing's policy towards the Pacific is more than the sum of a specific set of interests, and is best understood as part of a much larger outreach to the developing world, a major work in progress that involves similar initiatives in Asia, Africa, Latin America, and the Middle East.<sup>5</sup> This makes China's presence in the Pacific much more likely to endure even as the particular mix of local interests and opportunities shifts over time. The paper also argues that Pacific leaders have generally responded positively to the egalitarian qualities of contemporary Chinese diplomacy, and pragmatically welcomed an approach which, unlike that of more established development partners, attaches few conditions to transfers of aid, loans, and other resources. Perhaps most important, China's growing regional presence allows Pacific Islanders to contemplate alternatives to long established networks of power and influence, as well as entrenched models of economic and political development.

## 2. Strategic Perspective

The most profound questions associated with China's rise to global prominence concern the rules and institutions of the international system itself. Can the United States and its western allies retain their dominance of an international order they have nurtured and controlled since the end of World War II? Will an increasingly powerful China challenge this hegemony and bring an end to what some have called the United States' "unipolar moment" in international affairs? And, if so, will this precipitate global tension, distrust, and even conflict?<sup>6</sup> These are the big issues informing some academic writings about China's changing role in the region. In a much cited article, for example, political

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<sup>3</sup> Han Zhiqiang, "Getting Closer to China's Relations with Pacific Island Countries," (Suva, Fiji: lecture at the University of the South Pacific, 4 May 2011), <http://fj.china-embassy.org/eng/xwdt/t819982.htm>, last accessed 12 February 2012.

<sup>4</sup> Fergus Hanson, *China in the Pacific: The New Banker in Town* (Sydney: Lowy Institute, Policy Brief, 2011).

<sup>5</sup> Joshua Eisenman, Eric Heginbotham, and Derek Mitchell, eds., *China and the Developing World: Beijing's Strategy for the Twenty-First Century* (New York and London: M.E. Sharpe, 2007).

<sup>6</sup> Ikenberry, "The Rise of China and the Future of the West," pp. 23-37.

scientists John Henderson and Benjamin Reilly argue that China's ultimate goal is to "replace the United States as the preeminent power in the Pacific Ocean."<sup>7</sup>

Other commentators have argued that there is little evidence to support these rather alarmist assertions.<sup>8</sup> China's military expenditure has increased at an average of about 12 percent per annum over the last decade, facilitating what the US Department of Defense calls "a comprehensive and ongoing military modernization program."<sup>9</sup> An important part of these efforts involves enhancing the capacity of the Peoples Liberation Army Navy to operate in the Pacific Ocean, first in the Yellow Sea, East China Sea, and South China Sea (i.e. within the "first island chain"), and eventually beyond the "second island chain," which stretches from Northern Japan through the Northern Mariana Islands to Guam. China is developing a number of aircraft carriers, the first of which (of Soviet design) was commissioned in 2012; expanding its fleet of conventional and nuclear powered submarines; and refining the air defense and missile systems that can be operated from these platforms.<sup>10</sup>

Despite these developments China's blue water capability remains quite limited. Strategic analyst Marc Lanteigne notes that the Chinese navy has already encountered logistical difficulties in its anti-piracy "far seas operations" off the coast of Somalia, and it will be many years before China's naval capacity comes close to matching that of the United States.<sup>11</sup> In the meantime, as Robert Kaplan of the Center for New American Security argues, the most immediate result of China's military build-up will be to limit the ability of the US Navy to operate "whenever and wherever it wants" in the Western Pacific.<sup>12</sup>

Even if China represents a credible military threat to global Western interests some time in the future, it is not clear how Oceania features in likely conflict scenarios. Military planning in Beijing remains heavily focused on the Straits of Taiwan, on the disputed maritime resources of the South China Sea, and on the strategic sea lanes that service its burgeoning trade in raw materials and energy. Most of the Pacific Island states do not lie close to marine chokepoints, such as the Straits of Malacca, or offer strategic

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<sup>7</sup> John Henderson and Benjamin Reilly, "Dragon in Paradise: China's Rising Star in Oceania," *The National Interest* 72 (summer, 2003), p. 95.

<sup>8</sup> See e.g. Wesley-Smith, *China in Oceania: New Forces in Pacific Politics*; Porter and Wesley-Smith, eds., *China in Oceania: Reshaping the Pacific?*; Paul D'Arcy, "China in the Pacific: Some Policy Considerations for Australia and New Zealand" (Canberra: State Society and Governance in Melanesia Programme, Discussion Paper 2007/4, October 2007); Michael Powles, "China and the Pacific: Confrontation or Cooperation?" *New Zealand International Review*, vol. 32, no. 3, (May 2007).

<sup>9</sup> Office of the Secretary of Defense, *Military and Security Developments Involving the People's Republic of China* (Washington D.C.: Department of Defense, 2011), pp. 41, I.

<sup>10</sup> Secretary of Defense, *Military and Security Developments Involving the People's Republic of China*, pp. 3-4.

<sup>11</sup> Marc Lanteigne, "Water Dragon? China, Power Shifts and Soft Balancing in the South Pacific," *Political Science* 64(1) (2012), 21-38.

<sup>12</sup> Robert D. Kaplan, "The Geography of Chinese Power: How Far Can Beijing Reach on Land and at Sea?," *Foreign Affairs* (May/June 2010), p.34.

assets in the event of conflict with Taiwan. Those that do, like Guam and the Commonwealth of the Northern Marianas, are already firmly under US control and, in the case of Guam, heavily militarized. Nor is there is any evidence that China has attempted to establish port or military facilities anywhere in the vast expanses of Oceania.

Many commentators now acknowledge that, rather than confronting existing structures of power, China continues to play a generally constructive role in key international political and economic institutions. According to Kurt Campbell, then with the Center for Strategic and International Studies, a Washington-based think tank with strong ties to government and private industry, “China has determined that in most circumstances—and at least for now---its needs are best met by seeking to shape the current global framework from inside the tent.”<sup>13</sup> This is also the case in Oceania. In his new role as Assistant Secretary in the US State Department, Campbell has more recently stated categorically that “There is no zero-sum competition between the United States and China...in the Pacific. Rather we seek to identify areas of potential cooperation that can ensure regional stability, security, and prosperity.”<sup>14</sup>

Whether the unfolding drama of China’s rise includes the radical transformation of the global order or not remains to be seen. In the meantime, however, even the possibility of such a shift has changed the calculus of regional influence in significant ways. Tokyo’s unease with recent developments is clear, and the executive director of the Japan Institute for Pacific Studies states bluntly that the substantial increase of aid to the Pacific Islands announced in May 2006 was intended to counter Beijing’s growing sway in the region.<sup>15</sup> Furthermore, the United States, which has maintained a relatively low profile in the region since the end of the Cold War, is now attempting to “renew its focus and commitment” to the island nations through enhanced diplomatic efforts and increased financial assistance. Although perhaps not the only factor driving this significant change in posture, the rise of China in Oceania is clearly an important part of Washington’s new strategic equation.<sup>16</sup> Certainly, the massive build up of military forces on Guam, as well as the November 2011 announcement that 2,500 US marines would be deployed to Darwin in northern Australia, reflect Washington’s determination that this will be, as Secretary of State Hillary Clinton put it, “America’s Pacific Century.”<sup>17</sup>

Although those commenting on China’s changing role in Oceania sometimes cite a range of negative implications for island societies, few of these authors make any

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<sup>13</sup> Kurt Campbell, “Foreword,” in *China and the Developing World: Beijing’s Strategy for the Twenty-First Century*, eds. Joshua Eisenman, Eric Heginbotham, and Derek Mitchell (New York and London: M.E. Sharpe, 2007), p. x.

<sup>14</sup> Kurt Campbell, “U.S. Policy in the Pacific Islands,” testimony before the House Committee on Foreign Affairs, Subcommittee on Asia, the Pacific, and the Global Environment, Washington D.C., 29 September 2010.

<sup>15</sup> Kobayashi Isumi, “China’s Advance in Oceania and Japan’s Response,” in *China in Oceania: Reshaping the Pacific?* eds. Wesley-Smith and Porter, pp. 85-92.

<sup>16</sup> Campbell, “U.S. Policy in the Pacific Islands.”

<sup>17</sup> Hillary Clinton, “America’s Pacific Century,” *Foreign Policy*, November 2011.

reference to island perspectives on these issues.<sup>18</sup> Indeed, the real purpose of their work is to suggest a threat to the strategic status quo, a challenge to the way regional affairs have been managed to date. And while the strategic debate rages on in centers of metropolitan power, Pacific Island leaders contemplate their own stakes in a fast changing regional environment.

### 3. Changing Foreign Policy

China's increased interest in the Pacific reflects significant changes in Beijing's policy towards the rest of the world, driven in turn by the domestic transformation of its economic and social order. The present foreign policy era really began in 1979, as the tenets of wealth creation through economic liberalization took center stage under the leadership of Deng Xiaoping. By 1980 China had joined the World Bank and International Monetary Fund, two bedrock institutions in the western-dominated international financial order, and in December 2001 entered the World Trade Organization.<sup>19</sup> By then, China had established a consistent and unprecedented record of extremely rapid wealth creation, based in large part on the development of a coastally based, export-oriented economy. In 2010, the size of China's economy surpassed that of Japan and today is second only to the United States.

It is not surprising, then, that an increasingly important foreign policy objective for China involves securing reliable access to the raw materials and markets necessary to support its continued economic expansion. The demand for raw materials is not only rising steeply, but in many cases outstripping domestic supplies.<sup>20</sup> On the other side of the trade equation, China exports much of what it manufactures to consumers in markets around the globe. China's leaders have staked their future on the rising domestic standards of living associated with continued economic growth, and Beijing's foreign policy establishment works hard to make this possible.

Another of China's core foreign policy objectives is to preserve a peaceful environment.<sup>21</sup> This promises to allow Beijing to pursue economic growth and focus on pressing internal issues without the distraction of conflict with other countries, especially those on its borders. The notion of a peaceful rise serves to counter any inclination to

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<sup>18</sup> See, e.g. Henderson and Reilly, "Dragon in Paradise"; Windybank, "The China Syndrome"; Graeme Dobell, "China and Taiwan in the South Pacific: Diplomatic Chess versus Political Rugby," in *Chinese in the Pacific: Where to Now?* ed. Paul D'Arcy (Canberra: Centre for the Study of the Chinese Southern Diaspora, Research School of Pacific and Asian Studies, Australian National University, CSCSD Occasional Paper, no. 1, May 2007).

<sup>19</sup> Doug Guthrie, *China and Globalization: The Social, Economic, and Political Transformation of Chinese Society* (New York: Routledge, 2006), pp. 25-26.

<sup>20</sup> Stuart Harris, "China in the Global Economy," in *Does China Matter? A Reassessment*, eds. Barry Buzan and Rosemary Foot (London and New York: Routledge, 2004), pp. 62-63.

<sup>21</sup> Eric Heginbotham, "Evaluating China's Strategy Toward the Developing World," in *China and the Developing World: Beijing's Strategy for the Twenty-First Century*, eds. Joshua Eisenman, Eric Heginbotham, and Derek Mitchell (New York and London: M.E. Sharpe, 2007), p. 203.

challenge the United States or other powers, and helps explain Beijing's current preference for working "inside the tent" of existing international institutions. A major exception to this emphasis on peace and stability is Beijing's sometimes belligerent stand on the status of Taiwan, which it still regards as an integral part of the People's Republic of China. However, even in this most sensitive of areas, China has worked hard in recent years to avoid escalating the stand-off across the Taiwan Straits. There are also concerns that China might have moved away from its "peaceful rise" commitment in the South China Sea and East China Sea, where a pattern of growing assertiveness has been apparent in disputes with regional states over marine and territorial jurisdiction. As Lanteigne notes, however, this new assertiveness "stops well short of direct, hard balance of power behavior," at least for the moment.<sup>22</sup>

A third key objective for Beijing is to avoid encirclement or isolation, a sentiment that has emerged from China's history of engagement with imperial powers such as the United States, Great Britain, and Japan, as well as its sometimes volatile relationships with neighboring states, including Russia. In its current form, the objective largely reflects a determination to offset any attempts by the United States (and to a lesser extent, Japan) to contain or limit China's economic and political rise, especially in resource-rich parts of the world. This provides a major rationale for China's increased naval presence in the Western Pacific, fueling US concerns that its ability to operate freely in this part of the ocean will be compromised.<sup>23</sup>

Although the fundamental objectives of China's foreign policy have been in place for nearly three decades, the most dramatic changes to Beijing's foreign policy in recent times have been in the strategies employed to achieve key objectives. According to Senior Political Scientist at the RAND Corporation Eric Heginbotham, Beijing's new approach is "smarter rather than more muscular" and contains a number of distinctive elements.<sup>24</sup> These include a new emphasis on involvement in multilateral organizations, especially at the regional level, complemented by a series of "strategic partnerships" with key partner states around the world. The new-look policy also promotes overseas investments, often as a way of securing supplies of needed commodities while cementing relationships with overseas partners. Matters of style have also become important. There has been a concerted attempt to reassure potential partners of Beijing's commitment to the peaceful rise ideal, to more symmetrical forms of international relations, and to "win-win" outcomes. Bilateral or multilateral agreements are typically multidimensional, involving trade concessions, investment or loan packages, and sometimes development assistance. Potential partners are not necessarily asked to choose sides in situations where third-party interests—such as those of the United States or Japan—are at stake.

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<sup>22</sup> Lanteigne, "Water Dragon?", p. 24, pp.23-27

<sup>23</sup> Lanteigne, "Water Dragon?", p. 24

<sup>24</sup> Heginbotham, "Evaluating China's Strategy Toward the Developing World," p. 205.

Perhaps as important, especially in smaller or poorer countries, leaders in Beijing articulate a classical Westphalian view of sovereignty, one that makes no judgment about the internal affairs of partner states and rejects overt attempts to use external relations to leverage internal political or economic change. This is an aspect of China's soft power that often impresses leaders of developing countries and influences their willingness to entertain expanded levels of cooperation. It is also the aspect that raises eyebrows in western capitals, where relations with developing countries are increasingly structured around issues of transparency, good governance, and respect for human rights.

#### 4. China and the Developing World

Much of Beijing's foreign policy focus in recent years has been on the developing world, and on those states categorized as "transitional" by the United Nations. In recent decades China's trade with developing countries has grown much faster than with developed states, and that its diplomacy is "taking the developing world by storm" is evidenced by a plethora of recent investments and trade agreements, construction projects, and multilateral initiatives in Africa, Latin America, the Middle East, and throughout Asia.<sup>25</sup> And it is in these parts of the world that a rising China is having its largest and most immediate impacts. Trade between China and Africa increased by 700 percent during the 1990s, and doubled again in the first four years of the new century.<sup>26</sup> Between 1999 and 2004 Latin American and Caribbean exports to China increased sevenfold, imports more than tripled, and resource-related investments surged.<sup>27</sup> Meanwhile, by 2004 the value of trade between the Middle East and China had reached about the same level as that with the United States and continues to grow rapidly.<sup>28</sup>

China's growing interest in the developing world is highly significant, not least because it is now a central focus of Beijing's external efforts. These activities have major economic and political consequences not only for the countries immediately involved, but for other global actors and, ultimately, for the international community as a whole—whether Beijing intends those secondary impacts or not. That there has been remarkably little great power tension in these potential flashpoints is largely attributable to Beijing's conciliatory approach to bilateral and multilateral relationships.

Most important, the recent extension of China's growing global reach has profound implications for an increasing number of people in developing countries. However, few

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<sup>25</sup> Heginbotham, "Evaluating China's Strategy Toward the Developing World," p. 189.

<sup>26</sup> Joshua Eisenman, "China's Post-Cold War Strategy in Africa: Examining Beijing's Methods and Objectives," in *China and the Developing World: Beijing's Strategy for the Twenty-First Century*, eds. Eisenman, Heginbotham, Mitchell, pp. ix-xii.

<sup>27</sup> Rhys Jenkins and Enrique Dussel Peters, *The Impact of China on Latin America and the Caribbean* (Brighton, UK: Institute of Development Studies, Asian Drivers Programme, 2006).

<sup>28</sup> Mao Yufeng, "China's Interests and Strategy in the Middle East and the Arab World," in *China and the Developing World: Beijing's Strategy for the Twenty-First Century*, eds. Eisenman, Heginbotham, and Mitchell, pp. 11, 118.



analysts have examined in any depth the evolving relationship with the developing world as a whole. Most of the existing literature is concerned with what China's rise might mean for the global interests of the United States, rather than for the welfare of the people who inhabit affected parts of the developing world—and represent fully three fourths of humanity as well as a disproportionate share of its poor and disempowered. Some commentators, like Journalist Joshua Kurlantzick, celebrate the success of China's global "charm offensive," but also warn that China's growing power could serve to erode "labor and environmental standards in other countries...and undermine efforts by western governments and international financial institutions to demand better governance...from aid recipients."<sup>29</sup> Such arguments draw our attention to negative future possibilities—but they also tend to assume the virtues of the status quo in the political economy of development. Even a cursory glance at the results of a half-century of massive western-led development efforts around the globe suggests that there is little room for complacency. And it is worth noting that by far the biggest gains in the global war against poverty in recent decades have been achieved in countries—particularly China—not always noted for their strict adherence to the advice of western development agencies. Lecturer in Northeast Asian Politics at the University of Sydney James Reilly notes that China's approach to development assistance is strongly influenced by its own long experience as a recipient of aid from Japan, and American University's Professor Deborah Brautigam argues that China's Africa policy is informed in significant ways by lessons learned from its own history of development.<sup>30</sup>

## 5. China and Pacific Islands

Although China has a long history of interaction with Oceania, its interest and involvement in the region have increased significantly over the last decade. In an address to the annual meeting of the Pacific Islands Forum in October 2000, China's Vice Foreign Minister Yang Jiechi noted that the value of trade with the region had almost doubled in each of the previous two years, and that the number of Chinese-funded infrastructure projects was also expanding rapidly. He announced the establishment of the China-Pacific Islands Forum Cooperation Fund, the opening of a Pacific Islands Forum Trade Office in Beijing, and predicted a "lasting, stable and ever growing relationship" with the region.<sup>31</sup> In 2006, with the value of trade fast approaching \$1

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<sup>29</sup> Joshua Kurlantzick, *Charm Offensive: How China's Soft Power is Transforming the World* (New Haven and London: Yale University Press, 2007), p. 171.

<sup>30</sup> James Reilly, "A Norm-Taker or a Norm-Maker? Chinese Aid in Southeast Asia," *Journal of Contemporary China* vol. 21, no. 73 (January 2012), pp. 71-91; Deborah Brautigam, *The Dragon's Gift: The Real Story of China in Africa* (Oxford University Press, 2009).

<sup>31</sup> Jiechi Yang, "Statement by Vice Foreign Minister Yang Jiechie at the Post-Forum Dialogue," 31<sup>st</sup> Pacific Islands Forum, Tarawa, Kiribati, 30 October, 2000, <http://archives.pirereport.org>, last accessed 5 January 2012.

billion, Beijing announced plans to raise substantially the level of its engagement with the region.<sup>32</sup>

At the first China-Pacific Island Countries Economic Development and Cooperation Forum in Fiji in April 2006, Chinese Premier Wen Jiabao pledged to make available preferential loans worth US\$376 million over three years, establish a fund to encourage Chinese companies to invest in the region, cancel or extend debts maturing in 2005, and remove tariffs on imports from the least developed island nations.<sup>33</sup> As mentioned earlier, China is now one of the largest aid donors to the independent and self-governing Pacific Island states.

Professor of International Politics at the University of Bristol Yongjin Zhang argues convincingly that China's new approach to Oceania is best understood as "an integral part of its new diplomacy toward the global South."<sup>34</sup> Certainly the pattern of behavior exhibited by Beijing in the Pacific shares many of the hallmarks of its recent engagement with other parts of the developing world. First, it includes multifaceted bilateral relations with a number of regional states. There is a particular emphasis on relations with Fiji, for example, perhaps because of its pivotal role as the focus of much regional commerce and diplomatic activity, the fear of a switch to Taiwan, and because the coups of 2000 and 2006 presented an opportunity for increased engagement.<sup>35</sup> Samoa, arguably China's oldest and most faithful ally in the region, also seems to be singled out for favorable treatment despite the absence of any specific Chinese interests there.<sup>36</sup> Although Tonga recognized China relatively recently, a number of business deals—particularly one allowing China access to Tonga-controlled satellite orbits—appear to make it worthy of special attention.<sup>37</sup> Relations with Papua New Guinea have proved more volatile, but its vast array of natural resources make it a natural trading partner for China.<sup>38</sup> Second, China's bilateral agreements in the Pacific Islands are multifaceted and typically include trade concessions, investments, and concessionary loans, as well as aid and technical assistance.

Finally, there is a new emphasis on multilateral relations. The April 2006 summit in Fiji was a first for the region. But it reflects the form and substance of similar events elsewhere, including the China-Africa Forum on Cooperation series launched in 2000,

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<sup>32</sup> Wen Jiabao, "Win-win Cooperation for Common Development" (Nadi, Fiji: Keynote speech, China-Pacific Island Countries Economic Development and Cooperation Forum, 5 April 2006). Reproduced in Porter and Wesley-Smith, eds., *China in Oceania: Reshaping the Pacific?*

<sup>33</sup> Wen Jiabao, "Win-win Cooperation for Common Development."

<sup>34</sup> Zhang, "A Regional Power by Default," p. 50.

<sup>35</sup> Sandra Tarte, "Fiji's 'Look North' Strategy and the Role of China," in *China in Oceania: Reshaping the Pacific?* eds. Wesley-Smith and Porter, pp. 118-132.

<sup>36</sup> Iati Iati, "China and Samoa," in *China in Oceania: Reshaping the Pacific?* eds. Wesley-Smith and Porter, pp. 151-163.

<sup>37</sup> Palentina Langa'oi, "China's Diplomatic Relations with the Kingdom of Tonga," in *China in Oceania: Reshaping the Pacific?* eds. Wesley-Smith and Porter, pp. 164-178.

<sup>38</sup> Hank Nelson, "Chinese in Papua New Guinea," in *China in Oceania: Reshaping the Pacific?* eds. Wesley-Smith and Porter, pp. 104-117.

and the China-Caribbean Economic and Trade Cooperation Forum held for the first time in Jamaica in February 2005. These multilateral initiatives are specifically designed not to replicate or replace the existing architecture of regional cooperation. Indeed, Beijing has been careful to work within established Pacific regional organizations in recent years, and to avoid any direct challenges to existing patterns of leadership. Perhaps in part to assuage Australian fears that a rising China will derail ongoing attempts to enhance regional cooperation and encourage good governance, Beijing has pledged support for the Pacific Plan, a major blueprint for such efforts,<sup>39</sup> and signed the Kavieng Declaration on Aid Effectiveness, a local version of the Paris Declaration on Aid Effectiveness, which provides some guidelines for donor countries involved in Papua New Guinea.<sup>40</sup> However, in September 2011 China made it clear that it would not be bound by the Cairns Compact, a 2009 agreement of the Pacific Islands Forum which identifies strict criteria for regulating regional development efforts.<sup>41</sup>

Although Yongjin Zhang argues that “China’s approach to the Pacific is no different from its broader diplomatic approach to other regions of the South,” Beijing’s engagement with the Pacific Islands does have its distinctive elements.<sup>42</sup> It is worth noting, for example, that China’s profile remains modest relative to its investment in other regions of the world—and to Australia’s level of engagement in the Pacific. Two other factors—the search for natural resources, and efforts to expand its political influence—help to define the specific characteristics of China’s relations with the island nations of the Pacific.

Oceania is important to China as a source of key natural resource inputs for its burgeoning economy. China already imports significant quantities of timber and fish from Pacific Islands countries, including Solomon Islands and Papua New Guinea. It has a particular interest in Papua New Guinea’s vast energy and mineral resources. In March 2005, a major government-owned construction and operating company, Chinese Metallurgical Construction (Group) Corporation, purchased a majority interest in the giant Ramu nickel and cobalt mining project in Madang. When complete, the mine is expected to produce 32,800 tons of nickel annually, much of which will be exported to support China’s booming stainless steel industry.<sup>43</sup> In 2006, the Papua New Guinea government signed an agreement to allow China Exploration and Engineering Bureau to

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<sup>39</sup> The plan’s overall objective is to “enhance and stimulate economic growth, sustainable development, good governance and security for Pacific countries through regionalism.” *The Pacific Plan for Strengthening Regional Cooperation and Integration* (Suva, Fiji: Pacific Islands Forum Secretariat, 2006).

<sup>40</sup> *Kavieng Declaration on Aid Effectiveness: A Joint Commitment of Principles and Actions Between the Government of Papua New Guinea and Development Partners*, 15<sup>th</sup> February 2008.

<sup>41</sup> Samantha Magick, “China goes it alone on aid to Pacific,” *Islands Asia Business Link*, <http://islandsasiabusiness.com/2011/09/09/china-goes-i-alone-on-aid-to-pacific/>, last accessed on 20 October 2011.

<sup>42</sup> Zhang, “A Regional Power by Default,” p. 50.

<sup>43</sup> Rowan Callick, “Chinese Mine Treating PNG Workers Like Slaves,” *The Australian*, 9 February 2007. Ramu Nickel Limited, *Ramu Nickel/Cobalt Project*, [www.highlandspacific.com/projects/pdfsProjects/Ramu\\_Nickel\\_Cobalt\\_Project.pdf](http://www.highlandspacific.com/projects/pdfsProjects/Ramu_Nickel_Cobalt_Project.pdf), last accessed 7 February 2012.

explore further opportunities to develop gold, copper, chromites, magnesium, or other mineral resources.<sup>44</sup> More recently, China Petroleum and Chemical Corporation (Sinopec) agreed to purchase two million tons of liquefied natural gas (LNG) annually from Papua New Guinea's massive LNG project, making it the single largest customer for this Exxon Mobil-led initiative.<sup>45</sup>

Although China's quest for reliable access to natural resources helps drive its relations with particular island states—most notably Papua New Guinea—efforts to build political influence are region-wide. Indeed, political motives probably best explain the relatively large number of Chinese diplomats posted to the region, the “visit diplomacy” that brings large numbers of island leaders on goodwill trips to Beijing every year, as well as some of the high-profile aid projects that have built sports complexes and other public facilities in island countries over the last two decades. Along with similar efforts in the Caribbean and smaller countries in Africa, China hopes to mute international criticism of its record on human rights, advance its economic goals in institutions like the World Trade Organization, and block Japan's aspirations to play a more active international role. Of key importance in the Pacific Islands are China's efforts to isolate Taiwan.

The competition between China and Taiwan for influence in Oceania dates back to the 1970s, after US President Richard Nixon's visit to Beijing and loss of UN membership pushed Taiwan to seek diplomatic recognition wherever it could. Although Taipei's efforts yielded significant results among the smaller states of Africa, Central America, the Caribbean, and the Pacific, China's growing political and economic influence has taken its toll in recent years. Since 2003, Taiwan has lost seven of its thirty diplomatic allies, although it retains informal trade and other ties with many others.

Taiwan remains relatively successful in Oceania. Although Tonga switched its allegiance to China in 1998, the Marshall Islands came over to the Taiwan camp the same year. Nauru recognized China in 2002 but returned to Taiwan less than two years later. Perhaps Taipei's greatest victory came in 2003, when China lost its long-standing formal ties to Kiribati—and its satellite tracking facility there.<sup>46</sup> Today, six Pacific Island states (Kiribati, Solomon Islands, Palau, the Marshall Islands, Tuvalu, and Nauru) recognize Taiwan, while a further seven (Papua New Guinea, Samoa, Tonga, the Cook Islands, Fiji, Vanuatu, and the Federated States of Micronesia) have formal relations with China.<sup>47</sup>

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<sup>44</sup> *The National* (Papua New Guinea), “China to Explore PNG for Minerals,” 18 January 2006.

<sup>45</sup> In an effort to persuade Congress to increase development assistance, Secretary of State Hillary Clinton told the Senate Foreign Relations Committee that China was trying to undermine this initiative. Andrew Quinn, “Clinton Says China Seeks to Outflank Exxon in Papua New Guinea,” Reuters, 2 March 2011, [www.reuters/assets/print?aid=USTRE7215UV2011002](http://www.reuters/assets/print?aid=USTRE7215UV2011002), last accessed 12 February 2012.

<sup>46</sup> Richard Herr, “Sovereignty and Responsibility: Some Issues in Chinese/Taiwanese Rivalry in the Pacific,” *Fijian Studies* 4 (2007), pp. 111–125.

<sup>47</sup> Joel Atkinson, “China-Taiwan Diplomatic Competition and the Pacific Islands,” *Pacific Review* 23 no. 4 (2010), pp. 407–427.

The rivalry with Taiwan for influence in the region is perhaps the most controversial aspect of China's growing relationship with Oceania. According to senior Australian journalist Graeme Dobell, for example, "The diplomatic competition between China and Taiwan is destabilizing island states...making Pacific politics more corrupt and more violent."<sup>48</sup> These assertions will be considered later in the paper, but here it is sufficient to note that it is also considered by some to be the most important factor influencing China's activities in the region. Fergus Hanson, for example, describes the "diplomatic stoush" with Taiwan as "the central organizing principle of [China's] engagement" in the Pacific, and uses this to explain some perceived shortcomings in Beijing's aid program in the region.<sup>49</sup> Without this element, some commentators suggest, China's recent flirtation with the region may turn out to be a short term romance.<sup>50</sup>

The recent "diplomatic truce" between the Beijing and Taipei provides some evidence to support such claims.<sup>51</sup> The 2008 elections in Taiwan saw the Kuomintang (KMT) party return to power after eight years in opposition. Incoming President Ma Ying-jeou brought with him a much more conciliatory approach on cross-strait issues than his predecessor, and immediately set about repairing the strained relationship with China. The Chinese government appears to have responded positively to Ma's overtures, and in September 2010 China's Premier Wen Jiabao commented that political relations between the two sides had reached "the most promising point in decades."<sup>52</sup> In the general elections of January 2012, President Ma was reelected by a comfortable margin, suggesting that relations with Beijing will continue to improve, and providing further evidence to support George Washington University Professor of International Relations Robert Sutter's claim that the balance of power in cross-strait relations has tilted significantly towards China.<sup>53</sup>

In the Pacific, most of the apparent changes have been on the Taiwan side of the equation. Taipei's 2009 White Paper on Foreign Aid Policy signaled a move away from "check book diplomacy," and towards "appropriate motives, due diligence, and effective practices" in the delivery of aid.<sup>54</sup> In a visit to Solomon Islands in March 2010, President Ma declared that Taiwan and China had "stopped trying to win over each other's

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<sup>48</sup> Dobell, "China and Taiwan in the South Pacific."

<sup>49</sup> Hanson, "China in the Pacific: What's Really Going On?"

<sup>50</sup> Rory Medcalf, Rory, "The South Pacific: A Short Term Romance?" *The Australian* 13 February, 2010.

<sup>51</sup> Atkinson, "China-Taiwan Diplomatic Competition and the Pacific Islands," pp. 420-422.

<sup>52</sup> United Kingdom Press Association, "China May Remove Taiwan Missiles," 23 September 2010, [http://www.google.com/hostednews/ukpress/article/ALeqM5juK5M5jZnqFbKzKFn-q7\\_ZAUSlow/](http://www.google.com/hostednews/ukpress/article/ALeqM5juK5M5jZnqFbKzKFn-q7_ZAUSlow/), last accessed on 10 October 2011.

<sup>53</sup> Andrew Jacobs, "President of Taiwan is re-elected, a result that is likely to please China," *New York Times* 14 January 2012. Robert Sutter, *Taiwan's Future: Narrowing Straits* (Seattle: National Bureau of Asian Research, NBR Analysis, April 2011).

<sup>54</sup> *Progressive Partnerships and Sustainable Development* (Taipei: Ministry of Foreign Affairs, Republic of China, White Paper on Foreign Policy, May 2009).

diplomatic allies.”<sup>55</sup> Reflecting Taipei’s change in direction, and much to the consternation of some Pacific leaders, a planned summit with Pacific allies—the third in a series launched in September 2006—was postponed and later cancelled. Although the “diplomatic truce” has frozen attempts to reduce the number of states that recognize Taiwan, it has not precipitated other significant changes in China’s policy towards Oceania. However, it is interesting to note that the planned follow-up to the landmark 2006 forum in Fiji has not occurred, and no new high-profile regional initiatives have emerged from Beijing in recent years.

It is too soon to properly assess the impact of improved China-Taiwan relations on Beijing’s attitude towards the Pacific. The truce itself is not well enough established and could well be compromised by any number of developments, including a resurgence of support for independence among the Taiwanese electorate, or a hardening stance in the US Congress towards arms sales to Taipei. In any event, it is clear that although competition with Taiwan is an important component of Beijing’s foreign policy in Oceania, it is not the only factor driving Beijing’s activities in the region. The dynamics of China’s rise, as well as the logic guiding Beijing’s relations with the rest of the world, made its encounter with Oceania all but inevitable—and suggest that it likely to endure regardless of what happens across the Taiwan Strait.

## **6. Pacific Perspectives**

Some analysts have argued that China’s rise in Oceania has been facilitated by particular regional vulnerabilities. They suggest further that Beijing has simultaneously exploited and encouraged corruption and instability in the region, and somehow will hinder the appropriate economic and political development of island states.<sup>56</sup> I have examined those allegations in some depth elsewhere and here I will simply note that many of them remain unsubstantiated. Most arguments about China’s influence on development trajectories hinge around concerns that Beijing’s aid policies will undermine western efforts to manage change in particular ways. However, it remains to be demonstrated what this might mean for the welfare of the island societies in question.<sup>57</sup> To focus on island weakness, vulnerability, and corruption serves to obscure the possibility that relations with China are structured by national self-interest.

China’s evolving relations with the Fiji Islands provide an interesting case in point. Fiji’s “Look North” policy emerged in the aftermath of the so-called civilian coup of

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<sup>55</sup> Jemima Garrett, “Taiwan Ends Pacific Diplomatic Wars With China,” Australian Network News, 25 March 2010, <http://australiannetworknews.com/stories/201003/2856166.htm?desktop>, last accessed on 10 November 2011.

<sup>56</sup> See, e.g. Henderson and Reilly, “Dragon in Paradise”; Windybank, “The China Syndrome”; Dobell, “China and Taiwan in the South Pacific.”

<sup>57</sup> Wesley-Smith, *China in Oceania*, pp. 16-20.

2000 as an effort to diversify diplomatic and economic relations away from traditional partners pressuring Fiji to restore democratic institutions. This coincided with China's interest in raising its regional profile and the political and economic relationship between the two countries has grown significantly, especially since the 2006 military coup further deepened the divide with western countries.<sup>58</sup> It is perhaps not surprising that these developments have caused consternation in places like the US, Australia and New Zealand. The Lowy Institute's Fergus Hanson and Jenny Hayward-Jones, for example, accuse China of "bankrolling a pariah military dictatorship," and express concern that China "has neither the will nor the capacity to assume responsibility for fixing things if the country implodes."<sup>59</sup>

However, it is important to note that Beijing's actions are entirely consistent with its pledge not to interfere in the domestic affairs of partner states. If, as Hanson and Hayward-Jones suggest, the possibility of implosion is linked to economic decline, then it would seem that increased aid and investment from China can only help the situation. The question of China's long-term commitment to Fiji in the event of a major humanitarian crisis remains untested, but it is worth noting that international efforts aimed at "fixing things" in the developing world, including in the Pacific, have met with limited success.<sup>60</sup> Most important, the enhanced relationship between China and Fiji owes as much to the initiatives of Fiji's leaders as to those of policymakers in Beijing. Indeed, it is apparent that Beijing has been at pains not to over exploit the opportunity for regional influence provided by former military commander and current Prime Minister Frank Bainimarama so as to avoid any direct confrontation with Fiji's traditional partners, particularly Australia.<sup>61</sup>

Much has been made of the idea that United States neglect of the Pacific Islands or its preoccupation with other parts of the world has facilitated China's rise in Oceania. Until quite recently, the US has indeed maintained a low regional profile, especially south of the equator. Yet it is also clear that other western countries have not neglected the region. Indeed, aid levels to Oceania from US-aligned sources are higher than ever, most island students seeking overseas opportunities still travel to these countries to pursue higher education and training, and the vast majority of person-to-person diplomatic exchanges continue to involve traditional partners.

If anything, China's increased influence in the region owes more to western involvement than to western neglect. Since the early 1990s aid donors and financial institutions have made concerted efforts to persuade island leaders to implement

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<sup>58</sup> Sandra Tarte, "Fiji's 'Look North' Strategy and the Role of China" in Wesley-Smith and Porter, *China in Oceania: Reshaping the Pacific?* pp. 118-132.

<sup>59</sup> Fergus Hanson and Jenny Hayward-Jones, "China's Help May Harm Fiji," *The Australian* (23 April 2009).

<sup>60</sup> Greg Fry and Tarcisius Kabutaulaka, eds., *Intervention and State Building in the Pacific: The Legitimacy of 'Cooperative Intervention'* (Manchester and New York: Manchester University Press, 2008).

<sup>61</sup> Tarte, "Fiji's 'Look North' Strategy and the Role of China," pp.128-129.

comprehensive economic and political reforms. Leveraged by aid conditionality, the regional reform agenda has for many years been based on a set of neoliberal economic ideas commonly referred to as the Washington Consensus. Even if these ideas have been modified somewhat in recent years to reflect new “post-Washington Consensus” thinking among western economists and aid professionals, the regional reform agenda still represents a massive, externally imposed effort to transform island societies in fundamental ways.<sup>62</sup> It is hardly surprising then, that island leaders are often privately doubtful about the intent and likely outcomes of these initiatives, even if they feel as if they have no alternative but to embrace them. According to Australian scholar Stewart Firth, “The international pressures are too great to do otherwise, and the capacity of international financial institutions to compel obedience too large.”<sup>63</sup>

Under these circumstances it is perhaps understandable that the alternative development message outlined by Chinese Premier Wen in April 2006 was warmly received, despite its own apparent contradictions. In a thinly-veiled critique of western approaches to development, Wen noted an increasingly imbalanced global system characterized by widening gaps between North and South, rich and poor. He pointed out that both China and the Pacific Islands were developing countries, and offered a “new model for South-South cooperation.” Perhaps most telling he said that China stood ready “to provide assistance without any political strings attached.”<sup>64</sup>

Wen might also have pointed out that China’s phenomenal record of economic growth belies the very essence of the Washington Consensus and its more recent variations. Nor does today’s China stand as an exemplar of good governance practice as it is usually understood by the global financial institutions and development agencies. As Guthrie notes, “the stunning success of China turns some key assumptions of economic theory on their head.”<sup>65</sup> In effect, China offers a radically different development paradigm. According to Tsinghua University professor Joshua Cooper Ramo,

China is marking a path for other nations...who are trying to figure out not simply how to develop their countries, but also how to fit into the international order in a way that allows them to be truly independent, to protect their way of life and political choices in a world with a single massively powerful center of gravity.<sup>66</sup>

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<sup>62</sup> Ramo describes the Washington Consensus as “a hallmark of end-of-history arrogance; it left a trail of destroyed economies and bad feelings around the globe.” Joshua Cooper Ramo, *The Beijing Consensus* (London: The Foreign Policy Centre, 2004). p.4.

<sup>63</sup> Stewart Firth, “The Pacific Islands and the Globalization Agenda,” *The Contemporary Pacific* 12 no. 1 (2000), p. 186.

<sup>64</sup> Wen Jiabao, “Win-win Cooperation for Common Development.”

<sup>65</sup> Guthrie, *China and Globalization*, p. 9. For an excellent analysis of the impact of these policies in Africa see Brautigam, *The Dragon’s Gift*.

<sup>66</sup> Ramos, *The Beijing Consensus*, p.3.



In a 2009 paper, Fergus Hanson listed some perceived shortcomings of China's aid to Pacific Island states, based in part on the results of extensive surveys of island government officials. These include the unpredictability of aid flows from year-to-year; the fact that infrastructure projects often do not include provisions for long term maintenance; the lack of transparency in dealings with Chinese government officials; and the lack of local flow-on benefits from construction projects where everything, including labor, is imported from China.<sup>67</sup> These are clearly matters of concern. However, these characteristics do not necessarily suggest, as Hanson does, that China's intentions in the Pacific are short term in nature. It is equally plausible to see these flaws as reflecting ineptitude or inexperience rather than as symptoms of a fleeting engagement.

A recent collection of country-level studies of relations between Pacific Island states, China, and Taiwan belie any sense of external domination or manipulation.<sup>68</sup> What we see instead are Pacific Island leaders making rational decisions about what they see as their best interests in the face of changing opportunities in the external environment. Although there may be concern about large and relatively unfamiliar powers acquiring significant stakes in Pacific futures, there is also clear appreciation for what those powers can bring to the table. Those within official circles, for example, acknowledge the fact that China pledges not to interfere in domestic policy, comment on governance or other development issues, or attach conditions to transfers of aid and other resources. Pacific presidents and prime ministers also respond positively to the egalitarian qualities of contemporary Chinese diplomacy. Leaders of island states are treated with respect regardless of their nation's size, resource endowment, or system of government.

Perhaps most important, China's rise disturbs a situation where a small number of allied powers exercise an enormous amount of regional influence. For the first time in generations, Pacific leaders can make new choices regarding aid, trade, and investment opportunities, as well as contemplate alternatives to dominant development paradigms often presented as necessary, universal, and non-negotiable. In a recent address, President Anote Tong of Kiribati noted the new level of engagement in the region by outside powers, and indicated that he found "these initiatives most welcome indeed....It is nice to be relevant."<sup>69</sup>

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<sup>67</sup> Fergus Hanson, *China: Stumbling Through the Pacific* (Sydney: Lowy Institute for International Policy, Policy Brief, July 2009).

<sup>68</sup> Wesley-Smith and Porter, *China in Oceania: Reshaping the Pacific?* pp. 118-197.

<sup>69</sup> Anote Tong, Keynote Address at the launch of the Pacific International Relations Forum, School of Government, Development and International Affairs, University of the South Pacific, Suva, Fiji, 9 October 2012.

## 7. Pacific Opportunities

The rise of China is one of the most important developments of our time, with likely impacts not only for the global balance of power, but for the comprehensive international order that underpins and reflects the ongoing dominance of the United States. The history of China's ascent in Oceania over the last decade or so reflects in microcosm some of the tensions associated with this global shift.

This is a recent history that is best read, not as an orchestrated attempt to challenge the region's de facto status as "an American lake," but as the inevitable consequence of the emergence of a major new international actor with global interests. China's recent activities in Oceania are fully consistent with its core foreign policy objectives, which in turn reflect its status as a burgeoning economic and political power. Beijing's foreign policy in the region makes most sense when viewed within the context of its larger outreach to the developing world, regardless of the specific characteristics of its engagement with Oceania. Regardless of how these particular interests fare, China is in Oceania to stay.

It is not surprising that the small group of western allies active in the region (as well as those analysts who align themselves with their interests) have regarded a more vigorous China with distrust and even hostility. The fear is that China will eventually use its growing power to rework the rules and institutions of the regional system to better serve its interests--and at their expense. After all, the ultimate goal of the "reform agenda" aimed with increasing intensity at island states over the last two decades is to better integrate often fragmented, subsistence-based island societies into an international system that is "rooted in, and thus reinforced by, the evolving global forces of democracy and capitalism."<sup>70</sup> This is a system where nonconformity is, at best, regarded with suspicion, and where developing societies that continue to pursue non-state and non-market alternatives may find themselves quickly characterized as "failed" or "failing."<sup>71</sup>

With its emphasis on comprehensive economic and political transformation, it is no wonder that attempts to impose the reform agenda often meet with resistance in island societies, and that island leaders are at least willing to contemplate alternative ways of operating in the world that do not involve abandoning the core values that have served their populations well for centuries. As then Prime Minister Laisenia Qarase put it when welcoming Chinese Premier Wen Jiabao to the 2006 summit in Fiji, China's emergence "defines a new and compelling reality, politically and economically" for the island

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<sup>70</sup> Ikenberry, "The Rise of China and the Future of the West," p. 28.

<sup>71</sup> See e.g. Jonathan Fraenkel, "Political Instability, 'Failed States' and Regional Intervention in the Pacific," in Jenny Bryant-Tokalau and Ian Frazer, eds., *Redefining the Pacific? Regionalism Past, Present and Future* (Aldershot, UK: Ashgate Publishing, 2006), pp. 127-140; Terence Wesley-Smith, "Altered States: Regional Intervention and the Politics of State Failure in Oceania," in *Intervention and State-Building in the Pacific: The Legitimacy of "Co-operative Intervention*, Greg Fry and Tarcisius Kabutaulaka, eds., (Manchester, UK: Manchester University Press, 2008), pp. 37-53.

countries.<sup>72</sup> Only time will tell how well island countries manage to capitalize on the new economic and political opportunities associated with China's expanding presence in the region. But this is perhaps their best chance since the process of decolonization began in the early 1960s to play a meaningful role in shaping the regional order that will determine their future prospects.

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<sup>72</sup> Laisenia Qarase, Remarks at the Opening of Ministerial Conference on Trade and Development (Suva, Fiji: Fiji Government Online Portal, 5 April 2006), [www.fiji.gov.fj/publish/page\\_6532.shtml](http://www.fiji.gov.fj/publish/page_6532.shtml), last accessed on 8 February 2012.