

SPECIAL REPORT

Crowded and complex

The changing geopolitics of the South Pacific

A S P I



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April 2017

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Republic of Fiji Military Forces personnel and Fiji Police Force officers load family sized tents from Australian Aid into an Australian Army Taipan MRH-90 helicopter at Suva Airport, in support of Operation Fiji Assist, 2 April 2016. Photo courtesy Department of Defence.

EXECUTIVE SUMMARY

Australia faces an increasingly crowded and complex geopolitical environment in the South Pacific. While the most important external powers in the region have traditionally been Australia, New Zealand, the US and France, which have long worked together as partners, a number of new powers are increasingly active, most notably China, Russia, Indonesia, Japan and India. South Pacific states, particularly Papua New Guinea and Fiji, are emerging as regional powers to constrain Australian influence. South Pacific states are also becoming more active on the international stage, further taking them outside Australia's and their other traditional partners' sphere of influence.

The complex geopolitics of the South Pacific have also generated shifts in the regional order. While the Pacific Islands Forum, of which Australia is a member, remains the pre-eminent regional political and security institution, South Pacific states have been empowered by their greater choice of non-traditional external partners, disenchanted with the Pacific Islands Forum and encouraged by an emboldened Fiji to create or strengthen alternative regional and subregional institutions and organisations that exclude Australia and their other traditional external partners.

Given the proximity and strategic import of the South Pacific, Australia can't afford to be complacent about these geopolitical challenges and needs to be more aware of and focused on the region. The geopolitical environment in the South Pacific has important implications for us, particularly given our strategic interest in being the region's 'principal security partner' in order to ensure that no power hostile to Western interests establishes a strategic foothold in the region from which it could launch attacks on Australia or threaten allied access or our maritime approaches.

There's a risk that China's growing regional activism could generate destabilising competition with the US in the South Pacific, which would have consequences for Australia, both as the region's near neighbour and because of flow-on effects on its security relationship with the US and economic relationship with China. While that's unlikely, the perception that external powers are competing for regional influence has opened up global opportunities for South Pacific states, as it has encouraged the belief that they can play competing great powers against each other. Consequently, South Pacific states appreciate that they have more choice as to which external power (or powers) they engage with. Some appear to be taking advantage of this in order to access aid, concessional loans, military support and international influence.

The geopolitical environment in the South Pacific also has implications for Australia's strategic interest in ensuring stability, security and cohesion in the region. The influx of aid and investment from non-traditional external powers runs the risk of destabilising recipient states. This raises two main challenges for Australia. First, as the region's principal security partner with a strong sense of responsibility for the region, we're likely to feel obliged (and be expected by our partners, particularly the US) to respond to serious instability and conflict. Second, the increased presence and activism of non-traditional external powers, particularly China, raises questions about whether they would intervene to protect their interests and investments and, if so, how Australia would respond.

Australians, and particularly the Australian Government, need to be more aware of and focused on the South Pacific. Our attention to the region has peaked at moments when the region was perceived to pose an imminent potential threat. Beyond those moments, our foreign and strategic policy in the region has been characterised by unclear, inconsistent and competing interests and intentions, which has reduced its effectiveness and undermined Australia's influence. If Australia is going to ensure that it's able to respond to the complex and crowded geopolitics of the South Pacific, it needs to prioritise the region in a clear, consistent and sustained way in its foreign and strategic policy planning.

INTRODUCTION

In February 2017, it was revealed that Australia will pay at least a third of the cost of Papua New Guinea (PNG) hosting the 2018 Asia–Pacific Economic Cooperation (APEC) summit, including extending the deployment of 73 Australian Federal Police officers providing law and order support in the country until after the November 2018 APEC leaders’ meeting. Government sources have claimed that Australia committed to provide this support, which at an estimated A\$148 million is equivalent to one-fifth of Australia’s annual aid program in PNG, in part because of concerns that an increasingly active China would otherwise step in to fill the gap and thereby undermine Australia’s influence over PNG.¹ Australia’s sense of responsibility for the region, and our interest in demonstrating to the new Trump administration in the US that we can pull our weight as reliable allies to secure our neighbourhood, were probably also influential factors.

Less than a week later, it was reported that a Russian millionaire, Anton Bakov, and his wife Maria were in advanced talks with the Kiribati Government to lease three uninhabited islands on which they hope to build an ‘alternative Russia’ by reviving the Romanov monarchy.² However improbable, in the unlikely event that it goes ahead the deal will purportedly involve an initial investment of at least US\$350 million, including the construction of air and sea ports, solar power stations, freshwater plants, hospitals, schools, a university and housing.

These two examples demonstrate the geopolitical challenges that Australia faces in an increasingly crowded and complex South Pacific. Given the proximity and strategic import of the South Pacific, we can’t afford to be complacent about these challenges and need to be more aware of and focused on the region. Beyond brief moments of focus, when the region is perceived to pose a potentially imminent threat, Australia’s foreign and strategic policy for the South Pacific has been characterised by unclear, inconsistent and competing interests and intentions, which has reduced its effectiveness and undermined our influence in the region.³ If Australia is going to ensure that it’s able to respond to the geopolitics of the South Pacific, it needs to prioritise the region in a clear, consistent and sustained way in its foreign and strategic policy planning. The South Pacific strategy, which will accompany the forthcoming Foreign Affairs and Trade White Paper, represents an opportunity to set that in motion.

The geopolitics of the South Pacific have mattered to Australia since before Federation. The Australian colonies were anxious about their proximity to the region, its vulnerability to penetration by potentially hostile powers, and their distance from their coloniser, Britain. In 1872, the Victorian Parliament debated taking possession of South Pacific islands as dependencies,⁴ and in 1883 the Queensland Government attempted to annex Papua to prevent ‘imminent danger of annexation by a foreign power’.⁵ That anxiety continued after Federation, when Australia’s first Prime Minister, Edmund Barton, envisioned that New Guinea could be incorporated into Australia,⁶ along with other islands (potentially Solomon Islands and the New Hebrides, now Vanuatu), to make a ‘federation of the seas’.⁷

While the level of attention that Australia has paid to the South Pacific has ebbed and flowed in the century since, its underlying anxieties about the region have remained constant. Those anxieties came to a head during World War II, when Japan’s advance demonstrated Australia’s vulnerability to threats from hostile powers coming from or through the region. They resurfaced during the Cold War, when the USSR and Libya made overtures to South Pacific states.

Those anxieties are rightly resurfacing again; the two examples above illustrate how South Pacific states are increasingly engaging with external powers whose interests might be inimical to Australia's. The *2016 Defence White Paper* specified that Australia has a strategic interest in ensuring that no power hostile to Western interests establishes a strategic foothold in the region from which it could launch attacks on Australia or threaten allied access or our maritime approaches.⁸ To achieve this, Australia seeks to be the region's 'principal security partner'.⁹ Australia has also identified its strategic interest in ensuring 'security, stability and cohesion' in the region,¹⁰ as instability is perceived to leave South Pacific states vulnerable to hostile interests.

Consequently, Australia has long viewed itself—and has been viewed by others, particularly its allies—as having 'a substantial and special responsibility'¹¹ in 'our patch'¹² as the primary representative of, and advocate for, Western interests. We're the region's largest aid donor (providing approximately half of all aid) and defence partner, and the South Pacific has been the site of a significant proportion of our policing and military interventions for the past 20 years. Australia, along with New Zealand, is a founding member of the major regional multilateral organisation, the Pacific Islands Forum. In an era in which the new Trump administration has indicated that it expects much more of the US's allies, it's likely that Australia will be expected to continue to accept responsibility for ensuring stability and Western dominance in the South Pacific in order to demonstrate our utility as a reliable ally.

However, Australia is conducting its activities and pursuing its strategic interests in the South Pacific in an increasingly crowded and complex geopolitical environment. We're facing increased penetration in the region by potentially inimical forces, including a rising China and a resurgent Russia. Other external powers are also increasingly involved in the region, most notably New Zealand, France, Japan, India and Indonesia. The commitment of Australia's most significant security ally, the US, is uncertain. South Pacific states are also becoming more activist, led by PNG and Fiji, generating changes to the regional order. The region itself is also becoming more crowded: the population of the region is expected to grow by 49% by 2040, primarily because of a large 'youth bulge'.¹³ Already a third of the working age (15–59-year-old) population is between the ages of 15 and 24 years.¹⁴

This special report considers the changing geopolitics of the South Pacific and concludes by addressing two questions:

- What are the strategic implications of these changes for Australia?
- What should Australia do to ensure its security?

EXTERNAL POWERS IN THE SOUTH PACIFIC

The most important external powers in the South Pacific have traditionally been Australia, New Zealand, the US and France, which have worked together as partners, including under the 1992 France, Australia and New Zealand Agreement (FRANZ) to promote cooperation in response to natural disasters and to facilitate defence cooperation, and as part of the Quadrilateral Defence Coordination Group established in 1998 to coordinate air and maritime surveillance. The four countries also participate in multilateral activities such as the annual Pacific Partnership humanitarian mission and the biennial Rim of the Pacific naval exercises, both led by the US.

New Zealand

New Zealand has long been Australia's 'principal strategic partner' in the South Pacific,¹⁵ and the two states have cooperated extensively on a range of security, diplomatic and economic issues.

However, there are important differences between the two countries, primarily because New Zealand is more clearly part of the same geographical region and cultural sphere as South Pacific states. New Zealand's large Maori and Polynesian populations (14% and 7%, respectively) has generated a sense of *Tagata Pasifika*, that is, of 'identity as a Pacific nation at all levels of social, cultural, and political involvement'.¹⁶

New Zealand also has formal relationships with several South Pacific states and territories. It's in a relationship of free association with Cook Islands and Niue, under which it conducts foreign and defence policy on behalf of, but with the consent of, those states. Tokelau is also a New Zealand territory, but has been moving towards greater autonomy and a relationship based on free association. The people of each of these territories hold New Zealand citizenship. New Zealand also has a special relationship with Samoa under a 1962 Treaty of Friendship, and about 50% of Samoans live in New Zealand.¹⁷

New Zealand has tended to play the 'good cop' to Australia's 'bad cop' in the region. In leaked diplomatic cables, a New Zealand intelligence official is quoted as saying that 'New Zealand is a more Pacific country than Australia and the latter isn't always attuned to Pacific developments.'¹⁸ Yet New Zealand recognises that its comparatively small size and limited military capability mean that it needs to cooperate with Australia to respond to instability in the region, exemplified by the two countries' united response to the crisis in the Bougainville region of PNG in 1997.

United States

The US has also been an important partner for Australia in the South Pacific, although American support has been less consistent and committed than that of New Zealand.

The US has its strongest foothold in the Micronesian subregion. It has control of Guam and the Northern Mariana Islands, and compacts of free association with the Marshall Islands, Palau and the Federated States of Micronesia (FSM). Under the compacts, Micronesians can live, work and study in the US without a visa, and the US is obliged to provide public services, security and defence. The US can block compact states' policies that it deems inconsistent

with its duty to defend them. The US also has the prerogative to reject the strategic use of, or military access to, the compact states by third countries. The US also has interests in Polynesia, where it possesses American Samoa.

The US has long viewed Micronesia as a security border and considers the defence of the region vital to maintaining sea lines of communication with, and between, Australia, New Zealand and Southeast Asia. Accordingly, it maintains the Anderson Air Force Base on Guam and the Ronald Reagan Ballistic Missile Defense Test Site on Kwajalein Atoll in the Marshall Islands.

Although the US significantly scaled down its presence in the South Pacific following the Cold War, its interest surged during Hillary Clinton's tenure as Secretary of State. After the US announced its 'pivot' to the Asia-Pacific in 2011,¹⁹ it organised a series of high-level official visits, engaged more actively in multilateral diplomacy and increased its strategic military deployments, most notably through expanding its base in Guam, its 'ship rider' fisheries-monitoring program and the Pacific Partnership. It also increased its aid, trade and investment ties and opened a USAID Pacific Island Regional Office in PNG and a regional defence, environmental and labour hub at its embassy in Fiji. Most significantly, Secretary of State Clinton attended the Pacific Islands Forum meeting in Rarotonga in 2012.

At the forum meeting, Clinton explicitly staked the US's place in the region, declaring that 'we too, of course, are a Pacific nation.'²⁰ Yet she was careful to water down talk of competition with China, observing that the Pacific is 'big enough for all of us'.²¹ Despite that, the US appeared concerned about China's growing influence and its potential to challenge Western supremacy in the region. In an unguarded moment in 2011, Clinton admitted her concern that 'we are in a competition with China', citing Chinese efforts to supplant ExxonMobil as the principal stakeholder in a liquefied natural gas project in PNG as an example: 'China is in there every day, in every way, trying to figure out how it's going to come in behind us, come in under us.'²² Leaked diplomatic cables also reveal the US's concern about China's increasing influence.²³

Clinton's replacement by John Kerry as Secretary of State in early 2013 and an intensification of security concerns elsewhere have since distracted the US's attention from the region. Although it's unclear what approach the US will take under President Donald Trump, the continuing international focus on the Middle East and North Asia suggests that the South Pacific will remain a low priority.

The longer the US remains distracted from the South Pacific, the more potentially significant the implications both for its strategic interests and for those of Australia. The FSM Congress introduced a resolution to end the compact with the US in 2018, rather than in 2023. While this is probably a bargaining tactic, as the FSM is seeking to negotiate a better deal in the future from the US, if it occurs the US will lose its defence veto over the polity. There are suggestions that China could step in as the guarantor of the FSM's security. If that occurs, China will gain traction in the second island chain that it identifies as strategically important to the defence of its maritime territory, and the US's base at Guam would become vulnerable. That would have strategic implications for Australia, in terms of both the US losing a foothold in the region and China gaining one in its place. While China isn't overtly hostile to Australia, Australia is still likely to perceive any position that China gains in the region as a concern.

France

Like New Zealand and the US, France has long acted as a partner to Australia in the South Pacific. In March 2017, Australia deepened its partnership with France via the Joint Statement of Enhanced Strategic Partnership between Australia and France, which commits the two states to cooperate across a wide range of issues, with a special focus on the South Pacific.²⁴ That statement built on the 2012 Joint Statement of Strategic Partnership between Australia and France and the 2006 Australia-France Defence Cooperation Agreement (which entered into force in 2009).

France also has a territorial foothold in the South Pacific; it retains control of New Caledonia, French Polynesia, and Wallis and Futuna. France has resisted the decolonisation of its territories on the basis that they add to its global strategic weight, offer economic opportunities and bolster its national prestige.

Since the mid-1990s, France has sought to deepen its regional engagement, helped by the fact that it ended its unpopular nuclear tests in 1996 and signed the Matignon Agreements in 1988 and Noumea Accord in 1998 to help to settle the self-determination conflict in New Caledonia. Although France has subsequently been slow to advance New Caledonia's autonomy, it has invested to try to rebalance economic development to more directly benefit the indigenous Kanak population.

France's engagement with the South Pacific received a boost in 2016 when it got New Caledonia and French Polynesia accepted as members of the Pacific Islands Forum, with the support of Australia and New Zealand. France also initiated occasional France–Oceania summit meetings involving all forum members in 2004, 2006, 2009 and 2015. While France traditionally works with Australia, New Zealand and the US in the region, it diverged from them by adopting a more conciliatory approach towards Fiji after the 2006 coup and by providing active support to the Melanesian Spearhead Group. France has also taken a strong stance in favour of responding to climate change: during President Francois Hollande's 2014 visit to New Caledonia, he participated in a high-level dialogue on climate change attended by prime ministers and presidents from Vanuatu, Kiribati, Niue, Tuvalu and Cook Islands and diplomats from other South Pacific states. As the only European power active in the South Pacific, France also plays a key role in facilitating the European Union's presence in the region.

China

China is the most significant non-traditional external power in the South Pacific. During the 1980s and 1990s, China's interest was driven primarily by its competition with Taiwan for diplomatic recognition. This has been less significant since a 'truce' was established in 2008, after the election of a government in Taiwan that favoured reunification with China. It's not yet clear whether the victory of the pro-independence Democratic Progressive Party in the 2016 Taiwan elections will negate that truce.

China's strategic interests in the region have focused on signals intelligence monitoring. It built a satellite tracking station in Kiribati in 1997, which it reportedly used to spy on the US's Ronald Reagan Ballistic Missile Defence Test Site.²⁵ Chinese fishing fleets are also said to provide cover for signals intelligence monitoring. China has sought naval access to ports and maritime territories, and there's speculation that it wants to establish a military presence in Fiji, fuelled by increasing military ties, including defence cooperation briefings.

These activities have helped generate a 'China threat' literature, which claims that China could encourage South Pacific states to shift their allegiance away from the traditional external powers,²⁶ that the South Pacific could provide a testing ground for China's strategic power against the US²⁷ and that China's increased presence in the region has 'accelerated the erosion of the US as a unipolar power'.²⁸ According to leaked cables, US diplomats think that China wants 'to demonstrate big-power status in the region'.²⁹ Indeed, in 2006 Chinese Premier Wen Jiabao observed that 'As far as China is concerned, to foster friendship and cooperation with the Pacific Island countries is not a diplomatic expediency. Rather it is a strategic decision.'³⁰

Others argue that the South Pacific is 'marginal in China's strategic landscape'.³¹ More recently, the Chinese Government has offered a modest account of its growing interest in the region. Cui Tiankai, then Vice-Minister of Foreign Affairs, declared in 2012 that China is 'here in this region not to seek any particular influence, still less dominance'.³² However, China's 2015 *Blue book of Oceania* specifically notes that the South Pacific is the only sea route between China and South America, Antarctica, Australia and New Zealand, as well as part of China's claimed second and third island chains of defence.³³

China's influence in the South Pacific seems to have grown more by accident than by design. Fiji responded to Australia's, New Zealand's and the US's attempts to isolate it after its 2006 military coup by adopting a 'Look North' policy whereby it sought closer engagement with China, other East Asian partners and global emerging powers, including Brazil, India, South Africa and the United Arab Emirates. Even though Australia, New Zealand and the US have been rebuilding their relationships with Fiji since 2012, China remains a key partner of the island nation.

Chinese President Xi Jinping visited Fiji in November 2014 to meet with the Fijian Government and the leaders of those South Pacific states that recognise China (the FSM, Niue, PNG, Samoa, Tonga and Vanuatu). Xi announced a new 'strategic partnership' with South Pacific states, which emphasises 'mutual respect and common development' through a range of trade, infrastructure, people-to-people and other cooperative initiatives.³⁴ China also held its first China – Pacific Islands Countries Economic Development and Cooperation Forum in April 2006, followed by a second forum in November 2013. At both meetings, it announced significant concessional loan packages and debt relief. Moreover, between 2006 and 2016, China donated US\$1,781.2 million in aid to the region.³⁵ Chinese corporations have also undertaken a number of logging projects and developed fisheries enterprises in the region, and the China Metallurgical Construction Company owns the massive Ramu nickel and cobalt mine and the Frieda River copper project in PNG. Chinese corporations have also begun exploring for hydrocarbons and possible sea-bed mining.

China has had limited success influencing the Pacific Islands Forum, of which Australia and New Zealand are members. It has instead focused on the Melanesian Spearhead Group, including by financing the creation of the group's secretariat and the building of its headquarters in Vanuatu. China has also invested in cultural diplomacy. Chinese television programs are broadcast throughout the region. China sponsors Pacific islanders to study Mandarin, and has expanded its student and professional exchange programs. It has encouraged tourism by granting the states that recognise it 'approved destination status', which allows Chinese tourists to travel to them. There's also been a long history of Chinese migration to the region, dating back to when colonial powers recruited Chinese indentured labourers. Although Chinese average less than 1% of the total population of the region, they play an influential role in local political and economic life.

Australia has responded positively, at least rhetorically, to China's presence. Foreign Minister Julie Bishop has commented that 'We should be engaging China for not only is it a growing presence in our region, but we should be doing what we can to capitalise on our respective strengths, using our combined weight to bear overcoming [*sic*] some of the development challenges of the Pacific.'³⁶ Australia has subsequently collaborated with China on an anti-malaria project in PNG.

Russia

Russia largely neglected the South Pacific following the Cold War. However, it has recently expressed a renewed interest, partly relating to a quest for diplomatic recognition for South Ossetia and Abkhazia, which have declared their independence from Georgia. As a result of Russian aid payments, Nauru and Tuvalu recognised those entities in 2009 and 2011, respectively. Tuvalu subsequently retracted its recognition and signed an agreement establishing diplomatic relations with Georgia in March 2014.

Russian Foreign Minister Sergei Lavrov has argued that 'Deepening interaction with the island nations of the South Pacific is an integral part of the Russian agenda in the region.'³⁷ Russia's interest also stems from its broader desire to assert itself as a Pacific Ocean power. It has invested in its Pacific Ocean military assets, including new equipment and warships for its Pacific Fleet. The Russian Air Force is also more active in the region, particularly near the US's territory of Guam. Russia's assertiveness was most visibly demonstrated by its deployment of a naval task force in international waters off PNG and Australia ahead of the November 2014 G20 summit in Brisbane.

Lavrov visited Fiji in February 2012. During Fijian Prime Minister Frank Bainimarama's reciprocal visit to Russia in June 2013, the two states concluded a defence cooperation agreement, a mutual visa exemption scheme, and agreements on tackling money laundering, the proceeds of crime and the financing of terrorism, public health assistance and university exchanges. Russian defence cooperation with Fiji has included assistance to Fijian UN peacekeepers in the Golan Heights and the January 2016 donation of 20 containers of weapons and military hardware, as well as the provision of military personnel to provide training in its use. Fiji said that the materiel will be used by its personnel serving in UN missions. However, the example of Russia using arms sales to Vietnam as a precursor to obtaining port access has been cited to suggest that Russia may seek similar arrangements in Fiji.

If Russia were to gain official port access to Fiji, that would enhance the Russian Navy's ability to operate in the Pacific Ocean, improve its ability to collect signals intelligence near US installations and potentially deepen growing Australian anxieties about the presence of potentially hostile forces in the region.

Indonesia

Indonesia is also an increasingly active power in the South Pacific, primarily driven by its efforts to counter separatism in its Papua and West Papua provinces. Indonesia argues that it isn't an external power, but rather part of the region by virtue of its five Melanesian provinces (Papua, West Papua, Maluku, North Maluku and East Nusa Tenggara). Indeed, Indonesia has attempted to position itself as a Melanesian state: Foreign Minister Retno Marsudi declared in 2015 that 'Indonesia is home to more than 11 million Melanesians. So Indonesia is Melanesia and Melanesia is Indonesia.'³⁸ Subsequently, Indonesia became an associate member of the Melanesian Spearhead Group in 2015, and former Indonesian President Susilo Bambang Yudhoyono opened the 2014 Pacific Islands Development Forum summit in Fiji.

Japan

Japan has long played a significant role in the South Pacific. It first arrived as a colonial power, having been granted League of Nations mandates over the German territories it seized during World War I (those territories were in turn seized by Australia and the US during World War II). From the 1970s, it has acted as an aid donor, trading partner and distant-water fishing nation. Japan's interest is driven partly by economic considerations, partly by strategic ones (it wants free access to sea lines of communication to Australia, New Zealand and parts of Southeast Asia) and partly by a desire to secure the votes of South Pacific states at the UN in favour of its goal of gaining a permanent seat on the Security Council.

Japan is a dialogue partner of the Pacific Islands Forum, and since 1997 it has held triennial Japan–Forum summits, referred to as the PALM (Pacific Islands Leaders Meeting), to advance its strategic interests and boost economic ties. Japan is a major aid donor and has also begun a modest military assistance program, under which it has, among other initiatives, provided medical and technical advice to Tonga's defence force. Japan has also agreed to strengthen defence cooperation with Australia in the region, building on the two states' 2007 Joint Declaration on Security Cooperation. At the Foreign and Defence Ministerial Consultations between the two countries in 2014, they agreed to focus their cooperation on support for the economic development, peace and security of the region.

India

While India remains a comparatively weak player in the region, it has expressed stronger strategic interests in the South Pacific as part of its gradual emergence as an Asia–Pacific power, manifested in its 'Look East' policy. India's closest ties are with Fiji, which has a large Indian-Fijian population. Fijian Prime Minister Frank Bainimarama travelled to India in April 2012, and in November 2014 Indian Prime Minister Narendra Modi visited Fiji, where he held a summit with the 14 independent South Pacific states. The summit's participants agreed to promote cooperation and dialogue on issues of common concern, such as climate change. Indian aid has steadily increased since 2005, and it has developed student exchange programs and information technology centres in Fiji and PNG.

India's interests in the broader region appear to be primarily economic. South Pacific states offer potential new export markets and are sources of natural resources. They also represent a potentially valuable UN voting bloc to support a mooted Indian bid for a permanent seat on the Security Council. However, India's interests may also have a strategic dimension; the Australian-propagated idea of the 'Indo-Pacific' has encouraged India to extend its presence beyond the Indian Ocean and into the Pacific. India is also said to want to counter Chinese influence—particularly its growing naval presence, which may affect India's sea lines of communication. This was reportedly a significant motivation for Modi's 2014 visit to Fiji.

ACTIVIST REGIONAL POWERS

In addition to the external powers, PNG and Fiji are emerging as new regional powers, seeking, in differing ways, to constrain Australian influence in the region.

Papua New Guinea

PNG is an increasingly activist regional player, given its large population and geographic, economic and military size. Over the past five years, it has had access to growing natural resource revenues. This has seen Australia's aid progressively dwarfed by the PNG Government's own budget, which has undermined the influence of Australia's aid—a process that's been exacerbated by Australia's reliance on PNG hosting the Manus Island Regional Processing Centre.³⁹ PNG has also become an aid donor, making small climate adaptation funds available to Kiribati, Marshall Islands and Tonga and providing electoral assistance to Fiji. In 2014, PNG announced that it would give 300 million kina (A\$122 million) to the region over five years. It has also pursued a revitalised foreign policy approach, described as 'Working the Pacific and Looking North', which has built on the 'Look North' policy that it adopted in 1988.

Fiji

Fiji has long assumed a leadership role in the region based on the fact that it's better resourced than other South Pacific states, it's the transit point for air and sea travel and it's home to a large number of regional organisations, including the Pacific Islands Forum and the main campus of the University of the South Pacific. Fiji's activism stepped up following its 2006 military coup and the attempts by Australia, New Zealand and the US to introduce sanctions and travel bans and to isolate it diplomatically by suspending it from the Pacific Islands Forum and Commonwealth in 2009.

Fiji has also become an aid donor in the region, having established development cooperation memorandums of understanding with Kiribati, Tuvalu, Solomon Islands, Nauru, the Republic of the Marshall Islands, the FSM and Vanuatu. Building on this south-south cooperation, Prime Minister Frank Bainimarama has articulated the concept of 'Rethink Oceania', which advocates South Pacific states developing more autonomy from Australia, New Zealand and other traditional external powers.⁴⁰

Fiji has presented the Look North foreign policy that it adopted following the 2006 coup as representing a more independent approach. However, the Look North concept is in many ways a continuation of the approach Fiji adopted to the sanctions imposed on it following its 1987 military coups. In a speech to the Australia Fiji Business Council in Brisbane in July 2013, Fijian Foreign Affairs Minister Ratu Inoke Kubuabola said that 'Fiji no longer looks to Australia and New Zealand but to the world.'⁴¹ Bainimarama visited Beijing in 2013, where he was the first Pacific island leader to meet the new Chinese President, Xi Jinping. He also visited Russia in 2013 and signed five bilateral agreements. Fijian military personnel now also receive staff training in Russia, China and India that they would historically have received as part of Australia's Defence Cooperation Program.

Fiji is now increasingly assertive with respect to Australia. For example, in May 2015 Bainimarama described Australia as being part of a ‘coalition of the selfish’ because of its climate change policies⁴² and promoted the Pacific Islands Development Forum (discussed below), which excludes Australia and New Zealand, as the regional institution most suitable for addressing climate change. While Australia remains the power to which Fiji is likely to first look to in the event of a crisis, exemplified by its response to Cyclone Winston in 2016, these developments have diminished Australia’s ability to influence Fiji.

South Pacific states’ diplomatic activism

PNG and Fiji have also become more active on the international stage, taking them further outside the sphere of influence of Australia, New Zealand and their other traditional partners. PNG is the only South Pacific state that’s a member of APEC, and it’s hosting the 2018 APEC meeting (albeit with significant Australian assistance, particularly relating to security). It’s also seeking full membership of ASEAN, in which it has observer status. PNG co-founded the Coalition for Rainforest Nations, which is lobbying for carbon-credit schemes under the UN Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries. PNG, Fiji and Vanuatu have also joined the Non-Aligned Movement. Following the lead of Fiji, which has long contributed troops to UN missions, PNG has begun to participate in UN peacekeeping operations with deployments in Darfur and South Sudan. To facilitate this, it has expanded the size of the PNG Defence Force and plans to more than double the force from 2,000 to 4,000 regular personnel and 1,000 reserves by 2017, and to nearly double it again to 10,000 by 2030.

PNG has also expanded its overseas diplomatic representation, opening missions in Shanghai, Bangkok, Geneva and Paris. Fiji has similarly expanded its formal diplomatic relations, growing from 70 countries in 2009 to 133 in 2013. Fiji has also set up diplomatic missions in South Africa, Brazil, the United Arab Emirates and Indonesia and established stronger relations with Iran, North Korea and Egypt. While this might be interpreted as an attempt to move further away from Australia’s and New Zealand’s diplomatic orbits, it equally represents a move to remedy both states’ relatively underdeveloped diplomatic relationships.

The most significant move away from Australian and New Zealand influence on the international stage has occurred at the UN. South Pacific states, Australia and New Zealand were historically organised into the Pacific Group, which operated under the auspices of the Pacific Islands Forum, for the purposes of cooperation at the UN. As South Pacific states often have differing interests from Australia and New Zealand, and following the 2006 coup, Fiji has encouraged South Pacific states to caucus in an alternative grouping, the ‘Pacific Small Island Developing States’ (PSIDS) group.

PSIDS has had some success at the UN. It managed to get the name of the ‘Asia Group’ changed to the ‘Group of Asia and the Pacific Small Island Developing States’ (shortened to the Asia–Pacific Group) in order to increase their recognition. PSIDS then organised to help South Pacific states gain key UN positions, including Fiji’s Presidency of the General Assembly in 2016. The greater recognition achieved by South Pacific states has increased the success of their advocacy, including getting the first climate change resolution passed and achieving stand-alone Sustainable Development Goals on oceans and climate change.

South Pacific states are also using PSIDS to participate in the Alliance of Small Island States, of which Nauru was chair in 2012, and the Group of 77+China, of which Fiji was chair in 2013. PSIDS was also the main body representing South Pacific states at the 2012 Rio+20 Sustainable Development Summit, negotiations on the UN Framework Convention on Climate Change and the Third International Conference on Small Island Developing States, hosted by Samoa in 2014.

While Australia rhetorically welcomes South Pacific states having more independent foreign policies, their increased diplomatic activism has diminished Australia’s influence over them, particularly in international institutions such as the UN. Australia has been particularly concerned about the elevation of PSIDS as the primary caucusing mechanism for South Pacific states at the UN, instead of the Pacific Islands Forum, as this excludes Australia and New Zealand from those negotiations.

CHANGES TO THE REGIONAL ORDER

The crowded, complex and changing geopolitics of the South Pacific has also generated shifts in the regional order that may have implications for Australia's strategic interests in the region.

Pacific Islands Forum

The Pacific Islands Forum, formed in 1972, is the region's major multilateral political and security institution. Australia, New Zealand, the 14 independent South Pacific states and the French territories of French Polynesia and New Caledonia are members.

Initially, Australia and New Zealand tended to work with South Pacific states within the Pacific Islands Forum on issues of common concern. That situation changed in the late 1980s, when Australia and New Zealand began to take a dominant role in shaping the forum's agenda, influenced by their concern about economic development and regional security. That concern increased after the 2000 Fiji coup and the removal of the Solomon Islands Government, following which Australia and New Zealand encouraged the forum to take a more interventionist approach. That approach was outlined in the 2000 Biketawa Declaration, which acknowledged the principle of 'non-interference in the domestic affairs of another member state', but also allowed 'for action to be taken on the basis of all members of the Forum being part of the Pacific Islands extended family' in times of crisis or in response to a member's request for assistance. The implications of the declaration became clear when it was used to provide the forum's endorsement for the Australian-led 2003 Regional Assistance Mission to Solomon Islands (RAMSI) and the 2005 Pacific Regional Assistance to Nauru (PRAN). At the 2003 forum leaders' meeting, Australian officials also successfully lobbied to have an Australian diplomat, Greg Urwin, elected Secretary-General, which broke with the convention that the position be held by a Pacific islander.

In the early 2000s, Australia and New Zealand began to promote greater regional integration, which manifested in the forum's Pacific Plan. The plan set out a proposal for deepening regional cooperation, including more integrated forms of regionalism. The 2006 Fiji coup halted the implementation of the plan. In 2012, to revive the process and respond to criticism, a review team was appointed. The team concluded that, as the Pacific Plan was little known, poorly framed and lacking in ownership, advancing regionalism had not progressed.⁴³

Fiji has also presented a challenge to the Pacific Islands Forum. Fiji was suspended from the forum in 2009 and, while it was invited to formally re-join after its elections in September 2014, it has refused to do so. Prime Minister Bainimarama has claimed that 'I will not participate in any Forum leaders meeting until the issue of the undue influence of Australia and New Zealand and over divergence of views is addressed.'⁴⁴ Fiji has proposed removing Australia and New Zealand as members, or possibly including other external partners, such as China, Japan, Korea and the US, to dilute the two countries' influence. To appease Fiji, Australia offered to host a meeting in February 2015 to review the structure of the forum and other regional organisations. That meeting never occurred, potentially because there had already been a number of reviews of the forum and because the forum, other regional organisations, other South Pacific states (possibly because they weren't consulted before it was announced), and most notably, Fiji, showed little enthusiasm for engaging with Australia on the issue. In its place, the first Pacific

Islands Forum Foreign Affairs Ministers Meeting was held in Australia in July 2015 to discuss coordination on disaster management and relations with development partners. Bainimarama remained undaunted; he refused to attend the 2016 forum leaders' meeting, instead sending Foreign Minister Ratu Inoka Kubuabola in his place. In a snub to the forum, he then removed Kubuabola from the foreign affairs portfolio on the evening before the leaders' retreat.

To prevent the Pacific Islands Forum sliding into irrelevance, the Framework for Pacific Regionalism was adopted at the 2015 leaders' meeting. The framework aims to better focus leaders' meetings by reducing the number of issues on the agenda and attempting to give South Pacific states and civil society groups more power to influence the forum's agenda. While the framework has been well received, the demise of the Pacific Plan and Fiji's refusal to formally re-join the forum (although it participates in most programs below the level of the leaders' meeting) exemplify the difficulties Australia faces with the diplomatic and political dimensions of regionalism. Indeed, Fiji's proposal to create an islands-only forum has gained traction in the region, partly because South Pacific states believe that the differences between them and Australia and New Zealand on certain issues make agreeing on a regional position difficult and partly because they are disappointed with what's perceived as domineering behaviour by Australia and New Zealand within the forum, exemplified by the ongoing negotiations on the PACER Plus regional trade agreement, and particularly Australia's and New Zealand's reluctance to open their labour markets.

While Australia has been able to influence the Pacific Islands Forum's agenda and decision-making in pursuit of its strategic interests over the past 40 years, including by securing approval for its economic reform agenda during the 1990s, and then the RAMSI and PRAN interventions during the 2000s, that influence is declining. Although Australia's and New Zealand's successful lobbying in favour of French Polynesia and New Caledonia joining the forum in 2016 suggest that they retain some influence (assisted by the fact that they are the forum's major donors), South Pacific states may choose not to challenge that influence within the confines of the forum, but via the new regional and subregional institutions.

Pacific Islands Development Forum

Empowered by their greater choice of non-traditional external partners, disenchanted with the Pacific Islands Forum and encouraged by an emboldened Fiji, South Pacific states are increasingly creating, or strengthening, alternative regional and subregional institutions and organisations that exclude Australia, New Zealand and other traditional external partners.

The most significant new regional organisation is the Pacific Islands Development Forum (PIDF), which originated in Fiji's 2009 suspension from the Pacific Islands Forum and in a push by civil society groups for a greater role in regional institutions. In 2010, allegedly with funding from China, Russia and some Arab states, Fiji organised an 'Engaging with the Pacific' meeting as a rival to that year's forum meeting and as a replacement for the Melanesian Spearhead Group meeting, which was cancelled after Vanuatu's Prime Minister, under pressure from Australia, deferred the meeting in response to Fiji's impending assumption of the chair.

At the third Engaging with the Pacific meeting in 2012, agreement was reached to convene the PIDF as its successor in 2013. Bainimarama lauded 'a new era of regional cooperation', distinguishing the PIDF on the basis that it sought to promote 'genuine consultation' between states, civil society groups and the business community, as compared to the Pacific Islands Forum, which Bainimarama claimed was 'dominated only by a few'.⁴⁵ Therefore, the PIDF excludes developed states such as Australia, New Zealand and the US, but includes civil society and private sector actors (many from Australia and New Zealand). In addition, 30 countries from Europe, Africa, Latin America, North America and Asia attended the first PIDF meeting as observers. Pacific island leaders have agreed to establish a PIDF Secretariat in Fiji, with Chinese funding. The PIDF also receives funding from Russia.

While the PIDF might constitute a rival to the Pacific Islands Forum, South Pacific states haven't necessarily thrown their full support behind it at the expense of the forum. The PIDF's first summit was attended by representatives of only 13 of the 23 South Pacific states and territories invited. Significantly, allegedly after pressure from Australia, only two Pacific island leaders attended: Kiribati President Anote Tong and Solomon Islands Prime Minister Gordon

Darcy Lilo. Attendance at the 2014 PIDF was lower; only 12 South Pacific states sent representatives. However, the Indonesian President gave the keynote address and Morocco, Venezuela, Israel, Singapore, Kazakhstan, Kuwait and Georgia sent observers, exemplifying the increasingly crowded geopolitics of the region. Yet the relevance of the PIDF may be diminishing; only three heads of government from South Pacific states attended the 2016 PIDF meeting, while all but one (Fiji) attended the 2016 Pacific Islands Forum leaders' meeting, suggesting that the forum remains the preeminent regional political gathering.

Melanesian Spearhead Group

The most significant development at the subregional level has been the strengthening of the role of the Melanesian Spearhead Group. The group was formed in 1988 and consists of PNG, Solomon Islands, Vanuatu, Fiji and the Front de Liberation Nationale Kanak et Socialiste (representing the Kanak population of New Caledonia). China funded the construction of the Melanesian Spearhead Group Secretariat building in Port Vila in 2008. In 2012, members agreed to a Melanesian Spearhead Group Trade Area and a memorandum of understanding on the group's Skills Movement Scheme, meaning that the group has been able to achieve deeper trade and labour integration than the Pacific Islands Forum.

The Melanesian Spearhead Group has also expanded its focus to political and security issues with PNG and Fijian encouragement. Indeed, PNG Prime Minister Peter O'Neill declared in 2012 that 'Melanesian countries are the biggest in the Pacific and once we are able to engage more actively together, I think the rest of the Pacific can be able to follow us.'⁴⁶ The group is responsible for overseeing the implementation of the Noumea Accord in New Caledonia, reflecting its long support for Kanak self-determination. In 2013, PNG and Fiji agreed to engage in closer military collaboration under a defence cooperation agreement, initially involving Fijian personnel providing training assistance to the PNG Defence Force; longer term plans anticipate joint peacekeeping deployments in the region and internationally, which is a possible precursor to a mooted regional security force. In 2013, Melanesian Spearhead Group leaders also endorsed the establishment of a humanitarian and emergency response coordination centre focused on coordinating responses to natural and man-made disasters in the South Pacific. There has also been increased security and law enforcement cooperation, including sharing information on transnational crime, and police commissioners meet regularly. To further strengthen subregional cooperation, group leaders endorsed a regional strategy for the next 25 years at their 2015 summit.⁴⁷

In the light of these developments, it's been suggested that the Melanesian Spearhead Group, rather than the Pacific Islands Forum, could act as the primary forum for Asian states to interact with Melanesia. Indeed, in 2013 an eminent persons group described the group as a 'stepping stone and bridge to Asia's growing economies'.⁴⁸ In that regard, Indonesia and Timor-Leste gained observer status at the group's meetings in 2011, and in 2013 Indonesia invited the group's secretariat to attend the APEC ministerial meeting as its guest. While Indonesia's efforts may suggest that it recognises the emerging role of the group in the region, it might equally be motivated by a desire to pressure group members not to support the self-determination of its West Papua region, or that region's application to join the group. At the 2015 group summit, the United Liberation Movement for West Papua was granted observer status, while Indonesia was admitted as an associate member.

Micronesian Presidents' Summit and Micronesian Chief Executives' Summit

Following Melanesia's lead, Micronesian states and territories have developed the subregional Micronesian Presidents' Summit, which has met annually since 1994, and the Micronesian Chief Executives Summit, which has met biennially since 2013. Micronesian subregionalism has grown from a perception that the historical and political backgrounds of most Micronesian states and territories, particularly the relations that most have with the US, differentiate them from the remainder of the South Pacific. The presidents' summit includes the leaders of the three sovereign states, the FSM, the Republic of Palau and the Republic of Marshall Islands. Nauru and Kiribati have both been invited to join, but have been reluctant because of their different colonial history and development partners.

The chief executives' summit includes the three independent Micronesian states, the non-sovereign entities, Guam and the Commonwealth of Northern Mariana Islands, as well as the four state governors of the FSM. In 2011, Micronesian leaders began to establish a secretariat to formalise the summit.

Polynesian Leaders' Group

Polynesian states have also engaged in subregionalism, holding the first meeting of the Polynesian Leaders' Group in November 2011. The group consists of three sovereign states (Samoa, Tonga, Tuvalu) and five territories (Cook Islands, Niue, American Samoa, French Polynesia and Tokelau). At the first group meeting, leaders signed a memorandum of understanding establishing the group and agreed to focus on sharing knowledge and mutually supporting one another on issues of common concern. The third group meeting in Auckland in August 2013 was attended not just by the political leaders of island states, but also by representatives of Polynesian peoples, such as Maori.

IMPLICATIONS FOR AUSTRALIA IN THE SOUTH PACIFIC

The increasingly crowded and complex geopolitical environment in the South Pacific has important implications for Australia, particularly given our strategic interest in being the region's 'principal security partner' in order to ensure that no power hostile to Western interests establishes a strategic foothold in the region from which it could launch attacks on Australia or threaten allied access or our maritime approaches.

The 'China threat' literature has claimed that China's growing regional activism could generate destabilising competition with the US in the South Pacific, which would have consequences for Australia, both as the region's near neighbour and because of flow-on affects for our security relationship with the US and economic relationship with China. However, given the marginal significance of the region to the international strategic environment, this is only a minimal risk. There's insufficient evidence that China has a clear strategy to attempt to supplant traditional external powers in the region. There's also little evidence to suggest that under President Trump the US will direct significant resources to asserting its role in the region as a counter to any perceived Chinese gains. The increased involvement of other non-traditional external powers, such as India, Japan, Russia and Indonesia, is also more a reflection of their broader international activism than a concerted effort to gain influence in the region.

Nevertheless, some Pacific islands leaders have encouraged the view that the behaviour of these external powers derives from a competition for influence. In 2013, the Fijian High Commissioner to the UK, Solo Mara, observed that 'Washington has ramped up its presence and involvement in response to China's increasing abilities and influence.'⁴⁹ In 2013, Sitiveni Rabuka, former Prime Minister of Fiji, claimed that China is 'filling a vacuum' in the region.⁵⁰ Yet that view isn't universally held among the region's elites. In 2013, Henry Puna, Prime Minister of Cook Islands, argued that 'our engagement with major powers should not be viewed as the subject of competition, but as representative of shared goals of mutual benefit and reciprocity.'⁵¹

However inaccurate, the perception that external powers are competing for regional influence has opened up global opportunities for South Pacific states, as it can encourage the belief that they can play competing great powers against each other.⁵² Consequently, South Pacific states no longer necessarily need to identify themselves as falling within an uncontested Australian, New Zealand, US or French sphere of influence. Instead, they appreciate that they have more choice as to which external power (or powers) they engage with. Some South Pacific states appear to be taking advantage of this in order to access aid, concessional loans, military support and international influence.

While Australia is careful to downplay any perception of competition among external powers, particularly with China, the 2013 *Defence White Paper* did acknowledge that 'attitudes to our role are changing', as 'the growing reach and influence of Asian nations opens up a wider range of external players for our neighbours to partner with.'⁵³ Australia remains by far the largest aid donor to the region, but South Pacific states are increasingly conscious that they have a wider range of diplomatic options open to them, demonstrated by the possibility of China stepping in to support PNG to host the 2018 APEC summit. This challenges Australia's ability to pursue our strategic interests, as South Pacific states feel increasingly emboldened to criticise Australia and resist our influence. For example, Australia has been unable to successfully negotiate the regional PACER Plus trade agreement, partly because our own economic interests are so different from those of South Pacific states and partly because we're perceived to be primarily pursuing our own interests during the negotiations.

The creation of alternative regional and subregional institutions and organisations has also emboldened South Pacific states, as it allows them to operate outside Australia's and other traditional partners' spheres of influence, to pool their resources and to operate as a united group when negotiating with their partners. For example, the insistence by South Pacific states that they have their own independent Office of the Chief Trade Adviser to negotiate the PACER Plus agreement signals how they can use regional institutions to resist Australian influence. Consequently, Australia may no longer necessarily be able to take for granted that we'll be able to exercise our influence in the Pacific Islands Forum unchecked in pursuit of our strategic goals, such as obtaining legitimating approval for an intervention like RAMSI.

However, strong attendance at Pacific Islands Forum leaders' meetings, which almost every independent head of state in the South Pacific attends each year, suggests that the forum remains the region's preeminent political and security institution. High-level delegations from observer countries, including the US and China, also regularly attend. Consequently, the creation of alternative institutions and organisations might not necessarily represent a rejection of the forum, but instead a recognition that they can provide a counterweight to Australia's and New Zealand's influence.

The geopolitical environment in the South Pacific also has implications for Australia's strategic interest in ensuring stability, security and cohesion in the region. The influx of aid from non-traditional external powers runs the risk of destabilising recipient states. Aid from Australia and other traditional external partners is usually conditional on certain governance or development outcomes. In contrast, Chinese diplomats present their aid in the 'framework of south-south cooperation'⁵⁴ and as coming 'without any political strings attached',⁵⁵ but it may fuel corruption and violence. For example, in 2001 Taiwan made a US\$25 million loan to the Solomon Islands Government to compensate victims of ethnic conflict. Different groups manipulated the traditional concepts of 'reciprocity' and 'gift-giving' to extort millions from the government. Competition for compensation manifested in further conflict and necessitated the RAMSI intervention. Subsequently, during the 2006 Solomon Islands elections there was a perception that Chinese money had bought Snyder Rini the prime ministership, on the understanding that he would switch diplomatic recognition to China once in office. After Rini's appointment was announced, Honiara descended into riots that destroyed much of Chinatown, the Chinese Government evacuated more than 300 ethnic Chinese, and Australia had to deploy almost 400 Australian Defence Force troops to assist with stabilisation.

There are also questions over the sustainability of China's 'soft' loans. For example, in 2009 Tonga's loan debt to China was US\$100.4 million, which was equivalent to one-third of its GDP.⁵⁶ While some loans are used for economically productive projects, such as water supply systems, roads, education or tuna canneries, many are spent on projects with little financial merit. It's unclear whether states such as Tonga will ever be able to service their debts, and what political consequences may arise if they can't.

Moreover, while foreign investment is needed in the region, it may fuel instability. This effect has resulted from Australian investment in the past. For example, Rio Tinto's involvement in the Panguna mine in Bougainville played a large part in instigating the 1989–1997 crisis, and the Ok Tedi mine in PNG, which was operated by BHP Billiton, generated significant social and environmental impacts, as well as contributing to political and societal conflict relating to the way in which its revenues were allocated and, now, how its ownership is managed.

Today there are concerns about the environmental sustainability of logging in PNG and Solomon Islands, often after Chinese-owned businesses are said to have bribed politicians, officials and landowners. Overlogging has caused environmental damage, which has disrupted the food supply, as land has been eroded and traditional food gardens have been rendered infertile. It has also created social conflict, as displaced communities have settled on the traditional land of their neighbours and communities have competed to access the profits and bribes paid by the logging companies. Chinese resource and infrastructure projects in the region are also said to have questionable labour and environmental standards. Reflecting this, the Ramu nickel mine was the site of riots by PNG workers and landowners in 2009 and 2014. Similar issues arise from investment by Americans in the region, most notably the ExxonMobil liquefied natural gas project in the PNG highlands, which has generated societal conflict and may have contributed to government corruption through the mismanagement of its revenues.

These issues threaten the stability of certain South Pacific states and raise two main challenges for Australia. First, as the region's principal security partner with a strong sense of responsibility for the region, Australia is likely to feel obliged (and be expected by its partners, particularly the US) to respond to serious instability and conflict. The RAMSI intervention, which cost A\$2.6 billion⁵⁷ and has had questionable long-term results,⁵⁸ exemplifies the cost and challenge this poses to Australia. As the region's geopolitical landscape is now both more crowded and more complex than it was in 2003, when Australia led RAMSI, this is likely to complicate Australia's ability to conduct any such intervention, including to legitimise it by gaining approval from the Pacific Islands Forum. Second, the increased presence and activism of non-traditional external powers, particularly China, raises questions about whether they would intervene to protect their interests and investments. For example, China deployed approximately 4,000 troops to Sudan to protect its investment in an oil pipeline with the Malaysian firm Petronas. It's unclear whether, in the event of a serious threat to the Ramu mine, China may similarly intervene in PNG. While China isn't overtly hostile to Australia, we would be likely to feel threatened by any such military deployment in our nearest neighbour.

WHAT SHOULD AUSTRALIA DO?

Australia's strategic geography hasn't changed since before Federation: the South Pacific will always be the region 'from or through which a military threat to Australia could most easily be posed'.⁵⁹ While Australia has been anxious about the region before, particularly during European colonisation, World War II and the Cold War, today the geopolitics of region are more crowded and complex than they have ever been. Therefore, we're likely to face more costs and challenges in pursuing our strategic interests in the region than we ever have before. So, what should Australia do to ensure its security?

Australians, and particularly the Australian Government, need to be more aware of and focused on the South Pacific. Our attention to the region has peaked at moments when it was seen to pose an imminent potential threat, such as during the 'war on terror', when 'weak' states were perceived to be vulnerable to penetration by terrorists or transnational criminals who might have threatened Australia. This motivated us to intervene to attempt to strengthen state institutions in Solomon Islands, PNG and Nauru. Beyond these moments of focus, Australia's foreign and strategic policy in the region has been characterised by unclear, inconsistent and competing interests and intentions, which has reduced its effectiveness and undermined our influence.⁶⁰ If we're to ensure that we're able to respond to the geopolitics of the South Pacific, we need to prioritise the region in a clear, consistent and sustained way in our foreign and strategic policy planning. The dedicated South Pacific strategy to accompany the government's forthcoming Foreign Affairs and Trade White Paper needs to demonstrate that the government understands the geopolitical complexities of the region, including how they affect its ability to conduct activities and exercise influence, and outline proposals that seek to ensure that Australia remains able to pursue its strategic interests. Below, I outline three such proposals.

First, Australia's best chance of ensuring that no power hostile to Western interests establishes a strategic foothold in the region, from which it could launch attacks on Australia or threaten allied access or our maritime approaches, is to do more to remain the region's principal security partner. Australia already does a lot. We have a large Defence Cooperation Program, including the popular Pacific Patrol Boat Program (to be replaced by the upgraded Pacific Maritime Security Program), as well as a significant policing assistance program. We're also the primary provider of humanitarian and disaster relief, exemplified most recently by our response to tropical cyclone Winston in Fiji in 2016. Australia has also led interventions to respond to instability, including in Bougainville, Solomon Islands and Nauru. We provide about half of the region's aid, augmented with substantial governance and other development assistance. However, the cohesion and commitment of our assistance to the South Pacific have fluctuated, as has its reception within the region. This needs to be addressed in the South Pacific strategy and Foreign Affairs and Trade White Paper.

Second, to ensure that none of the non-traditional external powers active in the South Pacific becomes hostile to Australia's interests, or more seriously, a source of threat, Australia should try to draw those powers into a more cooperative approach to development and security, such as through joint aid projects, taking coordinated action against transnational criminals, and assisting South Pacific states to protect and exploit the natural resources in their exclusive economic zones. To an extent, Australia already does this, particularly with China, which is by far the most significant non-traditional external power in the region. Chinese Foreign Minister Yang Jiechi attended

a ministerial strategic dialogue in Canberra in 2008, where he agreed to ‘strengthen regional cooperation to mutually promote regional peace and stability’.⁶¹ China has taken up observer status on the OECD Development Assistance Committee and signed the 2008 Kavieng Declaration on Aid Effectiveness, which aims to localise the 2005 Paris Declaration on Aid Effectiveness in the Pacific Islands. However, China has proved reluctant to cooperate in multilateral regional institutions and declined to sign the Pacific Islands Forum’s 2009 Cairns Compact on Strengthening Development Coordination in the Pacific, which Australia, New Zealand and the US use to coordinate with regional partners. Despite this, Australia entered into the Development Cooperation Partnership Memorandum of Understanding with China in April 2013, which commits the two states to strengthen cooperation and collaboration to address common development concerns, including health issues and water resource management. In 2015, Australia also announced that it intended to join the Asian Infrastructure Investment Bank, which will enable us to influence the development of infrastructure throughout the Asia–Pacific region in cooperation with China and other regional partners. It’s harder to imagine similar levels of cooperation between Australia and Russia, the non-traditional power likely to have interests most inimical to Australia’s, as relations between the two states are much cooler. However, Russia remains a bit player in the South Pacific, where its presence is more a source of irritation than a threat to Australia.

Yet, as the example of Australia’s concerns that China would step in and provide support to PNG to host the 2018 APEC summit illustrates, Australia’s commitment to cooperation and collaboration remains qualified. If we genuinely welcome China’s presence in the region, then cooperating to provide that support to PNG would have provided an excellent opportunity to develop mechanisms for cooperation. This suggests that Australia hasn’t yet accepted that the South Pacific is an increasingly crowded and complex region and that we may have little choice but to cooperate, or otherwise descend into competition, with other external powers in the future.

Australia could complement this approach by working to re-engage traditional external powers with which we have long partnered in the region, such as the US. Australia should be sure to foreground the South Pacific in its defence, security and foreign policy talks with the US and should encourage the US to send strong representation to the next Pacific Islands Forum leaders’ meeting. On the sidelines of that meeting, Australia could meet with the US to discuss our role in, and concerns about, the region and attempt to encourage the US to reinvigorate its regional engagement.

Third, Australia should seek to better cooperate with new regional and subregional institutions to ensure that it isn’t marginalised in the changing regional order. While the Pacific Islands Forum remains the region’s pre-eminent political gathering, the creation of new institutions has highlighted a number of concerns that Pacific island leaders share about existing regional institutions, including the forum. We should do more to engage with and respond to those concerns. We should also encourage a situation in which the forum and new institutions such as the PIDF and Melanesian Spearhead Group complement, rather than contradict, each other. There’s evidence that this is already happening, as the forum’s 2015 Framework for Pacific Regionalism provides greater opportunities for civil society input into the forum’s agenda. As Pacific island leaders want more control over their regional institutions, Australia could also step down from a dominant role within the forum and more quietly engage with those institutions, and others, in order to identify ways in which we can provide support that doesn’t compromise the independence of South Pacific states but instead works productively with them. This will involve Australia changing its perception of both itself and its role in the region, as it faces the realisation that in a crowded and complex South Pacific it can’t act as an unfettered Pacific power, but instead needs to present itself as a Pacific partner.

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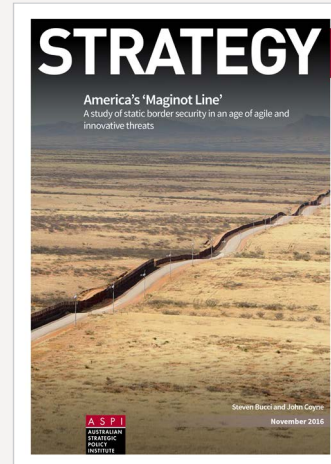
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ACRONYMS AND ABBREVIATIONS

ADF	Australian Defence Force
APEC	Asia–Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ASEAN	Association of Southeast Asian Nations
FSM	Federated States of Micronesia
GDP	gross domestic product
OECD	Organisation for Economic Co-operation and Development
PIDF	Pacific Islands Development Forum
PNG	Papua New Guinea
PRAN	Pacific Regional Assistance to Nauru
PSIDS	Pacific Small Island Developing States
RAMSI	Regional Assistance Mission to Solomon Islands
UN	United Nations

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