

**REGIONALISM IN EAST ASIA AND
THE SOUTH PACIFIC:
Different experiences, unbalanced relations**

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Paper for International Conference on
East Asia and South Pacific in Regional Cooperation

Shanghai Institutes for International Studies
9-10 September 2009
Shanghai, China

Draft only. Please contact the author for citations.

Introduction

Regionalism in terms of economic integration and intensification of political cooperation and social interaction has been a major driving force of world politics since the 1980s. Different regions have experienced different regionalization processes. East Asia regionalism represented by Northeast Asian nations' interest in deepening economic relations with Association of Southeast Asian Nations (ASEAN) on one hand and East Asia nations' attempt to establish an East Asian Community on the other has been a crucial development in East Asian international relations. In the South Pacific,¹ regionalism has a much longer history, yet the progress has been disappointing to many observers. What characterizes regionalism in East Asia and the South Pacific? What are the implications of regionalism for the relations between East Asia and the South Pacific? This paper attempts to answer these two questions. It will first discuss the development of East Asia regionalism centering on the East Asia Summit followed by an investigation of regionalism in the South Pacific. The paper will then examine the interactions between East Asia and the South Pacific, focusing on China and Japan, two key players in East Asia and the South Pacific.

The development of East Asia regionalism

In December 1990, Chinese Premier Li Peng was paying a state visit to Malaysia and had a meeting with Malaysian Prime Minister Dr Mahathir Mohamad. At that meeting, Dr Mahathir suggested to Premier Li that East Asian countries should form an "East Asia Economic Group" (EAEG).² The EAEG, later renamed the East Asia Economic Caucus (EAEC) with the proposed membership of ASEAN states, China, Japan and South Korea, would enhance economic cooperation, promote and protect free trade, accelerate economic growth, and would give countries in the region a collective voice in multilateral negotiations, including world trade.

However, the idea of an East Asian grouping without the United States worried Washington. It urged Asian countries to embrace instead the Asia Pacific Economic Cooperation (APEC) forum, which fudged the geography and included all of Asia's trading

¹ The South Pacific in this paper refers to the 14 nations that make up the Pacific Islands Forum (excluding Australia and New Zealand). They are the Cook Islands, the Federated States of Micronesia, Fiji, Kiribati, the Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, the Solomon Islands, Tonga, and Vanuatu.

² Vyacheslav F. Urlyapov, "Towards the East Asian Community" in Gennady Chufirin and Mark Hong (eds.), *Russia-ASEAN Relations: New directions* (Singapore: Institute of Southeast Asian Studies; Moscow: Russian Federation : Institute of World Economy & International Relations, 2007), p. 101.

partners including the Pacific rim of Latin America.³ The then US Secretary of State James Baker III warned of the danger of drawing a line down the middle of the Pacific. Years later, in his memoirs, Baker revealed that “in private I did my best to kill it.”⁴ Being allies and important trading partners of the US, Japan, South Korea and Singapore toed the line.⁵

Dr Mahathir’s brainchild did not die. In 1995, the rest of ASEAN unanimously endorsed the concept. In July 1997, a financial crisis swept East Asia. The crisis highlighted the need for regional groupings and initiatives. In December 1997, leaders of ASEAN+3 held their first meeting in Kuala Lumpur. As a forum that functions as a coordinator of cooperation between ASEAN and China, Japan and South Korea, ASEAN+3 is similar to EAEC, which prompted Malaysia to declare that EAEC was a reality.

ASEAN+3 leaders soon set their eyes on establishing an East Asian Community (EAC). They agreed to establish the East Asia Vision Group (EAVG) and the East Asia Study Group (EASG) in December 1998 and November 2000 respectively. The EAVG submitted its report in November 2001 and the EASG finished its final report one year later. In their final reports, both the EAVG and the EASG recommended the formation of the East Asian Free Trade Area (EAFTA) as a medium to long-term goal. The vision of the EAFTA was to create an EAC. ASEAN+3 leaders endorsed the recommendation in November 2002.

The EASG also recommended the establishment of an East Asia Summit (EAS) as a step towards the EAC. What was proposed was a summit of ASEAN+3 leaders. The idea of the EAS was accepted at the 2004 ASEAN+3 summit. By then, however, the EAS had become ASEAN+3+3 or ASEAN+6 with India, Australia and New Zealand being the other three countries. The annual EAS was inaugurated in Kuala Lumpur on 14 December 2005.

There are various theoretical approaches to understanding East Asian integration represented by the EAS and the proposed EAC. For most economists or functionalists, regional intergovernmental collaboration is driven by economic regionalization. These government mechanisms merely ratify what has been evolving on the ground over the years. As a proportion to its global trade, the value of trade among East Asian economies increased from 30 per cent in 1980 to 40 per cent in 1990 and to more than 50 per cent just before the 1997 financial crisis.⁶ The EAS can be interpreted as an emerging governance structure when the World Trade Organization (WTO) and APEC are believed inefficient. Institutionalists go

³ Michael Vatikiotis, “East Asia club leaves U.S. feeling left out”, *International Herald Tribune*, 6 April 2005.

⁴ Habhajan Singh, “Stronger Through Alliance”, *Malaysian Business*, 1 January 2006, p. 14.

⁵ Ashraf Abdullah, “Leaders concur formation of East Asian community inevitable”, *The New Straits Times*, 8 November 2001, p. 2.

⁶ M. C. Abad, “On the road to an East Asian community”, *The Nation* (Thailand), 27 August 2000.

beyond economic transactions and focus on how regionalism evolves as a political process. The EAS took place at a time when East Asia had experienced a financial crisis and when East Asian economies had to face the rise of Chinese economy. To institutionalize communication and coordination became a common understanding in East Asia.

Constructivists focus on the emerging shared identity of the region. Historically speaking, East Asia was not well defined. It sometimes referred to both Northeast Asia and Southeast Asia and sometimes Northeast Asia only. In the case of the former, East Asia was understood as a region only geographically. Economically and politically speaking, East Asia was divided. However, the 1997-98 Asian Financial Crisis created a regional sense of “us” and “them”. The International Monetary Fund (IMF) did come to East Asia’s rescue. But its role was controversial.⁷ Meanwhile, it appeared that the United States had “deserted” the region.⁸

A different approach focuses on the rise of China and is largely based on realism. China’s rise was a concern for ASEAN. Economically, China replaced ASEAN as the most desirable destination in Asia for foreign direct investment (FDI), especially after the 1997 Asian Financial Crisis. FDI in ASEAN in 2000 was at US\$10 billion, a 37 per cent decline from US\$16 billion in 1999. The figure was US\$27 billion in 1997.⁹ China’s attractiveness to FDI was further strengthened in 2001 when it became a member of the WTO. ASEAN then decided “if you can’t beat ‘em, join ‘em.” At the same time, China rapidly emerged as an economic opportunity to ASEAN members. In 1995, China imported goods valued at a modest US\$9.4 billion from the ASEAN 5.¹⁰ Japan imported almost five times more at US\$45 billion. However, between 1995 and 2000, Chinese imports from the ASEAN 5 grew at a rate six times faster than Japanese imports from the same group.¹¹ The idea of negotiating an ASEAN-China Free Trade Agreement (ACFTA) thus came into being.

Security wise, China was historically a dominant power in the region. It has territorial disputes with a few ASEAN members over the South China Sea. Although ASEAN has a cordial relationship with China, it remains wary of China’s increasing influence in East Asia

⁷ Anis Chowdhury, “Villain of the Asian Crisis: Thailand or the IMF?”, *ASEAN Economic Bulletin* Vol. 16, No. 2 (August 1999), pp. 166-174.

⁸ Benjamin Robertson, “East Asia takes first step to unity”, *South China Morning Post*, 13 December 2005, p. 13; Eiichi Furukawa, “Crisis drives East Asia to unite”, *Jakarta Post*, 2 December 1997, p. 4

⁹ Isgani de Castro, “Politics: New pacts may give China key role in Southeast Asia”, *Global Information Network* (New York), 5 November 2002.

¹⁰ ASEAN 5 refers to the five founding members of the ASEAN: Indonesia, Malaysia, the Philippines, Singapore and Thailand.

¹¹ Datuk Seri Abdullah Ahmad Badawi, “Challenge and opportunity”, *New Straits Times*, 17 September 2003, p. 10.

and has made efforts to involve China in multilateral security arrangements in the region, such as the ASEAN Regional Forum (ARF), and to maintain a power balance.

Japan is an obvious candidate for the balancing power. Tokyo is concerned that China's growing influence in the region may eclipse Japan's influence. When China announced in November 2000 that it would negotiate with ASEAN for an FTA, Japan was shocked to action and subsequently jumpstarted its FTA talks with ASEAN. Since then, Japan has been aspiring to become Asia's "thought leader".¹² In the 2002 Joint Declaration of ASEAN-Japan Summit, Japan supported the idea of an ASEAN+3 FTA. Subsequently, it turned itself into a strong supporter of the EAC, arguably as a strategy to deal with the rise of China. The attempt became clear when Japan, with the support of some ASEAN states, proposed that the EAS membership be extended to include India, Australia and New Zealand. It is believed that the underlying reason was the concern that under the ASEAN+3 arrangement, there was no potential counterbalance to China's physical size and projected growth. India had for many years viewed China as the "No. 1 enemy" and has a population close to that of China while Australia and New Zealand are believed closer to Japan in terms of values.¹³

Not surprisingly, China initially was reluctant to support EAS membership for India and Australia. Although it changed its position before long, Beijing continues to emphasise the core role of ASEAN+3 in building the EAC. China's acceptance of extended membership of the EAS and its support for the EAC should be understood against the background that China has been painstakingly rebutting "China threat" theories. China has vowed not to dominate the EAS, saying it will support ASEAN in the driver's seat in the evolution of the EAC.¹⁴ Its decision to negotiate an FTA with ASEAN was part of its effort to address ASEAN's concerns over China's rise.

China's active engagement with its neighbours also reflects a new trend in its foreign policy. While considerations of national interest and *realpolitik* still play a dominant role, Chinese foreign policy since the end of the Cold War has experienced major changes in a liberal direction. Evidence of these changes include the expanded number and depth of China's bilateral relationships, new trade and security accords, deepened participation in key multilateral organizations, widening acceptance of many prevailing international rules and

¹² Rich Bowden, "Battle looms over inaugural East Asia Summit", 11 December 2005. <<http://www.worldpress.org/Asia/2192.cfm>>. Accessed 4 May 2007.

¹³ Author's meeting with a senior Japanese diplomat in Tokyo in June 2006.

¹⁴ BBC Monitoring Asia Pacific, "China vows not to dominate East Asia Summit - envoy to Malaysia", 12 December 2005.

institutions and efforts to help address global security issues. Rosemary Foot concludes that Chinese leaders “have moved on to emphasise the importance of economic globalisation, the multidimensional nature of security, and the need to recognise the responsibility of the great powers, including China, for maintaining global order.”¹⁵

The development of South Pacific regionalism

Unlike East Asia regionalism, South Pacific regionalism has been driven mainly by external powers. Government-driven regionalism can be traced back to 1947 when the South Pacific Commission (SPC) was established. The SPC was first initiated in 1944 by Australia’s External Affairs Minister H. V. Evatt and New Zealand’s Prime Minister Peter Fraser and set up by the six colonial powers with territories in the Pacific—Australia, Britain, France, Netherlands, New Zealand and the United States.¹⁶ The intention of the SPC appeared “honorable”—to assist post-war recovery, to work for health and education improvements for Pacific people and to promote social and economic development in the region.¹⁷ The principal interest of the colonial powers was actually to help lay the foundation for a region that would continue to stay within the alliance formed around the US and the UK.¹⁸

The SPC was not supposed to be a political forum and political activity was not allowed. It thus became outdated when the decolonization movement gained momentum. In 1962, Western Samoa became the first Pacific Islands group to gain its independence. Then in 1968, Nauru became the world’s smallest independent state. In the next few years Fiji, Tonga, PNG, the Solomons, and Vanuatu became sovereign states. The increasingly independent Pacific Islands countries (PICs) attempted to break up the constraints of the SPC on political issues, which resulted in the establishment of the South Pacific Forum (SPF) in 1971.

Unlike the SPC, the SPF was purposefully set up to discuss political issues. The founding members of the SPF were Australia, Cook Islands, Fiji, Nauru, New Zealand, Tonga and Western Samoa. The organization quickly expanded in terms of both membership and scope of cooperation. It became, and still is, the leading organization for political

¹⁵ Rosemary Foot, “Chinese Strategies in a US-hegemonic Global Order: Accommodating and hedging”, *International Affairs* Vol. 82, No. 1 (2006), p. 86.

¹⁶ Greg Fry, (1991) “The Politics of South Pacific Regional Cooperation” in Ramesh Thakur (ed.), *The South Pacific* (Basingstoke: Macmillan, 1991), p. 171.

¹⁷ Phil Goff, “Pacific Regionalism” in Jenny Bryant-Tokalau and Ian Frazer (eds.), *Redefining the Pacific* (Aldershot: Ashgate, 2006), p. 26.

¹⁸ Ian Frazer and Jenny Bryant-Tokalau, “Introduction: The uncertain future of Pacific regionalism” in Bryant-Tokalau and Frazer (eds.), p. 5.

discussion and economic cooperation in the region. The membership requirements of the SPF were different from those of the SPC. While the SPC was open to all states and territories in the region, including the colonial powers, the SPF was closed to most colonial powers, except for New Zealand and Australia. Both New Zealand and Australia strongly supported the decolonization of the region and played an indispensable role in the development of the SPF through funding and other assistance. The SPF was renamed the PIF in October 2000.

While political interests contributed to the formation of the PIF, it was economic interests that energized its development. Few of the newly independent PICs had economic self-sufficiency. Most of them depended to some extent on overseas aid or assistance. Efforts were made towards economic integration in the hope of achieving the benefits of economies of scale as the South Pacific comprises mostly microstates. The efforts were not impressively successful however. It was observed that “the idea of closer economic integration was dismissed by most Pacific specialists well into the 1990s.”¹⁹ Even in 2006, intra-regional trade flows were less than two per cent and decreasing.²⁰ Instead, these PICs have looked beyond the region for markets. The South Pacific Regional Trade and Economic Cooperation Agreement of 1980, for instance, granted goods from the PICs non-reciprocal duty free access to Australia and New Zealand.

Although regionalism has not resulted in significant economic integration, it has helped the PICs play a more active and effective role in international affairs. This has delivered significant economic benefits to the PICs. A good example is the negotiations over the 1982 United Nations Convention on the Law of the Sea. After ten years of talks, the PICs were able to maximize their exclusive economic zones (EEZs) with their widely dispersed island territories. Their effort to bring the region’s tuna fishery under joint management and control is regarded “one of the earliest and longest-lasting exercises in international diplomacy among Pacific island countries, and arguably the most successful.”²¹ Another story of successful collective diplomacy is the PIF members’ opposition to French nuclear testing in the region after the United States and Britain ended their testing programs. The South Pacific Nuclear Free Zone was established under the Treaty of Rarotonga in 1985. France agreed to cease all nuclear testing in the region in 1996.

Despite their achievements, the PICs were “too protective of their national sovereignty, too occupied with nation building” to follow the European Union (EU) and to

¹⁹ Ibid., p. 6.

²⁰ Ron Crocombe, “Regionalism” in Michael Powles (ed.), *Pacific Futures* (Canberra: Pandanus, 2006), p. 196.

²¹ Frazer and Bryant-Tokalau, p. 8.

integrate more closely.²² Nevertheless, they had become better positioned to deal with the outside world by the late 1980s. One major step to engage the actors from outside the region was the introduction of a new arrangement known as “Dialogue Partners”. There are currently 14 Dialogue Partners: Canada, China, the EU, France, India, Indonesia, Italy, Japan, South Korea, Malaysia, the Philippines, Thailand, the UK and the United States.

The most recent development in South Pacific regionalism is the Pacific Plan for Strengthening Regional Cooperation and Integration which was endorsed by the PIF in October 2005. The Plan includes a wide array of benchmarks by which progress towards these objectives can be assessed. Some feel that the Pacific Plan “set in motion a new mandate for the pursuit of enhanced regional cooperation, and has possibly opened the door wider than ever before to exploring deeper regional integration between Pacific Island countries.”²³

Regional interactions

The above analysis demonstrates that East Asia and the South Pacific have experienced rather different regionalization processes. While the driving forces for the former are mostly internal, those for the latter have been mainly external. East Asia is more advanced in economic integration although the South Pacific has a stronger regional governmental institution. However, neither the South Pacific nor East Asia has integrated to the extent that they are able to form a united regional policy towards each other. There have been occasions when the South Pacific took a united position on certain issues in East Asia. For instance, in October 2006, leaders from 16 PIF countries called on North Korea to return to the six-party talks on the Korean Peninsula nuclear issue when they were attending the two-day 37th PIF in Nadi.²⁴

Given that the South Pacific relies more on East Asia than vice versa, the South Pacific as a whole has made more effort to strengthen its relations with East Asia. Early in 1980, Tupulua Efi, then Prime Minister of Western Samoa, said that the independent South Pacific countries were looking to Asia rather than to the West for assistance in developing their economies. “By and large, the countries are getting closer to Asia than to the United States,” he said of the South Pacific nations, adding, “This is not in any way criticizing

²² Ibid., p. 11.

²³ Shennia Spillane, “The Pacific Plan 2006-15: Legal implications for regionalism” in Kennedy Graham (ed.), *Models of Regional Governance for the Pacific: Sovereignty and the Future Architecture of Regionalism* (Christchurch: University of Canterbury Press, 2008), p. 72.

²⁴ Xinhua, “South Pacific leaders urge DPRK to return to six-party talks”, 25 October 2006.

American policy, but there is greater interest among the highest levels of ASEAN in what is happening in the Pacific.”²⁵ However, there have been limited interactions between the South Pacific and ASEAN as a whole since then. Overall, the interactions between East Asia and the South Pacific are mainly based on bilateral relations.

More importantly, East Asia regional cooperation may not necessarily benefit the South Pacific economically. A key element in East Asia’s relations with the South Pacific has been aid diplomacy and competition for influence has been a major driving force behind it. If East Asia regional cooperation results in less competition for influence over the South Pacific, the PICs are likely to receive less aid from East Asia.

Historically, the South Pacific attracted much aid in the Cold War years. Cold War concerns not only encouraged former colonial powers to maintain aid to the region at levels which averaged the highest per capita in the developing world,²⁶ they also enabled the PICs to bargain with these colonial powers for better deals. For instance, the US fishermen continued to take fish without permission or payment from Pacific Islands EEZs after the introduction of the UN Law of the Sea in 1982. The PICs then began negotiating with the Soviet Union. This forced the United States to agree in 1987 to pay a relatively high fee to counter the Soviet bid.²⁷ The end of the Cold War and economic recession in Western donor countries led to shifts in the early 1990s in the aid policies. The United States and Britain scaled down their aid programs to the region. Australia also adjusted its aid policy and has put more emphasis on promoting domestic reform and achieving more effective results from aid.²⁸

The following paragraphs discuss the relations between the South Pacific and two major East Asian players in the region, China and Japan. If East Asia regionalism has an impact on the South Pacific, it is most likely to be originated from these two countries.

China

China’s connections with the South Pacific could be traced back to 5,000 years ago as the languages used by the first settlers in the South Pacific originated in Taiwan.²⁹ However,

²⁵ Robert Trumbull, “Pacific Isles move to firm ties to Asia”, *The New York Times*, 29 September 1980, p. A5.

²⁶ Sandra Tarte, *Japan’s Aid Diplomacy and the Pacific Islands* (Canberra: The Australian National University, Suva: University of the South Pacific, 1998), p. 11.

²⁷ Ron Crocombe, *The South Pacific* (Suva: The Institute of Pacific Studies of the University of the South Pacific, 2001), p. 331.

²⁸ Tarte, p. 11.

²⁹ John Henderson and Benjamin Reilly, “Dragon in Paradise: China’s rising star in Oceania”, *The National Interest*, 72 (2003), p. 98.

from 1949, when the People's Republic of China (PRC) was established, to the early 1970s when China started to normalize its relations with the West, Beijing did not have much contact with the South Pacific although its ideology-driven foreign policy ensured Beijing's moral support for the independence movement in the region. The South Pacific was under Western hegemony in terms of the prevailing Cold War spheres of influence.³⁰

Chinese policy towards the South Pacific became more active in the 1960s and 1970s. One major catalyst was the public split between Beijing and Moscow in 1960. The other major factor was Taiwan. Beijing replaced Taipei at the UN Security Council in 1971. Taipei was forced to seek new friends among the emerging independent states to offset Beijing's diplomatic victory. Michael Godley observed that "By the closing months of 1975, a Chinese South Pacific strategy was almost fully developed."³¹ It established diplomatic relations with Fiji on 5 November 1975 and with Western Samoa the following day. Up till then, Fiji and Western Samoa had recognized Taipei. About one year later, in October 1976, China established diplomatic relations with Papua New Guinea (PNG).

It was not until the late 1990s that China's influence in the region started to grow substantially. In 1991, China had only four diplomatic posts in the South Pacific while Australia and New Zealand had ten each and the United States had six.³² Currently, China has the largest number of diplomats in the region.³³ Moreover, "it is now accepted routine that the first official overseas visit by a new head of government from the region is made to Beijing, not to Canberra, Washington or Wellington".³⁴ Economically, Beijing has offered various financial assistance packages aimed at enhancing trade, building infrastructure, equipping government and military assets, and developing natural resources.³⁵ China is now believed to be one of the region's top three aid donors after Australia and the United States. Its estimated aid to the region in 2008 was close to \$100 million while China's pledged aid totalled \$206 million, which represented a rapid increase although it was still much smaller than Australia's close to \$600 million in 2007.³⁶ China's trade with the 14 island states that

³⁰ Ralph Premdas, "Ideology, Pragmatism, Identity" in *Foreign Forces in Pacific Politics* (Suva: Institute of Pacific Studies of the University of the South Pacific, 1983), p. 219.

³¹ Michael Godley, "China: The waking giant", in *Foreign Forces in Pacific Politics*, p. 131.

³² Steve Hoadley, *The South Pacific Foreign Affairs Handbook* (Sydney: Allen & Unwin in association with New Zealand Institute of International Affairs, 1992), p. 35.

³³ Graeme Dobell, "China and Taiwan in the South Pacific", Sydney: Lowy Institute for International Policy, 2007, p. 6.

³⁴ Henderson and Reilly, p. 95.

³⁵ Tamara Renee Shie, "Rising Chinese Influence in the South Pacific," *Asian Survey*, Vol. 47, No.2 (2007), p. 309.

³⁶ Fergus Hanson, "China: Stumbling through the Pacific", Sydney: Lowy Institute for International Policy, 2009, pp. 3-4.

make up the Pacific Islands Forum excluding Australia and New Zealand has increased from \$121 million in 1995 to \$1,534 million in 2007.³⁷

Along with its growing influence in the South Pacific, China has shown an increasing interest in participating in South Pacific regionalism. Beijing has consistently attached much importance to regionalism in the South Pacific. It supported the SPF and a Pacific Common Market in the 1970s and 1980s. Beijing also expressed its support for a South Pacific Nuclear Free Zone at an early stage and signed the protocols of the South Pacific Nuclear Free Zone Treaty in 1987.

In the post-Cold War years, involvement in South Pacific regionalism has become an integral part of Beijing's strategy towards the region. The Chinese involvement has been centered on the SPF and later the PIF. The Chinese Ambassador to Fiji was first invited to the SPF in 1988. China then sent its first delegation to the Forum in 1989 and has sent government representatives to attend the annual Post-Forum Dialogue Meeting since 1990. China has used these meetings to assure the PICs that its fundamental policy towards the South Pacific is based on "mutual respect, equality and mutual benefit, opening to each other, common prosperity and reaching unanimity through consultation."³⁸ Beijing has also used the Forum to project its benign and cooperative image. At the October 2007 PIF meeting, the Chinese Deputy Foreign Minister Zhang Yesui insisted that "the ultimate goal of China's Pacific island policy is the maintenance of the regional stability and the promotion of common development."³⁹

China has also made efforts to join other regional institutions in the South Pacific. It joined the South Pacific Tourism Organization (SPTO) in April 2004, becoming the organization's first member from outside the region. The SPTO, established in 1986 and based in Suva, is a regional inter-governmental organization for the joint promotion of the region as a tourist destination. The claim is that China's presence in the organization would help boost regional tourism, enhance understanding between China and the island countries, and encourage other major powers from outside the region to join.⁴⁰

Perhaps more importantly, China has set up its own dialogue platform with the PICs. In April 2006, Chinese Premier Wen Jiabao flew to Fiji and attended the first China-Pacific Island Countries Economic Development and Cooperation Forum (hereinafter referred to as the China-PICs Forum). For those island states which did not recognize Taiwan, Wen

³⁷ National Bureau of Statistics of China, *China Statistical Yearbook, 1996-2008*.

³⁸ Ministry of Foreign Affairs of the PRC, "Pacific Islands Forum", Press release, 9 December 2003.

³⁹ Xinhua, "FM: China, Pacific islands countries ties important", 20 October 2007.

⁴⁰ Xinhua, "China joins South Pacific Tourism Organization", 20 March 2004.

delivered loans totaling three billion yuan (\$615.54 million) for economic development, removed import tariffs and cancelled debt for the poorest, promised to provide free malaria medicines to stricken countries, and added PNG, Samoa and the Federated States of Micronesia to the list of destinations Chinese tourists are allowed to visit.⁴¹ After the opening ceremony for the First Ministerial Conference of the China-PICs Forum, China and the PICs signed the China-Pacific Island Countries Economic Development and Cooperation Guiding Framework. That document covers trade cooperation, closer economic ties, agriculture cooperation and tourism cooperation. Michael Somare, Prime Minister of PNG and Chair of the PIF, praised the Framework as a “historic milestone in the further strengthening of relations between the People’s Republic of China and countries of this region.”⁴²

China’s involvement in South Pacific institutions is an important part of its strategy towards the region. Premier Wen said in his keynote speech at the first China–PICs Forum that it was a strategic decision, not a diplomatic expediency for China to foster friendship and cooperation with the PICs.⁴³

A driving force behind China’s strategy in the South Pacific is the Taiwan factor. The region plays an important role in Beijing’s reunification strategy. This is highlighted by the fact that six of the 23 countries that have diplomatic relations with Taipei are in the South Pacific. Biddick noted in 1989 that Beijing and Taipei had been and remained most immediately concerned with their competition for diplomatic recognition and political influence in the South Pacific.⁴⁴ The Beijing-Taipei competition for diplomatic recognition in the region escalated in the past two decades. As Fergus Hanson argues, to halt and reverse diplomatic recognition of Taiwan has been “the main driver” of Chinese aid to the region.⁴⁵

One battlefield between China and Taiwan has been the Post-Forum Dialogue Meeting. Taiwan is not an official Dialogue Partner but since 1992 has held its own separate post-Forum meeting with friendly Pacific Island states at a closed setting after all post-forum dialogues had already taken place. In 2000, representatives from Fiji and PNG and officials from a number of Forum agencies which had accepted financial support from Taiwan,

⁴¹ Greg Ansley, “Beijing’s moves have Canberra in a bind”, *New Zealand Herald*, 11 April 2006.

⁴² Michael Somare, “China-Pacific Development”, 4 April 2006.

⁴³ <http://www.forumsec.org/pages.cfm/newsroom/speeches/speeches-2006/pm-somare-china-pacific-development-5apr06-.html>. Accessed 25 August 2009.

⁴⁴ Xinhua, “China-Pacific Island Countries Economic Development and Cooperation Forum conference closes”, 6 April 2006.

⁴⁵ Thomas V. Biddick, “Diplomatic Rivalry in the South Pacific”, *Asian Survey*, Vol. 20, No. 8 (1989), p. 801.

⁴⁶ Fergus Hanson, “The Dragon in the Pacific,” Sydney: Lowy Institute for International Policy, 2008, p. 3.

including the Forum Secretariat, Forum Fisheries Agency, South Pacific Trade Office and the University of the South Pacific, also attended the post-Forum meeting with Taiwan in Kiribati. China strongly objected to Taiwan's presence at the meeting and urged the Forum to uphold the "One China" policy in arranging for the post-forum dialogue. It requested that Forum members having diplomatic relations with China, the PIF Secretariat and other regional organizations in the South Pacific should not participate in the dialogue with Taiwan. Beijing declared that "the question of Taiwan must not be put off indefinitely... We strongly demand that the Forum take seriously China's position."⁴⁶ In 2003, China again reminded the PICs that as an intergovernmental organization of sovereign states, the PIF should refrain from any exchanges of an official nature or dialogue partnership of any form with Taiwan.⁴⁷

China's donations to regional institutions are also closely linked to the Taiwan issue. China donated \$1 million to set up the Pacific Islands Trade Office in Beijing in 2000, but only after the PIF agreed to switch its chairmanship from Palau, which recognized Taiwan, to Kiribati, which at the time recognized China. At the First Ministerial Meeting of the China–PICs Forum, the countries that recognized Taiwan were not invited and were excluded from many of the benefits. Premier Wen stated that only those countries recognizing China would be approved as Chinese tourist destinations.⁴⁸ In the SPTO, the rivalry between Beijing and Taipei has grown to the extent that the unity of the SPTO "has been fractured".⁴⁹ Because of a lack of external participation, Taiwan is one of the SPTO's few sources of cash. Three of the SPTO's 10 Pacific island members, Tuvalu, Kiribati and the Solomon Islands, have been insisting that Taiwan be treated equally with China. Taiwan supplied SPTO with about \$400,000 in aid in the five to six years before China joined SPTO in 2004. At an October 2005 conference of the SPTO, Beijing lobbied against Taiwan's inclusion. It pledged an additional \$100,000 a year for five years in organizational support. The following week the members voted against Taiwan's admission.

Shortly after being elected Taiwan's President on 22 March 2008, Ma Ying-Jeou vowed to end Taiwan's "checkbook diplomacy" in the South Pacific and to focus on

⁴⁶ John Henderson, "China, Taiwan and the Changing Strategic Significance of Oceania", *Revue Juridique Polynésienne*, Vol. 1, No. 1 (2001), 152.

⁴⁷ Embassy of the PRC in the Independent State of Papua New Guinea, "China announces initiatives to expand ties with PIF member countries", 24 November 2003. <<http://pg.china-embassy.org/eng/zbqx/t46835.htm>>. Accessed 25 August 2009.

⁴⁸ Shie, p. 319.

⁴⁹ Robert Keith-Reid, "China-Taiwan War Puts Pressure on SPTO's Unity". 2007. <http://www.islandsbusiness.com/islands_business/index_dynamic/containerNameToReplace=MiddleMiddle/focusModuleID=3861/overrideSkinName=issueArticle-full.tpl>. Accessed 25 August 2009.

“humanitarian assistance” and “soft power” in Taiwan's relations with its allies.⁵⁰ With the improvement of the cross-Strait relations, both Taipei and Beijing are likely to make an effort to honour the “diplomatic truce” and will be restrained in undermining each other’s diplomatic efforts in the region.⁵¹ However, Taipei has made it clear that the “diplomatic truce” is not a diplomatic “rest” or “holiday”. Both Taipei and Beijing will continue to consolidate their existing diplomatic relations in the region. Nevertheless, it seems that Beijing and Taiwan are reexamining their aid policies towards the South Pacific.

Japan

Compared with China, Japan was much more deeply involved in the South Pacific before the end of the Second World War. Steve Hoadley noted that “Japan regards itself as a natural member of the island Pacific by virtue of its proximity, insular geography and historical involvement.”⁵² Japan became a colonial power in the first half of the 20th century.⁵³ Its relations with the South Pacific were very much limited after its defeat in the Second World War. In the 1970s, however, Japan started its aid ties with the region. There were several reasons why Japan regained its interest in the region. The “oil shocks” of 1973 highlighted the importance of “resource diplomacy” and the South Pacific had its value in this respect. In addition to minerals and timber, the region was known for its fisheries. Related to fisheries was the new Law of the Sea regime. The regime created 200-nautical-mile EEZ. The South Pacific EEZs, measured about 20 million square kilometers, were particularly important to Japan, the world’s leading fishing nation. In 1975 more than 85 per cent of Japan’s tuna catch was from the Pacific.⁵⁴ The independence of the PICs also enabled Japan to establish and strengthen the bilateral relationships.

Japan’s interest in the South Pacific experienced a sudden surge in the late 1980s to the effect that Japanese aid basically doubled in 1986.⁵⁵ Japan’s Foreign Minister, Mr Tadashi Kuranari paid an 11-day South Pacific tour which ushered in what he called a “post-war new deal”. The pace at which Japan wanted to increase its aid to the South Pacific was so great that it was having difficulty finding enough suitable projects to sponsor. Tokyo even

⁵⁰ Associated Press, “Taiwan's president-elect vows end to checkbook diplomacy in Pacific”, 26 March 2008.

⁵¹ Hanson, 2009, p. 5.

⁵² Hoadley, p. 43.

⁵³ Terutaro Nishino, “Japan: The risen sun” in *Foreign Forces in Pacific Politics*, pp. 112-129.

⁵⁴ *Ibid.*, pp. 1-2.

⁵⁵ Ron Crocombe, *Asia in the Pacific Islands: Replacing the West* (Suva: IPS Publications, 2007), p. 245.

dispatched a special task force to the PICs to speed the quest.⁵⁶ By the end of the 1980s, Japan was the largest or second-largest bilateral donor to almost all PICs.⁵⁷ Japan's increased interest was largely an attempt to limit the Soviet Union's perceived expansionism in the region which was "over-rated" by the United States.⁵⁸

Japan further stepped up its involvement in the South Pacific and quickly moved into the vacuum emerged as the traditional major players like the United States gradually disengaged with the region with the end of the Cold War. Japan provided official development assistance (ODA) worth \$127 million to the South Pacific in 1994 and it was increased to \$160 million in 1995.⁵⁹ In 1997, the Japanese government decided to slash its aid budget by 10 per cent. Tokyo assured the South Pacific that the decision did not apply uniformly to all countries and to all forms of assistance.⁶⁰ Indeed, while the South Pacific accounted for around 1 per cent of Japan's total ODA budget in 1997,⁶¹ it now receives about 1.5 per cent.⁶² On a per-capita basis, Japan's aid to the South Pacific exceeds that provided to any other region.⁶³ In 1998, Japan still was the third largest donor after Australia and the United States. Its aid program was worth some A\$234 million (US\$138 million).⁶⁴

It should not be difficult to imagine Japan's influence in the region in the 1990s. After all, to be heavily dependent on aid was a common characteristic of most PICs. In the 1990s, the ratio of aid to GDP was more than 20 per cent for many PICs. For some of them, it was as high as 70 to 80 per cent.⁶⁵

Meanwhile, Japan worked closely with the SPF and later the PIF. It has attended Post-Forum Dialogues ever since 1989. In addition, each year the chairman of the SPF/PIF is invited to Japan for talks as a guest of the Ministry of Foreign Affairs. As an effort to strengthen its ties with the South Pacific, Tokyo, in cooperation with the secretariat of the SPF, set up a Pacific Islands Center in Tokyo in October 1996 to promote economic

⁵⁶ Peter Hartcher, "Japan ready to increase its involvement in South Pacific", *Sydney Morning Herald*, 16 January 1987.

⁵⁷ Tarte, p. 11. Benjamin Reilly noted in 2008 that a decade earlier Japan contributed more bilateral aid to the region than any other country with the exception of Australia in Papua New Guinea. Benjamin Reilly, "Japan's aid to the South Pacific and the China factor", 6 August 2008, <<http://www.eastasiaforum.org/2008/08/06/japan%E2%80%99s-aid-to-the-south-pacific-and-the-china-factor/>>. Accessed 21 August 2009.

⁵⁸ Crocombe, 2007, p. 245.

⁵⁹ Japan Policy & Politics, "Japan-S. Pacific islands ties entering new era", 14 October 1996.

⁶⁰ Japan Economic Newswire, "S. Pacific nations told aid levels won't plunge", 13 October 1997.

⁶¹ Ibid.

⁶² Reilly, 6 August 2008.

⁶³ Japan Economic Newswire, "S. Pacific nations told aid levels won't plunge".

⁶⁴ Japan Economic Newswire, "Japan should spend more in the Pacific, Australia says", 19 April 2000.

⁶⁵ Tarte, p. 11.

exchange with the region.⁶⁶ The first-ever summit-level meeting between Japan and the members of the SPF/PIF, or Pacific Islands Leaders Meeting (PALM), took place on 13 October 1997 in Tokyo.⁶⁷ Three more meetings have been held in Japan since then.⁶⁸

Japan has multiple interests in the South Pacific. According to the Japanese government, the PALM is focused on issues like security, trade and investment, environment, education and human resources development, health and hygiene.⁶⁹ It is also believed that Japan is using it to bolster international support for its bid for a permanent seat on an expanded UN Security Council and to further its own economic interests, which include securing fishing access and deep ocean mining rights inside the EEZs of the PICs.⁷⁰ In June 1995, Prime Minister of Vanuatu Maxime Carlot told Japanese Prime Minister Tomiichi Murayama that he supported Japan's bid for a permanent seat on the UN Security Council. At the same time, Carlot requested that Japan increase its economic assistance. Murayama thanked Carlot for his support for the Security Council seat bid and promised to consider the request for economic assistance.⁷¹ As another example, in a communiqué issued in September 1996, the SPF expressed its "strong and unanimous support" for Japan's bid for a non-permanent seat on the UN Security Council for 1997-1998.⁷²

Hoadley observed in 1992 that "Japan appears to have had no grand design beyond keeping the Pacific island region politically and militarily tranquil, free for shipping, air travel and tourism, open for the purchase of fish, timber and minerals, and closed to the weapons and agents of hostile outside powers."⁷³ One may argue that these interests are tantamount to a grand design. One of Japan's prominent interests in the region is whaling. It has been widely reported that Japan has been using development aid to buy votes at the International Whaling Commission to block the establishment of a South Pacific Whale Sanctuary.⁷⁴ Ron Crocombe notes that "All intergovernmental aid has a goodwill-buying and vote-buying element, but few were as blatant as Japan in relation to fisheries."⁷⁵ Japan's aid,

⁶⁶ Asia Pulse, "Pacific Islands Centre in Japan to open", 8 October 1996.

⁶⁷ Ministry of Foreign Affairs of Japan, "Japan and the Pacific Islands Forum Relations" <<http://www.mofa.go.jp/region/asia-paci/spf/index.html>>. Accessed 20 August 2009.

⁶⁸ They were held in Miyazaki in April 2000, Okinawa in May 2003 and Hokkaido in May 2009.

⁶⁹ Japanese Ministry of Foreign Affairs, "Why Japan is hosting the PALM summit being held? Objectives of the PALM summit", <<http://www.mofa.go.jp/region/asia-paci/spf/palm2003/host.html>>. Accessed 25 August 2009.

⁷⁰ Japan Economic Newswire, "S. Pacific nations told aid levels won't plunge", 13 October 1997.

⁷¹ Japan Economic Newswire, "Vanuatu prime minister backs Security Council seat bid", 28 June 1995.

⁷² Jiji, "SPF unanimously supports Japan's UNSC bid", 5 September 1996.

⁷³ Hoadley, p. 47.

⁷⁴ PACNEWS, "Japan paid Solomon Islands for whaling support", 10 March 2008; Pacific Islands Broadcasting Association News Service, "Japan accused of buying support from countries for whaling", 12 November 1999.

⁷⁵ Crocombe, 2007, p. 248.

like aid from some other countries, should be put in perspective for another reason. In the 1990s, Japan paid only five per cent of the reported catch to fish in the EEZs of the PICs while it paid 11 per cent of the catch to fish in Australian waters. Japanese officials claimed that it was because the PICs received aid from Japan. Crocombe thus points out that “it is not aid but payment for access (and there is at least some truth in that).”⁷⁶

Sandra Tarte argued in 1998 that Japan had four broad sets of policy goals in the South Pacific in the 1990s. They were foreign economic (the traditional policy goals: resource security, trade development and the promotion of foreign investment); diplomatic (more traditional foreign policy priorities, including support for Japan’s position in international fora, international prestige and status, and security); domestic interest groups (the fisheries sector and other private sector actors whose interests are in extracting commercial benefits from delivering aid projects) and bureaucratic (different ministries and agencies view the ends of aid policy in terms of the interests and objectives of their organization).⁷⁷ One may add “a motive that does not apply to other donors”, namely “compensation for damage and atrocities in World War II,”⁷⁸ although the importance of that motive has been declining with time passing by.

The relative weight of Japan’s contribution has steadily declined in the past decade with China’s contribution increasing rapidly. China’s growing influence in the region may have had an impact on Japan’s policy goals in the region. In 2006, Japan decided to cooperate with Australia and New Zealand and coordinate aid to the PICs more closely. The main motive is believed to be their common security interests, especially vis-à-vis China.⁷⁹ In July 2008, Japan offered to contribute peacekeepers to the Australian-led stabilization mission in the Solomon Islands. This, according to Benjamin Reilly, “signals Japan’s willingness to cooperate with Australia and other liberal democracies in securing regional stability—and to balance the growing weight of China.”⁸⁰ Meanwhile, Japan appeared to be prepared to increase its aid to the region despite its economic difficulties. At the PALM meeting in May 2009, Japanese Prime Minister Taro Aso confirmed 50 billion yen (US\$529 million) in aid to

⁷⁶ Ron Crocombe, *The South Pacific* (Suva: The Institute of Pacific Studies of the University of the South Pacific, 2001), p. 333.

⁷⁷ Tarte, pp. 6-7.

⁷⁸ Crocombe, 2007, p. 245.

⁷⁹ Ibid.

⁸⁰ Reilly, 6 August 2008.

the PIF for the coming three years which was an increase from its previous aid of 45 billion yen (US\$476 million).⁸¹

Conclusion

East Asia regionalism so far has had little impact on the PICs. We have not seen an East Asian regional approach towards the South Pacific. This is partly because East Asia regionalism remains limited. After all, Northeast Asian nations have not been able to reach a region-wide free trade agreement. And the value of the East Asia Summit remains unclear. Competition between China and Japan for regional influence out of mutual distrust may benefit other East Asian nations but is unlikely to lay a solid foundation for genuine and comprehensive regional cooperation. The limited impact on the South Pacific of East Asian regionalism also lies in the fact that the South Pacific is not a priority in East Asian nations' strategic thinking. In addition, the economic relations between East Asia and the South Pacific are still weak in terms of trade and investment.

On the other hand, while the South Pacific had its region-wide forum early in 1944 with the establishment of SPC focusing on economic issues and then SPF as a political forum in 1971, South Pacific regionalism is far from satisfactory and effective. It has been mainly driven by its colonial powers. The PICs themselves are not united or motivated in pushing forward South Pacific regionalism. They did demonstrate their unity on some issues, such as negotiations of the EEZs in the 1970s and later on nuclear testing in the region. The PICs however have made little progress in economic integration and cooperation. As a result, while East Asian nations like China and Japan do pay much attention to South Pacific regional organizations, the region lacks the attractions of economies of scale and remains dependent on foreign aid. In that sense, the relations between East Asia and the South Pacific are unbalanced.

The PICs may not necessarily benefit from East Asia regionalism. Competition for influence in the South Pacific was a driving force for foreign aid to the region during the Cold War. It has largely remained so in the post-Cold War years. Diplomatic rivalry has been a particularly important factor in Beijing's and Taipei's aid policy towards the region. Japan's aid policy so far has not been driven by its competition with other East Asian countries. This may change with the rise of China. With progress of regionalism in East Asia and the likely

⁸¹ Matangi Tanga Online, "Japan increases aid to Pacific Islands to 50 billion yen", 25 May 2009. <http://www.matangitonga.to/article/category_index30.shtml>. Accessed 25 August 2009.

consequence of more cooperation and less competition, the growth of East Asian aid to the South Pacific may not be sustainable.

On a positive note, East Asia regional cooperation is likely to facilitate the increase of transparency in East Asian members' aid policy towards the South Pacific. It has been a concern to New Zealand and Australia that diplomatic rivalry between Beijing and Taipei has had a destabilizing effect on the region because of the lack of transparency in Chinese and Taiwanese aid. The "Diplomatic Truce" between Beijing and Taipei is welcome in that respect.