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“Almost exactly 100 years after the fall of the Qing Dynasty in 1911, China will be once again at the center of Asia ...” (Gosset 2007)

“Leaders believe the Pacific region can, should and will be a region of peace, harmony, security and economic prosperity, so that all its people can lead free and worthwhile lives. ... We seek partnerships with our neighbors and beyond to develop our knowledge, to improve our communications and to ensure a sustainable economic existence for all.” (Pacific Forum Leaders’ Vision 2005)

This paper argues that, while there are significant challenges to overcome, China’s re-emergence as a great power has the potential to benefit the Island countries of the Pacific. It is suggested that China’s rise is likely to be sustainable and that it is likely to seek cooperative global and regional relationships. Whether these are attainable will depend on both how China exercises its new power and influence and how other major countries, particularly the United States, react to the changing geo-politics of the wider Asia Pacific region. The challenges from China’s rise that Pacific Oceania is beginning to face are certainly substantial. But in time these could be outweighed by new opportunities, including China’s resource demand for Pacific minerals, the tourism potential of China’s increasingly affluent middle class and the increased aid China brings to the region.

Relations between China and Pacific Oceania depend largely on the policies China, as the overwhelmingly more powerful partner, decides to pursue in the Pacific. These are largely determined of course by both political and economic factors within China and wider global and regional imperatives. The sustainability of China’s rise and the evolution of its wider regional and global relationships therefore require consideration in any examination of the likely future course of its relations with the South Pacific.

Is China’s rise sustainable?

Some observers of China find several grounds for arguing against the sustainability of China’s rise. Many point to the enormous environmental challenges that China faces. These include deteriorating air and water quality in many parts of the country which result in tragic human costs and an expensive drain on the economy. If massive measures are not taken, it is argued, disaster will surely be the result. Some observers believe that the central government in Beijing has too little power these days in the provinces to enforce strict environmental

legislation. There's some point to this – China's whole economic reform process involved a loosening of Beijing's planning controls. Others go further and argue that democracy really needs to come first to empower the necessary draconian measures that are now needed to protect the environment.

But there are grounds for hope in the intelligence and resources now being committed to meeting the environmental challenges. Indeed, some critics tend to forget how dreadful cities like Tokyo and London and especially perhaps Chicago were before they climbed back from the brink of widely predicted environmental disaster. In China today of course everything, good and bad, is happening much faster than it has elsewhere. In Shanghai and some other wealthy cities signs of improvement are already appearing: fish are even being reintroduced into Suzhou Creek, long a cesspool of filth and pollution.

China has also been hit hard by the current recession. Some feared that with the growth rate dropping from double figures to six percent or less, the country's economy would be in deep trouble, leading to growing unemployment and quite likely social unrest. There was point to these concerns because the legitimacy of China's present government depends, more than anything else, on its ability to continue to ensure material progress for all, or most, Chinese. However, recent reports reveal a significant rebound in China's economy and some economists predict growth of more than 10 per cent next year, higher than Beijing's own target of 8 per cent. (Wassener 2009.) Of course, the recession has not yet run its course and there could be further shocks in store. But foreign doomsayers often overlook the proven resilience and adaptability of China's current leadership – and they will have at hand the trillions of dollars in foreign exchange the country holds, an invaluable economic cushion. China is unlikely to be hit as hard as many Western economies. Many expect a consequence to be that China will emerge from the current recession in a stronger position *vis a vis* its Western counterparts. The relative rise of China will be accelerated.

Other observers believe the greatest challenges to China's rise are social and political rather than material and practical. They are certainly the most complex.

There can be no disputing the abundant evidence that, over the last few decades, China's government has enormously improved the welfare of a majority of the country's people - material welfare but also freedom over nearly all aspects of the lives they lead. While acknowledging this development and its significance, some observers contend that the popular expectations that have been unleashed will be beyond the capacity of the Communist Party and government to satisfy. Disorder and disaster, they say, will be the inevitable outcome.

This view has been put forcefully by a Chinese American writer, Gordon Chang, who paints a vivid picture:

"Mao regimented the Chinese people, oppressed them, clothed them in totalitarian garb, and denied them their individuality. Today, they may not be free, but they are assertive, dynamic, and sassy. A mall-shopping, Internet-connected, trend-crazy people, they are

re-making their country at breakneck speed. Deprived for decades, they do not only want more, they want everything. Change of this sort is inherently destabilising, especially in a one-party state.” (Chang 2006)

Many thoughtful Chinese today worry about aspects of their country’s rise and the phenomenal changes enjoyed by its people. One view, put to the writer by a very senior official, is that China lacks a social consensus supporting a set of moral values that could underpin society and help to maintain stability while most of society is under stress from change. He said there was of course Confucianism, but Mao had disparaged that. Maoism itself involved elements of moral values, but that in turn had been disparaged following Deng Xiaoping’s reforms. My friend suggested the answer might lie in the revival of a kind of selective Confucianism. Some days he was optimistic, some days not. (Others have addressed this subject more recently, for example the philosopher Daniel Bell who has written about “the Confucian Party – political evolution in China” (Bell 2009)

There is more, and more open, discussion of political reform in China today than many Westerners would expect. A common belief among foreigners is that China’s only hope, only logical course, is to adopt western-style democracy. However, of all the possible outcomes of present debate and discussion, this may be the least likely. But change is occurring. There are already clear signs of the political system adapting to the expectations of the growing, increasingly well educated, middle class and this process is very likely to continue. The question is not so much what the precise outcome will be but whether popular aspirations will be adequately met. If they are not, the pessimism of the official I have mentioned on his bad days will have been justified. If aspirations are met, continuing stability will allow increasing prosperity – and will be a major factor supporting the sustainability of China’s rise.

The cheerfulness, energy and optimism of the Chinese people make it difficult for anyone who has lived among them for any length of time to be pessimistic about the country’s future. On balance, hard evidence also supports a measured optimism. Objective observers point to undoubted improvements in the quality of life of most Chinese. And this certainly goes well beyond material standards of living. Personal freedoms are undoubtedly on the rise. China is still not democratic but it is certainly no longer totalitarian. The legal system is improving, albeit slowly, with the principle of a truly independent judiciary still some way away. For human rights, progress is also slow but evident nevertheless.

What is evident in many sections of Chinese society is a sense of optimism about the future – their own future and that of their country. That may explain a poll result last year that surprised many observers. The internationally recognized **Pew Survey** revealed that China’s population expressed the highest level of support for the direction in which their country was heading of the 24 countries surveyed, several of which were Western democracies.

One of America's most respected China experts, Nicholas Kristof of the New York Times, believes that while ferment in China may well grow, the country will consolidate its progress towards being the world's most important country. He believes China's political scene has much in common with that of Taiwan when democracy, now well established, was first developing. (Kristof 2009) This raises the realistic possibility that the examples and practical benefits of a firmly established rule of law in Hong Kong and democracy in Taiwan could have significant influence on China's own development.

Will China's re-emergence as a great power be peaceful?

Few international issues arouse as much disagreement and passion as the questions of how China's rise will affect the rest of the world and how the rest of the world should react to this geopolitical change.

China's leaders are emphatic. President Hu Jintao has said: "China will unswervingly follow the path of peaceful development. This is a strategic choice the Chinese people and government have made in light of the development tendencies of the times and their own fundamental interests." (Hu Jintao 2007) China has so far demonstrated determination to act internationally within the international structures that were created more than half a century ago by the victors of World War II. The historical evidence of the last few decades shows Beijing's strong desire for order, regionally and globally. Western observers today look closely for indications that China might wish to alter the international institutional order as it gains more power globally. While clearly it will wish, and indeed insist, that its increasing economic weight is appropriately reflected in international institutions (the World Bank, IMF and G8 come to mind) there is no evidence at all that wholesale change is being sought.

Nevertheless, in the West, particularly on the American political right (and to a degree in Australia), some observers are adamant that China poses an increasing threat to the West. (Robert Kaplan, for example, has written a book entitled *How We Would Fight China*.) The focus is on China's increasing expenditure on its armed forces and concern as to how increased military power might be exercised. Interestingly, the area in which numbers of (mostly minor) military confrontations between China and the US have occurred have involved American spying activities just off China's coast. Increasingly, China is showing that it is not prepared to acquiesce in American surveillance along its coastline.

This raises the question whether the United States should be prepared to make accommodations to take account of China's rising power. For example, does the US consider that its national interest requires patrolling off China's coastline for the indefinite future? And how will escalating Chinese challenges to this practice be interpreted in the United States? Logic suggests that accommodation of the interests of a rising power is essential if conflict is to be avoided. Unfortunately, even foreign policy moderates and liberals in the United States show little sign of being prepared to make accommodations taking account of China's rise. (Secretary

of State Hilary Clinton has said she is “not conceding the Pacific to anyone” (South China Morning Post 2009)

There are concerns also in the nuclear field. China wants to retain a credible nuclear deterrent, while the United States works, through missile shields and the like, to ensure that it has nuclear supremacy. So when China allocates resources to upgrade its deterrent to try to keep it effective, some in the United States see this as evidence of belligerent intent. Perceptions in the United States seem to be that an arms race with China is almost inevitable. And some are relaxed about it because they assume the outcome is likely to be the same as the outcome of their Cold War arms race with the Soviet Union – American victory. This assumption may be wrong - and potentially tragic.

Objective observers are in no doubt about the importance of the changes that are underway as a result of China’s rise. One has written:

“The transfer of power from West to East is gathering pace and soon will dramatically change the context for dealing with international challenges – as well as the challenges themselves.” [Hoge 2004]

The leading Australian scholar, Professor Hugh White, has said:

“The strategic transformation of Asia is almost certainly the most important historic trend of our time.” [White 2007]

Although the Assistant Secretary of State for Asia in the previous US Administration, Christopher Hill, has said “China has become the first stop for any American diplomacy,” (Brandow 2008), the early evidence suggests that the West, particularly, is slow to adjust to these momentous changes. Failure to make adjustments will result in China and the United States pursuing potentially disastrous collision courses. We discuss later the implications for Pacific Oceania.

China engages with the Pacific

The islands of the southern and central Pacific were settled by the descendants of people who left southeastern mainland China and Taiwan about 7,000 years ago. They most likely traveled through what are now the Philippines and Indonesia before undertaking about 3,500 years ago truly epic voyages from Asia into the Pacific. They explored and eventually settled what we now call Polynesia, ranging from Hawaii in the north to Rapanui (Easter Island) in the east and New Zealand in the south. From the same ancestors, possibly taking a different route after leaving the Asian mainland, people also settled the vast and scattered island groups of today’s Micronesia in the central and northern Pacific. Interestingly, as they moved towards what would be their final destinations, these fairer skinned Pacific peoples, both Polynesian and Micronesian, travelled through island groups and chains which had been populated by

Melanesian peoples for over 30,000 years, but they did not stop long enough for genetic (or linguistic) links from Melanesians to become as evident as those they carried with them from Asia (Wilford 2008).

DNA confirmation of the genetic link back to Taiwan and mainland China was confirmed only recently and New Zealand's then Foreign Minister, Winston Peters, himself Maori, startled his audience of mainly Chinese academics at a conference at Fudan University, Shanghai, in 2007, when he departed from his prepared text to describe this special link with China. (An earlier reference by him to the genetic link had resulted in a New Zealand newspaper headline *Once Were Chinese* (Eaton 2006b).

Today, China is set again to be a dominant influence in the lives of Pacific island peoples.

In the twenty-first century, Chinese in the countries of Pacific Oceania have diverse backgrounds. In Tonga, for example, where they are all recent immigrants, the Chinese are Cantonese, Hokkien and Shanghainese, but there are others as well. Tahiti continues to have a predominantly Hakka Chinese population, while probably the most homogenous in the region is the Cantonese community in Samoa, as most recent immigrants there have also been Cantonese. However, in both Samoa and Tahiti in particular, there has been considerable intermarriage with indigenous people, resulting in many part-Chinese, numbers of whom have been prominent in politics, business and socially. Interestingly, much less intermarriage between Chinese and Pacific Islanders seems to have occurred in Melanesian countries, with apparently an almost complete absence of intermarriage in the Solomon Islands (Willmott 2007).

Longstanding Chinese communities have adapted within their Pacific societies over decades and have adopted localized identities, often including many aspects of Polynesian or Micronesian culture. Manying Ip, a Chinese New Zealander and now a professor at Auckland University, has studied many of the social issues associated with Chinese migration to New Zealand. She is emphatic that:

“Maori [Polynesians] and Chinese people have much in common culturally. They share key values such as respect for elders and embrace of the family.” (Ip 2007)

They have also found economic niches that in most cases have been of benefit to the indigenous population, although often in competition with European traders. Most of them began modestly, compelled to work hard and develop good relations with their customers. In contrast, many of the more recent immigrants have given the impression of coming with a get-rich-quick mentality, whether as representatives of global Asian companies or as single men who started working in restaurants and then established their own small enterprises – without the long apprenticeship in Pacific cultures that the previous settlers endured. Consequently, some of their business practices have offended both indigenous and longer-standing Chinese residents. [Willmott,]

With increasing migration in recent years, some observers have spoken of a “creeping sinification” of Oceania, as is taking place in the areas of Indochina bordering China, and in the Russian Far East (Dobell 2007). It has to be said, however, that in most of the countries and territories of Oceania, there is very little obvious evidence of this trend. Indeed, the small proportion of Chinese in Pacific Oceania populations and, in Polynesia, the steady assimilation of Chinese by marriage, make “sinification” unlikely for the foreseeable future. One wonders whether the “creeping sinification” argument is perhaps used by those digging deep to find a dragon (of the aggressive English variety) needing to be slain.

Nevertheless, estimates indicate that over 3,000 Chinese state-owned and private enterprises have been registered in the Pacific region with investments of US\$1.59 billion (Pacific Islands Forum Trade Office 2008). New Chinese migrants have brought enterprises and businesses that have undoubtedly contributed to local economies. There has also been a discernible increase in crime that has been associated with recent waves of Chinese immigration. Reports abound of passport scams, people smuggling, and the threats posed by Chinese gangs (Dobell *ibid*). In addition, Chinese (and Taiwanese) prominence in business has caused resentment in several Island countries (Crocombe 2007). While hostility or resentment towards Chinese was certainly not the main cause of serious rioting in Honiara and Nukualofa in 2006, Chinese businesses became targets in both capitals. (Dobell 2007 *ibid*).

More recently, the involvement of China in the Pacific has received new publicity with renewed controversy over its mining investment in Papua New Guinea. Headlines include “Landowners attack Chinese mine workers” (Radio New Zealand International 2008b) and “PNG Parliament to Investigate Riots” (Pacific Islands Report 2009)

Serious attention needs to be paid to the risk of further backlash against Chinese living in Pacific Oceania. There have been similar problems in Southeast Asia, particularly Indonesia, where resentment against minority ethnic Chinese communities has been longstanding and in the recent past has led to much violence and suffering.. In recent years, the phenomenon seems to have diminished in Southeast Asia, dramatically so in Indonesia, with increasing prosperity within the indigenous populations and more enlightened political leadership which is less disposed to use the “race card” as a political tool. In the countries and territories of Oceania, violence against Chinese and other East Asian assets is comparatively recent. It is to be hoped that some lessons may be learned from the experience of neighboring Southeast Asia – in both what to do and what not to do to lessen resentments and prevent them boiling over; for certainly the Chinese presence in Oceania will increase in the years ahead.

China’s role and aims in the Pacific

What are China’s objectives in Pacific Oceania today?

When Chinese Premier Wen Jiabao had his first summit meeting with Pacific leaders at Nadi in Fiji in April 2006, he was both positive about China's approach to the region and explicit about the reasons for it:

"... To foster friendship and cooperation with the Pacific island countries is not a diplomatic expedience. Rather it is a strategic decision... China and the Pacific Island countries, both being developing countries in the Asia Pacific region, have common interests and meet common challenges. China is committed to promoting peace and development through cooperation, and will continue to strengthen its friendship and cooperation with the Pacific island countries on the basis of the Five Principles of Peaceful Coexistence. ... As a permanent member of the United Nations Security Council, China supports the Pacific Island countries in pursuing their legitimate interests regarding maritime exploration and protection ..." (Wen Jiabao 2006)

Recently, at the 21st Post Forum Dialogue in Cairns on 7 August 2009, China's Special Envoy, Ambassador Wang Yongqiu gave a detailed account of China's policies towards Pacific Oceania and the Pacific island countries. Wang elaborated on the common interests emphasised by Premier Wen in 2006 and the South/South context of the relationships. A large part of Wang's statement was devoted to China's policy on development cooperation: he mentioned China's "basic principles" of "not interfering in recipient countries' internal affairs" and of providing aid "with no political strings attached". An interesting point from New Zealand's perspective was Wang's statement that China was "open to conducting cooperation with other donors" and even "with the consensus of the recipient countries, we are also willing to explore with relevant parties the possibility of cooperation in providing aid to Pacific island countries".

Some observers of Pacific Oceania have expressed concern that China's "no strings attached" aid can undermine the attempts of Western donors to use development assistance, and particularly conditions attached to that assistance, to promote much needed governance reforms in island countries. China's openness to cooperation with other donors, as explained by Wang, is significant in this regard. And more directly relevant to the relationship of aid to good governance is an interesting statement by Wang that Chinese aid to Pacific island countries "helped create necessary conditions for the development of democracy and legal systems".

China's aid in the region is criticised on several counts, including that it often involves infrastructural projects that are too expensive for some island countries to maintain and that the practice of using imported Chinese labour is less than helpful to countries with serious unemployment problems. The overall tenor of Wang's statement suggests that China listens to the concerns of its aid partners and its aid practice will be carefully watched to see if there are any changes in these areas. On the positive side, Wang indicated continuing support for regionalism in the Pacific, including a promised grant of US\$600,000 to assist implementation of the Pacific Plan and also donations to the Pacific Security Fund. Critics of China's role in the region, some of whom see a "China threat" or an intent to assert dominance as part of some

wider strategy, tend not to mention this substantial practical support for the regional *status quo* in Pacific Oceania. (Wang Yongqiu 2009)

A highly controversial aspect of China's aid in the Pacific has related to the competition between China and Taiwan for diplomatic recognition. Some of the aid given, particularly by Taiwan has been startlingly unproductive for the local economy and sometimes has involved straight bribery of politicians. Fortunately, the political changes in Taiwan in recent years and the more cooperative relationship between Beijing and Taipei have led to less ruthless use of aid as a tool to secure, or retain, diplomatic recognition. There is hope that this disruptive phase of China/Taiwan competition in the Pacific may now be over. An Australian journalist with much experience in both the Pacific and China, Rowan Callick, reported following discussions with Chinese and Taiwanese officials in Cairns at the 2009 Pacific Islands Forum summit, that "China and Taiwan have struck a truce in their long-running and costly chequebook battle for support in the Pacific ..." (Callick, 2009)

Possibly in answer to critics of some Chinese commercial operations in Pacific Oceania, Wang said that China would support competitive and "well-reputed" Chinese enterprises to invest and conduct business in Pacific island countries. This will be particularly welcome if it signals a more active role by Beijing in seeking to ensure that Chinese enterprises in the region operate within the law and respect local customs.

While government statements of this kind obviously require close scrutiny, the statements of China's premier in 2006 and special envoy to the Pacific in 2009, are consistent with other reports of China's approach to developing countries in the wider Asia Pacific region, particularly in their emphasis on stability, peaceful development (meaning China's commitment to rise peacefully), and the importance China attaches to South-South cooperation.

One of the few senior Chinese academics to have addressed recently the question of China's objectives in the Pacific Islands region is Professor Zhang Guihong, professor of international relations at Fudan University in Shanghai. At the Second China – New Zealand Fudan Roundtable on 17 March 2008, in Shanghai, he presented a paper on the subject in which he was particularly concerned to rebut what he considered to be the wrong judgments of "some Western specialists", who

"argue that China's main objectives in the Pacific are to switch diplomatic relations and to garner influence but not replace the United States as the regional hegemonic power. Others argue that China has devised a comprehensive strategy to take advantage of waning U.S. interest in the region since the end of the Cold War. Some add that China has attempted to enhance its penetration of the region through emigration. To my understanding, natural resources, trade and economic cooperation are China's basic interests and primary objectives in the Pacific, thus the most important motive of China's active engagement in the region." (Zhang Guihong 2008)

Zhang proposes that a diplomatic strategy should include acting in a “harmonious way” – a key theme in statements regarding China’s foreign policy. Zhang says that China’s active engagement and growing influence in Southeast Asia, Latin America, and Africa “have attracted much concerns and suspicion from other major powers”. Pacific island countries are located “near the United States, Japan and Australia, and have traditional relations with some European countries. Some of them [are] worried about the break of regional balance because of the arrival of China’s influence. This situation needs China to emphasize the importance of major power coordination and act in a harmonious way.”

There is little argument by or among Western observers about China’s economic and commercial objectives in Pacific Oceania. At present and very likely for the foreseeable future, the main commercial and economic priorities in China’s relations with the Pacific will be access to raw materials to help fuel its expanding economy.

On the question of China’s political and strategic objectives in the region, observers have strong and often conflicting views. The one point on which there is no disagreement is that adjusting to China’s increasing influence and expanding role has become one of the most important issues ever faced by the countries of the region. China’s regional and global rise is undisputed; and in the Pacific a minor but telling fact is that China has more diplomats in the Pacific Islands region than any other country – even though of course it has no diplomatic presence in those countries that support Taiwan (Dobell 2007 *ibid*). All observers seem to be agreed that “China is the most important factor for change in the regional strategic environment” (Dobell 2000, 184). An American analyst has said that “China’s role in the Pacific is going to be the defining element of international politics in this century” (Pacnews 2005).

Some commentators emphasise the threats posed by China’s growing role. For example, two academics, one Australian and one New Zealander, have written colourfully of “*A Dragon in Paradise*” (Henderson and Reilly 2003). Do they mean the revered ever-present creature feted in the mythology of China or the aggressive fire-breathing monster who deserved to be slain by England’s patron saint? Presumably the latter, because they argue that “China’s long term goal is to ultimately replace the United States as the pre-eminent power in the Pacific Ocean.” (Henderson and Reilly 2003, *ibid*) Another Australian commentator contends that “Through a combination of trade, aid and skilful diplomacy, Beijing is laying the foundations for a new regional order with China as the natural leader and the United States as the outsider.” (Windybank 2005,) As we have seen, the evidence provided over the last thirty years by China’s development of its foreign relationships and its generally cooperative membership of largely western-created international institutions gives no grounds for alarm about its intentions in the Pacific. A New Zealand observer, Jian Yang of Auckland University, sees little ground for the alarmist approach of some, mostly Australian, commentators. He concludes an examination of China’s involvement in Pacific Oceania:

“Not only does China recognise the interests of Australia and New Zealand in the region, it also understands that the success of its diplomacy in the South Pacific needs the goodwill of Australia and New Zealand. To advance China’s interests in the region without respecting the two influential regional players’ interests would be detrimental to China’s key foreign policy goal of the past two or three decades, that is, to create a peaceful external environment which is conducive to China’s economic development. Instead of embarking on realist zero-sum competition for dominance, Beijing will find it more beneficial to cooperate with Australia and New Zealand on South Pacific regionalism. Thus, China’s involvement in South Pacific regionalism can be an opportunity not only for the PICs but also for Australia and New Zealand.” (Jian Yang, 2009)

Also this year, Fergus Hanson of the Lowy Institute of Australia, an observer who has followed and reported previously on China’s role in the Pacific, published a Policy Brief entitled *China: Stumbling Through the Pacific* (Hanson 2009). His conclusions include:

- China lacks a coherent strategy for its aid programme in the Pacific – excepting the contest with Taiwan which may now no longer be an issue
- This “short-termism” has led to miscalculations, including its “over-engaging” with the dictatorship in Fiji
- Nevertheless, China offers significant potential advantages to the Pacific and the island countries should seize the opportunity to persuade China to refocus its aid programme towards longer-term development goals

Hanson also argues that traditional donors should explore innovative ways of engaging China and that Pacific states should put pressure on China to allow greater use of local labour, increase grant to loan ratios and assess recurring costs before projects are built. Hanson’s research puts China’s aid to the region in 2008 at US\$206 million. Australia, the region’s biggest donor, will contribute A\$1.1 billion this year and about half of New Zealand’s total 2008-09 aid budget of \$471.3 million was spent on the Pacific. Hanson emphasised that he did not believe China had any “comprehensive grand strategy” in the region and his report challenges the suggestion that China is trying to usurp Australia’s role as the major power in the Pacific region by pouring in aid to gain influence.

A major issue, as we have seen, will be the US/China relationship as China’s power grows – and more particularly how successful both sides will be in managing it. On this, as on most issues of global importance, the countries of Pacific Oceania will have little if any influence. But adjusting to the changes now underway, and reacting to their best advantage, will require both political skill and, to enable a Pacific voice to be heard, close cooperation – as envisaged in fact by the Pacific Plan. A long era of dominance by Anglo-Saxon powers in the wider Pacific, unchallenged except for Japan’s Pacific war, is coming to a close. Adjustment to a new regional order will challenge all governments and peoples in Pacific Oceania.

Some practical challenges

The presence of increasing numbers of Chinese and business enterprises from China has been accompanied by increasing crime in the region. Problems have ranged from drug smuggling to evasion of immigration laws and much in between. Some observers have suggested that Chinese authorities might have lent at least tacit support to these activities. More likely, individual Chinese, and sometimes their companies, have behaved unscrupulously, just as European and American rogue traders have done before them. (The record of Western confidence-tricksters in the Pacific is significant – but today seems largely forgotten. On my first visit to Tuvalu as NZ's representative in 1980, I found that the only other occupants of the one hotel in Funafuti were members of a large Ku Klux Klan delegation from the United States. They had come with an offer to invest all of Tuvalu's foreign reserves in their nefarious organisation.) And so far as crime committed by Chinese interests in the Pacific is concerned, it seems to be assumed that if Beijing disapproved it could easily stop it. This is patently unrealistic, but it could be productive for the region, acting through the Forum or its Secretariat, to engage Chinese authorities on the subject. Australia and New Zealand already have police liaison officers in their Beijing embassies.

The biggest practical challenge facing most of the island states of Pacific Oceania is the need for improved governance at all levels of government administration. Here new approaches are urgently needed. Australia, New Zealand, and other Western donors have worked to support recipient governments in their efforts to improve standards of governance. To this end, much aid from these traditional donors has been given subject to conditions intended to ensure improving governance. To date, sadly, it is not regarded by many observers as having been very successful. An independent review of the much-touted "Governance Support Program" of the previous Howard government in Australia reportedly found it to have been "poorly targeted and probably of limited long-term benefit" (Parnell 2008).

While recognizing the governance inadequacies in the region, and their impact throughout the economy and society, some have even gone so far as to question whether the task their governments appear to have taken on of using development assistance to bring about good governance in the region is either achievable or desirable. The respected commentator Hugh White has written:

"The hard part is root and branch reform of governmental institutions and political culture... The harsh fact is Australia does not know how to do this. There is no model anywhere in the world for a country like Australia to follow in playing an intimate role in trying to help a vulnerable state rebuild its government structure and political system. It goes well beyond the traditional conception of development aid, involving much more intrusive engagement in a nation's internal affairs. But there seems no alternative; normal aid does little to help these countries, and without some new form of help failure is very real." (White 2007c).

White's description of the enormity of the task is not overstated. And there is much evidence that improving standards of governance is the most urgent challenge facing several

Pacific Island countries. A New Zealand observer has said: “NZAID and aid donors generally are aware of declining standards of governance in the Pacific ...” (McGhie 2008) However, a fundamental question is whether the use of aid conditionality to bring about fundamental change is appropriate. Terence Wesley-Smith of the University of Hawai’i has a clear view:

“The idea of somehow engineering the wholesale transformation of the central values and practices of Oceanic societies to fit the mould of Western-style administration is deeply troubling ...” (Wesley-Smith 2007)

Gerald McGhie, writing of New Zealand aid in the region, refers to the need to find an acceptable formula “accommodating the ideological imperatives of Western management” as well as cultural and Pacific interests (McGhie 2008 *ibid*).

The new factor in the field of development in the Pacific is China’s aid. What are the prospects that it could make a difference? Ambassador Wang, as noted earlier, has acknowledged China’s willingness to cooperate with other donors, echoing a promise of such cooperation with Australia and New Zealand by China’s ambassador to New Zealand in 2006 (Eaton 2006a). Obviously China would have no part in projects seeking to impose conditionality. But it could only be helpful for Pacific Islanders to hear how China and other developing countries are grappling with, and debating, governance issues. Some, like China, are involved in significant internal (but often public) debate about corruption, human rights, transparency in government and popular involvement in decision-making.

Engagement with China on development cooperation in the region could work towards Chinese involvement in projects in this field. Moreover, the increasing involvement of Chinese, the ancient ancestors of many in the Pacific, could be a welcome (and potentially effective) change for those who chafe at persistent Australian and New Zealand proselytizing. Would New Zealand and Australian aid agencies be prepared to promote such cooperation? One hopes that the evidence cited earlier of lack of real progress in improving governance standards in Pacific Oceania is encouraging them to look for new approaches.

China and the region’s best assets

For areas in which engagement with China could have substantial positive impact on the economies and therefore living standards of Pacific peoples, it is not necessary to look beyond the region’s two most obvious assets: the resources of the Pacific Ocean and the seabed below it; and the unique natural beauty of the Islands themselves. The measured and sensitive exploitation of both have the potential now, thanks to the increasing wealth of China and its people, 200 million of whom are said to have incomes higher than the average income of New Zealanders, to transform many of the economies of Pacific Oceania.

The Pacific Ocean and the resources in and beneath it

“China has funding and expertise. The island countries are rich in natural resource. Herein lies huge potential for bilateral cooperation.” (Premier Wen Jiabao, quoted in Zhang Yongjin, 2007, 377)

The rights of coastal (including island) states to the resources of the ocean and the seabed beneath it are codified in the International Convention on the Law of the Sea of 1982 (UNCLOS). Small island states, which some major industrial powers tried to exclude, had to fight hard to be included. The outcome was probably the first big diplomatic success for countries of the region on the world stage.

One experienced commentator has described the Pacific Islands as “the greatest beneficiaries from the new [UNCLOS] regime” (Crocombe 2001). The outcome gives coastal and island states ownership of any resources found in what are in effect additional provinces. And the Exclusive Economic Zones of Pacific Island countries have an estimated total size of nearly 20 million square kilometers – in other words they were given new provinces which, in nearly all cases in the Pacific, were many times the size of each country’s land area. It is hardly surprising that bigger countries blinked at this possible outcome during the law of the sea negotiations and only accepted it after forceful negotiating.

Today, many decades later, the thirst for minerals of China’s resource-hungry economy has made expensive seabed mining potentially profitable. The unequivocal pledge by Premier Wen Jiabao at Nadi in 2006 that China would respect island countries’ rights to the mineral resources of their economic zones becomes particularly valuable.

Investigations have revealed quantities of valuable mineral deposits on the seabed within Papua New Guinea’s Economic Zone, high grade copper-gold-zinc-silver sulfide deposits on the seabed in Tonga’s Zone, rich manganese nodules on the seabed in the Cook Islands’ Zone, and positive indications within the Zones of the Solomon Islands, Kiribati, Tuvalu, Fiji and other Pacific states. New announcements are appearing every few months. Canadian geologist, Dr Steven Scott, said over two years ago “We’re on the brink of deep ocean mining. ... Advances in marine geology and deep ocean technology have combined to make it realistic to go more than two kilometers underwater for gold and other minerals.” (Scott 2006). Under an article headlined *Pacific Ocean mineral rush heats up* veteran Pacific journalist Michael Field has written:

“A race for almost legendary deposits of gold and copper in waters around New Zealand and nearby Pacific states has heated up with a big find off Tonga... High grades of gold, copper, zinc and silver were present in the finds...” (Field, 2008)

A major challenge for Pacific governments will be the crucial need to prevent environmental degradation. The International Seabed Authority (created by UNCLOS) says it has always regarded seabed mining as “potentially very damaging” (Radio New Zealand

International 2008c). Oxfam Australia has argued for the appointment of an independent ombudsman to monitor mining projects in the Pacific region. Joint action of this kind by regional governments may be necessary to give necessary clout to individual governments' efforts to ensure that mining corporations respect environmental guidelines. Governments will need to take account of the commitments they made in the *Pacific Islands Regional Ocean Policy* that was adopted by Forum leaders in 2002. Specifically, governments have agreed that:

“The health and productivity of our Ocean is driven by regional-scale ecosystem processes. It is dependent upon preserving ecosystem integrity and minimizing the harmful impact of human activity.” (Pacific Islands Ocean Policy 2002, Para 34, Principle 3)

Having acted regionally to declare the importance of protecting the Pacific Ocean, it would now be logical to extend that cooperation to assisting individual governments ensure the regional policy is enforced.

Tourism from China

“The first love, the first sunrise, the first South Sea island, are memories apart ...” – Robert Louis Stevenson (Stevenson, 1908)

Tourism potential has come to be recognized as one of the few valuable economic assets possessed by the Pacific Islands region. Indeed, for some of the smaller Island countries, tourism is the only likely future source of foreign exchange apart from remittances from departed citizens and returns from marine and seabed exploitation. While the industry is increasingly well developed in countries such as Fiji, Cook Islands and Vanuatu, it is also becoming increasingly important in several others, such as Samoa, Tonga and the Solomon Islands. Developing tourism is particularly sensitive in small developing countries. There are justifiable concerns about its impact on indigenous cultures and real difficulties in developing the industry in such a way that there is significant benefit to the local country and community – and not just to overseas owners or investors. But developed imaginatively, returns from tourism can be of real economic and social benefit. Moreover, most Island countries have so few economic assets that tourism development is essential. While the development of manufacturing industries in the small economic environments of most Island countries will always be difficult, the outlook for tourism is much more positive. China's rapid growth and the increasing wealth of its citizens provide grounds for real optimism.

China is the largest market in Asia for outbound tourism. In the 2007 year, some 34 million Chinese travelled overseas. The numbers are growing rapidly. As China's burgeoning middle class – as noted, in 2009 some 200 million Chinese are said to have incomes greater than New Zealand's average - looks increasingly to overseas leisure travel, the potential for the Pacific Island tourism industry becomes enormous. Beijing has already agreed that all Pacific

Island countries with which it has relations have “approved destination status” for Chinese tourists, a designation approved for the United States only in early 2008.

Full engagement – what it entails

For Pacific Oceania to secure China’s involvement and support in the fields discussed here, it will have to engage fully with China. But what does “engagement” between a rising global power and a group of mostly very small island countries mean? How can it be achieved?

Full engagement need not and should not entail anything approaching supplication by the smaller partner. Instead, the smaller partner needs to decide what its interests are and what it wants from the relationship, and then assess what it needs to do to achieve desired outcomes. New Zealand is very much a small power globally and has had considerable experience dealing with major powers. Some of these relationships it has handled reasonably well, some not. But overall its relationship with China, involving major effort for a small country over several decades, has resulted in a productive relationship. It culminated in 2008 in New Zealand becoming the first developed country to conclude a comprehensive free trade agreement with China. (The unusual relationship had been noted by a respected Hong Kong journalist some years earlier – in a column headlined *The Odd Couple*. (Ching, Frank 2006) Pacific island countries will wish to handle their relations with China in their own way and according to their own priorities but the New Zealand experience demonstrates what can be achieved even in a grossly unequal relationship

Pacific Island countries could over time develop with China a relationship valued by Beijing. In doing so, Pacific countries would have several advantages. First, China has already demonstrated that it accepts an obligation to assist the small developing countries of Pacific Oceania in the spirit of South/South cooperation. Premier Wen Jiabao committed China to substantial development assistance packages at his first meeting with Pacific leaders in Nadi, Fiji, in 2006. At a follow-up meeting in Xiamen, China, in September 2008, these commitments were reiterated and further aid was pledged. Clearly Beijing already acknowledges partnership relationships with the countries of the region. The challenge now will be to find ways of increasing the value of the relationship in the eyes of Chinese policymakers.

Increasing the region’s reputation as a valuable source of natural resources will be important given the priority China has to give to securing adequate supplies of raw materials for its growth and to feed its growing, and increasingly affluent, population. Already, China will have come to value the role of Island states in their management of Pacific fisheries, particularly the world’s largest tuna resource. Here Pacific countries, cooperating through the Forum Fisheries Agency (FFA), have negotiated complex agreements with fishing countries, including China. The negotiations were often tough. (While Japan at one point suspended its involvement in the negotiations to establish what has since become known as the Tuna Commission, China

remained engaged throughout.) The outcome has been a fisheries arrangement that has a chance, if there is continuing cooperation, of achieving the objective of a sustainable resource.

To add flesh to the bare bones of economic and political cooperation, Pacific Oceania will no doubt wish to spread the word within China of the early origins within mainland China and Taiwan of the ancestors of Polynesians and Micronesians and the genetic heritage these races share with at least some Chinese. It may also be useful to explore similarities between the vague concepts that have been labeled “The Pacific Way” and “Asian Values”. Commentators have written at length on both concepts and descriptions of what each covers vary greatly. Most agree that a key component of “The Pacific Way” is an emphasis on distribution and consumption as against saving and investment whereas high on the list of so-called “Asian Values” are powerful work and savings ethics. But they do have common elements, some of which are not found in modern Western values, including the importance attached to kinship networks and the priority accorded the group over the rights of the individual (Crocombe 2001).

Any major power can have difficulty maintaining focus on multiple bilateral relationships with very small countries. It will be important for Pacific Island leaders to work together to produce a single coherent message. Then there will need to be a regional effort to ensure that it gets across to the Chinese leadership and policy advisers in Beijing. The possible need for such coordinated Pacific effort was foreseen in the *Pacific Plan* adopted by leaders in 2005. In the Plan’s Introduction Leaders state their agreement to give effect to their Vision through a *Pacific Plan* to:

“ii. Strengthen regional cooperation and integration in areas where the region could gain the most through sharing resources of governance, alignment of policies and delivery of practical benefits.” (Pacific Plan 2005)

Cooperation to promote and protect common interests in the face of dramatic changes in the Pacific region clearly meets these criteria.

There is ample evidence, from the past few years, of the ability of Pacific Island countries to have significant influence internationally, or when dealing with other parties, when they present a united front. Samoa’s respected Prime Minister, Hon Tuilaepa Aiono Sailele Malielegaoi, speaking in 2005 while he was chairman of the Pacific Islands Forum, said:

“I think it is fair to claim that by cooperating at a regional level, Forum countries have achieved, in a number of areas, more than they might have been able to do on their own.” (Tuilaepa 2005)

This has been particularly evident in past law of the sea negotiations, on environmental issues, and at the United Nations in New York where a “Pacific Group” has become influential, not least because of the number of its members. (The writer gives an account of Pacific cooperation, and some of its achievements, in the United Nations in “Making Waves in the Big Lagoon” (Powles, 2002).

For Pacific Oceania to engage fully with China it will be necessary to look imaginatively for areas in which the governments of the region can see their interests coinciding with China's and, in those areas, to take or support appropriate initiatives. It will be a slow process but could start by Pacific leaders indicating to China that they are keen to seek issues on which they could cooperate internationally with China. It cannot be emphasized too strongly that there would be no question of Pacific Oceania offering to become a kind of Chinese chorus, echoing Chinese policies to the world. The objective would be the identification of areas of common interest and then seeking cooperative approaches in those areas. Terence O'Brien, a commentator and former New Zealand diplomat, has suggested that New Zealand's government should take greater account of Asia's interests in formulating its own policies in areas where overall objectives are shared, in this case in the field of nuclear disarmament. The same arguments are relevant for a Pacific Oceania seeking closer engagement with China. (O'Brien 2007)

Closer engagement with China will require effort at two levels within the Pacific Islands region. First, governments will need to establish a process or mechanism by which they would consult on issues relating to Pacific Oceania's engagement with China. The region already strains its scarce human resources with meetings and conferences, often proposed and paid for by aid donors. The *Pacific Plan*, quoted above, gives ample political authority for the kind of minimal bureaucratic action that would be needed, leading to an appropriate "alignment of policies" within Pacific island countries. It would be sufficient if the heads of foreign affairs departments in the region established an informal mechanism for consulting among themselves. One option would be for the Secretary-General of the Forum to coordinate the meetings and indeed provide background information and policy suggestions. Then either the Secretary-General or the Pacific government currently chairing the Forum, or possibly the two together, could establish appropriate communication channels with Beijing.

A second level of effort would be required domestically within Pacific countries. It will be crucial that engagement with China is taken gradually and wholly openly with the maximum possible public involvement. And it will also be essential to encourage increased knowledge of China, its language and cultures, including the shared genetic heritage with Polynesian and Micronesian Pacific Islanders. Australia's prime minister, Kevin Rudd, is hoping to make Australia "the most Asia-literate country in the West" (Callick 2008). No Pacific Island government has resources available to be diverted from pressing social priorities for such a purpose. But the University of the South Pacific could be asked to take an interest; and the Chinese could be invited to open a *Confucius Institute* in Suva, say, with small offices elsewhere in the region as well.

Engagement with China can be pursued with a sense of confidence and optimism about the future. China is itself going through enormous change as it re-emerges as a major global power. There is no reason why Pacific Oceania should not emerge in the foreseeable future as a proud and confident region, becoming known as the "Lucky Islands" of the Pacific. Positive and constructive engagement with China can contribute enormously to this end.

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