

PACIFIC ISLANDS POLICY 2

China in Oceania
New Forces in Pacific Politics



TERENCE WESLEY-SMITH



EAST-WEST CENTER

THE EAST-WEST CENTER is an education and research organization established by the U.S. Congress in 1960 to strengthen relations and understanding among the peoples and nations of Asia, the Pacific, and the United States. The Center contributes to a peaceful, prosperous, and just Asia Pacific community by serving as a vigorous hub for cooperative research, education, and dialogue on critical issues of common concern to the Asia Pacific region and the United States. Funding for the Center comes from the U.S. government, with additional support provided by private agencies, individuals, foundations, corporations, and the governments of the region.

THE PACIFIC ISLANDS DEVELOPMENT PROGRAM (PIDP) was established in 1980 as the research and training arm for **PIDP** the Pacific Islands Conference of Leaders—a forum through which heads of government discuss critical policy issues with a wide range of interested countries, donors, nongovernmental organizations, and private sector representatives. PIDP activities are designed to assist Pacific Island leaders in advancing their collective efforts to achieve and sustain equitable social and economic development. As a regional organization working across the Pacific, the PIDP supports five major activity areas: (1) Secretariat of the Pacific Islands Conference of Leaders, (2) Policy Research, (3) Education and Training, (4) Secretariat of the United States/Pacific Island Nations Joint Commercial Commission, and (5) Pacific Islands Report (pireport.org). In support of the East-West Center’s mission to help build a peaceful and prosperous Asia Pacific community, the PIDP serves as a catalyst for development and a link between the Pacific, the United States, and other countries.

China in Oceania

ABOUT THE SERIES

Pacific Islands Policy examines critical issues, problems, and opportunities that are relevant to the Pacific Islands region. The series is intended to influence the policy process, affect how people understand a range of contemporary Pacific issues, and help fashion solutions. A central aim of the series is to encourage scholarly analysis of economic, political, social, and cultural issues in a manner that will advance common understanding of current challenges and policy responses.

Pacific Islands Policy co-editors and editorial board members are all affiliated with or on the staff of the Pacific Islands Development Program (PIDP) at the East-West Center.

Series Co-Editors

Robert C. Kiste
Adjunct Senior Fellow, PIDP
Professor Emeritus, University of Hawai'i

Gerard A. Finin
Deputy Director, PIDP

Editorial Board

Sitiveni Halapua
Director, PIDP

Tarcisius Kabutaulaka
Research Fellow, PIDP

Geoffrey M. White
Adjunct Senior Fellow, PIDP
Professor of Anthropology, University of Hawai'i

Series Copyeditor

Susan E. Arritt

PACIFIC ISLANDS POLICY 2

China in Oceania
New Forces in Pacific Politics

TERENCE WESLEY-SMITH



EAST-WEST CENTER

Published by the East-West Center

A PDF file and information about this publication can be found on the East-West Center website. To obtain print copies, please contact:

Publication Sales Office

East-West Center

1601 East-West Road

Honolulu, Hawai'i 96848-1601 U.S.A.

Telephone: 808.944.7145

Facsimile: 808.944.7376

Email: ewcbooks@EastWestCenter.org

Website: www.EastWestCenter.org

ISSN 1933-1223 (print) and 1933-172X (electronic)

ISBN 978-0-86638-210-6 (print) and 978-0-86638-211-3 (electronic)

© East-West Center 2007

Table of Contents

Executive Summary	1
A New Page in Regional History	5
China Goes Global	7
China in Oceania	9
Threat Discourse	13
Dragon Talk	16
Washington Consensus versus Beijing Consensus	20
Caribbean Perspectives	24
China's Pacific Century	27
References	30
The Author	35

Executive Summary

The 2006 China-Pacific Islands summit in Fiji underscored Beijing's heightened interest in Oceania. *China in Oceania* explores some strategic, political, and economic dimensions of this new era in regional affairs. It challenges the disingenuous threat discourse pervading the existing literature on the topic, and argues that China's rise offers Pacific Island states opportunities not available under established structures of power and influence.

The island states of Oceania play a small but increasingly significant role in China's foreign policy. Beijing's continuing emphasis on economic growth, not least to counter widespread internal unrest, drives a global search for raw materials and markets. In recent years, economic considerations have tended to dominate global decision-making despite Beijing's strategic interest in countering U.S. containment efforts, blocking Japan's aspirations for an enhanced international role, and isolating Taiwan.

China has a growing interest in the resources of the region, particularly natural gas and minerals in Papua New Guinea. However, China's primary objective is to gain the support of island states on a range of political issues, most notably its ongoing efforts to isolate Taiwan. Taiwan is relatively successful in Oceania, claiming the support of six island states, but is unlikely to be able to sustain its aid-based efforts in the face of China's superior resources. Meanwhile the two Chinas' rivalry attracts much critical attention from observers. Although China and the Western powers previously shared an interest in excluding the Soviet Union from Oceania, today the strategic environment is increasingly influenced by tensions between them.

Many writers argue that China poses a credible threat to U.S. interests in Oceania. However, China does not appear to be setting itself up to challenge the status quo in global politics or to assume a leadership role in Oceania. Even if it were, it is not clear how the island states feature in Beijing's strategic planning since none lie close to important trans-Pacific commercial or military sea routes. China has not attempted to establish port facilities or military bases anywhere in the vast reaches of Oceania.

There is little evidence to support the notion that China has gained influence by exploiting regional vulnerabilities, or that its activities have encouraged corruption and instability in Oceania. The Pacific Islands region compares well with other parts of the developing world on measures of corruption, and the argument that island states are somehow “cheap to buy” does not bear close scrutiny. Aid money from Taiwan, not China, has been significant in the internal politics of crisis-torn Solomon Islands. Although China-Taiwan competition was a major issue in the domestic politics of Kiribati in 2003, this political entity remains one of the most stable in the region. The new government demonstrated its strength when it terminated the relationship with Beijing, despite the supposed strategic significance of China’s satellite tracking facility on Tarawa.

Local resentment against new Chinese migrants to Oceania has little to do with China’s foreign policy, and may actually complicate Beijing’s attempts to build regional alliances. Although the early record with labor practices at the Ramu Nickel project in Papua New Guinea is not reassuring, it remains to be seen whether large-scale Chinese resource ventures will fare any worse with landowner and environmental issues than their Western counterparts have in places like Bougainville and Ok Tedi.

It is unlikely that U.S. neglect or preoccupation with other parts of the world have made Oceania vulnerable to China’s increased influence. Washington continues to loom large in Micronesia, while its post-World War II presence south of the equator was never particularly robust. Any strategic vacuum created by program cutbacks since the end of the Cold War has been filled by the increased activities of allied powers such as Australia, New Zealand, France, Japan, and the European Union. If anything, China’s increasing influence in Oceania owes more to Western involvement than to Western neglect. Recent aid-leveraged efforts to impose comprehensive neo-liberal economic and political reforms have caused resentment among island leaders. It is perhaps understandable that China’s alternative development message, emphasizing peaceful coexistence, equality, respect for the social systems and sovereignty of island countries, and promising untied aid has been warmly received. Nevertheless, skeptical island leaders may wonder about China’s growing domestic discontent, its dubious track record on key issues like global warming and fisheries management, and its lack of commitment to democratic institutions.

Oceania’s recent experience with China largely parallels that of the Caribbean Islands. As in Oceania, Beijing’s heightened regional profile has been generally welcomed by local leaders but regarded with suspicion by Western commentators protective of an area long regarded as America’s backyard. However, there is no indication that Western neglect has facilitated China’s rise

in the hemisphere, nor that Beijing intends to challenge U.S. leadership in the region. As in the Pacific, China's economic impact is uneven, with trade and investment concentrated in places that can supply raw materials. The emphasis on a narrow range of primary exports may inhibit economic diversification, and countries with labor-intensive manufacturing industries are finding it difficult to compete with Chinese products in affluent markets.

There is no evidence that China has singled out Oceania for special attention. Most of Beijing's recent activities in the region can be explained by a general appetite for trade and natural resources, as well as a more pointed interest in garnering political support in multilateral institutions. Although China's rise disturbs a situation where a small number of allied powers exercise an enormous amount of regional influence, all of these regional actors have growing economic entanglements with China—and compelling reasons to avoid confrontation. Beijing stands apart from this consortium of donors, offering support but asking little beyond recognition of the one China policy. The Western powers have no option but to accept that, barring significant setbacks, China is in Oceania to stay. They can do little but urge Beijing to play by the rules they have established and enforced for decades. It may be the allied powers rather than China that ultimately have to compromise.

Much of the debate surrounding China's rise in Oceania invokes the welfare and interests of island communities. But choices about development objectives, or how to achieve them, should be made by those most invested in the outcome— Islanders themselves. At least for the moment, China appears to broaden the menu of options for island states, whose leaders are well accustomed to operating in a world controlled by great powers.

China in Oceania

New Forces in Pacific Politics

A New Page in Regional History

In January 2007 Fiji coup leader and self-appointed Prime Minister Frank Bainimarama announced he would send senior officials to China to discuss enhanced relations. He did so in the face of sanctions imposed by Australia, New Zealand, and the United States, Fiji's traditional aid and security partners (*International Herald Tribune* 2007). Ironically, Commodore Bainimarama's actions echoed the sentiments of the man he deposed in the military takeover. In April 2006 Prime Minister Laisenia Qarase described a meeting between island leaders and Chinese Premier Wen Jiabao as marking a "new page in regional history." China, he argued, "defines a new and compelling reality, politically and economically" for the island countries (Qarase 2006). This paper explores some strategic, political, and economic dimensions of this new regional reality. It challenges the sometimes disingenuous threat discourse pervading the existing literature on the topic, and argues that China's rise offers Pacific Island states opportunities not available under established structures of power and influence.

China's heightened profile has not been greeted enthusiastically by other powers active in Oceania. Japan's unease is clear, and a substantial increase in aid announced in May 2006 seemed intended to counter Beijing's growing sway in the region (Associated Press 2006). Other actors appear ambivalent. In language reminiscent of the Cold War, U. S. officials talk about the crucial need to keep island states "firmly on our side," although it is not clear who is considered opposed (Davies 2007). New Zealand Minister for Defense and Pacific Islands Affairs Phil Goff described China's presence as a "growing reality," but urged Beijing to work in partnership with other donors and "pay proper heed to the interests of the Pacific" (Nadkarni 2006). Similarly, Australia is

An earlier version of this paper was presented at the conference "China in Oceania: Toward a New Regional Order?" at Ritsumeikan Asia Pacific University in Beppu, Japan, March 26–27, 2007. Thanks to Peter Larmour, Gerard Finin, Robert Kiste, and Raymond Burghardt for valuable comments on the draft.

concerned about China's role in the region, but reluctant to criticize an increasingly significant trade partner. Some commentators are not so circumspect. Political scientists John Henderson and Benjamin Reilly argue bluntly that China is in the process of "incorporating the Pacific islands into its broader quest to become a major Asia-Pacific power" at the expense of the United States, Japan, and other Western allies (Henderson and Reilly 2003, 94). Susan Windybank of The Centre for Independent Studies, an influential Australian think tank, concurs, maintaining that Oceania may become a "testing ground for China's growing power, and ability to shore up allegiances in a region hitherto considered an 'American lake'" (Windybank 2005, 29).

This talk of changing configurations of power in Oceania reflects a larger debate about the nature and implications of China's increased global activism. The nation's recent economic transformation has been spectacular, making a more prominent global role all but inevitable. It is less clear what China's rise means for the international system itself, and particularly for the unprecedented influence that America has enjoyed, especially since the collapse of the

Some even predict a new Cold War, this one fought out amidst Pacific atolls

Soviet Union. According to New York University sociology professor Doug Guthrie, the question is no longer whether China will play a major role in the world. Rather, "it is only a question of what role

China will play"—and how the United States responds to this challenge to its global dominance (Guthrie 2006, 4). Some even predict a new Cold War, this one fought out, not in Europe, but "among Pacific atolls that were last in the news when the Marines stormed them in World War II" (Kaplan 2005).

This is not the first time that Pacific Island societies have faced the impositions and opportunities associated with great power competition. Strategic rivalry between expanding European powers was an important dynamic in the nineteenth century colonization of the islands, and both world wars had destructive Pacific dimensions. Cold War tensions structured the process of decolonization in the region, as well as the nature of post-colonial relations between island states and metropolitan powers. Nor has the end of the Cold War enhanced the autonomy of the small, aid-dependent states of Oceania. Indeed, this has been an era of increased pressure from traditional allies, particularly Australia, to undertake extensive market-driven economic and political reforms, initiatives that island leaders have sometimes regarded as intrusive, disruptive, and even hostile. It is perhaps not surprising that most island leaders—including Commodore Bainimarama—have pragmatically welcomed the arrival of what *Time* magazine (January 22, 2007) calls "The Chinese Century," and the new options it appears to present.

China Goes Global

The internal transformation of the world's most populous nation over the last 25 years has been dramatic indeed. Since 1979, when China's leadership began to implement radical reforms, the economy has expanded extremely rapidly. GDP rose by an average of more than 10 percent per annum in the 1980s, and by more than 12 percent per annum in the 1990s. China now has the fourth largest economy in the world, although analysts argue that conventional measures grossly underestimate its relative strength and purchasing power (Guthrie 2006, 3–5). This economic surge is unprecedented in modern times, easily surpassing the growth performances of Japan and South Korea in the decades after World War II (Fishman 2005, 12). Furthermore, it continues apace.

The social consequences of economic change have been profound for China's population of more than 1.3 billion. Existing political and legal institutions are rapidly giving way to new ones, and family networks and cultural values have come under severe strain. Urban landscapes have been transformed virtually overnight as millions of hopeful citizens head for booming cities and coastal provinces in what may be the greatest rural exodus in human history. China's "floating population" of rural-to-urban migrants is now estimated to exceed 100 million. Meanwhile, income and other inequalities are rising rapidly across regions and economic sectors, and between rural and urban workers (Guthrie 2006, 202–213).

The velocity and intensity of change in China has produced widespread social unrest. Official statistics indicate dramatic annual increases in public protests in recent decades, and National Defense University researcher Phillip Saunders notes that in 2004 there were more than 74,000 "mass group incidents" involving 3.7 million people (Tanner 2004, 138; Saunders 2006, 3). It is beyond the scope of this paper to analyze these destabilizing trends in any depth. However, it is worth noting that many, including the Chinese leadership, see internal instability as one of the greatest challenges facing the country in the foreseeable future. It is also worth noting that political leaders seek to counter unrest through continued economic growth. In 2003 outgoing Premier Zhu Rongji argued that development was "the key to resolving all problems" facing China. "We must," he urged, "maintain a comparatively high growth rate in our national economy" (quoted in Tanner 2004, 145).

China's leaders seek to counter social unrest through economic growth, the major factor propelling China onto the world's stage

Economic development is the major factor propelling China onto the world's stage. Rapid growth has been largely market-driven, with foreign

investment and global trade essential components in a meteoric rise to increased wealth and power. Reliable supplies of raw materials of all sorts are increasingly important, with the search for oil and natural gas providing the single most important focus for Beijing's international trade policy. Already the world's second largest energy consumer, China's needs are rapidly outstripping domestic supplies of coal and oil. By 2020 an estimated 60 percent of the country's oil supplies will come from overseas—up from less than 8 percent in 1995 (*People's Daily Online* 2003). Chinese firms also face growing competition at home, and are increasingly looking to export markets—often in developing countries—to enhance business performance. Growing trade has meant more emphasis on bilateral relations with an increasing number of trading partners, and heightened interest in international organizations, such as the World Trade Organization, that regulate global trade and commerce.

The need for resources and markets largely explains China's increased presence in the Middle East, Africa, Latin America, the Caribbean, and Central Asia in recent years. Chinese business leaders often target resource-rich areas which have yet to be developed, or which rivals avoid for political or other reasons.

As a rising power, China has a strategic interest in cultivating strong relations with other states

In Africa, for example, China has invested heavily in the neglected oil industries of Sudan, Nigeria, and Angola and the mining industries of Zambia, Congo, and Zimbabwe, and is now selling competitively

priced consumer goods across the continent. The value of trade with Africa doubled between 2003 and 2004, and jumped by a further 50 percent in 2005 (Lyman 2005). The volume of China's oil imports from the Middle East increased eightfold between 1992 and 2002, and the country now obtains more than 50 percent of its oil needs from that region (Liangxiang 2005).

If there is a compelling interest in a “stable international and regional environment in which China can modernize its economy and improve its relative power position,” strategic issues are also increasingly important in Beijing's view of the world (Saunders 2006, 3). Foremost among these are U.S. efforts—real or anticipated—to offset China's rising influence, especially in the Asia Pacific region, in order to preserve its own preeminent global role, as well as fears that Japan might one day remilitarize and adopt a more aggressive regional posture. Of central concern is the issue of Taiwan, which Beijing regards as a renegade province that must eventually be reintegrated. China's leaders do not take kindly to efforts to support Taipei's ongoing bid for recognition as an independent state. As a rising power, China has a strategic interest in cultivating strong relations with other states in order to minimize potential threats, while enhancing its standing and influence in the global community.

Strategic interests sometimes coincide with economic ones in China's foreign policy. For example, the country has a compelling strategic interest in the sea routes that service its burgeoning international trade, some of which—like the Malacca Straits—are vulnerable to disruption by bandits, terrorists, or hostile powers. Often, however, strategic and economic interests form separate components of foreign policy in different parts of the world. In some cases, the two foreign policy tracks may conflict with each other. For most of the last decade economic considerations appear to have trumped strategic ones as Beijing works to avoid confrontation with the United States, Japan, and Taiwan in favor of enhanced trade and investment relations with those states.

Beijing works to avoid confrontation with the United States, Japan, and Taiwan in favor of enhanced trade and investments

Citing significant increases in military spending in recent years, some analysts see this willingness to compromise as a temporary phenomenon, one that will pass once China has accumulated the wherewithal to adopt a more assertive posture. In this view, China is currently “punching below its weight” in international politics, awaiting the right time to mount a significant challenge to the status quo in global politics (Weinstein 2005).

China in Oceania

The island states of Oceania play a small but increasingly significant role in China's efforts to further its economic and strategic interests. The modern relationship between these two parts of the world dates back to the Chinese labor migrations of the late nineteenth century and, as sociologist Bill Wilmott notes, only Tuvalu, Tokelau, and Niue have no history of Chinese settlement (Wilmott 2006, 1). China has maintained an important official presence in the region since the mid-1970s, when it first established diplomatic relations with Fiji, Western Samoa, and newly independent Papua New Guinea. Since then, Beijing has established formal or informal relations with all of the independent and self-governing states, and with major regional organizations, including the Pacific Islands Forum. While some aspects of the relationship have remained constant, new economic and strategic elements have emerged in recent years. The China-Pacific Island Countries Economic Development and Cooperation Forum, held in Fiji in April 2006, marked a ratcheting-up of China's interest, and signaled significant increases in trade, investment, aid, and technical cooperation with Oceania. In his address to the forum, Chinese Premier Wen emphasized a long-term commitment: “China has proved and will continue

to prove itself to be a sincere, trustworthy and reliable friend and partner of the Pacific Island countries forever” (Wen 2006).

Philip Saunders identifies commercial interests, the search for economic inputs, efforts to expand political influence, and the need to offset U.S. challenges as the “key drivers of increased Chinese global activism” (Saunders 2006, 6–10). Elements of all four motives are apparent in China’s activities in Oceania, although one, the search for political influence, is particularly significant. A second, rivalry with the United States and its allies, is seen by some as of increasing importance.

China is interested in pursuing commercial opportunities in Oceania, and total trade between China and the Forum Island Countries has increased by more than 200 percent since 2002, reaching an estimated value of \$1 billion by the end of 2006 (Somare 2006). Although the present balance of trade favors China, and benefits certain Chinese companies, the overall commercial

Oceania is important to China as a source of key natural resources for its burgeoning economy

relationship is vastly more important to the island states than it is to China. Despite recent increases, trade with Oceania still only represents less than one-tenth of one percent of the total value of China’s global

trade. A similar point could be made regarding tourism, which is expected to grow quite significantly now that 10 Pacific countries have received Approved Destination Status from China’s tourism authority.¹ Although of great interest to the island states, this growth in tourist traffic is unlikely to be of much concern to foreign policy planners in Beijing.

Oceania is more important to China as a source of key natural resource inputs for its burgeoning economy. China already imports significant quantities of timber and fish from Pacific Island countries, including Solomon Islands and Papua New Guinea. It has a particular interest in Papua New Guinea’s vast energy and mineral resources. Officials of China’s biggest oil company, China National Petroleum, have discussed the possibility of building a plant to produce liquefied natural gas in Papua New Guinea, a prospect that may have improved since early 2007 when Exxon Mobil finally scrapped its plans to pipe huge quantities of natural gas to Australia (Macdonald-Smith 2005, 2007). In March 2005, a major government-owned construction and operating company, Chinese Metallurgical Construction (Group) Corporation, purchased a majority interest in the Ramu Nickel and Cobalt mining project in Madang. Construction of the \$800 million complex commenced in late 2006. When

¹ The countries with this status are Cook Islands, Federated States of Micronesia, Fiji, Tonga, Niue, Vanuatu, Samoa, Papua New Guinea, French Polynesia, and New Caledonia.

complete, the mine is expected to produce 32,800 tonnes of nickel annually, all of which will be exported to support China's booming stainless steel industry (Callick 2007; Ramu Nickel Limited 2005). In 2006, the Papua New Guinea government signed an agreement to allow China Exploration and Engineering Bureau to explore further opportunities to develop gold, copper, chromites, magnesium, or other mineral resources (*The National* 2006).²

Although commercial motives and the quest for reliable access to particular natural resources may explain some of China's heightened interest in Oceania, they can not explain all of it. For the last two decades, China's primary objective in the region has been to build political influence among the island states in support of Beijing's interests in international forums such as the United Nations. This remains the case today. Indeed, political

Of key importance in the Pacific Islands are China's ongoing efforts to isolate Taiwan

motives probably best explain the large number of Chinese diplomats posted to the region, the "visit diplomacy" that brings large numbers of island leaders on goodwill trips to Beijing every year, as well as the high-profile aid projects that have built sports complexes and other public facilities in island countries over the last two decades. Along with similar efforts in the Caribbean and smaller countries in Africa, China hopes to mute international criticism of its record on human rights, advance its economic goals in organizations like the World Trade Organization, and block Japan's aspirations to play a more active international role. Of key importance in the Pacific Islands are China's ongoing efforts to isolate Taiwan.

The competition between the two Chinas for influence in Oceania dates back to the 1970s, after U.S. President Richard Nixon's visit to Beijing and loss of UN membership pushed Taiwan to seek diplomatic recognition wherever it could (Harwit 2000, 465–467). Although Taipei's efforts yielded significant results among the smaller states of Africa, Central America, the Caribbean, and the Pacific, China's growing political and economic influence has taken its toll in recent years. Since 2003, Taiwan has lost six of its thirty diplomatic allies (and the Vatican may follow soon), although it retains informal trade and other ties with many more (Lai 2006).

Taiwan remains relatively successful in Oceania. Although Tonga switched its allegiance to China in 1998, the Marshall Islands came over to the Taiwan camp the same year. Nauru recognized China in 2002, but returned to Taiwan less than two years later. Perhaps Taipei's greatest diplomatic victory came in

² It will be interesting to see if Chinese firms also express interest in the mineral resources of Solomon Islands, New Caledonia, and Fiji.

2003, when China lost its longstanding formal ties to Kiribati—and its satellite tracking facility there (Herr 2007). Today, six Pacific Island states (Kiribati, Solomon Islands, Palau, Marshall Islands, Tuvalu, and Nauru) recognize Taiwan, while a further seven (Papua New Guinea, Samoa, Tonga, Cook Islands, Fiji, Vanuatu, and the Federated States of Micronesia) have formal relations with China.

It seems unlikely that Taiwan will be able to maintain for much longer its largely aid-based efforts—what many call “checkbook diplomacy”—in the face of China’s considerably deeper pockets and rising political influence. Lai I-chung, a board member of a Taipei-based public policy research institute, suggests that Taiwan’s bilateral international assistance is increasingly focused on particular strategic and economic objectives, and notes a new emphasis on multilateral initiatives (Lai 2006, 2). In September 2006, the first Taiwan-Pacific Allies Summit was held in Palau. Delegates identified nine areas for economic, technical, and cultural cooperation and agreed to hold a second summit in the Marshall Islands in September 2007. Nevertheless, the escalating rivalry with Taiwan for influence in the region continues to attract much critical attention from observers. According to senior Australian journalist Graeme Dobell, for example, “The diplomatic competition between China and Taiwan is destabilizing island states...making Pacific politics more corrupt and more violent” (Dobell 2007). These assertions will be considered below.

In addition to interests in commerce, access to resources, and political influence, China’s foreign policy in Oceania has always had a powerful strategic component. Indeed, it was China’s intense antagonism toward the Soviet

It was China’s intense antagonism toward the Soviet Union that spurred its early involvement in the region

Union that spurred its early involvement in the region. It was no coincidence that the first major approaches to island states occurred shortly after the Soviets established relations with Fiji, and policy statements thereafter reflected a determination

to restrict Russian influence and maritime expansion (Godley 1983, 131, 139). It is worth noting that during the Cold War China’s interests were closely aligned with other external actors such as the United States, Australia, and New Zealand, whose policies were also geared to denying the Soviet Union access to Oceania. Now, the tables have turned and it is the growing suspicion between China and the Western powers that increasingly influences the strategic environment in Oceania.

Threat Discourse

Much of the small but growing corpus of literature on China's changing role in Oceania is suspicious of Beijing's motives and critical of its influence on island societies (see, e.g., Henderson and Reilly 2003; Henderson 2001; Windybank 2005; Dobell 2007). The writers often emphasize what they see as negative local impacts before going on to question China's long-term goals in the region. However, it is apparent that the condition of island states or the welfare of Pacific Islanders are, at best, of secondary concern in these analyses. The real purpose of these works is to suggest a threat to the strategic status quo, a challenge to "the US as the prime mover in the area" (Linter 2007, 2). The Pacific material echoes dominant themes in analyses of China's role elsewhere in the world, and is often derivative of this literature.

Literature on China suggests a threat to the status quo of 'the U.S. as the prime mover in the area'

Upstaged since 2001 by events in the Middle East and the U.S. war on terror under President George Bush, talk of China as a "credible threat" to the United States has recently reemerged. Citing significant increases in defense spending, a 2006 U.S. Department of Defense review noted that China is the only world power capable of competing militarily with the United States and offsetting "traditional U.S. military advantages" (Department of Defense 2006a, 29). In its report to Congress later in the same year, the Department reiterated these claims and berated the Chinese leadership for not adequately explaining "the purposes or desired end-states of their military expansion" (Department of Defense 2006b, 1). Then, in January 2007, a Chinese missile test that reportedly destroyed one of the country's own orbiting satellites sparked diplomatic protests from some countries, including the United States, Japan, and Australia, and extensive media speculation about a new arms race in space (see, e.g., Watson 2007). Council on Foreign Relations member Elizabeth Economy took the opportunity to accuse China of exerting "an unsettling and often negative impact on the world," and described its leaders as "not ready for prime time." She went on to argue that "if this is the reality of China's rise, then the United States has work to do" (Economy 2007).

A good part of this work would take place in the Asia Pacific region where many of China's immediate economic, strategic, and political interests lie. It would likely amount to a policy of containment, with efforts to strengthen longstanding alliances with key players like Japan, Australia, and South Korea, and consolidate relations with newer strategic partners like Thailand, Singapore, and India. The immediate purpose would be to head off attempts by China to build new architecture for regional cooperation that excludes the

United States. And, as U.S. Secretary of State Condoleeza Rice put it before her own rise to power in the Bush administration, to make it inconceivable for strategic competitors like China “to use force because American military power is a compelling factor in their equations” (Rice 2000, 4). Most analysts—even the hawks—recognize that the enormous disparity in military capability between the two powers is likely to continue for decades to come, and that this makes conventional military confrontation unlikely any time soon.³ Instead, according to veteran American author and journalist Robert Kaplan, China would employ an asymmetric approach, as terrorists do, using submarines and missile systems to launch largely symbolic strikes against U.S. military installations and warships (Kaplan 2005, 7).

The “credible threat” thesis provides the starting point for much writing on China’s role in Oceania. Henderson and Reilly (2003, 95), for example, have no doubt that China’s long-term goal is to “replace the United States as the pre-eminent power in the Pacific Ocean.” Windybank repeats this theme in the context of Australian interests when she suggests that if present trends continue, “the island states in a region for which the Australian government has taken

The enormous disparity in military capability between the two powers is likely to continue for decades

responsibility would owe their allegiance to a country outside the US system of regional alliances” (Windybank 2005, 29). These authors assume, rather than demonstrate, that China represents a long-term threat to

Western global interests, and that the threat will include a military dimension. They do not consider alternative scenarios, which cite China’s heavy investment in the global economy, and its complex financial entanglements with rival powers, including the United States, Japan, and Australia, among the factors likely to favor compromise and cooperation over confrontation, even in the longer term. Strategic analyst Thomas Barnett, for example, describes a Pentagon establishment intent on framing the rise of China as an annex to the Cold War, but ignoring the growing volume of trade between the two countries, China’s huge dependence on direct investment from the United States, Europe, and Japan, and the increasing reliance of the United States on loans from China to finance its budget deficit.⁴ Barnett sees a country “finally joining the world, not setting itself up for confrontation” (Barnett 2004, 68).

³ U.S. defense spending is nearly seven times that of China, and represents more than 40 percent of all global military expenditures.

⁴ China is one of the largest buyers of treasury bonds, which help fund the \$4.6 trillion U.S. budget deficit.

Even if we accept that China does represent a credible threat, it is not clear how Oceania might feature in the strategic planning of the potential protagonists. The writers cite China's future naval power as important in this regard. They are also quick to remind us how Japan used some of the islands in the western part of the region (the so-called "second island chain") to launch its expansionist plans in World War II. These arguments are of questionable relevance, not least because China's blue water capability remains a very distant prospect. At the moment, the country's strategic interests are heavily focused on the straits of Taiwan, and on securing reliable supplies of energy—increasingly from the Middle East—to fuel its rapid economic expansion.

Even if we accept that China does represent a threat, it is not clear how Oceania might feature in the strategic planning of the protagonists

None of the island states lie close to the strategic sea lanes that service the bulk of China's trade in energy and raw materials or, for that matter, to other important trans-Pacific commercial or military sea routes.

The islands north of the equator are usually assumed to be strategically much more important than those to the south. Certainly, strategic concerns provided the primary rationale for the United States as it negotiated detailed compacts of free association with the emerging states of Micronesia in the 1980s. However, in a 2002 report to Congress, the U.S. General Accounting Office argued that the Federated States of Micronesia and the Marshall Islands no longer play any role in U.S. strategy in the Asia Pacific region. The single exception, the report noted, is Kwajalein Atoll in the Marshall Islands, which the United States continues to use to conduct missile tests and space-tracking operations (GAO 2002). Other parts of Oceania that might provide attractive staging options for U.S. military deployments in the event of any conflict with China over Taiwan, like Guam or the Commonwealth of the Northern Marianas, are already firmly under U.S. control—and, in the case of Guam, heavily militarized. Kaplan mentions the strategic significance of the Republic of Palau in his conflict scenario, but it is interesting to note that the United States has made no attempt to build military facilities there despite its ability to do so under the terms of the 1994 Compact of Free Association. Rather more convincing is Kaplan's argument that China could in the future use island territory or sea space to "lob missiles...at moving ships" of the U.S. Navy. But he fails to mention which Pacific atolls he sees as likely candidates for such deployments (Kaplan 2005, 1).

Writers like Reilly, Henderson, and Windybank offer no proof that China is actually engaged in any military-related activities in Oceania, or has any plans to do so. Indeed, there is no published evidence of any attempts to establish

port facilities, or negotiate military bases, anywhere in the vast reaches of Oceania. The single possible exception is the Chinese satellite tracking facility established in the Republic of Kiribati in 1997, which some suspect was also used to monitor U.S. activities at the Kwajalein missile testing range in neighboring Marshall Islands. However, the authors offer no evidence to support their claims that the facility was used for anything other than its stated function, let alone that it played “an important role in the development of China’s space warfare program.” And, even if this modest facility did in fact play such a role, does that really justify a claim that the region as a whole has significant

There is no evidence of any attempts by China to establish port facilities, or negotiate military bases, anywhere in the vast reaches of Oceania

“strategic value” to China? (Henderson and Reilly 2003, 100). It is worth noting that the tracking station was dismantled after a new Kiribati government switched its allegiance to Taiwan in November 2003. Admittedly, China left under protest, but the fact that it withdrew at all seems inconsistent

with the assessment that this facility was key to Beijing’s strategic planning. Beijing has offered modest military training and supply programs to some Pacific states. However, no arms shipments have been involved, and these initiatives can be seen as part of a routine program of technical training and capacity building.

Perhaps aware of the weakness of “hard power” threat scenarios, Windybank proposes that it is actually the *lack* of strategic significance that makes Oceania interesting to an expansionist China: “Paradoxically, the very fact that the Southwest Pacific is considered a strategic backwater may make it more attractive as a testing ground for China’s growing power and ability to shore up allegiances in a region hitherto considered an ‘American lake’” (Windybank 2005, 29). It is difficult to know how to respond to this sort of argument, which could be applied indiscriminately to any part of the globe. What Windybank suggests here is a perfect world for China threat aficionados, one where all corners of the earth have major significance for strategic planners. At best, this seems like a shaky basis for serious policy planning and analysis.

Dragon Talk

Unlike their benevolent image in Chinese mythology, dragons have a generally negative reputation in the Western imagination. The title of Henderson and Reilly’s 2003 article, “Dragon in Paradise,” carries the latter connotation. These authors argue that China’s “rising star” in Oceania has been facilitated by certain

regional vulnerabilities. They suggest further that Beijing has simultaneously exploited and encouraged corruption and instability in the region, and somehow will hinder the economic and political development of island states. It is worth examining these allegations in more depth.

Analysts such as Henderson, Reilly, Windybank, and Dobell cite a variety of domestic characteristics that ostensibly make the island states particularly vulnerable to China's (and Taiwan's) soft power overtures. However, they fail to explain how these factors—which include small size, modest means, and the disproportionate influence of individual leaders—have actually facilitated China's regional rise. The idea that small size is important could have merit, if this suggests lack of state capacity to make informed decisions or resist external pressure. However, some Pacific states, like Papua New Guinea and Fiji, have relatively sophisticated foreign affairs establishments, and the smaller states routinely obtain relevant information and advice from allied powers like Australia, New Zealand, and the United States, or share information in regional organizations like the Pacific Islands Forum.

It is also misleading to suggest that all island states are “cash-strapped” or “impoverished” and therefore, by implication, willing to accept whatever financial deals come along. Money laundering through offshore banking facilities in the region has attracted international attention, and in the year 2000 Cook Islands, Marshall Islands, Nauru, and Niue were listed as Non-Cooperating Countries by the Financial Action Task Force of the Organisation of Economic Co-operation (OECD). However, by 2005 all of these countries had been delisted after implementing more stringent regulations (FATF 2007). There are also well-documented cases of island governments or individual leaders becoming involved in dubious overseas business or investment schemes, sometimes in the face of pressing fiscal concerns. The imprudent deals accelerating once rich Nauru's descent into bankruptcy, or Tuvalu's unfortunate experience with a Texas real estate scam, are notable examples (Finin 2002, 6–7). However, these are exceptional situations, and most financial transactions undertaken by Pacific Island states in recent decades have been above-board and beyond reproach.

It is misleading to suggest that all island states are ‘cash-strapped’ and therefore willing to accept whatever financial deals come along

It is appropriate to note the large impact that individual leaders can have on decision-making processes in small island states. The role of the king and other members of the Tongan royal family, who occupy the pinnacle of a highly centralized political system, is an obvious example here. But it is also worth remembering that the small-scale, face-to-face nature of politics often provides

a major disincentive to maverick action in island societies. Most island leaders do not act in this fashion, and those who do often pay a high price. Members of the Tongan royal family who have engaged in self-serving business deals with overseas interests have come under extreme pressure from a well-organized domestic reform movement in recent years. Vanuatu's Prime Minister Serge Vohor lost office less than a month after he signed an agreement with Taiwan in 2004, apparently without the consent of his Council of Ministers. Similarly, Papua New Guinea Prime Minister Bill Skate's "egregious" 1998 attempt to switch allegiance to Taiwan in return for a large financial package collapsed when his government lost power within a few weeks (Windybank 2005, 31).

It is easy to get the impression from this literature that all island leaders are corrupt, malleable, self-serving, and impulsive. Some Pacific leaders might well be described in this way, but the same could be said about individual leaders in any country or region in the world. Not only does the Pacific Islands region as a

The small-scale, face-to-face nature of politics often provides a major disincentive to maverick action in island societies

whole compare well with other parts of the developing world in terms of corruption, but these issues are much more apparent in some island states than others (Larmour 2005, 15, Table 2). Furthermore, the general argument that Pacific Island states are "cheap to buy"

needs further scrutiny. Henderson and Reilly, for example, contend that "a relatively small outlay can buy significant political influence" in the "region's smallest, poorest, and weakest countries" (2003, 101). If that is the case, then why was China unwilling to trump Taiwan's relatively modest offer to Kiribati in 2003, especially given the supposed strategic significance of that relationship? And if island allegiances are so easy to buy, then why have traditional allies like Australia and New Zealand not enjoyed more success in the region in recent years? There are many, like influential Australian analyst Helen Hughes, who argue strongly that \$50 billion worth of "development assistance" since 1970 has not produced anything like the desired results (Hughes 2003).

Although none of the authors state directly that China had a hand in precipitating recent political crises in places like Fiji, Papua New Guinea, or Solomon Islands, they do imply that Beijing has at least taken advantage of the resultant instability. For example, after discussing various flash points along Oceania's so-called "arc of crisis," Henderson and Reilly argue that "it is no accident that China's increased involvement coincides with growing regional instability. The very weakness of Pacific Island states makes them valuable as a strategic resource for China" (Henderson and Reilly 2003, 98). However, they do not elaborate on the proposed relationship between instability and involvement. Few of the cited examples of Chinese activities relate to the countries

most affected by crisis, and those that do involve events and relationships that could be adequately explained in other ways.

Probably the most compelling case of strategic meddling involves crisis-torn Solomon Islands. Here, external aid money did become a significant part of the dynamics of the internal crisis that erupted in the late 1990s. But the principal actor in this case was Taiwan, not China. It is also clear that the China-Taiwan competition for influence became a major issue in the domestic politics of Kiribati in 2003, and that opposed political factions were offered financial support in the run up to elections. However, Kiribati is one of the most stable political entities in the region and the fact that the new government was able to terminate the relationship with China suggests state strength rather than state weakness.

These authors also fail to distinguish adequately between China's foreign policy toward Oceania, and the increasing number of people of Chinese ancestry living and working in island states. Henderson and Reilly, for example, devote a whole section of their article to the social tensions associated with Chinese workers and small business owners in Fiji, Tonga, Solomon Islands, and Papua New Guinea, as well as some issues associated with Chinese "boat people" in Guam, Papua New Guinea, and New Caledonia. They justify this inclusion by arguing that, although this type of migration is not part of any government policy, "China can be a vocal advocate of the rights of ethnic Chinese in the Pacific, particularly when they are under threat" (Henderson and Reilly 2003, 99). Although that may well be the case, it would seem to have little to do with China's new foreign policy toward the region. Indeed, local resentment toward Chinese migrants may actually complicate Beijing's attempts to build alliances with island states. If there is an issue here, it has more to do with the immigration policies of island governments (and passport sales, in some cases) than with the intent of policymakers in Beijing, malevolent or not.

Local resentment toward Chinese migrants may complicate Beijing's attempts to build alliances with island states

Much of the unease about Chinese commercial practice in Oceania has focused on the increasing prominence of small retailers, but there is also growing concern about the effects of large-scale natural resource investments. Since this type of activity is relatively new in the region, much of the current suspicion reflects the sometimes negative experience with large Chinese corporations in other parts of the world. The early record at the Ramu Nickel mine, to date the largest Chinese-owned project in Oceania, is not reassuring. The project has been controversial from the start, mainly because of the likely impact of the underwater dumping of tailings on the marine ecology of Astrolobe Bay (MPI 2005). There has also been concern about poor labor conditions at the mine

construction site, and in February 2007 Papua New Guinea Labour Secretary David Tibu threatened to close the operation unless things improved (Matbob 2007). A 10-year tax holiday and other unusual concessions to the mining company have been justified on the grounds that this major project has been delayed for many years and otherwise might not have gone ahead (Jack 2006).

Large-scale mining in Papua New Guinea has long been associated with concerns about environmental damage and almost constant disputes about how benefits are shared. It remains to be seen whether this Chinese venture will fare any better than Western companies like Conzinc Riotinto of Australia did at the giant Panguna Mine in Bougainville, which was closed down by hostile landowners in 1989, or Broken Hill Propriety has at the Ok Tedi complex in the Star Mountains, where a 1996 lawsuit successfully claimed compensation on behalf of 30,000 indigenous residents affected by the massive discharge of untreated tailings into the Fly River system.⁵

Washington Consensus versus Beijing Consensus

Washington's stance is often cited as an important factor in understanding China's new role in Oceania. According to some commentators, U.S. neglect or preoccupation has made the region particularly vulnerable to what Windybank (2005) calls "The China Syndrome." Henderson and Reilly, for example,

Some think U.S. neglect or preoccupation has made the region particularly vulnerable to what has been called 'The China Syndrome'

note that U.S. links to the region have been "significantly downgraded" since the end of the Cold War, and Windybank sees China busy "cultivating new friends and allies across the Asia Pacific region" while the United States is preoccupied with terrorism and the Middle East (Henderson and Reilly

2003, 94; Windybank 2005, 28). This is a mantra common to analyses of other regions such as Africa and Southeast Asia.

Since the end of the Cold War the United States has closed its small consular post in the Solomon Islands, reduced some of its aid program outreach, and no longer maintains a separate Pacific Islands office in the State Department. In March 2007 a senior State Department official admitted that "the nations of the Pacific have not always received either adequate diplomatic

⁵ The 1996 out-of-court settlement obliged the company to build dams to prevent further damage to the river system, and provide trust funds worth more than \$150 million for affected villagers along the Ok Tedi and Fly rivers.

attention or development assistance” and promised a reversal of the trend (Davies 2007). It is worth noting, however, that Washington continues to loom large in the states and territories of Micronesia. Furthermore, its presence south of the equator was never particularly robust even at the height of the Cold War. If the reductions of the 1990s created any sort of diplomatic vacuum, it has been more that adequately filled by the increased activities of allied powers like Australia, New Zealand, Japan, and the European Union.

It would be a mistake to assume that these countries always back the United States’ position on China. Indeed, some commentators identify a growing conflict between the material benefits associated with Australia’s deepening relationship with Beijing, and the broad security concerns it shares with the United States (Jennings 2005).⁶ However, for the moment, it is safe to assume that in Oceania at least, U.S. and allied interests roughly coincide. And these countries have hardly neglected the region. Aid levels to Oceania from U.S.-aligned sources are higher than ever, most island students seeking overseas opportunities still travel to these countries to pursue higher education and training, and the vast majority of person-to-person diplomatic exchanges continue to involve traditional partners.

If anything, China’s increasing influence in Oceania owes more to Western involvement than to Western neglect. Since the early 1990s aid donors and financial institutions have made concerted efforts to persuade island leaders to implement comprehensive economic and political reforms. Increasingly leveraged by aid conditionality, the regional reform agenda is based on a set of neo-liberal economic ideas commonly referred to as the Washington Consensus. Some observers are skeptical about the wisdom of this global exhortation to “stabilize, privatize, and liberalize” but recognize the difficulties of resisting it (Rodrik 2006, 1). According to Australian scholar Stewart Firth, Pacific Islands governments have no alternative but to embrace such policies because “the international pressures are too great to do otherwise, and the capacity of international financial institutions to compel obedience too large” (Firth 2000, 186, 2007; Slatter 2006a, b). The rise of China, which attaches few conditions to its financial or technical assistance, appears to provide island leaders with other options. At issue in Oceania, then, is not the U.S. presence as such, but the influence of a set of economic ideas originating in Washington-based financial institutions.

China’s increasing influence in Oceania owes more to Western involvement than to Western neglect

⁶ U.S. officials worry that Australia’s increased economic dependence on China could compromise Canberra’s position on the Taiwan issue (Kremmer 2005).

Oceania's reform agenda owes its immediate origins to two critical World Bank reports of the early 1990s, and the urgings of influential analysts in Australia and New Zealand (World Bank 1991, 1993; Slatter 2006b, 27). The main contours of the new orthodoxy appeared in a 1993 report published by Australia's National Centre for Development Studies, which warned that the island states faced a bleak future unless they enhanced their competitiveness in the global economy (Cole 1993). The following year, Australia began to use its aid "as a carrot and stick to ensure Pacific Islands governments reduce the size of their civil services, privatize, [and] encourage private investment" (Firth 2000, 185). Since then, all of the major aid agencies and lending institutions active in the region, as well as the region's premier multilateral organization, the Pacific Islands Forum, have adopted this "reform-speak" (Slatter 2006b, 27). More recently, the agenda has broadened to include "good governance," not only because of concerns about political instability in the region, but because qualities of accountability, efficiency, and transparency have come to be seen by international agencies as prerequisites to successful economic reform. Indeed, these ideas are now enshrined in the Pacific Plan for Strengthening Regional Cooperation and Integration, an important road map for Pacific futures recently adopted by the Pacific Islands Forum.⁷

This is not the place for a detailed review of Oceania's reform agenda. However, it is worth noting that, although publicly supportive, island leaders are often privately doubtful about the intent and likely outcomes of the agenda. Some reform-inspired initiatives, such as those designed to prepare Vanuatu for accession to the World Trade Organization, have been resisted or

Although publicly supportive, island leaders are often privately doubtful about the intent and likely outcomes of Oceania's reform agenda

rejected, while others have been vigorously protested by trade unions, church groups, and a wide variety of nongovernmental organizations (Slatter 2006b, 27–31). Initiatives designed to overhaul existing land tenure systems have been particularly contentious, while some critics note that

far-reaching regional trade agreements have been implemented with no public debate, and little apparent concern for likely social and cultural impacts (Kelsey 2004, 2005). University of the South Pacific regional politics specialist Elise Huffer has argued that the Pacific Plan pays only lip service to fundamental island values and worldviews (Huffer 2006). Others have warned that further integration into the global economy is likely to exacerbate rather

⁷ The Plan's overall objective is to "enhance and stimulate economic growth, sustainable development, good governance and security for Pacific countries through regionalism" (Pacific Plan 2006).

than alleviate growing levels of poverty in the region (World Council of Churches 2001).

Pacific Islanders have good reason to be concerned. In a 2005 report, the World Bank itself noted the conspicuous lack of success during the 1990s of similar reform efforts in Sub-Saharan Africa, Latin America, East Asia, Russia, Turkey, as well as in the new republics of the former Soviet Union (World Bank 2005).⁸ Indeed, according to Harvard University economist Dani Rodrik, “nobody really believes in the Washington Consensus anymore” (Rodrik 2006, 2).

Under these circumstances it is perhaps understandable that the alternative development message brought to the region by Chinese Premier Wen in April 2006 was warmly received, despite its own apparent contradictions. In a thinly veiled critique of Western approaches to development, Wen noted an increasingly imbalanced global system characterized by widening gaps between North and South, rich and poor. He pointed out that both China and the Pacific Islands were develop-

China’s phenomenal record of economic growth belies the very essence of the Washington Consensus

ing countries, and offered a “new model for South-South cooperation.” He promised an approach based on peaceful coexistence, equality, and respect for the social systems, sovereignty, and independence of Pacific Island countries. Perhaps most telling, he said that China stood ready “to provide assistance without any political strings attached” (Wen 2006).

Wen might also have pointed out that China’s phenomenal record of economic growth belies the very essence of the Washington Consensus. Although heavily invested in market forces, China’s economy has taken off “with high levels of trade protection, lack of privatization, extensive industrial policies, and lax fiscal and financial policies” (Rodrik 2006, 4). Nor does today’s China stand as an exemplar of good governance practice as it is usually understood by the global financial institutions and development agencies. As Guthrie notes, “the stunning success of China turns some key assumptions of economic theory on their head” (Guthrie 2006, 9). According to Tsinghua University professor Joshua Cooper Ramo,

China is marking a path for other nations...who are trying to figure out not simply how to develop their countries, but also how to fit into the international order in a way that allows them to be truly independent,

⁸ Ramo (2004, 4) describes the Washington Consensus as “a hallmark of end-of-history arrogance; it left a trail of destroyed economies and bad feelings around the globe.”

to protect their way of life and political choices in a world with a single massively powerful center of gravity (2004, 3).

Nevertheless, skeptical island leaders may wonder about China's growing domestic discontent, as well as Beijing's dubious track record on issues like global warming and fisheries management that are of immediate concern in Oceania. Many (although probably not Commodore Bainimarama) are also proud of the region's democratic institutions, and concerned about China's lack of commitment in that regard.

Caribbean Perspectives

Oceania's recent experience with China largely parallels that of the Caribbean islands. A 2001 visit by then-Premier Jiang Zemin signaled Beijing's new interest in the countries of Latin America and the Caribbean and the beginning of a rapid increase in commercial and political interaction with China (Jenkins and Peters 2006). In February 2005 Chinese Vice President Zeng Qinghong opened the first Ministerial Meeting of the China-Caribbean Economic and Trade Cooperation Forum in Kingston, Jamaica. In language remarkably similar to that employed by Pacific leaders at a comparable event in Fiji some 14 months later, Jamaican Prime Minister Patterson hailed the forum as marking a "new chapter" in regional relations (*People's Daily Online* 2005).

As in Oceania, China's heightened profile in the region has been generally welcomed by local leaders but regarded with suspicion by Western commentators protective of "a geopolitical and geoeconomic space always considered by

There is no indication that Beijing's Latin American or Caribbean initiative—like its Pacific one—is designed to disturb any sleeping dogs

the United States as its 'backyard'" (Paz 2006, 96). Also similar is the notion that China's rise in the Western Hemisphere has been facilitated by Western neglect or pre-occupation. As Professor Gonzalo Paz of George Washington University observed, Chinese entry into the region "has taken

place with perfect timing, at the moment in which the dog was sleeping" (Paz 2006, 104). However, there is no indication that Beijing's Latin American and Caribbean initiative—like its Pacific one—is designed to disturb any sleeping dogs. To the contrary, Beijing seems intent on avoiding confrontation with the United States over sensitive political and trade issues in countries like Venezuela, Argentina, and Cuba. The primary rationale of Chinese policy toward the region as a whole is economic, rather than ideological or strategic.

In the small states of the Caribbean and Central America, a strong desire to isolate Taiwan is also apparent.

The predominantly economic nature of Beijing's foray into this part of the world is illustrated by a dramatic increase in trade with the region. Between 1999 and 2004 Latin American and Caribbean exports to China increased sevenfold, imports from China more than tripled, and resource-related Chinese investment surged. But as Jenkins and Peters (2006, 6) point out, the extent to which the countries of the region participate in this trade boom varies considerably. In both Oceania and the Caribbean, trade and

In Oceania and the Caribbean, trade and investment are concentrated in places that can supply urgently needed raw materials to China

investment are concentrated in places that can supply urgently needed raw materials to fuel China's economic expansion and enhance its food security. In the Pacific, this means significant roles for countries like Fiji, Solomon Islands and especially, Papua New Guinea. In the Caribbean, the complementary agricultural, minerals, and oil resource endowments of Cuba, the Dominican Republic, Jamaica, and Trinidad place them among the favored few. Meanwhile, other island countries in both regions must place their hopes for economic salvation on the future promise of tourism from China.

In many Caribbean island countries, especially the smaller ones, China makes its presence felt through aid and diplomacy and in the context of rivalry with Taiwan, rather than through trade and commerce. Together Oceania and the Caribbean account for 11 of the 24 states that continue to recognize Taiwan.⁹ Clearly, then, battles for recognition in these arenas have potentially serious consequences for Taiwan's international status (CRS 2005). This helps explain the large number of Chinese diplomats posted to small, resource-poor Caribbean states, and the recent proliferation of Chinese-funded infrastructure projects, including sports facilities, in the region. As in Oceania, the diplomatic tug-of-war has heated up in recent years. Although St. Lucia switched its allegiance back to Taiwan in 2007, Dominica and Grenada opted to side with China in 2004 and 2005 respectively. This apparent momentum shift in favor of China seems likely to continue (Paz 2006; Dam 2007; Erikson 2005).

As in Oceania, commentators debate the economic, political, and strategic implications of the burgeoning Chinese presence in Latin America and the Caribbean. While China's new and voracious appetite for imports boosts economic

⁹ In the Caribbean these states are Haiti, Dominican Republic, St. Kitts and Nevis, St. Vincent and the Grenadines, and St. Lucia. If non-Caribbean Latin American countries are included, the number jumps to 19 or a very significant 79 percent of all pro-Taiwan states.

growth in some countries, economists worry that the emphasis on a narrow range of raw materials reinforces the central role of primary production in the region and inhibits economic diversification. Furthermore, Latin American and Caribbean countries which have developed labor-intensive export-oriented manufacturing industries, for example in clothing and footwear, now find it difficult to compete with Chinese-made products in the affluent markets of North America, Europe, and East Asia (Jenkins and Peters 2006; Buck 2006).¹⁰ These factors raise important questions about the long-term economic benefits of China's new engagement with Latin America and the Caribbean region.¹¹ In particular, the impact of the China trade on the region's chronic poverty is not yet clear (Jenkins and Peters 2006, 30–32).¹²

China has no immediate plans to challenge longstanding U.S. hegemony in Latin America and the Caribbean

Although China's new presence in Latin America and the Caribbean is largely economic in nature, there are political and strategic consequences for the United States and its allies. China has made it clear that it has no immediate plans to challenge longstanding U.S. hegemony in the region. Yet Beijing's growing regional presence makes some erosion of America's political and economic influence inevitable, while its no-strings-attached approach to bilateral relations can only weaken the ability of Western aid agencies and financial institutions to spread the neo-liberal gospel of the Washington Consensus. As in Oceania, what these geopolitical shifts mean for the long-term welfare of the people of the region remains to be seen. Much depends upon the United States' reaction to China's emerging global role, which has remained relatively muted thus far (Paz 2006, 103–108). In the meantime, regional leaders can move quickly to seize the opportunities associated with China's newfound status, and hope that their interests do not eventually fall victim to the strategic maneuverings of external powers.

¹⁰ The intensification of global competition facilitated, among other things, by the removal by the World Trade Organization of the preferential Multifiber Arrangement has also hastened the demise of garment manufacturing industries in Oceania, particularly in Fiji and the Commonwealth of the Northern Mariana Islands.

¹¹ It is also worth noting that while Chinese-funded public infrastructure projects may improve the general quality of life in Caribbean countries, they often do little for the local economy since they usually involve Chinese companies and employ imported labor.

¹² An estimated 44 percent of the entire population of Latin America and the Caribbean and 64 percent of the rural population live below the poverty line (IFAD 2002, 3).

China's Pacific Century

China is making its new, more robust, presence felt around the globe, including in Oceania. However, there is no evidence to suggest that Pacific Island states are being singled out for special attention. Indeed, it is clear that other regions, including the Middle East, certain parts of Asia, and Africa are of much greater and more immediate interest to policymakers in Beijing. Under certain circumstance, most likely involving a military confrontation with Taiwan, the Pacific Islands region (or rather certain western parts of it) could assume more importance as the combatants and their allies—most notably the United States—jockey for strategic advantage. Meanwhile, the medium-term transition of the People's Liberation Army Navy to “green water” capability has few implications for Oceania. The ability to operate effectively along the “second island chain,” which includes Guam, the Northern Marianas, and Palau, would have a more definite impact on the balance of military power in the region. It is unlikely, though, that China will acquire this “blue water” capacity before mid-century, and it may take longer than that.

Most of China's recent activities in the region can be explained with reference to a general and growing economic appetite for trade and natural resources, as well as a more pointed political interest in garnering support for Beijing's agenda in multilateral institutions. As such, China's immediate interests are not much different from those of other powers active in the region, such as the United States, Japan, New Zealand, and Australia. The

China's arrival challenges existing assumptions about leadership roles and responsibilities in the region

major difference is that these powers are well established in Oceania while China is not. Most other influential actors have engaged with Pacific Islands societies for more than a century, initially as colonists. Some, particularly Australia, still appear to believe they have a right, if not a duty, “to speak for the inhabitants of this region, to represent them to themselves and to others, to lead, and to manage them,” and they often act accordingly (Fry 1997, 306). Significant numbers of Pacific Islanders have migrated to these countries since the 1960s, and, especially in New Zealand, now represent a significant force in domestic politics. At the very least, then, China's arrival challenges existing assumptions about leadership roles and responsibilities in the region.

China's rise disturbs a situation where a small number of allied powers exercise an enormous amount of regional influence. Although the United States, France, Australia, New Zealand, and Japan have distinct foreign policies toward Oceania, they share a fundamental strategic interest in the region. Their influence is maintained in part through comprehensive bilateral relations with

individual island states. Indeed, since 2003 Australia has added to its already significant aid and diplomatic presence by launching major interventionist programs to combat instability in Solomon Islands, Papua New Guinea, and Nauru. Also important in the longer term are recent Australian-led initiatives designed to strengthen multilateral organizations and promote a coordinated approach to regional development. These efforts have yielded significant results with the adoption of a common reform agenda and, more recently, with the promulgation of the Pacific Plan. China stands apart from this consortium of interested donors, a “silent partner” offering support and resources but asking little beyond recognition of the one-China policy (Dobell 2007, 4).

China stands apart from this consortium of interested donors, a ‘silent partner’ asking little beyond recognition of the one-China policy

Existing regional powers have no option but to accept that, barring significant economic or military setbacks, China is in Oceania to stay. They can

do little more than allied leaders have already done, which is to urge Beijing to play a constructive role in regional affairs—in other words, to play by the rules they themselves have established and enforced for many decades. From their perspective, the best outcome would be for

China to align itself with existing reform efforts, much like a rising Japan did in the 1990s. This would be more likely to occur if island leaders were firmly committed to the reform agenda, instead of seeing it as largely externally imposed. Under these circumstances, China will probably continue to assert its own version of constructive engagement, one informed by a rather different set of economic, political, and strategic interests. It could be the allied powers, rather than China, that ultimately have to compromise in order to maintain their influence in Oceania. All of these regional actors have their own growing economic entanglements with China—and compelling reasons to avoid confrontation.

Existing regional powers have no option but to accept that China is in Oceania to stay

Much of the debate surrounding China’s rise in Oceania invokes the welfare and interests of island communities. Writers often assume a common interest in matters like “development” or economic growth, state institutions of a particular type, and regional stability. That

may be true at a certain level of generality, and among certain regional actors. But island communities tend to reject economic policies when they threaten existing stakes

in land or natural resources, often resist state impositions in favor of local autonomy, and understand that stability sometimes masks situations of inequality or even oppression. And, as global experience with the Washington

Consensus demonstrates, even where there is apparent agreement about development values, there is still much room for debate about how such objectives can be achieved. If there are choices to be made about objectives, or how to achieve them, then they should be made by those who have a long-term stake in the outcomes. At least for the moment, China appears to broaden the menu of options for these island states, whose leaders are well accustomed to operating in a world controlled by great powers.

References

Associated Press. 2006. Japan Lavishes Aid on Pacific Islands. *Taipei Times*, May 28, www.taipeitimes.com/News/world/archives/2006/05/28/2003310408.

———. 2007. Fiji's Coup-Installed Government to Send Delegation to Asia to Build Ties. *International Herald Tribune*, January 22, www.iht.com/articles/ap/2007/01/23/asia/AS-GEN-Fiji-Coup.php.

Barnett, Thomas P.M. 2004. *The Pentagon's New Map: War and Peace in the Twenty-First Century*. New York: Berkley Books.

Buck, Karl. 2006. *China's Engagement in Latin America and the Caribbean—Expectations and Bad Dreams*. Geneva: Geneva Centre for the Democratic Control of Armed Forces.

Callick, Rowan. 2007. Chinese Mine Treating PNG Workers Like Slaves. *The Australian*, February 9.

Cole, Rodney, ed. 1993. *Pacific 2010: Challenging the Future*. Pacific Policy Paper, no. 9. Canberra: National Centre for Development Studies, Australian National University.

Congressional Research Service. 2005. *China's Growing Interest in Latin America*. CRS Report for Congress, April 20. Washington, DC: Congressional Research Service.

CRS. See Congressional Research Service.

Dan, R. Sankar. 2007. Taiwan's Protracted Caribbean Battle Finally Nets St. Lucia. *World Politics Review*, May 17, www.worldpoliticsreview.com/article.aspx?id=781.

Davies, Glyn. 2007. U.S. Policy Toward South Pacific Island Nations, including Australia and New Zealand. Statement before the Subcommittee on Asia, the Pacific, and the Global Environment House Committee on Foreign Affairs. Washington, DC, March 15.

Dobell, Graeme. 2007. China and Taiwan in the South Pacific: Diplomatic Chess versus Political Rugby. In *Chinese in the Pacific: Where to Now?* ed. Paul D'Arcy. CSCSD Occasional Paper, no. 1, May. Canberra: Centre for the Study of the Chinese Southern Diaspora, Research School of Pacific and Asian Studies, Australian National University, rspas.anu.edu.au/cscsd/occasional_papers/index.php?issue=01.

Economy, Elizabeth. 2007. China's Missile Message. *The Washington Post*. January 25, A25.

Erikson, Dan. 2005. China in the Caribbean: A Benign Dragon? *Focal Point*, May, www.focal.ca/pdf/focalpoint_may05.pdf.

FATF. See Financial Action Task Force.

Financial Action Task Force. 2007. Non-Cooperative Countries and Territories: Timeline. www.fatf-gafi.org/.

Finin, Gerard A. 2002. *Small is Viable: The Global Ebbs and Flows of a Pacific Atoll Nation*. East-West Center Working Papers, Pacific Islands Development Series, no. 15 (April). Honolulu: East-West Center, www.eastwestcenter.org/.

Firth, Stewart. 2000. The Pacific Islands and the Globalization Agenda. *The Contemporary Pacific* 12 (1): 178–19.

———. 2007. Pacific Islands Trade, Labor, and Security in an Era of Globalization. *The Contemporary Pacific* 19 (1): 111–135.

Fishman, Ted C. 2005. *China Inc.: How the Rise of the Next Superpower Challenges America and the World*. New York: Scribner.

Fry, Greg. 1997. Framing the Islands: Knowledge and Power in Changing Australian Images of the South Pacific. *The Contemporary Pacific* 9 (2): 305–344.

Godley, Michael. 1983. China: The Waking Giant. In *Foreign Forces in Pacific Politics*, eds. Ron Crocombe, Te'o Fairbairn, Yash Ghai, et al., 130–149. Suva, Fiji: Institute of Pacific Studies, University of the South Pacific.

Guthrie, Doug. 2006. *China and Globalization: The Social, Economic, and Political Transformation of Chinese Society*. New York: Routledge.

Harwit, Eric. 2000. Taiwan's Foreign Economic Relations with Developing Nations: A Case Study of its Ties with Palau. *The Contemporary Pacific* 12 (2): 465–479.

Henderson, John. 2001. China, Taiwan and the Changing Strategic Significance of Oceania. In *Contemporary Challenges in the Pacific: Towards a New Consensus*, vol. 1, *Revue Juridique Polynésienne*, eds. Stephen Levine and Tyves-Louis Sage, 143–155.

Henderson, John and Benjamin Reilly. 2003. Dragon in Paradise: China's Rising Star in Oceania. *The National Interest* 72, Summer, 94–104.

Herr, Richard. 2007. Sovereignty and Responsibility: Some Issues in Chinese/Taiwanese Rivalry in the Pacific. *Fijian Studies* 4 (2): 111–125.

Huffer, Elise. 2006. Regionalism and Cultural Identity: Putting the Pacific Back into the Plan. In *Globalisation and Governance in the Pacific Islands*, Studies in State and Society in the Pacific, no. 1, ed. Stewart Firth. Canberra: Australia National University E Press.

Hughes, Helen. 2003. *Aid has Failed the Pacific*. Issue Analysis, no. 33. Sydney: The Centre for Independent Studies.

IFAD. See International Fund for Agricultural Development.

International Fund for Agricultural Development. 2002. *IFAD Strategy for Rural Poverty Reduction in Latin America and the Caribbean*. Rome: International Fund for Agricultural Development, Latin America and the Caribbean Division.

Jack, Gideon. 2006. Chinese Firm Gets Go Ahead for PNG Nickel Project. *The National*, August 11.

Jenkins, Rhys and Enrique Dussel Peters. 2006. *The Impact of China on Latin America and the Caribbean*. Brighton, UK: Institute of Development Studies, Asian Drivers Programme, www.ids.ac.uk/ids/global/Asiandriversbackgroundpapers.html (accessed August 23, 2007).

Jennings, Peter. 2005. *Getting China Right: Australia's Policy Options for Dealing With China*, Strategic Insights, no. 19. Canberra: Australian Strategic Policy Institute.

Kaplan, Robert D. 2005. How We Would Fight China. *Atlantic Monthly*, June.

Kelsey, Jane. 2004. *Big Brothers Behaving Badly: The Implications for the Pacific Islands of the Pacific Agreement on Closer Economic Relations (PACER)*. Suva, Fiji: Pacific Network on Globalisation.

———. 2005. *A People's Guide to the Pacific's Economic Partnership Agreement: Negotiations between the Pacific Islands and the European Union pursuant to the Cotonou Agreement 2000*. Suva, Fiji: World Council of Churches Office in the Pacific, www.arena.org.nz/REPA.pdf.

Kremmer, Janaki. 2005. China Casts Long Shadow of US-Australian Ties. *Christian Science Monitor*, July 15.

Lai I-chung. 2006. Taiwan Examines its Policies of Diplomacy. *China Brief* 6 (20), October 4. Washington, DC: The Jamestown Foundation, jamestown.org/china_brief/article.php?articleid=2373227.

Larmour, Peter. 2005. *Corruption and Accountability in the Pacific Islands*. Policy and Governance Discussion Paper, no. 05-10. Canberra: Australian National University, Asia Pacific School of Economics and Government, April 27.

Liangxiang Jin. 2005. Energy First: China and the Middle East. *Middle East Quarterly*, Spring, www.meforum.org/article/694.

Linter, Bertil. 2007. America's China Worries—Part III. *YaleGlobal*, February 13, yaleglobal.yale.edu/article.print?id=8751.

Lyman, Princeton. 2005. China's Rising Role in Africa. Presentation to the U.S.-China Commission, July 21, www.cfr.org/publication/8436/chinas_rising_role_in_africa.html.

Macdonald-Smith, Angela. 2005. China is in Talks to Buy Papua New Guinea Gas. *International Herald Tribune*, December 5.

———. 2007. Oil Search, Exxon Drop Papua New Guinea Gas Pipeline. *Bloomberg.com*, February 1, www.bloomberg.com/.

Matbob, Patrick. 2007. Developer Scrambles to Improve Conditions. *Islands Business*, March, 34–35.

Mineral Policy Institute. 2005. Ramu Nickel Mine: Ocean Dumping Mine Source of Controversy. Mineral Policy Institute, www.mpi.org.au/regions/pacific/png/ramu/.

MPI. See Mineral Policy Institute.

Nadkarni, Dev. 2006. Goff Tells China, Taiwan Pacific Interests First. *Islands Business*, May.

The National. 2006. China to Explore PMG for Minerals. January 18.

Paz, Gonzalo. 2006. Rising China's 'Offensive' in Latin America and the U.S. Reaction. *Asian Perspective* 30 (4): 95–112.

Pacific Plan. 2006. *The Pacific Plan for Strengthening Regional Cooperation and Integration*. Suva, Fiji: Pacific Islands Forum Secretariat, www.pacificplan.org/tiki-page.php?pageName=Pacific+Plan+Documents.

People's Daily Online. 2003. China to Face Challenges in Energy in Next 20 Years. December 16, us.tom.com/english/4856.htm.

———. 2005. China's Vice-President Terms China-Caribbean Trade Forum as Milestone. February 3, english.peopledaily.com.cn/200502/03/eng20050203_172787.html.

Qarase, Laisenia. 2006. Remarks at the Opening of Ministerial Conference on Trade and Development. Fiji Government Online Portal, April 5, www.fiji.gov.fj/publish/page_6532.shtml.

Ramu, Joshua Cooper. 2004. *The Beijing Consensus*. London: The Foreign Policy Centre.

Ramu Nickel Limited. 2005. Ramu Nickel/Cobalt Project. www.highlandspacific.com/projects/pdfsProjects/Ramu_Nickel_Cobalt_Project.pdf.

Rice, Condoleezza. 2000. *Campaign 2000: Promoting the National Interest*. Foreign Affairs, January/February.

Rodrik, Dani. 2006. Goodbye Washington Consensus, Hello Washington Confusion? A Review of the World Bank's Economic Growth in the 1990s: Learning from a Decade of Reform. *Journal of Economic Literature* 44 (4).

Saunders, Phillip C. 2006. *China's Global Activism: Strategy, Drivers, and Tools*. Occasional Paper, no. 4. Washington, DC: Institute for National Strategic Studies, National Defense University.

Slatter, Claire. 2006a. Neo-Liberalism and the Disciplining of Pacific Islands States—The Dual Challenges of a Global Economic Creed and a Changed Geopolitical Order. In *Pacific Futures*, ed. Michael Powles, 91–110. Canberra: Pandanus Books.

———. 2006b. Treading Water in Rapids? Non-Governmental Organisations and Resistance to Neo-Liberalism in Pacific Island States. In *Globalisation and Governance in the Pacific Islands*, Studies in State and Society in the Pacific, no. 1, ed. Stewart Firth, 23–42. Canberra: Australia National University E Press.

Somare, Michael. 2006. Speech, China-Pacific Island Countries Economic Cooperation Development Forum, Nadi, Fiji, April 5–6, www.forumsec.org/pages.cfm/speeches-2006/.

- Tanner, Murray Scot. 2004. China Rethinks Unrest. *The Washington Quarterly* 27 (3): 137–156.
- Time*. 2007. China: Dawn of New Dynasty. January 22.
- U.S. Department of Defense. 2006a. *2006 Quadrennial Defense Review Report*. Washington, DC: U.S. Department of Defense.
- . 2006b. *Annual Report to Congress: Military Power of the People's Republic of China 2006*. Washington, DC: Department of Defense, Office of the Secretary of Defense.
- U.S. General Accounting Office. 2002. *Foreign Relations: Kwajalein Atoll is the Key U.S. Defense Interest in Two Micronesian Nations*. Washington, DC: U.S. General Accounting Office.
- Watson, Rob. 2007. China test sparks space arms fears. *BBC News*, January 19, news.bbc.co.uk/1/hi/asia-pacific/6278867.stm.
- Wen, Jiabao. 2006. Win-win Cooperation for Common Development. Keynote speech, China-Pacific Island Countries Economic Development and Cooperation Forum, Nadi, Fiji, April 5, news.xinhuanet.com/english/2006-04/05/content_4385969.htm.
- Weinstein, Michael A. 2005. China's Geostrategy: Playing a Waiting Game. *Power and Interest News Report*, January 7, www.pinr.com/report.php.
- Windybank, Susan. The China Syndrome. *Policy* 21 (2): 28–33.
- World Bank. 1991. *Towards Higher Growth in the Pacific Islands Economies: Lessons from the 1980s*. Vol. 1, *Regional Overview*; vol. 2, *Country Surveys*. Washington, DC: World Bank.
- . 1993. *Pacific Island Economies: Towards Efficient and Sustainable Growth*. Vol. 1, *Overview*, March 8. Washington, DC: World Bank.
- . 2005. *Economic Growth in the 1990s: Learning from a Decade of Reform*. Washington, DC: World Bank.
- World Council of Churches. 2001. *The Island of Hope: An alternative to economic globalization*. Dossier no. 7. N.p.: World Council of Churches, www.oikoumene.org/index.php?id=2648.

The Author

Terence Wesley-Smith is associate professor and graduate chair in the Center for Pacific Islands Studies at the University of Hawai'i at Manoa. He is a political scientist with degrees from Victoria University of Wellington and the University of Hawai'i, and he writes and teaches about contemporary issues in the Pacific Islands region.

Wesley-Smith was born in the Republic of Ireland and lived for eight years in New Zealand before coming to Hawai'i in 1981 to take up an East-West Center fellowship and pursue his PhD. His doctoral dissertation explored the political economy of mining in Papua New Guinea, with a special focus on the island of Bougainville. He has worked at the Center for Pacific Islands Studies since 1984, and in 2003 was awarded the University of Hawai'i Board of Regents Medal for Excellence in Teaching. He is founding associate editor of the region's premier academic journal, *The Contemporary Pacific*, and a member of the steering committee of the Ford Foundation-funded Islands of Globalization project, which fosters collaborative relationships between educational institutions in the Pacific and Caribbean.

In recent journal articles Wesley-Smith has addressed some conceptual and historical issues associated with "failed states" in Oceania, and has explored the changing nature of self-determination in the region. In March 2007 he co-convoked a conference on China's role in Oceania at Ritsumeikan Asia Pacific University in Beppu, Japan. He is presently working on an edited collection of papers from that conference.

Terence Wesley-Smith can be reached at:

Center for Pacific Islands Studies
University of Hawai'i at Manoa
1890 East-West Road, Moore 215
Honolulu, Hawai'i 96822 U.S.A.
Telephone: 808.956.7700
Email: twsmith@hawaii.edu

Center for Pacific Islands Studies website: www.hawaii.edu/cpis/

SUBMISSIONS

Submissions to Pacific Islands Policy may take the form of a proposal or completed manuscript (7,000–11,000 words).

Proposal: A three- to five-page proposal should indicate the issue or problem to be analyzed, its policy significance, the contribution the analysis will provide, and date by which the manuscript will be ready. The series editor and editorial committee will review the abstract. If a manuscript is considered suitable for the series, it will be peer reviewed in accordance with the double-blind process.

A curriculum vitae indicating relevant qualifications and publications should accompany submissions.

Submissions must be original and not published elsewhere. The author will be asked to assign copyright to the East-West Center.

NOTES TO CONTRIBUTORS

Manuscripts should be typed, double-spaced, and submitted electronically or in paper form with an accompanying computer diskette or CD. Citations should be embedded in the text (*Chicago Manual of Style* author-date system) and be accompanied by a complete reference list. Notes should be embedded in the electronic file and will appear as footnotes in publication. All artwork should be camera ready.

Submissions and queries should be sent to:

Robert C. Kiste
Pacific Islands Development Program
East-West Center
1601 East-West Road
Honolulu, Hawai'i 96848-1601 U.S.A.

Telephone: 808.944.7745

Facsimile: 808.944.7670

Email: KisteR@EastWestCenter.org

ABOUT THIS ISSUE

In this policy paper, Terence Wesley-Smith explores strategic, political, and economic dimensions of Beijing's heightened interest in Oceania. He challenges the disingenuous threat discourse pervading the existing literature, and argues that China's rise offers island states opportunities not available under established structures of power.

Wesley-Smith notes that China's primary objective is to gain the support of island states, particularly to isolate Taiwan, and that it has a growing interest in the natural resources of the region. China and the Western powers previously shared an interest in excluding the Soviet Union from Oceania. Today tensions between them increasingly influence the strategic environment.

China is not setting itself up to assume a leadership or military role in Oceania, Wesley-Smith maintains. He disputes the notion that Beijing has exploited regional vulnerabilities, and that its activities have encouraged corruption and instability. He also argues that U.S. neglect is not a significant factor in the rise of China in Oceania. Instead, Western aid-leveraged efforts to impose neo-liberal reforms have made island leaders more receptive to Beijing's message of peaceful coexistence, equality, respect for sovereignty, and the promise of untied aid.

Wesley-Smith argues that China's rise in Oceania largely parallels developments in the Caribbean, and disturbs a situation where a small number of allied powers exercise enormous regional influence. But he notes that all of these regional actors have growing economic entanglements with China—and compelling reasons to avoid confrontation. He suggests

that the Western powers have to accept that China is in Oceania to stay. They can do little but urge Beijing to play by the rules they have established, yet in the end it may be the allied powers that have to compromise. Wesley-Smith concludes that China's rise broadens the options for island states, whose leaders are accustomed to operating in a world controlled by great powers.

ABOUT THE AUTHOR

Terence Wesley-Smith is associate professor and graduate chair in the Center for Pacific Islands Studies at the University of Hawai'i at Manoa. A political scientist with degrees from Victoria University of Wellington and the University of Hawai'i, he is founding associate editor of *The Contemporary Pacific* and a member of the Ford Foundation-funded Islands of Globalization project. In March 2007 he co-convoked a conference on China's role in Oceania in Beppu, Japan.

FORTHCOMING

Safety, Security, and Accessible Justice: Participatory Approaches to Law and Justice Reform in Papua New Guinea
by Rosita MacDonald.

