The Rise of China: ‘no worries’ in the Southwest Pacific

Captain David Proctor, Royal New Zealand Navy

Introduction

The November/December 1993 issue of Foreign Affairs featured an article by Nicholas Kristof titled 'The Rise of China'. While perhaps not the first time the phrase was used, since that time 'The Rise of China'—alternatively and often referred to as 'China’s rise'—has been the subject of significant scholarly discourse.

Although the commentary has not always been pessimistic, a number of commentators, mainly from Western liberal democracies, have tended to report on the issue in terms of representing a threat to the status quo and therefore a threat to security. This threat commentary has included opinion on the likely negative security implications for the Southwest Pacific resulting from China's increased interest in the developing island countries of the region.

This article addresses whether China’s interest in the Southwest Pacific represents a threat to regional security over the next ten years. The analysis utilises the traditional core elements of national power, namely diplomatic, military and economic, as a guide for discussion. It begins with a brief outline of the Southwest Pacific's colonial history, including any notable historical Chinese influence. It then considers the regional impact of China-Taiwan rivalry, before analysing the effect on security of China’s aid and economic activity in the region. The final section examines the impact of any military considerations.

The article concludes that although China’s increasing interest in the Southwest Pacific represents a change to the status quo, the ‘rise of China’ is unlikely to present a threat to regional security in the period to 2025.

Colonial history

When undertaking an analysis of any subject, it is useful to have an appreciation of the key factors influencing the matters at hand. For an analysis of a strategic nature, an appreciation of the abiding factors of history, geography and culture would be a recognised starting point.

Prior to European exploration of the Pacific in the 16th and 17th centuries, the people of the Southwest Pacific had a relatively simple, non-industrial existence. After a period of colonial and imperial competition and conflict from the late 19th century up until World War 2, the Southwest Pacific was predominantly governed as a loose collection of colonies and territories of Western democratic nations through to the period 1960-80, when a number of countries transitioned through decolonisation to independence.

Australia and New Zealand, both British colonies themselves, are broadly identified as ‘occupying a special place’ for the region and its people, primarily based on geographical proximity and shared historical linkages. Similarly, the US has a mandated place in the region deriving from its role in World War 2 and its special relationship with the Micronesian states and American Samoa.

These strong historical and geopolitical linkages are highly influential on the people and culture of the region in terms of those states that have been viewed as ‘traditional’ partners in the past. This traditional connection has generally supported a positive disposition toward Western democratic thinking and ideals.
China in the Southwest Pacific

The arrival of Chinese contract labourers in the late 19th and early 20th centuries represents the first material influence of China in the region’s modern recorded history (although there is evidence of distant ancestral Chinese connections with the people of the Southwest Pacific, and very minor trade in the 18th and 19th centuries). Notwithstanding these early migrations, which led to the development of identifiable Chinese communities in some of the islands, China had very limited official contact or interest in the region prior to the 1970s.

China’s official interest in the Southwest Pacific was piqued by increased Soviet and Taiwanese diplomatic interest in the region in the early 1970s. While the Soviet dimension was relatively short-lived (and Sino-Taiwanese rivalry is discussed later in this article), the 1980s saw the start of a period of continuing Chinese migration by commercial traders who, while of Chinese ancestry, had no strong allegiance with either China or Taiwan.

Since the turn of the millennium, this particular phase of Chinese interest in the Southwest Pacific has attracted increased strategic commentary, primarily because it has coincided more broadly with the perception of China’s rise in the broader Indo-Pacific region. While the published discourse covers many areas, there are three broad themes that can be identified—competition between China and Taiwan, economic development and resources access, and strategic influence.

China and Taiwan

In formal, diplomatic terms, eight of the 14 Southwest Pacific island states recognise China, while the remainder recognise Taiwan. Although most of the Southwest Pacific states are small both in geography and economic influence, their diplomatic recognition of either China or Taiwan has traditionally been important in the sense of global politics. This issue, and China’s very strong ‘one China’ stance—which requires other states to make a choice between the two—is the reason there has been significant rivalry between China and Taiwan since the Southwest Pacific island states first started achieving independence.

A number of the Southwest Pacific states have switched their formal diplomatic allegiance between the two, notably in the period from the late 1990s through to the mid 2000s. This competition for recognition, somewhat derided by Western commentators as ‘cheque-book diplomacy’, has largely taken the form of offers of aid, often with diplomatic recognition as a clearly understood but unstated expectation. Its critics argue that the rivalry—because it is frequently linked to economic aid—is destabilising to the island states and contributes to corruption in the region.

However, since the Kuomintang party returned to power in Taiwan in 2008, there has been a period of relative truce between China and Taiwan regarding ‘cheque-book diplomacy’ and formal recognition. Furthermore, there seems to have been a normalisation of economic interactions in recent times, with increased trade and commerce between the Southwest Pacific states and both China and Taiwan, regardless of the status of diplomatic recognition. Some have suggested this has arisen because Taiwan has come to the realisation that it cannot continue competing with the ‘deeper pockets and rising political influence’ of China’s ‘cheque-book’. Another view, not exclusive of the former, is that because of China’s increasing global influence, it sees less need to compete financially with Taiwan to secure diplomatic recognition.

The majority of the negative commentary regarding corruption relates to the perceived lack of transparency in the form and nature of the aid provided by China and Taiwan. A specific criticism is that the aid typically has few conditions, if any, in the area of ‘governance’. However, some have argued that while the diplomatic rivalry between China and Taiwan has had an effect on domestic politics in some states, ‘it is unfair to blame Taipei and Beijing for the culture of corruption in the region’. Others have similarly contended that ‘there is little concrete evidence’ that China’s aid activities have contributed to corruption and instability in the region.

Given these assessments, it seems reasonable to conclude that the historical rivalry between China and Taiwan for influence in the Southwest Pacific has somewhat dissipated in recent years, and does not seem to represent any particular threat to regional security for the foreseeable future. Similarly, while
corruption remains an issue in a number of Southwest Pacific states, it cannot reasonably be concluded that its impact on regional security results from China-Taiwan rivalry or the form of aid being provided by both countries in the Southwest Pacific.

**China’s aid and economic assistance**

There are a number of challenges in attempting to analyse China’s aid and economic assistance to other countries, not least because China is not a member of the OECD’s Development Assistance Committee, nor does it necessarily comply with the principles and guidelines of that committee. Moreover, China has only recently started using the term ‘aid’ when discussing engagement with developing countries, having previously preferred the terms ‘foreign assistance’, ‘economic cooperation’ and ‘development assistance’.28

Additionally, difficulties have existed with disentangling China’s aid component from commercial loans, particularly when they are combined as part of wider development assistance packages.29 However, notwithstanding the difficulties in determining a meaningful dollar value of China’s direct financial aid and other forms of financial assistance in the region, the commentary is universal that China’s quantum is large and increasing.

Following on from China’s first *White Paper on Foreign Aid* in 2011, China’s 2014 White Paper describes China’s aid in three categories; grants, interest-free loans and concessional loans.30 The White Paper identifies China as the largest ‘developing’ nation in the world, and confirms the concept of ‘South-South cooperation’ as aid being provided by a developing nation to another of developing status. The document also espouses China’s foreign aid as following a number of policy principles, namely:

> When providing foreign assistance, China adheres to the principles of not imposing any political conditions, not interfering in the internal affairs of the recipient countries and fully respecting their right to independently choosing their own paths and models of development.31

As discussed earlier, an alleged unclear intent and lack of transparency by China in the provision of aid and financial assistance in the Southwest Pacific has been one reason for criticism, or suspicion of China’s motives, by some Western commentators.32 Looking deeper, the criticism suggests that the lack of transparency is part of a deliberate ‘grand strategy’, whereby China is seeking to directly usurp the historical Western influence in the Pacific.33

There are two themes identified in the criticism. First, that China, as a deliberate strategic ploy, is seeking to dominate the supply of the Southwest Pacific’s raw materials for its own industrial needs.34 Second, that China is seeking to displace traditional Western donors in the Southwest Pacific by deliberately making its aid more attractive. If true, both would likely represent a destabilising influence on the region.

In considering the first issue, it is evident that China’s interest in the resources of the region was initially viewed by some with suspicion. However, with the passage of time, and with the benefit of hindsight and improving clarity of policy from China, most contemporary analysis has concluded that China’s resource investments are ‘more normally market-driven than state-driven’.35

An example of this is the large US$1.4 billion Ramu nickel mine development in Madang, Papua New Guinea, being undertaken by China Metallurgical Corporation.36 Whether that company is operating as a state-owned organisation or as a commercial enterprise is difficult to gauge. However, the commercial nature of the activity is not dissimilar to the massive US$19 billion LNG project in Papua New Guinea being undertaken by the multinational ExxonMobil.37

In assessing the second issue, it is evident that China’s ‘un-conditional’ approach to providing aid—apart from requiring adherence to the ‘one China’ policy—is *prima facie* at odds with the efforts of Australia and New Zealand to strengthen governance in the region.38 Nevertheless, China’s position of non-interference in domestic issues has been consistent, and is being applied across the globe, not just in the Southwest Pacific.39 The publication by China of recent white papers on foreign aid has also provided improved clarity of China’s policy intent, including more transparency regarding the value of aid and where it is being provided. Another encouraging point of note regarding China’s aid is the emergence of cooperation and overlap with the efforts of other nations, including Australia and New Zealand.40
A further important factor is that notwithstanding China’s massively-increased provision of aid and assistance into the region, the quantum remains at much lower levels than that provided by traditional donors. In 2012-13, for example, Australia provided approximately US$0.5 billion in aid to the region, whereas China provided approximately US$0.18 billion (using official figures derived from its recent White Paper). Similarly, according to analysis by Shahar Hameiri, ‘the Pacific’s two-way trade with Australia is still double the size of its trade with China’.

Accordingly, there seems to be no evidence of intent, hidden or otherwise, of China attempting to usurp the traditional donors. Moreover, the evidence does not support those pushing a ‘grand strategy’ conspiracy theme by Beijing. Rather, the evidence would suggest that, irrespective of the definition of aid or transparency of intent, China’s aid to the region is primarily targeted at generating business and economic development for the mutual benefit of Southwest Pacific states and China. Additionally, it seems clear that China remains ‘a long way from challenging Australian dominance in aid, trade, investment and defence links’ in the region.

Perhaps the nail in the coffin of the ‘grand strategy’ threat discourse is that the relative size of New Zealand’s and Australia’s trade and resource activity with China makes them substantially more important in economic terms to China than the states of the Southwest Pacific could ever be. In summary, China’s increased aid and economic interest in the Southwest Pacific are not considered to represent a threat to regional security. Indeed, it could be argued that the improved clarity China is providing in relation to its aid program, supported by its consistent actions, is gradually contributing to regional stability.

**China’s ‘light’ military touch**

In recent decades, China has significantly expanded its military capabilities, facilitated by its steadily increasing economic prosperity. However, in examining the security impact of China’s increased interest in the Southwest Pacific through a military lens, there appears to be universal agreement from commentators, including Chinese officials, that China does not have the capacity to rival the military pre-eminence of the US nor to project power into the Southwest Pacific in any practical fashion, beyond goodwill visits.

Specifically, there is little or no evidence that China is considering any military expansion into the region or seeking to notably increase its military influence in the region. While there have been military ship visits to a number of Southwest Pacific states, the ships have also visited New Zealand and Australian ports. Similarly, China has provided training and logistics-focused assistance to Fiji, Papua New Guinea and Tonga. While these represent new initiatives in the region, military training and assistance from the traditional partners, other than with Fiji, remains a feature. Moreover, in the case of Fiji, with the recent thawing of relations, it is reasonable to expect that military linkages will re-form along traditional lines.

**Conclusion**

While there has been significant commentary over the past decade or so suggesting China’s increased interest in the Southwest Pacific represents a threat to regional security, it is notable that the majority of recent commentary is less alarmist in nature, at least in relation to the foreseeable future. Most contemporary opinion suggests that not only does China currently lack the means to challenge the still markedly-predominant Western influence in the region, it is also not in China’s national interests to do so, not least because China’s priorities are closer to home in the South China Sea and other parts of Northeast and Southeast Asia.

The analysis in this article has examined China’s increased interest in the Southwest Pacific from a range of diplomatic, economic and military perspectives. The outcome supports the ‘no worries’ conclusion that while China’s increasing interest in the Southwest Pacific represents a change to the status quo, the rise of China is unlikely to present a threat to regional security in the next ten years.

Nevertheless, the uncertainty of international relations is acknowledged. And the words of Kristof, in his 1993 article on ‘The Rise of China’, are perhaps an appropriate way to close:
China is not a villain. It is not a renegade country like Iraq or Libya, but rather an ambitious nation that is becoming the behemoth in the neighborhood. One of the oldest problems in international relations, ever since the rise of Assyria and Sparta, has been how the international community can accommodate the ambitions of newly powerful states.52

Captain David Proctor joined the Royal New Zealand Navy (RNZN) in January 1987. His early postings included HMNZ Ships Wellington and Southland, prior to obtaining his Supply Officer Charge Certificate in HMNZS Canterbury. Following a series of short appointments in shore-based finance, logistic and administrative posts, he joined HMNZS Tui as Supply Officer, followed by HMNZS Endeavour immediately prior to her Battle of the Atlantic commemoration deployment.

Later postings included Flag Lieutenant to the Chief of Naval Staff, and commissioning Supply Officer on HMNZS Te Mana. Captain Proctor attended the Australian Command and Staff Course in 2002, which included attaining a Masters in Management (Defence Studies). On his return to New Zealand, he was appointed the RNZN Supply Chain Manager and Fleet Supply Officer. In December 2003, he was posted to the UN Mission in support of East Timor for seven months. In 2006, he assumed the role of Captain Fleet Support, before being posted as Directing Staff at the Australian Command and Staff Course in 2007.

In 2010, Captain Proctor was promoted to his current rank and posted to the new Defence Logistics Command. In June 2013, he was appointed Director Capability Portfolio Planning. He is currently attending the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College.

DISCLAIMER

The views expressed in this article are the views of the author, and do not necessarily reflect the views of the New Zealand Defence Force or the New Zealand Government.

Notes

1 This is an edited version of a paper, with the same title, submitted by the author while attending the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College in 2015.


3 Both China’s rise and ‘The Rise of China’ will be used interchangeably in this article. Separately, it is observed that official Chinese commentary since the early 2000s has used the terms ‘Peaceful Rise’, evolving to ‘Peaceful Development’: see Chien-peng Chung, China’s Multilateral Cooperation in Asia and the Pacific: institutionalizing Beijing’s ‘good neighbour policy’, Routledge: New York, 2010, p. 18.

For the purposes of this paper, the Southwest Pacific is defined as the member countries of the Pacific Islands Forum (excluding Australia and New Zealand), namely Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu. See the Pacific Islands Forum website, available at <http://www.forumsec.org/pages.cfm/about-us/> accessed 26 February 2015.


Utilising definitions in The Royal College of Defence Studies’ *Thinking Strategically*, pp. 20-1: ‘Influence is the sum of actual power, potential and reputation. It describes and prescribes how much the world (and other actors and their actions) can be shaped in one’s favour’; Security is described in a wide and straightforward conceptual context as the ability for states to have the ‘freedom to live, act and make choices’. It includes considerations of ‘ultimately, the defence of national sovereignty’.

The Royal College of Defence Studies, *Thinking Strategically*, Annex A


Between 1865 and 1941, approximately 20,000 Chinese indentured labourers went to the Southwest Pacific: see Yang, *Pacific Islands in China’s Grand Strategy*, p. 7.


Yang, ‘China in the South Pacific’, p. 140.

Yang, *Pacific Islands in China’s Grand Strategy*, p. 52. The states which recognise China are Cooks Islands, Federated States of Micronesia, Fiji, Papua New Guinea, Niue, Samoa, Tonga, and Vanuatu; those which recognise Taiwan are Kiribati, Marshall Islands, Nauru, Palau, Solomon Islands, and Tuvalu.


Wesley-Smith, 'China’s Pacific Engagement', p. 33.


People’s Republic of China, China’s Foreign Aid (2014), China’s Information Office of the State Council website, July 2014, available at <http://news.xinhuanet.com/english/china/2014-07/10/c_133474011.htm> accessed 8 March 2015. ‘Grants’ are mainly used build small or medium-sized social welfare projects, and to fund human resources development cooperation, technical cooperation, material assistance and emergency humanitarian aid. ‘Interest free loans’ are targeted at helping recipient states construct public facilities. ‘Concessional loans’, provided by the Export-Import Bank of China, are mainly used to assist in the development of manufacturing projects, large infrastructure projects with economic and social benefits, and for the supply of complete plants, machinery and electronic products.

People’s Republic of China, China’s Foreign Aid.


Hameiri, ‘China’s “charm offensive” in the Pacific and Australia’s regional order’, p. 2.


Australia’s and New Zealand’s interest in improving governance is supported by the OECD-DAC guidelines on the provision of aid.

Atkinson, ‘China-Taiwan diplomatic competition and the Pacific Islands’, p. 420.


Sullivan and Renz, ‘Representing China in the South Pacific’, p. 381.

Hameiri, ‘China’s “charm offensive” in the Pacific and Australia’s regional order’, p. 4.

Hameiri, ‘China’s “charm offensive” in the Pacific and Australia’s regional order’, p. 12.

Hameiri, ‘China’s “charm offensive” in the Pacific and Australia’s regional order’, p. 10.


Sullivan and Renz, ‘Representing China in the South Pacific’, p. 381.


This support has included barracks refurbishment, uniforms, vehicles and other non-lethal equipment. See also Hayward-Jones, 'China in the Pacific Islands', p. 10; Yang, *Pacific Islands in China's Grand Strategy*, p. 95.

Hayward-Jones, 'China in the Pacific Islands', p. 10.


Kristof, 'The Rise of China'.