China in the South Pacific

An Emerging Theater of Rivalry

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Abstract

China has been trying to make serious inroads in the placid waters of the South Pacific, seeking to position itself as a rising power with a global imprint. The South Pacific provides the Beijing a fertile ground for furthering its debt diplomacy and undertaking a larger business of island reclamation, given the fact that climate change threatens many low-lying Pacific islands' submersion in the coming decades. While, China has very effectively countered the global recognition that was initially given to Taiwan as an independent nation in the aftermath of the Chinese Civil War, Beijing is facing resistance from select island countries in the South Pacific. In addition, the friction between Fiji and major regional players like Australia and New Zealand, due to the 2006 Fijian military coup and the continued rule of those involved in the junta, created space for China's charm offensive, upon which Beijing plans to capitalize. China has been working on its First and Second Island Chain strategies, and Beijing believes that in the next three decades it will have to develop Third and Fourth Island Chain strategies; in that context, these Pacific islands would be critical supplements to meet those objectives. China, to project itself as a global power, has started looking for military overseas bases, with Djibouti housing the first such installation. Media reports have mentioned Vanuatu as the site for a possible second base, providing Beijing with an installation in close proximity to Guam, American Samoa, and Hawaii. Lastly, China would like to harness resources in the large economic exclusion zones (EEZ) of these islands, as these small nations have neither the resources nor capital to undertake "blue economic" activities—the exploitation and/or preservation of the maritime environment. In such a context, this article outlines Chinese activities and strategic purposes for reaching out to the South Pacific. It will delve into whether there is an impending competition between India and China, which would manifest itself in the South Pacific.

Introduction

The Western countries, primarily European nations and the United States, infused norms related to human rights, democracy, and gender equality to create a template for development, governance, and people's participation in developing

economies. However, China has provided a new alternative through a new template of acceptance that does not interfere in political regimes or governance systems in any country and does not raise questions of human rights, religious freedom, or gender issues as parameters. To a great extent, Beijing prefers authoritarian regimes to further its economic and strategic interests. Over the past decade, China has been making inroads through its Belt and Road Initiative, meant to create captive markets through extensive infrastructure road and port networks through locked loans and financing on Chinese terms. The primary beneficiaries of this project are Asian and African countries, with a few European nations also being recipients. As part of this outreach activity, to further its economic and strategic interests, China ingresses into US and European dominated regions and might challenge their suzerainty in Oceania. Apart from Australia, New Zealand, and Papua New Guinea (PNG), the South Pacific has 14 Pacific Island countries (PIC) scattered across the region. The core questions at this juncture are what China's objectives are in this region and whether the recognition of Taiwan is the only factor or there are many other factors that have propelled China's charm offensive in this region. Given the size of market in this region is rather limited, trade is not a significant inducement—but marine resources are.

The three most notable changes that have influenced politics in Oceania have been the antinuclear sentiment, the trend toward independent defense and security policies, and the presence of extraregional powers in the region. The antinuclear sentiment manifested in the breakdown of the defense cooperation between the United States and its ally, New Zealand, and gave birth in the South Pacific to the world's third nuclear-free zone.[1] The biggest challenge for the existing major power matrix has been the increasing interest of China in the region. The core issue that facilitated US dominance in the region has been security and regime stability in the region. However, China's charm offensive has incrementally challenged this status quo.

Since the early 1990s, Beijing has questioned many aspects of the Indo-Pacific collective security system. Over the period of nearly three decades, Chinese leadership has advocated for a unilateral approach, conventionally projected as bilateralism. Beijing has strongly refuted Australian and Japanese proposals such as the East Asian Community and the Comprehensive Economic Partnership for East Asia, which many consider would-be precursors to a larger multilateral Indo-Pacific security conference. Chinese reservations have been so profound that any multilateral maritime exercise, such as the trilateral Malabar Exercise, which brings together the naval forces of India, Japan, and the United States and excludes China, is seen as an anti-China program. As a result of this diplomatic offensive, institutions such as the Association of Southeast Asian Nations

(ASEAN) Regional Forum, ASEAN Defence Ministers' Meeting-Plus (ADMM Plus), and East Asia Summit have to accede to a certain extent to Chinese demands. Beijing has advocated that any disputes related to China should be resolved bilaterally with the country, as demonstrated by its rejection of international bodies' rulings on the South China Sea situation. China's convenient mute stance on regional arms control issues and disarmament obligations, in contrast to its activism in the United Nations, underlines Beijing's anxieties that the creation of an Indo-Pacific security organization would hamper its extensive regional strategic zone.[2] Hence, China has made diplomatic and economic overtures to the island nations of the South Pacific to promote ties through aid. The strong rebuttal against Western nuclear tests in the past have acted as catalyst. Increasing grievances from the island communities against nuclear testing and such testing's impact on the islands' limited natural resources have compelled these island nations to look for other sources of financial support for infrastructure development, and project-based grants. Beijing's charm offensive was buttressed through loans as comprehensive packages and has lured a few island nations into China's sphere of influence. This situation has created favorable conditions for China to expand its influence in the region. However, Beijing is also seen as a nuclear proliferator and a culprit in global carbon emissions, which indirectly threaten the existence of these islands.

US Air Force photo by SRA Kelsey Tucker

Figure 1. Pacific Angel 18-3 in Vanuatu. US Air Force SSgt Kristen Hill, medical technician with the 152nd Medical Group, Nevada Air National Guard, checks a patient's vitals at Tata Primary and Secondary School during Pacific Angel 18-3 in Luganville, Espiritu Santo Island, Vanuatu, 16 July 2018. US military and partner nation pediatricians saw approximately 200 children at the clinic during the first two days.

Taiwan also factors highly in China's interests in the region. While the recognition of Taiwan by select nations in the South Pacific may not pose much of a threat to China's stature at the international level do to their own low stature in terms of global power, any reduction in Taiwan's acceptance as a nation is a bonus to Chinese diplomacy. Therefore, Beijing's inroads in Oceania have a two-pronged objective. Firstly, to decrease recognition of Taiwan as an independent country among select island nations and increase Beijing's clout in the region where US dominance has gone largely unchallenged. Secondly, the issue of expansion of trade, assistance, and aid has also become the major lynchpin of Chinese diplomacy. In the recent past, the dissonance between the United States and these small island nations of Oceania on the issues of nuclear testing, trade, governance, and human rights violations have created a critical space for China to maneuver its diplomacy and create strategic influence in that geopolitical space. Furthermore, Beijing has always planned for the future and is looking to define the periphery of its Third and Fourth Island Chain strategy when it develops a formidable blue water navy.

China's engagement with the region has a long history. Most studies of Chinese in the South Pacific follow the four-stage evolution of Chinese diasporic communities in the nineteenth and twentieth centuries delineated by Wang Gungwu in his influential study of the Chinese in Southeast Asia. Chinese traders in search of commercial opportunities were among the first to venture into the region during this period. Later in the nineteenth century, Chinese indentured servants, who worked mostly for Western companies, spread throughout the region. Then in the early twentieth century, more diverse groups of Chinese immigrants established communities in the islands, maintaining commercial, familial, and other connections to the motherland. Finally, after the 1980s, Chinese involved in the global economy have moved to the region seeking new opportunities. The growing strength of Chinese diaspora across the Southeast Asia (especially, Malaysia, Indonesia, and Thailand) and in Australia and New Zealand has acted as the support system for Chinese inroads in this strategic space.

Historical Backdrop

In the early nineteenth century, China's linkages with the far off South Pacific islands focused on the maritime trading routes, which were seen as natural extensions to China's engagements in Southeast Asia. For the Canton market, traders from North America and Europe (particularly Americans and Brits) explored these small islands for sea slugs (*beche-de-mer*), sandalwood, and other exotic products.[3] The British East India Company, which was active in the Indian subcontinent, began to export opium through "free traders," while compelling traders all

over the Pacific to look for pearls, spices, and other rare goods to purchase tea at Chinese markets. The sandalwood from these Pacific islands had a huge demand.[4]

In the late eighteenth century and early nineteenth centuries, European imperial powers employed indentured laborers from China's Guangdong province to toil in the plantations of French Tahiti, Samoa, German New Guinea, and other islands throughout Oceania. The relocation pattern was similar to that of Southeast Asia, with an initial influx of indentured laborers followed by unrestricted immigrants, who found economic vocations as artisans, carpenters, small traders, and merchants in these colonial economies. From the copra plantations of Western Samoa to the phosphate mines of Nauru and the trade stores of New Guinea, the Chinese played an important role in the region's economic development.[5] The indentured workers supported plantations and sugarcane cultivation in the region. French Polynesia suspended this system in 1872, and, as a result, the plantations were deserted and buildings abandoned. With the expiry of their contracts, many Chinese laborers returned to their homeland.[6] Miners found valuable metal ores such as nickel, chrome, and iron in French New Caledonia in the early 1880s. This discovery led to sudden spurt in demand for low-cost labor, as the convict laborers could not meet the rising demands. In 1884, the Société le Nickel mining company gave contracts to 165 Chinese laborers hailing from Macao. However, these contractors soon returned to their country because of adverse conditions.[7]

During the imperialistic rule, the Nationalist government of China had established consulates on a few PICs. Their first two consulates were in Apia, Samoa, and Suva, Fiji, to address concerns of indentured Chinese workers. Later, the Kuomintang party opened overseas branches in New Guinea and Fiji. During the Sino-Japanese war in 1937, Chinese communities living in these PICs raised funds for their homeland. Chinese immigrant community preserved their political and cultural links with their native land. Meanwhile, the Australians in New Guinea and New Zealanders living in Western Samoa put curbs on Chinese immigration. These two regimes compelled mandatory repatriation of Chinese workers when work contracts expired. In areas such as Western Samoa, intermarriage between Chinese and indigenous peoples was a catalyst toward closer identification with native interests.[8] In the next century, the Pacific Islanders witnessed both competition and convergence between domestic and Chinese immigrant communities.

With the rise of People's Republic of China (PRC) in the early 1950s and in the wake of the subsequent Cultural Revolution, Chinese foreign policy promoted aid and assistance, buttressing Beijing's renewed interest in the South Pacific. This interest was highlighted in 1985 with the visit of Hu Yaobang, then–Secretary General of the Chinese Communist Party, visited Australia, New Zealand, Fiji, New Guinea, and Western Samoa. Hu Qili, member of the Standing Committee

of the Political Bureau of the Communist Party, accompanied Hu Yaobang. Hu Qili was a close confidante of the General Secretary, Zhao Ziyang, who enjoyed strong support during the 13th Party Congress held in November 1987. Chinese aid to Western Samoa was primarily aimed at extending the international airport and turning taro (a starchy root crop with high nutritional value) into an export commodity. The United States and the erstwhile Soviet Union had been conservative in deputing ambassadors to this region and had resident ambassadors in Australia and New Zealand. In contrast, China stationed its diplomats in Fiji, PNG, and Western Samoa along with Australia and New Zealand. Thus, China had taken pioneering efforts to compete, albeit to a modest extent, with the other aid donors in extending its presence in the region.[9]

With the end of the Cold War, the United States reduced its association with Oceania but maintained its presence in select islands such as Guam, American Samoa, and the Northern Mariana Islands. China incrementally increased its own engagement. New evolving geopolitics between the major powers and the microstates of this region may have consequences for international security.[10] Beijing is integrating the Pacific islands into China's broader mission to become a major power with expanded strategic space beyond its adjoining oceans. Oceania might not become the epicenter of major power competition, but the region might be a congenial ground for China to establish footholds of influence, engage new allies, and command allegiance in a region historically dominated by the Western powers.[11]

China's long-term goal is to ultimately challenge the United States as the preeminent power in the Pacific Ocean. For the PICs, the strategy is to wave the "China card" so as to revive Western interest and ensure sustained aid payments. As a result, one cannot presume that Oceania will remain as the "American lake."[12] Since 2010, the United States has closed its diplomatic missions in Samoa and the Solomon Islands. Furthermore, Washington pulled out aid offices from Fiji and PNG, while also reducing US government scholarships and other financial assistance to the PICs. Meanwhile, US policy makers seemed oblivious of China's increasing influence in Oceania. Most PICs such as Fiji, Vanuatu, and Samoa view Beijing's growing role in Oceania with favor rather than fear.[13] From 2013–2018, China has hosted the leaders of PNG, Fiji, Vanuatu, Samoa, the Federated States of Micronesia (FSM), Tonga, Kiribati, and Timor-Leste. It has increasingly seemed that any new head of government from the region prefers traveling to Beijing for their first official overseas visit rather than venture to Canberra, Washington, or Wellington.[14]

A major challenge facing China's continued economic growth is geography: it has a large landmass but a relatively small coastline. To overcome this constraint, China has created new islands in the South China Sea and has been scouting for

bases or civilian engagement in countries such as Maldives, Vanuatu, Fiji, and many other PICs. The Chinese objective in PICs is nuanced and based on statecraft and checkbook diplomacy.

China's Political Objectives in South Pacific

Historically, Taiwan has maintained diplomatic relations with six PICs—Nauru, Palau, Solomon Islands, Kiribati, Marshall Islands, and Tuvalu. As a result, the PRC still faces diplomatic obstacles in the South Pacific.[15] As the two Asian contenders, China and Taiwan, have grown, their rivalry has escalated as the struggle for resources has increased. This multiplied in the South Pacific diplomatic space. The small PICs have nurtured this geopolitical rivalry, as they have gained considerably from cross-strait frictions. the situation has helped PICs to secure development assistance and project grants, thereby supplementing their finite resources. China's growth complemented its diplomatic offensive, an accomplishment Taiwan cannot match—and the gap is going to get bigger. These factors could weigh prominently in the diplomatic recognition equation. China has the economic capacity and development prowess to supplement the PICs' development aspirations; on its own, Taiwan does not.[16] This rivalry has a long history.

The PICs' independence between the late 1960s to early 1980s triggered Sino-Taiwanese diplomatic rivalry in the region. The PRC's ascension to China's permanent seat on the UN Security Council (UNSC), displacing Taiwan, gave Beijing a decisive advantage in this competition. Beijing's sway in the UN, including the ability to veto UNSC motions, was instrumental in establishing diplomatic ties with PNG. Taiwan remained relevant because of its status as an Asian Tiger economy during the 1970s and 1980s. This helped Taipei in charming several PICs, thereby partially offsetting China's bigger international footprint. For example, Taiwan established diplomatic ties with the Solomon Islands, relying on Taipei's ability to offer attractive economic incentives. Such economic pursuits helped Taiwan to gain recognition from four PICs: Tonga, Nauru, the Solomon Islands, and Tuvalu. On the other hand, the PRC gained diplomatic acceptance from PNG, Samoa, Fiji, Kiribati, and Vanuatu.[17]

Taiwan offered economic incentives in terms of aid and assistance in kind to win diplomatic recognition. A major goal of this diplomacy was to reclaim Taiwan's UN membership, which it had lost to the PRC in 1971.[18] Taiwan achieved initial success, with the inauguration of an official trade mission in Fiji in 1971. Later, Taipei also institutionalized nonresident diplomatic relations with Tonga and Western Samoa in 1972. However, US president Richard Nixon's historic 1972 trip to Beijing compelled Australia and New Zealand to establish ties with China. Still, in 1973, Taipei welcomed Western Samoan and Tongan prime min-

isters for visits focusing on development assistance programs. In June 1975, Taiwan established its resident embassy in Tonga.[19]

Diplomatic rivalry between Beijing and Taipei continued even during the decolonization process in the South Pacific in the 1970s and early 1980s. Taiwan established diplomatic relations with Tuvalu, Nauru, and the Solomon Islands. China subsequently established diplomatic links with Kiribati and Vanuatu. The two Chinas applied "visit diplomacy" to advance personal links with island leadership. High-level courtesy was rendered to visitors from these islands. Since the mid-1970s, the list of islanders who have made official visits to Beijing included those from Vanuatu, Fiji, PNG, Kiribati, and Western Samoa. Micronesian president Tosiwo Nakayama undertook an unofficial visit to China in 1987.[20] However, Taiwan's assistance policy to PICs paid long-term dividends. Tuvalu's support for Taiwan was extended for a yearly payment of about $0.25 million for 10 years. In 1998, the Marshall Island established full bilateral relations with Taiwan, which even with the transition of government in 1999 saw continued.[21] In 1997, the Samoan government, which favored China, suspected Taiwan of fomenting trouble, accusing Taipei of financing antigovernment marches. Taipei rejected allegations of shady financial support for such political rallies and blamed the Samoan government for the island's internal problems.[22] However, in 1998, Taiwan had to withdraw its ambassador to the Solomon Islands. There were similar allegations that Taipei had "enticed" two opposition legislators to support the government. The Taiwanese government had provided substantial financial funding to the overthrown government and, in return, garnered diplomatic backing. Following May 2000, with the overthrow of the elected government in the Solomon Islands, the militia-backed regime's foreign minister traveled to China to secure financial assistance from Beijing. However, the Solomon Islands remained in the Taiwanese camp in return for an improved aid package and even deliberated upon the offer to dump Taiwan's nuclear and industrial waste on some of the nation's remote islands.[23] In 1999 and 2000, China leveraged its position on the UNSC to postpone, instead of veto, Nauru's and Tuvalu's applications to join the United Nations, respectively, largely because both countries had extended diplomatic recognition to Taiwan.[24]

Photo by Brian Hartigan, Australian Federal Police

Figure 2. Help a friend. Regional Assistance Mission to Solomon Islands (RAMSI) and Royal Solomon Islands Police patrol Honiara waterfront. Solomon Islands, 2003. Following years of unrest in the Solomon Islands, a sizable international security contingent of more than 2,000 police and troops, led by Australia and New Zealand and with representatives from six other PICs arrived in summer 2003 to help restore security. RAMSI, as the force was known, ended its mission in 2017.

This Sino-Taiwanese friction in the South Pacific changed with Taipei's transition toward greater democracy. During the presidential tenure of Lee Teng-hui, Taiwan moved closer to independence and abandoned Taipei's previous policy that dictated Taiwan would only establish ties with countries that have no relations with Beijing. According to Taiwan specialist Joel Atkinson, "This 'New Taiwan' continued to seek diplomatic recognition from the Pacific islands, but as a state separate from that controlled by the government in Beijing. It would also become interested in acquiring increments of recognition, such as permission for presidential flight stopovers."[25] The rivalry between Taiwan and the PRC has created both benefits and problems; for example, the "two Chinas" friction restrained the South Pacific Forum (precursor to the Pacific Islands Forum) from expanding its annual dialogue by inviting extraregional powers. In this sense, the China factor is a potentially divisive issue within the framework of South Pacific regional cooperation, which is based on consensus.[26] China has also opted for other means to expand its presence in the region, and aid serves as a form of benign and legitimate involvement in South Pacific affairs.

China's Aid Diplomacy in Oceania

The new rising powers in global politics have become important in the regional strategic equations. China has been one of the beneficiaries. This accommodation,

or in other words *enmeshment*, is at the structural level, which starts from smaller powers to middle powers (or "secondary states")[27] and subsequently becomes part of great-power policy. Small powers in the South Pacific and Southeast Asia have started accommodating the rise of China. South Korea, Malaysia, Thailand, New Zealand, and Australia have shifted toward an accommodation strategy. Each nation calibrates its engagement with China, "combining containment, engagement and hedging strategies in myriad ways."[28] Taking into cognizance the developments, the smaller island states in Oceania are looking for economic advantages but are also wary of Chinese inroads into their economies. Nations like PNG have witnessed anti-Chinese riots in the past. Despite that, China has been undertaking significant endeavors to win over these small nation states.

Chinese investments in social goods, such as infrastructure in PNG and many other nations, have been appreciated, but there were apprehensions related to large influxes of Chinese entrepreneurs and laborers tied to such ventures. These so-called "new Chinese" have faced problems assimilating into their host nations' national fabrics because of culture, language, and social differences, often concentrating on profiteering instead of integrating with the local community. The PNG government granted concessions to the Chinese companies through tax holidays and indemnities. There have been concerns about the Chinese companies in PNG exploiting resources in a fashion akin to similar situations in Africa—reminiscent of such exploitation under colonial rule.[29] The 2006 China-Pacific Islands summit meeting in Suva underlined the significance of Southwest Pacific for China.[30] The South Pacific is identical to the developing world with regard to corruption and relatively less advanced in terms of quality controls of imported goods. Taiwan's aid money has been noteworthy in the internal politics related to the Solomon Islands crisis. In 2003 China-Taiwan competition cast a shadow on the domestic dynamics of Kiribati. However, this island remains relatively stable in the region. The new government has shown its resolve with the termination of its ties with Beijing, despite hosting China's satellite tracking facility at Tarawa.[31]

In current trends in Indo-Pacific security, China projects strategic strength and, in a way, challenges American hegemony in the region. While one must not make unnecessary assumptions about future projections for China's progress, Beijing's initiatives demonstrate China does have real interest in addressing external difficulties. For China, resource acquisition is an objective of foreign policy. However, sensitivity and concerns over China's military modernization, along with Beijing's assertive posture, raise concerns about the South China Sea and even the South Pacific.[32] Still, China's economic clout and aid program have seen few PICs gravitating toward Beijing's camp. Between 2006 and 2011, China doled out USD 850 million in bilateral aid to the eight PICs with which it has diplomatic

relations. Chinese aid is valued for its quick responsiveness, flexibility, and concentration on priority projects and unrepresented sectors. As a donor, China caters to the political ambitions of the Pacific leaders, who have, in turn, become more open about their relationships with China and, in veiled reference, stated that Australia is not the only regional power upon which Pacific leaders can rely. These leaders also boast of China's big-heartedness, hoping for more financial support from traditional aid donors.[33] According to Philippa Brant of the Lowy Institute, "Chinese aid helps these countries build much-needed infrastructure, from the National Medical Centre in Samoa, to water pipes in the Cook Islands, to university dormitories in Goroka, Papua New Guinea. China stepped up its engagement in 2006 when it held the first China-Pacific Island Countries Economic Development and Cooperation Forum, pledging increased funding to the eight countries with which it has diplomatic relations."[34] Since 2006, China has given aid to the tune of USD 1.479 billion for 169 projects across the South Pacific.[35] Beijing has promised a total USD 5.9 billion, or nearly one-third of all aid pledged to the region's 14 countries by 62 donors.[36]

Nonetheless, concerns about China should not be over exaggerated as Australia has been the region's core security guarantor and its main source of aid, trade, and investment. Australia provides 62 percent of total bilateral aid through Development Assistance Committee donors to the region, representing 37 percent of its total aid budget (2009–2011).[37] Australia's dominance in percentage terms exceeds even that of the United States in the Middle East, where America provides 51 percent of the total bilateral official development aid received. For Australia, China's development assistance should be viewed not as a threat but as an opportunity. Australia's dominance in the region means that it is in a strong position to work with China for the sake of good development outcomes and to strengthen its bilateral relationship with Asia's rising power.[38] However, within Australia, there have been apprehensions about Beijing's objectives for these aids and grants apart from diplomatically leading regional states to withdraw recognition of Taiwan as an independent nation.

First and foremost, Australian cooperation with China will support PICs' efforts to exploit the development impact of Chinese assistance. China has instituted the China-Pacific Islands Economic Development and Cooperation Forum to cater to the needs of the Pacific nations. Furthermore, the Commonwealth and Pacific Island Forum suspended Fiji's membership in 2009 in response to the military dictatorship of Frank Bainimarama. This compelled Bainimarama to support an alternate forum known as the Pacific Island Development Forum in 2013, which garnered the support of eight PICs and China. Still, China's South-South cooperation approach suffers a trust deficit. Chinese aid is focused on se-

lective infrastructure projects with either no real development value or China-specific utility. For example, in Fiji, Samoa, and Vanuatu, China has undertaken projects that have obligated these islands to join the China-controlled Asian Infrastructure Investment Bank. Observers often cite Chinese soft loans as responsible for raising the levels of national indebtedness. Chinese companies' along with immigrant labor in the Pacific Islands contributes to social tensions.[39] China has indicated that it is willing to engage in a collaborative approach to development in the region. Brant states, "The South Pacific boasts the world's first trilateral project involving China and a traditional donor—the jointly funded water improvement project between New Zealand and China in the Cooks Islands. The April 2013 Australia China development cooperation partnership memorandum of understanding (MOU) provides an important signal about collaboration with Australia. The MOU has resulted in Australian and Chinese experience-sharing activities in Papua New Guinea to fight malaria."[40] Given the fact that China would like to encroach into strategic waters, it seems likely Beijing would seek cooperation before asserting itself in the region.

China's Extended Reach: Signature of a Rising Power

The Australian government has carefully calibrated its statements and speeches to avoid being caught in a future conflict between the United States—Canberra's traditional security ally—and China, with whom Australia has rapidly growing economic relations, by promoting adherence to collective security and mediating through cooperative security discourse. Then-Prime Minister Kevin Rudd's proposal to explore ways to forge an "Asia-Pacific Community" (APC) in June 2008 was a precursor to Australia's hard choices in the future. Rudd envisioned the APC as the means to build an institutional structure that would enmesh China and the United States to address security and economic agendas.[41] However, China did not endorse the proposal, and subsequent Austrian administrations have taken different courses.

China's outreach to PICs has its own share of problems. In the past, the local populations have resented Chinese encroachment in social and economic life. Chinese immigrant populations have never challenged the political dominance of indigenous peoples as the Indian population did in Fiji, but Chinese commercial success has often been a source of resentment and flashpoint for confrontation. John Henderson and Benjamin Reilly provide examples: "In Fiji recently, the trade union movement condemned the hiring of 900 Chinese garment workers, with union leaders complaining that the influx of Chinese immigrants had depressed wages, work conditions and employment opportunities. In 1998, a leading figure in the Tongan pro-democracy movement, Akilisi Pohiva, claimed that Chi-

nese immigrants were costing Tongans work opportunities and causing 'economic, political, social and moral problems.' In late 2000, several hundred Chinese shopkeepers and their families were ordered out of Tonga 'for their own protection.'"[42]

Given that China aspires to develop a blue water navy and seeks markets and resources to remain at the top of the manufacturing ladder, it is possible that China will provide lucrative loans and aid to keep these PICs on its side. However, increasing Chinese footprints in the region would mean that Australia and New Zealand as well as the United States would find themselves with less strategic maneuverability. Further, the regional multilateral institutions might find that major power rivalry can help them derive benefits both in terms of military assistance and economic aid playing one side against the other in much the same fashion other states did during the Cold War. In many of the PICs, it has been seen that regime change often follows in the wake of foreign funded coups or even small grants given to particular factions within the ruling elite. Beijing and Washington have both employed this tool in the past. However, the issues related to climate change, nuclear testing, and increased exploitation of natural and oceanic resources might put the major powers in a tight situation. The small states' consortium would also like to protect its EEZ and exploit it in a manner by which their own future generations can thrive rather than providing for the benefit of larger powers. Further, rising sea levels might force these island communities to look for relationships that would help provide their populations with migration prospects should relocation become necessary. In this regard China, the United States, and Japan have their disadvantages. For PICs, the only countries that can provide habitat would be nearby countries, such as Australia, New Zealand, PNG, and Indonesia. Many citizens of the PICs have easy visa norms and access to the United States, but for Asian societies, accommodating PIC citizens would be a political issue. The other option for easy migration could be Canada.

The Second and Third Island Chain strategy of China covers the whole of the South Pacific and completely challenges US control in the larger parts of the Pacific through American bases in Guam and Okinawa. China's offshore bases initiative have seen China opening a naval base in Djibouti very close to the preexisting US base. Furthermore, Chinese initiatives with regard to Vanuatu and Fiji and assistance programs in Samoa do have strategic imprints. China has a satellite monitoring station in the region, and Beijing is scouting for a similar facility in Vanuatu—and reportedly, a naval base as well. The satellite monitoring station would help the country in monitoring India and many other countries' launches and positioning of systems in space.

Conclusion

China has deep pockets, and the PICs have financial aid requirements. While Australia, New Zealand, and the United States, as well as other European powers such as Britain and France, will have a say in the affairs of the region, China has inserted itself into the geopolitical balance. Beijing is trying slowly and methodically to create dependent states in the region that might serve as the destinations for Chinese travelers and the strategic waters for the Chinese navy to expand its reach. China is emulating the Soviet example from the Cold War era, when the USSR sent its submarine to these Pacific waters for patrolling and surveillance. Further, China feels that these PIC economies might not be that important in economic terms but strategically relevant as an extension of the South China Sea in this region would bestow China with greater maneuvering space. China's willingness to extend credit to the PICs for infrastructure projects might provide the economic lifeline these nations' economies need to protect their living spaces. Furthermore, China seeks to steer the microstates allegiance away from Taiwan and the West, hoping to convince them to join Beijing's designs or, at the least, not impede with its core interests in the region. Four of the six PICs are due for elections in 2019, and China fervently hopes that the new governments in these four islands will withdraw their nations' recognition of Taiwan as an independent country. Given the fact that China does have multiple reasons to stay in the South Pacific, Beijing would like to consolidate and maintain its presence in these waters. The problem is the ambivalent attitude of the United States and its allies and increased intervention regarding democratic governance and human rights, which might not resonate in the minds of the leaders of these islands. ✪

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