



## Original Article

# Regionalism and Changing Regional Order in the Pacific Islands

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### Abstract

*Institutional developments in Pacific Islands regionalism have been dramatic in recent years. These include the changing role of the Parties to the Nauru Agreement, a grouping of eight ‘tuna-rich’ Pacific Island states that is transforming the dynamics of regional fisheries; the emergence of a more activist Melanesian Spearhead Group, which comprises the four largest economies of the Pacific Islands and is leading the process of regional economic integration; and the establishment of the Pacific Islands Development Forum, which promises a more inclusive ‘regionalism through partnerships’ approach in addressing climate change and sustainable development issues. This new dynamism is driven by the discontent of a growing number of island states with the established regional order, defined by prevailing institutions, power and ideas, and by a desire to assert greater control over their own futures. Against the backdrop of an increasingly dynamic geopolitical and geo-economic landscape, Pacific Island states are using alternative regional frameworks to develop new approaches to the challenges facing them.*

**Key words:** regionalism, regional order, Pacific Islands, tuna fisheries, Melanesia

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### 1. Introduction

Institutional developments in Pacific Island regionalism have been dramatic in recent years. Within Melanesia, the Pacific’s largest and most economically dynamic island states have ramped up their cooperation through a strengthened Melanesian Spearhead Group (MSG), which has expanded its purview to include climate change and security, and is leading the process of regional economic integration. This has triggered the formation of the Polynesian Leaders Group in 2012. In the key tuna fisheries sector, the Parties to the Nauru Agreement (PNA) have emerged as a force for change, asserting a tuna management and development agenda that is transforming the dynamics of regional fisheries. Meanwhile, at the United Nations (UN), Pacific Island states achieved an historic victory in the renaming of the regional bloc to which they belong, now the Asia-Pacific Small Islands Developing States grouping, and have caucused as the Pacific Small Islands Developing States (PSIDS) group on issues of sustainable development and climate change, rather than as the Pacific Islands Forum (PIF) group. Long regarded as the region’s peak political body, with Australia and New Zealand as members, the PIF has in recent years been shaken by the absence of its host country Fiji (following its suspension in 2009 for failing to hold elections), and by reviews in 2012 and 2013 that highlighted the need for a major overhaul of the Forum, if it is to retain its relevance. The

inauguration in 2013 of the Pacific Islands Development Forum (PIDF) is potentially the most significant challenge to the PIF to date. Established by Pacific Island leaders in Fiji, it is based on a radically new approach to regionalism that includes Pacific Island state and non-state actors, and aims to become the institutional voice of PSIDS—at the global and wider regional levels.

Within academic and policy circles, however, opinion is divided on the broader and long-term significance of these developments. One view is that these new institutions fill a gap in the region's architecture, but do not challenge the dominant position and authority of the PIF. May (2011, p. 7) has argued, for example, that 'it seems unlikely that the MSG or some other MSG Plus grouping poses a serious challenge to the Pacific Islands Forum'. In similar vein, Poling (2013) argued that the PIDF 'is not and is unlikely to become a competitor to the Pacific Islands Forum . . . as the coordinating hub for Pacific development'. Another view is that these developments are largely transitory and short-lived. For example, Lal (2012, p. 87) predicted that the PSIDS group 'will slide into oblivion once Fiji rejoins the Forum'. Other commentators, however, see these developments as having deeper significance. Herr and Bergin (2011, p. 2) refer to a 'rising sub-regionalism' that is testing the 'coherence and robustness of the regional system', while Maclellan (2013) describes the erosion of 'Australia's long-held influence' as Pacific regionalism is 'transformed'.

This article addresses the question of whether these regional initiatives are a series of unrelated developments or part of a more fundamental process of change. It argues that they do constitute a deeper transformation, not just of the regional architecture, but of the regional order itself.<sup>1</sup> The focus is on three key institutional developments. They are the changing role of the PNA, a grouping of eight

'tuna-rich' Pacific Island states; the emergence of a more activist MSG, which comprises the four largest economies of the Pacific Islands; and the establishment of the PIDF, which promises a more inclusive 'regionalism through partnerships' approach in addressing climate change and sustainable development issues.

This article also addresses the question of how to explain this transformation. The reasons for the recent changes in regional politics are contested. Most commentary has focused on the rise of China and the growing interest of new external players in the region as the prime explanation (see Firth 2011; Haywood-Jones 2013; Wesley-Smith 2013). Some have also emphasised the role of Fiji's new diplomacy, following its suspension from the PIF in 2009. A third view sees the 'new Pacific politics' as a response to failures of existing regional institutions to address development issues for the Pacific (Morauta 2013). Fourth, Pareti (2013a) highlights 'unhappiness' on the part of Fiji and other island states at the perceived 'undue influence on Pacific Islands Countries issues and affairs by Australia and New Zealand'.

This article argues that the causes lie in the interaction of these forces with a broader discourse of change in the region. It suggests that much of the new regional dynamism is driven by the discontent of a growing number of island states with the established regional order and by a desire to assert greater control over their own futures. Against the backdrop of an increasingly dynamic geopolitical and geo-economic landscape, Pacific Island states are using alternative regional frameworks to develop new approaches to the challenges facing them. This recalls an earlier quest for self-determination through regionalism, which coincided with the decolonisation of the Pacific Islands region four decades ago.<sup>2</sup>

To provide a baseline to evaluate the significance of the new regional politics, the article

1. Regional order refers to the prevailing institutions, power configuration, and ideas and norms that shape international relations within a given geographical region (Fry 1993; Sorensen 2006).

2. Fry (1981) discussed how developments in South Pacific regionalism, initiated by Pacific Island countries, affected the nature of international relations within the new, post-colonial system.

begins with a description of the post-independence regional order and the role of regionalism within that order.

## 2. The Post-Independence Regional Order

The decolonisation of the island countries and territories in the 1960s and 1970s saw the emergence of new regional order.

This post-independence regional order was defined, first by an extensive network of interconnected regional institutions. The most important of these institutions was the South Pacific Forum, formed in 1971. Later renamed the Pacific Islands Forum (PIF), this comprised the political leaders of all independent and self-governing states, together with Australia and New Zealand.<sup>3</sup> Given this membership, it became the preeminent regional body of the Pacific Islands, coordinating policy and action on the major political, economic, security and environmental issues facing the region. The PIF built on an existing regionalism, established during the colonial era. The largest regional body—in terms of membership—was the South Pacific Commission (SPC), formed by colonial powers in 1947 and comprising all metropolitan powers and their territories, as well as emerging independent island states. Later renamed Secretariat of the Pacific Community, SPC focused on (technical) cooperation in a range of economic, social and scientific areas. Other more specialised regional institutions were formed out of the SPC and Forum, dealing with fisheries, environment, geoscience, tourism and education.

Regional institutions and frameworks played a central role in the maintenance of the Pacific regional order. For Pacific Island states, they were an important mechanism for asserting their newly acquired sovereign identities and claiming their rights as sovereign states. These institutions were also central to facilitating post-colonial ties with former metropolitan powers—such as the Britain, France,

the United States, Australia and New Zealand. Important regional agreements negotiated under the auspices of the South Pacific Forum included a multilateral tuna treaty with the United States, the Lome Convention with the European Union (EU), and the South Pacific Regional Trade and Economic Cooperation Agreement with Australia and New Zealand. Through collective diplomacy, Pacific Island states were also able to advance their interests on security and environmental issues, such as the declaration of the South Pacific Nuclear Free Zone in 1985 and the Wellington Convention banning driftnet fishing in the region in 1989.

For the former colonial powers, regional institutions helped maintain the Western hegemony over the Pacific Island region, a legacy of the colonial era. This was possible through their membership of some or all of the key regional organisations. Australia and New Zealand held a special place in this regional order as the only non-Pacific Island members of the PIF and its secretariat. This gave them privileged access to, as well as influence over, regional actions and policy. In exchange, they provided the largest share of funding for the regional program and operating budget of the PIF Secretariat and related regional agencies. However, this also led to a marked asymmetry within regional institutions and a growing dependence on donors, fostering what Firth (2008) described as ‘patron-client’ regionalism.

The inclusion of Australia and New Zealand by Pacific Island leaders in regional institutions (particularly the PIF) was based on the belief that they were needed as partners in this regional endeavour: ‘for part of the ambitious plan of the Forum was no less than to alter the whole balance in the terms of trade’.<sup>4</sup> Australia and New Zealand, for their part, supported the idea of ‘equal partnership’ within regional institutions as well as in bilateral relations, and were sensitive to appearing too dominant in regional affairs (Ball 1973).

3. PIF membership is Australia, Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

4. Comment by Ratu Sir Kamisese Mara, Prime Minister of Fiji, Grail Address, Corpus Christi College, Suva, 15 January 1973.

The post-independence regional order was built on the idea of Pacific Island 'ownership' of regional organisations. As Greg Fry (1981, p. 468) argued, regional organisations 'were not just created for the practical results they might achieve, they were also seen as symbols of an indigenous assertion of control over regional decision-making and activity'. This was reflected in the articulations of a common regional identity: the Pacific Way. Especially evident in the early post-colonial era, the Pacific Way asserted Pacific cultural values and practices, which in turn provided a basis for regional solidarity and empowerment.

By the early 2000s, some tensions and contradictions inherent in this Pacific regional order began to surface, eroding its political legitimacy and integrity. One trend that became increasingly pronounced was the tendency of Australia and New Zealand to assume a more dominant role in regional affairs. This has been described by (Firth 2008, p. 122) as 'a shift to a new, Australian-directed regionalism', especially evident in the security and economic/trade domains.

Disquiet at this trend was voiced by various leaders—including one of the founders of the Forum, Ratu Mara. Reflecting on the PIF's 30th anniversary in 2001, he confessed to a 'sense of disappointment with our metropolitan members . . . that they have sought to impose their solutions in an insensitive way, when left to ourselves we could work things out in what we have called the Pacific Way' (Mara 2001). The push by Australia and New Zealand to fast-track trade negotiations with the Pacific Island countries, especially in 2009, drew criticisms of bullying tactics and abuses of process. According to one study, 'such behavior appears to be condoned, if not actively facilitated, by a Forum Secretariat that many Pacific Islanders increasingly regard as being in the pockets of Australia and New Zealand' (Penjueli & Morgan 2009, p. 5).

Another key factor that exposed cracks in the regional order was Fiji's suspension from the PIF and its Secretariat. The decision to suspend Fiji in 2009, following its failure to hold elections despite an earlier undertaking to the Forum, was unprecedented and served to

divide Forum members (although all had originally agreed to adopt the ultimatum leading to this suspension). Challenges arising from the effects of climate change also became an increasing concern for Pacific Island states (especially the smaller island states most vulnerable to the effects of sea-level rise). However, PIF Communiqués remained at odds with agreed positions taken by these states. For some, this created an imperative for more assertive Pacific diplomacy on the world stage. As the Kiribati President Anote Tong put it in 2012: 'We have no choice but to engage even more aggressively internationally because the key to our survival will depend on whether international action is taken on climate change or not' (Tong 2012).

Criticisms of the PIF Secretariat's role, especially in trade negotiations, were evident in the 2012 review of the organisation, which also pointed to 'weak' engagement between the Secretariat and its members. The subsequent review of the PIF's blueprint for regional cooperation, the Pacific Plan, referred to a 'palpable frustration' within the region at the failure of existing institutions and processes to meet the region's development needs (Morauta 2013).

Against this backdrop, Pacific Island countries have increasingly pursued their interests through alternative regional mechanisms and venues. The first to be examined relates to the management of the region's most lucrative shared resource, its tuna fishery.

### 3. An Independent PNA and the New Tuna Politics

The significance of the region's tuna wealth has long been acknowledged. The central and western Pacific Ocean accounts for the world's largest non-depleted stocks of commercial tuna. The exclusive economic zones (EEZs) of eight Pacific Island states collectively account for one third of global canning supplies, valued at about US\$3,000 million annually. What has also been long acknowledged, and long decried, is the failure of Pacific island states to translate their marine tenure rights under international law into real and substantial economic

benefits (Aqorau 2012). Foreign licensing arrangements—with Japan, the United States, Korea, Taiwan, China and the EU—yielded on average about 4–5 per cent rate of return or about US\$60 million annually. Nor was the region able to benefit from on-shore operations of the tuna industry since most of the product was off-loaded directly at canneries in South East Asia.

The potential for Pacific Island coastal states to improve returns through leveraging control over access to their tuna stocks has been greatest for the eight countries whose zones account for the bulk of the Western and Central Pacific's purse seine fishery.<sup>5</sup> These tuna-rich states first joined forces in 1982, signing the Nauru Agreement Concerning Cooperation in the Management of Fisheries of Common Interest. The group, known as the Parties to the Nauru Agreement or PNA, has been described as a 'natural alliance' due to the fact that they had the largest concentration of tuna fishing activity in the region. They also shared a common tuna stock (skipjack tuna) and an interest in coordinating their approach to foreign-owned fishing operations in their contiguous EEZs. They came together out of frustration with the broader regional fisheries body, established by the South Pacific Forum in 1979—the Forum Fisheries Agency (FFA).<sup>6</sup>

While initially there was speculation that PNA would fragment the wider group and 'dilute' the impact of the FFA, PNA was not conceived as a breakaway bloc. Instead, it operated as an integral part of the FFA, with the latter providing administrative and technical support to PNA. Over time, the PNA group emerged as a 'trendsetter' among FFA countries, with many of the PNA policies and initiatives being extended to, and adopted by, FFA membership as a whole. However, the tensions were never far from the surface, and in 2009 a PNA Ministerial meeting resolved

that 'in order to secure greater economic benefits and control of their tuna resources the PNA shall strengthen the institutional arrangements for their cooperation . . . through the development of additional mechanisms' (Parties to the Nauru Agreement 2013a, p. 110).

To this end the ministers agreed to establish a PNA office in Majuro, Marshall Islands, from the beginning of 2010. This marked a turning point for the group, as it asserted its independent institutional identity for the first time. In the past, one of the factors holding back the move to a separate organisation was funding constraints. This problem was overcome with the offer from Papua New Guinea (PNG) to fund the start-up costs of the PNA office. PNG's head of fisheries explained his country's role in PNA in the following terms: 'PNG is big enough to pursue its national fisheries agenda on its own. But the PNG government recognizes and takes seriously its responsibility as a "big brother" of the other PNA countries. . . .' (Pareti 2011).<sup>7</sup>

The establishment of the PNA office was made necessary in part by the move taken by PNA in 2007 to adopt a radically new approach to managing access to their EEZs. What is known as the Vessel Day Scheme (VDS) effectively created a limited number of fishing days within the entire PNA region and a standardised minimum fee per day. Days were distributed among PNA members (and could also be traded among themselves), and fishing fleets were compelled to compete against each other for a share of this pool of vessels days.<sup>8</sup>

This new system has dramatically increased the value of access and income earned by the coastal states, as well as the value of the fishery. The benchmark fee of US\$5,000 a day, set by PNA, equates with 10 per cent of the value of the catch/or rate of return. According

5. Federated States of Micronesia, Kiribati, Marshall Islands, Nauru, Palau, Papua New Guinea, Solomon Islands and Tuvalu.

6. Comprising 15 countries, FFA was slow to make decisions on fisheries management. It was also perceived to be dictated by the interests of states who did not have significant tuna resources within their EEZs (Doulman 1987).

7. PNG also funded the pre-assessment exercise for Marine Stewardship Council Certification of the PNA skipjack fishery.

8. As the VDS was to be run along commercial lines, it could not be managed within the FFA structure; hence the need for a separate entity (PNA, pers. com., January 2014).

to PNA data, revenue earned from purse seine fisheries by PNA members has increased from US\$60 million in 2010 to US\$249 million in 2013. Meanwhile, in the same period, the total value of the catch has risen from \$1915 million to \$3,888 million, yielding greater profits to the industry (PNA 2013b).

PNA states also leveraged access to their combined EEZs to impose measures aimed at curtailing stock depletion. In 2008, the group resolved (through their Third Implementing Agreement) that vessels wanting to fish in their EEZs would be banned from fishing in adjacent high seas ‘pockets’. In 2009, this was amended to prohibit vessels licensed to operate in PNA waters from fishing in a 3.2 million km<sup>2</sup> area of international waters called the Eastern High Seas. To support these more encompassing management initiatives, the PNA agreed in 2011 to establish an Observer Agency to coordinate their on-board observers and to set up an online fisheries information management system, with a data centre based in PNG.

Funding of these activities has been largely met through cost-recovery measures and levies rather than donor funds. This independence has enabled the group to explore other innovative approaches to maximising returns on their tuna resources. In December 2011, the PNA successfully attained Marine Stewardship Council (MSC) Certification for skipjack tuna caught in free-swimming schools: a ‘world first’ for a tuna purse seine fishery to be given this prestigious eco-label. To help achieve the hoped-for economic benefits and to strengthen its marketing power, PNA established a brand name—Pacifical—under which an MSC-labelled skipjack tuna caught in PNA waters would be marketed (PNA 2013a).

These initiatives have been described as part of an ambitious and bold agenda to transform the dynamics of regional fisheries. According to the head of PNG Fisheries, ‘PNA’s goals are simple. These include stopping the decline of the world’s major stocks by forcing countries to fish less, and to increase the proportion of revenues generated by the fishery that stays in our region. Our long term goal is to have all the purse seiners based in the region. They can be

foreign owned but they have to obey our laws, give jobs to our citizens and sell their catch to canneries in our region’ (Pala 2011).

PNA’s new assertiveness has been strongly resisted by some distant water fishing nations. The EU has refused to recognise PNA measures, such as the VDS, holding out for ‘unfettered access’ to PNA waters as part of a regionwide Economic Partnership Agreement (Pareti 2013b). This is similar to the position of other distant water fishing, such as the United States, although the latter has agreed to accept the VDS formula as part of a new tuna treaty being negotiated with the FFA member states. It has also acquiesced to regional demands for an increased fee payment under the new treaty: the US government and industry will make a combined annual payment of \$63 million for access, up from \$21 million under the previous treaty (Aqorau 2013).

Significantly, given the changing geopolitics of the Pacific, PNA relations with China have been more cordial, and in 2012, during the PNA’s 7th Ministerial meeting, the keynote address was delivered by a representative of the China Fisheries Bureau. Although China’s fleet only numbered 16 purse seine vessels by 2012 (out of 225 vessels in total) unlike other fishing nations, China has supported investment in on-shore fisheries development (mainly in Marshall Islands and PNG). China’s Exim Bank has also offered to provide a soft loan (of US\$74 million) for the development of the Pacific Marine Industrial Zone in Madang, PNG. It is anticipated that these investments will help secure China’s future fishing operations in PNA waters, due to PNA’s strategy of favouring arrangements with fishing nations that engage in PNA domestic tuna industry development (*FFA Trade News*, May/June 2012, p. 12).

PNA initiatives over the past 5 years have transformed the management of the (purse seine) tuna fishery. They have created new dynamics in relations between Pacific Island coastal states and the distant water fishing nations, allowing PNA members to assert greater control over their resources and wield greater influence as a negotiating bloc in wider regional forums. These initiatives have

improved economic returns and created new development opportunities for PNA members to exploit. PNA leadership in purse seine fishery management has also had spillover effects for other regional fisheries arrangements, as well as for economic integration moves within Melanesia, discussed in the following section.

#### 4. An Activist MSG and the New Melanesian Regionalism

Just as the members of PNA are the ‘tuna-rich’ states of the Pacific, the five countries that form what is classified as Melanesia are the ‘land-rich’ countries. The five—PNG, Solomon Islands, New Caledonia, Vanuatu and Fiji—account for 98 per cent of the Pacific Islands’ land area, 90 per cent of its natural resources and biodiversity, and 87 per cent of the region’s population. They have been described as the ‘dominant forces in Pacific politics and economics’, and as ‘largely responsible over recent years for the growing Chinese and European interest in the Pacific’ (May 2011, p. 1).

A common Melanesian identity and approach to regionalism among three of these countries had emerged by the early 1980s. This had cultural and political foundations: a shared use of Pidgin language by Solomon Islands, Vanuatu and PNG, and what has been referred to as the ‘*wantok* spirit’ (Nanau 2011), together with stronger opposition to colonial and nuclear activities in the region. Despite its European origins, the term *Melanesia* was embraced as a focus of identity and became a source of political empowerment (Lawson 2013). The MSG was conceived in 1983. Like the PNA before it, it was not intended to be an alternative or breakaway bloc to that of the Forum, but was formed to give Melanesian countries a greater voice—and more clout—within the Forum. The MSG’s primary focus at this time was support for the *Front de Liberation Nationale Kanak et Socialiste* (FLNKS), a coalition representing the pro-independence Kanak (Melanesian) population of New Caledonia.

In 1988, PNG, Solomon Islands and Vanuatu formalised the MSG partnership with the signing of the Agreed Principles of Cooperation among Independent States of Melanesia. In 1996, a new set of agreed principles was signed, which put greater emphasis on economic cooperation, in addition to the ongoing support for Kanak self-determination and promotion of Melanesian cultural values and identity. Fiji joined the group at this time, primarily to capitalise on the anticipated benefits of the proposed preferential trade arrangement within the MSG (Crocombe 2001, p. 597). As a way to strengthen cultural ties, the Melanesian Arts Festival was inaugurated in 1998.

For the first two decades, the MSG operated as an annual meeting of foreign ministers and officials, with biennial meetings of leaders. Beginning in 2005, a number of steps were taken to enhance the institutional and legal standing of the group. Following a review of MSG goals and objectives, a formal constitutional structure was adopted with the signing in 2007 of the Agreement Establishing the Melanesian Spearhead Group. This gave the MSG legal standing in international law for the first time. The agreement also provided for a permanent secretariat to be established, which opened in 2008, in the Vanuatu capital Port Vila, led by a director general appointed by the MSG leaders. This began a period of increased activism by the MSG, leading to a range of collective agreements as well as the fostering of stronger bilateral ties between individual MSG members.

On the political front, there has been an intensification of MSG high-level diplomacy—including two leaders’ summits in 2011, a special leaders’ summit in 2012 and a summit in 2013 (to mark the 25th anniversary of the MSG). An inaugural Environment and Climate Change Ministerial meeting was held in 2012 to develop an MSG position on global climate change negotiations. Security and law enforcement cooperation has been stepped up with the development of a framework agreement for sharing of information on transnational crime and other law enforcement issues. Police commissioners have met regularly and agreed to a range of initiatives,

including regional policing and peacekeeping operations. Within the MSG Secretariat, departments were formed to support MSG action on climate change, decolonisation (especially relating to New Caledonia) and security. On cultural heritage, MSG members developed and signed the MSG Framework Treaty on Traditional Knowledge and Expressions of Culture in 2011.

It has been in the economic area, however, where MSG cooperation has perhaps been most significant. Moves to dismantle barriers to trade under the MSG Trade Agreement had initially proved unsuccessful. In 2005, a series of retaliatory and protectionist measures imposed by Fiji, Vanuatu and PNG against each other's products signalled a low point in MSG trade relations (May 2011, p. 3). But this was also the year that relations started to improve, when member countries agreed to adopt a negative list approach to the MSG Trade Agreement (Tabureguci 2012a). In 2009, MSG leaders tasked their new secretariat to develop a roadmap for the creation of a common market and to undertake a review of the MSG Trade Agreement in order to facilitate this process. This culminated in the adoption by MSG leaders in early 2011 of a broad vision on the future of MSG's economic integration, to also include labour mobility and services. By 2013, three MSG members—PNG, Vanuatu and Fiji—were trading duty free, while Solomon Islands announced their commitment to liberalise and remove all tariffs on MSG countries by 2017. MSG also agreed in 2012 to the implementation of a Skills Movement Scheme to facilitate investment and promote job creation. This would focus on meeting skills shortages within the MSG region.

As a result of these measures, intra-MSG trade and investment is poised to increase, although at present this remains a small share of overall trade and investment for MSG countries. More important for now is the political significance they represent, particularly with respect to the PIF-led trade negotiations known as PACER-Plus. With technical advice provided by the Office of the Chief Trade Adviser, located in Port Vila with support from

the MSG Secretariat, these negotiations have made some progress, but crucial obstacles to finalisation include labour mobility and development cooperation. Also problematic has been the non-participation of Fiji, and according to a former chief trade advisor the 'lack of an agreed vision' regarding the type and direction of regional economic integration (Noonan 2011).

For MSG countries, tensions in the PACER-Plus negotiations provided a catalyst for their intraregional economic cooperation. PNG's Trade Minister alluded to this when he declared in 2013, 'What's the point in going into a trading arrangement with Australia and New Zealand? There's nothing to be gained for us, so let's focus on what's important for us and that is the MSG trading bloc' (Pratibha 2013). While such a statement may underestimate the continuing importance of Australia and New Zealand as trading partners, it demonstrates a desire to control the pace and direction of these trade negotiations. Moves towards an MSG economic union also reflect members' intention to lead the way in regional economic integration, in line with the group's relative weight in the region.

Also generating momentum in MSG economic integration has been MSG's largest member, PNG. The resources-led boom in the PNG economy has fuelled demand for services and manufactured goods that countries like Fiji and New Caledonia have the potential to tap into. There has also been a drive by PNG to exploit investment opportunities in the MSG region, particularly in Fiji's tourism sector, as well as to become the hub of regional fisheries processing and transshipment (with the development of the Pacific Marine Industrial Zone in Madang). Under the leadership of Prime Minister Peter O'Neill, the PNG government has embarked on a process of fast-tracking MSG trade liberalisation. According to Prime Minister O'Neill, 'We can look after ourselves better if we work together . . . Melanesian countries are the biggest in the Pacific and once we are able to engage more actively I think the rest of the Pacific can follow us' (Tabureguci 2012b).



Political cooperation has been energised by Fiji's exclusion from the PIF and by Melanesian solidarity with Fiji against Australian and New Zealand criticism (as well interference with the MSG). As a result of its suspension, Fiji invested leadership and resources into the MSG and chaired it through its particularly active period beginning in 2011. According to the FLNKS representative in 2013: 'Fiji has initiated a lot of institutional and regional issues pertaining to MSG countries and has increased the influence of Melanesia in the region . . . Without Fiji I think it would have taken longer to achieve what Melanesia has done' (*Fiji Sun*, 20 June 2013).

This increased activism and assertiveness by MSG has been backed by new players in the region, namely China and Indonesia. China funded the Secretariat headquarters in Vanuatu, as well as the salary of the director general, while Indonesia has pledged funds for the MSG Police Academy in Fiji. In 2013, the MSG Secretariat was invited, by Indonesia, to the Asia Pacific Economic Cooperation Ministerial meeting in Bali 'as a Guest'. Indonesia (along with Timor Leste) has Observer status in MSG, on the basis of its Melanesian connection through West Papua. However, this relationship with Indonesia has also proved a difficult and divisive one for MSG. Popular support for West Papuan independence within the MSG member states remains strong, and the West Papuan independence movement has petitioned MSG for membership, so far unsuccessfully (May 2011, p. 5).

MSG has emerged as the driver of economic and trade integration in the region, as well as an alternative site for political and security cooperation. The two dominant players within MSG—Fiji and PNG—have been instrumental in promoting MSG's enhanced role in regional affairs. Driven by new confidence and optimism about their economic growth potential, both states have used the MSG to strengthen relations with each other as well as with other MSG partners, and to promote a form of South-South cooperation, based on their cultural affinity as Melanesians as well as Pacific Islanders. This emphasis on cultural identity and connections has also found expression in

the region's newest regional initiative, the PIDF, dealt with in the following section.

## 5. The PIDF and the New Pacific Diplomacy

In August 2013, an international conference in Fiji established a new regional body—the Pacific Islands Development Forum (PIDF). Its membership was confined to Pacific Island states and territories—but it attracted observers from over two dozen countries, many not normally part of Pacific regional processes. The driving force behind the PIDF was Fiji's Bainimarama-led government. Suspended from the PIF and the Commonwealth in 2009, Fiji embarked on a campaign to broaden its international partnerships as well as build closer ties with Pacific Island neighbours. The MSG was one element of this regional diplomacy; a second was an annual summit dubbed the Engaging with the Pacific Meeting (EWTP), begun in 2010 and which subsequently became the PIDF in 2013.

Despite being a Fiji-led process, not embraced by all Pacific Island countries, the EWTP attracted a steady following. By the time the inaugural PIDF was convened, there was widespread interest in, and high expectations of, this new regional body. Part of the attraction for many Pacific Island countries attending the Forum was its promise of engaging in alternative discourses of development and regionalism. In other words, the PIDF was seen as 'stepping outside the box' and moving away from 'business as usual'. For leaders and their representatives attending the inaugural PIDF, this initiative provided an opportunity to influence the development agenda post-2015, and find new approaches to the environmental and economic challenges they faced, including the challenges of climate change. As the Ministerial representative from Marshall Islands put it, 'We need to do something new about climate change. This organization can take the lead in that and stop the rhetoric'. To carry the work forward, the conference agreed to establish a Secretariat in Suva, funded initially by Fiji (Tarte 2013).

The PIDF conference was distinguished by the prominence given to Pacific private sector organisations and civil society actors. Non-state actors are seen as an integral part of the PIDF's proposed structure and operations. This is in line with the agenda of the new forum, which is sustainable development and Green Growth, an approach that 'advocates inclusivity, consultations with all stakeholders, equity and fairness and justice' (*Fiji Business*, October 2013, p. 6). In fostering what has been described as 'regionalism through partnerships', the PIDF is presented as a very different type of regional mechanism to the established institutions, especially the PIFS. It was described by Prime Minister Bainimarama as being the antithesis of expensive top-down bureaucracy.

While perhaps not amenable to becoming a regional negotiating bloc or treaty making body (in the way that MSG, PNA or PIFS operate), the PIDF does provide a venue for 'inter-island dialogue without Australia and New Zealand in the room' (MacLellan 2013). This reflects developments at the United Nations, where Pacific Island diplomacy, especially around issues of sustainable development, now excludes the two developed members of the PIF. Following its suspension from the PIF, Fiji mobilised other Pacific countries at the UN to form an alternative caucus grouping: PSIDS. This group has effectively taken over the role of the PIF group at the UN, especially when caucusing on environment and development issues (including liaison with the UN High Level Forum on Sustainable Development). At the inaugural PIDF meeting, it was agreed that 'PIDF is how PSIDS connect to the international level' (Tarte 2013).

The PIDF is also providing opportunities for building new international partnerships for the region. Prominent among the observers to the inaugural PIDF were special envoys from the governments of China and the Russian Federation, who both conveyed their governments' support for the PIDF initiative as well as readiness to commit funds towards its Green Growth agenda. Meanwhile, financial backers of the inaugural PIDF were the governments of

Kuwait and the United Arab Emirates, as well as China.<sup>9</sup>

Although still in its formative stage, PIDF has been portrayed as a more genuine Pacific Island regionalism to that of the PIF and its Secretariat. Its supporters have described it as epitomising the Pacific Way of consultation and consensus. Its promise and potential have yet to be realised, but its strength and relevance lie in the 'distinctive Pacific voice' that the regional grouping seeks to articulate. For its members and proponents, PIDF represents an assertion of Pacific Island ownership of their development process, of both the development challenges and their solutions. This is a common thread running through each of the three regional institutional developments discussed above.

## 6. A Transformation of Pacific Regional Order?

The rise to prominence of new and alternative regional institutions and mechanisms is more than a short-term development in regional politics, as suggested by Lal (2012). Rather, it reflects a longer term and more fundamental transition occurring in Pacific regionalism and the Pacific regional order. While the suspension of Fiji from the PIF has accelerated this transition, for the most part these changes were already underway, and in the case of PNA were unrelated to the political dispute within the PIF. These institutional developments have challenged the long-standing dominance of the PIF and, contrary to claims made by some commentators, have increasingly become the focus of regional initiatives. They are also increasingly the focus of engagement with new development partners. This represents a diversification of regionalism, where subregional and regional groupings claim equal place and priority in the diplomacy of Pacific Island states.

The new regional institutions are also facilitating fundamental power shifts in the region.

9. Pacific ties with Arab states have strengthened since 2010, when Pacific Island states at the UN supported the United Arab Emirates's successful bid to host the headquarters of the International Renewable Energy Agency.

This is in at least two ways. First, they are paving the way for closer relations with new and emerging (non-Western) powers (such as China, Russia, Indonesia and countries of the Middle East). MSG, for example, is projected as a 'stepping stone and bridge to Asia's growing economies' (Melanesian Spearhead Group 2013, p. 7). This is curbing the influence of (and dependence on) traditional donors and partners (Australia, New Zealand and the EU). Second, and perhaps more importantly, the new regional mechanisms are changing power relations between Pacific Island states and their foreign partners. PNA is perhaps most significant in this respect. While 'divide and rule tactics' continue to be deployed by the fishing states, PNA initiatives have 'turned the tables', forcing fishing fleets to compete for access. Through MSG, Pacific states are increasingly calling the shots on the pace and direction of regional economic integration.

These developments reflect new thinking in the region, in particular about the possibilities for countries to assume more control over their affairs, via islander-controlled regional mechanisms. The idea of 'helping ourselves' resonates throughout the new regional politics. It implies taking ownership of both the problems and their solutions, and challenges dominant development paradigms. It also eschews being directed or controlled by others. The current focus on regionalism 'for Pacific islanders, by Pacific islanders' is in line with this notion. This represents a shift away from the post-colonial practice of including former metropolitan powers in regional endeavours in order to effect positive change.

Within this changing regional order, however, new power asymmetries are emerging that have the potential to create future tensions and problems. These include the dominant roles of PNG and Fiji in the new regional institutions—as drivers and principal beneficiaries of regional cooperation. As the new regional bodies increasingly attract external support (from both traditional and new partners), there is also the potential for them to lose their current autonomy and independence.

These concerns notwithstanding, PNA, MSG and potentially PIDF are important

instruments for Pacific states as they seek to position themselves and their region within an evolving global order. This recalls the role of Pacific regionalism as a foreign policy and development strategy in the emerging post-colonial regional order of the 1970s. However, the configuration of power, institutions and ideas that shaped that order no longer prevails, challenged by forces both external and internal to the Pacific. This has created opportunities for Pacific Island countries to influence and shape the regional order, in line with their own interests and aspirations. In what is described as a 'paradigm shift' by the President of Kiribati, Pacific Island states have recognised the need to become more active participants in global debates on sustainable development, climate change and ocean governance. The new and alternative sites for regional cooperation aim to provide mechanisms for Pacific Islanders to influence these global and regional agendas.

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