

LOWY INSTITUTE

FOR INTERNATIONAL POLICY

Australia – the indispensable power in a congested sea

Presentation delivered to the Royal United Services Institute's 2nd International Defence and Security Dialogue, National Maritime Museum, Sydney, 26 February 2013

Jenny Hayward-Jones
Myer Foundation Melanesia Program Director
Lowy Institute for International Policy

SESSION 3: IMPLICATIONS FOR AUSTRALIAN FOREIGN, DEFENCE AND SECURITY POLICIES

Foreign Policy Implications

Outline

- *Strategic outlook for the region in the framework of the assessments made in Strong and Secure: A Strategy for Australia's National Security.*
- *Australian dominance in the region*
- *A new complexity in the region portends a greater range of strategic choices for the region*
- *Dominance versus influence*
- *What should Australia do to prepare for future challenges?*

Introduction

The business of prediction in international affairs is inherently dangerous. Political forecasters have a particularly unreliable record. Predicting the future strategic outlook for the Pacific region – at least for the highly unpredictable Melanesian countries – is even more risky. So rather than risk my own reputation by anticipating the strategic outlook for the region, I'll borrow the Australian Government's speculation as outlined in its National Security Strategy released in January.¹ I will then move to analysing Australia's influence in the region, explaining a new complexity in the region which portends a greater range of strategic choices for the region, and finally suggesting measures Australia could take to respond to future challenges.

National Security Strategy

The National Security Strategy identifies Australia's principal and enduring interests in the Pacific Islands region as the 'security, stability and economic prosperity' of the region.² It names 'economic, gender, social, security and governance issues' as ones which hamper sustainable development and potentially undermine stability in the region.

If we look forward, the Strategy identifies key priorities as 'supporting the transition of RAMSI, encouraging Fiji's return to democracy and the rule of law, and working with Papua New Guinea to

secure development gains.’³ Australia’s regional focus, therefore, is rightly absorbed with the region’s three biggest countries, all three in Melanesia.

The Strategy points out that ‘national security is not just about countering threats; it is also about making the most of opportunities. In particular, Australia seeks to shape the international environment, both to prevent the emergence of security threats, and to achieve broader benefits for Australia (such as trade and economic benefits).’⁴

A number of primary global risks are identified by the Strategy:

- espionage and foreign interference
- instability in developing and fragile states
- malicious cyber activity
- proliferation of WMD
- serious and organised crime
- state-based conflict and coercion significantly affecting Australia’s interests
- terrorism and violent extremism.⁵

Of these, it is perhaps ‘instability in developing and fragile states’ which concerns Australian security strategists most in the Pacific Islands region. While there is evidence that the threat of serious and organised crime in the bigger countries of the Pacific – particularly Papua New Guinea and Fiji – is credible, there is also good police and customs cooperation underway in the region to address it. Instability, however, is not so easy to manage.

It is difficult to see state-based conflict arising in the Pacific, but the National Security Strategy identifies the more likely risk to Australia’s interests of ‘another state seeking to influence Australia or its regional and global partners by economic, political or military pressure.’⁶

Reading between the lines for implications in our near neighbourhood, Australia has a clear interest in ensuring that no other major power whose interests may be different to Australia’s puts undue or coercive pressure on small countries where Australian influence is traditionally dominant.

Influence

According to the Strategy and in practice, Australia manages this risk by maintaining ‘strong relationships with countries in the region through strategic, economic and people-to-people links.’ Australia’s official presence in the region comprises Australian public servants implementing traditional diplomacy, official development assistance, defence force cooperation, police cooperation, and staff placements in Pacific Island country government agencies from the Australian Treasury and the Attorney-Generals’ department.

The Strategy names eight pillars of national security activities. The eighth pillar and one most relevant to Australia’s foreign policy engagement with the Pacific is ‘understanding and being influential in the world, particularly the Asia-Pacific.’⁷ It is this pillar – ‘being influential’ – which concerns me today.

Australia as the dominant power

Australia has been the most dominant power in the region for at least three decades. Australian diplomats will deny this and protest that the region has long attracted the interest of major powers. France and the United States hold territories of various status in the region. Japan has been a long-term player. China and Taiwan have been on the scene for many years. Australia is not a hegemonic power in the traditional Cold War sense. All this is true but it ignores the reality. Australia, by dint of

geography, trade and investment links, tourism, aid, defence assets and sport, has exercised a dominant influence in the Pacific and particularly in Melanesia for at least three decades.

Australia's dominant influence in the region is underlined by its status as the region's primary trading partner and primary aid donor. That status continues and is not under imminent threat. Australia's merchandise trade with the region is worth over \$7.5 billion.⁸ Australia is the region's leading trading partner, most prominent investor, and biggest source of inbound tourism.

Australia's annual aid program in the Pacific Islands region in the current financial year amounts to A\$1.19 billion, A\$829.5 million of this in Melanesia alone.⁹ Australia is by far the largest donor to the region, providing 55 per cent of all donor funds flowing to the region. According to OECD Development Assistance Committee statistics for 2011, the next biggest OECD donors are the United States (9 per cent), spending US\$209 million, predominantly in its three compact states of the north Pacific, New Zealand (9 per cent), spending US\$205 million, Japan (7 per cent), spending US\$159 million and France (6 per cent), spending US\$143 million, predominantly in its colonial possession Wallis and Futuna.¹⁰

China's influence is undoubtedly on the rise. It is difficult to measure the full extent of aid it extends to the Pacific. China is not a member of the OECD and does not contribute to any multilateral transparency initiatives on aid; nor is there a clear demarcation between its aid and investment. But it is possible to provide an estimate of sorts.¹¹ The Chinese government's 2011 White Paper on aid showed that China spent 4 per cent of its 2009 aid budget on the Pacific.¹² The Chair of the OECD Development Assistance Committee has estimated that China's current aid spend is around US\$10 billion.¹³ If the OECD is correct and the proportion of Chinese aid going to the Pacific is still around 4 per cent, then we can surmise that China spends around US\$400 million in the region. This is far more than the US\$183 million that a 2011 Lowy Institute report on Chinese aid in the Pacific estimated was going to the region, based on data provided by governments in the region.¹⁴ It would put China as the region's second largest aid donor behind Australia.

Chinese trade with the region has also increased over the last decade, with trade increasing by seven times on average for Pacific Island countries in that time. Chinese trade with Papua New Guinea alone increased tenfold between 2001 and 2011. China is now the region's second largest trading partner but is still a long way behind Australia.

To put Australia's dominance on aid in perspective, there is no other region in the world where a donor dominates to the extent that Australia does in the Pacific. The next highest market dominance is in the Americas where US aid comprises 23 per cent of total aid flows.¹⁵

Australia's security responsibilities

Australia is the key strategic partner of the region. The 2009 Defence White Paper names the second priority task of the Defence Force 'to contribute to stability and security in the South Pacific and East Timor.'¹⁶ It may nominally share security responsibilities, such as they are, with New Zealand, the United States and France, but in reality, in a crisis, it has been and will be Australia that takes the lead in responding.

Papua New Guinea Prime Minister Peter O'Neill said, in an address to the Lowy Institute on 29 November 2012, that he saw his country's traditional strategic and security relationship with Australia and the United States as paramount but that Papua New Guinea would continue to look for economic growth opportunities in Asia, as well as in Australia.¹⁷ This is likely to be the position of most Pacific Island governments, even if they have not formally stated it.

The Regional Assistance Mission to Solomon Islands is the most striking example of Australian influence in the Pacific. The government of Solomon Islands, under siege from militants and rogues

extorting and undermining it, appealed for Australian and New Zealand assistance on several occasions before the Howard government eventually decided to treat the collapse of law and order in Solomon Islands seriously in 2003. Australia mobilised its considerable resources to persuade all the members of the Pacific Islands Forum to support a huge assistance mission, and provided the vast majority of the heavy lifting of that mission. And the other big players in the region – France, the United States, Japan, China and Taiwan – played no part in it, beyond offering moral support. This kind of bold nation-transforming activity could only have been organised by the most dominant and influential player in the region.

The success of the Peace Monitoring Group on Bougainville and the intervention in East Timor in 1999 were earlier examples of Australian leadership in the region.

We can also see evidence of Australia's role as security guarantor in its response to natural disasters in the region. Australia is usually the first foreign responder – often in cooperation with New Zealand and France – after cyclones, earthquakes and tsunamis, with defence assets and aid mobilised quickly to assist affected populations.

Diplomacy

Increases to the aid budget under the governments of John Howard, Kevin Rudd and Julia Gillard while the resources of the Department of Foreign Affairs and Trade have been trimmed have meant that AusAID, not DFAT, has more staff and the financial resources to work on the Pacific. AusAID, for example, has 95 Australia-based staff in the Pacific,¹⁸ compared to DFAT's 58 Australia-based staff in New Zealand and the Pacific.¹⁹ This imbalance has given AusAID much greater ability to dominate Australia's presence in the region but has served to constrain the work of diplomats charged with building enduring relationships with the governments and people of the region.

Australia may be spending more in the Pacific through aid, defence and police cooperation but it is not investing in the same way in its diplomatic network. Canberra is blessed with high-quality diplomats with genuine commitment to the Pacific but there are not enough of them and they don't have enough resources to do their job well. A more significant government commitment to building long-term diplomatic expertise in the region would pay dividends in helping to identify emerging security challenges and mobilise responses before they become crises.

A more complex web of international engagement – the region is changing

Over the last five years, the presence of other major powers and the emergence of newer players have changed the dynamics of the region. Countries of the region which once relied on Australian aid, trade and investment have grown their economies and find they have more choice on offer in donor partners and investors.

Investors, once mostly from Australia, New Zealand and Japan, are now Chinese, American, Irish, Malaysian. Investment from Asia has increased and diversified. It is worth noting that the two most transformative investments in the region have come from Ireland's or more correctly Bermuda's Digicel (the telecommunications firm which was largely responsible for the region's mobile phone revolution) and the United States' Exxon Mobil, which is responsible for the huge LNG project in Papua New Guinea.

While the aid scene may still be dominated by Australia, the number of other players has increased. A decade ago it was the chequebook diplomacy of China and Taiwan which was unsettling the traditional donors. Now donors as diverse as Iran, Cuba, Russia, the United Arab Emirates and the Republic of Korea are on the scene.

External interest in the Pacific Islands region can be broadly sorted into four categories: (1) traditional powers – Australia, New Zealand, the United States, France, the European Union and Japan, (2) ascendant or resurgent states – China, India, Russia, and the Republic of Korea, (3) vote buyers and marginalised states – Cuba, Taiwan, Israel, the United Arab Emirates, Iran and Georgia, and (4) investors – Malaysia and Indonesia.

Australia was sufficiently concerned about the impact on the capacity of Pacific Island states of the new surfeit of donors in the region that it brokered the adoption of the Cairns Compact on Strengthening Development Co-operation at the 2009 Pacific Islands Forum in Cairns. The Compact is designed to facilitate cooperation amongst donors and development partners in the Pacific.

Traditional powers

New Zealand is the region's third largest trading partner and third largest donor in OECD measurements. Its influence is strongest in Polynesia and is amplified by working closely with Australia. France's territorial interests in New Caledonia, French Polynesia and Wallis and Futuna give it long-term responsibilities in the region. France now cooperates actively with Australia and New Zealand on defence, disaster relief and regional maritime surveillance. Japan interacts with the region primarily through its triennial PALM meeting with Pacific Island leaders, through its aid program and through trade and investment. It also consults regularly with Australia.

The United States maintains the capacity to project its power in the region. It has on its side its flag territories – American Samoa, the Commonwealth of the Northern Mariana Islands, and Guam and a military presence in the region as well, known collectively as the U.S. Pacific Command or Armed Forces Pacific. The compact states – the Republic of the Marshall Islands, the Federated States of Micronesia and Palau – are in a dependent relationship with Washington. In Papua New Guinea it has Exxon Mobil's LNG investment, an investment of a size to dwarf any other private sector investment in the region. But despite its enduring official presence, the United States is perceived by many in the region to have long been a silent partner in the southwest Pacific, leaving Australia to represent its strategic interests to a large degree.

This of course changed with the much talked about 'pivot' to the Asia-Pacific. The pivot in its Pacific Islands context has been largely manifested by the persona of Hillary Clinton. Her visit to Papua New Guinea in 2010, her testimony to the Senate Foreign Relations Committee in March 2011, and her visit to the Pacific Islands Forum post-Forum dialogue in Rarotonga in 2012 were important markers of renewed US interest in the region.²⁰ But rhetoric and symbolism aside, the practical impact of pivot has been subtle in the southwest Pacific. The United States opened a USAID office in Port Moresby after a 16-year absence and announced a \$21 million budget for climate change-related activities.²¹ Whether John Kerry will back her efforts up over the next four years remains to be seen.

Competition with China

Washington has been officially cautious about the role of China in the Pacific Islands region. Hillary Clinton said in a speech at the Pacific Islands Forum leaders meeting in the Cook Islands in August 2012 that the Pacific was 'big enough for all of us', referencing suggestions that increased US engagement in the region was a hedge against China's growing influence.²² She went on to say that 'we all have important contributions and stakes in (the) region's success, to advance (its) security, (its) opportunity and (its) prosperity'. She stressed the very important contribution the United States made to the region's security, mentioning the warships, coastguards and fishing vessels in Pacific waters and \$330 million of support each year to Pacific Island nations.

The public rhetoric from the United States, however accommodating it is designed to be, masks an underlying anxiety about competition with China. In an address to the Senate Foreign Relations

Committee in early 2011, Clinton said the realpolitik of the situation in the Pacific was that the United States was in competition with China. She referenced Exxon Mobil's investment in PNG and suggested China was threatening to 'come in behind' or 'come in under' the United States. This statement should be put in context. The State Department was in a bid for budget resources and it was hardly likely to attract the funding it wanted if Clinton said China was a cooperative partner for the United States in the region.

Is the United States in competition with China in the region or is the region big enough for lots of players? Seemingly contradictory statements to different audiences. Which one reflects the reality of United States thinking about China in the region? Well, probably both. The United States sees China as a potential competitor for its interests in the Pacific. But while there is no indication that China will use its increasing influence in an aggressive fashion and given the Pacific Islands region is a peaceful one, with no obvious flashpoints, there is little to be gained by stoking that competition.

The United States is unlikely to make an effort to compete with China for economic influence in the Pacific. China's economic influence is brought about by the cheap goods it exports to the Pacific, the loans it makes to Pacific Island governments, the investment in aid projects identified by Pacific Island governments as priorities, its construction companies, and its diaspora, past and present, who operate successful small businesses all over the region. The United States has no interest and little capacity to compete on those platforms.

But the United States wants to maintain its primacy and will compete with China for influence on the security front. For the foreseeable future the United States can maintain its security-related primacy – in part due to its enduring presence in the northern Pacific and in part because its close ally, Australia, effectively underwrites the security of the south-west Pacific. The United States is likely to continue to rely on Australia but engage at higher levels throughout the Pacific on a more regular basis to send a clear message to China that it is still around.

China

China's influence in the Pacific has come about more by accident rather than strategic design from the centre. China's presence in the region is marked not only by its embassies but its trade, investments, and aid program. Its aid program is managed in part by the Chinese Ministry of Commerce, not the Ministry of Foreign Affairs. Chinese investment in the Pacific comes from Chinese provinces or individual, albeit state-owned companies, and is first and foremost intended to make profits and deliver jobs for Chinese workers. It is not coordinated by Beijing, nor is it likely to be part of a grand strategy to dislodge Western influence in the Pacific.

Chinese aid and investment is increasingly favoured by Pacific Island governments for its flexibility and cost-effectiveness. It fills a gap left by the traditional donors. Rumours about China setting up military bases in Papua New Guinea, Fiji or other small island states have abounded for years, with little evidence. China has extended goodwill visits by senior military officers, funded military uniforms and the refurbishment of barracks – indeed Papua New Guinea has recently announced just such assistance from China – but is unlikely to challenge Australia or the United States directly with more overt military cooperation.

As my colleague Linda Jakobson has recently written, 'China's new leaders face pressing foreign policy challenges. They must maintain a constructive relationship with the United States, find a way to defuse tensions over sovereignty disputes with Japan and Southeast Asian nations, and manage ties with North Korea.'²³ With the sheer number of intractable issues on the agenda, it will not be in China's interests to sow the seeds of discontent with the United States in the Pacific Islands. Nor is it in China's interests to even seek strategic primacy in the Pacific Islands. Primacy brings with it

responsibilities, and in a relatively poor and weak region made up of a number of vulnerable states, those responsibilities are not light.

China's aid, trade and investment profile in the Pacific Islands does not currently pose a direct threat to Australia's national interests. The availability and flexibility of Chinese aid to Pacific Island governments may encourage them to be less well disposed towards Australian government efforts to impose good governance-related conditionality on Australian aid but is unlikely to cause actual harm to Australian interests. Chinese criminal activities and Chinese illegal immigration pose a challenge to police forces in the region but only tangentially to Australian authorities. China's soft loans to the Pacific are resulting in high levels of unserviceable debt for small island countries but this does not threaten Australia. China is increasingly learning from its experiences and Pacific Island states are becoming more skilled in negotiating with Chinese partners. Having moved on from the age of chequebook diplomacy with Taiwan, China is unlikely to seek to put undue pressure on Pacific Island governments when it can achieve the same results through normal bilateral working relationships. But its influence is likely to continue to increase.

Disruptive players

While island states generally welcome all donors, the activities of the United Nations vote-buying donors can leave much to be desired in terms of development impact. Russia and Georgia have started their own version of chequebook diplomacy in the region in their quest to get Pacific Island nations on the right side of the Abkhazia and South Ossetia recognition issue. Iran flexes its muscles, largely to unsettle Israel, also a donor in the region, and in attempts to bust UN sanctions against it. These activities are potentially disruptive as island nations are distracted from national priorities to secure relatively insignificant cash donations or implement odd offers of assistance for their international positions.

Dominance versus influence: Is Australian influence diminishing?

I've painted a picture of enduring Australian dominance in a region where other players are increasingly active. But dominance and owning the capacity to influence is not the same as being influential, at least in the way Australia's 8th national security pillar suggests.

The Regional Assistance Mission to Solomon Islands may have showed Australian influence at its best in the Pacific; the case of Fiji has highlighted the weaknesses of Australian influence.

The Fiji problem

Fiji, the second largest country in the region, offers significant challenges for Australian foreign policy. The regime of Commodore Frank Bainimarama, which seized power in a coup in 2006, is an unpredictable and prickly one. The regime has curtailed freedoms, cut down the roles of traditional domestic power centres, and put the Fiji economy into slow motion at the very time it should have been growing, like its partners in Melanesia. It has promised democratic reforms, and then reneged on them. Australia responded to the coup by applying sanctions on travel by officials of the regime and by leading international and regional efforts to isolate Fiji. As Fiji began a process of constitutional reform consultations in 2012, Australia increased its engagement and provided funding for the consultations. It has maintained sanctions and continued to lobby to isolate Fiji from the Pacific Islands Forum, waiting for the return of democracy.

But assuming there is some kind of election in 2014, which is not certain, Australia is likely to face a very stark choice between its principles and its pragmatism. Australia and New Zealand alone in the Forum have applied sanctions on a bilateral basis. Strong principled rhetoric about the need to return to democracy in annual Pacific Island Forum communiqués has not been followed up by strong bilateral messages to Bainimarama from island leaders, who tend to work with Fiji on a

pragmatic basis, as their individual national interest demands. With the exception of the Samoan Prime Minister, no other leader or foreign minister has consistently publicly criticised anti-democratic trends in Fiji. This makes it easy for the Fiji regime to claim that it is only Australia and New Zealand which object to the way it governs.

After its suspension from the Pacific Islands Forum and from the Commonwealth in 2009, Fiji has cleverly sought to elevate its position in other organisations. It has used the Melanesian Spearhead Group to assert leadership in the region and undermine the coherence of the Pacific Islands Forum. It has held separate meetings with Pacific Island leaders outside the Forum context. It has focused on expanding its relationship with China and built new diplomatic relationships with emerging powers Brazil, South Africa, Indonesia and the United Arab Emirates. In January this year, it assumed the Presidency of the UN's Group of 77 plus China – the first time a Pacific Island country has done so. None of Fiji's 'new' partners state any objection on the public record to the way Fiji is governed. The inclusion of Fiji in a special meeting of the African, Caribbean and Pacific Group of States in Papua New Guinea in November 2012 also opened a door to more regional conversations.

Australia had and has the capacity to pursue a more punitive approach to Fiji. Canberra could have imposed a Cuba-style travel embargo on Australians going to Fiji, frozen the financial assets of Fijians in Australia, and even intervened militarily. That it has not done so is indicative not only of Canberra's desire to avoid hurting innocent people in Fiji but also of the lack of popular demand for intervention, and also a hard-headed realisation that attracting support for such a response in a situation where there was no evidence of widespread gross human rights abuses and in a changing regional context would be difficult. It has only become more difficult in recent years for Australia to use its superior power to influence events in Fiji. The aftermath of the coup has coincided with a growth in Asian interest in the region and given the Fiji regime other options for foreign engagement.

The Australian government talks about the Pacific being a community of democracies. Foreign Minister Bob Carr says it is a matter of national interest for Australia that Fiji is democratic and of national interest for all Pacific Island countries.²⁴ A likely scenario in 2014 may see Fiji hold elections that permit free and fair voting but impose tight restrictions on the eligibility of candidates. Fiji would not be alone in conducting a general election of this kind and it may well persuade the international community that, having held elections, it has returned to democracy. If Fiji can have some sort of democratic election, Australia will be under pressure to accept a flawed democracy back into the Pacific community of democracies and move forward.

What does a changing region mean for Australia's ability to respond to crises?

With the presence of so many other major players and new influences on the region from states, businesses and new technologies, it is perhaps impolitic to describe Australia as the most influential player in the region. There is much debate around Australia's role in the region. Critics talk of Australia ignoring the region, acting paternalistically, lecturing Pacific Island leaders, disrespecting local culture. Proponents point to successes like RAMSI, effective aid interventions in health and education and support for women's rights. Australia, like other dominant players in their own regions (the United States in Central America, Germany in the European Union, Japan in Northeast Asia), will always be damned and praised for its actions. Perhaps a better descriptor is that Australia is the region's **indispensable** power. Australia may not always be capable of getting its way in the Pacific but the Pacific cannot do without Australia.

Future instability in the region, whether it is a further breakdown in law and order in Solomon Islands, internal conflict in the Southern Highlands in Papua New Guinea which PNG authorities cannot handle, civil unrest in Fiji, a return of anti-Chinese riots or climate-change induced people movement anywhere in the region will demand an Australian response. Affected governments and

citizens will be looking to Canberra for help or guidance. But the prevailing order in the region in 2003, when Australia drove the establishment of RAMSI, has changed. China is a much more important player, even if not by strategic design. The United States is more engaged. The traditional powers and China probably already concur, to paraphrase Hillary Clinton, that they all have important contributions and stakes in the region's success, to advance its security, its opportunity and its prosperity. But there are a range of other players with varying interests that are not necessarily dependent on a stable and prosperous region. These interests may well be temporary but, while they are there, they pose a potential risk to the stable management of security challenges in the region.

The consequences of this changed environment are various:

- The Pacific Islands Forum, weakened by the Fiji problem, may struggle to unite behind a cause – it might be hard to enforce the terms of the Biketawa Declaration to respond to a crisis like that which occurred in Solomon Islands again.
- Pacific Island countries in need may look for support from a wider range of partners, making it difficult for Australia to lead a response to an emerging security situation or crisis, and potentially requiring more coordination between more partners.
- The growth of other donors and investors has meant Pacific Island countries no longer need to adhere to Australian conditionality around aid – this could mean countries become less willing to see aid focused mainly on governance and public sector management.
- Fiji's successful diplomacy in and beyond the region has undermined Australia's principles-based approach to relations with the region, opening the door for a more pragmatic approach to governance within the region, not necessarily in Australia's interests.
- The lobbying activities of the vote-buying states can distract governments from core tasks as they focus on extracting the small grants on offer for their votes.

What should Australia do and why?

Australia is already an active player in the Pacific Islands region. Its dominance as an economic and aid partner of the region gives it the capacity but not always the will or the right tools to exercise influence. Australia's membership of the G20 and the United Nations Security Council gives it an enhanced responsibility to represent the interests of the region internationally. Relying on AusAID funding and Australian Defence Force assets to exert influence as it has to date might allow Australia to maintain the right to have a say in a response to a security challenge but does not give Canberra all the tools it needs to be successful in managing that challenge.

- Australia, like the Pacific, stands to benefit enormously from opportunities in the Asian century. Working with Pacific Island countries and PNG to help them realise those opportunities would demonstrate to the region we are committed to their prosperity and would probably enhance Australia's prosperity too. Extending diplomatic networks, improving investment frameworks and national infrastructure are all important in this regard.
- Australian officials have a big presence in the region; our politicians are less frequent visitors. With the exception of the peripatetic Richard Marles and the Prime Minister who attends the Pacific Islands Forum leaders' meetings, few ministers have ongoing friendly relationships with counterparts in Melanesia. Few backbenchers choose to do study trips to the Pacific. A more consistent effort by both cabinet ministers and backbenchers to get to know and understand their Pacific counterparts would convince Pacific Island governments that Australia is an integral part of the region. It would help in averting crises and an underlying trust would assist in finding the right response to a crisis.

- Hundreds of Pacific Island graduate students are on scholarship in Australia. They are the future leaders of their countries. They are interested in Australia, they want to learn about Australians, they often stay on to work in Australia and they will be life-long friends of Australia if they are given the right opportunities here and supported when they go back. Using social media and other tools to network and mentor these graduates and emerging leaders and give them an incentive to stay linked to Australia will pay off in the long term. Young educated people in the region tend to be passionate about improving their countries and are seeking to find more creative solutions to development challenges.
- Working with the serious newer players in the region to coordinate humanitarian assistance after disasters in the region would be a useful means of managing the negative consequences of strategic competition. Implementing joint traditional aid programs is complex and politically charged. Coordinating military assets and emergency humanitarian assistance in the wake of natural disasters is achievable and can help build trust between partners. The current FRANZ (France, Australia, New Zealand) arrangement, for example, could perhaps be extended in some circumstances to reach out to partners like China.
- Encouraging and learning from more business-to-business links between Australia and the region would give Australia a stronger base in the region beyond its sometimes troubled government-to-government relationships. Chinese businesses arguably add more value to China's presence in the region than its official government presence. The Australian government could learn from this, engaging much more closely with business and civil society, and encouraging Pacific Island governments to do likewise. The strength of Australia's relationships with the United States and United Kingdom, for example, is not seen only at a government level but through cultural, sport and business links. There is no real reason that cannot be replicated in the Pacific.

All these activities may not prevent a crisis but they endow Australia with many more tools to manage emerging security challenges in the region.

-
- ¹ Australian Government. Department of the Prime Minister and Cabinet, *Strong and secure: a strategy for Australia's national security*. Canberra, Commonwealth of Australia, 2013.
- ² *Ibid.*, p 38.
- ³ *Ibid.*, p 11.
- ⁴ *Ibid.*, p 5.
- ⁵ *Ibid.*, p 10.
- ⁶ *Ibid.*, p 11.
- ⁷ *Ibid.*, p 15.
- ⁸ Cumulative figure collected from statistics reproduced on country fact sheets published by the Department of Foreign Affairs and Trade, found at <http://www.dfat.gov.au/geo/>.
- ⁹ Department of Foreign Affairs and Trade, *Portfolio additional estimates statements 2012-2013 - Foreign Affairs and Trade Portfolio*. Canberra, Commonwealth of Australia, 2013, p 102.
- ¹⁰ OECD Development Assistance Committee, Development aid at a glance: statistics by region - Oceania. 2013: <http://www.oecd.org/dac/stats/regioncharts.htm>.
- ¹¹ Annmaree O'Keeffe, The geopolitical footprint of Pacific aid. Internal Lowy Institute working paper, 2012.
- ¹² People's Republic of China. Information Office of the State Council, China's foreign aid. 2011: http://english.gov.cn/official/2011-04/21/content_1849913.htm.
- ¹³ Brian Atwood, Global development in the Asian Century. Lowy Institute for International Policy, 4 July 2012: <http://www.lowyinstitute.org/events/lowy-lecture-series-global-development-asian-century-brian-atwood>.
- ¹⁴ Fergus Hanson and Mary Fifita, *China in the Pacific: the new banker in town*. Lowy Institute Policy Brief. Sydney, Lowy Institute for International Policy, April 2011.
- ¹⁵ OECD Development Assistance Committee, Development aid at a glance: statistics by region - America. 2013: <http://www.oecd.org/dac/stats/regioncharts.htm>.
- ¹⁶ Department of Defence, *Defending Australia in the Asia Pacific Century: Force 2030*. 2009: <http://www.defence.gov.au/whitepaper/>.
- ¹⁷ Prime Minister of Papua New Guinea the Hon Peter O'Neill, Papua New Guinea in the Asian Century. Lowy Institute for International Policy, 29 November 2012: <http://www.lowyinstitute.org/events/distinguished-speaker-series-hon-peter-oneill-prime-minister-papua-new-guinea>.
- ¹⁸ AusAID, *Annual report 2011-2012*. 2012: <http://www.ausaid.gov.au/AnnualReports/Pages/rep12default.aspx>.
- ¹⁹ Department of Foreign Affairs and Trade, *Annual report 2011-2012*. 2012: http://www.dfat.gov.au/dept/annual_reports/11-12/index.html.
- ²⁰ Andrew Quinn, Clinton says China seeks to outflank Exxon in Papua New Guinea. *Reuters*, 2 March 2011: <http://www.reuters.com/article/2011/03/02/us-china-usa-clinton-idUSTRE7215UV20110302>.
- ²¹ U.S. Department of State, U.S. engagement in the Pacific. 11 September 2011: <http://www.state.gov/r/pa/prs/ps/2011/09/171779.htm>.
- ²² Secretary of State Hillary Rodham Clinton, Clinton on U.S. peace and security partnerships in Pacific. 31 August 2012: <http://iipdigital.usembassy.gov/st/english/texttrans/2012/09/20120901135414.html#axzz2KAUf74om>.
- ²³ Linda Jakobson, *China's foreign policy dilemma*. Lowy Institute for International Policy, February 2013: <http://www.lowyinstitute.org/publications/chinas-foreign-policy-dilemma>.
- ²⁴ A democratic Fiji important for entire Pacific - Carr. ABC Radio Australia, 12 February 2013: <http://www.radioaustralia.net.au/pacific/radio/program/pacific-beat/a-democratic-fiji-important-for-entire-pacific-carr/1087378>.

LOWY INSTITUTE

FOR INTERNATIONAL POLICY

WWW.LOWYINSTITUTE.ORG