

The South Pacific and Melanesia: a strategic update

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Ms Matthews reviews the current strategic situation in the Pacific Islands, identifies key challenges the Islanders face, focuses on Melanesia's power houses (Fiji and Papua New Guinea), highlights Australia's relative loss of influence in the region and the growing influence of Russia and China, and suggests ways that Australia might regain some of its lost influence.

Key words: South Pacific; Melanesia; Fiji; Papua New Guinea; Australia; China; strategic update.

Australia has an intrinsic interest in the South Pacific. The countries in the region are our closest neighbours and we share a common history, business ties and vibrant people-to-people links. With the drawing down of the wars in Iraq and Afghanistan and the United States' subsequent pivot to Asia, there has been a shift back in Australia's strategic outlook towards the Pacific and this shift is reflected in Australia's strategic rhetoric and planning.

Australia's recent Defence white papers all mention of the importance of stability in the Pacific for Australia's own national security and emphasise Australia's leadership role in ensuring security and prosperity in its immediate neighbourhood. This rhetoric has become more pronounced in the three white papers published since 2009, with the latest white paper (Defence 2016) making the most ardent commitment to the Pacific to date. It notes recent strategic developments in the region and growing domestic challenges facing many of our island neighbours. I will now analyse some of these issues and discuss the strategic implications they have for Australia.

The Current Strategic Situation in the Pacific Islands

The Pacific Islands region has long been a part of the strategic outlook of various external powers. In addition to Australia and New Zealand, external powers with a direct interest in the South Pacific include the United States (with the United States Pacific Command operating in the region), France (with its main focus being its island territories of New Caledonia and French Polynesia), Indonesia (with its provinces of West Papua and the Maluku Islands), and more recently, China and Russia, whose intentions in the region are of growing concern.

Despite being the site of significant major power conflict during World War II and the Cold War, the likelihood of inter-state conflict and war between countries in the region has remained low. Rather than the threat of inter-state war, the main source of insecurity in the region stems from intra-state problems, including poor economic performance, social and governance challenges, population growth and climate change. All these issues are interconnected and add to the fragility of Pacific Islands states, which can have flow on effects for Australia's security.

Governance Challenges

Given their long histories as colonial dependencies, many South Pacific countries entered their independence unprepared (Uechtritz 2016). As with most colonial relationships, the colonial powers in the Pacific, which included Britain, Portugal, France, Japan, and Australia, maintained largely exploitative relationships with their dependencies and made limited effort to create institutions and systems of government that were sensitive to the unique local systems of power and kinship.

For most Pacific peoples, political power and loyalty are exercised at the clan or tribe level (Hayward-Jones 2012: 11). As a result, central governments in the Pacific have had difficulty in consolidating power and building a cohesive polity. There is often a disjunct between governance at the state and provincial level or between ethnic groups. This has led to rebellion and secessionist violence, especially since the 1980s. These breakdowns in law and order at times have been beyond the capacity of any one Pacific country to address alone.

Weak governance is likely to continue as one of the major challenges facing South Pacific countries, heightening the probability of further outbreaks of violence and increasing the demand for a regional response led by Australia and New Zealand (Brown 2012: 15).

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Poor Economic Growth

Due to their small size and their isolation from global markets, nearly all of the independent Pacific Island states are listed as developing or least developed countries, making the region the “most aid-dependent region in the world” (Berkelmans and Pryke 2016: 4-5). The average annual per capita income of people in the Pacific in 2015 was approximately \$3900 which is just 8 per cent of the Australian average.

For the majority of the Pacific Island countries, primary goods such as agricultural products and natural resources, account for two-thirds of their exports. Papua New Guinea (PNG) and the Solomons, with their rich supply of mineral deposits, have experienced strong export growth in recent years due to commodity booms, but the non-resource rich countries, such as Micronesia and Kiribati, have experienced low or negative growth rates. Even where growth has been impressive, it has not been distributed equitably to ensure better living standards for the wider population.

These economic challenges will be exacerbated with the projected population growth of 49 per cent over the next 25 years (Berkelmans and Pryke 2016: 2). This will heighten the already significant youth bulge. Providing adequate employment, housing and food for these young people, in order to prevent them from turning to crime and other violent activities, will continue to pose a challenge for Pacific governments and regional aid donors such as Australia.

Environmental Challenges

The Pacific is more affected by environmental disasters than any other region in the world. Countries in the region have been subject to the interconnected problems of climate change, rising sea levels and natural disasters which are projected to become more pronounced.

For instance, the issue of sea level rise poses a severe challenge to some of the low-lying islands such as Tuvalu and Palau who face the likelihood of near extinction in the not-too-distant future (Brown 2012: 6). If this trend continues, there is the possibility that the region will face the issue of environmental refugees who will turn to regional leaders such as Australia for assistance.

Unless more serious commitments are made by countries such as Australia to mitigate the impacts of environmental degradation, it will become more challenging for regional countries to respond to the humanitarian fallouts. Proactive action is necessary to ensure the resilience of regional countries to respond effectively when crises hit by building their infrastructure, transportation and communication facilities.

Melanesia’s Power Houses – Fiji and PNG

Besides the myriad domestic issues that have strategic implications for the region, diplomatic developments, especially in Fiji and PNG, are also of immediate interest to Australia.

Fiji

Fiji’s central location and ample natural resources have always made it an important player in the South Pacific. Fiji has one of the Pacific’s most developed economies due to an abundance of forest, mineral, and fisheries resources, and its tourist industry and sugar exports, which are its main sources of foreign exchange.

Since its independence from Britain in 1970, the country has faced immense political instability experiencing three coups. The 2006 coup was caused by ongoing tensions between the government and military and saw Fiji’s current leader, Commodore Josaia Bainimarama assume control of the government. Following the coup, which was heavily criticised by international observers for signalling the failure of democracy in Fiji, the country faced a period of international isolation (Hayward-Jones 2014: 5). Fiji’s relations with its traditional partners, Australia and New Zealand, soured. Both countries cut defence ties, redirected their aid programmes and placed travel sanctions on the Fijian regime. In 2009, Australia and New Zealand pushed for Fiji’s suspension from the Pacific Islands Forum (PIF), the region’s principal political institution, which further impacted on Fiji’s regional outlook (Hayward-Jones 2014: 2).

This isolation led Fiji to pursue a major realignment of its foreign policy through the ‘Look and Engage North’ policy which has seen it create new strategic partnerships with China and Indonesia. As a result, Fiji is the only country in the Pacific where Chinese aid now exceeds that of Australia (Powles and Sousa-Santos 2016).

Additionally, in 2012 Fiji joined the Non-Aligned Movement to pursue relations with the BRICS (Brazil, Russia, Indonesia, China, and South Africa) countries and reinforce its position as the strategic hub within the Pacific.

It also heightened its engagement with the Melanesian Spearhead Group (MSG), an inter-governmental organisation made up of the four Melanesian states. MSG receives significant funding from China. Through the group, Fiji has worked to assert its role as a leader in the region and provide an alternative body of influence to PIF which it sees as dominated by Australia and New Zealand.

Last year, Russia enhanced its engagement with Fiji, announcing that it would make a significant grant of equipment – including AK-47 rifles, rocket-propelled grenades and trucks worth US\$12.5 million – to support Fiji’s peacekeeping operations on the Golan Heights (Graham 2016).

These developments are watched with some concern in Australia and New Zealand. While Australia resumed ties with Fiji following the 2014 Fijian general elections which saw Commodore Bainimarama democratically elected to power through his Fiji First Party, it is clear that Australia now faces significant competition for access and influence in Fiji. Fiji’s foreign

policy manoeuvres since 2006 have posed a direct challenge to Australia's leadership in the region by demonstrating that "the strategic orientation of the Pacific Islands would [not] always be aligned towards Western partners" (Powles and Sousa-Santos 2016).

Papua New Guinea

PNG is Australia's closet neighbour and one of the most culturally diverse countries in the world with hundreds of indigenous ethnic groups and over 800 languages. Since its independence from Australia in 1975, the country's economic performance has been unstable. Currently, 40 per cent of the population is poor or face hardship and 85 per cent of the population rely on farming for their livelihood, while the remainder live in urban areas (*UNDP*).

PNG has the fastest growing population in the region with projections suggesting that the population could reach 30 million by 2050 (Hayward-Jones 2016: 13). If harnessed well, this population growth could bode positively for the economy and the wider region. However, it will still pose significant demands on PNG's infrastructure and resources, with the potential to lead to further state fragility.

PNG's economy is highly dependent on the natural resources sector and while strong growth in this area led it to become the sixth-fastest growing economy in the world in 2011, growth has since slowed, with profits being unevenly distributed due to corruption. Nonetheless, PNG's rich natural resources have seen it attract investment from all around the world but in particular from China, the European Union, Japan and the Gulf countries. This has given PNG the confidence to assume more of a regional leadership role.

China's engagement with PNG is of particular interest given that it has the potential to undermine Australia's strategic primacy in PNG. Since 2009, as part of China's Pacific Strategy, PNG has received more than half of China's development assistance to the entire Pacific (Hayward-Jones 2012: 12). China's diplomatic standing in the country is improving given that, unlike Australia, it does not interfere in PNG's governance nor insist on strict conditions for the delivery of its aid.

Australia's Specific Interests in the Pacific

Australia has been the dominant power in the South Pacific region for the past thirty years or so given its geographic proximity, trade and investment ties, aid programme and defence assets in the region.

Australia is the region's primary trading partner with merchandise trade worth over \$7.5 billion (Hayward-Jones 2013: 34). It is the region's most prominent investor and also the region's primary aid provider, with Australia having provided over US\$40 billion in aid to the Pacific since 1960 (Berkelmans and Pryke 2016: 2). Additionally, it is the first country regional states turn to in times of need, with nearly every major security situation in the region in the past demanding an

Australian response. Hence, Australia is heavily invested in the region and has an enduring strategic interest in helping to build stability and prosperity there.

The encroachment of countries such as China and Russia into Australia's natural sphere of influence in the South Pacific has been of growing concern. While China's influence is still limited and benign, there is much speculation about its true intentions, especially given its recent activities in the neighbouring South China Sea. Although the likelihood of any military confrontation with China in the region is remote, Australia does have an interest in limiting China's intrusions.

Additionally, Australia's long-standing ignorance of the local cultures, its stringent response to domestic upheavals within Pacific countries, and its often paternalistic behaviour towards some regional countries has proven unhelpful. This has led some regional countries to turn elsewhere for assistance and seen the growth in prominence of regional arrangements that exclude Australia. For instance, the Melanesian Spearhead Group is posing a genuine challenge to the Pacific Islands Forum, a grouping increasingly resented by some regional countries for its ineffectiveness and domination by Australia and New Zealand (May 2011: 3). It is likely that, given the growing weight of the Melanesian power houses in regional politics, the MSG may overshadow the PIF as a voice for the region in the years to come.

Apart from the influence of foreign powers, Australia is concerned about the increasing demands that will be placed on it to respond to growing incidences of violence and natural disasters. Despite some countries seeking a more diverse range of strategic partners, the reality remains that, by mere fact of geography, Australia will be the first responder in times of crisis. The United States and other major powers expect Australia to take lead responsibility for security in the South Pacific. Hence, the majority of Australian aid will continue to be directed towards the region. Additionally, its defence assets will need to be prepared to deploy in the region at short notice.

Conclusion – The Way Forward

Australia's 2016 Defence white paper takes a step in the right direction in committing Australia to supporting governments in the Pacific through the provision of aid, policing, defence co-operation and humanitarian assistance (Defence 2016: 126-127). To this end, Australia will assist Pacific countries in guaranteeing their own security, for instance, by training local police forces to maintain law and order, and heightening defence co-operation through the Pacific Maritime Security Programme which will see the delivery of up to 21 replacement patrol boats to 12 Pacific Island countries from 2018.

In parallel with these defence commitments, Australia will need to rethink its aid programme in order to enhance the prosperity of Pacific Island countries. Despite having invested billions of dollars of aid in the

Pacific, the return on this investment has been low. Australian aid has been conditionally tied and not always aligned with domestic priorities, instead focusing mainly on improving governance. Future Australian aid will need to focus on a few specific sectors, based on the priorities of local populations. For example, for a long time in PNG Australian aid had been focused on large-scale improvements in government structures and institutions. This failed to address the everyday challenges facing PNG's people. Given this realisation, Australia has agreed to focus its aid on areas such as health, education and infrastructure which align better with the priorities of the people of PNG.

By engaging with its Pacific Island neighbours more constructively in this way, Australia should be able to regain some lost ground in terms of influence, while also building the capacity of its neighbours to better manage their own security and prosperity in the future.

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