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CHINA IN OCEANIA

Reshaping the Pacific?

edited by

Terence Wesley-Smith
Edgar A. Porter

Foundations in Asia Pacific Studies

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China in Oceania

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EDITED BY
Terence Wesley-Smith
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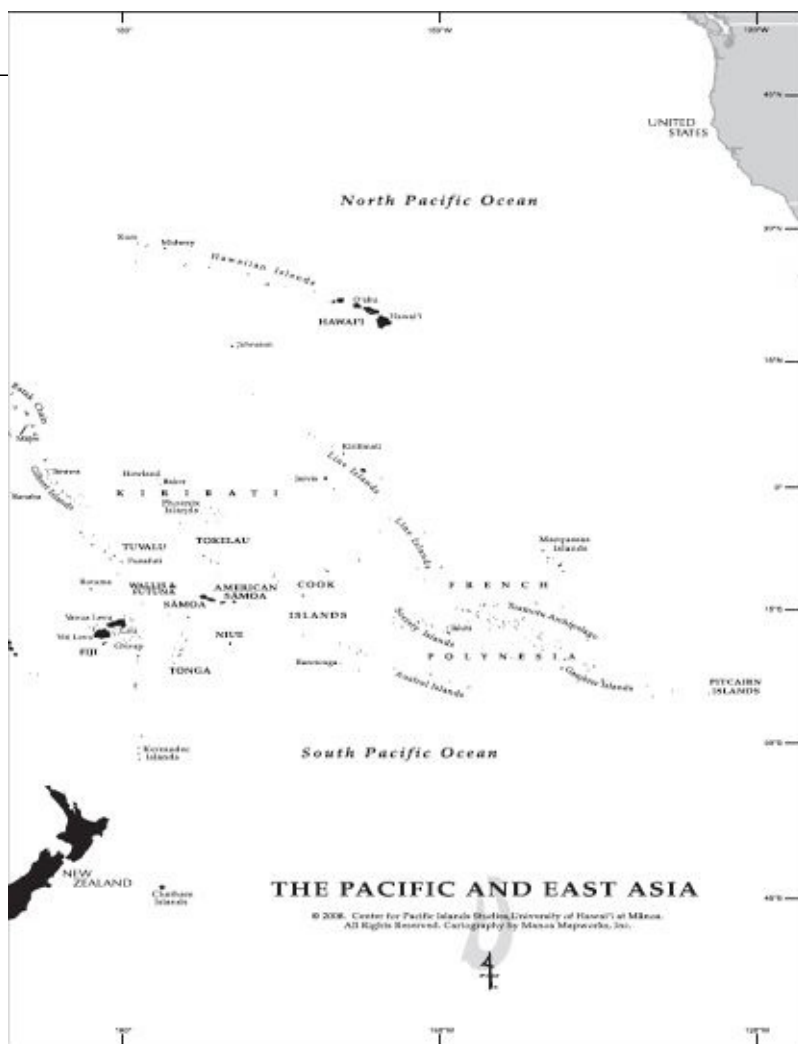


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The Pacific Islands and East Asia







Abbreviations

ASEAN, the Association of Southeast Asian Nations
AusAID, the Australian Government's Overseas Aid Program
EEZ, Exclusive Economic Zone
EPG, Eminent Persons' Group
ESCAP, the Executive Secretary of the United Nations Social and Economic Commission for Asia and the Pacific
FSM, the Federated States of Micronesia
FTA, Free Trade Agreement
GDP, Gross Domestic Product
GNI, Gross National Income
G8, Group of Eight
ICBC, the International Commercial Bank of China
ICDF, the International Cooperation and Development Fund
IMF, International Monetary Fund
MOU, Memorandum of Understanding
MCC, Metallurgical Group Corporation
MHLC, the Multilateral High Level Conference
ODA, Overseas Development Aid
OECD, Organization for Economic Co-operation and Development
PIF, Pacific Islands Forum
PNG, Papua New Guinea
PRC, the People's Republic of China
PSB the Pacific Savings Bank
RCDF, the Rural Constituency Development Fund
RMB, renminbi, the currency of the People's Republic of China
ROC, Republic of China/Taiwan
WTO World Trade Organization
UNCLOS, the UN Convention on the Law of the Sea
UNCTAD, the United Nations Conference on Trade and Development
UNDP, United Nations Development Program



INTRODUCTION

Oceania Matters

Edgar A. Porter and Terence Wesley-Smith

Introduction

In 1982 one of the editors of this volume visited the quiet campus of Brigham Young University Hawai'i on the north shore of Oahu. Recently returned from a two-year stay as a "foreign expert" at a Chinese university, he was surprised to find a small group of young Chinese officials studying at the Mormon institution. It turned out that they had been sent by the Chinese Foreign Ministry to study the history, politics, and cultures of the Pacific Islands, and become experts on this isolated region of the world. In those early days of China's emergence as a global power, it seems, real-world politics trumped Beijing's remaining sensitivities regarding both religion and political ideology.

Today we tend to view China's vigorous role in the Pacific as a relatively new phenomenon, but the initiative was put in place only a few years after the end of the Cultural Revolution and before the outline of a new global strategy became obvious. As part of the radical changes initiated by Deng Xiaoping, China chose to take an active, if softer and more informed, stance toward the world. The vision was there: future leaders were placed in strategic locations and, while we do not know what roles the Hawai'i-trained foreign ministry officials play today, they are certainly part of a grand scheme that has changed the economic and geopolitical reality of Oceania. Governor of the London School of Economics Will Hutton identifies the mantra originating with Deng and still followed today: "China should not attempt to be a hegemon, it should never practice power politics and should never pose a threat to its neighbors or to world peace" (Hutton 2007: 220). This is the image China strives to project to its global neighbors, and one that is now readily accepted in many Pacific Island states.

So, what is China up to in the vast but sparsely populated region of Oceania? As shown in the following chapters, there are answers, but not one answer. Certainly the diplomatic struggle between China and Taiwan for influence among the fourteen independent or self-governing island states is an important part of the calculus. Access to natural resources is also significant, with a current focus on fisheries, timber, oil, gas, and minerals, and a longer-term interest in the vast untapped wealth of the Pacific seabed. Beijing may also see opportunities to increase its political sway in a region of the world long considered an integral part of the Western sphere of influence, especially at a time when the United States and Great Britain have lowered their regional profiles. Whatever the particular mix of foreign policy motivations at work in Beijing, however, one thing is clear. As pointed out in the volume by former New Zealand ambassador to Beijing Michael Powles, China's presence will be long-lasting and patient. Indeed, it is just this realization that has caused the more established regional powers, including the United States, Australia, New Zealand, and Japan, to sit up and take notice. Many of the contributors to this collection discuss the implications of China's active presence for Western interests in Oceania.

It is important to see China's activities in the Pacific Islands not just in terms of a specific set of interests, but in the context of Beijing's recent efforts to develop a comprehensive foreign policy that is global in scope. China's policy toward Oceania is part of a much larger outreach to the developing world, a major work in progress that involves similar initiatives in Asia, Africa, Latin America, and

the Middle East (Eisenman, Heginbotham, and Mitchell 2007a). Much of this introductory chapter devoted to tracing the recent evolution of China's foreign policy by identifying its fundamental objectives, as well as the changing strategies and tools deployed to achieve those ends. Oceania is by the latest part of the world to see the writing on the wall, to confront the realities of China's emergence as a significant force in the global politics of the twenty-first century (Hutton 2007).

What of the view from the Pacific? A central purpose of this collection is to give voice to those from the region who view China's influence from a grounded and local perspective, and whose voices too often are drowned out by external observers with their own axes to grind and ready access to popular and scholarly media. We have found a general consensus that while there is concern about such an enormous and relatively unfamiliar power acquiring a significant stake in Pacific futures, there is also clear appreciation for China's recent efforts in the region. Those within official circles, for example, acknowledge the fact that China pledges not to interfere in domestic policy, comment on governance or other development issues, or attach conditions to transfers of aid and other resources. Speaking to a reporter about similar responses in Africa, Garth Shelton of South Africa's Witwatersrand University indicates that there is growing optimism about China: "If we deal with the United States and West European governments they would bring a list of 33 items requiring restructuring of your democracy, your human rights issues. China would arrive and say we accept you as you are. And that is a refreshing change" (Gracie 2006).

Pacific presidents and prime ministers also respond positively to the egalitarian qualities of contemporary Chinese diplomacy. Leaders of island states are treated with respect regardless of the nation's size, resource endowment, or system of government. Perhaps most important, China's growing regional presence allows Pacific leaders to contemplate alternatives to established networks of power and influence, and entrenched models of economic and political development.

Not surprisingly, the emergence of these Pacific alternatives is of concern to policy makers in Western centers of power accustomed to setting regional agendas. As discussed later in this chapter and by several other contributors, some analysts argue that China's no-strings-attached foreign policy approach is already undermining Western efforts to enhance human rights and good governance in the developing world. At one level, this is a discussion about development theory and practice, and about the relevance of these ideas to the welfare of populations in the Pacific Islands and elsewhere. But at another, it is a high-stakes debate about China's ability to influence international rules, norms, and values—and ultimately about control of the international system itself.

Following professor of international relations Barry Buzan (2004: 143), we suggest in this chapter that the most important question to ask is not if China matters in global politics, because it clearly does, but rather "How and to whom does China matter?" Along with the other contributors, we will argue that the rise of China in Oceania certainly matters to established regional powers like Australia, New Zealand, and Japan, as well as to the sole global superpower, the United States. But it matters most immediately to the peoples of Oceania who, like others in the developing world, continue to face uncertain economic and political prospects.

China Matters

Less than a decade ago, a prominent international relations analyst, the late Gerald Segal, could argue that China's global power and influence were greatly overrated: "At best, China is a second-rank middle power that has mastered the art of diplomatic theater.... Only when we finally understand how little China matters will we be able to craft a sensible policy toward it" (Segal 1999: 11). Whatever it merits at the time, Segal's thesis would attract few endorsements today, especially from economists. Since the late 1990s China's economy has continued to grow much faster than the global economy as

whole. By 2006, China accounted for 5.5 percent of world Gross Domestic Product (GDP), up from the 3.5 percent cited by Segal, and was closing in on Germany for third place in world ranking. Using an alternative purchasing-power-parity measure, the World Bank estimates that China has increased its global share from 11.8 percent when Segal wrote to 15 percent today, placing it second only to the United States. Expansion in trade with the outside world is equally impressive. By 2005 China accounted for more than 7 percent of world merchandise exports and over 6 percent of imports, ranking third behind the United States and Germany in both categories.¹ And even if it is not yet the major locomotive of global economic growth like the United States or Japan, it may well play that role in the not-too-distant future. As senior Australian analyst Stuart Harris put it, China's economic rise “does matter, and its concerns and interests do have to be taken into account” by the rest of the world (Harris 2004: 70, 68–70).

For Segal, the question of whether or not China matters in world politics was also linked to its ability to reshape an international system heavily dominated by the United States. He was more dismissive of this possibility. China was a non-status quo power, Segal argued, that “matters most for the West because it can make mischief, either by threatening its neighbors, or assisting anti-Western forces further afield” (Segal 1999: 19). Here Segal may have been referring to China's heavy-handed approach to territorial disputes in Southeast Asia during the 1990s, although his comments appear to hark back to an earlier era when Beijing lent its support to radical movements worldwide. However, by the time Segal's *Foreign Affairs* piece was published in the late 1990s, a new approach to China's foreign policy was already apparent. This new strategy is global in scope, and pragmatically focuses on core objectives to be achieved through a variety of “soft power” techniques. The approach has improved Beijing's global reputation and influence, especially among its immediate neighbors and the developing world more generally. Even among developed countries, China's constructive role in key international political and economic institutions is increasingly (if grudgingly) acknowledged. According to Kurt Campbell of the Center for Strategic and International Studies, a Washington-based think tank with strong ties to government and private industry, “China has determined that in most circumstances—and at least for now—its needs are best met by seeking to shape the current global framework from inside the tent” (Campbell 2007: x).

Changing Foreign Policy

For much of China's long history its leaders have focused their energies on internal politics, despite periodic forays to secure or expand the country's periphery. Under the leadership of Mao Zedong after 1949, however, China developed a focus on other nations that had experienced the humiliations of Western colonialism and economic exploitation. In 1953 Premier Zhou Enlai articulated “five principles of peaceful coexistence” to guide relations with these nations, and the 1955 Bandung conference signaled the emergence of China as a leader of the Non-Aligned Movement, whose members resisted taking sides in an increasingly polarized world.² Through the late 1950s and 1960s China's leaders advocated socialist revolution and economic self-reliance in Asia, Africa, and Latin America, and provided political, material, and military support to revolutionary movements throughout the developing world (Mitchell and McGiffert 2007: 13–17).

In the aftermath of the Cultural Revolution China began to reform its internal and external relations, increasingly emphasizing pragmatic over ideological considerations. By 1972 it had reestablished relations with the United States and resumed its place at the United Nations. But the present foreign policy era really began in 1979, as the tenets of wealth creation through economic liberalization took center stage under the leadership of Deng Xiaoping. According to sociologist Douglas Guthrie, changing patterns of foreign relations, especially in trade, are inextricably linked to internal

change in China over the last three decades. The course of change, he argued, “has been fundamentally global one....Chinese leaders have leveraged the process of global integration transform China from within” (Guthrie 2006: 331).

By 1980 China had joined the World Bank and International Monetary Fund, two bedrock institutions in the Western-dominated international financial order. China's eventual entry into the World Trade Organization (WTO) in December 2001 represented an internal victory of reform-minded leaders over hard-liners with a continuing commitment to communist principles. The long resistance of the United States to China's WTO entry reflected ongoing concerns about human rights issues and authoritarian governance practices. But anxiety about China's growing ability to disturb established economic relations within the United States and elsewhere in the world undoubtedly added weight to the opposition in Washington, D.C. (Guthrie 2006: 25–26).

China's fundamental foreign policy objectives have remained constant in recent years, although its strategies to achieve those goals have changed dramatically. As summarized by the RAND Corporation's Eric Heginbotham (2007: 203), one of China's core objectives is to preserve a peaceful international environment. This allows Beijing to pursue economic growth and focus on pressing internal issues without the distraction of conflict with other countries, especially those on its borders. With its roots in Zhou Enlai's philosophies of the early 1950s, the notion of China's peaceful rise counters any tendency to challenge the United States or other powers, and helps explain Beijing's current preference for working “inside the tent” of existing international institutions. A major exception to this emphasis on peace and stability is Beijing's belligerent stand on the issue of independence for Taiwan, which it still regards as an integral part of the People's Republic of China. However, even in this most sensitive of areas, Beijing has worked hard in recent years to avoid escalating the military and political standoff across the Taiwan Straits.

Another key objective for Beijing is to avoid encirclement or isolation, a sentiment that has deep roots in China's history of engagement with imperialist powers such as the United States, Great Britain, and Japan, as well as its sometimes volatile relationships with neighboring states, including Russia. In its current form, the objective largely reflects a determination to offset any attempts by the United States (and to a lesser extent Japan) to contain or limit China's economic and political rise, especially in Asia and other resource-rich parts of the world. Many recent foreign-policy initiatives, including strategic partnerships with key regional states and increased involvement in regional organizations, serve to further this counter-containment goal.

An increasingly important foreign policy objective involves securing and maintaining reliable access to the raw materials and markets necessary to support China's continued economic expansion. China's phenomenal record of wealth creation in recent decades rests in large part on the development of a coastally based, export-oriented economy, which by 2006 was generating a GDP of US\$2.6 trillion and foreign trade worth US \$1.4 trillion. The demand for raw materials is not only rising rapidly, but in many cases fast outstripping domestic supplies.⁴ The problem is most acute in the field of energy. Although China is a major producer of oil and gas, it is already importing substantial quantities of these items from overseas. Indeed, according to some estimates, by the year 2030 China will import as much oil as the United States (Harris 2004: 62–63).

On the other side of the trade equation, China exports much of what it manufactures to corporate partners in the United States and other developed countries, as well as to consumers in markets around the world. China's leaders have staked their future on rising standards of living associated with continued economic growth, and Beijing's foreign policy establishment works hard to make that possible.

A final core foreign policy objective for China is the creation of a more evenly balanced and decentralized international system. This emphasis on multipolarity has its roots in China's large

unsuccessful post-World War II attempts to carve out more space for a developing world caught between two ideological poles during the cold war. Although the collapse of the Soviet Union in 1991 raised the possibility of a more open system, there was no decisive shift toward multipolarity. Instead, the 1991 Gulf War quickly demonstrated the overwhelming military might of the United States, as well as its determination to remain the principal steward of global politics. Indeed, the invasion of Afghanistan and the Bush administration's "war on terror" reinforced rather than diminished the preeminent position of the United States in the global system.⁵ China frequently advocates the democratization of international relations, but its commitment to a peaceful rise precludes any dramatic moves in this direction. For the moment at least, Beijing focuses on building numerous bilateral and multilateral initiatives that collectively serve to balance, rather than confront, United States hegemony (Heginbotham 2007: 198).

Soft Power

Although the fundamental objectives of China's foreign policy have been in place for nearly three decades, the way those objectives are prioritized has shifted in response to changing circumstances. Reliable access to raw materials has become much more important, while China's quest for a multipolar world has been tempered for now. Meanwhile, the idea of China's peaceful rise to power has come to the fore, not just as an objective in itself, but as a key instrument to help achieve other core foreign policy goals. Indeed, the most dramatic changes to Beijing's foreign policy in recent times have been in the strategies employed to achieve key objectives, rather than in the objectives themselves.

By the mid 1990s it was apparent that China's new, more pragmatic foreign policy was producing mixed results. Its willingness to use force in a series of territorial disputes in Southeast Asia served to raise tensions with neighboring states already uneasy about the economic implications of China's rise and added momentum to a regional movement to close ranks against Beijing's increasing influence. The relationship with the United States had also reached a low ebb following the Tiananmen Square incident in 1989, new US arms sales to Taiwan in 1992, and ongoing attempts in the United States Congress to link human rights conditions to trade arrangements with China. In response to such developments, Beijing began to implement a more proactive foreign policy approach after about 1995.

According to Eric Heginbotham (2007: 205), Beijing's new approach is "smarter rather than more muscular" and contains a number of distinctive elements. First, it involves a new emphasis on multilateral organizations, especially at the regional level. The first such engagements were in Asia, starting in the mid 1990s with the Shanghai Cooperation Organization, which included neighboring Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan (Oresman 2007: 63). Perhaps more significant was a new commitment to improved relations with the Association of Southeast Asian Nations (ASEAN), which in November 2002 resulted in a historic agreement designed to ease tensions in the South China Sea, as well as the breakthrough China-ASEAN Free Trade Agreement (Glosman 2007). Since then, Beijing has signed numerous multilateral agreements dealing with trade and other issues in Latin America, the Caribbean, the Middle East, Africa, and Oceania.

Second, these multilateral arrangements have been complemented by a series of comprehensive bilateral relationships with key partner states around the world, including Brazil, Venezuela, Mexico, South Africa, Argentina, India, Indonesia, Nigeria, and Algeria. These "strategic partnerships" are designed to further specific political or economic goals. The relationship with India, for example, aimed primarily at countering United States containment efforts in South Asia, while attention to Nigeria reflects that country's rich natural resource endowments (Lal 2007; Eisenman 2007: 33–43).

A third strand of China's new-look policy promotes overseas investments. Although China is be

known as a destination for foreign direct investment, outflows of funds to other countries have surged in recent years, exceeding US\$16 billion by 2006. Some observers note that China's foreign investment remains relatively small, even compared to other developing countries (Morck, Yeung, and Zhao 2007: 2–3). Others argue that not all of what is promised is actually delivered (Kurlantzick 2007: 87). Behind the bland statistics, however, lies a national investment approach that is as much political as it is economic in nature. Chinese companies are offered a range of government incentives to invest overseas, particularly in key industries such as energy, and Kurlantzick (2007: 90) describes “a frantic shopping spree” for oil and gas fields and related companies over the last five years. Beijing seeks to control the production of commodities that are vital to China's economic well-being; it also emphasizes investment as a way of cementing relationships with overseas partners.

The most significant changes in China's foreign policy in recent years have involved style as well as substance. Nations may be singled out for attention because of their potential to meet Beijing's short- or long-term goals, but the likelihood of success is enhanced by the manner in which leaders are approached and relations nurtured. There has been a concerted attempt to reassure potential partners of Beijing's commitment to the peaceful rise ideal, to more symmetrical forms of international relations characterized by cooperation rather than coercion, and to “win-win” outcomes. Bilateral and multilateral agreements are typically multidimensional, involving trade concessions, investment, loan packages, and sometimes development assistance. Potential partners are not necessarily asked to choose sides in situations where third-party interests—such as those of the United States or Japan—are at stake.

Perhaps as important, especially in smaller or poorer countries, leaders in Beijing articulate a classical view of state sovereignty, one that makes no judgments about the internal affairs of partner states and rejects overt attempts to use external relations to leverage internal political or economic change. This is an aspect of China's soft power that often impresses leaders of developing countries and influences their willingness to entertain expanded levels of cooperation. It is also the aspect that raises eyebrows in Western capitals, where relations with developing countries are increasingly structured around issues of transparency, good governance, and respect for human rights. A Heginbotham (2007: 208) concludes: “Perhaps the most challenging aspect of China's rise in the near and middle term...will be managing its impact on evolving global norms, rather than on stability (where its interests largely, but not entirely, coincide with those of the United States).”

A Regional Emphasis

Often overlooked in the debate about China's rise is the importance of its regional dimensions. Much of Beijing's foreign policy focus in recent years has been on the developing world, and on those states categorized as “transitional” by the United Nations.⁶ Between 1999 and 2003 China's trade with developing countries grew 88 percent faster than that with developed states (Eisenman, Heginbotham, and Mitchell 2007b: xv). That its diplomacy is “taking the developing world by storm” is evidenced by a plethora of recent investment and trade agreements, construction projects, and multilateral initiatives in Africa, Latin America, and the Middle East, and throughout Asia (Heginbotham 2007: 189). And it is at the regional level that a rising China is having its largest and most immediate impacts.

Given its core objectives, China's increased attention to developing and transitional states is hardly surprising. Beijing's primary external interest has always been in the neighboring countries of Central Asia, where strategic, great power, and economic concerns coincide. What has changed in recent years is its level of success in these states, where Beijing's new emphasis on mutual benefits and good-faith leadership has paid handsome dividends (Oresman 2007). Perhaps even more remarkable are Beijing's

dramatically improved relations with its neighbors in Southeast Asia, where significant security, political, and economic interests are at stake. These diplomatic gains have resulted largely from similar proactive efforts to reduce mistrust and address regional concerns (Glosny 2007).

Unlike its activities in Asia, China's recent forays into Africa, Latin America, and the Middle East are largely unprecedented—and all the more dramatic as a result. Trade between China and Africa increased by 700 percent during the 1990s, and it doubled again in the four years after the first China Africa Forum in 2000. Today, China is Africa's third most important trading partner after the United States and France, numerous Chinese companies are doing business on the continent, and there is intense Chinese diplomatic activity (Servant 2005; Eisenman 2007). The predominantly economic nature of Beijing's interest in Latin America is reflected in a significant increase in trade. Between 1999 and 2004 Latin American and Caribbean exports to China increased sevenfold, imports more than tripled, and resource-related Chinese investments surged (Jenkins and Peters 2006; Teng 2007). Meanwhile, China has been aggressively pursuing energy supplies and markets for its products in the Middle East. Rapidly expanding imports of oil and exports of manufactured goods generated trade valued at US\$36.7 billion by 2004—about the same as the value of trade between the United States and the Arab world. Furthermore, the volume of trade continues to grow at more than 40 percent annually (Yufeng 2007: 113, 118).⁷

China's intense new interest in the developing world is highly significant for several reasons. First, it is now a central focus of Beijing's external efforts and thus reflects the essential nature and objectives of China's evolving foreign policy. Second, China's regional activities have major economic and political consequences, not only for the countries immediately involved, but for other global actors and, ultimately, for the international community as a whole—whether Beijing intends those secondary impacts or not (Campbell 2007; Eisenman, Heginbotham, and Mitchell 2007a).

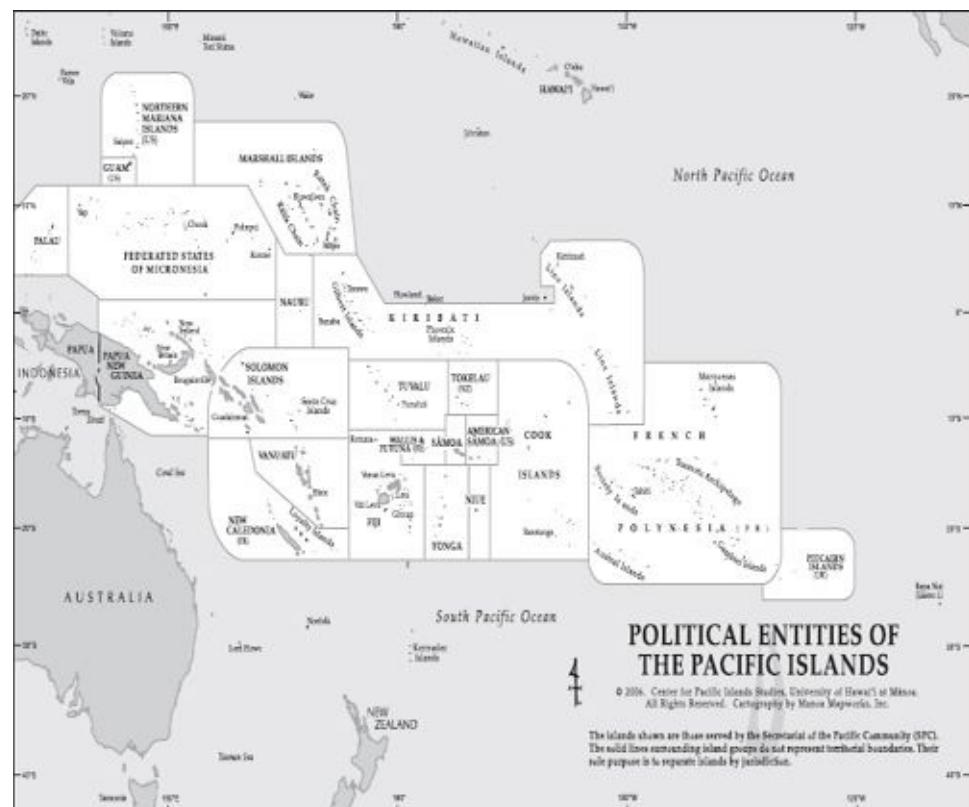
Today, these “knock-on” dynamics are most apparent in Central, East, and Southeast Asia (Freedman 2004: 35-36). Beijing has made major diplomatic strides in these parts of the world in recent years, and its potential for regional leadership is increasingly acknowledged. China's success in Asia has obvious implications for other powers actively involved there, most notably the United States and Japan. Although regional leadership is a more distant prospect for China in Africa, Latin America, and the Arab world, the potential to bump up against the strategic, economic, and political interests of other world powers is obvious. That there has been remarkably little great power tension in the potential flashpoints is largely attributable to Beijing's current conciliatory approach to bilateral and multilateral relations.

Finally, and most important, the recent extension of China's global reach has profound implications for an increasing number of people in developing countries. However, few analysts have examined the regional dimensions of Beijing's new foreign policy in any depth, let alone investigated China's evolving relationship with the developing world as a whole. A notable exception here is *China and the Developing World*, edited by Joshua Eisenman, Eric Heginbotham, and Derek Mitchell (2007b).⁸ But even the authors in this collection tend to examine the material through Western lenses, asking questions mostly about great power interests and potential challenges to the status quo in international politics. Most of the existing literature is concerned with what China's rise might mean for the global interests of the United States, rather than for the welfare of the people who inhabit affected parts of the developing world—and represent fully three fourths of humanity as well as a disproportionate share of its poor and disempowered.

Authors who comment on these aspects of China's new-found influence tend to hedge their bets, acknowledging a generally positive reception for China's overtures, but also noting some potential future difficulties. In a recent book-length analysis, journalist Joshua Kurlantzick (2007) celebrates the success of China's global “charm offensive,” comparing it unfavorably with Washington's waning

soft power efforts.⁹ But he also warns that China's growing power could eventually serve to erode “labor and environmental standards in other countries...and undermine efforts by Western governments and international financial institutions to demand better governance...from a recipients” (Kurlantzick 2007: 171). Such arguments draw our attention to negative future possibilities—but they also tend to assume the virtues of the status quo in the political economy development.

Trends in global development leave no room for complacency. At the turn of the millennium, and after a half-century of massive Western-led development efforts around the globe, United Nations Secretary-General Kofi Anan (2000) could report that “[t]he gross disparities of wealth in today's world, the miserable conditions in which well over a billion people live, the prevalence of endemic conflict in some regions, and the rapid degradation of the natural environment: all these combine to make the present model of development unsustainable, unless remedial measures are taken by common agreement.” There has been some progress toward the achievement of the so-called Millennium Development Goals initiated by Anan, including efforts to reduce the incidence of global poverty. However, it is worth noting that the biggest gains in the war against poverty have been achieved in countries—particularly China—not always noted for their strict adherence to the advice of Western development agencies.¹⁰



Map I.1 • Political Entities of the Pacific Islands

Oceania Matters

Georgetown University's Robert Sutter and Michael Green describe *China and the Developing World* as the first comprehensive treatment of this important topic since the conclusion of the cold war (Eisenman, Heginbotham, and Mitchell 2007b: frontispiece). The work includes six chapters examining China's relations with Africa, Central Asia, Latin America, the Middle East, South Asia, and Southeast Asia, as well as introductory and concluding analysis. Yet there is not a single mention of the Pacific Islands region or of individual island states, and no acknowledgment of this absence.

Meanwhile, Joshua Kurlantzick (2007) does little better with just three passing references to the “remote Pacific” in his 300-page treatment of China's global influence.

It is appropriate to question why Oceania, which includes more than twenty separate political entities and encompasses almost a third of the surface of the globe, remains underrepresented in media and scholarly coverage of contemporary world events (see [Map I.2](#)). A large part of the explanation has to do with the size of the island entities involved (see [Table I.1](#)). Papua New Guinea is the giant of the region, but with a population of less than seven million and land area of about 179,000 square miles it is still relatively small by global standards. All other Pacific Island entities have populations of less than one million, often inhabiting widely scattered archipelagoes of tiny islands. Associated with small size is a popular assumption that island places lack resources of significant interest to the outside world. Indeed, if the Pacific Islands region exists at all in the popular imagination it is as a tourist destination, a benign tropical playground of pleasure and escape.

Oceania does contain significant natural resources. The region's remaining stands of tropical timber are much in demand on global markets, and Papua New Guinea is already a major producer of copper, gold, nickel, oil, and natural gas. The combined 200 mile exclusive economic zones of the region represent more than 11.6 million square miles (30 million square kilometers) of sea space—3 percent of all such zones worldwide—dramatically extending the resource profile of island microstates (see [Map I.2](#)). To date this has meant an ownership stake in the world's largest tuna resource and the multibillion dollar industry it supports. Probably more important in the longer term, however, are the enormous deposits of manganese, copper, and cobalt that are known to exist on the Pacific seabed, particularly in the vicinity of the Clarion-Clipperton fracture zone, as well as those that are yet to be identified elsewhere in the region. It is only a matter of time before market and technological factors combine to make the large-scale exploitation of these resources feasible—with significant implications for some Pacific Island states and the regional economy as a whole.

Table I.1 • Key Indicators, Selected Pacific Island Nations*

	Population (2008, est.)	Land Area (sq. miles)	GNI** per capita (US\$, 2005)	Aid per capita (US\$, 2002)
Cook Islands	15,537	92	10,201	491
FSM***	110,443	271	2,300	702
Fiji	839,324	7,055	3,170	41
Kiribati	97,231	313	1,294	203
Marshall Islands	53,236	70	2,930	823
Nauru	10,163	8	5,828	—
Niue	1,549	100	—	—
Palau	20,279	171	7,670	986
Papua New Guinea	6,473,910	178,704	816	36
Samoa	179,645	1,133	2,020	214
Solomon Islands	517,455	10,954	620	57
Tonga	102,724	251	2,062	217
Tuvalu	9,729	10	2,516	260
Vanuatu	233,026	4,707	1,560	133

* Independent and self-governing members of the Pacific Islands Forum

**Gross National Income

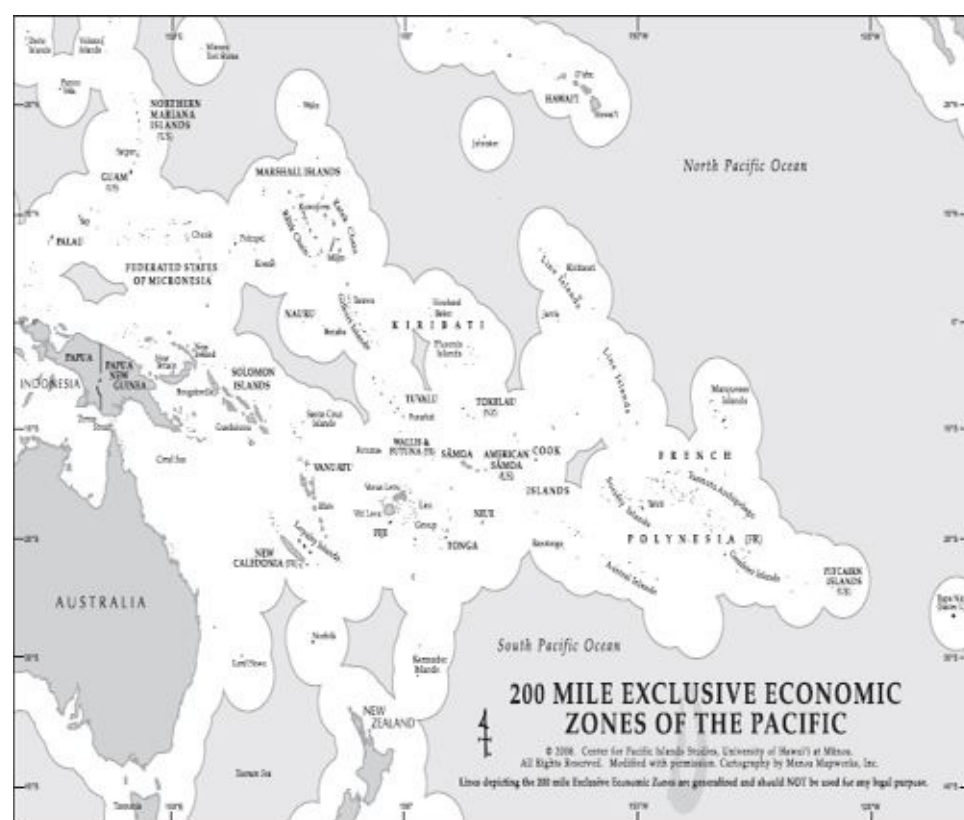
***FSM, Federated States of Micronesia

Sources: World Bank, World Development Indicators Online
 PC, Secretariat of the Pacific Community
 Jayaraman and Choong 2006: 334.

Nevertheless, strategic rather than economic considerations have tended to determine the nature and extent of external interest in the region over the centuries. Oceania's strategic value is usual

perceived as a function of its location relative to other, more dynamic, regions of economic and political activity.¹¹ As a result, external involvement has often been driven not by a compelling need to access the resources of a particular territory, but by a defensive desire to exclude others from what is often condescendingly described as America's “backyard,” Australia's “patch,” or New Zealand’s “neighborhood.”

The idea of strategic denial featured prominently in the early colonial history of the Pacific, as expansionist European powers like Great Britain, France, Germany, and the Netherlands established large colonial spheres of influence in order to protect smaller nodes of real economic or political interest. Similarly, the massive military deployments of the Pacific War were designed not just to liberate island populations from Japanese occupation, but to protect the security and economic interests of places like Australia, New Zealand, and the United States. The pattern was repeated during the cold war, as a group of allies, including the United States, France, Australia, and New Zealand, worked diligently to exclude the Soviet Union or any threatening surrogates from establishing footholds in this vast buffer zone of Western influence. These efforts relied on large transfers of development assistance, and today per capita aid flows to Pacific Island nations remain among the highest in the world (see [Tables I.1](#) and [I.2](#)).



Map I.2 • 200 Mile Exclusive Economic Zones of the Pacific

Oceania's low profile in global politics owes as much to its tacit status as an “American lake” as to its marginal importance in the global economy. Furthermore, at least until recently, the sorts of pressing political and humanitarian issues afflicting many other parts of the developing world were conspicuously absent in the Pacific. The process of decolonization was generally peaceful and, despite disadvantages of small size and lack of resources, most of the newly formed island states have been relatively stable in the post-independence period.

However, some serious political problems have emerged in more recent years (see e.g. Henderson and Watson 2005). Fiji, for example, has experienced four coups since 1987, the latest in December 2006, and the Solomon Islands has yet to fully recover from violent clashes between militant groups.

that by mid 2000 had brought most state functions to a standstill. The secessionist conflict on the island of Bougainville, politically part of Papua New Guinea and the site of a giant copper and gold mine, was more serious in humanitarian terms. In the decade after the crisis erupted in 1988, an estimated 20,000 people lost their lives either in armed clashes between official forces and factions of the Bougainville Revolutionary Army, or as result of deprivations associated with the government-imposed blockade of the island.¹²

Table I.2 • Aid Donors to Oceania, 2006*

Donor	Amount	Share
	US\$m	%
Australia	480	42.6
United States	187	16.6
New Zealand	113	10.1
France	112	9.9
EC	78	6.9
Japan	76	6.8

* The table reflects Organization for Economic Co-operation and Development (OECD) statistics, which do not include information about China

Source: OECD International Development Statistics

Despite increasingly alarmist talk in Australia and New Zealand of a Pacific “arc of instability,” these regional crises have attracted relatively little international attention. No extra-regional powers have rallied to the aid of dissident factions in any of the regional conflicts, and efforts in support of besieged governments have come almost exclusively from within the region. Although Commonwealth connections have been activated after each of the Fiji coups, and United Nations observers were involved in peacekeeping activities in Bougainville, these interventions have been of relatively minor importance. And it is interesting to note that the most significant international effort to date—the Australian-led Regional Assistance Mission to the Solomon Islands launched in 2003—was justified with reference to a perceived threat to regional security. At the time analysts suggested that the Solomon Islands constituted a “failed state” that might provide a safe haven for international terrorists and threaten the interests of neighboring states, particularly Australia—even though no such subversive activity had been identified (Wesley-Smith 2008).

China and the Pacific Islands

Although seen as marginal by many commentators, Oceania has obviously not escaped the attention of some “nontraditional” external powers, including China. Indeed, University of the South Pacific Professor Emeritus Ron Crocombe identified what he calls “a spectacular transition” underway in the region: “For the past 200 years, external influences, whether cultural, economic, political or otherwise, have come overwhelmingly from Western sources. That is now in the process of shifting to predominantly Asian sources” (Crocombe 2007). Crocombe discussed the growing regional involvement of Japan, Indonesia, Malaysia, Korea, and the Philippines, and described China as the “expansionist power of the Asia-Pacific this century” (2007: 249). Other analysts have addressed various aspects of China's new relationship with Oceania, although most are primarily concerned about the implications for Western interests in the region.¹³ *China in Oceania* is the first book-length

collection to address the topic in a systematic way—and the first publication to include a range of Pacific Island perspectives on the evolving relationship.

As several contributors to this volume discuss, China has a long history of interaction with Oceania. Chinese traders were active in the region in the nineteenth century, and significant numbers of contract laborers and small business operators followed later. Motivated mainly by cold war-related political and strategic concerns, Beijing began to establish official ties with newly independent Pacific Island states in the mid 1970s (Godley 1983). Today Chinese officials have regular interactions with representatives of all of the independent or self-governing island nations, and Beijing maintains formal diplomatic relations with Papua New Guinea, Samoa, Tonga, Cook Islands, Fiji, Vanuatu, and the Federated States of Micronesia. China has also developed working relations with major regional organizations including the Pacific Islands Forum.

China's interest and involvement in Oceania have increased significantly over the last decade. In an address at the annual meeting of the Pacific Islands Forum in October 2000, China's Vice Foreign Minister Yang Jiechi noted that the value of trade with the region had almost doubled in each of the previous two years, and that the number of Chinese-funded infrastructure projects was also expanding rapidly. He announced the establishment of the China–Pacific Islands Forum Cooperation Fund, the opening of a Pacific Islands Forum Trade Office in Beijing, and predicted a “lasting, stable and ever-growing relationship” with the region (Yang 2000). By 2006 the value of trade had reached US\$74 million, more than four times the total in 1999. In the same year Beijing announced plans to raise substantially the level of its engagement with the region.

At the first China–Pacific Island Countries Economic Development and Cooperation Forum in Fiji in April 2006, Chinese Premier Wen Jiabao pledged to make available preferential loans worth US\$376 million over three years, establish a fund to encourage Chinese companies to invest in the region, cancel or extend debts maturing in 2005, and remove tariffs on imports from the least developed island nations (see Appendix for Wen's statement and a response from Papua New Guinea Prime Minister Michael Somare).¹⁴ In a recent report for the Sydney-based Lowy Institute for International Policy, Fergus Hanson (2008) demonstrates that China's aid program in Oceania is large and growing rapidly. Indeed, he suggests that if all pledged aid is actually delivered, China is now one of the largest aid donors to the independent and self-governing Pacific Island states, second only to Australia (see [Tables I.2](#) and [I.3](#)).¹⁵

Beijing's new Oceania initiative shares many of the hallmarks of its recent engagement with other parts of the developing world. First, it includes comprehensive bilateral relations with a number of regional states, some of which are discussed in detail later in this volume. There is a particular emphasis on relations with Fiji, perhaps because of its pivotal role as the focus of much regional commerce and diplomatic activity ([Chapter 7](#)). Samoa, arguably China's oldest and most faithful ally in the region, also seems to be singled out for favorable treatment ([Chapter 9](#)). Although Tonga recognized China relatively recently, a number of business deals—particularly one allowing Chinese access to Tonga-controlled satellite orbits—appear to make it worthy of special attention ([Chapter 10](#)). Relations with Papua New Guinea have proved rather more volatile, but its vast array of natural resources makes it a natural trading partner for China ([Chapter 6](#)). Second, China's bilateral agreements in the Pacific Islands region are multifaceted and typically include trade concessions, investments, and concessionary loans, as well as aid and technical assistance.

Table I.3 • China's Pledged Aid to Selected Pacific Island Nations, 2005–2007*

US\$millions		
2005	2006	2007

* Cook Islands, Federated States of Micronesia, Fiji, Niue, Papua New Guinea, Samoa, Tonga, and Vanuatu.

Source: Hanson 2008: 11

Finally, there is a new emphasis on multilateral relations. The April 2006 summit in Fiji was a first for the region, and with plans for a follow-up meeting in 2010. But it reflects the form and substance of similar events elsewhere, including the China-Africa Forum on Cooperation series launched in 2000, and the China-Caribbean Economic and Trade Cooperation Forum held for the first time in Jamaica in February 2005. It is also worth noting that these multilateral initiatives are specifically designed not to replicate or replace the existing architecture of regional cooperation. Indeed, Beijing has been careful also to work within established Pacific regional organizations in recent years, and to avoid any direct challenges to existing patterns of leadership. China has been a dialogue partner of the most important regional organization, the Pacific Islands Forum, since the dialogue mechanism was created in 1989. In general, it has used this annual venue to establish its credentials as an interested party in regional affairs, and to offer relatively modest material support for the operation of regional bodies, including the Forum Secretariat, the Forum Fisheries Agency, and the South Pacific Regional Environment Program. However, Beijing has not demonstrated any leadership ambitions at the forum.¹⁶ Perhaps in part to assuage Australian fears that a rising China will derail ongoing attempts to enhance regional cooperation and encourage good governance, Beijing has recently pledged support for the Pacific Plan, a major blueprint for such efforts. It has also agreed to participate in meetings designed to coordinate the efforts of regional aid donors, and in February 2008 China signed the Kavieng Declaration on Aid Effectiveness, which provides some guidelines for donor countries involved in Papua New Guinea (Hanson 2008: 15).

Chapters

In the chapters that follow, the authors explore motivations for and implications of China's (and Taiwan's) expanded presence in Oceania. Some present broad regional overviews, while others examine more specific issues. Half of the chapters offer studies focused on the experiences of particular Pacific Island nations with China and/or Taiwan.

In [Chapter 1](#) of this volume, Terence Wesley-Smith, a professor of Pacific Islands studies at the University of Hawai'i at Manoa, provides a broad overview of some strategic, political, and economic dimensions of Beijing's heightened interest in Oceania. He challenges the often disingenuous theoretical discourse pervading the existing literature and argues that China's rise offers island states opportunities not available under established structures of power. Former Director of the New Zealand Asia Institute at Auckland University and current Professor of International Politics at the University of Bristol Yonjin Zhang arrives at a similar conclusion, but goes even further ([Chapter 2](#)). He argues that how island states can capitalize on new opportunities for economic development “remains one of the most formidable challenges in the construction of a new regional order in the Pacific,” adding that “the shaping of the emerging regional order is firmly in the hands of Pacific Island countries.” Zhang dismisses the notion that China has a well-defined strategy to fill a leadership vacuum associated with the United States' neglect of the region. He sees Beijing's Pacific initiatives as consistent with its general approach to the developing world, and argues that, if anything, China has become a regional power “by default.”

In [Chapter 3](#), Michael Powles, who has long personal and professional ties to the islands region and has served as New Zealand's ambassador to Beijing, takes a close look at some of the factors affecting

China's expanding relationship with Oceania. He identifies access to minerals and rivalry with Taiwan as Beijing's two main interests in the region, and notes that “both these goals are pursued against a background of self-recognition that China is now a major Asia Pacific power.” Along with Wesley Smith and Zhang, Powles finds no evidence that the Pacific is being singled out for special attention, but he has mixed feelings about the implications of this new presence for island states. He argues that there are certain issues—such as possible great power competition, and escalating China-Taiwan conflict—over which islanders have little control. On the other hand, Powles is optimistic that “with skill and possibly some luck,” island states will be able to retain control of the tuna and mineral wealth of the ocean as exploitation of these resources increases.

Unlike many authors in this volume, Kobayashi Izumi, a professor of international studies at Osaka Gakuin University, makes little reference to the roles of Australia, New Zealand, and the United States in the changing politics of the region ([Chapter 4](#)). In perhaps the first English-language treatment of the topic, Kobayashi focuses instead on Japan's interests in Oceania and how they are impacted by China's heightened presence. He explains the mounting sense of unease in Japan about China's rise in the wider Asia-Pacific region, and describes the significant economic and political interests at stake. Kobayashi discusses the intricacies of Japan's policy making regarding overseas development assistance and argues that the sharp rise in funds to Oceania announced at the Fourth Japan Pacific Islands Forum summit in May 2006 was clearly related to China's high-profile overtures to the region just one month before. However, he is generally critical of the way Japan's overseas aid program operates, and is not confident that the additional money will help Tokyo retain its present level of influence in a rapidly changing Oceania.

Commentators often note the increased presence of Chinese migrants in Oceania, as well as the resentment they provoke in some island places. However, these authors do not always take care to differentiate between different types of Chinese communities in the islands, or explain the often complex relationship between those communities and government officials in Beijing. In [Chapter 5](#), sociologist Bill Willmott of the University of Canterbury outlines the long history of Chinese migration to the region. He identifies four waves of migration into Oceania, each with its own distinctive characteristics and significance for island communities today. Willmott argues that although Chinese communities can have an impact on local politics, their activities have very little to do with the policies of the Chinese government. Australian National University's Hank Nelson, a historian, takes up similar themes in his discussion of Chinese communities in Papua New Guinea, which hosts the largest number of ethnic Chinese in the region ([Chapter 6](#)). He notes that Chinese now outnumber Australians in this former Australian territory by a ratio of two to one, although they do not constitute a single homogenous community. Nelson discusses how some Chinese have become quite influential in business, politics, and the media in Papua New Guinea.

The next five chapters in the volume discuss the involvement of China and Taiwan with particular island countries. In the first case study, in [Chapter 7](#), University of the South Pacific political scientist Sandra Tarte examines China's relations with Fiji, a regional hub and “natural focal point” for both China and Taiwan's activities in Oceania. Fiji was the first Pacific Island state to establish diplomatic relations with China in the 1970s, and Tarte describes how the relationship has intensified in recent years to reflect China's new interest in the region, as well as Fiji's efforts to “look north” in the face of post-coup sanctions imposed by its traditional Western allies. She notes that although Australian commitments have done much to promote closer political ties, so far China's contributions to Fiji's development efforts appear to be limited. Tarte also discusses Fiji's active but “unofficial” ties with Taiwan, and the resulting friction in the relationship with Beijing.

In [Chapter 8](#), Tarcisius Tara Kabutaulaka, a professor with the Center for Pacific Islands Studies at the University of Hawai'i, looks at Taiwan's long-standing relationship with the Solomon Islands.

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