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Australia – the indispensable power in a congested sea: foreign policy implications of Australia’s strategic outlook



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Ms Hayward-Jones examines Australia’s enduring position as the dominant power in Melanesia, a region in which other international players are increasingly active, and the foreign policy choices and obligations that this position entails. Fiji is a particular challenge. While its influence may fluctuate, Australia remains indispensable to the region.

Key words: foreign policy; Australia; Melanesia; Pacific Islands; Fiji.

In this paper, using Australia’s National Security Strategy released in January to set the context, I will analyse Australia’s influence in the Pacific Islands region, and suggest measures Australia could take to respond to future challenges. I will use the term ‘Pacific’ to describe the entire Pacific Islands region and will use the term ‘Melanesia’ when I refer to Australia’s near neighbourhood.

Australia’s National Security Strategy

The National Security Strategy identifies Australia’s enduring interests in the Pacific as the “security, stability and economic prosperity” of the region (Australian Government 2013: 38). It names “economic, gender, social, security and governance issues” as ones which hamper sustainable development and potentially undermine stability. It identifies key priorities as “supporting the transition of [the Regional Assistance Mission to the Solomon Islands], encouraging Fiji’s return to democracy and the rule of law, and working with Papua New Guinea to secure development gains”. Australia’s regional focus, therefore, is rightly absorbed with the region’s three biggest countries, all three in Melanesia.

The Strategy points out that: “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)” (Australian Government 2013: 5). Risks identified include: espionage and foreign interference; instability in developing and fragile states; malicious cyber activity; proliferation of weapons of mass destruction; serious and organised crime; state-based conflict and coercion significantly affecting Australia’s interests; and terrorism and violent extremism (Australian Government 2013: 10).

Of these, instability concerns Australian security strategists most. While there is credible evidence of serious crime in the bigger countries, particularly Papua New Guinea and Fiji, there is also good police and

customs cooperation underway to address it. Instability, however, is not so easy to manage.

It is difficult to see state-based conflict arising in the Pacific. A more likely risk is “another state seeking to influence Australia or its regional and global partners by economic, political or military pressure”. While influencing countries this way is a central feature of international relations, Australia has a clear interest in ensuring that no other major power, whose interests may be different to Australia’s, puts undue pressure on small countries where Australian influence is dominant. Australia will manage this risk by “maintaining strong relationships with countries in the region through strategic, economic and people-to-people links”.

The Strategy names eight pillars of national security. The pillar most relevant to Australia’s foreign policy engagement with the Pacific is “understanding and being influential in the world, particularly the Asia-Pacific”. This pillar, ‘being influential’, is the focus of this paper.

Australia’s Regional Influence

Australia has been the dominant power in the region, particularly Melanesia, for at least three decades by dint of geography, trade and investment links, tourism, aid, defence assets, and sport. Australia is the region’s primary trading partner. Its merchandise trade with the region is worth over \$7.5 billion; and Australia is the region’s most prominent investor, and biggest source of inbound tourism. Australia is also the region’s primary aid donor, providing more than 50 per cent of all donor funds flowing to the region. Its annual aid programme in the Pacific amounts to US\$1 billion; \$857 million of this in Melanesia alone.

According to OECD² statistics, the next biggest OECD donors are the United States (\$204.6 million) and France (\$127.6 million), predominantly in its colonial possession, Wallis and Futuna.

China’s influence is on the rise. It is difficult to measure the full extent of its aid, but we can surmise from

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²Organisation for Economic Cooperation and Development

published estimates that China spends at least US\$183 million in the region, putting China as the region's third largest donor. China also is now the region's second largest trading partner, but it 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 United States aid comprises 25 per cent of total aid flows.

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" (Department of Defence 2009: 54). It may nominally share security responsibilities, such as they are, with New Zealand, the United States and France, but 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 last year that his country's traditional strategic and security relationship with Australia and the United States was paramount, but he would continue to look for economic growth opportunities in Asia, as well as in Australia (O'Neill 2012). This is likely to be the position of most Pacific Island governments.

The Regional Assistance Mission to the 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 assistance on several occasions before the Howard government responded. Australia then persuaded all members of the Pacific Islands Forum to support a huge assistance mission and provided most 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, beyond offering moral support. This kind of bold nation-transforming activity could only have been organised by the most 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 after cyclones, earthquakes and tsunamis, with defence assets and aid mobilised quickly to assist affected populations.

Diplomacy

In recent years, Australia's aid budget has increased while its diplomatic budget has been trimmed. AusAID³ now dominates Australia's presence in the Pacific. Australia is spending more in the Pacific through aid,

defence and police cooperation, but it is not investing in the same way in its diplomatic network.

International Engagement with the Region

Over the last five years, countries which once relied on Australian aid, trade and investment, have found they have more choice in donor partners and investors. The two most transformative investments have come from Ireland and the United States – Digicel, largely responsible for the region's mobile phone revolution; and Exxon Mobil, responsible for the huge liquefied natural gas (LNG) project in Papua New Guinea.

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

New Zealand is the region's third largest trading partner and third largest donor. 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 cooperates actively with Australia and New Zealand on defence, disaster relief and regional maritime surveillance. Japan interacts with the region primarily through its triennial Pacific Island Leaders Meeting (PALM), through its aid programme and through trade and investment.

United States

The United States maintains the capacity to project power in the region through its flag territories (American Samoa, Northern Mariana Islands, and Guam), military presence (United States Pacific Command), and its compact states (the Marshall Islands, the Federated States of Micronesia and Palau). In Papua New Guinea, it has Exxon Mobil's LNG investment, which dwarfs any other private sector investment in the region. But the United States is perceived by many to have long vacated the southwest Pacific, leaving Australia to represent its strategic interests.

This changed with the 'pivot' to the Asia-Pacific. Hillary Clinton's 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 in 2012, were important markers of renewed United States interest in the region. The United States opened a USAID⁴ office in Port Moresby after a 16-year absence and announced a US\$21 million budget for climate change related activities.

³Australian Agency for International Development

⁴United States Agency for International Development

Hillary Clinton said last year that the Pacific was “big enough for all of us” (Clinton 2012), referencing suggestions that increased United States engagement in the region was a hedge against China’s growing influence. This, however, masks an underlying anxiety about 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. But there is no indication that China will use its increasing influence in an aggressive fashion. In a peaceful region, 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.

For the moment, the United States can make a claim to maintain its primacy in security. In part, that is because its close ally, Australia, effectively underwrites the security of the southwest Pacific. The United States is likely to continue to rely on Australia, but to engage at higher levels 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 by accident rather than strategic design. China’s presence in the region is marked by its trade, investments and aid programme. Its investment is primarily 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 is unlikely to challenge Australia or the United States directly with more overt military cooperation.

With the sheer number of intractable issues on its agenda, it will not be in China’s interests to sow the seeds of discontent with the United States in the Pacific. 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.

Australia’s Future Regional Influence

I have 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 shown 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. Commodore Frank Bainimarama’s regime is unpredictable and prickly. It has curtailed freedoms, cut down the roles of traditional domestic power centres, and put the Fiji economy into slow motion at the very time other Melanesian economies are growing. It has promised democratic reforms, and then reneged on them. Australia responded to the coup by applying sanctions on travel by regime officials and by leading international efforts to isolate Fiji. As Fiji began constitutional reform consultations, Australia provided funding for the consultations, but maintained sanctions and continued to lobby to isolate Fiji from the Pacific Islands Forum.

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 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. With the exception of the Samoan Prime Minister, no other leader or foreign minister has consistently 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.

Since its suspension from the Pacific Islands Forum and the Commonwealth in 2009, Fiji has cleverly elevated its position in other organisations. It has used the Melanesian Spearhead Group to assert leadership in the region and met with Pacific Island leaders outside the Forum context. It has expanded its relationship with China and built new diplomatic relationships with emerging powers – Brazil, South Africa, Indonesia and the United Arab Emirates. In January, it assumed the Presidency of the United Nation’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 publicly 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 could pursue a more punitive approach to Fiji. It could impose a Cuba-style travel embargo on Australians going to Fiji, freeze the financial assets of Fijians in Australia, and even intervene militarily. That it has not done so is indicative not only of Canberra’s desire to avoid hurting innocent Fijians, but of a hard-headed realisation that attracting support for such a response in a changing region would be difficult.

A likely scenario in 2014 may see Fiji hold elections that permit free and fair voting, but are likely to impose tight restrictions on the eligibility of candidates. Fiji 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 and move forward.

Australia's ability to respond to crises

Australia's role in the region is debated. Critics talk of Australia ignoring the region, acting paternalistically, lecturing regional leaders, and disrespecting local culture. Proponents point to successes like the Regional Assistance Mission to the Solomon Islands, effective aid interventions in health and education, and support for women's rights. But like other dominant players in their own regions (the United States in Central America, Germany in the European Union, Japan in northeast Asia), Australia will always be damned and praised for its actions as the region's *indispensable* power.

Future instability in the region, whether it is a further breakdown in law and order in the Solomon Islands, internal conflict in the Southern Highlands in Papua New Guinea, civil unrest in Fiji, or a return of anti-Chinese riots anywhere, will demand an Australian response. Affected governments will look to Canberra for help. But the prevailing order in the region in 2003, when Australia drove the establishment of the Regional Assistance Mission to the Solomon Islands, has changed. The consequences of this changed environment are:

- a weakened Pacific Island Forum may struggle to respond to a crisis like that which occurred in Solomon Islands;
- Pacific Island countries in need may look for support from a wider range of partners, making it more difficult for Australia to lead a response to a crisis;
- the growth of other donors has meant Pacific Island countries no longer need to accept Australian aid with conditions requiring improved governance and public management;
- Fiji's successful diplomacy has undermined Australia's principles-based approach to governance in the region, opening the door for a more pragmatic approach; and
- 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.

Australia's Options

Australia's dominance as an economic and aid partner of the region gives it the capacity to exercise influence and 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.

The Pacific stands to benefit enormously from the Asian century. Helping regional countries to realise those opportunities would demonstrate we are committed to

their prosperity. Extending diplomatic networks, improving investment frameworks and infrastructure are all important in this regard.

Australian officials have a big presence in the region; our politicians are less frequent visitors. A more consistent effort by both 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 build trust and help avert/respond to crises.

Hundreds of Pacific Island graduate students are on scholarships in Australia. 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 tools to network and mentor these scholarship holders and keep them in the Australian fold will pay off in the long term.

Australia should include the serious newer players in the region in coordinated humanitarian assistance provision. Coordinating military assets and emergency humanitarian assistance in the wake of natural disasters is achievable and can help build trust between partners; e.g. the current FRANZ (France-Australia-New Zealand) arrangement could be extended to partners like China.

Following China's example, Australia should encourage more business-to-business links between Australia and the region. The Australian government could engage much more closely with business and civil society and encourage Pacific Island governments to do likewise. The strength of Australia's relationships with the United States and the United Kingdom, for example, is not seen only at a government level but through cultural, sport and business links. This could be replicated in the Pacific.

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

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