Article - I

China: An Expansionist Force in the Pacific Region

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Abstract

In recent years, China has been steadily expanding its non-military footprint in the Pacific region in an unprecedented manner. The multi-dimensional expansion of Chinese presence in the Pacific has arguably, made the region a microcosm of power politics amongst regional and established powers. Part of the explanation for the Chinese fast-pace growth in the Blue Pacific is the presence of the Taiwanese who have been one of the biggest providers of aid for diplomatic recognition. The aid-dependent Pacific Island Countries (PICs) by being active creators of the Sino-Taiwan chequebook diplomacy have time and again switched their diplomatic allegiance in order to secure more foreign aid for their social development and economic growth. Despite such an “unreliable” behaviour, Beijing has widened and deepened its presence in the region by providing concessional loans with “no strings attached.” The latter element has been conveniently alluring to all the PICs so much so that they have borrowed more than 50 percent of their GDP from China. This has alarmed the traditional donors such as US, Japan and Australia which are revisiting their policies and re-engaging in the Pacific politics actively, all aimed at preventing the Island nations sinking in Chinese debt and consequently losing their strategic leverage to the People’s Republic of China (PRC). As for Taipei, it had managed to ally itself with six PICs in return for provision of foreign aid and foreign direct investments. However, in September 2019, two of its diplomatic allies ditched it in favour of Beijing. There has also been a paradigm shift in Beijing’s earlier policy vis-à-vis the PICs. In the past, PRC would not allocate aid to Taiwan’s (ROC) allies, however, after a shift in policy, ROC’s diplomatic allies currently get more aid from Beijing than from Taipei. The other worrying factor for the local population is a steady growth of the Chinese diaspora. Despite anti-Chinese riots in many countries, the new wave of Chinese immigrants do not seem deterred by the negative repercussion of their presence in the region. These Chinese new arrivals invest heavily in real estate in a bid to legitimise their presence in the island nations. This development has caused massive trepidation among regional powers, as they believe, would pave the way for Chinese military presence in the region under a legitimate claim to protect its overseas nationals.

Key Words: Chinese expansion; Aid competition; Debt trap; Chinese migration to Pacific.

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Introduction

Over the past three decades Chinese diplomatic influence, economic interests and geographical reach have witnessed a disproportionate leap in the Pacific region. It is because, as many analysts argue, Chinese leaders have grand global strategies (Cabestan 2010). Thus, they are relentlessly building their economy, military, technology and ‘ideational power’ (Zhengyi 2010). For them, the next twenty years or more will provide strategic opportunities, which they are aiming to harness fully. “At the end of this period China will be able to defend and advance its interests (globally)” (Lampton 2008, 2) without being deterred by any global powers. The past decades of continued, uninterrupted and high-speed economic growth have allowed China to claim global power status (Lampton 2008). With unprecedented fast paced economic growth, China’s demand for raw material from other parts of the world will also keep growing (Thomas 2010). At the moment, China is using foreign aid as a tool to gain direct access to the resources of other nations (Salem 2019). However, there are predictions that this benign and peaceful Chinese behaviour may not last long before they resort to the use of military might in order to secure the free flow of resources into China. Deterring of weaker nations in the South China Sea region by the Chinese Coast Guards is a clear manifestation of use of military force to subdue smaller and weaker nations in the region (Connolly 2016).

Furthermore, China’s rise as a global power over the last three decades means that “Chinese behaviour can make or break international cooperation in a given issue area” (Kastner, Pearson and Rector 2019, 1). It is now pretty obvious that Chinese clout in every sphere of international politics is tangibly palpable and has “prompted heightened interest within academic, public and policymaking circles” (Brant 2013, 158). Without a strong and committed Chinese participation in major global issues such as combating climate change, building and maintaining effective institutions is hard to imagine. In some cases, “Chinese actions have helped consolidate and expand international cooperation….China’s recent increasing willingness to reach international agreements on climate is among the most significant global developments” (Kastner, Pearson and Rector 2019, 1). This behaviour depicts China as a responsible ‘global power’ willing to invest in blood and treasure to uphold international law and expand international cooperation. In the meantime, there have also been instances where China has grossly violated international law and more importantly international maritime law in the South China Sea by illegally building artificial islands and converting them into military bases (Pant 2011).

At the multilateral level, analysts argue that Beijing has shown a willingness to play the role of spoiler, to use its economic and political bargaining power to restructure international institutions in an attempt to better serve China’s trans border interests. China’s willingness to stand firm in pressing for revisions to the “institutional architecture of international financial regulations…by demanding greater representation in IMF decision-making serves as a clear example” (Kastner, Pearson and Rector 2019, 2). In most other cases, China has been content to have an observer role and allow other countries to pay the costs of sustaining and deepening international cooperation.
In the case of the Pacific region, Chinese economic, diplomatic and development activities have been steadily growing since the turn of the 21st century (Thomas 2010). The major factors that brought China into the equation were waning US interests after the end of the Cold War and growth in Taiwan’s relentless provision of foreign aid to the aid dependent small island nations in return for diplomatic recognition as well as buying votes at the United Nations (Wallis 2012). The Chinese presumed these developments as a direct challenge to one of its ‘core interests’ of the ‘One China Policy’ and its sustainability. In a retaliatory measure, Beijing reacted with great political, diplomatic and economic power. Foreign aid and foreign direct investments obviously appeared as the most effective tools to buy diplomatic allegiance (Dornan and Brant 2014). Although the region as a whole is considered as backward and remote, Chinese looked at it through a different lens – preventing Taiwan’s quest for diplomatic recognition. Thus, China’s relations with the island nations have witnessed a rapid growth since the late 1990s (Shie 2007).

Of the 14 island countries, 10 of them have strong diplomatic, economic and cultural relations with China “With an increasing number of official visits and various financial assistance packages aimed at enhancing trade, building infrastructure, equipping government and military assets, and developing natural resources” (Shie 2007, 309). As the US and its European allies are scaling back their presence in the region, China is making sure to fill the gap immediately (Wallis 2012). Until September 2019, Taiwan had diplomatic relations with six Pacific island countries. However, the Solomon Islands and Kiribati switched allegiance to China after receiving generous aid packages from Beijing (Zhang 2019). This is not the first time that the aid dependent island nations have switched sides. These cash-starved developing island countries play one donor against the other in order to secure friendly concessional loans and foreign aid (Dornan and Brant 2014).

Traditional donors such as Australia, New Zealand and Japan are facing with increasingly strong Chinese presence in the region, which they have been unable to hedge against (Cave 2019). In the past, Australia was the biggest donor to the region. This dominant role has been eroding fast and shifting to China. “Over the past decade Beijing has become one of the biggest aid donors in the Pacific, funnelling USD $ 6 billion in grants and concessional loans into roads, ports and other projects” (Smyth 2019). Linked to its Belt and Road Initiative (BRI), Beijing is aiming to implement its Maritime Silk Road Initiative in the Pacific region (Duchâtel and Duplaix 2018). Although the region in its entirety is not so rich in natural resources to suffice Beijing’s thirst for energy, the emerging donor from the global south is investing in timber, fishing, nickel and gas (Brant 2013). So far, it does not seem that the local population is benefiting from Chinese investment in these areas because all the machineries, labour force and equipment come from China. This practice has infuriated the local population who time and again expressed their disenchantment through riots and violence directed towards Chinese nationals (Smyth 2019; Cave 2019).
This article analyses the possible implications of Chinese economic, political and diplomatic engagements in the region. It also analyses the possibility of the region becoming a new theatre of power politics among rising and established powers and its negative repercussions.

**Economic Interests**

In recent years, the People’s Republic of China (PRC) has widened and deepened its economic engagement with the Pacific island nations – encompassing multiple sectors such as trade, aid, fishing and mining (Thomas 2010). China is the largest trading partner and foreign aid donor to the aid dependent island nations of the Pacific, surpassing the US and other traditional donors (Zhang and Lawson 2017). There are predictions that it will not be long before China’s aid volume surpasses that of Australia and become the largest foreign aid donor to the island nations of the Pacific (Dornan and Pryke 2017). China’s economic interests in the South Pacific region have been steadily rising for the past two decades. The unprecedented rising of Chinese footprint in the region, has alarmed the US and its regional allies Australia, New Zealand and Japan (Wallis 2012). Australia in particular has always considered the Pacific region as its ‘backyard’. Hence, it furnished the island nations with astronomical sums of foreign aid with an aim to address the burgeoning economic and social development demands (Shie 2007). However, in recent years, Beijing is making great strides in every sphere of life in the region in an attempt to marginalise the erstwhile regional powers. Over the past many years, Chinese juggernaut has grown uncontrollably – so much so that the regional powers seemingly have been unable to ‘bandwagon’ against it. Realists have different views on China’s ‘hegemonic’ expansions. For offensive realists, “war is virtually inevitable, with China’s rise seen as a major threat to the hitherto US-dominated world order. Defensive realists suggest that China could be ‘contained’ or deterred by new alliances” (Hameiri and Jones 2016, 75). Regardless of the debates posited by the realists, one thing clear is that “China is now a global power” (Cabestan 2010, 1) and it cannot be deterred by any power in its expansionist mission. Beijing is using its economic might to conquer the world ‘peacefully’.

Against that backdrop, China is relentlessly investing in the natural resources of the Pacific region. Despite its small size, the region has vast natural resources and raw materials such as minerals, timber, fish and natural gas (Thomas 2010). With that in mind, Beijing’s trade and investments is mostly focused on Papua New Guinea (PNG) – the biggest economy and ‘home’ to huge deposits of gold, natural gas, nickel, timber and fish. Funded by the EXIM Bank, state-owned enterprises and firms such as China Metallurgical Construction (MCC) have invested in PNG’s nickel and cobalt mine (Cave 2019). Other Chinese firms are investing in logging, fishing and mining sectors of the Pacific. The aid dependent Pacific island nations have welcomed Chinese investments in various sectors and consider it as a ‘win-win’ situation because these investments are believed to generate wealth to the government and the possibility of employment for the poverty-stricken nations, rising young population.

However, realities on the ground suggest otherwise. All Chinese companies operating in the region import their machineries and labour force from China, which leaves no employment space for the local population (Interview SP005, 21 March 2019). This
practice has infuriated the locals, which has led to social unrest in many countries (Smyth 2019). In 2006 the locals in Solomon Islands and Tonga staged widespread anti-Chinese riots, which resulted in the death of many people and burning down of Chinese properties and businesses (Dornan and Pryke 2017). In the same manner, in 2009 the locals in PNG demonstrated against the rising number of Chinese workers. In each of these violent strikes, Beijing sent chartered flights to these countries to evacuate its overseas citizens (Connolly 2016).

Moreover, questions are arising on the financial sustainability of Chinese loan and infrastructure development, a case in point being the construction of a national conference centre in Vanuatu. Built at a cost of about USD 28.5 million the maintenance of the ‘biggest such structure in the Pacific’ completed and handed over by China in 2016 has proved a monumental task for the government so much so that Prime Minister Charlot Salwai said it was beyond their budget (Daily Post 2019). Cited as a “monument to poor lending and construction processes”, the centre’s maintenance has been handed over to a Chinese company in partnership with the government. The company now runs a takeaway and restaurant within the facility (Citowicki 2020; Daily Post 2019).

Despite all such issues that Chinese nationals have faced in the region, trade and commerce with China has skyrocketed. In 2017, “China’s total goods trade with these countries reached USD 8.2 billion, slightly ahead of South Korea (USD 8 billion) and far surpassing Australia (USD 5 billion) and the United States (USD 1.6 billion)” (Meick, Ker and Chan 2018, 7). The volume of trade and commerce between China and the Pacific region is growing rapidly – from a non-existent level a couple of decades ago to billions of dollars today. There is also a growing level of optimism about the blossoming of relations between China and the Pacific Island nations at the expense of traditional donors whose influence is dwindling. Today China is a major trading partner of Solomon Islands, the Marshall Islands and Tuvalu with a trade volume of USD 657 million, USD 3 billion and USD 8 million respectively (Thomas 2010). Every year the Sino-Pacific trade and commerce grows. Notably, Beijing is engaging more with countries that have diplomatic relations with Taiwan. The reason behind this overture is to entice Taiwanese allies to recognise the “One China Policy” and cut ties with the Republic of China (Taiwan). Comparatively, in 2017 the volume of trade and commerce between China and its Pacific allies stood at USD 3.5 billion. However, during the same year the volume of trade between PRC and Taiwan’s diplomatic allies was USD 3.8 billion. This is a testimony to Beijing’s encroachment into other territories (Smyth 2019).

In 2014 Chinese President Xi Jinping visited the Pacific region and made a number of promises to the island nations. This high-level visit by a Chinese president not only led to the deepening of diplomatic relations and commitment to the One China Policy, but also resulted in an unprecedented increase in the volume of trade and commerce. In 2017 the volume of trade between China and the region jumped to USD 4.7 billion up from USD 2.7 billion in 2014. During the same period China’s imports from the island nations reached USD 3.7 billion up from USD 2.3 billion in 2014 (Zhang 2019). China’s imports constitute raw materials such as petroleum, natural gas, nickel and timber from Papua New Guinea, ferroalloys and nickel from New Caledonia and timber
from Solomon Islands (Brant 2013). China’s major export destinations in the region are Fiji (hub of the South Pacific), Marshall Islands, Papua New Guinea and Solomon Islands. These countries import passenger and cargo ships, electronics, iron, rubber, prefabricated buildings, seafood and delivery trucks ([Meick, Ker and Chan 2018).

Furthermore, besides trade and commerce Chinese foreign direct investment (FDI) has also been rapidly growing in the Pacific since President Xi’s visit in 2014. It now stands at USD 3 billion, indicating a growth of 173 percent since 2014 (Zhang 2019). Most of these investments are made in Papua New Guinea because the country is home to massive untapped natural resources. Since 2005, Chinese State-owned companies with funding from EXIM Bank have invested USD 970 million in two major mining projects in PNG (Meick, Ker and Chan 2018). There are predictions that given its fast-pace economic growth, China’s demand for natural resources will increase even further to keep the engine of its economic growth running (Thomas 2010). In addition to natural resources, Chinese enterprises have invested heavily in transport and real estate. In 2017, China signed an investment deal worth USD 4.4 billion with the PNG to build roads, agricultural industrial parks and water supply in various parts of the country (Lyons 2018). The other big beneficiary of Chinese FDI is Fiji where Guangdong Silk Road Ark Investment is building a USD 500 million resort on the coast of the main island.

Chinese state-owned enterprises and firms have been investing in information and telecommunication projects throughout the Pacific region. Fiji has already partnered with Huawei to roll out a new fibre internet network in the country (Radio New Zealand 2019). In addition, Chinese FDI besides sending a huge body of labour force, has enticed large numbers of Chinese diasporas into the Pacific region engaging in various activities – from small shops to “cybercrimes, prostitutions, money laundering and drug dealing” (Interview SP007, 04 April 2019). People’s resentment towards the increasing number of Chinese citizens is growing fast. If the situation continues in the same manner where more and more new Chinese nationals arrive in the island nations, Pacific-watchers predict the local population will once again react against it harshly the way they did in Solomon Islands and Tonga in 2006 and Papua New Guinea in 2009 (Smyth 2019; Cave 2019). In such an eventuality, Beijing’s official response, as many analysts believe, will not be limited to chartered flights to rescue its endangered citizens. It will respond with “military force if members of the Chinese diaspora were threatened” (Connolly 2016, 9). It is probably because of these grand strategies that PRC is expanding its sphere of influence and operations in the entire Pacific region. Analysts speculate that China is laying the foundations for its long-term plan of a military base in the region. A wharf for commercial cruise ships built by China on Espiritu Santo Islands in Vanuatu would also be able to accommodate naval vessels. More so, the wharf is close to the island nation’s international airport which China is helping to upgrade (Citowicki 2020)

Beijing is also expanding its territorial reach with an objective to tighten Taiwan’s space. Out of the six countries that had diplomatic relations with Taiwan, it is now reduced to four. The probability of these four aid-dependent countries switching to China is very big (Zhang 2019).
Diplomatic Interests

China’s diplomatic interests in the Pacific region is deeply rooted in the presence of Taiwan, which Beijing considers as one of its breakaway provinces. The Sino-Taiwan diplomatic competition in the Pacific has a long history. Ever since the assuming of the UN seat by the People’s Republic of China (PRC) in 1979 from Taiwan (ROC), the two countries have locked horns over diplomatic manoeuvring around the world (Atkinson 2010). This power posturing between the two Asian economic giants has now brought Pacific into the equation, which was otherwise known as a remote part of the world with less significance on the global stage. As for the aid dependent Pacific island nations they, arguably, need such a diplomatic rivalry between China and Taiwan in order to benefit from their surplus wealth, which they are willing to disperse in return for diplomatic recognition (Dornan and Brant 2014).

It is due in large part to these opportunistic agendas that the Pacific microstates have time and again switched their diplomatic allegiances between China and Taiwan. As recent as September 2019, Solomon Islands and Kiribati switched their diplomatic allegiance from Taiwan to China citing their burgeoning socio-economic needs as the rationale behind the decision. Ever since their independence, these countries have switched multiple times before (Cave 2019; Zhang 2019). The longevity of their loyalty is heavily dependent on the amount of foreign aid and concessional loans they receive from these emerging donors. Whichever donor defaults on their aid promises or provides hard loans, the recipient nation declares allegiance to the more generous one. In an interview with a prominent Vanuatuan government official, the author was told that if Taiwan provided more aid to Vanuatu than China, the government will “probably” switch to Taiwan (Interview SP008, 5 April 2019). So far, the microstates have shrewdly succeeded in playing one donor against the other to secure more aid and friendly loans.

However, as many analysts believe, the honeymoon period of the Pacific Island States is drawing to a close. With president Trump’s ‘America First’ policy, China is boldly and rapidly filling the void created by the US (Wallis 2012). This US decision has inadvertently created space for China, raising alarm amongst the Pacific island nations. China’s encroachment into new territories does not come through military force, rather, through investments in social development projects implemented by Chinese state-owned enterprises and labour force thereby, intentionally indebting the recipient nations with unsustainable loans. The second tier of encroachment is the planned population of foreign lands by Chinese nationals with a mission objective to invest in real estate. The final tier is deployment of military force and warships under the pretext of ‘overseas citizen protection’ mission (Connolly 2016). The latter will be a pre-emptive action to prevent the kind of anti-Chinese riots that took place in Solomon Islands, Tonga and Papua New Guinea in 2006 and 2009 respectively.

Given that the US, as a dominant global power is becoming more ‘isolationist’ and not willing to curtail the rising Chinese global expansionism, Beijing has become emboldened to the extent of justifying its global expansionist policies. The Chinese policy-making brass is developing and nurturing this philosophy that China is now a global power and the future belongs to them. It is largely in this spirit that Beijing
is increasingly modernising its military, increasing its annual defence spending and generously investing in science and technology (Pant 2009). It is perhaps because of all these grand strategies that the Chinese government has introduced ‘Go Global’ initiative in a bid to send out state-owned enterprises with astronomical sums of money around the world and create space for Chinese workers and citizens (Dayant 2019).

As far as the diplomatic competition with Taiwan goes, the more the US retreats and the more China widens its global expansions, the more inevitable it becomes for Taiwan to give up its separatist ideology. The US support for Taiwan has its roots in the fact that over the years ROC (Taiwan) has built a robust democratic system, a strong and active civil society, advanced technological prowess, a vibrant young population and a dynamic growing economy (Atkinson 2010). It is an economic powerhouse in Asia, which has a huge trade and commerce dealings with the US. Taiwan has also been a major US ally at the international level and has supported it at the multilateral organisations with the exception of the United Nations where PRC occupies the UN Seat and is a permanent member of the UN Security Council. The US also considers Taiwan as a strong and “valuable contributor to aviation safety, combating the spread of infectious disease, and fighting transnational crimes” (Meick, Ker, and Chan 2018, 20).

With the election of president Ma Ying-Jeou in 2008, there was a period of ‘diplomatic truce’ between PRC and ROC. During his election campaign president Ma had made promises of concessions towards China in order to expand commercial and economic cooperation between the two nations (Brant 2013). The diplomatic truce between the two rivals had significantly transformed their political, economic and diplomatic dealings beyond their shores. Both nations had tacitly agreed to “leave the other with its current number of diplomatic relationships” (Atkinson 2010, 420). Although Beijing did not admit publicly that there was an official truce with Taipei, the international dealings and reduction in their earlier diplomatic competition pointed towards such a tacit agreement. A truce is a “relatively pointless concession to make, requiring only that Beijing leave Taiwan with the allies it has while admitting nothing publicly” (Atkinson 2010, 420).

The Sino-Taiwan diplomatic truce officially ended in 2016, which heralded the beginning of new diplomatic competition particularly in the Pacific region. China once again started bribing politicians and continuously increased its development aid to Taiwan’s diplomatic allies with an aim to lure them to end their relations with Taipei. “Growing economic incentives offered by China to Taiwan’s diplomatic partners could cause these countries to switch diplomatic recognition to Beijing, shrinking Taiwan’s international space and expanding China’s presence in the region” (Meick, Ker, and Chan 2018, 20). Beijing has continuously and aggressively been exerting political and economic pressure on Taiwan’s diplomatic partners in order to abandon relations with Taiwan. In 2017, following the visit of Taiwanese President Tsai Ing-wen to the Pacific region, China banned tourists travelling to Palau to coerce the tourist dependent country to switch allegiance in return for more socio-economic benefits, development, as a favourable tourist destination for the Chinese nationals (Cave 2019). More than half of Palau’s tourists come from mainland China, contributing significantly to its economic growth (Zhang 2019). By preventing Chinese tourists from visiting Palau, Beijing brazenly applied its “carrot and stick policy” signalling to the
country, that diplomatic recognition of Taipei, comes with a huge economic and tourism cost.

Beijing’s ‘reward and punish’ tactic has seemingly been effective. In 2018, Papua New Guinea (PNG) downgraded its diplomatic ties with Taiwan. China then invested in multiple projects in the resource-rich PNG. According to sources from Taiwan’s Ministry of Foreign Affairs the PNG government has compelled Taipei to change the name of its mission there from Trade Mission of the Republic of China to Taipei Economic and Cultural Office (Pitol 2019). This clearly demonstrates the type of political and economic clout Beijing has cultivated in the region, thanks to its relentless investments in various projects. In a similar move and of course under pressure from China, Fiji closed its Taipei-based mission, which was opened in 1997 following Fijian Prime Minister’s visit to China in May 2017 (Pitol 2019). According to Taiwan’s foreign ministry, the Fijian government made the decision to attract more Chinese investments and tourism to the country. However, many commentators as well as Taiwanese authorities attributed Fiji’s diplomatic manoeuvring to Chinese interference in the domestic affairs of the island nation by bribing politicians and giving them luxurious holidays to China as well as promises of aid and generous investments in various sectors (Smyth 2019).

In the aftermath of the diplomatic truce, the Sino-Taiwan diplomatic rivalry returned to the region with an unprecedented force. Under the stewardship of President Xi, Beijing’s financial investments, concessional loans and trade soared disproportionately (Dayant 2019). Taiwan, quite understandably, has not been able to keep up with gigantic Chinese funds. As a result, in recent years Taiwan’s foreign aid to the Pacific region has diminished markedly (ABC 2009). This reduction in aid from Taipei and increase of Chinese monetary incentives has cajoled two of Taiwan’s diplomatic allies to switch allegiance to China. There are speculations that if Beijing continues bribing Pacific politicians at the current level and magnitude, all of Taipei’s diplomatic allies would prefer to give up their relations with Taiwan, for the interest of more aid and concessional loans from China.

Towards that end, China is tirelessly working to expand its sphere of influence in the region. As part of its cultural diplomacy, China is actively working to boost its cultural and political influences in the island nations. In 2006, China established Confucius Institute at the University of the South Pacific in Fiji where Chinese culture and language is taught (Zhang and Lawson 2017). Beijing has also offered 2000 fully funded scholarships to Pacific students to pursue postgraduate education in China. Moreover, between 2004 and 2012, China has offered six diplomatic training programs for the diplomats of the Pacific island nations in China. When President Xi visited Fiji in 2014, he announced opening of a Chinese cultural centre in Fiji (Dornan and Pryke 2017).

Furthermore, China's heavy-handed engagement in the region is also a clear manifestation of its quest to gain more global prominence, especially at the multilateral organizations. Beijing needs the votes of the Pacific ‘microstates’ at the UN, which constitutes 7 percent of the total votes (Fossen 2012). China is also aiming to have the voting support of these island nations to block, for instance, Japan and India’s bid for a
permanent UN Security Council seat. Beijing is also working with the aid dependent island nations to tighten Taiwan’s diplomatic space.

**Multilateral Interests**

China has been accelerating its economic, political and diplomatic influence in the Pacific region since early 2000. Today, China is one of the leading trade and investment partners as well as aid contributors to the region (Shie 2007). Before the coming of President Xi in 2013, Beijing was doing business exclusively with its diplomatic partners as a reward for recognising its One China Policy and punishing those countries that had relations with Taipei. However, president Xi Jinping has expedited his country’s multidimensional engagements in the region. After realising that the policy of punishing was not producing the kind of outcome that China was hoping for, President Xi reversed this policy. As a result, Beijing is now doing a lot of bilateral trade and commerce with Taiwan’s allies in the region in a bid to entice them to give up relations with Taipei. Beijing has also geared all its efforts towards marginalising Taiwan in the region.

Towards that end, PRC is now actively engaged with the regional multilateral organisations. Since 1989, China was only a dialogue partner with the Pacific Islands Forum (PIF) represented by junior ranking Chinese officials. However, in recent years Beijing has changed its dialogue partner role significantly by replacing junior level officials to senior level officials at the vice-foreign minister level to attend the annual meetings (Brant 2013). In 2000, China spearheaded the establishment of China-PIF Cooperation Fund and facilitated the establishment of PIF trade office in Beijing in 2002. PRC has also established close relations with other regional and sub-regional multilateral organisations such as the Melanesia Spearhead Group (MSG) and funded the building of its headquarters in Vanuatu.

Furthermore, China has been the vanguard of setting up new multilateral organisations to serve its own purpose. In 2006, when Premier Wen Jiabao visited Fiji, he presided over the establishment of China-Pacific Island Countries Economic Development and Cooperation Forum (CPICEDCF). Although Chinese authorities have reiterated that Beijing does not have the intention to undermine the activities of any regional multilateral organisations, regional observers believe otherwise. China has, time and again, been blamed for orchestrating grand strategies vis-à-vis the Pacific region. It is commonly argued that Beijing wants to have a strong footprint in the region in order to prevent Taipei from any kind of ‘independent’ diplomatic engagement. Beijing’s activities are also viewed as intending to have a strong military presence in the region, possibly keeping an eye on the US bases in nearby island nations. Creation of new multilateral regional organisations under the auspices of PRC itself highlights China’s intention to have a greater role in the political and economic decision making of the island countries.

In addition, Beijing has been generously funding the running costs of these regional agencies. In 2006, when CPICEDCF held its first intergovernmental meeting in the capital city Beijing, premier Wen pledged a total of RMB 300 million (approximately USD 43 million) and promised tariff reductions and debt waiver initiative (Zhang 2019).
The second meeting of the China-led Forum was held in the Chinese city of Guangzhou where PRC pledged a generous aid package of USD 1 billion and promised another USD 1 billion for infrastructure and social development projects in the member countries—China’s diplomatic allies. Ever since, Beijing has been steadily incrementing its foreign aid, concessional loans, trade and investments and diplomatic engagements in the region in an attempt to deepen and widen its diplomatic, political and economic activities, a move that has unnerved traditional and regional powers.

Furthermore, it is observed that there has been an unwarranted growth in the number of Chinese diplomats in the Pacific region. PRC “has invested heavily in diplomacy and is now said to have the highest number of diplomats in the region” (Wallis 2012). At the bilateral level, there has been continued high level Chinese officials visiting the island nations, which has been reciprocated by the Pacific Island nations’ government officials and politicians. Chinese immigrants, tourists, labourers and state-owned firms have flooded the region over the past two decades at the expense of local firms, local labour force and domestic manufacturing companies.

Additionally, Beijing has been involved in providing military training, equipment and funding for military capacity building projects, which has been welcomed by the aid recipient island countries (Connolly 2016). In the aftermath of the 2006 military coup in Fiji, the international community, lobbied by Australia and New Zealand, applied crippling sanctions on the leadership of the coup (Dornan and Brant 2014). In order to have a reduced impact of the sanctions, the military government adopted its “Look North Policy”, which essentially meant widening and deepening political, economic and diplomatic relations with China and secure Chinese aid and investments in Fiji. For the establishment in China, this was a God-sent diplomatic gesture, which they welcomed wholeheartedly.

Given that Fiji is considered as the hub of the South Pacific, China harnessed the opportunity to expand its sphere of influence in the wider Pacific region. For China, the “Blue Pacific” has multipronged advantages. First, despite being relatively small in terms of land mass but a large Exclusive Economic Zone (EEZ) covering a large maritime space, the region is a good source of raw materials, needed by Beijing for its economic growth. Secondly, the region is a growing market for cheap Chinese goods and services that could not be exported to the industrialised world. Thirdly, the Pacific region provides great opportunities for less skilled Chinese labour force who would not otherwise be able to secure employment in China or outside. Finally, China envisions huge potential in the vast Pacific Ocean. In other words, the maritime value of the region is significantly high to Beijing.

**Maritime Interests**

Most scholars and analysts agree that the Pacific region is increasingly becoming important to PRC, though less important than most other regions around the world. Diplomatic competition with Taiwan, island dispute with Japan and getting a step closer to the US military bases have all contributed to the rising importance of the Pacific region for China. Beijing considers it as part of its “greater periphery” for diplomatic strategy and future expansion as well as its “peaceful rise”. As a rising global power, PRC
has global alliance building agendas in order to attain its strategic goals. China has already heavily indebted most of these aid-dependent developing island countries. For Tonga, Samoa, and Vanuatu, China is the single largest creditor with Tonga owing more than half of its public debt to China (Rajah et al. 2019).

Diplomatically, China’s future grand strategy is to isolate Taipei. Politically, Beijing wants these countries to bandwagon with it at international level. Militarily, China aims to emerge as the dominant power in order to challenge US and curtail Japan (Connolly 2016).

When President Xi Jinping assumed power in 2013, he unveiled his plan that the Pacific region is part of his futuristic Maritime Silk Road Initiative, a major component of Belt and Road Initiative. It is in this spirit that China has steadfastly increased its engagement in the region and has inundated the island nations with Chinese state-owned enterprises, labourers, immigrants and tourists. Through its Maritime Silk Road Initiative, Beijing intends to connect the region to international markets around the world. As of now the plan sounds promising on paper and the governments of the island nations have warmly welcomed the initiative because they believe successful implementation of the project will lead to their social development and economic growth.

However, experts and scholars paint a grim picture for the Pacific region as China’s footprint is becoming more pronounced and wide-reaching. There is this constant fear that Beijing’s expansionism will inevitably bring US into the equation, which will react to project itself as a dominant power and to preserve its vested interests in the wider Pacific region (Wallis 2012). The Sino-US power politics in the region could have destabilising repercussions for the island nations. For instance, during the Cold War, the US and former Soviet Union fought for influence mostly in the third world countries where the two superpowers were funding rival groups to fight against each other. As a result, the host country suffered from years of civil conflict, forced displacement, destruction of infrastructures and soaring poverty (Wallis 2012). In the wake of a potential Sino-US rivalry in the region, it is believed that history could once again repeat itself. As for China, it is now clear that “among other diplomatic and strategic aims, Beijing pursues greater influence in regional organisations to promote its political and economic interest, support Chinese firms’ access to the Pacific islands, and protect its sea lines of communication” (Meick, Ker, and Chan 2018, 4).

In addition, some analysts believe that China’s geostrategic and maritime interests play an important role in its continued pursuit of expanding its presence in the region. According to Sinologists, the Pacific region is vitally important to Beijing’s “offshore defence strategy” and its further development and modernisation of a “blue water navy”. They believe that “China’s maritime great power dream will not be realised if the second island chain remains intact” (Meick, Ker, and Chan 2018, 4). This reflects the significance of the island chain to China’s security needs. As a potential future superpower, Beijing has now felt the need to expand its reach throughout the world in order to have a transformative role in every possible decision it might make in the future. It is along the lines of such grand strategies that China is investing in its Maritime Silk Road Initiative project, which passes through the Pacific Ocean. This
project will allow China to claim legitimate ownership over the vast untapped Pacific Ocean in the same manner it has done over the South China Sea.

Conclusion

Since the turn of the 21st century, China’s interests have been rising steadily. This unprecedented growth in Beijing’s footprint in the Pacific region is meant to expand its presence. On the diplomatic front, PRC has tried to limit diplomatic recognition of ROC for the past many years now with former dispensing colossal sums of foreign aid to the aid dependent island nations in South Pacific to recognise its One China Policy.

Despite all these threats, ROC has not been deterred by Chinese aggressive power posturing and is pushing for its quest for independence through diplomatic means. Both countries have been flexing their muscles and continuously modernising their already sophisticated militaries and fast pacing their technological advancements. For the past two decades both Taipei and Beijing have been engaged in their “Chequebook Diplomacy” in the Pacific region where the former is trying to create a diplomatic space for itself while the latter is strenuously working to curtail it. So far, the Pacific microstates have been the biggest beneficiaries of the competitive diplomacy between the two economic giants. It is due to Taiwan’s diplomatic, developmental and commercial activities in the region that Beijing is expanding and deepening its footprint for the past two decades.

In the 1990s, for instance, trade and commerce between China and the Pacific island nations was almost non-existent. However, post-2000, China’s trade and investments have increased many folds. It is all thanks to diplomatic rivalry with Taiwan that China started exploring the region and is seeing potential in parts of it. Analysts believe that if Beijing continues with the current level of aid, trade and investments, ROC will be squeezed out of the region and China will become a dominant regional player. Moreover, given its steady unchallenged economic growth, PRC has a keen interest in the natural resources of the region where Chinese state-owned enterprises have invested heavily, especially in Papua New Guinea’s oil and gas sectors, as well as nickel, timber and gold mines. China has also invested in fishing and other mineral sectors, throughout the region.

It is worth highlighting that, Chinese investments in infrastructure building projects has created employment for its own unemploye population, attracting Chinese nationals to migrate and settle down in the region. Initially, Pacific Island governments were hopeful that Chinese development projects would create employment for the local population. Nonetheless, in recent years this hope has eroded and has become apparent that Chinese aid is benefiting its own nationals only. The Island nations are experiencing Chinese aid boomerang, which has disenchanted the local population. As a result, the locals have developed high levels of resentment against Chinese nationals – so much so that people in Solomon Islands, Tonga and Papua New Guinea have, a few years ago, staged massive demonstrations against Chinese nationals.

Furthermore, China also has maritime interests in the region. There were speculations that China might open a military base in Vanuatu after signing a number of seaport
development agreements. Although both Beijing and Port Vila have vehemently rejected such a deal, regional powers and observers believe there is a tacit agreement of such nature between the two governments. The other development that points a finger towards China’s military agendas in the region is rapid growth in Chinese nationals migrating to the Island nations and investing in real estate. Analysts argue that a large influx of Chinese nationals will inevitably arouse social tensions, which is nothing new. In such an eventuality, Chinese government will justify deploying a military force to protect its overseas endangered citizens. This seemingly temporary military deployment could result in permanent military bases. Only time will tell the true nature of China’s interests in the region.

References