



NEW ZEALAND CONTEMPORARY
CHINA RESEARCH CENTRE

CHINA AND THE PACIFIC : THE VIEW FROM OCEANIA

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Ou te fa'a talofa atu ile paia ma le mamalu lenei fonotaga maualuga o le Pasifika fa'atasi ma Saina.

Talofa lava Lau Afioga le Palemia o Samoa Tuilaepa Dr Sailele Malielegaoi ma le sui ole Malo o Saina o Ambassador Li

Prime Minister, Your Excellency Ambassador Li, New Zealand Acting High Commissioner, Members of the diplomatic corps, Vice Chancellor, distinguished guests

Talofa lava, tena koutou katoa, dajia zaosheng hao

Thank you Prime Minister and Ambassador for your comments to open this conference.

I extend thanks to our host the National University of Samoa, a university with which our own Victoria University of Wellington has a valued partnership. Vice Chancellor, your colleagues have provided all the support and more that any of us could have wished for to allow this historic conference to take place.

I thank our other partner, Sun Yat-sen University from the great southern Chinese city of Guangzhou. The Center for Oceania Studies is China's only national level Centre undertaking research on South Pacific issues.

I also thank the Board of the New Zealand Contemporary China Research Centre that first proposed this conference. This Centre, which was set up to promote scholarship and public discussion about China, is based at Victoria University of Wellington, and has seven of New Zealand's universities as its members.

China's growing role in the South Pacific is a logical aspect of its re-emergence as a global and regional power. China has global objectives – to exert political and diplomatic influence commensurate with its size, history and global standing, to advance and protect its economic security and the prosperity of its people, to secure access to resources, to ensure the security of its borders and the stability of the region in which it is located. China has become a global power, in many ways the dominant power in the Asia Pacific.

China's expanded international role, and its role here in the Pacific, is played out at multiple levels – the diplomatic and political, the defence and security, the economic and development assistance, the cultural and educational, and through the Chinese diaspora.

China's role and impact will be a feature of any discussion of the Pacific for the foreseeable future. That is a reality which is here to stay. How and why it came about is less important than where we in the South Pacific fit into an Asia-Pacific region so heavily influenced by China, and where that will lead. The tone of China's engagement with South Pacific countries will be important - as important as the economic or physical legacy its presence and growing involvement may leave.

As the Prime Minister and Ambassador Li have mentioned, we meet in the year commemorating of the 40th anniversary of the start of China's diplomatic presence in the island nations of the South Pacific. China established diplomatic relations with Fiji in November 1975, and with Samoa the following day. China's initial effort, as it was in New Zealand, was political rather than economic. This focus was compounded by the region's loyalties being divided between Beijing and Taipei. We have chosen not to make this a theme of this conference. In doing so we have perhaps left ourselves open to the charge of ignoring one of the driving forces for China's expanded presence, but since the 2008 unofficial truce with Taipei, this has assumed considerably less importance.

The influence of China in the Pacific is not measured only in terms of the interventions and commitments of the government in Beijing and its representatives in the region. For a hundred or more years the image of China in the region was pre-eminently that offered by resident Chinese communities.

Those communities date back to the 1870s. In most cases they became part of the social and economic landscape of the countries where they settled. One need only look along Beach Road here in Apia to see the lasting impact on the economic and social fabric of this country. The Attorney General will speak of this. But in Vanuatu, or the New Hebrides as it then was in the mid-1960s where I first had dealings with a Pacific Islands Chinese community, it had much more of a frontier type impact. The role of Fung Kwan Shee as the purveyor of 44 gallon metal drums of undrinkable Algerian wine, and cans of Ma Ling chicken bones, left me with scars that have not entirely healed.

Recent Chinese migration raises new issues, new tensions, and in theory new economic opportunities. The last ten years have seen the most rapid expansion of Chinese migration to the region in history. This is not a phenomenon special to the Pacific, but its impact on small communities is every bit as great here as anywhere. These new communities, many from Fujian, are tough, durable, opportunistic, hardworking, and in some areas intensely disliked for their delocalisation of business activity. They have no particular connection with longer standing families and social circles. These are not legates of the Beijing authorities. But for so many Pacific Islanders they are the vanguard and physical expression of China's growing interest in the region. Graeme Smith raises interesting insights into the way they are viewed in Chinese official circles, prompted by the heightened consular pressures they bring when that unpopularity finds an outlet in communal unrest, as we saw in Honiara and Nukualofa in 2006, and PNG in 2009.

The sub-theme of this conference is the “View from Oceania”. It is not an occasion where we gather with security and strategic experts from that global industry to consider other countries’ views, other ideological perspectives on where the interests of this region would best lie or how they might best be managed. We are here to ensure that views of this region, of its leaders, its scholars and its public, are heard. There are, inevitably, elements of great power rivalry with which Pacific Islands have to grapple. Overhanging our discussion will be the proposition the Lowy Institute argued two years ago when discussing regional geostrategic competition – that the Pacific is “Big enough for all of us”, though that formulation was not without controversy. Is it indeed how Pacific Island states see it? Or does the record point further so as to validate the late Ron Crocombe’s 2007 thesis that Asia is replacing the West in the region?

However we answer that question there is little room for argument that China has instituted a level of dialogue between national leaders, and invested more time and diplomatic energy here than has any other country from outside the Pacific Forum region. The Prime Minister has commented on Samoa’s experience. China’s rhetoric that all diplomacy should be conducted as exchanges between equals, notwithstanding differences in population, military power, geographic size or economic might, has led to Presidential and Prime Ministerial doors in Beijing being more readily open to Pacific Island leaders than those in any other major capital. I expect that a diplomatic analyst assessing the political impact of such regular contact would find that it is more profound than many outside the region may want to realise.

Wen Jiabao’s visit to Nadi in 2006 was an important landmark. The Premier not only floated the prospect of RMB3 billion in preferential loans but convened what was termed the first China-Pacific Island Countries Economic Development and Cooperation Forum. President Xi Jinping similarly spent time meeting regional leaders in Fiji only three months ago, promising a significant boost in aid, and establishing the Strategic Partnership with the eight countries recognising Beijing. I will not catalogue the full scope of diplomatic activity between these two milestone visits. This needs however to be measured not only in terms of frequency, but also in terms of what is said at such meetings, and what is done by way of follow up. To take one example: Vice Premier Wang Yang’s reference, at the 2013 forum in Guangzhou, to climate change being the ‘common challenge to all mankind ’ will resonate with island countries when compared with others who show some ambivalence on the subject.

Yet the question remains, to what extent does China have a “Pacific policy” as against its engagement in this region being a relatively uncalibrated extension of its global strategies? Has China’s engagement with Pacific Island countries been shaped by circumstances in those countries, or has a template for China’s universal international practice been placed over its dealings here? How does China manage its relations with Caribbean states for example, with parts of Africa, with countries closer to home in South East Asia? Philippa Brant has looked at this, and Terence Wesley-Smith has made comparisons with China’s dealings in the Caribbean. There will be a chance here to test the conclusion that emerges from Dr Jian Yang’s 2011 book on China and the Pacific that essentially said that China’s activities in this region were shaped by considerations and priorities in China itself more than by circumstances of the region.

Coming from New Zealand one is all too aware of the impact that a growing China has on a country's export performance and ongoing prosperity. The prospect of China offering new markets for Pacific Island produce, resources, and goods is widely mooted, but the evidence gives only limited cause for enthusiasm. Chinese trade and investment with the region is growing, but it is highly uneven, and heavily concentrated – some 70% on PNG, (which is largely *sui generis* in terms of this discussion). Only in the Ramu nickel mine is there a Chinese investment of the size and impact that characterises so much of China's international investment.

To understand China's economic impact we have to go well beyond aggregated figures. China's export figures have been skewed by construction equipment and construction materials. We need too to understand local impact, the extent of local participation in projects promoted from and by Beijing, the role played by ethnic Chinese as the vehicles, and sometimes the primary beneficiaries of China's economic outreach. That requires substantial pieces of research across many countries if we are to understand fully what we mean by China's economic impact in this region. The annual Blue Book of Oceania, edited by Professor Yu Changsen at the Sun Yat-sen University's Center for Oceania Studies, gives a useful annual commentary, (though only in Chinese at this stage), on China's engagement with individual Pacific countries.

Putting PNG to one side, the principal Pacific Island resource opportunities for China lie in fisheries and other marine resources. China played a key role in establishing a regional fisheries management regime, and Premier Wen Jiabao gave an assurance at his Nadi meeting in 2006 that China would support Pacific Islands' 'legitimate interests regarding maritime resources exploration and protection'. It was an important commitment. China's adherence to that regime is something that will be examined tomorrow.

China's aid in the Pacific has undergone an abundance of comment. Much of it analysis by anecdote, but that does not and should not pass for scholarship about the extent, content or impact of its development assistance to Pacific Island nations. That aid has been enough to resonate in the region. But it is nowhere near replacing Australia as the region's largest donor, or even match New Zealand's aid levels. Yet those relativities may change. At President Xi Jinping's meeting with regional leaders in November he upped the level of China's proffered assistance to US\$4 billion in aid funding over the next five years.

China offers new options for Pacific nations to develop costly infrastructure needs, including projects in areas such as hydro-electric power development to reduce dependence on expensive fossil fuel imports. China's criteria for its aid have placed it at variance with more traditional donors, New Zealand included, though as always with aid policy there is room for healthy debate about appropriate priorities. That policy of being willing to support projects, often political, often oriented to the elite, brought some tension to relations between China and other donors – as seen in China's rejection of the Cairns Compact. It is a subject on which Pacific Island views have been quite widely expressed, and will no doubt be heard again here.

Chinese projects have often involved the use of Chinese architects, Chinese engineers, Chinese labour, and have incurred some criticism as being poorly designed for local conditions and requiring expensive maintenance. But China has been willing to tackle infrastructural projects that other donors did not or could not take on. Thirty years ago,

when I lived down the road in Moto'otua, near the old hospital, the need for its upgrading or preferably replacement was urgent. The new hospital, opened late last year, is an eloquent rejoinder to China's critics.

So are Chinese attitudes changing? Does the tripartite project for the Cook Islands water scheme herald closer alignment between China and traditional donors? In this conference we will look closely at this project, with Finance Minister, Hon Mark Brown, here with us to give the definitive Cook Islands assessment of what this example of coordination and cooperation has produced for his country.

Recently China has put growing emphasis on concessional loans rather than grants or interest free loans - till such loans now make up nearly 60% of China's aid to Pacific Island states. Managing loan repayments has the potential to introduce new levels of complexity into governments' relations with Beijing. In a sense we are entering the second chapter of China's aid involvement in the region, marking the transition from the region often being the beneficiary of a relatively untrammelled flow of largesse to China's assistance being cast as part of a more integrated and complex partnership.

Important too is the number of Pacific Islanders who are gaining their higher level education not in traditional countries of study, but in China. President Xi Jinping's offer of 2000 scholarships over five years may have a long term impact that turns out to be the most important dimension of all of Chinese assistance.

We have ahead of us two and a half days of debate on fascinating, sometimes controversial, but nonetheless important issues that will help shape the next decades of Pacific Islands diplomacy and development. Let me extend the conference organisers' thanks to all who have travelled to Apia to take part in these deliberations, and to our hosts at the National University of Samoa for their hospitality and for the excellence of their arrangements. On behalf of the three partner universities I look forward to a free flowing discussion on perhaps the most important long term shift in this region's dynamics in the last two decades.