

# THE CHINA SYNDROME

There may be more to the growing Chinese presence in the Southwest Pacific than meets the eye, writes  
**Susan Windybank**

**F**ormer US Secretary of State Henry Kissinger wrote recently that in 20 years time when we look back at controversies such as the war in Iraq they will pale in comparison to other tectonic upheavals as the centre of gravity in world affairs moves to the Asia Pacific. We may not have to wait that long. Foreign policy pundits are already calling a new geopolitical game of power politics and interstate rivalry as a rising China seeks to draft as many countries as possible into its sphere of influence.

While the United States has been preoccupied with combating terrorism and spreading democracy in the Middle East, China has been busy cultivating new friends and allies across the Asia Pacific region. The booming Chinese economy has led to a new confidence as China finds its international feet and

looks for its place in the diplomatic sun. In stark contrast to Washington's perceived penchant for unilateralism, Beijing has discovered an enthusiasm for multilateralism that is intended to reassure the region of China's 'peaceful rise' and to portray America's regional alliances as Cold War relics.

The United States has underestimated China. Washington hawks remain focused on China's potential 'hard' power, with many fearing that Chinese military modernisation has progressed further and faster than previously thought. But it is America's 'soft' power—that is, its cultural, economic and diplomatic clout—that China is now challenging. Through a combination of trade, aid and skillful diplomacy, Beijing is laying the foundations for a new regional order with China as the natural leader and the United States as the outsider.

In a recent issue of *Prospect* magazine, Joshua Kurlantzick scores the results of this charm offensive on a zero-sum scale ranging from countries that have clearly chosen Beijing over Washington to

**Susan Windybank** is Foreign Policy Research Director at The Centre for Independent Studies.

those 'still married to Washington' but 'dating China on the side'. Burma, Laos, Cambodia and even East Timor are included in the former category while Australia falls into the latter as a 'once-staunch US ally' that has begun to 'bend to Beijing'. In between lie formerly pro-American countries with one foot in the Chinese camp such as South Korea, where 'polls show people fear America more than North Korea', and to a lesser extent Indonesia, which has been 'alienated by the war on terror' and 'US ignorance of its economic problems'.<sup>1</sup>

Interestingly, Kurlantzick overlooks the increasing role that China is playing in the more remote sub-region of the Southwest Pacific. While he notes that Beijing has been using aid to woo countries such as Samoa and Fiji, this is mentioned only in passing. Apart from Australia and New Zealand, the other states and associated territories that make up the region fall outside the boundaries of his analysis. Yet if, as he maintains, China is biding its time until it can convert its influence in the Asia Pacific into dominance—even military dominance—then the region's remoter parts may well acquire a new significance.

### **What confers strategic significance**

Two insights from strategic theory and practice help explain how peripheral and seemingly insignificant regions like the Southwest Pacific can sometimes assume an unexpected importance in the affairs of great powers. As Owen Harries argued in a perceptive 1989 paper, *Strategy and the Southwest Pacific*,<sup>2</sup> when trying to anticipate what will increase in strategic significance and what will decline we should not overlook the value of non-linear thinking. The most direct route is not always the best one. The longer, less obvious way around is often more effective, for it is less likely to have been anticipated. Paradoxically, the very fact that the Southwest Pacific is considered a strategic backwater may make it more attractive as a testing ground for China's growing power and ability to shore up allegiance in a region hitherto considered an 'American lake'.

Related to the indirect approach is the concept of displacement. Rival states may choose to conduct their competition in less sensitive parts of the world where the stakes are lower and there is less

risk of tension escalating into major conflict. It is worth bearing this in mind when considering the relationship between the Northwest Pacific, where the stakes are high, and the more marginal Southwest Pacific.

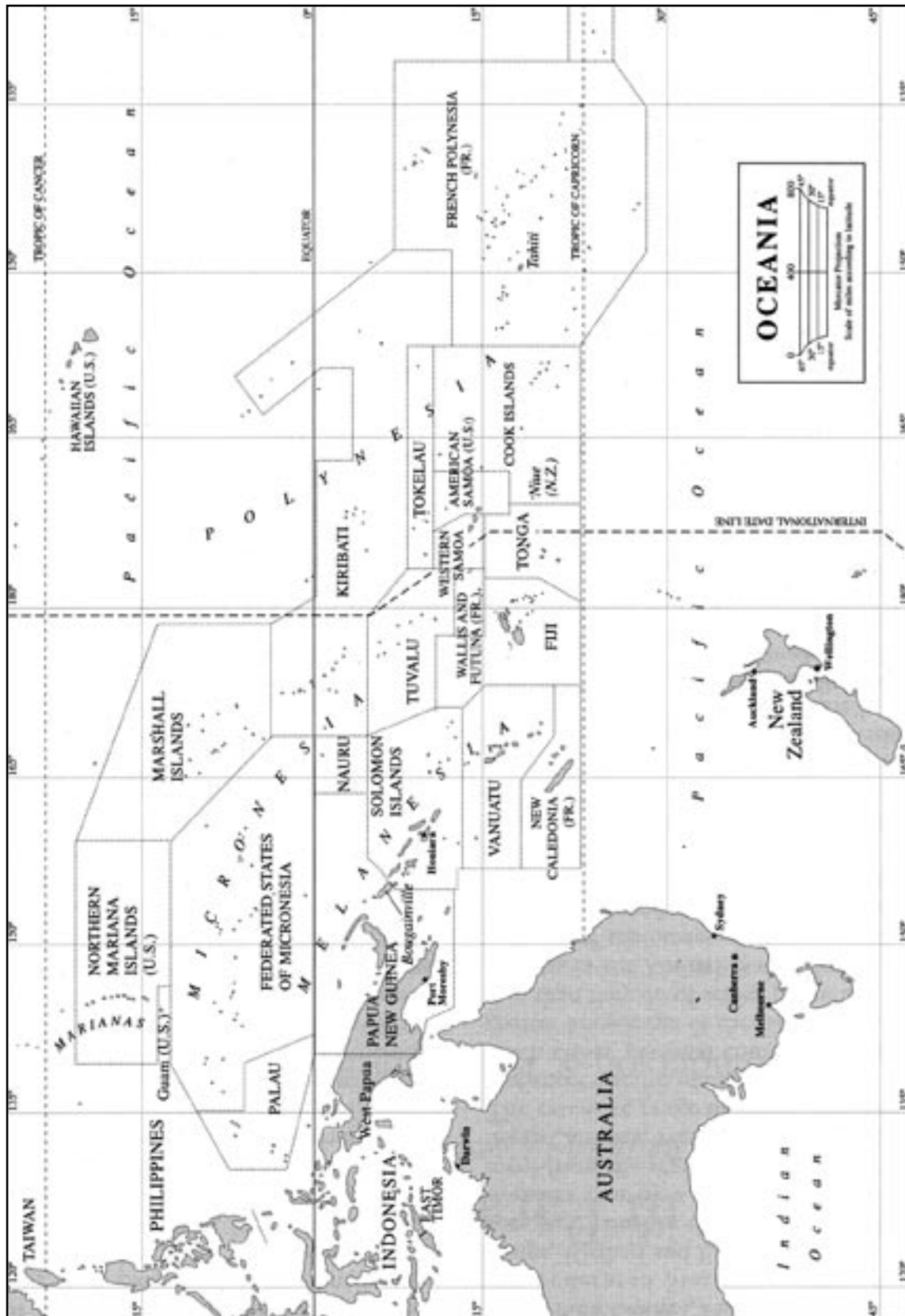
Harries was writing in the latter stages of the Cold War when America's global rival, the Soviet Union, toyed briefly with some island states in an attempt to establish a regional presence. China is not the unlamented Soviet Union. It does not possess the enormous military power the USSR once had and it does not yet have a blue water navy. Nor would a Chinese sphere of influence resemble an exclusive zone of total domination like the Soviet Union had in Eastern Europe. It is more likely to be an area in which smaller and weaker states defer to the interests, views and anticipated reactions of Beijing.

But this would mean that the island states in a region for which the Australian government has now taken responsibility would owe their primary allegiance to a country outside the US system of regional alliances—which is precisely why China's growing presence is a thorny issue. While Malaysia, Japan, South Korea and Taiwan have also become more active in the Southwest Pacific, only China has the potential to transform power relationships. Indeed, Robert Kaplan argues in the June issue of the *Atlantic Monthly* that the Pacific will become the main arena for a second Cold War between the United States and China that will last for decades.<sup>3</sup> The danger with such scenarios is that they can become self-fulfilling prophecies—treat China as a threat and it will become one—but they do serve to remind us that rising Chinese activity should not necessarily be taken at face value.

The Chinese are renowned for taking the long view, seeing time as a strategic asset in the same way the Soviets saw distance. Small but incremental gains—whenever and wherever they can be made—should be seen in this light. Chinese influence coincides with growing political instability in a region facing an uncertain economic future, thus making the islands vulnerable to manipulation.

### **How to win friends and influence people**

Over the past decade, China has been quietly planting the seeds of greater influence in the



Southwest Pacific, establishing a strong diplomatic presence and bestowing no-strings aid and other assistance on cash-strapped island governments. China is now reportedly one of the region's top three aid donors.<sup>4</sup> The amounts are modest (although the PRC does not publish official figures). Unlike Australia, China does not ask for 'good governance' as a precondition.

Most Pacific governments have welcomed China's overtures, adopting official 'look north' (or 'look east') policies and, at times, playing the 'China card' in an attempt to remind longstanding but demanding aid donors like Australia that they have other options. China has encouraged this by softening up the region's political elite through so-called visit diplomacy. Over the past few years, the red carpet has been rolled out in Beijing for the leaders of Papua New Guinea, Fiji, Vanuatu, Samoa, the Federated States of Micronesia, Tonga, Kiribati and East Timor. 'It is now accepted routine', claimed a recent article in *The National Interest*, 'that the first official overseas visit by a new head of government from the region is made to Beijing, not to Canberra, Washington or Wellington.'<sup>5</sup>

China has also been expanding its diplomatic posts in the region, with embassies in Samoa, Fiji, Papua New Guinea, Vanuatu, Tonga, Micronesia and Kiribati (a 'care-taking' mission since 2004, see below). Even the Cook Islands, with a population of just over 21,000, has established diplomatic ties with Beijing. China is now thought to have more diplomats in the region than any other country.<sup>6</sup>

One goal of this diplomatic activity is to build an islands voting bloc that will support China in international forums. The Pacific islands may be small but they are also numerous and in some forums numbers count, particularly the United Nations with its one-country, one-vote system.

A related objective is to isolate Taiwan. Last year Vanuatu became the latest Pacific island country to switch allegiance from Taipei to Beijing after two weeks of flip-flopping during which the government broke with Beijing, recognised Taiwan and finally returned to Beijing. There have been similar reversals in recent times by Nauru, Tonga and Papua New Guinea. But Taiwan can still count on five Pacific island states for support, with Kiribati last year joining Tuvalu, Marshall Islands, Palau and the Solomon Islands in the Taiwanese camp.

Kiribati is a good example of the displacement effect discussed earlier, and demonstrates how local politics in relative backwaters can sometimes assume an unexpected importance. For a few weeks in 2004 this collection of coral atolls that some 100,000 people call home became the only state in the world to simultaneously recognise both China and Taiwan after the newly-elected Kiribati president suddenly switched allegiance from Beijing to Taipei. A familiar diplomatic tug-of-war ensued between the two Chinas, but there was more than usual at stake.

Kiribati lies close to the equator, the ideal location for launching rockets and parking satellites in geo-stationary orbits. Since 1997, China has maintained a missile and satellite tracking station on Tarawa atoll. Beijing has long denied that the station played any role in the development of a space warfare capability, or that it was used to spy on a US testing facility for its missile defence programme in the nearby Marshall Islands. For Taiwan the station must have been of particular concern given that China has hundreds of missiles pointed at the country. The secrecy surrounding its function became a major issue in the 2004 Kiribati elections when both China and Taiwan were accused of trying to bribe their preferred presidential candidates. When the Kiribati President chose Taiwan over China he was no doubt hoping that the station would be too important for the Chinese to give up. But Beijing closed it down and packed up within two days.

It is unlikely that China will stop seeking such military outposts. We should consider that Chinese interest in East Timor—also close to the equator—might have this in mind.

**F**or regional powers like Australia, the most immediate problem arising from the Pacific Cold War between Taiwan and China is that it further destabilises already weak and unstable governments and feeds the endemic corruption throughout the region. An egregious example occurred in 1998 when Papua New Guinea's then Prime Minister, Bill Skate, tried to secure over \$3 billion in grants, loans and business deals from Taipei—almost half of PNG's GDP at the time<sup>7</sup>—in return for switching allegiance from China to Taiwan. But his government, already in crisis, did

not last much longer and Australia pressured its successor to stay with China.

The Solomon Islands also tried to play off the two Chinas after the 2000 coup, but eventually chose to stick with Taiwan in return for more aid. This meant that the Australian-led intervention in 2003 would not have been able to get United Nations approval because of an automatic Chinese veto in the Security Council.

Another problem is that the largesse that flows from Sino-Taiwanese rivalry mostly funds prestige projects designed for maximum public relations impact rather than economic development. China has paid for prominent public buildings such as a parliament house for Vanuatu, government buildings for Samoa, and houses for the president and vice president in Micronesia. Beijing has also provided new equipment, trips and training for security forces in Papua New Guinea, Fiji and Tonga and has bankrolled popular showpieces such as new sports stadiums for Fiji, Samoa, Micronesia, and Kiribati.

Apart from aid, China's main economic attraction for Pacific island countries lies in tourism and investment. In a region crying out for foreign capital, this is a godsend. Roughly 3,000 state and private Chinese companies now do business in the Pacific, with nearly \$1 billion in hotels, plantations, garment factories, fishing and logging operations. Thousands of Chinese have settled in the region, running grocery stores, restaurants and other small businesses. This continues a long history of Chinese traders in the Pacific, although the latest wave of emigration is starting to tip the ethnic balance in some countries.<sup>8</sup>

Last year China joined, and contributed financially to, the South Pacific Tourism Organisation after granting Approved Destination Status (ADS) to Fiji, the Northern Marianas, Tonga, the Cook Islands and Vanuatu. An ADS agreement only covers package tours through approved operators in China and the destination country, but the potential for growth is huge. China is the fastest growing outbound source of tourists in the world, forecast to reach 100 million by 2020—a tenfold increase in two decades.<sup>9</sup>

For China the economic attraction of the Southwest Pacific is as a source of natural resources such as minerals, timber and fisheries. The most

significant development on this front is the \$800-plus million, majority Chinese-owned nickel mine in Papua New Guinea's Madang province. If it goes ahead it will be one of the biggest offshore mining developments undertaken by a Chinese company. China has no experience in open-cut mining in the tropics. It also has a very poor mine safety record. But the bigger issue is whether China will interfere in the internal affairs of Papua New Guinea to safeguard its investment and how the Australian government would react if it did. China has already deployed some 4000 troops to war-torn Sudan to protect its investment in an oil pipeline with the Malaysian firm Petronas.<sup>10</sup> This is likely to be a precedent.

### **History never repeats, but...**

American economist David Hale has argued that China's need to protect its raw material lifelines will lead to major changes in its foreign policy, just as it did the United States and Great Britain.<sup>11</sup> While the sheer volume of trade alone should help promote good political ties, China can be expected to hedge its bets by developing the capability to project military power—most significantly, a blue water navy—to protect its access to resources. Indeed, China has already adopted a 'string of pearls' strategy of naval bases and diplomatic ties stretching from the Middle East to Southern China to protect oil shipments, with Pakistan, Bangladesh and Burma being some of the 'pearls' in this sea-lane strategy.<sup>12</sup> The flag follows trade, just as surely as night follows day.

But when a continental land power that occupies a central geographical position starts to show signs of blue water ambition, alarm bells begin ringing in the capitals of maritime powers. This is what happened in Tokyo recently after a Chinese submarine ventured as far out from the PRC mainland as Guam, the forward bastion of American power in the Northwest Pacific.

Guam forms part of the 'second island chain' that the Japanese occupied and controlled during World War II in their attempt to build a Pacific empire. We are not going to see a repeat of the great air and sea battles that defined the American-Japanese contest for control of the Pacific Ocean. Given America's huge lead in conventional military power, China may look to more asymmetric means

to challenge the United States.<sup>13</sup> Or, as an American intelligence consultancy has warned, to compensate for its naval weakness China could turn its political influence into military capability by placing shore-based, anti-ship missiles on these islands.<sup>14</sup> But although the Chinese have been active, they have not been aggressive.

Interestingly, the United States is now beefing up its military presence in the Northwest Pacific as part of the biggest change in American military strategy since the Cold War. Up to 100,000 troops will be pulled out of Germany, Japan and South Korea over the next decade in a major reshuffle aimed at increasing American capability and flexibility in the Asia Pacific. Upgrading of the Andersen Air Force Base and naval facilities in Guam—which is US territory—suggests a busy future for the island as a vital strategic hub for the forward positioning of expeditionary maritime forces and advanced strike assets. Combined with a string of smaller bases, supply depots and ‘lily pads’—from Korea and Japan to Thailand, the Philippines, Australia and Singapore—the United States will be able to project smaller and nimbler forces more rapidly to counter terrorism and deal with regional crises whilst leaving a less intrusive footprint on host countries.

There can no doubt that this is also a soft containment strategy aimed at China. The trick will be to anticipate problems rather than precipitating them.

**T**he relative importance of the Southwest Pacific should not be exaggerated, but nor should it be dismissed out of hand—particularly since the Australian government now insists the region is its special ‘patch’. Given the possibility that internal weakness and tension could encourage and facilitate external intervention and manipulation, it seems prudent rather than paranoid to relate short-term issues and developments to underlying long-term trends and to make a comprehensive strategic assessment in regional terms.

The expansion of Chinese influence reflects more than a benign attempt to gain access to the region’s abundant minerals, timber and fisheries. Strategic issues often have economic faces. Rising Chinese activity in the region has a broader twofold purpose: to sideline Taiwan and to undermine ties

between Pacific island nations and regional powers such as the United States, Australia and Japan. It should be seen as part of a longer-term political and strategic investment aimed at challenging the leadership of the United States in the greater Asia Pacific region.

What this underscores is that the strategic significance of a region depends ultimately on the extent to which it gets caught up in the interactions of great powers. This explains why the Southwest Pacific was catapulted from geopolitical obscurity in the 1930s into the strategic limelight between 1941 and 1945 during the great Japanese-American contest for control of the Pacific Ocean—and why it lapsed back into relative obscurity afterwards. While the region may seem unimportant now, we cannot be sure it will always remain so.

## Endnotes

- <sup>1</sup> Joshua Kurlantzick, ‘China’s Chance’, *Prospect* (March 2005), 32.
- <sup>2</sup> Owen Harries, *Strategy and the Southwest Pacific* (Sydney: Pacific Security Research Institute, 1989), 1-3.
- <sup>3</sup> Robert Kaplan, ‘How We Would Fight China’, *The Atlantic Monthly* (June 2005), 49-64.
- <sup>4</sup> Graeme Dobell, ‘Smile Diplomacy’, ABC Radio National (31 August 2004).
- <sup>5</sup> John Henderson and Benjamin Reilly, ‘Dragon in Paradise: China’s Rising Star in Oceania’, *The National Interest* (Summer 2003), 95.
- <sup>6</sup> Henderson and Reilly, ‘Dragon in Paradise’, 99.
- <sup>7</sup> According to Bill Standish, ‘Papua New Guinea 1999: Crisis of Governance’, *Research Paper 4 1999-2000* (Canberra: Parliament of Australia Parliamentary Library, 2000).
- <sup>8</sup> Bertil Linter, ‘A New Battle for the Pacific’, *Far Eastern Economic Review* (5 August 2004).
- <sup>9</sup> James Brooke, ‘China Sees Chance for Fun and Profit Offshore’, *The New York Times* (25 November 2004).
- <sup>10</sup> David Hale, ‘China’s Growing Appetites’, *The National Interest* (Summer 2004), 141.
- <sup>11</sup> Hale, 137-147.
- <sup>12</sup> Bill Getz, ‘China Builds up Strategic Sea Lanes’, *The Washington Post* (18 January 2005).
- <sup>13</sup> Qiao Liang and Wang Xiangsui, *Unrestricted Warfare* (Beijing: PLA Literature and Arts Publishing House, February 1999).
- <sup>14</sup> Stratfor, ‘Island Strategy: Why Fiji May Matter’, (12 June 2000), [www.stratfor.com](http://www.stratfor.com)