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Issue Brief

China and the Pacific Islands: A New Theatre of Great Power Competition

Esha Banerji

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S*ummary*

The Pacific Island Countries have increasingly become a key area of great power competition between China and the US. China has significantly enhanced its ties with these countries, with 10 out of 14 PICs recognising the 'One China Policy'. Wang Yi's visit highlights Beijing's efforts to further consolidate ties with the region, as it seeks to pursue its ambitious geopolitical agenda. China, though, still has a long way to go before it can effectively counter the influence of traditional powers like the US and Australia.

Introduction

China's Foreign Affairs Minister Wang Yi visited eight South Pacific countries—the Solomon Islands, Kiribati, Samoa, Fiji, Tonga, Vanuatu, Timor-Leste and Papua New Guinea, from 26 May to 4 June 2022. Beijing aims to deepen its comprehensive strategic partnership with the Pacific Island Countries (PICs) through mutually beneficial cooperation in various fields.¹ China affirms that, in doing so, it gives special emphasis to the promotion of regional peace and security. However, there are concerns that China may seek to enforce non-transparent agreements with Pacific island nations, which could be detrimental to their interest in the long-term.² This Issue Brief examines growing Chinese influence in the Pacific Islands, the importance of the region for Beijing and the challenges it faces in achieving its geopolitical objectives.

China's Inroads into the Pacific

In the past few decades, China has steadily expanded its diplomatic, trade and aid activities in the Pacific Islands. Wen Jiabao became the first Chinese Premier to visit Fiji in April 2006. He inaugurated the China–Pacific Economic Development and Cooperation Forum. In November 2014, President Xi Jinping visited Fiji, when the relationship with the PIC was elevated from friendly and cooperative relationship to that of a strategic partnership.³

At international forums such as the United Nations, each Pacific state has a vote. China, therefore, seeks their support on issues such as Hong Kong, the South and East China Seas, Taiwan, Tibet, Xinjiang and human rights. During Wang Yi's visit, many Pacific leaders vowed to stick to the 'One China' policy.⁴

Kiribati switched its allegiance to China in 2019. A year later, China became one of the only four countries to open an embassy in Kiribati, alongside Australia, New Zealand and Cuba. China was also successful in gaining diplomatic recognition from Solomon Islands, one of Taiwan's closest allies, in 2019. However, the diplomatic conflict between Taiwan and China is not over yet. In the Pacific, Palau, the Marshall

¹ [“China's Position Paper on Mutual Respect and Common Development with Pacific Island Countries”](#), Ministry of Foreign Affairs of the People's Republic of China, 30 May 2022.

² [“Department Press Briefing”](#), U.S. Department of State, 25 May 2022; [“Department Press Briefing”](#), U.S. Department of State, 31 May 2022.

³ [“Xi Jinping Holds Group Meeting with Leaders of Pacific Island Countries and Delivers a Keynote Speech Building Strategic Partnership of Mutual Respect and Common Development and Together Realizing Dream of Development, Prosperity and Harmony”](#), Embassy of the People's Republic of China in the Federated States of Micronesia, 29 December 2014.

⁴ [“Foreign Ministry Spokesperson Wang Wenbin's Regular Press Conference”](#), Ministry of Foreign Affairs of the People's Republic of China, 26 May 2022.

Islands, Tuvalu and Nauru still recognise Taiwan. In March 2022, these four countries reaffirmed diplomatic relations with Taipei.⁵

During 1992–2021, total trade volume that China had with the PICs having diplomatic relations with it registered an average annual increase of 13 per cent and expanded by over 30 times.⁶ China is the largest trading partner of Pacific Island Forum (PIF) countries (excluding Australia and New Zealand). In 2017, China's goods trade with these countries reached US\$ 8.2 billion, surpassing Australia's US\$ 5 billion and the United States' US\$1.6 billion. China is also the top trading partner of the Solomon Islands. Since President Xi's 2014 visit to the region, China has increased its cumulative foreign direct investment in Pacific Island countries by 173 per cent, amounting to US\$ 2.8 billion in 2016. While Beijing's FDI has surpassed US FDI of US\$ 2.4 billion, it is still far behind Australia's FDI in Pacific Island countries, which stood at US\$ 12.7 billion in 2016.⁷

China has also dramatically scaled up its aid efforts. A Lowy Institute study shows that between 2006 and 2017, China provided approximately US\$ 1.5 billion in aid to the Pacific Islands region through grants and loans.⁸ During 2011–17, China contributed 8 per cent of the total foreign aid, making it the third-largest donor in the region, after Australia (45 per cent) and New Zealand 9 (per cent). By increasing its diplomatic and economic profile in the South Pacific, analysts note that China is exercising 'soft balancing' behaviour against established powers in the region rather than engaging in 'hard' or military competition with them.⁹

China has signed Belt and Road Cooperation MoUs with 10 PICs—Cook Islands, Fiji, Kiribati, Federated States of Micronesia, Niue, Papua New Guinea, Samoa, Solomon Islands, Tonga and Vanuatu. Chinese businesses have undertaken projects worth over US\$ 20 billion. China has provided technical assistance, and concessional loan projects, for building critical infrastructure like roads, bridges, wharfs, hospitals, schools and stadiums.

During his recent visit, Wang Yi stated that his purpose was to consolidate friendship and 'build platforms of cooperation'.¹⁰ Both sides announced the establishment of the China–Pacific Island Countries Demonstration Center for Agricultural

⁵ [“Marshall Islands Says 'Strongly Committed' to Taiwan Ties”](#), *Reuters*, 22 March 2022.

⁶ [“China's Position Paper on Mutual Respect and Common Development with Pacific Island Countries”](#), no. 1.

⁷ Ethan Meick, Michelle Ker and Han May Chan, [“China's Engagement in the Pacific Islands: Implications for the United States”](#), U.S.-China Economic and Security Review Commission, 14 June 2018.

⁸ [“Pacific Aid Map”](#), Lowy Institute.

⁹ Marc Lanteigne, [“Water Dragon? China, Power Shifts and Soft Balancing in the South Pacific”](#), *Political Science*, Vol. 64, No. 1, 2016, pp. 21–38.

¹⁰ [“Wang Yi: China Stands Ready to Build Six New Platforms for Cooperation with Pacific Island Countries”](#), Ministry of Foreign Affairs of the People's Republic of China, 30 May 2022.

Cooperation, Disaster Preparedness and Mitigation Cooperation Center, and the Juncao Technology Demonstration Center, among other initiatives.

The strengthening of Beijing's relations with PICs gives it access to the Pacific region that have a wealth of natural resources and are strategically significant. During World War II, for instance, the South Pacific islands provided vital basing and anchorage for Japanese air and naval forces. China aims to position itself as a responsible strategic partner, at the forefront of ‘South–South cooperation’. Beijing aims to create a China-led regional security architecture, and contends that the US is not an Asian power.¹¹

Military officers from PICs are trained by the PLA.¹² In 2016, Papua New Guinea opened its defense attaché office in Beijing to coordinate military activities between the two countries.¹³ Fiji had opened its defense attaché office in Beijing in 2007. Officers from the four PICs with militaries—Fiji, Papua New Guinea, Tonga and Vanuatu—have bilateral meetings with their PLA counterparts. Furthermore, the PLA hosts a biannual forum for defence officials from the Caribbean and Pacific Islands.¹⁴

Military assistance from Beijing has increased in the Pacific Islands region. Papua New Guinea's Defense Force received 62 military vehicles worth US\$ 5.5 million from China in November 2017.¹⁵ The vehicles included 44 troop carriers, 10 armoured vehicles, four buses, four mobile kitchen vans and spare parts. The PLAN Peace Ark hospital ship visited Papua New Guinea, Fiji, Tonga and Vanuatu in 2014, and provided free medical care to its citizens. The ship visited the region again in 2018.¹⁶ Chinese naval ships have made two port calls since 2014, one in Fiji in December 2016 and another in Vanuatu in June 2017.¹⁷

Challenges for China’s Pacific Policy

Resistance from the PICs

While Wang Yi was successful in inking multiple ‘win-win’ cooperation pacts in wide-ranging fields, he failed to gain consensus on sensitive areas such as policing,

¹¹ [“The 4th Conference on Interaction and Confidence Building Measures in Asia \(CICA\) Summit”](#), Embassy of the People's Republic of China in New Zealand, 21 May 2014.

¹² [“Fiji's Prime Ministers Meets High-powered Chinese Military Delegation”](#), *Papua New Guinea Today*, 22 January 2013.

¹³ [“PNGDF Opens New Office in China”](#), *Post Courier*, 1 November 2016.

¹⁴ [“Fact Sheet: Cooperation between China and Pacific Island Countries”](#), Ministry of Foreign Affairs of the People's Republic of China, 24 May 2022.

¹⁵ Sean Jacobs, [“Time to ‘Step Up’ the Tempo: Australia’s Answer to Beijing in Papua New Guinea”](#), The Centre for Independent Studies, October 2021.

¹⁶ [“The Chinese Navy Hospital Ship Ark Peace Will Visit Tonga in a Couple of Days”](#), Embassy of the People's Republic of China in the Kingdom of Tonga, 11 August 2018.

¹⁷ [“25th Chinese Naval Escort Taskforce Visits Vanuatu”](#), *Loop Pacific*, 29 June 2017.

cybersecurity and maritime surveillance. The Chinese Embassy in Fiji attempted to brush off the issue by tweeting that "not every China-Pacific Islands ministerial meeting will necessarily produce outcome documents".¹⁸ However, this does demonstrate China's inability to influence the region and fully achieve its geopolitical goals.

Countries like Samoa, for instance, turned down the proposed China-Pacific Island Countries Common Development Vision Agreement, with Samoan Prime Minister Fiame Naomi Mata'afa stating that an agreement cannot be signed without discussing it first among the regional countries.¹⁹ Fiji's Prime Minister Frank Bainimarama noted that protection from non-traditional security threats like climate change, Covid-19, unemployment and inflation mattered more to the nation than the ones proposed by Beijing.²⁰ Federated States of Micronesia (FSM) strongly opposed the Common Development Vision agreement, with President David Panuelo calling it "disingenuous".²¹ FSM fears that the agreement would allow Chinese influence in government and promote control of key industries.

The PICs fear that the proposed Agreement would increase the chances of great power competition and possible conflict between China and Australia, Japan, the US and New Zealand.²² These nations have deferred their decision on the issue till the next Pacific Islands Forum (PIF) meeting, scheduled from 11 to 14 July 2022. A major challenge for China is that the forum includes nations like Australia, New Zealand, Palau, Tuvalu and Nauru, all of which are formal diplomatic allies of Taiwan and not China. There is a possibility that consensus on the agreement may not be reached.

The Republic of Palau, the Republic of the Marshall Islands, and the FSM, further share a unique bilateral relationship with Washington. Each nation has special agreements called 'Compacts of Free Association' that offer the US military exclusive access to the land, sea and air routes of this region.²³ In exchange, the US provides financial assistance and other essential services to these countries. Getting these countries out of Washington's sphere of influence will be an enormous challenge for Beijing. China also encountered other roadblocks along the way. Prior to Wang Yi's arrival in Fiji, Fijian President Bainimarama announced that his country would join the US-led Indo-Pacific Economic Framework (IPEF)²⁴, which China opposes.

¹⁸ Chinese Embassy in Fiji, [**"Any joint document involves an ongoing process of discussion..."**](#), *Twitter*, 2 June 2022.

¹⁹ Kirsty Needham, [**"Pacific Needs to Meet on Proposed China Pact"**](#), *Reuters*, 2 June 2022.

²⁰ Ryan Young, [**"Fiji's Prime Minister Says Climate Change is Island Nation's Biggest Concern"**](#), *The Australian*, 28 May 2022.

²¹ Yvette Tan, [**"Have China's Pacific Ambitions been Thwarted?"**](#), *BBC News*, 2 June 2022.

²² Kirsty Needham, [**"China Seeks Pacific Islands Policing, Security Cooperation"**](#), *Reuters*, 26 May 2022.

²³ [**"Compacts of Free Association"**](#), U.S. Department of the Interior.

²⁴ Frank Bainimarama, [**"Today, I accepted the invitation extended by @POTUS for Fiji to become..."**](#), *Twitter*, 27 May 2022.

Following reports that China planned to upgrade a World War II airstrip in Kiribati, which would harm the already stressed fish stock in the country, local public opinion became wary of closer ties with Beijing. The opposition leader warned that not only the country’s democratic system but also its sovereignty was under attack due to the incumbent government’s closer ties with China and highlighted the need for international support to ensure their survival as a democracy.²⁵

Restrictions and prohibitions on the number of foreign journalists and type of questions allowed at the press conferences during Wang Yi’s visit have also raised suspicions amongst the local population at lack of transparency.²⁶ The Media Association of the Solomon Islands asked its members to boycott the press conference to protest Beijing’s restrictions on local journalists.²⁷

Other Major Powers in the Region

A report by the US–China Economic and Security Review Commission in June 2018 stated that a Chinese military base or facility in the South Pacific could ‘have implications for U.S. military presence and training in the Indo-Pacific and could pose obstacles to U.S. strategic access in the Pacific Islands’.²⁸ It added that such a facility would also affect Australia, New Zealand, and other key US partners in the Pacific Island region.

The US launched the Indo-Pacific Strategy in February 2022, which outlined Washington’s strategy in the region.²⁹ The strategy highlights US determination to strengthen its long- term position in the region and reaffirms its commitment to the Indo-Pacific. President Donald Trump hosted leaders of three Pacific Island Countries in May 2019—the Republic of Palau, the Republic of the Marshall Islands, and the Federated States of Micronesia. The same year, Mike Pompeo became the first US Secretary of State to visit FSM.

China has a long way to go before it can counter the influence of such traditional players in the region. In the Pacific, Australia, South Korea, Japan and the US have boosted their naval might. Australia provides the most substantial aid to the region. Penny Wong, Australia’s Foreign Minister, visited Fiji, Samoa and Tonga in conjunction with Wang Yi’s visit. Canberra reaffirmed its commitment to its Pacific Island neighbours.³⁰ In Fiji, Wong reiterated that Australia will remain a critical

²⁵ Barbara Dreaver, [“Top Level Chinese Delegation Headed to Kiribati”](#), *1News*, 25 May 2022.

²⁶ Kate Lyons, [“Outcry as China Stops Pacific Journalists Questioning Wang Yi”](#), *The Guardian*, 31 May 2022.

²⁷ Pita Ligaiula, [“Solomon Islands Media Boycott Chinese Foreign Minister’s Visit to Honiara”](#), *Pacific News Service*, 25 May 2022.

²⁸ Ethan Meick, Michelle Ker and Han May Chan, [“China’s Engagement in the Pacific Islands: Implications for the United States”](#), U.S.-China Economic and Security Review Commission, 14 June 2018.

²⁹ [“Indo-Pacific Strategy of the United States”](#), The White House, February 2022.

³⁰ [“Visit to Fiji”](#), Minister for Foreign Affairs, Australia, 25 May 2022.

development partner, especially in dealing with the triple challenge of climate change, Covid-19 and strategic contestations.³¹ She announced an eight-year partnership with Samoa to help address human development in the Pacific island nation. Additionally, Australia agreed to donate a new patrol boat to Samoa, after the one it donated two years ago ran aground on a reef in August 2021.³²

Australia and New Zealand have shown a determination in the recent past to step up their engagement in the neighbourhood out of concern at China’s rising influence. A notable example is Australia’s Pacific Step-up Policy, first announced at the Pacific Island Forum Leaders' Meeting in September 2016. Under this initiative, Australia committed US\$ 1.44 billion in development assistance to the Pacific in 2020–21.³³ It has undertaken projects such as the Coral Sea Cable system—which provides telecommunications infrastructure to Solomon Islands and Papua New Guinea, and the Pacific Labour Mobility Scheme—to provide jobs for Pacific and Timor-Leste workers, among other initiatives.

The Quad released a Joint Statement after the May 2022 Tokyo summit.³⁴ It pledged to further strengthen their cooperation with Pacific Island Countries in order to boost their economic well-being, improve their health infrastructure, strengthen their environmental resilience, protect their maritime security and sustain their fisheries. The Quad agreed to provide sustainable infrastructure, enhance educational opportunities, and mitigate and adapt to climate change, which poses particular challenges to the Pacific Island Countries.

Conclusion

The Pacific Island Countries have increasingly become a key area of great power competition between the US and China. Over the decades, China has made considerable inroads into the island nations, forged greater bilateral relations through enhanced diplomatic and development activities and has successfully got 10 out of 14 countries to recognise the ‘One China Policy’. Analysts note that China’s long-term objective in the region is to establish a military foothold in the South Pacific. For this to materialise, China is making every effort to deepen bilateral ties through developmental aid and high-level visits, and entice Pacific leaders who see political, economic, or personal benefits in allying with Beijing. Wang Yi’s visit highlights Beijing’s efforts to further consolidate ties with the region, as it seeks to pursue its ambitious geopolitical agenda.

³¹ [“New Foreign Minister Penny Wong Makes Pitch to Pacific Nations during Visit to Fiji”](#), *ABC News*, 27 May 2022.

³² Joshua Boscaini, [“Penny Wong Announces Eight-year Partnership with Samoa, Donation of New Patrol Boat”](#), *ABC News*, 2 June 2022.

³³ [“Stepping-up Australia’s Engagement with our Pacific Family”](#), Australian Government Department of Foreign Affairs.

³⁴ [“Quad Joint Leaders’ Statement”](#), Ministry of External Affairs, Government of India, 24 May 2022.

About the Author

Ms Esha Banerji is Research Intern at the Manohar Parrikar Institute for Defence Studies and Analyses, New Delhi.

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