

STRATEGY

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Our near abroad

Australia and Pacific islands regionalism

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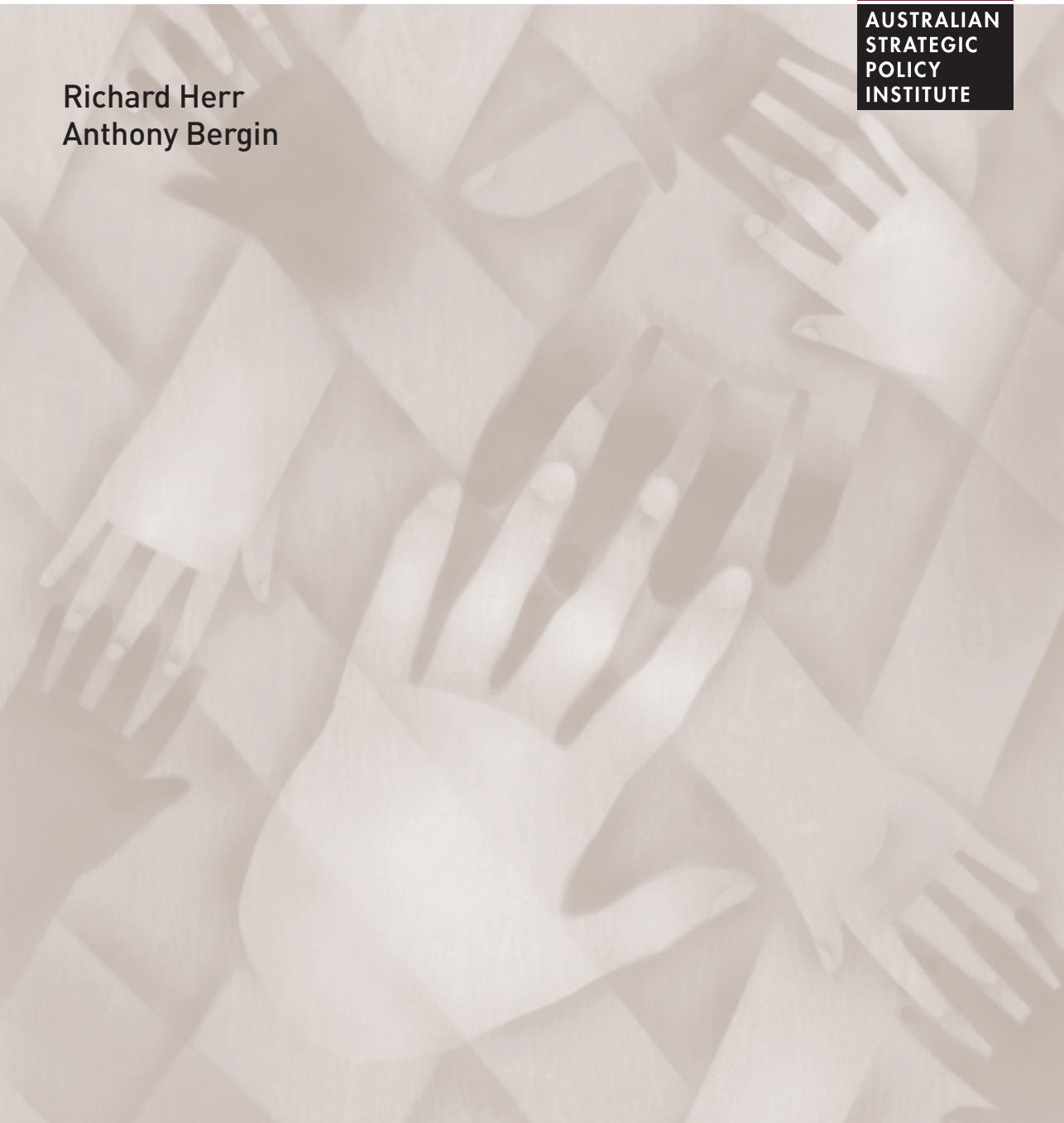
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Richard Herr
Anthony Bergin



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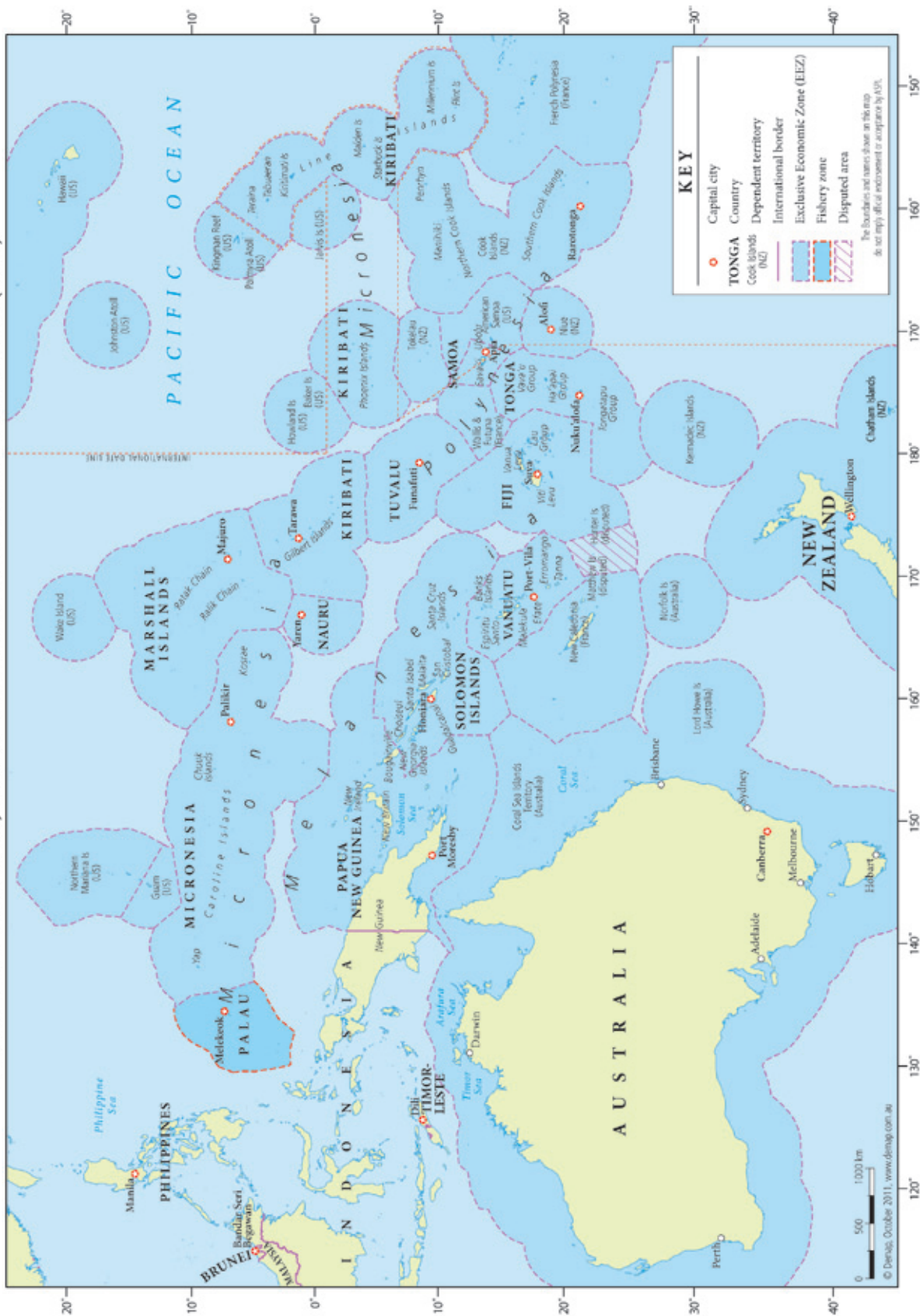
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THE PACIFIC ISLANDS, SHOWING EXCLUSIVE ECONOMIC ZONES (EEZ)



Executive summary

The Pacific islands region has been undergoing a substantial and dynamic change in its geopolitics, with profound consequences for Australia. The changing tectonics of the Asian century, the dramatic rise of China and a bitter intra-regional dispute with Fiji are amongst the most visible developments.

Although Australia is the largest donor in the region as well as its most influential political actor, these geopolitical shifts have raised serious questions about the contemporary effectiveness of our regional relationships.

The Pacific islands region is full of contradictions—vast, yet small; weak, yet influential; important, yet frequently ignored. Its geopolitical characteristics are so diverse that commonalities can be difficult to find. Nevertheless, for more than six decades, Australia has devoted considerable resources to creating and supporting a regional system to express the Pacific islands' common interests.

Historically, the success of the regional approach can't be questioned. Regional relationships contributed significantly to the Pacific islands' peaceful transition to independence. Their collective action has been responsible for significant achievements in the postcolonial rough and tumble of resource diplomacy.

Australia isn't a member of the Pacific islands region by virtue of its geographic boundaries, but the decision-making scope of the Pacific Islands Forum makes us the largest and most influential member of the regional family. This dichotomy has produced a 'bifocal' view of Pacific islands regionalism that was occasionally controversial but generally regarded as an important source of strength.

The intimacy that Australia enjoys through the regional system hasn't been negotiated through treaties. It's been built by friendship and maintained by mutual respect. Our regional ties provide the most important measure of the warmth of the overall relationship that Australia has with the Pacific islands.

Some critics have maintained that Australia's privileged regional position has tended to be more that of an outsider, rather than an insider. Some of this criticism is due to changes in the way our neighbours have viewed their place in the world. Other criticisms are based on perceptions that Australian interests have altered.

Over the two decades since the end of the Cold War, the concept of political alignment has lost its cogency, diminishing the perceived security benefits of alignment both for the Pacific islands and for their Western supporters.

Greater exposure to non-aligned interests, coupled with global changes outside the region, especially the rise of China as a global economic power, has offered the Islands new models for development as well as outlets for their national economies.

Island concerns over Australia's bifocal regional perspectives stem in part from a perception that Australia is a key driver behind current integration processes. Critics have raised doubts about Australia's motivation for seeking closer regional relations through the Pacific Plan and PACER Plus.¹

Yet today regional security demands more effective collective action to meet the traditional and non-traditional security threats facing the Pacific islands. The regional system has been increasingly occupied with assisting the islands to meet the obligations of statehood, such as domestic stability, law and order, and the protection of state jurisdiction (especially after the declaration of exclusive economic zones).

The erosion in Australia's standing in Pacific regional affairs can be seen in rising sub-regionalism and faltering support for Australia's lead on regional initiatives. The islands are displaying an increasingly independent fascination with Asia. They're broadening unconventional diplomatic ties and preferring regional representation at the United Nations that excludes Australia.

Thus, the coherence and robustness of the regional system are being tested at a time when it is divided as never before, as regional organisations adapt to a new and diversified security environment.

The recent Pacific Islands Forum meeting in Auckland clearly demonstrated the value of the privileged position Australia enjoys in regional affairs. The US sought and secured observer status for its three territories, as France had done for its territories several years earlier, but neither is eligible for full membership in its own right.

Moreover, new interests rumoured to be seeking admission as Post-Forum Dialogue partners included Israel, Turkey, Germany, Russia, Cuba, Spain and the United Arab Emirates. Indeed, the numbers are so great that this arrangement will have to be more formalised to cope.

There can be no doubt that effective regional relationships remain an important soft power asset for Australia. The trust that has come with being an accepted member of the regional family contributes enormously to maintaining that asset.

The Australian Government's recently announced 'Asian Century' white paper review should find, as this review has, that Asia-Pacific linkages can add value to Australia's regional ties with the Pacific islands.

The new Asian interests in the islands pose significant challenges and even risks to the region. Our island neighbours are encouraging and extending these interests through their ‘look North’ policies. Cultivating these connections could ultimately advantage our own Asian ambitions.

Conversely, attempting to use Pacific regional agencies to curtail our neighbours’ emerging Asian ties would damage both our national interests and those of Western allies grappling with related developments, especially in the Western Pacific.

This report finds five areas where Australia can contribute to its own standing in the regional family while advancing regional security.

Traditional security concerns can be addressed by improving the institutional reach and capacity of the existing regional structures. More extra-regional interests—both traditional (France and the US) and new (China)—should be included.

Australia’s **regional posture** can be enhanced. Our privileged position in the Pacific islands regional structure needs to adjust to address recent changes. Engaging more closely with sub-regional developments and repairing the regional relationship with Fiji are two of the highest priorities.

Non-traditional threats to security are more significant in this region than anywhere else because of the extreme vulnerability of most regional states:

- **Economic development** remains the primary non-traditional source of threat to their stability and sovereignty. Amid increasing concerns about food and energy security, labour mobility and disaster recovery work are areas for development.
- Heightened concerns about **education and health** are having a regional and sub-regional impact on national development.

Finally, **Australia needs to build a more effective national base** for Pacific islands policy. The Pacific islands have slipped from Australian public consciousness in recent decades, reducing the personal base we need to understand our regional family.

Recommendations

Addressing traditional security

1. Reinforce regional security assessment capability

- Australia can help to strengthen the Pacific Islands Forum Regional Security Committee (FRSC). We should take a lead in developing the protocols needed to develop and integrate an effective security classification scheme.
- The institutional foundations of regional law enforcement agencies, such as the Oceania Customs Organisation and the Pacific Immigration Directors' Conference, should also be put on a more secure footing.

2. Strengthen law and order at sea

- Australia should seek to strengthen the Quadrilateral Defence Coordination Group arrangement to improve its regional capacity for maritime surveillance and law enforcement.
- ASPI's earlier proposal for a Regional Maritime Coordination Centre should be supported to give the Forum island countries significant decision-making responsibility for a supranational enforcement capability.

3. Work alongside China in law enforcement

- Australia should actively seek appropriate avenues for obtaining Chinese participation in regional law enforcement processes.

Improving Australia's regional posture

4. Leverage bilateralism to support regionalism

- Australia should continue to support ongoing work through the FRSC to develop appropriate security classification protocols to support reciprocal sharing of sensitive information within the regional framework on transnational crime.

5. Repair the relationship with Fiji

- The relationship between Australia and Fiji needs to be addressed at the highest level, not by setting preconditional demands or through intermediaries.
- At a minimum, the regional sanctions against Fiji must be lifted to re-engage Australia and Fiji through the Pacific Islands Forum on a non-prejudicial basis.

6. Strengthen sub-regional integration with the regional system

- Where appropriate, Australia should engage with the Melanesian Spearhead Group (MSG) and its projects as supportively as possible. This would include assistance in funding the MSG Secretariat.
- Australia should continue to make important contributions to the South-West Pacific Dialogue, which could become an even more helpful cross-regional forum in the future, especially for the dialogue between the MSG and the Association of Southeast Asian Nations.

7. Refocus on Papua New Guinea

- Papua New Guinea (PNG) should be treated as a special case when we deal with it either regionally or sub-regionally.
- An Australia–PNG Council should be established under the auspices of the Department of Foreign Affairs and Trade to develop closer people-to-people relations, along the lines of similar arrangements for China and India.

8. Downplay the Pacific Plan

- Implementation of the 2005 Pacific Plan has lost momentum. A more low-key approach, with more emphasis on consolidation through the region's technical agencies, would reduce some political concerns over the plan.

Strengthening economic security

9. Resolving the labour mobility question: seasonal and permanent

- For a variety of reasons, the Pacific Seasonal Worker Pilot Scheme has operated well below expectations. To better support the scheme, we need to address bureaucratic impediments, the lack of employer awareness of the scheme and the use of unregulated labour.
- Australia ought to consider a similar scheme to New Zealand's Pacific Access Category scheme for permanent migration from the smaller island states where such an arrangement would make a significant economic difference.

10. Review regional disaster insurance arrangements

- In collaboration with the Pacific Islands Forum Secretariat, Australia should assess the practicality of a regional insurance scheme to help the Pacific islands rebound after natural disasters.

11. Promote the Pacific fisheries sector

- Australia should fund senior in-country fisheries expertise for those countries wishing to take up such offers.
- The Pacific Seasonal Worker Pilot Scheme is clearly too limited. It would be desirable to include fishing in the scheme.

- The success of Australia's increased investment in combating illegal, unreported and unregulated (IUU) fishing in northern Australian waters should now allow us to move some assets to help combat IUU fishing in the Pacific. This work would be a complementary component in support of the Pacific Islands Forum Fisheries Agency's Regional Monitoring, Control and Surveillance strategy.

Advancing social security

12. Address the Millennium Development Goals educational deficit

- A dedicated teachers' training facility, possibly under the Australia–Pacific Technical College (APTC) banner, should be established in Australia to upgrade the skills of those in the region who train teachers.
- Australia should offer a program of scholarships to talented Pacific islander children to attend high-performing boarding schools in Australia for their final two years of secondary schooling.

13. Introduce a new Colombo Plan for the Pacific islands

- The APTC, announced in 2006, has been an important step in the right direction and merits the \$152 million over four years announced at the 2011 Pacific Islands Forum to support its work.
- University-level education will remain a problem for the Melanesian countries; the number of scholarships to Australian universities made available to Melanesian countries should be raised.

14. Mobilise volunteer health care

- AusAID should actively engage with medical peak professional associations to maximise the opportunities for greater voluntary medical support to the Pacific islands.

Building the national base

15. Improve regional understanding

- The Melanesian people of the Torres Strait Islands and Norfolk Islanders of Polynesian ancestry can serve as bridges from Australia into the region.
- A dedicated Pacific Islands Studies Institute to cover the politics, economics and cultures of the region would reinvigorate Pacific islands studies in Australia.
- The Australian Government should support the establishment of centres for Australian studies at the University of the South Pacific and the University of PNG to facilitate and promote a better understanding of Australia and its ties with the region.
- Australia should establish an Office of Sport and Diplomacy within the Department of Foreign Affairs and Trade to advance our regional ties through sport.

16. Lift diplomatic capacity

- It is highly desirable that recruitment to our diplomatic service require an appropriate knowledge of the Pacific islands and their relevance to Australia. A Pacific islands posting should be a routine and expected component of a complete Australian diplomatic career.

Chapter 1

THE REGIONAL SETTING

Australia has long enjoyed a privileged place in Pacific islands regional affairs: it's been our 'Near Abroad'. But the changing tectonics of Asia–Pacific geopolitics and a bitter intra-regional dispute with Fiji, the Pacific islands' hub state, have raised serious questions about the quality of Australia's regional relationships.

The signs of erosion can be discerned in rising sub-regionalism and faltering support for regional initiatives. An increasing fascination with Asia, greater diplomatic risk-taking by island states and new avenues of representation at the United Nations (UN) mean that regional processes are less predictable and less supportive of Australia's regional role.

Australia has devoted considerable financial and diplomatic resources to maintaining the Pacific islands regional system. A loss in the effectiveness of the system would seriously undermine its value to Australia.

There's a qualitative difference between bilateral and regional relations in the Pacific islands. The intimacy that Australia enjoys through the regional system can't be negotiated through formal treaties. It's been built by friendship and maintained by mutual respect. Our regional ties provide the most important measure of the warmth of the overall relationship that Australia has with the Pacific islands, and are an important soft power asset for the implementation of our national interests in, and through, the region.

Geography

The geographical quality that unites the Pacific islands as a region is their insularity. That might be fortunate, since there's much else in their geography that divides them. The islands have an array of physical landforms. Low-lying atolls with vast central lagoons are typical in Polynesia and Micronesia. Nauru and Niue are raised atolls with no lagoons. There are high volcanic islands in Polynesia and Melanesia, and continental islands in Melanesia include Papua New Guinea (PNG) with its snow-capped mountains.

Another inescapable descriptor is the asymmetry of the Pacific islands' intra-regional and extra-regional relationships. Uneven, imbalanced associations exemplify virtually every physical and social metric in the islands, from the region's geography and natural resources through to its politics and international relations.

The Pacific islands lie in the midst of the world's largest ocean but include some of the world's smallest countries (Table 1). Indeed, the number of microstates—states with resident populations of fewer than half a million—is one of the region's key identifying geopolitical characteristics.² There's no greater concentration of microstates on the planet. The region also remains the one last bastion of unresolved 19th century colonialism: a third of its polities remain dependencies.

Table 1: Pacific island countries

Country	Capital	Land (sq. km)	EEZ (sq. km)	Population [year]	GDP (US\$) [year]	Political status
American Samoa	Pago Pago	199	404,391	67,242 [2011]	462.2 million [2005]	Dependent territory
Cook Islands	Rarotonga	236	1.8 million	13,200 [2009]	206.5 million [2009]	Freely associated state
Federated States of Micronesia	Pohnpei	702	2.9 million	110,000 [2010]	269.7 million [2009]	Freely associated state
Fiji	Suva	18,300	1.3 million	900,000 [2010]	3.3 billion [2011]	Independent republic
French Polynesia	Papeete	4000	4.8 million	267,000 [2009]	5.6 billion	An overseas country within the French Republic
Guam	Agaña	544	221,504	183,286 [2011]	Data not available	Dependent territory
Kiribati	Tarawa	811	3.6 million	100,000 [2010]	163 million [2011]	Independent republic
Nauru	Yaren	21	320,000	9,771 [2009]	55 million [2009]	Independent republic
New Caledonia	Noumea	18,600	1.4 million	245,580	8.9 billion [2010]	'Special collectivity'
Niue	Alofi	260	390,000	1,536 [2009]	15.8 million [2009]	Freely associated state
Northern Mariana Islands	Saipan	464	758,121	40,050	633.4 million [2000]	Dependent territory
Palau	Koror	458	600,900	20,397 [2009]	179.6 million [2009]	Freely associated state
Papua New Guinea	Port Moresby	463,000	3.1 million	6.5 million [2010]	11 billion [2011]	Constitutional monarchy
Pitcairn Islands	Adams-town	47	842,000	48 [2011]	Data not available	Dependent territory
Republic of Marshall Islands	Majuro	181	2.1 million	54,000 [2009]	161.7 million [2008]	Freely associated state
Samoa	Apia	2,944	120,000	187,000 [2010]	606 million	Independent republic
Solomon Islands	Honiara	28,900	1.6 million	500,000 [2010]	770 million [2011]	Constitutional monarchy

Country	Capital	Land (sq. km)	EEZ (sq. km)	Population [year]	GDP (US\$) [year]	Political status
Tokelau	Administrative centres are located on each atoll	12	319,031	1,384 [2011]	Data not available	Dependent territory
Tonga	Nuku'alofa	748	700,000	103,000 [2010]	378 million [2011]	Independent kingdom
Tuvalu	Funafuti	26	757,000	11,093 [2009]	32 million [2010]	Constitutional monarchy
Vanuatu	Port Vila	12,200	680,000	200,000 [2010]	767 million [2011]	Independent republic
Wallis and Futuna	Mata-Utu	142	258,269	15,398 [2011]	Data not available	Dependent territory

Sources: Department of Foreign Affairs and Trade country and region fact sheets (<http://www.dfat.gov.au/geo/fs/index.html>); CIA 2011, The World Fact Book, (<https://www.cia.gov/library/publications/the-world-factbook/>); Sea Around Us Project <http://www.seaaroundus.org/eez/16.aspx>; Pacific Islands Forum Secretariat (<http://forum.forumsec.org/>).

People

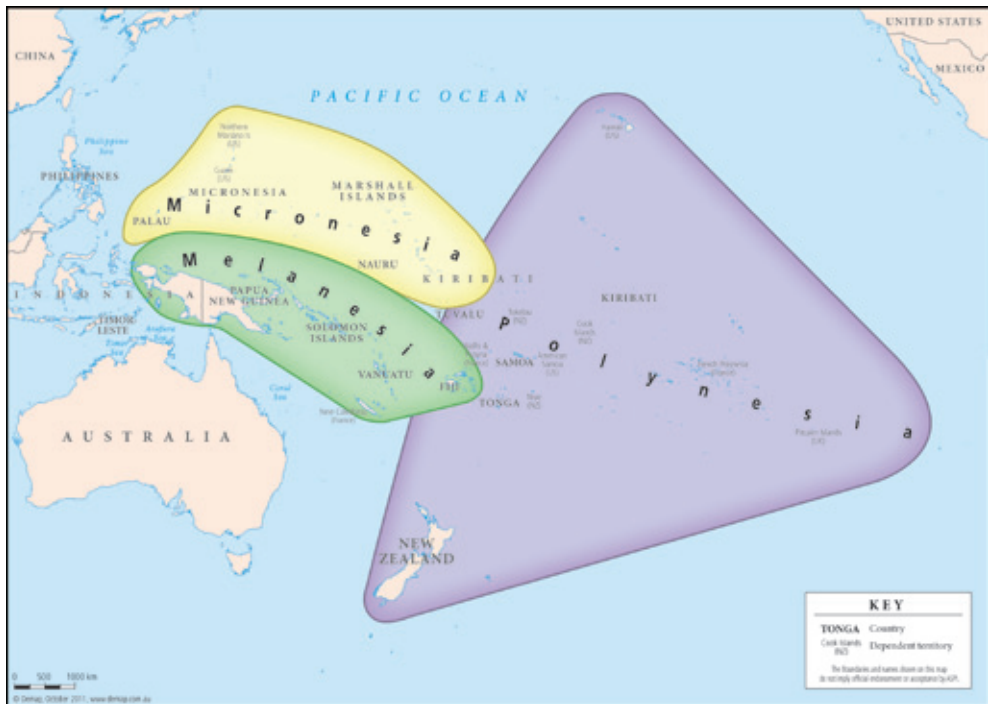
Like ancient Gaul, the Pacific islands region has been divided into three parts—Melanesia, Micronesia and Polynesia (Figure 1). While the ethnographic validity of this schema has been challenged at the margins, it has been broadly accepted by Pacific islanders.

Melanesia comprises the arc of island countries and territories to the immediate north and east of Australia, from the Indonesian provinces of Papua and West Papua, through PNG, Solomon Islands and Vanuatu, to the French territory of New Caledonia. Fiji is included in this arc but lies on the cusp between Melanesia and Polynesia, and so has been treated as a cultural exception for some purposes. Typically, Melanesian societies tend to be organised on a smaller scale and with a more open leadership structure than Polynesian societies.

Micronesia is an equatorial band of states and territories to the north of Melanesia. It stretches from Palau in the west to Kiribati in the east and includes the Commonwealth of the Northern Mariana Islands, Guam, the Federated States of Micronesia (FSM), the Marshall Islands and Nauru. Micronesia's relatively small-scale societies tend to be organised around inherited chiefly titles, but such cultural generalisations gloss over significant differences.

The *Polynesian* 'triangle' stretches from New Zealand in the west to Easter Island (Rapa Nui) in the east, with the apex in the north at Hawaii. The Polynesian polities within the contemporary Pacific islands region include the territories of American Samoa, French Polynesia, Pitcairn Islands, Tokelau, and Wallis and Futuna, as well as the states of the Cook Islands, Niue, Samoa, Tonga and Tuvalu. Polynesian societies were often organised on a large scale; some had extensive kingdoms and even well-defined national identities prior to European contact.

Figure 1: Ethnographic map of the Pacific islands



Land and sea

Land is one of the scarcest resources in most parts of the region. Nauru, with a land area of 21 km², is the smallest state in the region by that measure, but Tuvalu with only 26 km² apportioned over nine islands is easily the most disadvantaged in terms of land as a habitable resource. Indeed, of the twenty-two polities in the region, less than a third have land areas of more than 1,000 km². The seven Micronesian entities live up to their name: their more than 2,000 islands have a combined land area of only about 3,180 km², while the 1,000 plus islands in the ten Polynesian states and territories total 8,700 km². Micronesia and Polynesia contrast hugely with the five states and territories of Melanesia, which have a combined area of more than 540,000 km² or nearly 98% of the total landmass of the polities making up the region.

Another very important asymmetry in the geopolitics of the Pacific islands region is the ratio of land to sea. Changes to the law of the sea expanded the jurisdictional scope of the Pacific islands like nowhere else on Earth. Some of the countries with the smallest land areas acquired claims at sea that were among the largest in the world: the Republic of the Marshall Islands, with only 181 km² of land and an EEZ of 2.1 million km², has an extraordinary land:sea ratio of 1:11,600. Kiribati is well behind in second place, but it still has a land:sea ratio of 1:4,439.

The asymmetry between land and sea territories underscores another critical aspect of the geopolitics of the Pacific islands: with the exception of Guam, Nauru and Niue, all the polities in the region are archipelagos. This has a profound effect on their capacity to supply state services to all their citizens, as economies of scale are impossible to achieve.

No state illustrates this challenge more vividly than Tuvalu. Some 11,000 people inhabit eight of its nine islands and claim an EEZ of about three-quarters of a million square kilometres. Tuvalu can't deliver education, employment, health, and sanitation in any way that remotely achieves economies of scale. It can only manage the diseconomies imposed by its geographical circumstances—a condition common to virtually every archipelagic state.

Vulnerability and sovereignty

The vulnerability of its states and territories may be the most unusual geopolitical aspect of the region. Virtually every Pacific island country is vulnerable in some way. The most well-structured and integrated countries are socially stable, in the main, but are so diminutive as to be highly vulnerable to natural and man-made hazards. At the other end of the scale, the largest polities may be more robust in dealing with disasters, but have proved highly vulnerable to social instability.

Virtually every Pacific island country is vulnerable in some way.

Many of those same perverse influences tend to unite the Pacific island states in their vulnerability to external pressures. The Lilliputian economies of the smaller states, their scarce natural resources, the limited number of decision-making elites, and their dependence on external assistance for development make microstates highly vulnerable to external pressure.

Their vulnerability can be so extreme that even non-state actors, including criminal organisations and environmental groups, might have the potential to wield substantial influence. For example, the President of Palau recently accepted an offer by Sea Shepherd, an activist environmental NGO, to help monitor Palau's EEZ, but changed his position under pressure from friendly states.

The larger regional states, on the other hand, are vulnerable internationally because they have the resources to attract external interest, but suffer from their weak state capacity to manage or regulate that interest.

From an extra-regional perspective, there's a highly contentious area of vulnerability that draws external intervention into the region. While most of the smaller states have a reasonable sense of nationality, the larger ones are beset by the problem of creating the 'nation' to provide the social cohesion to go with their statehood. All the Melanesian states have been wrestling with nation building since independence. And all have experienced some significant external assistance or intervention as a consequence.

A coherent region?

Given the diversity that marks the Pacific islands, the fact that they regard themselves politically as, and are treated as, a coherent region might be considered remarkable.

The colonial powers' decision to cooperate on a regional basis across the Pacific islands was made largely for administrative efficiency, but was also based on superficial similarities arising from their island possessions' insularity, level of technology and ethnicity. The islanders expanded on sentiments of commonality developed through colonial cooperation, while the process of decolonisation helped to entrench the value of regionalism by providing collective support in an uncertain world.

Postcolonial rationales have diversified and become as complex as the demands of contemporary statehood. In terms of security, the most important is based on helping small, developing states protect their sovereignty by coping with the myriad asymmetrical relations that bedevil their region.

Acting collectively gives the Pacific island states a potential influence that their small size and limited resources deny them individually. As they try to protect and project their state interests, asymmetries of power can make regional strength highly desirable.

From the islands' experience, they've been the subject of others' strategic interests rather than the architects of their own (see Table 2). There are no direct defence treaties between the islands or with external powers. The ANZAC Pact (1944) and the ANZUS Treaty (1952) extended defence coverage to the region, but the islands aren't parties to those arrangements.

Only four of the fourteen island members of the Pacific Islands Forum (Forum island countries, or FICs) have any indigenous defence capacity.³ PNG, Fiji and Tonga have formal military establishments. Vanuatu's police force maintains a paramilitary unit which has some security functions. The other ten FICs without military forces rely, in effect, almost entirely on the absence of external threats and the protection of the international system for their security.

A range of regional organisations has grown up over the decades since 1947 to respond collectively to a diversifying international environment (see Chapter 4). Regional cooperation has extended the capacity of the Pacific islands polities to protect their sovereignty. Yet, somewhat ironically, even the regional associations reflect significant asymmetries.

No major regional intergovernmental association is financially supported solely or even substantially by its island members. The islands generally contribute rather less than 10% to the costs of regional cooperation.⁴ The largest share of the region's financing comes from the developed states that are members of the regional organisations—Australia, New Zealand, France and the US—and a variety of other donor states and international organisations.

And the growth of the Pacific islands regional system has been meanderingly inconsistent—an evolution that has left the system with a legacy of significant fault lines (see Chapter 3).

New players such as China offer novel foreign policy options outside the traditional regional processes, while the contemporary relevance of the established processes is under increasing scrutiny.

The broader dynamics of the Asian century are visibly stressing these organisational fissures, even as the regional associations enable the islands to better meet their challenges and opportunities. New players such as China offer novel foreign policy options outside the traditional regional processes, while the contemporary relevance of the established processes is under increasing scrutiny.

Strategic change

The strategic importance of the Pacific islands has been determined by the extent of great power interests since first European contact. No great power is indigenous to the region, but external powers have been drawn there at various times and for various reasons, although rarely because of any intrinsic, non-strategic interest in the islands themselves.

The physical characteristics of the region provide much of the explanation for its lack of strategic attraction. The small size of the islands, their general lack of resources, their remoteness from major global centres of population and the constraints of technology have all helped to undermine their inherent strategic value, especially for the dominant European powers so remote from the Pacific. Indeed, until the early 20th century, when Japan acquired colonies in Micronesia, none of the great powers was from the Asia–Pacific area.

Put simply, the colonial ambitions that initially attracted great powers to the Pacific islands region were based more on the chauvinistic glory of possession than on either ‘gold’ (economic exploitation) or ‘God’ (proselytism/civilisation/ideology).

The 19th century shift from sail to steam maritime technology generated colonial competitiveness for coaling stations. In the second half of the 20th century, their remoteness made some islands strategic assets for the colonial great powers—France, the United Kingdom and the US—for nuclear weapons testing.

The principal postcolonial great power strategic objectives in the region consist primarily of military facilities for projecting power outside the region, activities to protect sea lanes through the region, and the strategic denial of island territory to potential enemies.

However, other than colonial rivalry between and among each other and rare examples of strategic advantage *in* the region (such as for nuclear testing), great power interests have concentrated on strategic threats *through* the Pacific islands that endangered important interests elsewhere. The principal postcolonial great power strategic objectives in the region consist primarily of military facilities for projecting power outside the region, activities to protect sea lanes through the region, and the strategic denial of island territory to potential enemies.

Table 2: Geostrategic eras

	Australian / New Zealand perceptions of the region	Extra-regional perceptions of risk	Responses to regional perceptions
1944–1976	Possible security risk to New Zealand	Regarded as minor outside region	ANZAC Pact (1944) ANZUS Treaty (1952)
1976–1989	Security liability (cost versus benefit)	West fears Soviet ‘breakout’	‘Strategic denial’
1990–2000	Financial liability	‘Pacific paradox’	‘Constructive commitment’
2001–present	Failed state incubator (‘arc of instability’)	Terrorist/non-state threats beyond region	RAMSI, Pacific Plan, Biketawa Declaration

Of course, those powers with historic links to the Pacific islands don’t limit their interests solely to achieving strategic objectives. In some cases, mainly involving the US and its territories, non-military interests may attract the attention of others. Nevertheless, in the post-independence era, it’s the global importance of the Asia–Pacific region that has generally determined the relative strategic weight attached to the Pacific islands.

Asian interests in the Pacific islands, particularly in fisheries, have been growing since the 1970s, but only in the past decade have those interests begun to alter strategic assessments (Crocombe 2007). Essentially, earlier Asian regional involvement with the Pacific islands didn't alter the islands' Western alignment because the Asian states and entities involved—mainly Japan, Korea and Taiwan—were themselves aligned with the West.

The emergence of China as an increasingly prominent actor in the Pacific is forcing a geopolitical reconsideration insofar as it affects the relationship between the regional states and Australia. The question remains: is it also a geostrategic change?

If there's a challenge from China, it isn't a direct one based on ideology or military posture, as in the era of the Cold War. China hasn't targeted the Pacific islands overtly as a specific area of strategic interest (Chang 2011:3). Yet, the extent and speed of Chinese engagement with the islands over the past decade have raised legitimate concerns in Canberra and Washington (see Chapter 2).

Ambiguous Chinese strategic objectives in the Pacific islands make a regional response more problematic. There's no agreed 'threat' and therefore no general geostrategic response at the regional level. Indeed, mixed intra-regional and extra-regional views on the role of China in the Pacific islands are part of the current regional policy dilemma as Canberra steers a course through these conflicting perspectives.

For example, China's presence in the region is so bilaterally oriented as to constitute a difficulty for existing regional law enforcement policy (see Chapter 3). China's increased engagement in the Pacific islands has been highly individually structured and compartmentalised. Beijing's focus is not 'regional': any asymmetrical risks are more to the region's small member states than to the region as a whole.

The longer term strategic fallout from China as a dominant actor in what's been dubbed the Asian century has been complicated by some unfortunate intra-regional dynamics. The tensions over Fiji have intensified the uncertainty about any regional response to China as a major player in Pacific islands affairs. In previous years, Fiji would have been the leading regional state in framing an adjustment to extra-regional pressures on regional policy.

Since Fiji's suspension from meetings of the Pacific Islands Forum (PIF) in 2009, however, the Fiji Government has sought international relief in closer relations with China and other Asia-Pacific states. This pursuit of stronger 'South-South' ties is undermining confidence in the regional system's capacity to construct an effective response to the changing geopolitics of the broader Asia-Pacific.

Australia's place

Australia is the largest, most developed and wealthiest state in the PIF. However, in the customary thinking on Pacific islands regionalism, the honours of largest and wealthiest belong to PNG, while Fiji is regarded as the region's most developed state.

This curious *bifocal* perspective on the region explains much of the difficulty in locating Australia's place in the region and in the Pacific islands' system of regional organisations.

Australia has been a founding member of every regional intergovernmental organisation since 1947 (see Table 6). With New Zealand, Australia virtually created the modern regional system through the establishment of the South Pacific Commission (SPC) in 1947. Significantly,

Australia has been a member by right of the South Pacific Forum (now the PIF) since its formation in 1971.⁵ This was an extraordinary and singular act of faith in the bona fides of Australia as a legitimate member of the regional family. Australia's inclusion came at the request of the islands' leaders, who were pursuing a postcolonial agenda in creating the PIF.

The dualism that afflicts Australia's regional role stems from unresolved issues between the two leading regional agencies in the Pacific islands. The ambit of the SPC has been accepted to the present day as defining the 'region'. This includes identifying the pool of dependencies that may be eligible for membership in the PIF at some future point. Despite its membership being a subset of the region's polities, the PIF has generally been regarded as the authentic policymaker for the region as a whole for the last two decades.

This is where the bifocalism arises in Australia's regional influence. Australia looks through the lens of a member when making policy in the PIF and through the lens of a donor when evaluating the activities of such regional organisations (see Chapter 4).

Australia is a member of the PIF, but is not defined as being within the scope of the region by the SPC.⁶ The apparent contradiction has been seized upon routinely by Australia's critics whenever a difference over regional policy arises between some of the Pacific islands and Australia.

As important as its place in the regional system is, bilateral ties have always been at the core of Australia's relations with the independent South Pacific.

As important as its place in the regional system is, bilateral ties have always been at the core of Australia's relations with the independent South Pacific. Australia has the widest spread of diplomatic representation in the region: nine high commissions and embassies. New Zealand equals Australia in the number of missions, but two of them (Cook Islands and Niue) are with states in free association with New Zealand (see Table 3).

The intimacy of Australian–Pacific islands relations prevents any complete compartmentalisation of Canberra's bilateral and regional relations. Indeed, the strength of Australia's bilateral relationships in the Pacific islands is an important secondary resource for the regional system.

Australia's extensive diplomatic presence in the region compensates to a real extent for the lack of such a network among the FICs themselves. The FICs have very few reciprocated relations among themselves; Australia's bilateral diplomatic network often helps to serve a regional purpose.

Chapter 2

GEOPOLITICS AND THE REGION

The Pacific islands region was created and developed when Western interests were dominant both in the South Pacific and in the world. Largely as a consequence of a benign decolonisation process, the islands were politically aligned with the West. Their development interests were in a supportive North–South dynamic expressed in regional cooperation with Australia as a central actor.

Over the two decades since the end of the Cold War, a divergence of interests has become increasingly salient. The concept of political alignment has lost its cogency and with it many of the perceived security benefits of Pacific islands regionalism for Western powers. Greater exposure to non-aligned interests, coupled with global changes outside the region, especially the rise of China as a global economic power, has offered new models for development.

There's a curious dilemma in the way the region's changing geopolitics is being interpreted for Australia. From the perspective of one sympathetic analyst at the Royal Institute of International Affairs: 'Unfortunately, while there is no questioning the deep bonds between A/NZ and the nations of the Pacific, some of the A/NZ policies in the region seem to have an old-style colonial bent' (Paskal 2010).

It's true that Australia has remained the largest donor in the region as well as its most influential political actor despite the geopolitical shifts of the past two decades. We provide half of all global official development assistance to PNG and Pacific island countries (expected to be \$1.16 billion in 2011–12) (AusAID 2010). Moreover, there's evidence that Australia retains public support in the region, regardless of what some critics might suggest (PIPP 2011).

Australia is sometimes censured as an overbearing big brother, but that's only possible because of Australia's legitimate role as a member of the regional family. Both France and the US have almost equal claims to being insiders—they have territories within the region and

are founding members of the SPC—but their exclusion from the PIF sets them apart from Australia and New Zealand.

Geopolitical attraction

The historical bases for external interests in the Pacific islands remain relatively intact even today, albeit with some contemporary tweaking. With a few exceptions in the twenty-two Pacific island countries (PICs), the islands' terrestrial natural resources are too minor to attract external interest. Independence has changed the locus of responsibility for access to land, minerals and agricultural commodities, but those are generally bilateral issues, not regional ones. Nevertheless, some of the exceptions can be significant, as when US Secretary of State Hillary Clinton recently identified PNG's energy resources as a point of strategic competition with China (Reuters 2011).

In recent years, small fragments of land strung across the equatorial zone of the world's largest ocean have acquired some of the strategic cachet of the 19th century coaling stations. They are wanted for satellite tracking facilities and potentially as space launch sites. Still, they haven't yet become significant generators of geostrategic competition.

The ocean and the resources of the sea are the primary attractants for extra-regional strategic interest today, as in previous eras. Control of the sea lanes through the region is perhaps as important as any time in the past. Trade from East Asia has changed in content and volume as Japan, the Asian 'tiger' economies and now China have integrated into the global economy.

The strategic interest in regional sea lanes for the immediate future is less for the protection of commerce and more for military access to the Asian littoral—at least from the perspective of the US and most of her allies.

The strategic interest in regional sea lanes for the immediate future is less for the protection of commerce and more for military access to the Asian littoral—at least from the perspective of the US and most of her allies. Beijing may share some interest in the stability that comes from the continuity of the US presence in the Asia–Pacific region, but not without some qualms about American intentions to 'contain' China. On the other hand, China's growing maritime capacity is a source of concern for its neighbours, as well as the US.

The maritime resources of the region have become increasingly attractive to distant water fishing nations since the 1970s because of changes to the law of the sea. Highly migratory tuna species are the principal resource. The size of the tuna stocks and their economic value have established the Pacific islands fisheries as globally significant. The distribution of the stocks makes them particularly subject to regional regulation. The current management regime is a mature system that's facing challenging access decisions about resources at full stretch.

Other marine resources haven't developed to the extent once hoped for, but the potential remains. Pharmaceuticals from reef biota, wave energy, and 'broadacre' fish farming are too remote to be genuine sources of extra-regional commercial interest and competition

in the PICs. Offshore mining for manganese nodules, seamount encrustations and marine hydrocarbons have proved to be commercial disappointments despite considerable hype and expectations for more than forty years.

But the regional prospects for offshore mining have been revived in the past few years. The growth of the Chinese economy has sparked a minerals boom, leading to higher prices and an intensified search for new sources of supply. Both have made the recovery of sea floor mineral deposits more commercially viable. Prospecting licences in the Cook Islands, Tonga and PNG demonstrate the strength of this interest. Japan's discovery that significant reserves of strategically important rare earth minerals may be available in seabed mud indicates that the search for exploitable marine mineral resources hasn't ended, especially given China's virtual monopoly over those particular minerals.⁷

Overall, regional geopolitics aren't being dictated by the PICs' natural resources. There are enough to attract and maintain some great power focus on the region, but not enough to make it a significant arena of competitive rivalry. The basis for the new geopolitical complexion of the region isn't so much its geography or any new appreciation of its geographical value. Rather, the political dimension explains the geopolitical changes of the past decade—changes that are significantly affecting regional security processes.

That dynamic is centred on China and Fiji.

Pacific panda

The People's Republic of China (PRC) has been represented in the region since it opened its mission in Suva in late 1975. Cold War politics were a factor to some extent—Canberra assisted Beijing in order to use the PRC as a foil against suspected Soviet Union aspirations in the South Pacific following the USSR's establishment of relations with the Kingdom of Tonga in April 1975. China opened a second embassy in Apia shortly afterwards, primarily to assuage Samoa's hurt at not being the PRC's first choice. Both missions maintained very low profiles in their host countries for nearly two decades. China's economic re-engagement with the global economy and Taiwan's active pursuit of diplomatic recognition in the region in the past decade spurred the recent extension of Chinese interest in the Pacific islands.

Today, China is a major bilateral diplomatic actor in the Pacific islands. It has relations with eight FICs and maintains six embassies in the region—Fiji, FSM, PNG, Samoa, Tonga and Vanuatu (Table 3). Taiwan has the same number but, except for the Solomons, its embassies tend to be located in the smaller states—Kiribati, the Marshalls, Nauru, Palau and Tuvalu. The overall Chinese presence in the region is extraordinary. The coverage between Beijing and Taipei is greater, in one sense, than that of Australia and New Zealand combined. The Australasian allies have more missions (18) than the two 'Chinas' (12) but they cover only eleven of the fourteen FICs. The two 'Chinas' have missions in twelve of the FICs. Their combined presence may be all the more significant in the wake of a 2008 truce between them on 'chequebook diplomacy' (see below).

This nearly comprehensive involvement in the region extends far beyond its economic value to either Beijing or Taipei. It can only be seen as driven by Taipei's heightened pursuit of international recognition under former President Chen Shui-bian, and the PRC's response. Yet, regardless of what originally motivated the construction of the extensive network of diplomatic missions that the PRC now has in place in the Pacific islands, they're a significant regional resource: only one less than Japan and equal to the US.

Table 3: Diplomatic representation in the region

	Australia	New Zealand	PRC	Japan	UK	France	US	Taiwan	EU
Cook Islands		X							
Fiji	X	X	X	X	X	X	X		X
Federated States of Micronesia	X		X	X			X		
Kiribati	X	X						X	
Marshall Islands				X			X	X	
Nauru	X							X	
Niue		X							
Palau				X			X	X	
PNG	X	X	X	X	X	X	X		X
Samoa	X	X	X				X		
Solomon Islands	X	X		X	X			X	
Tonga	X	X	X						
Tuvalu								X	
Vanuatu	X	X	X			X			

A recent Chinese assessment of the PRC's trade with the Pacific islands claimed that the trade was worth US\$3.66 billion in 2010, which was an increase of 50% over the 2009 figure. The balance of trade heavily favoured China: 2010 exports to the region were more than double imports (US\$2.59 billion of exports against US\$1.08 billion in imports).

Nevertheless, imports from the Pacific islands grew faster than exports to the region between 2009 and 2010, and in 2010 were worth eight times as much as in 2001.⁸ Chinese investments in the Pacific islands reached US\$106.7 million in 2010, with Samoa, the Marshall Islands, PNG and Fiji being the principal destinations. The \$1 billion Chinese investment in PNG's Ramu nickel mine has attracted considerable attention for its size and importance. Tourism was identified as a particularly important economic contribution to regional economic development, and Beijing awarded 'approved destination status' to a number of Pacific island states and territories.⁹

China has become a significant aid donor in the region.

China has become a significant aid donor in the region. However, the exact amount of Chinese aid is impossible to calculate, not least because of the way the PRC delivers it. China doesn't have a single central aid agency along the lines of AusAID, but instead uses a variety of ministries to deliver foreign assistance. Moreover, China's external aid doesn't fit within the OECD's definition of official development assistance. It includes military assistance and commercial activities that are excluded from the OECD definition. Indeed, until recently, the PRC didn't even distinguish between grants and concessional loans (Lum 2009).

There are a number of key features about the PRC's approach to aid in the Pacific islands region. According to the OECD, China has become the third largest donor to the islands—well behind Australia but only fractionally behind the US (Fifita and Hanson 2011). Reflecting tensions with Taipei, it gives aid only to the eight FICs that recognise Beijing. Its grant aid to those FICs was estimated to be about US\$209.9 million in 2009, heavily weighted towards soft loans (US\$183.2 million) over grants (US\$26.7 million) (Fifita and Hanson 2011). In the same year, Australian aid to the Pacific islands, including PNG, was over A\$1 billion.

New Zealand's Foreign Minister, Murray McCully, recently expressed his concern at the level of China's concessional loans to the FICs. In the case of Tonga, they amounted to 32% of the kingdom's GDP.¹⁰ Samoa is said to be similarly at risk.

Chinese aid is essentially bilateral. China hasn't been significantly involved in Pacific islands regional affairs. The PRC has been a Post-Forum Dialogue partner since the PIF began that arrangement in 1989. China seems to have interpreted this role to be that of a watching brief, although it has contributed financially to some regional projects and programs. Its main interest regionally has been to deny Taiwan access to the regional agencies.

China's only regional membership came in 2004. It joined the quasi-governmental South Pacific Tourism Organization in order to pre-empt Taiwan's membership. Beijing leveraged this by giving 'approved destination status' to those FICs that recognised Beijing (Bozzato 2011).

China has taken up observer roles in various other regional agencies on a rather desultory *ad hoc* basis. It has been rather controversially tied to the Melanesian Spearhead Group (MSG) but China denies any real involvement despite the resource riches of Melanesia (May 2011). The MSG Secretariat and Chinese representatives in Vanuatu claim that China hasn't contributed to the recurrent costs of the secretariat in any way. However, the MSG headquarters building was constructed in Port Vila through bilateral Chinese aid in response to a request from the MSG host, Vanuatu. This may explain the recurrent stories of Chinese backing for the MSG.

Other players

Over the past decade, other actors have entered or greatly extended their role in the regional dynamics of Pacific islands affairs. **Taiwan** has been the most widely recognised due to the depth and spread of its rivalry with the PRC across the entire region. The roles of others, such as Indonesia, India, Korea, Malaysia, the Philippines and Thailand, have been a result of deliberate 'look North' policies seeking closer relations with Asian states. More recently, Russia, Cuba, Georgia, Iran and the United Arab Emirates (UAE) have appeared on the regional diplomatic radar.

There's a profound and very significant difference between Western concerns over the use of sovereignty as an economic resource by some FICs in the 1990s and its use in more recent years. The 1990s were largely dominated by the commercialisation of sovereignty for private consumers. The sale of passports, shipping flags of convenience and poorly regulated banking served non-state interests rather than state aims. The 'war on terror' did much to undercut this trade in state authority as a commodity, as the region's traditional friends and bodies such as the OECD worked to counteract such practices. In 2011, the legacy of corruption and awareness of the vulnerability of very small states remains, but the emphasis has shifted back to more traditional state objectives.

However, it's difficult to generalise about just what the new players are 'buying' through their engagement with the states of the region. To some extent, the marketplace has shifted from the individual capitals in the Pacific islands to the lobbies of the UN, where the tradeable commodities are diplomatic recognition and UN votes.

Russia engaged in this UN-based trade to secure Nauru's recognition of Abkhazia and South Ossetia (Sasako 2010). Vanuatu's recognition of Abkhazia was a consequence of similar Russian diplomacy (von Twickel 2011). Russia's interest in Nauru appears to go beyond just vote buying at the UN. The amount pledged to Nauru was reputed to be around US\$50 million to support a sweeping investment in infrastructure. This appears rather over the odds for a UN vote-raising exercise.

There have been recent suggestions that Nauru wanted to serve as a contact centre for wider Russian interests in the region by organising a meet-and-greet conference between the FICs and Russia.¹¹ That initiative has apparently failed, but Russian interest in other areas, such as in the South Pacific Regional Fisheries Management Organisation's jack mackerel stocks, may indicate broader aims, beyond vote buying.

On the surface, the minor involvement of countries such as **Georgia**¹² and **Iran** appears limited to securing UN votes but, even there, there's some room for complexity. In addition to buying the Solomons' votes against Israel on the Goldstone Report, Iran gave assistance to Solomon Islands to train medical students in Cuba.

The interests of **Cuba** and the **UAE** seem even more multifaceted. The UAE's Pacific islands interests began with its successful bid to headquarter the International Renewable Energy Agency. The UAE hosted a foreign ministers' conference of the FICs in Abu Dhabi with the support of the UN's Pacific Small Islands Developing States group in 2010. It has subsequently offered a US\$50 million aid program to the FICs, mainly to deal with climate change (Shaheen 2010). The entire Arab League endorsed the UAE initiative. It has proposed establishing an Arab League regional office in Suva.

The Cuban connection is equally complicated and rather older. Cuba established relations with Vanuatu in 1983 when Vanuatu's foreign policy was aggressively non-aligned. Little further was heard of Cuba until the past decade, when it extended its medical aid to some FICs. Matters took a significant political turn after Kiribati transferred its recognition from the PRC to Taiwan in 2003. The PRC resisted, and in 2004 Kiribati expelled the remaining PRC officials who had refused to leave in 2003.

In 2006, Cuba opened a resident mission in Kiribati headed by a chargé, with the ambassador accredited from Manila. Ostensibly, the mission was to service a small number of Cuban doctors sent as aid to Kiribati in the same year. Given the role played by Cuba in monitoring Taiwan in the Caribbean, there's some justification for seeing a similar surrogacy role in Tarawa. Since then, Cuba has extended its medical aid to half a dozen FICs. In 2008, it also held a ministerial conference, attended by ten FICs, in Havana. Kiribati played a leading role in the conference.

Solomon Islands surprisingly announced in March 2011 that it would establish an embassy in Havana. This seemed to be diplomatic overkill, given that the professed rationale is to look after a limited number of medical students studying in Cuba.¹³

‘Look North’ produces ‘South–South’

Whatever explains the Cuban interest in the islands, Havana isn’t merely some sort of surrogate for the PRC. Its interest is rooted in a significant and growing tendency towards South–South cooperation with the Pacific islands region. Two factors have been the principal drivers of this development—the end of the Cold War and the recognition of the birth of the Asian century. The ‘look North’ policies of many FICs are a response to the latter.

At the end of the Cold War, Western interests in the region diminished. A decline in strategically motivated aid led to some refocusing on Asian aid efforts. Closer relations between the FIC coastal states and Asian distant water fishing nations in the wake of the declaration of EEZs developed further as the Asian fishing nations gave aid and made investments in the FICs to maintain good relations.

The World Bank’s 1993 report identified a ‘Pacific paradox’ based on aid dependency and gave greater emphasis to private sector promotion.¹⁴ In turn, that encouraged an interest in the growing economies of Asia as a source for development assistance and investment funds.

Threatened by the PRC’s greater global diplomatic and commercial engagement from the 1990s, Taiwan sought more actively to protect its own interests by ‘chequebook diplomacy’: basically, development assistance was used to buy political support. Although this practice was repudiated in 2008 by newly elected President Ma Ying-jeou, years of aid competition have left a significant legacy in the form of both a diplomatic presence and very clear images of the difference between ‘Asian’ and Western aid.

Although large amounts of ‘no strings’ aid generated by chequebook diplomacy helped to foster the ‘look North’ foreign policy orientation of many FICs, that wasn’t the only factor. The global focus on growth in the Chinese economy (and to a lesser extent the Indian economy) would have focused the FICs’ attention on China, Taiwan and other Asian opportunities.

The search for more diversified development assistance has come to link ‘look North’ policies to more active FIC participation in South–South cooperation. This has been most clearly expressed multilaterally among the Melanesian states. Three states of the MSG—Fiji, PNG and Vanuatu—are members of the Non-Aligned Movement (NAM). Globally, much of the motivation for greater South–South cooperation has been a desire to reduce reliance on Western aid and the political dependence that it engenders.

In May 2011, Fiji’s accession to membership of the NAM underscored Suva’s more aggressive pursuit of South–South dialogue, specifically to reduce reliance on its traditional friends, including Australia. Whether intended or not, China has been a significant beneficiary of this development as a leading state in the NAM.

The Pacific Small Islands Developing States (PSIDS) group at the UN has proved to be another key multilateral vehicle for developing South–South cooperation. PSIDS was the catalytic medium for developing cooperative linkages between the UAE and the Arab League. It’s playing an increasingly visible role in the Asia Group in the UN. Indeed, in 2011, it had the group’s name changed to the Asia–Pacific Group to recognise the voting strength of the eleven PSIDS members.¹⁵

The importance of PSIDS for Australia’s regional position is that, to some extent, the group demonstrates our alienation from the FICs. The PIF has had observer status in the General

Assembly since 1994. The increased prominence of PSIDS derives from the FICs' preference for a form of engagement that excludes Australia and New Zealand, which would be included in any discussions under the PIF banner.

The PSIDS feel very satisfied with their inclusion in the UN's Asia Group, especially under its new name. Privately, many see in this development further evidence of Australia's regional bifocalism. They note the irony of Australia's claim to being an Asia–Pacific state while belonging to the Western Europe and Others Group.

Three special cases

Because of uncertainty over their desire to play a significant role, three states deserve separate attention as regional actors.

Papua New Guinea

PNG has been an established and important Pacific islands nation from the beginning. However, despite its increasing economic capacity (based on a natural resources boom), Port Moresby seems increasingly resistant to being defined by a 'regional' label.

PNG's size and interests mark it out as unique as an island state and regional actor. It has more land than New Zealand, a population nearly 50% larger and a resource base to match. It has the potential to become a middle power. Yet, PNG's growing international aspirations have been constrained by serious development challenges, including internal law and order threats to effective statehood.

It's now looking towards a new prosperity based primarily on liquefied natural gas, production of which will begin in 2014. Gas production is forecast to double the country's GDP. Other mining and petroleum developments are also in train to meet strong international demand for gold and copper.

PNG is increasingly seeing its role as a bridge between the dynamic Asian economies and Australia and New Zealand on the one hand and the Pacific islands region on the other.

PNG is increasingly seeing its role as a bridge between the dynamic Asian economies and Australia and New Zealand on the one hand and the Pacific islands region on the other. This ambition creates real challenges as well as mutual opportunities for both PNG and Australia. Both countries have had a long history of working alongside one another. If the liquefied natural gas project proves as nationally transformative as many in PNG hope, it will affect PNG's relationships both with Australia and with Asia. Moreover, a stronger, less dependent PNG economy will strengthen the equitable relationship between the two neighbours in their work to contribute to regional security.

PNG's development needs create a coincidence of interests with many of its fellow FICs and especially fellow Melanesian states. However, its extraordinary resources and the substantial capital needed to exploit them have exerted an increasingly stronger pull towards Asia. PNG's unwillingness to commit to a Pacific islands regional role at the expense

of its ambitions in the Association of Southeast Asian Nations (ASEAN) creates sensitivity in Port Moresby about how PNG is characterised as a 'regional' power.

A number of factors have influenced PNG's somewhat self-limited role in the Pacific islands region. In addition to its ambition to become a full member of ASEAN, its size compared to the rest of the Pacific islands region, the focus of Pacific islands regionalism (which generally hasn't figured as prominently in the development needs of PNG as in smaller PICs) and its absorption with its own internal requirements have generally made it more reactive than proactive in Pacific islands regional activities.

PNG's view of its long-term regional interests has a significant impact on Pacific islands regional processes as well as on other key foreign policy relationships. Its aspiration to enjoy a more equal relationship with Australia expresses itself in PNG's resistance to being treated multilaterally as 'another Pacific island'. There's a sense that being treated that way by Canberra comes at the expense of a closer bilateral relationship.

The same applies to PNG's application for full ASEAN membership. Too visible a role in Pacific islands regional affairs is seen in some quarters as compromising the more highly regarded ASEAN bid.

Significantly, *sub-regional* mechanisms have emerged as more compatible with PNG's current foreign policy interests. In part, this is because two key sub-regional interests—the MSG and the fisheries-related Parties to the Nauru Agreement (PNA)—promote direct national interests. PNG has played an active but not a dominant role in the MSG. The group has loomed larger in Port Moresby's thinking in recent years as the MSG has developed an economic agenda. The PNA has loomed even larger because it can help to elevate PNG to being a world-class player in tuna fish processing.¹⁶

In 2009, PNG funded the establishment of the PNA headquarters, located on Majuro in the Marshall Islands. This upgraded the sub-regional fisheries association to the status of a full intergovernmental organisation with its own identity, parallel to that of the Pacific Islands Forum Fisheries Agency (FFA). PNG's commitment to the PNA was motivated in large part by the desire to develop its tuna fisheries resource more quickly and with fewer potential restraints from the larger and slower processes of the FFA.

PNG's perceived self-interest has drawn some fire from within the PNA, but PNG has strenuously denied the accusation (Pareti 2005:16–20). It's attempted to draw in the rest of the PNA into its fisheries processing plans by offering them the opportunity to participate in such important ventures as the Pacific Marine Industrial Zone development.¹⁷

Timor-Leste

Timor-Leste is a new player that's being courted to become a member of the Pacific islands region but appears to be more than a little reluctant. The Timorese Government, while not having a clear blueprint for its foreign policy, has indicated an intention to focus its main external interest on the more economically dynamic states of Southeast Asia, rather than the South Pacific. It's seeking full membership of ASEAN, as opposed to membership of the PIF (Soares 2011).

Australia remains the largest aid donor to Timor-Leste and to the PICs. Canberra has championed a role for Timor-Leste in the Pacific islands region, through special observer status in the PIF, virtually from Timorese independence in 2002.

Timor-Leste hasn't sought to develop its PIF relationship much further. Flirting with the Pacific is a hedging strategy against the possibility that its ASEAN bid doesn't succeed. There was some concern in Dili that closer incorporation into the Pacific islands regional system may compromise its chances for closer ties with ASEAN.

Whether Timor-Leste has a significant role to play in the new geopolitics of the Pacific islands region may depend more on the strength and direction of sub-regional developments.

Whether Timor-Leste has a significant role to play in the new geopolitics of the Pacific islands region may depend more on the strength and direction of sub-regional developments. Timor-Leste has an affinity with Melanesia, as its population includes a significant number of ethnic Melanesians. Dili participated in the 2011 MSG Leaders Meeting as an observer, reportedly at its own instigation.¹⁸

The West Papua independence issue may prove a significant complication if Timor-Leste does pursue full membership in the MSG. For a number of years, West Papuan leaders have sought, largely unsuccessfully, to enlist the support of Pacific island nations, and especially the members of the MSG, for their demands for a free West Papua. Vanuatu has been the only country to show open sympathy for the West Papuan case.

Timor-Leste hasn't been drawn in to the West Papuan issue. If it were to become a full member of the MSG, its close relations with Indonesia in recent years would make it unlikely to shift its views. Indeed, the rapprochement between the two countries has come so far that they concluded a defence agreement in August 2011. If it were to join the MSG and the group changed its position on support for West Papuan independence, that would create bilateral tensions between Dili and Jakarta.

Timor-Leste has taken a sympathetic approach to Fiji's recent political development, somewhat to Canberra's chagrin.¹⁹ The evidence to date suggests that the bilateral relationship with Fiji has been primarily promoted by Fiji. Nevertheless, Dili does want to engage more with Suva, not only because Fiji is an important island state but also because Timor-Leste appreciated Fiji's participation in INTERFET. Fiji sees value in cultivating ties with Timor-Leste, not only for linkages with Southeast Asia but also as wedge politics against Australian sanctions against Suva.

Timor-Leste is also linked to the Pacific through its membership of the African, Caribbean and Pacific Group of States (ACP), a group of 79 countries that receives aid funding from the European Union (EU).

Timor-Leste is a founding member of the South-West Pacific Dialogue, which includes Indonesia, New Zealand, the Philippines and PNG. The dialogue is a decade-old arrangement established to give neighbourly support to the fledgling Timor-Leste. It meets annually on the margins of other regional meetings, such as the ASEAN Regional Forum. It considers broad regional security matters with a bias towards Asian security issues. Because the South-West Pacific Dialogue includes PNG as well as Australia and New Zealand, it has the potential for linking Timor-Leste's ambitions in ASEAN to interests in the Pacific islands region, including the MSG.

While there's limited indication that Timor-Leste will make a significant diplomatic investment to become an actor in the Pacific islands regional system, Dili wants to broaden its foreign policy contacts as the country develops. Specifically, it wants closer ties with Melanesia to serve as a link between the MSG and ASEAN economies. In September 2011, however, Timor-Leste upped its ante for participation as an observer in the MSG by making a donation of US\$500,000 to the work of the MSG Secretariat.²⁰

If the MSG develops as an effective economic trading bloc, membership in the group would allow Timor-Leste to maintain its ASEAN priorities while pursuing a similar path to PNG (which is also seeking ASEAN membership) in connecting the two regional economies through an active role in both bodies.

Fiji

Public awareness of the consequences of suspending Fiji from the PIF seems to be very limited. However, the suspension has seriously changed regional dynamics.

Fiji is the heart of the Pacific islands regional system, and the region cannot survive without its heart. Not only is Fiji the principal transportation and communications hub for the Pacific, it is the diplomatic centre as well. The bulk of the Pacific islands regional agencies as well as the principal international agencies are headquartered in Suva, making the city a networking centre for the smaller FICs. Suva is the host to the largest number of non-reciprocated FIC missions in the region, including resident representation from the FSM, Kiribati, the Marshall Islands, Nauru and Tuvalu.

Ms Frankie Reed, then US Ambassador-Designate to Fiji, recently summed up the American view of Fiji's regional importance: 'Fiji's unique position in the Pacific makes it a key focal point for our larger regional engagement with the South Pacific.'²¹ She went on to add, 'We seek more direct engagement with Fiji's government ... in order to encourage the Fiji Government in the restoration of democracy.'

This is a contested, but increasingly widely accepted, view of the importance of Fiji not only to the Pacific islands region but also to the region's place in the broader Asia-Pacific area.

Fiji has to be engaged with the Pacific islands regional system if it's to make an effective contribution to addressing the new geopolitical challenges of the Asian century.

Fiji has to be engaged with the Pacific islands regional system if it's to make an effective contribution to addressing the new geopolitical challenges of the Asian century. An enormous number of uncertainties and inconsistencies in Fiji's regional role underscore the hazards in alienating Suva completely from the regional system (see Chapter 4).

However, the importance of Fiji for the new geopolitics of the region is that it's actively challenging Australia's privileged position in the regional system.

Great power reaction

Both China and the US recognise that the PRC's increasing military capacity poses challenges for the geopolitics of Pacific islands' security.²² Last year's assessment by a People's Liberation Army analyst, Senior Colonel Liu Mingfu, made international headlines when he offered the view that rivalry with the US was inevitable, regardless of how peaceful Chinese intentions are, as China strives to be the world's leading power (Buckley 2010). Indeed, China identified the US as a source of competition and rivalry in its 2010 Defence White Paper, particularly through increased American involvement with regional security in the Western Pacific.

The US explicitly pointed to China's higher profile in the Pacific islands as a strategic issue when Secretary of State Hillary Clinton testified before the Senate Foreign Relations Committee in March 2011. This was followed up in mid-2011 by a US delegation to a number of Pacific islands. The delegation was led by Kurt Campbell, Assistant Secretary of State for East Asian and Pacific Affairs, and included the US Pacific Fleet Commander, Admiral Patrick Walsh.

While the ostensible rationale for Campbell's regional tour was US assistance in the region, there's little doubt that the island visits were driven in large part by US concerns about the growing influence of China in the Pacific islands.²³

But the reassertion of US engagement with the Pacific islands isn't just about China. The US is reluctant to openly express criticism of Australia's handling of regional relations, but it's clear that there are genuine doubts about Australia's capacity to lead islands' opinion on relations with China.

Chatham House analyst Cleo Paskal has argued that the US shouldn't assume an identity of interests with Australia in the Pacific islands. She quotes the testimony of Faleomavaega Eni Hunkin, American Samoa's non-voting representative in the US Congress, who attacked Australia's approach in the region as 'inept', 'heavy handed' and unhelpful to US interests in maintaining close and friendly relations with the West.²⁴

More significantly, perhaps, the US has resumed a more active role in the region. The State Department's Kurt Campbell recently described current US policy towards the Pacific islands in terms of an 'enhanced engagement' and a 'renewed engagement' (Paskal 2010). This has been expressed through the reopening of a USAID presence in the region after an absence of sixteen years, visits by Secretary of State Clinton, the extended visit by a large delegation headed by Campbell, and heightened US Coast Guard interaction with regional states on maritime protection.

The US is taking on a more direct role in protecting its own interests in the region, just as it did in the mid to late 1980s when it felt that managing Cold War challenges in the Pacific islands was beyond the capacity of Australia and New Zealand. Of course, there are complications for the US, as its difficulties in renewing the South Pacific Tuna Treaty have proved.²⁵

In the great power reaction to the new geopolitical environment in the Pacific islands, a conservative strategy of protecting established interests won't be possible. The Cold War policy of strategic denial, which was used as an extension of the containment policy against the USSR, couldn't be revived today even if there were a desire to 'contain' China.

Whereas the Soviet Union had no presence or significant access to the Pacific islands before or during the Cold War, significant Chinese communities have been in the region for more than a century.²⁶ China is enmeshed in the national economies of the regional states and has established a wide range of domestic connections, often with the active assistance of the diaspora communities.

Notwithstanding the extent of the strategic challenge that the PRC may represent to established Western interests, it's accepted by the island countries as a friendly power. The Western powers therefore have had to react to China quite differently from the way they responded to the USSR during the Cold War.

Chapter 3

SECURITY INTERESTS AND REGIONAL STRUCTURE

The security of the Pacific islands has been linked to regionalism at least as far back as the Western Pacific High Commission in the 19th century. Australia and New Zealand made the link explicitly in the 1944 ANZAC Pact. An ANZUS ministerial communiqué in 1976 and a number of Australian Government statements since have reinforced the linkage.

Notwithstanding their overt commitment to protecting the security of the region, there was very little opportunity to engage the PICs in those security arrangements, at least until after their independence. Even then, practical considerations have limited the direct involvement of the Pacific island nations in their own security at the international level.

The main barriers to involvement included the physical incapacity of the microstates, a reluctance on both sides to entangle them in wider Western security interests, and the absence of identifiable and direct extra-regional state threats to their security. Those considerations became less cogent in the 1990s following the end of the Cold War.

The ‘war on terror’ focused attention on the international risks posed by non-state actors and weak states.

The declaration of extended maritime zones in the 1980s elevated concerns for resource security. The ‘war on terror’ focused attention on the international risks posed by non-state actors and weak states. Today, regional security demands the active involvement of the FICs in dealing with extra-regional threats to the Pacific islands.

Non-strategic threats to state security in the region have been matters of concern for more than a quarter of a century. Domestic social stability, law and order and the protection of state jurisdiction (especially after the declaration of EEZs) have found the regional system increasingly occupied with assisting the FICs to meet the obligations of sovereignty and protecting their statehood. For a decade, the danger that fragile states pose not only to the international community but to their own citizens (the ‘Responsibility to Protect’ principle²⁷) has broadened perceptions of standard development issues into a new suite of ‘security’ concerns. The Pacific islands are very much engaged through the regional system in the protection of their security in these areas.

The interests of powers

There’s no discernible international state threat to security *in* the Pacific islands or *to* the region and its states. With one or two minor exceptions, there’s no competition for Pacific islands resources that’s likely to provoke state-on-state confrontation, as in the South China Sea. Any current threat assessment would find only the traditional issue of strategic risks *through* the region: there’s a danger that the territories of the island states could be used to change the balance of power outside the region.

A 2007 US Congressional report asserted that ‘The Pacific Islands can be divided into four spheres of influence: American, Australian, New Zealander, and French’ (Lum and Vaughn 2007:1). It’s unlikely that this fairly blunt reversion to a colonial era description of the region’s geopolitical standing would be favourably received in the islands, but there’s an element of strategic reality behind it. The legacy of the colonial experience still has an influence on the colonialists’ continuing interest in the region, if not on their impact. Of the four states, only Australia has no direct territorial interest in the Pacific islands region to protect.

France has three possessions—French Polynesia, New Caledonia, and Wallis and Futuna. The first two are well on the way to transiting to what the French Government describes as ‘real autonomy in the framework of the Republic’. Both are also the sites for what together constitutes the second largest military presence in the region. Recent political and strategic reviews have produced more active support from France for security engagement with the Pacific islands regional system, both for itself and for its territories.

Indeed, far from being a negative influence on regional affairs (as perceived by Australian public opinion in the last third of the 20th century), France today plays a well-regarded role in the region. It contributes bilaterally to the islands through foreign aid, natural disaster relief, maritime surveillance and search and rescue. France has expressed an interest in developing a special partnership directly with the PIF, separate from its arrangements with its territories.²⁸

The most likely source of regional instability is New Caledonia, which was designated a ‘special collectivity’ in 1999 to give the troubled colony greater political autonomy. New Caledonia has been economically important to France, as it ranks fifth, just after Australia, in global nickel production and has about one-tenth of the world’s reserves. Past tensions about independence have been put aside, pending a referendum as early as 2014 but perhaps as late as 2019, as specified in the 1998 Noumea Accord. Current expectations are that support for full independence is waning and that the referendum will be held later rather than sooner.

The **US** also has three dependencies in the region: American Samoa, Guam and the Northern Marianas. In addition, three other Micronesian entities—FSM, Marshall Islands and Palau—enjoy protected state status through a compact that makes the US responsible for

their security. The Marshalls are also host to the important US deep range Kwajalein missile testing facility. Guam plays host to some major military bases, making it the centre for the largest defence presence in the region. American forces on Guam are expected to increase by approximately 50% when the phased withdrawal from Okinawa that began in 2010 is completed in a few years (see Box).

The US build-up on Guam

The US force posture in the Western Pacific is of increasing importance in the Asia–Pacific region. The bilateral 2002 Defense Policy Review initiative between the US and Japanese governments set the framework for a reallocation of US forces currently based in Okinawa.

In May 2006, the Roadmap for Realignment Implementation approved arrangements to minimise the burden of military bases on host communities. Foreign Minister Hirofumi Nakasone and Secretary of State Hillary Clinton’s agreement of February 2009 confirmed that around 17,000 Okinawa residents from the III Marine Expeditionary Force (8,000 marines and 9,000 dependants) would be relocated to Guam by 2014. The remaining forces would be significantly reduced.

Guam plays host to more than 12,000 US military personnel and dependants involved in the Anderson Air Force Base and Naval Base Guam. Current assets include a naval helicopter squadron, submarines and rotating US Air Force bomber deployments. As the largest element of the Marianas island chain, Guam is strategically important. A number of joint exercises have been based there, highlighting the increasing importance of US armed forces cooperation in the Pacific. The US Air Force has commenced B-1, B-2 and B-52 bomber rotations, and the Navy has announced the relocation of two more attack submarines.

The ongoing relocation establishes Guam as the surveillance, reconnaissance and intelligence centre for the region and, importantly, moves some US forces and assets away from potential flashpoints in East Asia. A number of logistics contracts have recently been announced, including for the expansion of Guam’s harbour and airfield facilities and the establishment of an RQ-4 Global Hawk unmanned aerial vehicle base.

However, problems with the US domestic debt ceiling have challenged the proposed 2014 timeframe. Secretary of Defense Leon Panetta has warned that the Guam transfer plan may be scaled back to meet new budget guidelines. Despite the economic impacts of the Fukushima disaster, the Japanese Government has thus far stayed on track with its funding arrangements.

The US force realignment signals a greater regional involvement and military presence in the coming years. The repositioning and modernisation of existing bases and heavy investment in the Guam facility demonstrate the US’s determination to retain a forward deployment capacity in the Asia–Pacific region. They’re also likely to remain a focus of strategic concern for China.

Regular naval and coastguard movements between Guam and Honolulu provide a valuable security asset across the Micronesian arc in the north of the Pacific islands region. During those transits, routine patrolling is undertaken on behalf of the coastal states. China is concerned by reports that the motivation for the build-up on Guam is a strategic response in the Western Pacific to Chinese military modernisation and expansion (Kan and Niksch 2010:6).

New Zealand has a sole dependency in the region. The tiny Tokelau Islands are just north of Samoa. They have no military significance beyond New Zealand's obligation to defend the territory. However, New Zealand has defence obligations to two former possessions—the Cook Islands and Niue—that have protected state status ('free association') with it. As with the US in Micronesia, New Zealand's routine patrolling to and through the Polynesian heart adds significantly to the region's security assets; even more so since the formation of a sub-regional fisheries arrangement, *Te Vaka Moana*—a largely Polynesian cooperative based on the albacore fishery.

The **United Kingdom**, the great colonial power of the 19th century, appears to have almost surrendered a regional role in the Pacific islands. The UK still has one possession in the region, the miniscule Pitcairn Islands colony, contrary to some reports.²⁹ In the past decade, Britain has reduced its number of missions in the region and in 2004 withdrew its membership in the SPC. Nevertheless, it maintains three missions in the region, all in Melanesia—Honiara, Port Moresby and Suva. The colonial legacy remains an important linkage for and with the former colonies, but Britain now focuses its regional participation through the EU rather than in its own right.

While **Australia** no longer officially has any territory to protect in the Pacific islands region³⁰, other strategic interests make it impossible for Canberra to ignore security in the islands. Indeed, 'a secure immediate neighbourhood' was second only to 'the defence of Australia against direct armed attack' as Australia's highest priority strategic interest in the 2009 Defence White Paper. Included in the secure neighbourhood strategy are the protection of Timor-Leste, political stability in Melanesia (including the maintenance of RAMSI) and close defence ties with PNG.

Formal Australian security interests include a military alliance with the US, which bears on the region as well. As recognised in the 2009 Defence White Paper, there are:

... likely to be tensions between the major powers of the [Asia–Pacific] region, where the interests of the US, China, Japan, India and Russia intersect. As other powers rise, and the primacy of the US is increasingly tested, power relations will inevitably change. (DoD 2009)

The primary centre identified in the White Paper was Northeast Asia, but Micronesia is a significant centre where the interests of China, Taiwan, Japan, the US and even Russia converge. All have interests in this important sub-region within the Pacific islands.

Australia's geographical location at the cusp of the South Pacific and Southeast Asia contributes to Canberra's sensitivity to the significant erosion of stability in the Pacific islands region.

Australia's geographical location at the cusp of the South Pacific and Southeast Asia contributes to Canberra's sensitivity to the significant erosion of stability in the Pacific islands region. Extra-regional threats from smuggling, illegal migration, drugs, money laundering, and resource theft are significant concerns not just because of the dangers they pose to the islands but often because they are threats to Australia *through* the region.

Japan no longer has a territorial interest in the Pacific islands but has had a significant regional interest from the 1970s onwards. It was initially focused on regional access to fisheries, but now may have a broader strategic interest in blocking China's involvement in the region, rare earth resources and winning votes for a permanent Japanese seat on the UN Security Council. In the past five years, Japan has increased its aid to Pacific nations.

Japanese regional support isn't limited to substantial support for all the major regional organisations. Since 1997, it's hosted triennial meetings of the FIC leaders in Japan—known as PALM (Pacific Leaders Meetings)—to establish a multilateral vehicle outside the Post-Forum Dialogue process.

Japan's former colonial ties with Micronesia have given it a strong sub-regional connection, especially where fisheries are involved. Recent concerns about Chinese naval developments have increased Japanese interest in western Micronesia. The natural resources of Melanesia have also attracted significant Japanese investments since the mid-1980s.

China's current strategic interests in the Pacific islands appear to be limited to preventing the region and its assets being used against the PRC. An ASPI assessment of the 2010 Chinese Defence White Paper concluded that 'the ultimate Chinese aim is likely to be an Asian strategic order that is not dictated by Washington' (Davies and Rothe 2011:2). China's focus is currently fixed on the US, but will include Japan if Tokyo extends its coordination with the US to frustrate or contain any ambitions Beijing may develop in the Western Pacific, or if China perceives a threat from US facilities in Micronesia.

The US-based Institute for National Strategic Studies' 2010 report on the Chinese Navy's out-of-area operations found that China appears to be in the process of securing 'temporary access to facilities for routine maintenance, refit, and resupply' (Yung and Rustici 2010:43). The Chinese Navy has made a number of goodwill visits to the Pacific islands in recent years, but there's no real evidence that the region is being targeted for temporary access facilities.

Generally, Chinese strategic interests don't have a regional dimension to them. In part, this is a carryover from the PRC's diplomatic style: Beijing has preferred bilateral over multilateral diplomacy (see Chapter 4) because bilateral ties have so far proven to be more productive.

Security interests

None of the FICs has a formal defence alliance, but the five freely associated states have non-reciprocal defence relationships with their protecting states. The three Micronesian entities have special arrangements that require them to exclude foreign powers (unless approved by Washington) and to admit US forces, with some exceptions, as required by the US.³¹

Those provisions potentially make the Micronesian entities strategic targets for enemies of the US but, outside potential terrorism, haven't affected their security assessments. They've generally given diplomatic support to the US defence posture internationally, and even military support through high local recruitment into the US armed forces.

Fiji, Tonga and PNG have military establishments and all have seen service overseas. In the main, their deployments haven't been in aid of national strategic interests but for peacekeeping under UN or regional auspices. Tonga sent a contingent to Iraq at the request of the US, and with American financial and logistics support. It now has close to 10% of its military forces in Afghanistan with British and Australian assistance. PNG is the only FIC with

a land border, and its military fulfils the traditional role of defending the frontier against incursions. It’s also been confronted with civil war through the secessionist movement on Bougainville. The Fiji military has had decades of experience as a contributor to UN and regional peacekeeping missions. The only other recognised local security unit in the region is the Vanuatu Mobile Force, a paramilitary unit located within the national police service.

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In addition to the four states with security capacity, eight other FICs have some naval or coastguard capacity courtesy of Australian aid (Table 4). The Pacific Patrol Boat Program has delivered twenty-two patrol boats to twelve FICs (Nauru and Niue being the two without patrol boats). The boats are essentially for the protection of the one genuinely regional resource in the Pacific islands of global interest—the region’s fisheries. Nevertheless, this regional network of enforcement capacity provides an important foundation for the FICs. The Pacific Patrol Boats regional network enables the FICs to leverage this security capacity into a basis for engagement with the islands’ broader strategic interests.

Table 4: Defence and police capacity

Country	Police department ^A	Defence force ^B	Numbers in defence force ^C
Australia	Australian Federal Police and state police forces	Australian Defence Force, including Australian Army, Royal Australian Navy, Royal Australian Air Force	Active: 56,552 Army: 28,246 Navy: 14,250 Air: 14,056 Reserve: 20,440 Army: 15,840 Navy: 2,000 Air: 2,600
Cook Islands	National Police Department	Defence provided by New Zealand	–
Federated States of Micronesia	Micronesia Police	Responsibility of US	–
Fiji	Fiji Police Force	Republic of Fiji Military Forces: Land Forces, Naval Forces	Active: 3,500 Army: 3,200 Navy: 300 Reserve: approx. 6,000
Kiribati	Police Force	Nil	–
Marshall Islands	Marshall Islands Police	US authority and responsibility for security and defence	–
Nauru	Nauru Police Force	Informal agreement; responsibility of Australia	–

Country	Police department ^A	Defence force ^B	Numbers in defence force ^C
New Zealand	New Zealand Police	New Zealand Defence Force: New Zealand Army, Royal New Zealand Navy, Royal New Zealand Air Force	Active: 9,673 Army: 4,905 Navy: 2,161 Air: 2,607 Reserve: 2,314 Army: 1,789 Navy: 339 Air: 186
Niue	Police Force	Responsibility of New Zealand	–
Palau	Palau National Police	Responsibility of US	–
PNG	Royal Papua New Guinea Constabulary	PNG Defence Force, including Maritime Operations Element and Air Operations Element	Active: 3,100 Army: 2,500 Air: 200 Maritime Element: 400
Samoa	Samoa Police Force	Informal defence ties with New Zealand	–
Solomon Islands	Solomon Islands Police Force	Nil.	–
Tonga	Tonga Police (formerly Tonga Police Force)	Tonga Defence Services, including Land Force (Royal Guard), Maritime Force (includes Royal Marines, Air Wing)	650
Tuvalu	Tuvalu Police Force	Nil	
Vanuatu	Vanuatu Police Force, Vanuatu Mobile Force (includes Police Maritime Wing)	Nil	

Sources:

a Mostly CIA, World factbook.

b CIA, World factbook.

c International Institute for Strategic Studies, Military balance 2011.

Law enforcement

The 2010 Australian Senate report on the security challenges facing the region reached the conclusion that the major international threats to the Pacific islands concern transnational crime rather than external aggression (Australian Parliament 2010:54). The threats include organised criminal activities (including money laundering and offshore banking), and increasing vulnerability to cybercrime, gun running, drug smuggling, illegal fishing, people smuggling and the corruption of public officials, all of which destabilise the state and the state's ability to protect their people. These dangers aren't inherently regional, other than that the capacity to resist transnational crime is severely limited across the region and that criminal networks often affect more than one PIC.

This is the dilemma for regional security and law enforcement in the Pacific islands: regional solutions are difficult to find when the principal threats are both national and transnational.

Moreover, as the Senate report notes, the region is too diverse to assume that all FICs face the same national law enforcement threats equally (Australian Parliament 2010:3–4). In practice, the orientation of the regional approach has been to build and sustain the state capacity that the FICs lack and to do it with enough flexibility to adapt to national needs.

This is the dilemma for regional security and law enforcement in the Pacific islands: regional solutions are difficult to find when the principal threats are both national and transnational.

Notwithstanding the challenges, the regional response capacity has grown significantly over the past two decades. The PIF has taken an important lead in authenticating a regional approach by claiming a general policy mandate for security. This has been expressed through a series of formal declarations to promote regional law enforcement and security initiatives:

- the Honiara Declaration on Law Enforcement Cooperation (1992)
- the Aitutaki Declaration on Regional Security Cooperation (1997)
- the Biketawa Declaration (2000)
- the Nasonini Declaration on Regional Security (2002).

The 2005 Pacific Plan has built on this mandate by incorporating security as one of its four ‘pillars’, alongside economic growth, sustainable development and good governance. The PIF Secretariat has taken on some administrative responsibility for implementing these initiatives, most notably through the establishment of the Forum Regional Security Committee to undertake security assessments and facilitate information and intelligence sharing.

The difficulty in establishing a regional infrastructure for law enforcement is illustrated, perhaps, by the Pacific Regional Policing Initiative, which lasted barely five years before being replaced by the less ambitious Pacific Police Development Program. The policing initiative had sought to develop regional capacity. The Pacific Islands Chiefs of Police have even considered a regional rapid reaction force. A lack of national support and relatively high projected costs led to its transformation into the development program, which is essentially a bilateral program between the Australian Federal Police and individual FIC national police services, with some regional coordination.

This approach has been taken with a number of similar Australian-supported programs to promote law and security in the FICs. The Australian Federal Police’s leading role in establishing and maintaining the Pacific Transnational Crime Network with its Pacific Transnational Crime Coordination Centre in Apia is a key example. The regional role grew out of the prior establishment of transnational crime units in individual FICs. The Pacific Partnership for Development and the Partnerships for Security initiatives are two further examples where the programs are regional but their implementation is bilateral.

Undoubtedly, the best developed and arguably the most effective regional security mechanism in the Pacific islands is that associated with regional fisheries regulation (see Chapter 4). That's logical, given the strategic importance to the FICs of fisheries as a regional resource: the Pacific Ocean supplied about 70.2% of the global catch of principal market tuna species in 2008.³² The largest share of the world total (about 55%) was from the Western and Central Pacific.

The difficulties in regulating this immense resource remain significant. The FICs' success, albeit still incomplete, has been hard won. Much of the impetus for the regional enforcement framework has come from the FICs themselves. Partly because of the difficulties in finding truly regional responses to enforcement challenges, sub-regional initiatives have come to the fore in both fisheries and policing (see Chapter 4).

Non-traditional bases for regional security

While traditional external threats in the region are remote, non-traditional security concerns are real and growing. There are extraordinary internal pressures on state stability and viability.

The main questions are about the capacity of the FICs to meet their citizens' legitimate expectations for an improving quality of life and effective domestic security through economic, health and social development. Non-traditional threats to state stability in the Pacific islands include imported risks to health, climate change, sea-level rise, high energy prices and serious demographic change.

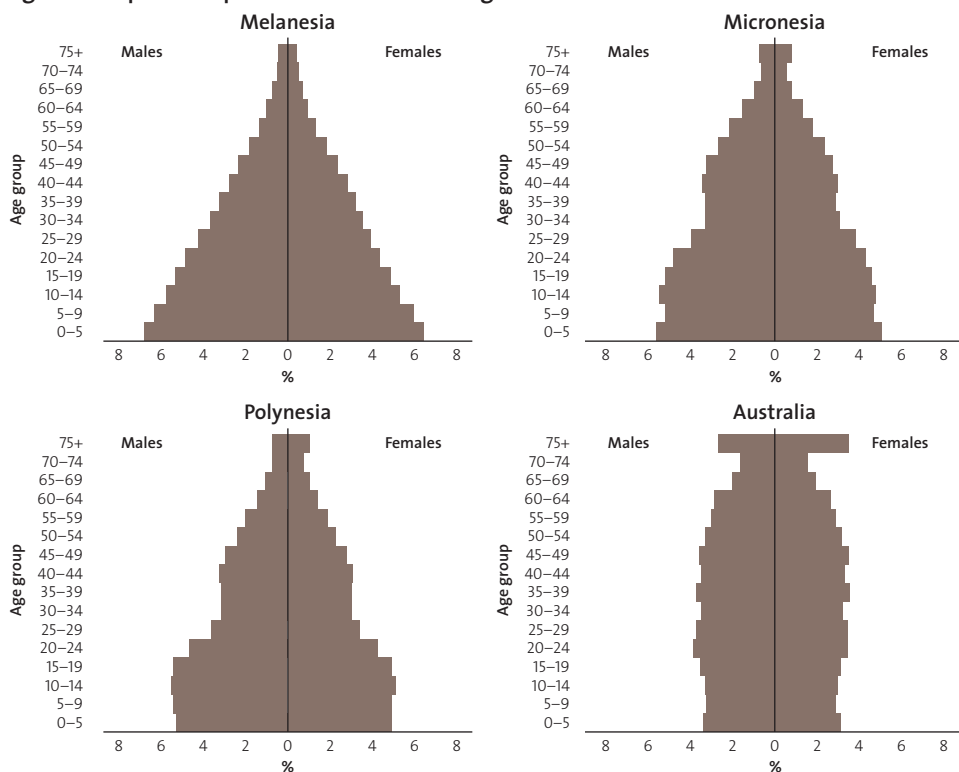
Demography

Recently, the region's population passed the 10 million mark.³³ That mightn't appear very large in absolute terms, but rapid population growth and a youth bulge, especially in Melanesia, have lit a demographic time bomb for the region. There's a huge demand for health and educational services that will continue for many years before those young people enter the job market. An enormous increase in employment opportunities will be required when the Melanesian youth bulge reaches employment age (see Figure 2).

A youthful population is already imposing significantly increased demands for government services in education, nutrition and health. Indeed, the level of demand is such that external assistance can never be fully adequate.

While the response to population growth is essentially a national issue for the countries concerned, external assistance to address the fallout from the population explosion will include regional responses as well as bilateral aid from donor countries such as Australia. A youthful population is already imposing significantly increased demands for government services in education, nutrition and health. Indeed, the level of demand is such that external assistance can never be fully adequate.

Figure 2: Population profiles of Pacific sub-regions and Australia



Source: Statistics for Development Programme, http://www.spc.int/sdp/index.php?option=com_content&view=article&id=74%253.

If the larger FICs are to cope with the impending explosion in the demand for employment, significant private sector investment will be necessary. That will require a significant increase in foreign investment, supportive domestic governance to attract investment, and adequate training for the workforce.

Educational support through teacher training, assistance with educational materials and infrastructure development can help to extend limited state resources to meet growing demand. The region’s educational needs, like the health needs of its youthful population, are being addressed already, to some extent, through assistance to meet agreed Millennium Development Goals (MDGs), but the demographic shift appears to be overtaking current efforts.³⁴

The demographic data demonstrates the importance of emigration for the demographic profiles of some PICs. It was estimated that in 2010 nearly 30% of people born in Polynesia and Micronesia lived abroad (Bedford 2010:242).

The permanent or long-term absence of working-aged individuals abroad is something of a double-edged sword for these PICs. On the one hand, it’s the basis for the large volume of remittances on which a number of them depend. On the other, those working abroad include some of the most economically productive and entrepreneurial members of their home

societies. Their loss could be accounted as something of a brain drain, given that their basic education was provided by their home governments.

The demographics for Melanesia don't show the same migration pattern, with the result that the Melanesian states don't enjoy any of the benefits of access to foreign labour markets, such as remittances, increased family-based capital and overseas work experience (Stahl and Appleyard 2007:64).

Urbanisation is another critical feature of rapid Melanesian population growth. One projection suggests that PNG will have at least one city much larger than Auckland or Brisbane by 2050, and that by then there will be 6 million people living in urbanised environments across Melanesia (Bedford 2010:243). This will have profound implications for employment, education, law enforcement and food security, and will increase pressure for outlets for migration.

Given the size of PNG's population and its levels of illiteracy, it's unlikely that it could benefit to the same extent that the Polynesian FICs have through New Zealand's migrant labour schemes. The absence of an effective migrant labour or immigration scheme for the FICs, particularly the Melanesian states, will become an increasing political irritant in relations as the demographic bomb ticks closer to an unemployment explosion.

Health

Apart from the health challenges of the population explosion, which will make scarce skills resources even scarcer, there are other significant risks in the region. Various communicable and non-communicable ('lifestyle') diseases are on the increase. A number of FIC leaders made the issue of non-communicable diseases, which include diabetes, cancer and heart disease, the subject of their addresses to the 2011 meeting of the UN General Assembly.³⁵ It was claimed that those diseases were 'pandemic' across the region.

According to some authorities, the HIV/AIDS epidemic has put PNG on the list of nations most at risk. Cases from PNG make up an ever-increasing proportion of the total cases detected in the Pacific—from 21% from 1984 to 1989 to over 99% in 2008. Reported cases in PNG total 28,294, but the Joint United Nations Programme on HIV/AIDS estimates that there are 54,000 people living with HIV in the country. While the UN experts believe that levels of under-reporting in the rest of the Pacific are likely to be similar, the figures for PNG are among the worst in the world in per capita terms.³⁶ Others question the interpretation of these figures, arguing that the global significance and regional implications have been overstated (O'Keeffe 2011).

Maternal and child health present serious challenges, especially with rapid population growth in Melanesia and the inability of health services to match that growth. Diseases associated with poor sanitation are also a significant area of concern, especially in the light of the rapid urbanisation of Melanesia and some overcrowding on the smaller islands. Tuberculosis has also been identified as a growing problem in some Pacific island countries.

Food security

The Pacific islands are not a region of famines and drought, although those have occurred in some areas from time to time. Water is a significant limiting factor for the small islands of Micronesia and Polynesia, and that's led to the depopulation of some islands. PNG has experienced significant localised famines in recent times. More prevalent has been malnutrition from too restrictive a diet and dependence on imported foods. Food security is essentially a health issue for the region and is becoming more challenging across a number of fronts.

Food security almost archetypically characterises the diversity of the Pacific islands region.

Food security almost archetypically characterises the diversity of the Pacific islands region. Critical impediments to food security differ according to the sub-region, country or locality within a country. The densely populated urban areas of Micronesia and Polynesia depend on imported food, so food security might actually be related to energy security. Micronesia, Polynesia and the coastal zones of Melanesia have a high consumption of fish. Thus, for those areas, food security includes ensuring the sustainability of the fisheries resources and guaranteed access. For the larger Melanesian countries, effective national transport infrastructure may well be a vital component of food security (FAO 2008).

The Food and Agriculture Organization's 2008 report, *Climate change and food security in Pacific island countries*, argued that not enough was being done to develop 'an integrated approach incorporating the full range of stakeholders and policies that contribute to food security in a changing climate' (FAO 2008:17). Regional research is necessary to identify adaptive strategies in agriculture, forestry and fisheries to protect food and water for human consumption.

The 2008 PIF Leaders Meeting 'acknowledged the high importance of food security as an emerging issue' while also acknowledging the diversity of circumstances that make food security essentially a national rather than regional issue in the Pacific islands.³⁷ The Pacific Food Summit in April 2010 re-emphasised the national focus for food security. But, in endorsing the Framework for Action on Food Security in the Pacific, the summit found important scope for regional supporting action. It also included the private sector as an important contributor to regional food security.³⁸

The Framework for Action on Food Security in the Pacific strongly endorses a multisectoral, whole-of-government approach to food security. So far, however, the focus has been primarily on access to adequate supplies of healthy foodstuffs. Carriage of the framework has been given over mainly to the region's health ministers, who are to develop a regional strategy.

Several regional agencies provide important research and ongoing capacity supplementation to complement national efforts around the Pacific islands. The SPC's Development of Sustainable Agriculture in the Pacific program is an important example of such support to the PICs. Land reform is also important for promoting food security, particularly in making land available for productive cultivation, especially in the smaller PICs.

Energy security

The geography of the region guarantees that the future for most of the region's states and territories depends on finding a viable path to energy security. Their remoteness, small size, archipelagic nature, limited shipping assets and lack of indigenous energy sources leave virtually all the PICs outside any commercial strategy for providing energy security for their inhabitants.

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The contemporary economic climate poses increasingly real energy constraints on small island states. For example, the G-20 recently demanded action by its members against inefficient fossil fuel subsidies that encourage wasteful consumption. The implementation of that decision will add to upward pressure on the price of energy. Australia, as a member of the G-20, can play a significant role in keeping the interests of the FICs before the G-20 as it develops policy on sustainable energy.

Technology sharing and skills transfers would be unlikely to offer early solutions even if the FICs' economies were large enough to sustain new energy-efficient technologies. Solar power, wind power, wave energy and ocean thermal energy conversion show some promise, but require high capital investments, skilled technicians and/or further development before they can practically be deployed in the region.

Existing energy technologies and external sources of supply will remain the key features of the region's energy consumption for the immediate future.

Conventional measures of pursuing energy efficiencies, public-private sector cooperation, more efficient purchasing and distribution arrangements, and strategies for increasing the use of renewable energy sources have been under consideration by various regional agencies for some time. Since 2009, the SPC has had lead responsibility for the regional energy strategy.

The search for innovative ways to increase energy security has led to the canvassing of some interesting possibilities, including nuclear energy and shared oil purchases. In 2010, King George Tupou V advised the Tongan Parliament that he was working with the US to develop small 30-megawatt nuclear plants. He believed that Tonga should embrace nuclear power as a part of the kingdom's roadmap to a sustainable energy future. Finding a viable way to achieve economies of scale by joint purchases of oil has proved elusive, despite the need to service a growing fleet of fishing vessels in the region.

While new approaches to energy security tend to concentrate on the economic and social needs of the PICs, environmental concerns are very much to the fore as well. The PIF Secretariat estimates that about 70% of the regional population, overwhelmingly in Melanesia, lives without access to electricity.³⁹ In those communities, the main energy source is wood. Coupled with population growth, this has led to habitat destruction, particularly in peri-urban areas.

Those states with reasonable access to electricity face a different set of environmental problems and environmental risks. Almost universally, they have to import their energy in ships that aren't always compliant with environmental best practice. Their low volume requirements, insecurity of supply and heavy public sector demands (especially in the smaller island states) taken together make them exceptionally vulnerable to environmental hazards. Those constraints often force small islands to take any available short cut and to adopt environmentally unsound strategies to cope with outdated equipment, antiquated fuel storage facilities and poor maintenance.

The depopulation of smaller, outer islands is itself a significant security risk, given the opportunities that it creates for criminal activities.

The depopulation of smaller, outer islands is itself a significant security risk, given the opportunities that it creates for criminal activities. Depopulation is a current danger to all the archipelagic PICs, and that won't change until their energy security problems can be solved.

Climate change

The 2011 Auckland meeting of the PIF reaffirmed climate change as 'the greatest threat to the livelihoods, security and wellbeing of the peoples of the Pacific'.⁴⁰ This has been a very divisive issue for Australia over some time (ASPI 2008:9–10). Within the PIF, there have been rather harsh criticisms of Australia for protecting its fossil fuel industries at the expense of the security of small islands. The Copenhagen Climate Change Conference underscored these differences, given the role Australia played at that conference and in the Copenhagen Accord outcome (Ryan 2010).

The PIF's 2010 Vila meeting had shifted the emphasis, to some degree, from the divisions at Copenhagen to regional priorities for the funding expected to flow from the Copenhagen Accord. Thus, there was a shared interest in Auckland in accessing and managing the funding promised under the accord, but which has been slow to be delivered.

The current Australian Government's climate change policies are clearly viewed more sympathetically by the FICs, but will remain a point of contention because the level of perceived risks can never be the same for Funafuti or Tarawa and for Canberra. The PIF's decisions continue to promote tactics for adaptation to climate change, whereas the smaller states strongly back global mitigation strategies.

Thus, the fundamentals of the international debate on climate change will prevent Australia being seen as a committed advocate for the Small Islands States group of the PIF in international conferences. Within regional processes, nevertheless, it would be helpful for Australia to build on its support for the mitigation measures demonstrated at the Kiribati Climate Change Conference prior to the Cancun UN Climate Change Conference. This would include assistance to the FICs to more directly advocate their own case.

Disaster management

The Pacific is one of the most natural disaster prone regions of the world, and is particularly susceptible to cyclones and typhoons. Pacific island countries have reported 207 disaster events, affecting almost 3.5 million people and costing more than US\$6.5 billion, since the 1950s. Agriculture, fishing, tourism and mining, the mainstay sectors of their economies, are particularly disrupted by natural disasters.

Given current fears that climate change will increase the frequency and/or severity of natural disasters, the value of losses in natural disasters could potentially increase over time.

Given current fears that climate change will increase the frequency and/or severity of natural disasters, the value of losses in natural disasters could potentially increase over time. The economic costs are also increasing dramatically as the FICs' economies develop and national infrastructure becomes more sophisticated.

New approaches are needed to give the FICs greater security in coping with the aftermath of natural disasters, as well as more confidence in providing economic recovery after extreme weather events (see Chapter 5).

Chapter 4

REGIONAL SECURITY MANAGEMENT

The contemporary concept of a Pacific islands ‘region’ has emerged from historical accidents, acts of policy and expedient compromises. As a result, the region’s coherence can’t be taken for granted. Its fitful evolutionary development has left fractures and inconsistencies in the operation of the regional system. Generally, those gaps have been papered over by the members of regional organisations to avoid awkward decisions about membership or voting rights.

The regional architecture has come under greater scrutiny and pressure since the attempt to rationalise the system from 2003. In an ironic twist, the pursuit of greater coherence in the system has highlighted its inconsistencies and even created more cracks to paper over.

It’s not clear whether this diplomatic wallpapering will succeed in the new Asian century. The regional system has to respond to the new actors and new priorities in order to adapt to new and diversified security challenges. The coherence and robustness of the system is being tested at a time when it’s divided as never before.

The legitimacy of collective action is questioned to some extent both by the emergence of strong sub-regional movements and by some emerging resistance to grand strategies for greater regional integration. The perception that Australia is a key driver behind the integration process has raised doubts from some island states about Canberra’s motivation for seeking closer relations through the Pacific islands regional system.

Bifocal regionalism and the Pacific Plan

The Pacific islands regional system as it exists today is divided essentially into two streams (see Table 6). That division produces a *bifocal* view of Pacific islands regionalism: look through one lens, and

one sees the region as defined geographically by the scope of the SPC; look through the other, and it's possible to see the region defined politically by the policymaking arena of the PIF and the agencies that have memberships consistent with that of the PIF. The distinction between the two streams of regional cooperation remains unhelpfully blurred, despite recent efforts to sharpen it under the Pacific Plan.

...the Pacific Plan's aim is to strengthen regional processes and outputs so that the regional system carries some of the burdens of sovereignty for the FICs that lack the capacity to do all that statehood requires of them.

The Pacific Plan is intended to be a grand strategy across both streams to better coordinate and integrate the Pacific islands regional system, with security as a key pillar. At its simplest, the Pacific Plan's aim is to strengthen regional processes and outputs so that the regional system carries some of the burdens of sovereignty for the FICs that lack the capacity to do all that statehood requires of them.

This burden-sharing arrangement between the regional system and individual FICs is intended to increase state stability through both general development assistance and greater security.

For the PICs that are not states, the Pacific Plan's integration aspirations have less to do with sovereign obligations than with allowing them to participate in regional developments, including some decision-making, without membership in the PIF. For the donors, who bear the overwhelming costs of Pacific islands regionalism, the plan seeks efficiencies in the administration and delivery of those regional outputs.

The critical challenge for the Pacific Plan is to find synergies through multilateral integration and national policy implementation to achieve both FIC and donor aims. The plan seeks to adopt something like a whole-of-government approach to use limited international and national resources as effectively and efficiently as possible. However, the capacity of regional governments to reciprocate with whole-of-government implementation has proved problematic. A lack of political will, bureaucratic compartmentalisation and limited understanding of the plan and its processes are among the key difficulties in implementing the Pacific Plan at the national level (Taga 2009).

There are also significant difficulties in implementing the Pacific Plan at the regional level. Initially, a great deal of effort under the plan went into rationalising the regional architecture through the Regional Institutional Framework process (Herr 2008). But little architectural renovation has taken place and very little rationalisation between the two regional streams has occurred. Perhaps more seriously for the region's bifocalism, the Pacific Plan is a PIF initiative that's worked to complicate regional governance.

Two important donors and members of the SPC region—France and the US—and a third of the PICs don't participate in PIF decision-making.⁴¹ Yet the Pacific Plan's implementation not only involves the regional agencies outside the PIF family but also depends on them for some of the more important regional programs and projects. Partly in consequence, regional

compliance with the plan may be more perfunctory than real. The plan's four pillars are so general that it's easy for regional agencies to repackaging their own work to fall under one of the pillars without significant change.⁴²

The core objectives of the Pacific Plan may be being better met than is recognised, at least along one dimension.

The core objectives of the Pacific Plan may be being better met than is recognised, at least along one dimension. Much of the work of regional bodies supplements the FICs' capacity to meet their ongoing obligations as states. Maintaining all the services of a modern state is beyond the resources of the smaller FICs and not yet attainable by the larger states. Many of the programs offered through the various regional agencies provide what amounts to 'extension services' to government departments across the region.

The bifocal regional system creates a very significant foreign policy challenge for Australia. It's the main donor to the Pacific islands, but it also sits as the largest state in the primary regional policy mechanism. Its privileged position as both an insider and an outsider has come under increasing challenge as the Asian century progresses. The islands are refocusing their regional priorities in pursuit of closer ties with Asia, especially with China. Further tensions within the region over Fiji have sharpened the perception of Australia as an outsider.

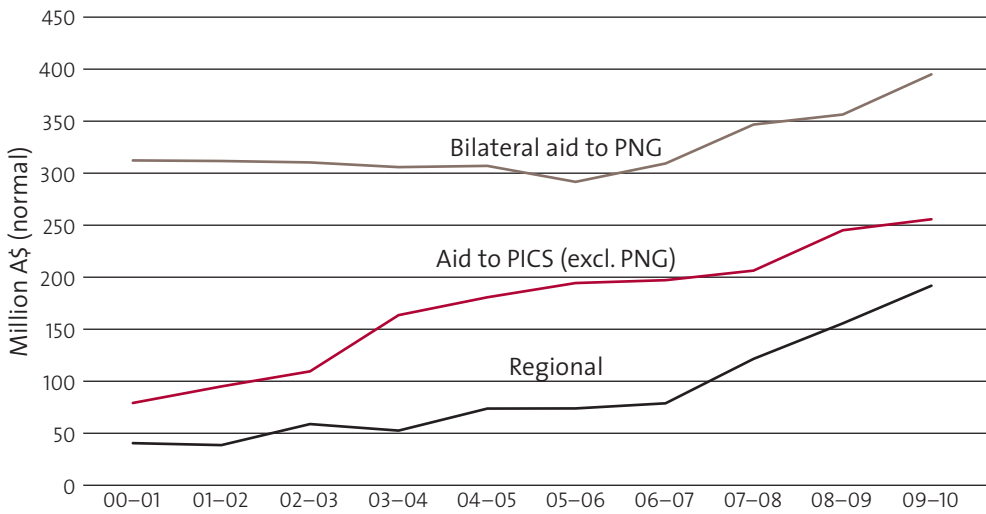
Australia's privileged place

The inclusion of Australia in the first South Pacific Forum meeting in Wellington in 1971 was both a pragmatic diplomatic gesture and an act of faith. At a practical level, the invitation for Australia to join the new regional association recognised the need for international influence beyond the capacity of the FICs at that time. Given that the motivation for creating the forum was to advance an anticolonial as well as a post-independence agenda, the FICs accepted on faith that Australia and New Zealand would be willing and able to protect their interests in the broader international community, including even against other Western powers active in the region.

AusAID sets out the basis for Australia's membership in and financial support for the Pacific islands regional organisations in the following terms:

As a member of, and a lead contributor to, many regional organisations, Australia is able to help such organisations improve the quality and focus of their work in Pacific island countries. By channelling an increased proportion of its regional aid program through regional organisations, consistent with the Pacific Islands Development Strategy, Australia contributes to strengthening their capacity and reach. (AusAID 2009)

There have been disappointments on both sides over the years. Nevertheless, Australian governments of all political hues have apparently valued the privileged position Australia has enjoyed. Canberra's 2011–12 regional aid allocation is \$203.7 million, or more than a quarter of the total budget for the Pacific islands, excluding PNG. Even including the PNG allocation, the proportion for regional activities is a very solid 14%. From the FICs' perspective, the relationship has been important enough to last through four decades and some very significant changes in the international system.

Figure 3: Australian aid in the Pacific, 2000–01 to 2009–10

In recent years, the relationship has shown signs of special strain. Some of the harsher ‘big brother’ criticisms of Australia are overstated, but there appears to be a deeper questioning of Australia’s central role in regional policymaking. Being a member of the regional family is a double-edged sword for Australia. We enjoy privileges as an insider but, because more is expected of us as a family member, we get less credit for our generosity than other outsiders.

Regional security management

The contemporary regional security system concentrates on the safety and stability of the island states in a wider range of areas than traditional concerns. This is in large measure due to the vulnerability of small and weak states in a much more open and internationalised world. Weak, fragile and/or corrupt states are seen as potential threats to the safety and security of other states.

The management of regional security may well be the area most affected by Pacific islands regional bifocalism, because of the FICs’ high susceptibility to external pressures of all sorts.

The management of regional security may well be the area most affected by Pacific islands regional bifocalism, because of the FICs’ high susceptibility to external pressures of all sorts. The non-traditional security threats are primarily viewed through the broader geographic lens of support for all Pacific island countries. Traditional security concerns about military threats and general law enforcement relate to sovereignty and so are viewed through the PIF’s political lens. Both lenses produce distortions that blur the focus on regional security.

Given that the FICs aren’t significant direct threats to each other, most traditional security risks to the Pacific islands region are generated from outside the region.⁴³ The absence of military threats, limited resources and the international norm of non-aggression are the principal reasons that the vast majority of FICs haven’t had to invest formally in self-defence. However, in consequence, the FICs have had to rely on others to help meet the need for traditional security.

To date, the major source of external menace to the FICs has arisen from external interventions to deal with the actions of regional states, none of which has yet involved direct violence. Examples include sanctions or threats of sanctions to counter money laundering, the sale of passports and the issuing of flags of convenience. In these cases, the actions of the FICs posed risks to extra-regional interests, which sought to reduce or eliminate the threat by bringing soft power pressure on the FIC concerned.

Barriers to security cooperation

The Pacific Islands Forum Regional Security Committee (FRSC) is the principal regional forum on political security and governance issues (Table 5). It brings together representatives from a wide variety of regional agencies and other interested parties to discuss law enforcement and security-related matters.

Table 5: Principal regional security agencies, associations and programs

Association	Status	Law enforcement / security role	Headquarters
Forum Fisheries Agency (FFA)	Intergovernmental organisation	Maintains the register of vessels in good standing, as well as the vessel monitoring scheme to enforce compliance with access agreements.	Honiara, Solomon Islands
Forum Regional Security Committee (FRSC)	Program of an intergovernmental organisation (the PIF)	Promotes interagency law enforcement cooperation and information exchange on law and security issues.	Suva, Fiji
Oceania Customs Organisation	Voluntary association	Promotes cooperation, harmonisation and mutual assistance in customs administration among participating organisations.	Suva, Fiji
Pacific Immigration Directors Conference	Voluntary association	Fosters multilateral cooperation and mutual assistance to strengthen members' territorial borders and the integrity of their immigration systems.	Suva, Fiji
Pacific Islands Law Officers' Network	Incorporated association	Facilitates cooperation between member countries on regional approaches to law and justice issues and on the development of regionally supported law and justice policies for consideration by members.	Apia, Samoa
Pacific Islands Chiefs of Police	Voluntary association	A cooperative arrangement to improve policing and communication and provide a forum to share information and intelligence to counter transnational crime in the region.	Wellington, New Zealand
South Pacific Regional Environment Programme (SPREP)	Intergovernmental organisation	Advises members on compliance with environmental obligations. Also advises the FRSC on transboundary violations.	Apia, Samoa
Economic Development Division	Division of an intergovernmental organisation (the SPC)	Maintains databases for validating port security, International Maritime Organization compliance and vessel movements.	Suva, Fiji
Pacific Transnational Crime Coordination Centre	Project of Australian Federal Police	Clearing house for the Pacific Transnational Crime Network and data from national transnational crime units. Also provides advice and training to the crime units.	Apia, Samoa

The membership limitations of the PIF create problems in intelligence sharing. The FRSC finds itself institutionally constrained at the higher levels of regional intelligence collection and coordination. The US and France can't participate in the restricted briefings of the FRSC, as they're not members of the PIF. Nevertheless, they help to generate significant amounts of information vital to the needs of the Pacific islands.

A related institutional complication arising for the FRSC derives from the lack of institutional capacity of its contributing law enforcement agencies. Virtually all are voluntary associations of national agencies and lack legal autonomy and personality. This limits the extent of information sharing available through them.

The FRSC and its tributary law enforcement agencies can only process and analyse the data made available to the FRSC. While current levels of information are helpful, they wouldn't support anything like an effective regional law enforcement capacity. Again, it's the bilateral linkages that do the real work of law enforcement within the region, but with the same difficulties impeding full cooperation.

Finally, in the area of maritime security information sharing, the SPC maintains a database on all ports and port facilities in the region, including their maritime security point of contact, the status of each port facility security plan, limiting conditions, and arrival information. It also has a database of passenger, yacht and cargo vessel movements across the region.

The two databases are a security asset for validating port security and International Maritime Organization compliance, as well as for monitoring ship and yacht movements. However, their location outside the PIF seems to limit cooperation in their use.

Maritime security

The marine environment defines the Pacific islands region. Protecting maritime resources contributes to a wide range of regional security objectives, from border protection to economic, environmental and food security. It's unquestionably the most advanced and multifaceted aspect of Pacific islands' regional cooperation for security.

Pacific Community

The SPC plays a vital role in fisheries protection through its Oceanic Fisheries Programme. It provides the principal stock assessment, data management and independent research facility for the PICs. It works with the FFA, the SPREP and the Western and Central Pacific Fisheries Commission to provide effective national and regional advice on the management of the fish resources of the region. The SPC has provided something of a neutral meeting ground on fisheries for the PICs and the distant water fishing nations, including those not directly associated with the SPC.

Forum Fisheries Agency

The FFA has done most of the work to date on developing a comprehensive regional maritime security system. It has developed sophisticated systems monitoring catch, fishing effort and related activities, set in place an array of regulatory measures to control fishing within the FFA region, and fashioned a surveillance network to support regulatory compliance. The FFA has been innovative in developing monitoring, control and surveillance (MCS) mechanisms such as the Regional Register, Harmonised Minimum Terms and Conditions of Access, a regional vessel monitoring system and multilateral licensing, and supporting PICs in their efforts to delimit their maritime boundaries.

The FFA is now further enhancing both its MCS and law enforcement capabilities using the 1992 Niue Treaty on Cooperation in Fisheries Surveillance and Law Enforcement in the South Pacific Region. Article VI of the treaty provides for third-party enforcement of coastal laws and regulations under a subsidiary agreement.⁴⁴ A small number of such agreements have been signed since 1993, when the treaty entered into force.

Since 2009, the FFA has been pursuing a broader use of the Niue Treaty's subsidiary agreement provision. FFA members are currently negotiating a model multilateral subsidiary agreement that could be used across all FICs. This would allow states with national capacity to enforce coastal legislation for those FICs that lack an adequate enforcement apparatus. The state exercising third-party enforcement on behalf of the coastal states could be authorised to enforce more than fisheries regulations, although that has apparently not been agreed as a part of the negotiations.

Some early efforts in the area of fisheries provide grounds for optimism. The US Coast Guard has embarked on a trial to address international fisheries problems, at least at the state level. It has negotiated 'ship-rider' agreements with the Cook Islands, the FSM, Kiribati, the Marshall Islands, Palau and Tonga (half the FIC membership of the FFA) in the past two years. The joint exercises dealt with seventeen serious violations, which in one case produced US\$5 million in fines (FFA 2009).

In addition to its regional MCS machinery, the FFA has been greatly assisted by national instruments for enforcement, including the Pacific Patrol Boat Program and its network of maritime surveillance advisers.

Without Australia's assistance, most FFA members would have only limited national capacity for maritime surveillance to protect their fisheries resources. The patrol boats are only one part of the Pacific Patrol Program, which also includes logistics, maintenance and training support (Bateman and Bergin 2011).

Protecting the region's fisheries requires not only effective fisheries management but also better law enforcement, including improved MCS techniques, which demands close interagency cooperation. That level of regional security cooperation has yet to be reached, despite significant success in some directions.

The QUADs

A significant development in bridging the multinational maritime information divide occurred this decade, when the four major states with extensive aerial and surface maritime surveillance capacity in the region—Australia, France, New Zealand and the US—established the Quadrilateral Defence Coordination Group (the QUADs).

The QUADs mission is to coordinate and synchronise surveillance support to the PICs.⁴⁵ Previously, coordinated aerial surveillance was facilitated by each state individually through the FFA. Since its formation, the QUADs has created the Quadrilateral Defence Coordination Operational Working Group (QDCOWG) to undertake surveillance support for the FFA and its members.

The Surveillance Operations Officer within the FFA's Monitoring, Control and Surveillance Division liaises with the QDCOWG to coordinate surveillance operations. The most important contribution that the QDCOWG makes to the security of regional fisheries is through planning the pattern of their ship and aerial movements to improve PIC surveillance.

The QDCOWG maintains an operations calendar on a website (the All Partners Access Network) that's accessible to both the QUADs and the FICs. The calendar is interactive, enabling the FICs to share information and use opportunities to cooperate among themselves as well as with the QUADs.

Management of non-traditional security threats

The Pacific islands regional system is something of a monument to the need to manage non-traditional threats to the states and territories of the regional family. It's the most complete and robust pattern of regional agencies and processes anywhere in the developing world. To a real extent, its success has created the risk that it will be taken for granted. The overambitious reach of the Pacific Plan is almost certainly a consequence of believing that the regional system is robust enough to cope with any challenge.

The regional agencies have played a very important role in legitimating routine and ongoing multilateral assistance to meet the essential service needs of the PICs and FICs for more than two generations. Capacity building has been a major component of that assistance, but capacity supplementation has been the unrecognised core of the Pacific islands regional system's success, particularly in areas of non-traditional security such as social and economic development and environmental, food and health security.

The SPC has been the lead agency in maintaining the supplementary expertise needed by the FICs to carry some core state services (see Table 5). The extent of FIC dependence on the functional support of agencies such as the SPC is such that even the current imbroglio between Australia and Fiji hasn't substantially weakened this legitimacy.

As with the management of core state security issues, the regional system's bifocalism ensures that there's no neat division of responsibilities in managing non-traditional threats to the FICs.

As with the management of core state security issues, the regional system's bifocalism ensures that there's no neat division of responsibilities in managing non-traditional threats to the FICs. The bulk of the work to address non-traditional risks to state stability might be expected to rest with the SPC as the principal technical assistance agency.

Yet, while the major technical aspects of food security, energy, health and the like fall within the SPC's remit, the political development of regional policy remains with the PIF. This raises a potential governance issue: who is responsible for implementing policy made in another arena? This hasn't been regarded as a problem for some time, but circumstances have changed in recent years.

The Pacific ACP Trade Ministers' Meeting in February 2011 provided a clear example of the governance problem created by the flexibility of the regional system's bifocalism. Trade policy and regional integration have been managed through the PIF, and the meeting was to be co-hosted by the PIF Secretariat. However, due to claimed PIF sanctions against Fiji, the SPC

had to co-host to enable Fiji’s participation—thus circumventing both the PIF sanctions and the forum’s policymaking processes.

Sub-regionalism: regionalism without Australia

Sub-regional arrangements have been as controversial as they have been variable and, occasionally, valuable over the years. It isn’t even clear what being ‘sub-regional’ means. If the Pacific islands’ region is defined by the ambit of the SPC, as is commonly accepted, then even the PIF would have to be classed as ‘sub-regional’.⁴⁶ As noted above, the PIF doesn’t include the SPC’s territorial administrations or two of its founding metropolitan members.⁴⁷

Table 6: PIC membership of major regional and sub-regional agencies

Country	Regional				Sub-regional			
	Forum Fisheries Agency	Pacific Islands Forum	South Pacific Commission	South Pacific Regional Environment Programme	Melanesian Spearhead Group	Parties to the Nauru Agreement	Smaller Islands States (Group)	Te Vaka Moana
American Samoa		Observer from 2012	Member	Member				
Cook Islands	Member	Member	Member	Member			Member	Member
Federated States of Micronesia	Member	Member	Member	Member		Member		
Fiji	Member	Member	Member	Member	Member			
French Polynesia		Associate Member	Member	Member				
Guam		Observer from 2012	Member	Member				
Kiribati	Member	Member	Member	Member		Member	Member	
Nauru	Member	Member	Member	Member		Member	Member	
New Caledonia		Associate Member	Member	Member	FLNKS (Qualified member)			
Niue	Member	Member	Member	Member			Member	Member
Northern Mariana Islands		Observer from 2012	Member	Member				
Palau	Member	Member	Member	Member		Member	Member	
Papua New Guinea	Member	Member	Member	Member	Member	Member		
Pitcairn Islands			Member	Member				
Republic of Marshall Islands	Member	Member	Member	Member		Member	Member	
Samoa	Member	Member	Member	Member				Member
Solomon Islands	Member	Member	Member	Member	Member	Member		
Tokelau	Member	Member	Member	Member			Observer	Member
Tonga	Member	Member	Member	Member				Member
Tuvalu	Member	Member	Member	Member		Member	Member	
Vanuatu	Member	Member	Member	Member	Member			
Wallis and Futuna		Observer	Member	Member				

FLNKS = *Front de Libération Nationale Kanak et Socialiste*.

In the contemporary parlance of Pacific islands regionalism, the PIF is a regional association without a regional membership, while other bodies are generally regarded as sub-regional if they are subordinate to the forum or if they have fewer members than the forum. This disarticulation between the scope of the region and the principal policy mechanism for regional decision-making is an occasional source of tension, which has now been exacerbated because the Pacific Plan has focused attention on the desire for a rational regional architecture.

Those tensions have been thrown into stark relief by the strengthening of sub-regionalism in recent years. One sub-regional association, the Smaller Island States unit within the PIF, was formed as a ginger group to advocate for the special needs of those states. It identifies itself as sub-regional even though it acts cooperatively with small island associations, mainly through the Alliance of Small Island States on climate change. Generally, the recognised sub-regional associations have some connection with the PIF, even if the connection is indirect. The Parties to the Nauru Agreement (PNA) and *Te Vaka Moana* are sub-regional bodies under the FFA.⁴⁸(see below)

The Melanesian Spearhead Group (MSG) is unusual in that its foundation treaty identifies it as a sub-regional organisation ‘in its own right’ and makes only one minor reference to the PIF.

The Melanesian Spearhead Group (MSG) is unusual in that its foundation treaty identifies it as a sub-regional organisation ‘in its own right’ and makes only one minor reference to the PIF. Moreover, the MSG Secretariat doesn’t participate in PIF meetings, even as an observer. Nevertheless, the MSG states often seek to influence PIF decisions, policy and appointments as a group within the PIF, and regularly advise the PIF on its activities. At least until recently, the MSG states tended to regard their activities as compatible with the PIF, if not directly subordinate to it.

Perceptions of a divide between the PIF and the MSG have sharpened in the wake of the ever-deepening imbroglio between Australia and Fiji since December 2006. The causes and effects of the dispute have been exaggerated in the media—the MSG was strengthening its internal structures well before the Fiji coup.

However, the MSG has provided a regional outlet for some of Fiji’s diplomatic frustrations. In addition, the MSG’s economic integration processes and proposed police cooperation on training offer separate avenues for multilateral cooperation with the most significant states in the region. Significantly, these are in areas of importance to Fiji and outside the PIF framework, including its sanctions regime.

Polynesian sub-regionalism has been proposed several times in the past, primarily in reaction to the formation or activities of the MSG. No sub-regional group had come into being until *Te Vaka Moana*, and it’s unlikely that *Te Vaka Moana* would have had the resources to form were it not supported by New Zealand. The recent call by Samoa’s Prime Minister Tuilaepa for a Polynesian sub-regional association appears to be a reaction to the MSG and to build on the fisheries association.⁴⁹

Attempts at Micronesian sub-regionalism have had a rather lengthy if somewhat indifferent history. The Council of Micronesian Chief Executives met briefly in the mid to late 1990s, with participation by all the former Trust Territory of Pacific Islands entities, as well as Nauru and Kiribati. The Micronesian Chief Executives' Summit was founded in 2003 with a limited membership to promote tourism in western Micronesia. By 2008, all the former trust territory entities belonged.

The three independent former trust territory entities formed another Micronesian sub-regional association, the Micronesian Presidents' Summit, a decade ago. This body has identified the PIF as a significant focus for it. Indeed, in 2002 it suggested that consideration should be given to excluding Australia and New Zealand from the PIF.⁵⁰ The 2009 summit agreed to invite the other two Micronesian states—Kiribati and Nauru—to join to more effectively promote the Micronesian sub-region.⁵¹ Nauru participated in 2010.

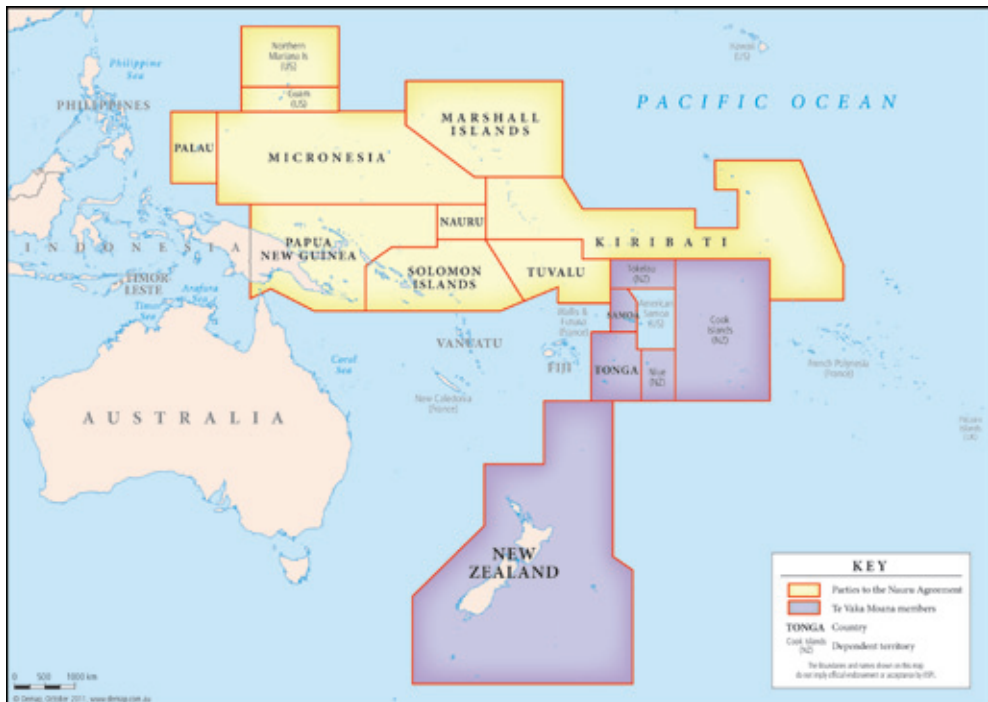
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Several features should be noted about sub-regionalism and its relation to Australia's regional engagement. Australia isn't a member of any sub-regional association in the Pacific islands region. Until 2007, no governmental sub-regional association had formalised itself as a formal intergovernmental organisation. Even today, only two have done so: the MSG (in 2007) and the PNA (in 2010). Those two groups are the most significant of today's sub-regional associations.

Fisheries sub-regionalism

Perhaps the most effective sub-regional structure within the regional system is in the fisheries sector—the PNA. This arrangement was formed in 1982, only three years after the FFA was established, by eight coastal states with the bulk of the region's tuna resources. They were reacting to a perceived lack of effective decision-making within the FFA.⁵² The PNA strengthened the FFA's bargaining position through the coherence of the PNA members' positions. They created a bloc sufficiently united in purpose to hold firm against powerful foreign fishers through their control of access to most of the tuna resource across the western and central Pacific Ocean.

Figure 4: Parties to the Nauru Agreement and members of *Te Vaka Moana*



The unity of purpose among the PNA members has enabled them to set much of the FFA's agenda since 1982. However, frustrations within the PNA surfaced again with the formation of the Western and Central Pacific Fisheries Commission (WCPFC) in 2004. The PNA moved to become a formal intergovernmental organisation in 2010, establishing a permanent secretariat with headquarters in Marjuro. In some regional fisheries circles, it's believed that the establishment of the PNA office was a consequence of Australian and New Zealand influence over FFA decisions.

There were other factors as well. The PNA flexed its muscles in 2010 to deal with the new dynamics of fisheries management in the wake of the establishment of the WCPFC and the new geopolitics of the Western Pacific. The PNA declared the high seas areas to be managed by the WCPFC 'closed' from January 2011 for any purse seine vessels licensed to fish in PNA waters.⁵³ This increased the value of access to PNA zones while making that access more necessary, since it's very difficult to fish commercially in the high seas areas without access to the adjacent EEZs.

Several developments lend support to the view that the PNA has become more independent of the traditional FFA linkages. Some suspicions may have been strengthened by the formation of *Te Vaka Moana* with New Zealand as a central player. *Te Vaka Moana* was formed in 2010 in response to the PNA initiative. This is the first time either regional hegemon has joined a sub-regional grouping, and has been interpreted as New Zealand retaining a critical influence in regional fisheries and the FFA.

Te Vaka Moana, which is based in the albacore fishery, is said to have had an unintended repercussion in exacerbating Polynesian–Melanesian tensions. Two albacore states—Fiji and Vanuatu—have been left out of *Te Vaka Moana*, apparently strengthening their resolve to promote the Fisheries Technical Advisory Committee within the MSG. Neither state is in the

PNA, which includes participants from all three ethnographic areas. The 2011 MSG Fisheries Technical Advisory Committee recommended closer cooperation with the PNA, FFA and WCPFC, but apparently overlooked *Te Vaka Moana* in seeking to secure a fair return for MSG members from the region's tuna resources.

The emergence of two sub-regional blocs within the FFA raises important potential management issues for the organisation.

The emergence of two sub-regional blocs within the FFA raises important potential management issues for the organisation. On the positive side, the PNA has been a significant factor in the success of the FFA in regulating the purse seine and longline fisheries for skipjack, yellowfin and bigeye tuna. *Te Vaka Moana* is intended to play a similar role for the albacore fishery, which is smaller but extends more widely into the high seas areas.

Te Vaka Moana may also help to address the debit side of the ledger. The PNA has frequently been regarded by the FFA's other members as too assertive in the organisation's policymaking. *Te Vaka Moana* may help to rebalance some of the tensions within the FFA over the dominance of the PNA, while also securing a more balanced regulatory advocacy within the FFA for the albacore fishery.

Against these possible advantages, there are the risks that some of the FFA's commonality of purpose will be lost and important areas of resource policy will be fractured. One particular source of concern is that control over regional fisheries data could be compromised. Any threat to the FFA's control of the data could put at risk regulatory effectiveness as well as the regional monitoring, surveillance and control process.

Even if the risks of sub-regionalism are managed within the FFA, there are some questions about the balance of interests within the PNA. As noted above, other members have doubts about PNG's motivation for promoting the PNA. PNG has so many of the tools for extracting value from the development of the resource that it could easily corner much of the available pool of investment capital. Port Moresby has sought to manage this issue, to some degree, by including the PNA states in the Madang Marine Industrial Zone initiative. This proposed development is so large that, if realised, it would create a regional tuna transshipment and processing hub to rival those in Southeast Asia.⁵⁴

PNG's role in the PNA and its pursuit of its national interest have created other concerns, such as the collapse of the US Tuna Treaty arrangement with the FFA (Pareti 2005:17–23). Perhaps rubbing some salt into the wound, on the 4th of July 2011, PNG announced that it had invited China to become a partner in developing the PNG fisheries industry (Noho 2011). PNG has clearly set much of the PNA's policy by managing the PNA agenda across the board.

Security, regional bifocalism and Australia

The Pacific islands regional system has been an integral component of Australia's security relationship with its nearest neighbours for more than two generations. Security both for Australia and for the region has been a substantial justification within Australia for taking a regional approach since 1944. However, the past decade has refocused understanding of the breadth and importance of regional security.

The end of the Cold War and the emergence of China have redefined perceptions of extra-regional threats in traditional security terms, making older containment strategies inappropriate. The vulnerability of small states to even non-state pressures, including organised crime, has taken a larger share of the traditional security agenda, especially since 9/11. The general incapacity of the individual FICs to meet such threats has reinforced a regional emphasis.

Concomitantly, the weaknesses of small developing states and large states with serious challenges in nation building have elevated aspects of economic development to the level of security concerns for the stability of the state. Thus, non-traditional threats to the state have emerged as a parallel security area with more resonance, in many ways, for the FICs than traditional security. This, too, has made regional cooperation more relevant.

Notwithstanding the general awareness of the need for regional responses to both types of security threats, there are deep cleavages in the regional system that impede the maximisation of regional outcomes. Moreover, sub-regional developments and internal friction have led to a drift away from the coherence sought through the Pacific Plan.

The regional system's value to Australia rests with the central role that we play in this network of external powers, developing states and territories. Yet, the precise way we fit into the processes of a bifurcated system in which we are both insider and outsider has been difficult to manage and, at times, controversial. Our policy has had to evolve with changing circumstances to balance the dual roles and the differing traditional and non-traditional security interests of the FICs and Australia.

Chapter 5

A MORE EFFECTIVE NEIGHBOURHOOD ROLE FOR AUSTRALIA

Australia faces an unusual challenge in its regional role in the Pacific islands: to make what is a privileged relationship even more effective.

Achieving that will be more demanding today than at any time in the past. Dealing with the recognised sources of threat, both traditional and non-traditional, is increasingly beyond the capacity of individual states. Consequently, the regional system has a greater reach than ever before.

The Asian century has brought new actors and new problems into the Pacific islands region...

The Asian century has brought new actors and new problems into the Pacific islands region: the rise of China, the proliferating influence of organised crime and strategic rivalry in the broader Western Pacific require innovative and nuanced regional responses.

Dealing with these challenges has entailed increasing reliance on the regional system. The Pacific Plan was devised to achieve greater coherence through regional integration, but closer relations demand greater levels of trust among the regional partners. That confidence hasn't always been evident.

Other sources of regional tension are internal. For the first time in the history of Pacific islands regionalism, it's been used directly against a member. And Fiji isn't just any member—it's the region's most

central and most regionally active member. A second source of internal tension derives from sub-regional arrangements that have emerged either to influence the regional system or to secure more of its benefits for one segment of the region.

Given that Australia already has the largest regional role, greater effectiveness isn't necessarily a case of 'more is better'.

Given that Australia already has the largest regional role, greater effectiveness isn't necessarily a case of 'more is better'. Value adding to its present role can take many forms. There's much to be done in filling in the gaps in the current regional system and linking those elements that already exist.

The special place that Australia enjoys in the current regional system depends on it being accepted as something more than just a donor. To rely primarily on the volume of our aid for regional influence would be misguided: it simply makes us the largest donor among a host of others.

More is expected of a member of the regional family in understanding the closeness of interactions, empathetic support and the indefinable qualities that make for a special relationship. This report shows that there are grounds for believing that the bases of Australia's special relationship with the Pacific islands have been eroded.

This chapter lays out sixteen broad steps that should be taken to better integrate Australia into the Pacific regional system. The measures are grouped to cover various aspects of regional security, most of which are interdependent. They're not listed in priority order.

Addressing traditional security concerns

Regional mechanisms are especially significant in addressing the vulnerability of the FICs in meeting their physical security needs. Virtually all the FICs depend on a supportive international environment for the basics of national security, but their concern for the active protection of their national interests has often been expressed through regional cooperation.

The asymmetrical relationships inherent in the regional security regime continue to pose challenges to effective FIC participation in the regional structures. More can be done to involve them more fully, including by increasing external support for regional security. The following three measures would help to resolve those concerns.

1. Develop more effective regional security assessments

The Forum Regional Security Committee (FRSC) appears to integrate extra-regional and regional interests effectively, but that appearance is deceptive in three important respects.

First, the region has no effective security classification system with appropriate protocols to enable genuinely regional information sharing and analysis. This isn't just an issue for the Pacific Transnational Crime Coordination Centre, but for the FRSC and its tributary agencies.

Second, the bifocalism of the regional system prevents full security collaboration. At present, France and the US are excluded from 'Forum eyes only' briefings by the FRSC. This division is an occasional irritant to cooperation.

Third, the institutional framework of the FRSC and its operations are a limiting factor. Not only do the tributary agencies lack the authority to share classified information, they also suffer from a potential risk to their continuity. Most are merely voluntary associations dependent on home agency support or project aid to maintain them as projects from year to year.

Australia can help to strengthen the FRSC in at least two ways:

- It should take a lead in developing the protocols needed to develop and integrate an effective security classification scheme. The protocols will need to include the interests of Australia's non-PIF partners, France and the US. Australia is well placed to take this lead.
- The institutional foundations of the regional law enforcement agencies, such as the Oceania Customs Organisation and Pacific Immigration Directors Conference, should also be put on a more secure footing. That institutional strengthening is essential if these bodies are to play a vital capacity supplementation role for most of the FICs that are unable to service these areas from their own resources. Australia should seek the advice of those agencies and other donors on the ways and means to make their institutional and financial capacity more robust.

2. Strengthen law and order at sea

The Senate Foreign Affairs, Defence and Trade Committee recently recommended elevating the Pacific Patrol Boat Program into a regional initiative, supported by the FICs, with the possibility of developing a supranational maritime enforcement capability (Australian Parliament 2010). The QUADs presents a very real opportunity to implement the committee's recommendations.

The QUADs has a structure for coordinating surveillance resources among the four participating extra-regional powers and, importantly for the Senate committee's recommendation, includes the FICs as well. If there's to be a supranational enforcement capability, it will have to include the FICs as full partners.

The QUADs is an important coupling mechanism between the highest level of defence policymaking among the 'traditional friends' of the Pacific islands region and the islands through the FFA. The conclusion of a practical multilateral subsidiary agreement under the Niue Treaty will intensify the pressure to improve the mandate of the QUADs or invent a new but similar mechanism to coordinate an improved FFA capacity for maritime law enforcement.

There's now a lack of consensus on what the QUADs is about. A recent official statement attributed 'the fight against illegal fishing' to the FRANZ agreement⁵⁵, despite French participation with the QUADs.⁵⁶ The US takes a two-pronged approach: PACOM (the US Pacific Command) has defence policy leadership, but the US Coast Guard leads on law enforcement. New Zealand recently made the QUADs a central element in the *Te Vaka Moana's* sub-regional fisheries enforcement mechanism.⁵⁷

Australia should seek to strengthen the QUADs arrangement to improve its regional capacity for maritime surveillance and law enforcement. Clarifying the QUADs' mandate and the members' contribution to carry out the regional remit is a vital first step. A dedicated budget for regional surveillance and enforcement cooperation is also necessary if the regional states are to rely on the operational support they need to protect their marine resources and maritime safety.

The Senate's recent report supported ASPI's proposal for a Regional Maritime Coordination Centre to detect maritime security threats and coordinate regional responses (Bateman and Bergin 2011). That proposal is compatible with the islands' ownership of a supranational enforcement capability, but the FICs will require significant access to decision-making and responsibility for implementation. If the FICs are excluded from either, they'll see it as 'outsiders' dictating regional maritime security arrangements.

Australia should take the lead in generating support for the coordination centre. The US, France, New Zealand and the FFA are already involved in the precursor elements of such a centre. Japan, the PNA, *Te Vaka Moana*, Korea and China may also have a role.

3. Work alongside China in law enforcement

China recognises that its role in the Pacific islands is under scrutiny and that there are perceived problems with its expanding engagement with the states in the region. Some local reactions have been troubling, such as the targeting of Chinese businesses or individuals in Honiara, Nukualofa and PNG in recent years.

Preferring bilateralism, the PRC doesn't see itself as contributing to the solution to such difficulties through regional mechanisms. Equally, there's so far been little enthusiasm in the region to involve China in regional mechanisms, especially those involving security.

The origins of some important security and law enforcement issues that confront the regional states can be traced back to China. They include organised crime, commercial fraud, drug and people smuggling, and prostitution. The region needs better knowledge of those activities to overcome the language barrier and to deal with the problems 'at source'.

This requires Chinese cooperation to support regional law enforcement efforts. At least one FIC has already sought police training in China to acquire the linguistic ability to deal with Chinese criminals within its borders.

To date, bilateral assistance from China with law enforcement in the Pacific islands has been limited. China has funded study tours for police officers, the provision of vehicles and building police stations and courts. The regional mechanisms are likely to offer the safest avenue for obtaining the most value across the region from Chinese assistance in law enforcement. The better resourced contributors to the FRSC could facilitate the development of necessary information-sharing linkages.

It's not in China's interest to be tainted with the criminal activities of its citizens abroad, and it's in the region's interest that such criminal activities don't become entrenched. China can't be treated as an unwelcome interloper, and it's time that it developed a more rounded presence in the region.

Australia should actively seek appropriate avenues for obtaining Chinese participation in regional law enforcement processes, including Post-Forum Dialogues, relevant bilateral meetings and some of the programs of regional bodies such as the Oceania Customs Organisation. Closer ties between the World Customs Organization's Asia Pacific Region, in which the PRC has played a constructive role, and the Oceania Customs Organisation could facilitate that.

Improving Australia's regional posture

In many respects, the Pacific islands regional system is as important to Australia as Australia is to the system. Merely preserving that relationship would be too static an ambition, and that hasn't been Australia's usual approach. There are measures that can be taken to improve the quality of Australia's posture in support of Pacific islands regionalism.

4. Leverage bilateralism to support regionalism

The Pacific islands regional system is not an either/or choice between multilateralism and bilateral ties: national capacity-building among the FICs is often an essential part of making regional cooperation practical.⁵⁸

The Pacific Partnerships for Development and Pacific Security Partnerships aim to strengthen Australia's bilateral ties with the Pacific islands, but will also enable the participating states to contribute more effectively in their own interest to regional programs.

The Pacific Transnational Crime Network (PTCN) has been built up in just this way. The Australian Federal Police has constructed the PTCN from an association of a small number of national transnational crime units, which were largely instigated by the Australian police force in individual FICs. The PTCN is coordinated through the Pacific Transnational Crime Coordination Centre in Apia. The centre contributes to broader PIF processes through the FRSC.

However, there's a potential downside to building the FICs' national capacity to support larger regional programs. Ownership of the regional program may appear less multilateral and more an extension of Australia's national objectives.

Transnational crime is a significant issue for the region. There's a need to meet this threat on both the bilateral and the regional fronts. The slower take-up of security partnerships compared with development partnerships indicates the difficulty in achieving that integration.

Some regional law enforcement officials cite the absence of adequate security classification protocols as a primary impediment. Australia should continue to support ongoing work through the FRSC to develop appropriate protocols to support the reciprocal sharing of sensitive information on transnational crime within the regional framework.⁵⁹

5. Repair the relationship with Fiji

There are many reasons why Australia should repair relations with Fiji, but the deleterious effects of the current contretemps on the PIF are the key because they cascade throughout the regional system. The impossibility of an effective negotiation of PACER Plus and the rift between the PIF and the MSG are important additional considerations.

That the PIF-related sanctions are being subverted by other organisations, including the SPC, the FFA and even RAMSI, demonstrates the impracticalities of the regional sanctions. They have proved dysfunctional for Australia and for its image in the region.⁶⁰

The continuing delay in repairing the relationship with Fiji has been costly. Proposals put forward in ASPI's 2010 report have already been taken up by other states, with the result that attitudes in Fiji about the need for Australian assistance appear to have hardened (ASPI 2010).

It is well past time to treat this festering regional wound.⁶¹ The relationship between the two countries needs to be addressed at the highest level, not by setting preconditional demands or through intermediaries. The regional sanctions are ineffective and ought to be abandoned in favour of re-engagement.

As a minimum, the regional sanctions against Fiji must be lifted to re-engage Australia and Fiji through the PIF on a non-prejudicial basis. New Zealand has re-engaged with some difficulty with Fiji at a ministerial level to find a way forward. Australia should do no less.

At an operational level, maritime safety and marine resource security require the active participation of Fiji. Military ties need to be re-established appropriately and in good faith to deal with those issues, as well as border protection and transnational crime. For these reasons, as well, Fiji must be included in future Pacific Patrol Boat Program developments.

Domestically, Fiji has requested assistance on a non-prejudicial basis with an electronic voter register in preparation for the promised 2014 national elections, a digitised land register to assist with land reform and improved food security, and aid to enable the recording of court proceedings. Taking up those suggestions would provide appropriate and positive steps for promoting Fiji's return to parliamentary democracy.

6. Strengthen sub-regional integration with the regional system

Australia has no direct role in any sub-regional arrangement. Unlike Wellington, Canberra hasn't sought to develop one. But the sub-regional arrangements are intimately linked to security issues in the Pacific islands that are important to Australia.

The two current sub-regional challenges for Australia stem from the potential for the fracturing of the regional system and the diminution of Australia's privileged role in it.

Fisheries sub-regionalism is potentially divisive, but has generally been supportive of the FFA, which is the regional body. Maintaining the FFA's capacity to deliver regional outcomes is the best way to maintain its relevance for both the sub-regional bodies.

Australia should strongly support the ongoing negotiation of the multilateral subsidiary agreement under the Niue Treaty to strengthen the FFA's ability to deal with IUU fishing. That will also enhance the interdependence of the FFA and the PNA in pursuing more sustainable fisheries.

Significantly for both regional and sub-regional relations, a successful multilateral subsidiary agreement will add substantially to Australia's capacity to extend its role as a regional leader and interlocutor with extra-regional powers, such as France and the US.

The MSG remains the most visibly contentious sub-regional development. This is in large measure due to the importance of its members and its capacity to change the dynamics of regional relations. In recent years, the MSG has positioned itself to become a comprehensive regional body able to parallel many of the policy, economic and security roles of the PIF itself. It's not clear that it will remain a sub-regional organisation. This has special significance, given the role that Fiji now has in the MSG.

Given the likely importance of the MSG both economically and in the new Asia-Pacific geopolitics, it's highly desirable that Australia has a close and accommodating relationship with the group. Australia should engage with the MSG and its projects as supportively as possible, where appropriate. This would include providing funding to the MSG Secretariat.

Australia could possibly seek observer status, in part on behalf of the ethnic Melanesian populations in the Torres Strait Islands, although current circumstances make that unlikely. Cordial bilateral relations with the members of the MSG are far more likely to be productive in the immediate and longer terms.

Although not a Pacific islands sub-regional body, the South-West Pacific Dialogue is an institution to which Australia makes important contributions. This ASEAN-related sub-regional arrangement may have significant implications for the Pacific islands, depending mainly on Timor-Leste and the direction its foreign policy takes. In the future, it could become an even more helpful cross-regional forum, especially for links between the MSG and ASEAN.

Australia is already a major actor in the South-West Pacific Dialogue. Importantly, this is at the ministerial level. This sub-regional association should be developed as a multilateral vehicle for PNG relations with ASEAN. It will also prove helpful in relations with the MSG as that group's ties with Asia strengthen.

7. Refocus on Papua New Guinea

PNG should be treated as a special case when Australia deals with it either regionally or sub-regionally. PNG would easily overwhelm any of the Pacific islands agencies of which it is a member by almost completely absorbing the resources of the agencies if it were to claim a proportional share of their outputs. Pacific islands regionalism is as much a problem for PNG as PNG is for the regional system.

Australia has a strong bilateral relationship with PNG, but PNG is sensitive to being treated regionally. The stronger its economic ties with Asia become, the more sensitive PNG is likely to become about being 'lumped together' with the Pacific islands.

This is where the current unease arises. The Parliamentary Secretary for Pacific Islands Affairs has been highly visible in PNG, but neither the Australian Prime Minister nor the Foreign Minister visited in the first year of the current government. The Australia – Papua New Guinea Business Council recently noted its 'extreme disappointment' at the absence of ministerial-level support for the bilateral economic relationship (Barrett 2011).

The bilateral tie is the essential basis of the special relationship between PNG and Australia. In this period of geopolitical change, it can't be taken for granted. China is now PNG's third largest trading partner, and Chinese investment and aid have been steadily rising.

The bilateral bond requires more attention than ever, especially as Australian aid is diminishing as a proportion of PNG's national economy. Including Australian business in the bilateral relationship will be important, as will be increased public engagement between the peoples of the two countries.

An Australia–PNG Council should be established under the auspices of the Department of Foreign Affairs and Trade (DFAT) along the lines of similar arrangements for China and India to develop closer people-to-people relations. The Council would deepen the special relationship between Australia and PNG by encouraging and supporting contacts and increasing knowledge and understanding between the peoples and institutions of the two countries.

The Council would both complement and extend the ties currently maintained by the Australia–PNG Ministerial Forum and the Australia – Papua New Guinea Business Council. It would help to elevate Australia–PNG bilateral relations to a genuinely special relationship.

8. Downplay the Pacific Plan

Implementation of the Pacific Plan has lost momentum. The plan's increasingly seen by FIC participants as donor-driven. It may be something of a liability if continuing pressure

for its implementation is regarded as evidence of it being mainly an Australian agenda for regional integration.

There's no likelihood that the Pacific Plan will be abandoned formally, especially as the underlying principles of cooperation remain valid. But a more low-key approach, with more of an emphasis on consolidation through the region's technical agencies, would reduce some political concerns about the plan.

Strengthening economic security

Economic development remains the greatest shared challenge for all the FICs and thus the primary non-traditional source of threat to their stability and sovereignty. The principal avenues of regional support will remain capacity building and capacity supplementation.

Capacity supplementation is one of the underlying principles of the Pacific Plan at an institutional level. Support for the regional agencies is essential to maintain the means for ongoing supplementation of national capacity.

Beyond sustaining the commitment to the regional agencies, several broad approaches are possible to address important regional impediments to economic development in those areas where Australia can make a difference.

9. Resolving seasonal and permanent labour mobility

In August 2008, the Australian Government announced the Pacific Seasonal Worker Pilot Scheme (PSWPS) to provide some labour mobility to Pacific islanders. Under the PSWPS, workers from Tonga, Kiribati, Vanuatu and PNG could apply for 2,500 visas to come to Australia for up to seven months a year to work in the horticultural industry.

It was hoped that this would help Pacific communities with inflows of remittances and also remove a regular political irritant at the annual PIF leaders' meetings. The FICs also see labour mobility as an essential component of the PACER Plus negotiations.

For a variety of reasons, the PSWPS has operated well below expectations. A recent study found the primary reason to be low demand for PSWPS workers. The study explained the lack of demand by the availability of alternative seasonal labour, a lack of awareness of the PSWPS and the higher cost of PSWPS workers (Hay and Howes, forthcoming).

Prime Minister Julia Gillard's announcement at the 2011 Forum that the pilot scheme will now include an additional four FICs will be welcome.⁶² However, the problems identified above remain. There's still a need to address bureaucratic impediments, the lack of employer awareness of the scheme and the use of unregulated labour. The PSWPS compares poorly with New Zealand's more established and extensive scheme (see Box). The comparison is unflattering to Australia and unhelpful, as it suggests a lack of commitment to islander labour mobility.

New Zealand's Pacific Access Category scheme offers another avenue for addressing unemployment in the Pacific islands. The arrangement sets an annual quota for specified Pacific countries to allow unskilled labour to register for a ballot to obtain a residency visa.

Australia ought to consider a similar permanent migration scheme, at least for the smaller island states, where such an arrangement would make a significant economic difference. It would be considerably more flexible and less bureaucratic than the seasonal workers' scheme currently in force.

New Zealand's Pacific migration schemes

Under the Pacific Access Category (PAC) and Samoan Quota Scheme for settlement in New Zealand, New Zealand provides residence to a number of citizens from Pacific island countries.

The schemes provide opportunities for low-skilled workers and for applicants who don't qualify to migrate under the various skills categories.

Eleven hundred Samoan citizens are granted residence in New Zealand each year under the Samoan Quota Scheme. Under the PAC, introduced in 2002, New Zealand grants residence to 75 Tuvaluan and 75 Kiribati citizens as well as 250 Tongan citizens each year.

From 2003, Fijian citizens could also apply for residence under the PAC, and 250 places were offered to Fijian citizens annually. Following the 2006 Fiji coup, New Zealand imposed sanctions on Fiji and citizens from that country are no longer eligible for the PAC.

Both the PAC and the Samoan Quota are determined by ballot. Applicants become eligible for the schemes once their registration number is drawn from the ballot pool for their country.

To be eligible, applicants must register for the annual ballot and meet application requirements. The principal applicant must be aged between 18 and 45 years and be a citizen of one of the three PAC countries or of Samoa. Applicants must either have been born in one of the four eligible countries or be the children of citizens who were born in an eligible country.

After being selected from the ballot, applicants can apply for residence if they (or their partner) have an acceptable offer of employment and meet health, character and minimum English language requirements. Applicants with dependent children are also required to meet minimum income requirements.

Under the PAC and Samoan Quota schemes, New Zealand accepts 1,500 migrants annually, which equals 0.034% of New Zealand's population. If an equivalent program were adopted in Australia and if Australia accepted the same number of migrants per capita as New Zealand, we'd accept 7,714 migrants from the Pacific each year.

10. Review regional disaster insurance arrangements

The extreme vulnerability of the smaller FICs to natural disasters has provoked heightened concern for effective regional disaster response capacity. Disasters such as the 2009 earthquake and tsunami that struck Samoa, American Samoa and Tonga had very costly outcomes for those countries—somewhere between \$150 million and \$300 million.

There's a need to help the Pacific islands rebound after natural disasters by incorporating a financial safety net in FICs' disaster management arrangements. Often, island communities don't have adequate private insurance schemes. Their governments struggle to arrange national insurance coverage of the magnitude that natural disasters can require.

Australia, in collaboration with the PIF Secretariat, should assess the practicality of a regional insurance scheme. AusAID, with the assistance of the Treasury, should model the needs of a regional scheme. A similar arrangement in the Caribbean (see Box) would serve as a useful starting point. If the modelling proved sound, Australia should promote a regional scheme and sponsor the necessary secretariat to support it.

A Caribbean model

The possibility of a Pacific regional disaster insurance scheme raises a number of significant issues. They include the need for region-wide coverage to spread the insurance risk, identification of the magnitude of a disaster as a trigger point for payments, and the speed of cash flows to countries so that they can begin rebuilding as quickly as possible after a disaster.

There's a useful example of just such a regional scheme. The Caribbean Catastrophe Risk Insurance Facility, launched in 2007, is the first multicountry insurance scheme of its kind.

The insurance facility is a parametric insurance scheme: payments of claims are not based on actual losses or damage following natural disasters but are instead calculated according to predefined indexes based on the intensity, period and location of a disaster. Countries can buy coverage limited to specific events and specific areas, and for a specified amount of time.

When the devastating Haiti earthquake struck in January 2010, Haiti's claim was assessed within 24 hours. It was determined that the earthquake was strong enough to trigger the full earthquake coverage. Preliminary calculations suggested that Haiti would receive just under US\$8 million, about 20 times Haiti's premium for earthquake coverage. Payment was made after fourteen days.

The payment was small for Haiti's needs, but was paid directly to the government to use as it saw fit. The amount of money Haiti spent on its earthquake coverage premium was 15% of its total insurance premium.

Countries can alter the amount they allocate for each disaster, so in the aftermath of the Haiti earthquake many Caribbean countries reviewed their earthquake coverage. They had previously placed more emphasis on hurricane coverage.

11. Promote the Pacific fisheries sector

Australia should build on current efforts of bodies such as the Australian Fisheries Management Authority to offer long-term support for Pacific island governments wishing to build sustainable fisheries management in their offshore zones and promote food security. This would include funding senior in-country fisheries management expertise for those countries wishing to take up such offers.

The Pacific Seasonal Worker Pilot Scheme is clearly too limited, and it would be desirable to include the fishing sector in that scheme. This would build on the Pacific states' fishing skills and assist the Australian fishing industry at a time when it's losing skilled people to the mining sector.

The success of Australia's increased investment in combating IUU fishing in northern Australian waters should now allow us to move some assets—fisheries inspectors, observers and customs and naval patrol craft—from that area to assist in combating IUU fishing in the Pacific as a complementary component in support of the FFA's Regional Monitoring, Control and Surveillance Strategy.

Advancing social security

The social obstacles to development are substantial for all the FICs, but nowhere more so than among the Melanesian FICs. In Melanesia, the needs are so great that they'll have to be met primarily through bilateral assistance. However, Australia can promote national developments that will have regional or sub-regional impacts.

12. Address the MDG educational deficit

The youth population bulge and high demand for educated skills have put a great strain on educational facilities across the region, especially in Melanesia. Despite national and regional efforts to address the explosion in the demand for education, resources are seriously overstretched in many FICs.

Australia is taking this deficit very seriously. In its 2011–12 Budget, the Australian Government committed \$124.5 million over four years to accelerate progress in education in the Pacific. The comprehensive approach will focus on increasing access to schooling and teaching materials, with an emphasis on literacy and numeracy in primary and secondary schooling.

The government has recognised that educational standards are suffering under the current pressures and wants to improve the quality of teaching. A dedicated teachers' training facility, possibly under the Australia–Pacific Technical College (APTC) banner, should be established in Australia to upgrade the skills of those in the region who train teachers. Teacher training would remain the priority, of course, but it's desirable to assist those who deliver the training by supporting their professional development and exposing them to educational best practice.

The Pacific teachers' training facility would also improve understanding of the region within Australia. It could be tasked with identifying Pacific islands content for Australian school curriculums, drawing on the regional knowledge of its staff.

Australia can't provide substantial secondary schooling across the region, but we can do more to prepare the best and brightest for tertiary education and leadership. Offering a program of scholarships to the most talented Pacific islander children to attend high-performing boarding schools in Australia for their final two years of secondary education would have a number of benefits for the region.

Such a program would create significant incentives for young people to pursue education, especially among those who have the ability but are unable to afford it. It would open more places in regional schools and so directly address pressure for places in advanced secondary education.

Many Pacific islanders already send their children overseas for pre-tertiary education. Experience shows that those attending high-quality, high-expectation schools with Australian students build lifetime friendships, and Australian students also gain a better appreciation of Pacific cultures.

13. Introduce a new Colombo Plan for the Pacific islands

The government's commitment to a substantial increase in the aid budget creates an opportunity for it to meet a substantial need across the region. A Colombo-style program could be just such an initiative.

The Colombo Plan pioneered by Sir Percy Spender in the 1950s was still paying security dividends for Australia forty years later at the time of the Asian financial crisis, the end of the Soeharto era and the tension in relations with Indonesia that followed the intervention in Timor-Leste in 1999.

The APTC, established in 2006, has been an important step in the right direction. However, its scope is limited to technical training. Prime Minister Gillard's announcement at the 2011 Forum of \$152 million over four years to support the work of the college may well redress some of the current limitations.

University-level education will remain a problem for the largest FICs, however. The number of scholarships to Australian universities for islanders has grown, and AusAID has introduced a useful leadership program. The smaller FICs have probably reached the limits of their capacity to absorb such measures. The need for tertiary-trained and educated skills in PNG and the rest of Melanesia is on a much larger scale. For these reasons alone such a bold initiative is desirable.

14. Mobilise volunteer health care

AusAID has supported the extension of official development assistance by supporting and working with voluntary agencies and NGOs where that is suitable and appropriate. Most recently, this has been demonstrated by the creation of the Australian Civilian Corps to respond to complex emergencies in the region.

Health services have provided some useful examples of voluntary assistance supplementing capacity. Interplast, a combined initiative of the Royal Australasian College of Surgeons and Rotary, has been supplying reconstructive surgery to the Pacific islands on a voluntary basis for more than a quarter of a century.⁶³

Along with its direct services to patients, the Interplast program adds important components to regional health care, such as professional development, skills maintenance and people-to-people ties.

In the light of the limited health services available, the non-communicable disease crisis facing most FICs and the medical skills drain to Australia from the islands, a greater direct role by AusAID in helping to mobilise and support such voluntary arrangements is thoroughly justified.⁶⁴

AusAID should actively engage with peak medical professional associations to maximise the opportunities for greater voluntary medical support to the Pacific islands. This may include support through the new Australian Volunteers for International Development program.

This isn't an alternative to medical capacity-building and related activities already supported by Australia. Rather, it is intended to recognise and promote the willingness of qualified Australians to assist our neighbours through their own voluntary contributions. In addition to the medical assistance provided, such programs help to cement people-to-people ties and professional networking.

Building the national base

The Pacific islands have slipped from the Australian public consciousness in recent decades. The loss of an attentive public has diminished the basis for a national understanding of our special relationship with the islands. There are two areas where the national base for effective engagement with our Pacific family can be improved.

15. Improve regional understanding

Attentive publics were and remain an important source of support for Australia's relations with the Pacific islands. In the past, those relationships were linked to various forms of direct participation in the islands, such as mission activities, plantation operations, commerce and war. With decolonisation and the passage of time, many of our connections have diminished or disappeared. Contemporary connections are more remote.

The loss of those generations of Australians who were involved with or remembered the coastwatchers and 'fuzzy wuzzy angels', or who worked in regional branch offices of banks and trading firms, has dulled the image of the Pacific islands in the Australian public's consciousness. The situation is scarcely helped by the diminishing number of scholars, journalists and commentators who specialise in Pacific islands affairs.

Decades ago, the Australian public felt some familiarity with the names of Pacific islands independence leaders—Ratu Mara, Hammer DeRoburt, Michael Somare, the King of Tonga ('the one with the unpronounceable name'), Father Walter Lini and Albert Henry.

Today, few Australians have heard of island leaders other than Sir Michael Somare and Frank Bainimarama. The feelings of closeness within Australia for the Pacific islands are shallower today than a generation ago. And it's hard to claim a special relationship when we don't know who our special partners are.

It's difficult for Australia to maintain the credibility of its privileged place in the Pacific with a general public that is unaware of the region and doesn't feel connected to it. Equally, it's necessary that the empathy be mutual. Canberra needs to cultivate a better understanding of Australia, its people and policies across the region as well.

The loss of a knowledge base diminishes the quality of the public debate on Pacific islands policy. Our school programs have now shifted their emphasis to Asian studies.

Australia has a substantial Pacific islander population, as Table 7 demonstrates. Moreover, two communities within Australian territory have ethnic linkages with the region. The people of the Torres Strait Islands are well aware of their Melanesian heritage, as are the Norfolk Islanders of their Polynesian ancestry.

Both groups can be bridges from Australia into the region. Indeed, Norfolk Island has had a noteworthy presence in the South Pacific Games under its own flag. Norfolk Island also contributes to the Forum Regional Security Committee through its involvement in the committee's ancillary agencies.

Table 7: Pacific islander population in Australia

Micronesia	
Kiribati	482
Micronesia, nec (Marianas Islands, Marshalls, Palau)	151
Micronesia, nfd	103
Nauru	377
	Total 1,113
Melanesia	
Fiji	19,173
Melanesia and Papua (includes Bisorio, Bougainville, Huli)	364
Melanesia and Papua, nfd	458
New Caledonia	247
Vanuatu	512
PNG	12547
Solomon Islands	1,117
	Total 34,418
Polynesia	
Cook Islands	11,401
Niue	2182
Polynesia, nec (includes French Polynesia, Pitcairn Islands, Wallis)	492
Polynesia, nfd	1,696
Samoa	39,992
Tokelau	1,134
Tonga	18,426
Tuvalu	336
	Total 75,659

nec = not elsewhere classified; nfd = not further defined.

Source: Australian Bureau of Statistics, 2006 census.

A number of developments could be pursued to build a better knowledge base within Australia about the Pacific islands, and in the islands about Australia. They include developing educational centres in Australia and in the region.

Focused studies on the Pacific islands at Australian universities have contracted over several decades. The Australian Government should seek to reverse that trend. A dedicated Pacific Islands Studies Institute to cover the politics, economics and cultures of the region would reinvigorate Pacific islands studies.

The institute would be the key hub for scholars from Australia and elsewhere for research and teaching on the Pacific islands. It would build networks linking academic and public policy bodies with an outreach mandate to foster informed public debate on Australia's relations with the South Pacific. Similar institutes for the US and for China have recently received generous Commonwealth funding.

The Australian Government should support the establishment of centres for Australian studies at the University of the South Pacific and the University of PNG to facilitate and promote a better understanding of Australia and its ties with the region.⁶⁵

Sport is one important area where the islands have brightened rather than dimmed in the Australian public consciousness (see Box). Pacific islanders have contributed significantly to Australian sport. There are plans for PNG teams to take their place in Australian sporting competitions.

Sport plays many roles in any community, including national integration and fostering diplomatic cooperation. Australia should recognise those values and promote them through its own diplomatic agencies. This will require a new approach to the use of sport to enhance international understanding and friendship between Australia and the Pacific islands.

To achieve this, Australia should establish an Office of Sport and Diplomacy within DFAT to advance our foreign policy objectives in the region by developing programs that will bring together the people of the Pacific through sport.

Building regional ties through sport

Sport plays an important role in the islands, offering opportunities for improving the quality of life and stimulating local economies. Sport offers pathways for young people to education and job opportunities abroad. Australia has committed modest funding to strengthen development outcomes through sports programs.

Those connections are important to the Pacific islands, and they should be important to Australia. There's now an opportunity to strengthen our regional engagement with the islands through enhanced sporting links.

At present, Australia's sports programs in the Pacific are run by the Australian Sports Commission with AusAID funding and are required to have a clear developmental outcome. In fact, the commission's regional program is called 'Sport for Development'.

However, the Australian Sports Commission suffers from a significant diplomatic handicap: it can't draw funding from the Foreign Affairs portfolio for sporting initiatives intended to advance foreign policy objectives in the region. There are valid reasons for taking a whole-of-government approach to improve sporting ties that recognises their diplomatic, as well as developmental, value.

An Office of Sport and Diplomacy within DFAT should be established to advance Australian foreign policy objectives in the region by developing programs that will bring Australia and the people from the Pacific closer together through sport.

International exchanges would be a useful way to develop sporting links in both directions. Current and retired Australian professional athletes and coaches could conduct coaching clinics in the region. The clinics could be used to promote a dialogue with Pacific youth on the importance of education and positive health practices.

Funding sports visitors, young athletes and coaches, to come to Australia would be the reciprocal side of international sporting exchanges. Such grants could extend to areas such as sports management, training and medicine.

A whole-of-government approach will require the Australian Sports Commission to work directly with DFAT and regional missions to deliver diplomatic outcomes. It could be useful for officers from the commission to be attached to Australian Pacific missions to develop and maintain sporting linkages.

16. Lift diplomatic capacity

Australia's diplomatic commitment to the Pacific islands is sometimes criticised by island states for being mere lip service: Australia sends bureaucrats to regional meetings when other states send ministers, and junior ministers when others send senior ministers.

Unlike New Zealand's diplomatic service, Australia's diplomatic service doesn't view the Pacific islands as a principal career path to professional advancement. It would be a serious dysfunction in our relationship with the Pacific islands if bright, able young Australian diplomats genuinely believed that Pacific islands postings were a professional detour, and that real career opportunities lay elsewhere.

It is highly desirable that requirements for recruitment to our diplomatic service include an appropriate knowledge of the Pacific islands and their relevance to Australia. It would be useful if an island posting were a routine and expected component of a complete diplomatic career.

The value of Australia's regional family ties

Australia has made a remarkable contribution to the success of the Pacific islands regional system. It remains an essential player in most regional processes as a member and as a donor. However, circumstances have changed: it's now desirable to revisit some aspects of the relationship.

The Asian century has affected the perceived interests of the Pacific islands just as much as it has Australia's. The meteoric appearance of China in virtually every corner of the region has bedazzled and disconcerted many. Beijing has presented itself in the Pacific islands largely through bilateral ties, but many elements of its impact have had regional consequences.

The Australian Government's recently announced 'Asian Century' White Paper review should find, as this review has, that Asian linkages can add value to Australia's regional ties with the Pacific islands.

While the new Asian interests pose significant challenges and even risks to the region, they also present a very substantial opportunity. Managing the regional connections our neighbours are making through their 'look North' policies could prove a genuine advantage for Australia's own Asian ambitions.

Conversely, attempting to use Pacific regional agencies to curtail our neighbours' emerging Asian ties will damage both our national interests and those of Western allies grappling with related issues, especially in the Western Pacific.

Australia's dispute with Fiji has further limited our capacity to adjust to recent global and Asia-Pacific developments through regional mechanisms. In some cases, such as in the UN, the Pacific islands have made new arrangements for representing their interests that exclude Australia. Some sub-regional developments may be traced to the same cause.

The disconnect between Australia's roles as a regional insider and as an outsider was evident to seasoned media observers at the recent Auckland meeting of the PIF. The headline 'Island leaders drowned out at forum' reflected the assessment of a number of observers who felt that the celebrations of the 40th anniversary of the PIF overshadowed the purpose of the organisation (Maclellan 2011). New Zealand was host, but the assessment was related to the increasing sensitivity to Australia's regional bifocalism.

Yet the same meeting clearly demonstrated the value of the privileged position Australia enjoys in regional affairs. The US sought and secured observer status for its three territories and sent its largest and perhaps highest powered delegation to the Post-Forum Dialogue.

France, which supported its territories in a closer relationship with the PIF several years earlier, also sent its Foreign Minister to head its Post-Forum Dialogue delegation.

Indeed, the number of extra-regional states seeking ties with the PIF is so great that the arrangement will have to be more formalised to cope with Israel, Turkey, Germany, Russia, Cuba, Spain and the UAE.

There can be no doubt that effective regional relationships remain an important soft power asset for Australia. The trust that has come with being an accepted member of the regional family contributes enormously to maintaining those relationships and that power. The warmth of the family ties is a highly valuable foreign policy advantage, and prudence demands that it be maintained.

Notes

- 1 PACER = Pacific Agreement on Closer Economic Relations.
- 2 The total population of the Pacific islands is somewhat imprecise, as a substantial proportion of Polynesian and Micronesian nationals live abroad.
- 3 The acronym 'FIC' is used in this report to distinguish between the island states that have sovereign responsibilities and so are full members of the PIF from those territories in the region that aren't yet eligible for full membership. The acronym 'PIC' (Pacific island countries) is used for all island states and territories in the region, regardless of their PIF membership status.
- 4 The funding formulae for all the regional organisations tend to suggest a greater contribution to basic institutional costs. However, the work programs of these agencies skew their funding dependence overwhelming toward extra-budgetary contributions from Australia, New Zealand and other donors.
- 5 The South Pacific Forum changed its name in 2000 to the Pacific Islands Forum.
- 6 It should be noted, however, that Norfolk Island and its Polynesian heritage community have been included within the SPC area at times in the past.
- 7 'Rare earth minerals find in Pacific could spark Japan-Hawaii stand-off', *The Telegraph*, 4 July 2011, available from: <http://www.telegraph.co.uk/finance/commodities/8616623/Rare-earth-minerals-find-in-Pacific-could-spark-Japan-Hawaii-stand-off.html>.
- 8 'Pacific exports to China up 77 percent in 2010', *PNG Post-Courier*, 2 February 2011.
- 9 Figures given in a speech at the University of the South Pacific in May 2011 by China's Ambassador to Fiji, Dr Han Zhiqiang; available from: http://news.xinhuanet.com/english2010/china/2011-05/05/c_13859143.htm.

- 10 <http://www.stuff.co.nz/national/politics/5283135/Give-Pacific-Islands-grants-not-soft-loans-McCully>.
- 11 'Whispers', *Islands Business*, September 2010, p. 12.
- 12 Georgia allegedly 'bought' Tuvalu's vote against recognition of the Russian enclaves with a small amount of medical aid. See <http://www.eurasianet.org/node/61921>.
- 13 <http://www.scoop.co.nz/stories/WO1104/S00595/solomons-to-open-embassies-in-cuba-geneva.htm>.
- 14 'Pacific Island Economies: toward efficient and sustainable growth,' The World Bank, Washington, DC., 1993
- 15 The group will be officially called the 'Group of Asia and the Pacific Small Island Developing States' but will be known generally as the Asia-Pacific Group. See 'Pacific Island power recognised at UN', available from: <http://www.radioaustralianews.net.au/stories/201109/3307365.htm>.
- 16 The desire to protect fisheries exports to Europe helps to explain PNG's defection from the regional negotiations with the EU to sign an individual interim Economic Partnership Agreement.
- 17 'PNG seeks to expand tuna processing capacity', ABC Radio, 16 May 2011, available from: <http://www.radioaustralianews.net.au/stories/201105/3217698.htm>.
- 18 'Asian MSG bid: Timor, Indonesia want to attend here', *Fiji Sun*, 17 February 2011, p. 1, available from: http://www.fijisun.com.fj/news_admin/front_cover_img/807-page%201.pdf.
- 19 Timor-Leste attended both the 2010 and 2011 'Engaging with the Pacific' meetings in Fiji, which have been seen as alternatives to the annual PIF summits in the wake of Fiji's exclusion. Timor-Leste's Minister for Foreign Affairs, Zacarias Albano Da Costa, attended the 2011 meeting.
- 20 'East Timor donates to Melanesian Spearhead Group', Radio New Zealand International, 15 September 2011, available from: <http://www.rnzi.com/pages/news.php?op=read&id=63151>.
- 21 http://foreign.senate.gov/imo/media/doc/Reed_Testimony.pdf.
- 22 This is not to say that other powers such as Japan and South Korea have ignored the changing geopolitics, but rather that they haven't been as publicly prominent in their concerns for the impact in the Pacific islands region.
- 23 'US wants to work with China in Pacific', Radio Australia, 30 June 2011, available from: <http://www.radioaustralia.net.au/pacbeat/stories/201106/s3257922.htm>.
- 24 Cleo Paskal, 'Why the West is losing the Pacific to China, the Arab League, and just about everyone else', *Huffpost World*, 24 November 2010, available from: http://www.huffingtonpost.com/cleo-paskal/why-the-west-is-losing-th_b_786668.html.
- 25 The Treaty on Fisheries Between the Governments of Certain Pacific Island States and the Government of the United States of America (1987) has been renewed twice but PNG's withdrawal from the treaty in April 2011 prevents its renewal although PNG says it would consider a new treaty.

- 26 There's a distinction to be made both in economic terms and in their political impact, however, between the colonial era Chinese migrants who now have long, established family ties and the significant number of more recent arrivals in the past decade or so. It appears that the newer migrants have generated more local concern.
- 27 The principle that the international community has a responsibility to protect the citizens of a state unable or unwilling to meet its own obligations in that regard was endorsed by the Security Council in 2006 and is now being recognised as a norm of international law.
- 28 http://www.diplomatie.gouv.fr/en/country-files_156/oceania_3712/france-and-oceania_7111/the-oceania-region-and-regional-cooperation-organizations_5062.html
- 29 Indeed, the decline of the UK's direct involvement with the Pacific islands region is so marked that an official French website made the remarkable claim in 2008 that '[France] is the only EU member state present in the region.' Clearly, that view is focused solely on a *major* territorial presence. See http://www.diplomatie.gouv.fr/en/country-files_156/oceania_3712/france-and-oceania_7111/the-oceania-region-and-regional-cooperation-organizations_5062.html.
- 30 Although it's no longer included within the ambit of the SPC, Norfolk Island is a participant in a number of agencies that feed into the Forum Regional Security Committee. Norfolk Island also participates in its own right in the South Pacific Games; it is the only Australian territory to do so.
- 31 Palau, however, has limits on nuclear weapons through its compact of free association.
- 32 FAO, 'Global tuna catches by stock', available from: <http://www.fao.org/fishery/statistics/tuna-catches/en>.
- 33 'Pacific's population tops 10 million', *Island Business*, June 2011, p. 22, available from: http://www.islandsbusiness.com/islands_business/index_dynamic/containerNameToReplace=MiddleMiddle/focusModuleID=19704/overrideSkinName=issueArticle-full.tpl.
- 34 The MDG indicators for Oceania show that, as of 2011, virtually none is likely to be met. See [http://mdgs.un.org/unsd/mdg/Resources/Static/Products/Progress2011/11-31330%20\(E\)%20MDG%20Report%202011_Progress%20Chart%20LR.pdf](http://mdgs.un.org/unsd/mdg/Resources/Static/Products/Progress2011/11-31330%20(E)%20MDG%20Report%202011_Progress%20Chart%20LR.pdf).
- 35 'Pacific island leaders call at UN for greater efforts against lifestyle-related diseases', UN News Centre, 24 September 2011, available from: http://www.un.org/apps/news/story.asp/www.unama-afg.org/news/_pc/_english/2008/realfile/story.asp?NewsID=39774&Cr=non-communicable+diseases&Cr1=.
- 36 http://www.pacificaids.org/index.php?option=com_content&view=article&id=77&Itemid=111
- 37 PIF 2008, Communiqué.
- 38 See *Summit outcomes document*, Pacific Food Summit, 21–23 April 2010, Port Vila, Vanuatu, available from: http://www.foodsecurepacific.org/documents/FINAL%20Summit%20Outcomes%20document_layout_June%201.pdf and http://www.foodsecurepacific.org/documents/FINAL%20TOWARDS%20A%20FOOD%20SECURE%20PACIFIC_June1.pdf.

- 39 <http://forum.forumsec.org/pages.cfm/economic-governance/economic-growth-work-programme/energy-1/>
- 40 Forty-Second Pacific Islands Forum, Forum Communiqué, 7–8 September 2011, available from: <http://forum.forumsec.org/pages.cfm/newsroom/press-statements/2011/forum-communiqué-42nd-pif-auckland-new-zealand.html>.
- 41 The decision at the 2011 Auckland Forum to grant the three American territories—American Samoa, Guam and the Marianas Islands—observer status at future PIF meetings is a significant shift in the region’s bifocalism.
- 42 The Baaro Report apparently found similar difficulties two years earlier. See Taga (2009).
- 43 There are some maritime tensions, however. They include disputed maritime claims between the Marshalls and the US in relation to Wake; Tokelau and American Samoa in relation to Swain’s Reef; Vanuatu and New Caledonia regarding Mathew and Hunter Islands; and, dramatically and recently, between Fiji and Tonga in relation to Minerva Reef.
- 44 <http://www.austlii.edu.au/au/other/dfat/treaties/1993/31.html>.
- 45 The QUADs material refers to ‘PICs’, but it seems to intend to refer only to the Forum island country (FIC) members.
- 46 Kurt Campbell described the PIF as a ‘sub-regional’ institution presumably on these grounds in his testimony before the House Committee on Foreign Affairs Subcommittee on Asia, the Pacific, and the Global Environment. See ‘US policy in the Pacific Islands’, available from: <http://www.state.gov/p/eap/rls/rm/2010/09/148318.htm>.
- 47 However, with the decision of the Auckland Forum to give the American territories observer status from 2012, all territories but the Pitcairn Islands will have some engagement with the PIF. French Polynesia and New Caledonia have ‘associate member’ status, while Wallis and Futuna is included as an observer. The New Zealand territory, Tokelau, also has observer status.
- 48 With the establishment of a headquarters in Majuro, however, it may be problematic that the PNA still regards itself as ‘under’ the FFA.
- 49 ‘Samoa PM calls for Polynesian group’, Radio Australia, 25 July 2011, available from: <http://www.radioaustralianews.net.au/stories/201107/3276853.htm>.
- 50 Joint Communiqué of the Second Micronesian Presidents’ Summit, 31 July 2002, available from: <http://www.wia.gov.mp/downloads/2nd%20Micronesian%20Presidents%20Joint%20Communique%2010.7.09.pdf>. It is said that this issue was raised due to the perceived disinterest of the Australian Prime Minister in attending the PIF Leaders’ Meetings and so helped to initiate the review of the PIF that led to the Pacific Plan.
- 51 Ninth Micronesian Presidents’ Summit, Eneko Joint Communiqué, 16–17 July 2009, available from: http://marshall.wetserver.net/livefiles/9th_micronesian_presidents_joint_communique-final_aboutdownloads_70.pdf.
- 52 FSM, Kiribati, the Marshall Islands, Nauru and Palau (Micronesia); Papua New Guinea and Solomon Islands (Melanesia); and Tuvalu (Polynesia).

- 53 This was done by linking access to the PNA zones conditionally to not fishing in the adjacent high seas areas. Part of the tension with the US was that the Tuna Treaty excluded US vessels from this ‘closure’.
- 54 http://www.ipa.gov.pg/index.php?option=com_content&task=view&id=293&Itemid=113
- 55 http://www.diplomatie.gouv.fr/en/country-files_156/oceania_3712/france-and-oceania_7111/the-oceania-region-and-regional-cooperation-organizations_5062.html
- 56 The FRANZ Agreement is a 1992 pact committing France, Australia and New Zealand to share information and, where warranted, cooperate in responding to natural disasters in the region. It predates the QUADs by a dozen years but involves only *ad hoc* meetings rather than the routine consultations of the QUADs.
- 57 <http://pina.com.fj/index.php?p=pacnews&m=read&o=1930242744e2cf384ea2a57da64f15>
- 58 See, for example, FFA (2009:40–43).
- 59 The FRSC has a Working Group for Strengthening Information Management to address some of the regional information sharing difficulties. The purpose of the working group is to identify ways to improve the way law enforcement and related information is collected and shared amongst the FRSC agencies.
- 60 It is noticeable that FIC leaders tend to treat Australia and New Zealand as the drivers of the sanctions against Fiji even when they support them, as in the case with Samoa’s Prime Minister Tuilaepa (see Chapman 2011).
- 61 The recent Lowy Institute poll of domestic opinion in Fiji is an important indicator that domestic support for the present government is much stronger than critics have claimed (see Hayward-Jones 2011).
- 62 Nauru, Samoa, Solomon Islands and Tuvalu will be eligible, as well as workers from the original four states—Kiribati, Papua New Guinea, Tonga and Vanuatu. See <http://www.pm.gov.au/press-office/expansion-pacific-seasonal-workers-pilot-scheme>.
- 63 See <http://www.interplast.com.au>.
- 64 Sadly, some medical practitioners in the islands claim that volunteer assistance to address the severe paucity of oncology services in the region would be ‘unhelpful’, however. Diagnosing cancers at an early stage, it was claimed, would not reduce the death rate because the necessary ongoing treatment for such patients is unavailable locally.
- 65 Such a centre may well assist in a small way to meet the need to lift PNG university standards, which was identified in the 2010 Namaliu and Garnaut review.

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Acronyms and abbreviations

ACP	African, Caribbean and Pacific Group of States
ADF	Australian Defence Force
APTC	Australia–Pacific Technical College
ASEAN	Association of Southeast Asian Nations
DFAT	Department of Foreign Affairs and Trade
EEZ	exclusive economic zone
EU	European Union
FFA	(Pacific Islands) Forum Fisheries Agency
FICs	(Pacific islands) Forum island countries
FRANZ	France, Australia and New Zealand (pact)
FRSC	(Pacific Islands) Forum Regional Security Committee
FSM	Federated States of Micronesia
GDP	gross domestic product
IUU	illegal, unreported and unregulated (fishing)
MCS	monitoring, control and surveillance
MDGs	Millennium Development Goals
MSG	Melanesian Spearhead Group
NAM	Non-Aligned Movement
OECD	Organisation for Economic Co-operation and Development
PICs	Pacific island countries
PIF	Pacific Islands Forum
PNA	Parties to the Nauru Agreement
PNG	Papua New Guinea
PSIDS	Pacific Small Islands Developing States (UN)
PSWPS	Pacific Seasonal Worker Pilot Scheme
PTCN	Pacific Transnational Crime Network
QDCOWG	Quadrilateral Defence Coordination Operational Working Group
QUADs	Quadrilateral Defence Coordination Group (Australia, France, New Zealand, US)
RAMSI	Regional Assistance Mission to Solomon Islands
SPC	South Pacific Commission
SPREP	South Pacific Regional Environment Programme
UAE	United Arab Emirates
UN	United Nations
WCPFC	Western and Central Pacific Fisheries Commission

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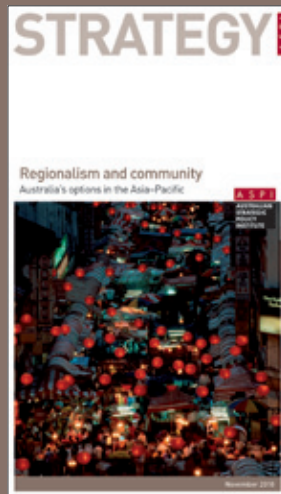
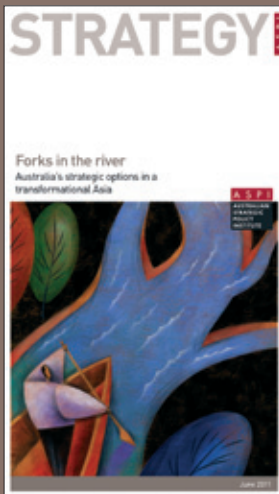
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Australia has devoted considerable resources to creating and supporting the Pacific islands regional system—a system in which it's both an insider and an outsider.

Australia is an outsider by virtue of its geographic boundaries. But membership of the Pacific Islands Forum makes us the largest and most influential member of the regional family.

The Asian century has brought new actors and new problems into the Pacific islands region: the rise of China, organised crime and strategic rivalry in the broader Western Pacific.

Cuba, Germany, Israel, Russia, Spain, Turkey and the United Arab Emirates are amongst a host of new interests seeking closer relations with the Pacific islands.

The bases of Australia's special relationship with the Pacific islands are being eroded by the changing tectonics of Asia–Pacific geopolitics.

Our membership of the regional family is being tested by the imbroglio with Fiji, the growth of sub-regionalism and a diversification of the Islands interests expressed through the UN and the Non-Aligned Movement.

Our regional ties once provided the most important measure of the warmth of the overall relationship that Australia has with the Pacific islands.

Australia now faces an unusual challenge in its regional role in the Pacific: to make what is a privileged relationship even more effective.

This report finds that Australia can contribute to its standing in the regional family while advancing regional security by strengthening the institutional reach and capacity of regional structures and including more extra-regional interests, including China.

The report recommends that Australia engage more closely with subregional developments and repairs relations with Fiji. There's a need to address the economic sources of threat to the Pacific's stability and sovereignty, including food and energy security, labour mobility and disaster recovery.

Australia should strength its efforts to secure the foundations of education and health for the region and build a more effective national base for our Pacific islands policy.