

New Realities in the Pacific Islands: Is Australia Meeting its Potential?

1.0 Introduction

Typically seen as Australia's 'backyard', the Pacific Islands are quickly becoming one of the most important terrains for Australia's national security interests. The region has held enduring ties with Australia on economic, military and diplomatic fronts with significant regional cooperative efforts and partnerships having been matured between Australia and the Pacific Islands. However, after years of diplomatic neglect, Australia's position in the region has not only been put into question but its sphere of influence is being increasingly challenged. Recent efforts by Australia have sought to remedy the damage caused by years of deteriorating tensions which left Australia an outlier in the Pacific approach to imminent challenges to the region. The Pacific nations have been keen to define a 'Pacific way', entailing collective support and unity, when regarding key regional issues (PIF, 2022). Australia has begun to prioritise its regional engagement with the aspiration of strengthening its ties with its Pacific neighbours. However, there are still multiple realities Australia needs to come to terms with if it is going to adequately address regional challenges in a culturally sensitive, durable way that fosters sustainable outcomes. This essay aims to outline the foundation of Australia's links with the Pacific through its numerous partnerships and programs and the economic relationships that continue to define Australia's involvement in development, disaster-relief and resilience projects. Next, section 3 will identify two key challenges impacting Australia-Pacific Islands relations: climate response and fears of foreign regional interference, particularly with regards to military presence. After which, the new Labor government will be explored through the shifts in national approach to the Pacific Islands which will be compared to that of the former Liberal Government. Lastly, the essay aims to propose potential strategies and methods of approaching future challenges in a method that not only honours the 'Pacific way' but ensures long-term protection of Australia's vital security interests. Overall, given the vital importance of the Pacific Islands to

Australia's future, it is crucial for Australia to recognise the key interests and future priorities of its neighbours.

2.0 Australia's Current Engagement with the Pacific Islands

Australia's enduring ties to Pacific Island nations have not only been defined by proximity but through the development of significant economic, diplomatic and military cooperation. Australia remains the largest donor and trade partner to the region with total development finance tallying to \$45.1 billion AUD (Lowy Institute, 2021). This expenditure is most significantly distributed across government and civil society, health and infrastructure sectors. These are largely for developmental purposes impacted by Australia's position as the largest developed nation in the region. Within Australia's 2017 Foreign Policy White Paper, Australia defines one its key priorities within the South Pacific to be the deeper integration and cooperation between economies. This has been promoted through the 2020 Pacific Agreement for Closer Economic Relations (PACER) Plus which establishes a free-trade agreement across ten Pacific nations, including Australia. It is important to note that the Pacific nations are acutely aware of the significant untapped economic potential stemming from the significant resources within its territories. Furthermore, there is heightened discussion on how these resources are garnering international attention and are slowly creeping into the geostrategic competition between the US and China. This, while creating anxieties within Pacific nations, is diversifying their options and are creating an increasingly competitive environment for Australian business and economic opportunities. Consequently, Pacific nations have identified their unique room for growth with regard to the, often referred to, 'Blue Economy' (PIF, 2022). Moreover, the Australian White Paper also highlighted the necessity for greater economic and cultural integration through "strengthening people-to-people links, skill and leadership" (Australian Government, 2017). This has been exemplified in the Australia-Pacific Technical College (APTC) which seeks to equip Pacific Islanders with key industry-needed expertise within both Australian and domestic economies. This provides a human capital investment that ensures long-term skills development that are transferable to broader developmental projects. This exists alongside the Australia Pacific Labour Mobility (PALM) scheme which, managed by DFAT and DEWR, allows for the recruitment of Pacific Islander workers to fill gaps in Australia's rural and regional workforce. The arrangement protects workers under Australian workplace rights and has been

successful at deepening links between the involved nations. Moreover, it has facilitated the transferring of income from participants back to their home countries to fuel their economics. For example, the average PALM worker from Tonga is estimated to send back \$5000 each six month period of work (Australian Government, 2017). Additionally, this seasonal worker scheme engages rural islanders who largely are unaffected from foreign donations or investment as these typically centre on more urbanised regions (Wickham, 2023). Consequently, the PALM scheme has the crucial benefit of engaging Islanders beyond the more traditional audience of Australia's funding schema. This is stimulating a two-way exchange of culture and politics which is shifting regional sentiments within both Islander and Australian communities.

However, potentially most significant to Australia, is its membership in the Pacific Island Forum (PIF). The PIF operates to create a unified voice of Pacific matters and facilitate greater cooperation in both economic and political faculties. Australia's stances, as will be discussed in the following section, have become growingly divergent with those of its fellow members. Consequently, the PIF has provided an interesting terrain to analyse Australia's key challenges in meeting the needs and demands of its neighbours. Subsequently, it is likely the PIF will also become an prime target for Australia to reestablish its Pacific identity and connection as it starts to prioritise more regional needs.

3.0 Challenges to Australia's Place in the Region

3.1 Australia and Pacific Islands' Diverging Climate Priorities

There is likely no other realm that demonstrates the mismatch of strategic priorities between the Pacific Islands and Australia than that of climate change. For the Pacific Islands, climate change is seen as a first-order threat that is of utmost priority. Where Australia might look to China, the Pacific Islands by contrast view themselves as in competition with climate change first and foremost (Morgan, 2021). This starkly contrasts with Australia who have, much to the notice of its neighbours, dragged its feet on the international stage with regards to the matter. Australia's mining and agricultural sectors are seen as crucial to the country's economic success and have been defining spokes to their resistance to act on climate warnings. The fear of potential economic fallout from action has largely minimised Australia's obligations (Morgan, 2021). In 2023, Australia remains 55th of 63rd countries in the Climate Change Performance Index (CCPI) after having moved up 4 places from last year (Burck et al., 2023). This not only trails behind many similarly developed nations but sees

Australia categorised as ‘very low’ across greenhouse emissions, energy usage, and renewable energy capabilities. The 2022 change of government was welcomed by many who hoped for this to be a turning point in Australia’s lacklustre climate response. The Albanese government put forth a 2022 Climate Change Bill which aspires for a 43% reduction in greenhouse gas emissions by 2023, relative to 2005 emissions. While this is a significant jump from the previous 26-28% commitment under the Morrison government, it still falls shy of the expected 50% proposed by many nations (Parliament of Australia, 2022). Furthermore, even at this early stage, there are doubts around whether this target is even achievable given Australia’s trajectory. Australia remained in 2022 the second largest exporter of coal and has shown no intention of phasing out coal or gas mining in its climate response (Burck et al., 2023). More contradictory, Australia is forecasted to increase its metallurgic coal production by 8% before 2025 due to a variety of factors including the opening of new mines (IEA, 2022). This refusal to limit production of fossil fuels shows a clear misalignment between Australia’s supposed response and its ability to actually enact viable change.

This stance is a far cry from the Pacific islands who have been pioneers in demanding a global response to the climate emergency at their doorstep. The Pacific islands remain most vulnerable to global sea level rise and the wider effects of climate change are placing an enormous burden on nation budgets (Fabris & Ras, 2021). For almost 40s years, the region has been pushing for collective diplomacy under which they have been long successful at working in a bloc for the benefit of their shared foreign policy interests. Australia remains isolated within the Pacific Island Forum in its response to the threat, having vetoed declarations on several occasions (Morgan, 2021). Ultimately, the strain necessitated pushing Australia out of deliberations which was realised in the Pacific Island Development Forum. The Pacific island coalition had significant negotiating powers within UN climate talks and were formative in the 2015 Paris Agreement. The region's determined approach saw alignment with other small island nations globally and rallied the support of BASIC nation Brazil. Initially the Pacific islands had hoped that Australia, as the largest regional member of the PIF, could drive global action (Morgan, 2021). Yet ultimately, the Pacific islands, following a failure on Australia’s behalf, were able to become the global leaders in pushing for ambitious, long-term goals. Overall, current commitments are clearly not viewed as sufficient and after “decades of trying to sabotage Pacific climate diplomacy” (Morgan, 2021) demands urgent new policy with strong commitments if we want to appease our Pacific family and begin repairing the damage caused. While the costs incurred to combat climate

change will be high, the cost of inaction will likely cause an unrepairable rift between Australia and its South Pacific neighbours which would be devastating.

3.2 Solomon Islands and Fear of Increased Chinese Military Presence

Australia's moves to mitigate fallout or criticism from Pacific Island nations acts in conjunction with growing concerns over Chinese presence in what Australia typically views as its "natural area of influence" (Giusto, 2022). This focus has been heightened in the wake of the China-Solomon Islands security pact announced in 2022 which was the culmination of a series of moves and countermoves by both Australia and China in the Solomon Islands. The announcement came largely as a diplomatic shock for both the US and Australia but reflects a long-standing neglect from Australia to directly tackle the issues and adequately engage with its Pacific Island neighbours. Furthermore, it starkly reflects Australia's long-time complacency surrounding the prospect of a China challenge within the South Pacific (White, 2019). The 2022 security pact has been a long-coming move from China who has given clear signals that the Pacific Islands are part of their overall strategic game. Despite this, the Solomon Islands, like many Pacific Island nations, are hesitant to see increased Chinese control of land or resources that could challenge their national sovereignty or security interests (Wickman, 2023). Not only is the region particularly vulnerable to resource exploitation, China's push to enter the Pacific Islands has aroused fears of 'debt-trap' diplomacy from China which has been evidenced in other small island nations outside the region (Mecalf, 2023).

For Australia, the move poses a significant security threat to its regional interests and national security. In military conflict, proximity is of high strategic significance which can drastically alter the costs, degree and viability of an attack. As such, Australia has long enjoyed the benefits awarded from its remoteness to the major global powers, particularly those it views as potential adversaries. However, recent moves from China have aroused fears of heightened military presence in the region or the implementation of a permanent Chinese military base. This would flip Australia's perception of its remoteness in showing its vulnerability to be isolated from major allies, such as the US, and overall complicate Australia's defences. While the Solomon Islands have since ruled out the future of a permanent Chinese military base, the pact has definitely awakened deep-seated fears surrounding Australia's national security. Kilcullen (2023) suggests that, particularly following the case study of the Spratly Islands, it

would be unwise for Australia to forefront China's supposed intent in the region in their analysis and reaction. Rather, he claims that simply the capability alone should be of key consideration for Australia in assessing its next steps and protecting its own security interests. In one respect, a Chinese military base would likely be a significant liability for China due to its vulnerability of attack (White, 2019). Yet, while China does not seem to be vying for war in the region, there would be significant strategic purpose of a base by signalling its presence and resolve to impose if necessary. This can assist the nation with deterring Australia and its allies from countering Chinese moves in the region that may amplify its influence or threaten Australia's position.

Despite this, the notion of more permanent Chinese military presence in the South Pacific diverges quite significantly from Pacific Islands long-standing adherence to non-alignment and avoidance of conflict within its territory (White, 2019). Therefore, it is important to consider Pacific nations' own autonomy in navigating Chinese ambitions. The region has been largely hesitant to foster activity which it views as within the US-China strategic competition and is reluctant to see disputes waged within its waters. Thus, Chinese capabilities, particularly following the China-Solomon Islands security pact, should be of high consideration in Australia's assessments of national security and its future regional actions. It would be ill-advised to ignore Pacific nations' decision-making and values when establishing ties with other, potentially hostile, nations. Medcalf (2023) summarises this by stating "China has a rightful place in the Pacific, just not the right to dominate". Australia will need to ensure it can respond to its neighbours' anxieties with deepening ties with China. However, it must recognise that the China contest is not viewed the same by Australia's Pacific neighbours and, as such, China's presence is unlikely to be contained by Australia. Consequently, it might be time for Australia to realise that its sphere of influence is becoming increasingly shared and that it will need to embrace and foster balance and stability within this change, allowing for multiple regional major partners.

4.0 Current Realities and Objectives:

4.1 New Labor Government Approach

The 2022 victory of the Labor party under Anthony Albanese has overseen a form of trajectory shift in Australia-Pacific relations which aims to change the tone through more constructive dialogue. This mirrors similar advancements in Australia-China relations which

after a welcomed lift of the two-year freeze on ministerial relations between the two nations. This tonal shift towards the Indo-Pacific displayed by the Labor government is advantageously reflected in current Minister for Foreign Affairs, Penny Wong, who has emphasised a degree of cultural connection through ancestral ties to Malaysia and China in addition to her increased efforts to understand the interests of Australia's 'Pacific Family' (Wong, 2022). This has seen renewed interest in wider regional engagement that is beyond more formally US-aligned interests. Since assuming office as the Minister for Foreign Affairs in May, 2022, Wong has paid visits to all fellow 17 PIF members. This has an underlying aim to push against China's moves to reassert regional influence and "ensure strategic equilibrium" (Wong, 2023, cited in Dziedzic & Greene, 2023). In December 2022, Wong, alongside Pacific Minister Pat Conroy, made significant headway in strengthening regional engagement with a three-stop Pacific tour spanning Vanuatu, Micronesia and Palau. Significantly, from this was the signing of the comprehensive security cooperation agreement between Australia and Vanuatu (Bergin & Wall, 2022). This ultimately sets back China's ambitions who have shown a key interest in the country for a number of years due to its strategic location. The following month, Albanese confirmed plans with Papua New Guinea for a bipartisan security accord. With Australia remaining PNG's largest trade partner and donor, it provides the perfect environment for Australia to reinforce its role in the Pacific. With already extensive security cooperation, the accord sets out to provide a legal framework for the bilateral ties between the two nations (Laveil, 2023). Secondly, the accord, while non-exclusive, operates to deter against Chinese offers and tilt the "geopolitically lean of the country towards Australia" (Laveil, 2023). Ultimately, these two developments work in a broader effort to prevent similar security pacts forming with China like what was seen with Solomon Islands.

The direction of Australia's approach to the Indo-Pacific has remained markedly consistent in the realm of security and defence cooperation. It is notable that both Liberal and Labor governments have been in strong agreement with regards to the QUAD, reflected in Albanese's QUAD summit attendance a day following his election. Furthermore, Australia has remained dedicated to the AUKUS trilateral security pact, the pathway of which has been laid out following the March 2023 meeting with UK and US counterparts. AUKUS reflects a pivotal effort to align strategies as a response to the challenges China poses in the region (Edel, 2023). The developments announced within the last meeting put Australia on track to receive three nuclear-powered submarines, with the potential for two additional. However,

despite the benefits of this coordination of strategic planning and increased interoperability for the three nations, the agreement hasn't been universally accepted in the region, much to the notice of Australia. The move has aroused fears of an 'arms race'-style approach that contradicts efforts to ensure regional stability and avoid escalation of tensions with China (Edel, 2023). Moreover, many Pacific Island nations have voiced concerns over the notion of nuclear presence in the region which compromises previous commitments to a nuclear-free Pacific. Lastly, AUKUS negotiations have sparked a funding debate with many viewing that allocation could have been redirected elsewhere, for example climate change support and resilience efforts for its Pacific neighbours. However, the current Australian government has understood the previous blindsided shock felt by many countries following the 2021 AUKUS announcement and has worked to ease anxieties surrounding plans. The campaign launched to increase regional understanding of the importance and utility of AUKUS has been largely successful in some countries such as Fiji, but still has a way to come for others (Dziedzic, 2023). This campaign shows a clear effort by the new government to, while not surrendering their own priorities and intentions, making sure to address Pacific anxieties and concerns to Australia's developments in a more responsive and communicative way.

Overall, the approach under the Labor government displays a fundamental understanding of Pacific centrality to Australia's security interests (Dziedzic & Greene, 2023). However, the diplomatic method forefronts respect to Pacific institutions, allowing them to voice necessities after which Australia can and has responded accordingly.

4.2 What Strategy Moving Forwards?

Recent shifts in Australia's attitudes have been largely interpreted positively by its Pacific neighbours. Despite this, there are still significant issues that lie ahead if Australia is going to maintain its influence in the region and foster long-term stability. It is important that Australia restrains itself from taking an overbearing approach and rather makes way for other nations to support and invest in the Pacific islands. While Australia is paying significant attention to the threat of Chinese influence, it neglects clear opportunities for coalition forming with other nations who are not only increasingly willing to contribute, but have clear convergent interests with Australia. The Pacific has made clear that geopolitical tensions be kept away from its doorstep.

As such, operating within a multilateral setting can form the relationships and initiatives that foster a more stable, less competitive environment. Moreover, potential partners outside the immediate Pacific family may likely have “capabilities more suited to Pacific needs” (Medcalf, 2023). Most crucially, New Zealand, as Australia’s closest friend, has shown a clear cultural connection to the Pacific far exceeds Australia’s (Morgan, 2021). Moreover, New Zealand has exhibited an approach that is markedly aligned with its neighbours that acknowledges, respects and responds to Pacific needs and regional interests. Therefore, with the foundation of New Zealand and Australia’s extensive track record of coordinated efforts and operations in the region, New Zealand may prove a useful ally for Australia to engage alongside in partnerships over the years to come. However, potential nations for cooperation also include: Japan who are increasingly open to more cooperative, multilateral diplomatic approaches; France, with significant historical ties and territory in the South Pacific, who can act as a door to broader European engagement with the region; and even sometimes China who, beyond Australia’s fears, have proven they have “a lot to offer in regards to trade, investment and aid” (Medcalf, 2023; White, 2019). However, with diplomatic presence in all 17 fellow Pacific Island Forum member states, Australia has the unique opportunity to play a vital connecting role with emerging partners (Medcalf, 2023). Yet, this must assuredly be centering Pacific Islander voices and promoting their leadership, thus, reflecting a more genuine form of diplomacy.

The Pacific Islands are aware of their importance to Australian security interests and if Australia seeks to have them responded to in their favour, Australia must be willing to do the same for its neighbours. Knowing their leverage, it is likely the Pacific Island nations will pressure the current government for greater climate change commitments. Having an adequate climate response is viewed as vital for securing their national interests and combatting what they view as their greatest security threat. Already, nations showing clear interest in the region have “leveraged climate policy to win friends in the region” (Morgan, 2021). Correspondingly, Australia will likely need to do a lot more, and quickly, if it expects to see themselves reintegrated into the ‘Pacific family’ and remain competitive in influence. Australia can no longer maintain strong reigns over its sphere of influence and, as such, it must evolve and adapt to the new

realities of the more competitive South Pacific region. Yet there are still significant opportunities for Australia to show global leadership in engaging new partners, growing existing projects, stimulating the 'Blue Economy' and, overall, fostering long-term regional development.

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