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## Does China have what it takes for effective partnership in the Pacific?



**Ian Kemish AM** is a former senior Australian diplomat with a strong overall focus on the Asia-Pacific. His 26-year Government career included service as Head of the Prime Minister's International Division (2004-06), Ambassador to Germany and Switzerland (2006-09), and High Commissioner to Papua New Guinea (2010-12). He was awarded membership of the Order of Australia (AM) for his leadership of Australia's response to the 2002 Bali bombings. In 2013 Ambassador Kemish joined

ExxonMobil as Executive Director, Asia Pacific Government Relations and in 2016 he was appointed to the Executive Committee of Newcrest Mining Limited, one of the world's largest international gold mining companies, with global accountability for government and community relations, communications and sustainability across its jurisdictions in Australia, the Asia Pacific and the Americas.

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A photo of a Chinese diplomat walking on the backs of schoolboys in the tiny South Pacific country of Kiribati caused a twitter storm last month. Some saw it as a symbol of China's sinister intentions in the region and others argued it reflected local customs which should be respected. The Chinese foreign ministry said in its defence,

*We fully respect local customs and culture when interacting with the Pacific countries. When in Rome, do as the Romans do.*

Let's set aside the incident itself. The respective arguments about cultural vs human rights have been well ventilated in social media. It's the foreign ministry's statement that raises the more important point. As a genuine regional partner, it's not enough for China to 'do as the Romans do'. Those who aspire to a meaningful partnership with the Pacific also need to be clear about what they stand for themselves.

The region certainly needs genuine, constructive partners. Its tourism and commodity-dependent economies, already precarious, have been hit hard by the pandemic.

What then, does China stand for in the Pacific? Does it really have what it takes to be a constructive, long-term partner for the region?

### **Pacific intentions?**

There's been no clear answer to the first question from Beijing, apart from broad statements about 'mutual respect and common development'. China maintains it does not have strategic interests in the region, and that its engagement there is simply a function of its growth.

China's military involvement in the Pacific has captured a lot of the attention in recent years. Focusing largely on Fiji, Papua New Guinea (PNG), Tonga and Vanuatu, this takes the form of joint exercises and

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training, and grants for infrastructure, uniforms and equipment. Many observers are concerned that this activity betrays a long-term objective to establish a naval base in the region.

In these circumstances Australia, as the most engaged western partner in the region, welcomes the additional ballast that other like-minded countries can bring. The joint announcement in 2018 that Japan, the United States and New Zealand would join Australia in building energy supply in PNG was a good example of how democracies can work together. France plays an overall supportive role, and the UK's announcement of a 'Pacific uplift' last year, including the establishment of three new diplomatic posts, was seen as very positive.

As in other parts of the world Chinese state-owned enterprises are making a number of investments in regional mining operations. Chinese companies have also sought to get involved in the sensitive telecommunications and energy sectors.

Beijing has also deployed considerable concessional finance to the Pacific. The concern here is that this is essentially 'debt trap diplomacy', with unsustainable loans providing a pathway for China to control strategic assets. In fact Australia's Lowy Institute has shown that China has actually not been a major driver behind rising debt in the Pacific, but that it nevertheless has a responsibility to help prevent future debt risks given the scale of its lending patterns and the absence of mechanisms to protect recipients from debt.

There's been no sign yet that Beijing is prepared to collaborate with western donors as they engage with regional countries to mitigate these risks. Were they to do so it would signal China cares about the region's sustainability — an important qualification for a genuine partner.

### **How effective is China in the region?**

China can be surprisingly ineffective in prosecuting its regional strategic agenda. It often struggles to understand that centralised control is not the Pacific way.

Effective partnerships in the region require patient management of multiple stakeholder relationships — with landowners, local authorities and environmentalists.

Chinese firms in PNG have been disappointed that agreements they have signed with the country's prime minister haven't guaranteed smooth project implementation. China also showed great frustration recently in Solomon Islands when provincial leaders thanked Taiwan for coronavirus-related aid delivered after the national government had switched diplomatic recognition from Taipei to Beijing.

Success also requires conscious support for national development aspirations and a willingness to lean in at difficult moments.

Australia and New Zealand don't always escape criticism from the region: climate change and labour market access continue to be sore points. But over time, these traditional partners have shown their commitment to the region's development through the investment of billions of dollars. They have helped run elections, repeatedly deliver disaster relief and mount stabilisation missions in regional hot spots.

This kind of comprehensive partnership, recently reaffirmed in a new economic and strategic development agreement signed between Australia and PNG, is outside Beijing's traditional comfort zone.

## COVID-19: missing an opportunity

The current pandemic poses very serious risks to the fragile economies of the Pacific. It's an important moment for regional partners to show their commitment.

Beijing highlighted its Pacific Conference on COVID-19, a video link-up in May between the Chinese vice foreign minister and senior Pacific representatives, as a sign of its support for the region.

But there were no substantive outcomes, and despite multiple press releases, China appears to have announced only US\$2.6 million in virus-related assistance.

This contribution by the world's second-largest economy is about half what one Australian mid-sized company, Newcrest mining, has committed in COVID-19 support to PNG alone. It pales in comparison to the US\$75 million that Australia announced in March would be redirected from existing aid programs to mitigate the regional effects of the virus.

Western partners have also stepped up in other practical ways, for instance, by processing some coronavirus tests from the Pacific, and sending rapid diagnostic testing equipment to the region. Australia has deployed medical assistance teams to support PNG's response to rising cases there.

And perhaps most notably, Australia announced recently it will deliver a future coronavirus vaccine to the people of the Pacific, once it's approved.

It would be a great boon to the Pacific if Beijing were to become more thoughtful about the region's aspirations and build an effective partnership with its western partners – and with the island countries themselves. China actually has some things to offer the Pacific, including lessons from its highly successful development model. The mindset described so well by Humphrey Hawksley in the last AP insight – one in which Chinese and western values coexist, and where the two sides work together – would be of far greater value to this fragile region than escalating strategic competition.

*This been adapted by Ian Kemish from an article he published in the Australian edition of The Conversation on 31 August.*

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[tracey.stewart@ambassadorllp.com](mailto:tracey.stewart@ambassadorllp.com)  
[www.ambassadorllp.com](http://www.ambassadorllp.com)