

SPECIAL REPORT

Australia's Pacific pivot
Destiny, duty, denial and desire

**BEACH
TAXI**

Graeme Dobell

April 2019

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AUSTRALIAN
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Australia's Pacific pivot

Destiny, duty, denial and desire

A vintage, circular, illuminated sign with the words "BEACH TAXI" in bold, sans-serif capital letters. The sign is mounted on a wooden pole. Above the sign is a triangular light fixture with multiple small lights. Below the sign is a rectangular light fixture with multiple small lights. In the background, several tall palm trees are visible against a bright, hazy sky.

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CONTENTS

EXECUTIVE SUMMARY	4
POWER: THE STRATEGIC DENIAL INSTINCT AND THE PACIFIC PIVOT	5
Arcadia and the Pacific taxi test	5
Australia's South Pacific pivot	6
The strategic denial instinct	10
The China challenge	11
PEOPLE: THE PACIFIC FAMILY AND AUSTRALIA'S OFFER OF ECONOMIC AND SECURITY INTEGRATION	16
South Pacific integration with Australia	16
Pacific workers, PACER Plus and kangaroo–kiwi partnership	18
A Pacific community for the Pacific family	22
NOTES	26
ACRONYMS AND ABBREVIATIONS	29

EXECUTIVE SUMMARY

Australia is doing a policy pivot to the South Pacific. The headline driving the pivot is the challenge from China. Australia's deep strategic denial instinct is roused.

Our announced 'step-up' is aimed at Papua New Guinea (PNG) and the other island members of the Pacific Islands Forum.¹ Add to that list Timor-Leste, which faces the same problems as the islands and is part of the island arc that has obsessed Australia since before federation.

With the pivot, we've made an ambitious offer to the South Pacific—economic and security 'integration'—to uphold the region by holding it closer.

Integration is a confronting idea for the identity and sovereignty of newly independent nations. Prime Minister Scott Morrison has shown political and diplomatic insight by talking about Australia as part of the 'Pacific family'.

The family imagining offers much, not least a lens to widen Australia's understanding of our destiny, duty and desires in PNG and the islands.

New Zealand will be central in setting the ambition for and the limits to integration. Wellington must play the special role it claims for itself in the Pacific. New Zealand knows all the benefits of alliance with Australia and the free movement of goods, services and people. Yet this embrace of the kangaroo has never hurt kiwi identity or sovereignty. New Zealand is proudly itself, while prospering from the kangaroo partnership. The New Zealand experience of partnership with Australia is the positive model for the creation of a Pacific community to serve the Pacific family.

To succeed, the pivot must be long-term policy with a broad vision of what Australia and New Zealand offer the South Pacific.

The pivot needs two dimensions: power and people.

Power is about Australian policy—diplomatic, defence, trade, aid, business, communications and international broadcasting—driven by our strategic denial instinct. The power questions for Australia are about our interests and influence, but also about our values. And that brings us to the Pacific family.

The people dimension is about our values meeting the values and needs of the diverse peoples of the South Pacific.

Power and people are the two halves of this paper:

- *Power*: the strategic denial instinct and the Pacific pivot
- *People*: the Pacific family and Australia's offer of economic and security integration.

POWER: THE STRATEGIC DENIAL INSTINCT AND THE PACIFIC PIVOT

Arcadia and the Pacific taxi test

Up in the Arcadia of the political afterlife, some great Oz leaders are sharing an ambrosia sherbet and reflecting on the recurring rhythms of Australia and the South Pacific over nearly 150 years.

‘The old songs are still the best songs’, Alfred Deakin remarks in his usual meditative tone. ‘We gave the South Pacific a special place in the Constitution, and that song is still playing. Remember how before federation it was the Germans and the French we worried about in the islands?’

‘Now’, barks Billy Hughes, ‘it’s the Chinese! I reckon I could just dust off all those speeches I made about the Japanese threat. And, of course that 1935 book *Australia and the war today* that got me turfed from cabinet because it was all too true. In this game, you can get punished for being too right, too early ...’

John Curtin coughs and leans forward, knowing the need to cut off Billy before he gets into the full flow of his anecdotage. ‘Ah, yes’, Curtin says, ‘the Japanese on the doorstep, the seminal moment in the way we thought about the island arc and about alliance and ... Hang on, you blokes, here comes Bert. Careful, or we’ll get another Evatt rant about the bloody Yanks.’

Evatt floats into a chair and harrumphs: ‘Manus! Manus Island. D’ya see we’re going to build a naval base with PNG and the Americans at Manus? Remember how we won that great fight after the war to stop the US Navy hanging on to Manus as a permanent base? I always reckon they just wanted it so they could keep that magnificent house they’d built for Douglas MacArthur. And now, just 70 years later, they’re ...’

Across the clouds wafts the sound of the gong announcing dinner at the Elysium Bistro. Debate is adjourned.

Down below in Australia, the heirs of Deakin and Curtin are embracing the grand tradition, worrying about foreign intruders, massaging the Oz strategic denial instinct, and lamenting our policy drift in the South Pacific. Old songs, indeed.

To see how deeply Australia reaches into the South Pacific, try the taxi test.

Hop into a taxi anywhere in the islands and negotiate to pay the fare in Australian dollars.

My random survey over four decades finds that it’s an easy negotiation anywhere in Melanesia and much of Polynesia, especially Tonga and Samoa.

The Oz dollar fails the taxi test in the Cook Islands, where the cabs can’t see beyond New Zealand. Interestingly, though, Oz currency is often acceptable in New Zealand taxis. A kiwi cabbie, of course, knows the local rules about exploiting gormless Australians, and so usually seeks to do the exchange at a rate even more outrageous than the banditry at airport currency kiosks.

In Melanesia, the taxidriver can be relied on to know the going exchange rate to the second decimal. Allowing for commission, tip and rounding up for the whole note, it tends to be a fair exchange. Plus, it breaks the conversational ice. And interviewing taxi experts on current issues of politics, diplomacy and gossip is a standard rule of the travelling hack's handbook ('Foreign correspondent' chapter). In the islands, the coconut wireless tells amazing stories—and the most amazing thing is how often they're true.

My taxi research methodology is slapdash. The survey began merely because I was usually in a hurry, the banks always seemed to be closed, and the exchange rate offered by pubs is as extortionate as at airports. After a while, though, it became part of the fun of the Pacific. The findings follow another hack handbook rule: one incident is an anecdote, two constitute a trend, three similar events are statistical evidence.

Turn now to the places where the Oz dollar doesn't amount to fair exchange for a fare. In Micronesia, the greenback rules—only the US dollar will do.

Much closer to Australia, several attempts over the years to do the deal in New Caledonia got a *Non*, variously bemused, amused or straight contempt delivered with that hauteur the French are so good at. As relations between Australia and France have warmed in the South Pacific, Noumea has changed sides on the taxi test. The Oz dollar is now as acceptable as the euro and the French Pacific franc. And—*Zut alors!*—the shops around the port are displaying prices in Oz dollars as well.

The reason for the shift is the giant cruise ships that now ply the South Pacific, sailing from Australia's east coast. In season, a dozen of these behemoths call in port each month, disgorging thousands of passengers, the great majority of them Australians. The extraordinary growth of cruises in the South Pacific in the past decade underlines an old lesson—relatively small shifts by Australia can have big impacts in the islands.

Cruising is an industry with a lot of history. Australians heading to board their liner in Sydney, berthed by The Rocks near the old Sailors Home and the Maritime Services Board building, will speed by the Burns Philp building in Bridge Street, standing in testament to the great South Pacific shipping company that started off sailing tourists to PNG in 1884.²

Going out into the South Pacific, Australians are surprised to find the islands know us a lot better than we know them. Indeed, islanders remember our history in the region better than we do. Just ask the older caldoche cohort in Noumea, whose vision of perfidious Oz recalls the Australian Navy turning up in the harbour early in World War II to ensure that New Caledonia stayed true, no matter what happened in Vichy France.

The simple moral is that Australia matters in the South Pacific. And sometimes we have impacts without even realising that we've hit. Almost any taxidriver can tell you that tale, for only a small commission.

Australia's South Pacific pivot

The stability and economic progress of Papua New Guinea, other Pacific island countries and Timor-Leste is of fundamental importance to Australia.

—2017 Foreign Policy White Paper³

Australia is doing a policy pivot to the South Pacific. The headline driving the pivot is the challenge from China, although you hear less about that in public statements.

Australia's deep strategic denial instinct is roused. Canberra frets at China's arrival and worries that our central role and leadership in the region are being tested.

The Coalition government's description of the policy shift is 'stepping-up Australia's Pacific engagement'.⁴ I'll call it a pivot. The pivot usage expresses a new Australian consensus on the South Pacific, shared by both sides of federal politics.

Date the pivot from November 2017, when Australia launched its Foreign Policy White Paper, devoting one of eight chapters to the South Pacific under the heading, 'A shared agenda for security and prosperity'.⁵

Without naming China, the White Paper warned of 'competition for influence and economic opportunities' straining the islands' capacity to absorb aid, increasing debt and undermining regional coordination.

In January 2018, International Development Minister Concetta Fierravanti-Wells said that China's influence is 'clearly growing', yet much of its aid consists of 'roads to nowhere' and 'useless buildings which nobody maintains, which are basically white elephants'. Fierravanti-Wells said that, despite China's 'duchessing' of politicians in the South Pacific, Beijing's activities are being met with growing resentment in island communities.⁶

In a speech on Australia and the Pacific in November 2017, Labor's shadow defence minister, Richard Marles, worried that Australia's 'holding pattern for the Pacific' means the considerable resources we devote to the islands aren't matched by much imagination or ambition: 'There is no strategy or guiding philosophy about our role in the Pacific other than a general sense of obligation about providing help.'⁷

After the Fierravanti-Wells attack, the Chinese news agency *Xinhua* channelled the strategy/philosophy critique to return fire against Australian ignorance:

If Australia really cares about its Pacific neighbours, it should first learn from China to treat those much smaller neighbours as equals and refrain from behaving like an arrogant overlord. Then it could learn, again from China, to contribute constructive ideas, if not funds, to address the real concerns of the peoples in those countries.⁸

If a China scare gets us to pay proper attention to the near neighbourhood that we often overlook, then thanks for the nudge. The China bogey reminds Australia of the vital geopolitics of the island arc; the nation with its own continent sometimes needs such a jolt. Part of the reason for the pivot—not all of it—is China. Good policy has lots of different sources, not all of 'em pure. Fear is a policy goad that sharpens the focus on the region.

The conversation Canberra needs to have is with the South Pacific—and with New Zealand—as much as with Beijing. As always in the islands, it's easy for Canberra to proclaim its leadership; the real achievement is to get island followership.

China's influence is naturally growing. Expanding power systems expand, and, for centuries, coming powers have come to the South Pacific. The answer for Australia is not to panic but to play to our strengths and do what we should be doing in the region anyway.

The broad new thought that Australia is starting to play with is to offer not just *partnership* to the South Pacific, but economic and security *integration*—geopolitics meets geoeconomics in our immediate geography.

The proposal to integrate the islands with Australia and New Zealand is one of the ideas in the *2017 Foreign Policy White Paper* that hasn't got much attention. But it's a formidable ambition, with many moving parts, that will need decades of work.

Integration builds on Australia's history and role in the region in ways that China couldn't and wouldn't match.

With the pivot, Australia confronts the law of untended purposes. The law states that if you don't tend to your policy and political purposes, stuff goes off course and the unexpected arrives. If your attention wanders, so do your purposes.

Like its cousin, the law of unintended consequences, the untended purposes law is politics obeying physics: all systems tend towards entropy, to shift from order to disorder.

Awoken to our drifting purposes, Australia's political leaders have done a pivot—offering PNG and the South Pacific a lot of love, a bit more cash and greater policy attention.

In 2018, the Prime Minister and the opposition leader joined hands in a defence and foreign affairs unity ticket. Australia's political consensus on the South Pacific is loudly reaffirmed.

Whoever wins this year's federal election, there's to be more attention and extra effort in the South Pacific. Good.

Prime Minister Scott Morrison promises 'a new level' of Australian commitment:

This is our part of the world. This is where we have special responsibilities. We always have, we always will. We have their back, and they have ours. We are more than partners by choice. We are connected as members of a Pacific family.

It's why the first leaders I hosted in Australia as Prime Minister have been from Solomon Islands, Fiji and Papua New Guinea. It's time to open, I believe, a new chapter in relations with our Pacific family. One based on respect, equality and openness. A relationship for its own sake, because it's right.⁹

Labor leader Bill Shorten promises to embrace the Pacific as the 'Blue Continent', offering partnership, not paternalism: 'A Labor government will put the Pacific front and centre in our regional foreign policy. We're not going to forfeit the Pacific because we didn't turn up.'¹⁰

Labor's Richard Marles calls for Australia to make a 'pledge' to the islands based on a deeper defence relationship and the offer to 'assist the functions of government in the Pacific'.¹¹

Shifting from the defence to the foreign affairs portfolio, Marise Payne made her first speech in her new job about the islands: 'Stepping up in the Pacific is not an option for Australian foreign policy—it is an imperative.'¹²

So the language is agreed: new chapter, step up, front and centre, imperative.

Australia acts because it sees its role in PNG and the islands directly challenged by China. Strategic denial is our oldest instinct in the region. And Canberra's abiding instincts are aroused by the shock realisation of untended purposes.

The Pacific step-up is 'one of the highest priorities' of the *2017 Foreign Policy White Paper*. Bipartisan agreement can power up the step-up.

The polity confronts a complex discussion of Australia's interests, influence and values in the islands, which can pull in many directions. To clarify, view the pivot in two dimensions: power and Pacific people.

Power competition

Australia wants to be the South Pacific's top security and economic partner. That's why we're the region's biggest aid donor.¹³

Rising competition prompts Australia to do more on Pacific infrastructure, rather than leaving this bit of the game to others (Hi, Beijing!) or merely giving via multilateral channels: \$2 billion for infrastructure and \$1 billion to get more Oz businesses operating in the islands.

One test of the power of the pivot will be how much extra cash actually arrives, as opposed to the rebadging of the existing aid budget.

New Australian diplomatic missions will open in Palau, the Marshall Islands, French Polynesia, Niue and the Cook Islands, so Australia will be represented in every member of the Pacific Islands Forum.

The Australian Defence Force is out and about building and partnering, to play 'an even greater role' in training (with an ADF team rotating through the islands), capacity building, exercises and interoperability.¹⁴

The headline military bit of the pivot is the US joining Australia to help PNG redevelop the naval base on Manus Island.¹⁵

The evidence of long-term policy substance—where purposes have been properly tended—is the launch of the first of the 21 new Pacific patrol boats.¹⁶ The boats will be given to 12 South Pacific nations plus Timor-Leste.

The promise to get electricity to 70% of PNG's people by 2030 certainly fits under the 'power' category. But it also takes us directly to the vital purposes of people and values.

Pacific people

Australia's Pacific policy too often doesn't centre on Pacific people. Not getting people into the policy is perhaps the most useful critique of the pivot for those painting it as simply power competition with China.

To address this, Scott Morrison's constant use of the 'Pacific family' image must be more than political-speak. If the family dimension gets as much attention as the strategic struggle, Oz policy will serve our values as well as our interests.

Australia is slowly talking itself back into the international media contest in the islands.¹⁷ That'll be an important element in the family conversation.

Letting more of the family into Australia is the big and exciting project for the years ahead.

The Pacific Labour Scheme is to be opened to all Pacific island countries, offering chances for both seasonal and non-seasonal work in Australia.¹⁸ The win for the islands will need careful tending.¹⁹ Will Pacific workers get 'priority', as promised, or will many of the jobs go to Asia and those on backpacker visas?²⁰

Bringing PNG into the labour scheme, in March 2019, is a huge step-up.²¹ One of the great silences of our Pacific policy is that almost no Melanesians can come to Australia. Polynesians can enter and settle in Australia via New Zealand; Melanesians have no such avenue. Former diplomat James Batley notes that the Pacific islander population in Australia—200,000 people—is heavily dominated by Polynesian communities:

Our nearest Melanesian neighbours—Papua New Guinea, Solomon Islands and Vanuatu—are seriously under-represented. It's a surprising fact that, according to the census, in 2016 more people in Australia claimed Cook Islands ancestry (over 22,000) than claimed ancestry from PNG (under 19,000), particularly given that PNG's population is around 500 times the size of the Cook Islands'.²²

Fully engaging with the region must mean ever-greater emphasis on Melanesia. More than a decade ago, an ASPI taskforce study on a new relationship with the South Pacific made this key recommendation:

The focus of Australia's Pacific policy should be on the four independent countries of Melanesia: Papua New Guinea, Solomon Islands, Vanuatu and Fiji. That is where most Pacific Islanders live, and they are the Pacific states most likely to encounter problems of political stability and human security in the years ahead.²³

The pivot is a shift with substance if it opens Australia's door to the people of PNG, Vanuatu, Fiji and the Solomons (and stretch the geography to add Timor-Leste).

A pivot that can marry Oz strategic denial instincts with the fundamental needs of Pacific peoples will be a policy with enduring purposes.

The strategic denial instinct

Australia has a deep instinct of strategic denial in the South Pacific, striving to be the top strategic partner for island states while minimising the role of outside powers.

As Australia can never achieve complete strategic denial in the region, the instinct is beset by a faint, constant ache. Throughout the 20th century, that ache was directed variously at France, Germany, Japan and Russia / the Soviet Union. The ache became a fevered nightmare in the war with Japan.

Our South Pacific fixations—and the strategic denial twinge—fostered federation and are expressed in the Commonwealth's founding document.

While the Constitution makes no mention of the post of prime minister or the function of cabinet government, it's explicit about Australia's role in the South Pacific. Subsection 29 identifies the Australian Parliament's power over external affairs, and the next clause specifically identifies its authority over the 'relations of the Commonwealth with the islands of the Pacific'.

The two clauses expressed a tacit division of responsibilities. The nation born in January 1901 conceded the operation of most external affairs powers to London, but from the start Australia would take hold of its interests in the South Pacific. The new nation gave special attention to the islands because of the fear of other powers—strategic denial was a foundational purpose.

Today, Australia offers its strategic weight, proximity and resources to be the South Pacific's 'principal security partner'. At key moments—in Bougainville, Timor and Solomon Islands—actions have followed words. Over the past five decades, Australia has expanded its defence and security guarantee to stretch from Timor-Leste through PNG to all of the South Pacific. A constant strategic denial mindset drives policy map creep.

The Oz security guarantee is a bipartisan consensus with roots in history. The Coalition and Labor proclaim the peril that'd confront us if a hostile power were to get undue influence in the islands. The first three Defence White Papers (in 1976, 1987 and 1994) treated PNG as our vital and enduring defence relationship. The rest of the region got a polite assurance of Oz readiness to help.²⁴

Public language ramped up in Gareth Evans's 1989 ministerial statement on regional security, which discussed Australia's 'disproportionately large' military power in the South Pacific.²⁵ That was Gareth's Brezhnev Doctrine moment, when he proclaimed, '[We] would not want, and could not implement, an Antipodean Brezhnev Doctrine for the South Pacific, in which we were the arbiters of political legitimacy or moral acceptability.'

The disavowal of intent, of course, implies the capacity to act, and Evans set out the 'unusual and extreme circumstances' for Australia to use force: an unfriendly island government acting against Oz nationals; a direct threat to major interests; a finite timeline and clear objective; and 'if possible the cooperation and participation of other states in the region'.

Then came John Howard's government, which built security guarantees reaching beyond PNG to the rest of Melanesia and East Timor. The 1997 Strategic Policy declared that Australia was capable of 'exerting considerable influence' in the South Pacific and would maintain its position as the 'strongest strategic presence in this region'.²⁶

Interests in PNG were 'especially compelling': Australia 'would be prepared to commit forces to resist external aggression against PNG'. The PNG promise was relevant to 'defence relationships and objectives in the Solomon Islands and Vanuatu and, with less force, to other more distant Pacific Island countries'.

Having elevated the Solomons and Vanuatu to share a security pledge with PNG, the 1997 policy promised 'substantial support' to the rest of the South Pacific to deal with external threats, civil disruption or the breakdown of law and order. Then came a classic statement of Oz instincts. Australia's approach to the security of all South Pacific nations recognised that 'any attack on them—or penetration by a potentially hostile power—would be

serious for our security and that, as with PNG, we would very likely provide substantial support in the unlikely event that any of them faced aggression from outside the region.'

The 2000 *Defence White Paper* repeated the intention to be the region's key strategic player: 'Australian interests in a stable and secure Southwest Pacific are matched by significant responsibilities as leader and regional power.'

The 2009 and 2013 White Papers toned down the language if not the intent. The 2013 paper boasted of Australia's 'central role' in the South Pacific but cautioned that the 'growing reach and influence of Asian nations' introduced new external players: 'Australia's contribution to this region may well be balanced in the future by the support and assistance provided by other powers.'

Come the 2016 White Paper, Australia goes in harder and is more detailed about its role as strategic guarantor. It's a striking note in an important minor key. In Southeast Asia, we promise to strengthen engagement and help build regional organisation, but in the South Pacific we'll help governments build and strengthen security. The pledge is to ensure government and social stability, not just freedom from military threat.

The 2016 paper declares it 'crucial' that Australia help create national resilience and reduce the chances of instability—a guarantee with much more than a military flavour.

Australia has built military and security muscle: airlift, a couple of quasi aircraft carriers, the next Pacific Patrol Boat,²⁷ and the Army's growing marine-type capabilities.

Since the Regional Assistance Mission to Solomon Islands (RAMSI), the Australian Federal Police has created a considerable Pacific capacity; the military might even call it an expeditionary capability.²⁸ The cops can often be first responders, and they're cheaper.

So that's what we've promised and what we've put in place. What could possibly go wrong? Lots.

Australia's defence role in the Pacific is necessary but not sufficient. The threat of invasion isn't front of mind for island governments. The constant problems—governance, population, economy, environment—have military dimensions, but they're not military problems.

Australia's security pledge can't be secured merely by military means. To lead, we must deliver economically and socially. Often we don't.

Then there's the question of the new would-be leader.

The China challenge

Australia today sees its strategic interests in the South Pacific directly challenged by the Chinese state as Beijing projects its strategic, political, economic and military power.

No longer is China given the benefit of the doubt as the rapidly expanding power coming to terms with its new roles in the South Pacific. The shift in Canberra's judgement is significant.

In the previous decade, Beijing's actions in the South Pacific were seen principally through the prism of its diplomatic competition with Taiwan. The Beijing–Taipei fight was tough and rough in the islands, but China's priority was clear: it was all about Taiwan.²⁹ Beijing didn't want to disrupt the order of the South Pacific, just beat Taiwan.

By the start of this decade, China's rapidly expanding influence was the big new economic and diplomatic reality for the South Pacific. As in Southeast Asia, China expected its prerogatives to be understood and its wishes respected.

Fair enough, thought Canberra. Australia's relatively comfortable view was greatly aided by the diplomatic ceasefire between Beijing and Taipei, brokered by Taiwan's president between 2008 and 2016, Ma Ying-jeou.³⁰ Ma's term muted the chequebook battle for diplomatic recognition in the islands. That period of detente is over, and intense battle has resumed.

For Xi Jinping's China, though, it's now about more than beating Taiwan.

Australia judges that Beijing has decided it wants to remake the order in the South Pacific. See this using the frame of the third paragraph of Australia's 2017 *Foreign Policy White Paper*, discussing the changing power balance in the Indo-Pacific: 'The United States has been the dominant power in our region throughout Australia's post-Second World War history. Today, China is challenging America's position.'³¹

Rework those thoughts to get a rhyming message that reads like this: Since decolonisation, Australia has been the dominant power in the South Pacific. Today, China under Xi is challenging Australia's position.

In peacetime, fundamental shifts in strategic perceptions tend to be gradual and cumulative. *Ad hoc* moments start to form fresh patterns. The tide shifts. Understandings change. New resolves are formed. Policy adapts.

A lot of moments in different fields explain why Australia–China relations have just had a bumpy icy age.³² Domestically, we announced legislation to ban foreign political donations and broaden the definition of espionage.³³ In the cybersphere, we cited national security concerns in the decision to ban Chinese firms from any role in building the 5G network.³⁴

As an expression of strategic intent and economic contest, Australia trumped China to build an undersea telecommunications cable with PNG and Solomon Islands.³⁵ We elbowed out China, promising the islands that they'd get 'a secure communication asset'. Note, though, that Huawei is still building PNG's intra-country undersea cable.³⁶

To see the hardening of Canberra's thinking, try a simple thought experiment: Would Australia today approve China's leasing of Darwin's port, as we did in 2015?³⁷

The 'Yes' Australia gave in Darwin back then would become a sharp 'No', as we consider the prospect of China controlling ports in Vanuatu or PNG.³⁸

The action–response cycle is driven by Beijing. No longer prepared to 'hide and bide', an impatient, insistent China is driven and demanding. China's actions create increasingly stark differences on security and strategic issues, a point Michael Shoebridge emphasises:

Unless the goals, policies, practices and actions of the Chinese state change, Australia, along with many other governments and nations, will need to balance mutually productive engagement with growing strategic differences.

It's wrong to fall into the trap of talking about troubles with China simply as a bilateral issue for Australia to manage.

It's even worse to talk about the problems in the relationship as stemming from the Australian government's responses, when the root causes are the actions of the Chinese state.³⁹

On Canberra's view of Chinese power plays, *The Australian's* Greg Sheridan and Cameron Stewart declare:

Australia's intelligence and analysis agencies believe that the South Pacific now presents the greatest strategic threat to Australia, as a result of what they believe is Beijing's intention to establish a military base in the region.

This marks the first time since World War II that the South Pacific has been of such intense strategic concern to Canberra.⁴⁰

Australia's alarm at China's military interest in the South Pacific drives Canberra's offer to build a joint Australia–PNG naval base on Manus Island.

As Malcolm Davis writes, Australia is acting to block a Chinese port development that'd fundamentally change our strategic circumstances:

The prospect of a Chinese-developed port on Manus Island, along with possible Chinese development of Wewak, Kikori and Vanimo harbours in PNG, has given Canberra strategic denial conniptions. A Chinese-controlled port on Manus would have given Beijing a prime strategic location for projecting military power north towards US forces in Guam or south towards Australia.⁴¹

James Goldrick offers an account of the long history of Manus in thinking about Oz security in the Pacific: World War I and Jellicoe, World War II and MacArthur—and especially the struggle after 1945 over whether the US Navy should be ceded control of Manus as a permanent base.⁴²

Australia, 70 years ago, wouldn't give control of Manus to the US. Today, Canberra wants to partner with Port Moresby and Washington to deny China control of a Manus port.

The Manus effort is a statement from Australia about intent, influence and interest in the contest over the strategic order of the South Pacific.

The response from the South Pacific is to see much positive in 'the China alternative', a phrase headlined by the Secretary General of the Pacific Islands Forum, Dame Meg Taylor, to discuss the changing regional order:

China's increasing diplomatic and economic presence in the region, coupled with its growing economic and political strength globally, brings both challenges and opportunities for our Blue Pacific. In general, Forum members view China's increased actions in the region as a positive development, one that offers greater options for financing and development opportunities—both directly in partnership with China, and indirectly through the increased competition in our region.

Indeed, if there is one word that might resonate amongst all Forum members when it comes to China, that word is access. Access to markets, technology, financing, infrastructure. Access to a viable future. For example, Australia's access to China's markets make[s] it the former's largest trading partner in terms of both imports and exports. In 2017, China surpassed Australia as New Zealand's largest trading partner for goods and services.

To a large extent, Forum Island countries have been excluded from the sorts of financing, technology and infrastructure that can enable us to fully engage in a globalised world. Many countries see the rise of China and its increasing interest in the region as providing an opportunity to rectify this. Indeed, we have seen large increases in both financing for development and trade with China over the past decade ... China's presence has meant that other actors are resetting their priorities and stepping up engagement in the Pacific. We are also seeing some new partners emerging as well as the return of partners who had long left the region.⁴³

The South Pacific lives in interesting times—a 'crowded and complex region' is the phrase of the moment—and the times made for an interesting Pacific Islands Forum meeting in 2018: climate change roiled; China pushed; Australia obsessed about security; China-Taiwan competition resurfaced. The 18 forum members decided on a new cash formula to pay for their secretariat—PNG showed ambition, Fiji doubled up and France stepped up.⁴⁴

The island leaders wrangled with Australia about climate, which was the starting point for the Nauru summit's security declaration.

The islands listen to Australia on security, as they should, but that merely launches the discussion. To have its security perspective accepted by the islands—if not adopted—Canberra needs to mix sincerity and some sensitivity with security smarts.

The forum declaration spoke of the 'increasingly crowded and complex region';⁴⁵ echoing the declaration, Australia's Foreign Minister, Marise Payne, dryly observed that it's a 'strategically crowded Southwest Pacific', naming the external powers now crowding in as India, China, Japan, Indonesia and Russia.⁴⁶

In a tougher game, Australia proclaims its traditional aim to be what Payne called the 'partner of choice' on regional security matters, from law enforcement and the protection of rights under international law to crisis response.

The cut-through message to the islands is, 'Take China's cash with caution, and remember the value of Canberra's commitment.'

Payne pointed to the hierarchy of importance in Australia's *2017 Foreign Policy White Paper*: 'a resilient Pacific was clearly described as one of five fundamental policy priority objectives for Australia'. In the contest with China over interests and influence, Australia is arguing that it rates the South Pacific as a fundamental priority in a way that China never will.

As always in the South Pacific, the problem for Canberra is to maintain focus and live up to its fine words. See how that played out in the first two points of the new security statement from the forum, the Boe Declaration:

- (i) We reaffirm that climate change remains the single greatest threat to the livelihoods, security and wellbeing of the peoples of the Pacific and our commitment to progress the implementation of the Paris Agreement;
- (ii) We recognise an increasingly complex regional security environment driven by multifaceted security challenges, and a dynamic geopolitical environment leading to an increasingly crowded and complex region.⁴⁷

Australian climate denialists blithely urge an Oz desertion of the Paris Agreement on the basis that Donald Trump did it and so should we. The denialists/sceptics need to note that for Australia this would affect neighbourhood status as well as international standing. That first point of the Boe Declaration on climate change—'the single greatest threat'—is a South Pacific position that Australia has signed up to, however reluctantly.

In the wrangling over the language on climate change, some Pacific nations privately accused Australia of trying to water down the final declaration.⁴⁸ Senator Payne said she had 'robust and frank discussions' with her colleagues.⁴⁹

Making climate the first point of the security declaration was an expression of island fears and lived experience, not simply a poke at Australia. And the second point about the crowded and complex region describes a shared reality; it's not just Australia expressing alarm.

'Security' can be rendered in rainbow hues, and the declaration offered an expanded concept:

- human security, including humanitarian assistance, to protect the rights, health and prosperity of Pacific people
- environmental and resource security
- transnational crime
- cybersecurity, to maximise protections and opportunities for Pacific infrastructure and peoples in the digital age.

Acting on its 'top partner' security principle, Australia is to establish a Pacific Fusion Centre 'to strengthen information sharing and maritime domain awareness' to get better regional responses to illegal fishing, drug trafficking and other transnational crimes.⁵⁰

The summit also followed the money, deciding on the budget future of its working arm, the secretariat of the Pacific Islands Forum.

The leaders agreed to increase contributions to meet 60% of the primary/core operating budget of the secretariat and to make the first change in the way payments are shared among members since 1996 by adjusting the percentage of costs each member pays.

Australia and New Zealand currently pay more than 70% of the secretariat's budget (35.85% each). By 2021, that'll reduce to 24.5% each. So the kangaroo and kiwi go from paying the lion's share of the secretariat budget to paying just under half. Note the symbolism of that 49% share rather than 50%—the islands certainly do.

Who steps up to pay the gap?

The country that's made the most noise about kangaroo/kiwi dominance of the forum reaches into its wallet to double up: just enough to match its rhetoric. Fiji's share goes from 2.16% to 4.35%. Fiji's leader, Frank Bainimarama, still has nasty memories of the forum ejecting Fiji over his military takeover.

Fiji and the forum: it's complicated. But Suva does host the secretariat. Bainimarama will pay some more as host, and to cash up for his argument about reducing Oz/NZ control. PNG doubles its contribution with more enthusiasm (going from 5.29% to 10.66%), expressing its view of itself as the natural islands leader.

France steps up too. French Polynesia goes from 2.23% to 4.45%, while New Caledonia goes from 2.79% to 5.57%. France will pay much more than Fiji. So, in future, PNG will pay 10% of the forum budget and France, too, will pay 10%.

The forum funding rearrangement is emblematic of how the South Pacific is changing. While Australia still has a central place, that role is subject to review and questioning. It needs to be earned.

PEOPLE: THE PACIFIC FAMILY AND AUSTRALIA'S OFFER OF ECONOMIC AND SECURITY INTEGRATION

South Pacific integration with Australia

Reaching beyond the usual language of partnership with the South Pacific, Australia is offering economic and security integration.

The integration policy is a new ideal: not just neighbours, but joined. It's a complex task for Australia and New Zealand and an important offer that the South Pacific will embrace slowly. Integration must evolve over decades.

The *2017 Foreign Policy White Paper* refers to this integrate/integration vision six times in what's an initial but ambitious sketch. Here's how it's unveiled:

The Government is delivering a step-change in our engagement with Pacific island countries. This new approach recognises that more ambitious engagement by Australia, including helping to integrate Pacific countries into the Australian and New Zealand economies and our security institutions, is essential to the long-term stability and economic prospects of the Pacific. Our partnership with New Zealand will be central to advancing this agenda.⁵¹

The South Pacific's place in the policy statement is significant. Wordage matters. We've always talked a big game in the South Pacific, yet haven't always lived up to the talk. The import of Canberra's offer is a groping towards a 21st-century toolkit to work on neighbourhood issues of 'fundamental importance to Australia'—the 'stability and economic progress of Papua New Guinea, other Pacific island countries, and Timor-Leste'.

The White Paper gives the Pacific prominence by making the islands one of the five objectives of 'fundamental importance' (that phrase again) to Australia's security and prosperity, and by devoting one of the document's eight chapters to 'a shared agenda for security and prosperity' with PNG, the islands and Timor-Leste.

Stating that Australia recognises the need for new approaches, the Pacific policy proclaimed three priorities:

- promoting economic cooperation and greater integration within the Pacific and also with the Australian and New Zealand economies, including through labour mobility
- tackling security challenges, with a focus on maritime issues
- strengthening people-to-people links, skills and leadership.

As a diplomat who helped make Oz Pacific policy for decades, James Batley offers shrewd commentary on its progress, judging: 'While some aspects of earlier or existing Australian policy towards the region may have been directed towards these ends, the reference to integration as an explicit policy objective marks an important inflection point in Australian policy towards the region.'⁵²

Why is it so? Why this important shift? Why now? The answer includes a new Canberra consensus on geopolitical competition and our deep strategic denial instinct—plus the constant reality that the problems confronting the islands are getting nastier and sharper—and we have a shared future.

Samoa's Prime Minister Tuilaepa Sailele Malielegaoi says that, amid geopolitical din, the South Pacific seeks to build its collective voice:

For the Pacific, now is a time of profound change; and this change is occurring at an unprecedented pace. Geo-strategic competition between major world powers has once again made our region a place of renewed interest and strategic importance. Climate change and disaster risk affects our people in a variety of ways including increased severe weather events, scarcity of food and water, and displaced communities.⁵³

While Australia promises to be the South Pacific's 'principal security partner', integration recognises the need for a matching economic and social guarantee. The policy responds to a less than perfect Pacific. The familiar island list is as cruel as ever—small economies with big challenges, rapid population growth and stretched governments. Plenty of modern ills are arriving, along with climate change to reviv recurring natural disasters.

The anti-Oz line will be that integration is colonialism redux, a polite term for dominance. The rebuttal will require slow persuasion and consistent delivery. Australia and New Zealand are offering a stronger, richer region, because poor and weak states can't be truly independent. Integration is an offer of support as well as embrace—to uphold by holding closer.

Australia and New Zealand start a long journey with small, practical steps. The soft-and-slow approach to integration has the only chance of success, because South Pacific states will naturally accept the offer incrementally and critically.

If integration is the answer to fundamental issues of stability and vital to the region's economic future, as Canberra proclaims, then Australia must align with New Zealand to convince the islands.

To show it's serious, Australia has chipped at the old no-go issue—Pacific workers getting access to Australian jobs. For many years, the no-go routine was that Pacific leaders would always go to labour mobility as a key issue, while Canberra would quickly go, 'No!'⁵⁴

In the Pacific Plan for 'regional cooperation and integration' adopted by the Pacific Islands Forum in 2005, the islands finally got 'labour mobility' onto the official regional agenda, despite Oz screams.⁵⁵ Since then, the introduction of islanders to Australia as seasonal/guest workers has seen this Oz taboo crumble, because it's worked for everyone.⁵⁶ The Australian pilot scheme for Pacific workers announced in 2008 (following New Zealand's lead) was made permanent in 2012. The *2017 Foreign Policy White Paper* shows Australia widening its thinking about Pacific workers to serve integration:

- The Seasonal Worker Program is to be streamlined to give more Australian employers access to workers from the Pacific and Timor-Leste for jobs such as fruit-picking.⁵⁷
- The new Pacific Labour Scheme will allow workers to do non-seasonal low- and semi-skilled work in rural and regional Australia in health care, social assistance and hospitality.⁵⁸
- Australia will establish a Pacific Labour Facility to connect workers, employers and training institutions; to provide financial education for workers; and to monitor the impact of labour mobility programs in Australia and in Pacific economies.⁵⁹ Financial institutions will be pushed to reduce the cost of remittances to the Pacific.

The old Pacific Plan fell into the split that opened between Fiji's military regime and the Pacific Islands Forum. But the plan's thinking about sharing institutions and systems across the region has been dusted off. The 'sharing' idea is a polite way of saying Australia can do stuff on behalf of island governments. The first small step is that Nauru, Tonga and Tuvalu will use Australian testing services to improve the quality and reliability of pharmaceuticals.

In selling integration, Australia needs to take lessons from its wins, draws and disasters in the South Pacific.

A win with continuing relevance is the 14-year RAMSI operation to save the Solomons from ethnic conflict and state failure.⁶⁰ Australia agonised for years before it committed to RAMSI, but then stayed for a long haul that cost nearly \$3 billion.⁶¹

Integration is actually a cost-effective response to dire island needs—permanent engagement beats *ad hoc* emergency scrambles as the way to do good policy. And it makes budget sense.

A significant part of the RAMSI win was that it was done by the Pacific Islands Forum. The forum imprimatur—plus the support of Solomon Islanders—kept RAMSI going when politicians in Honiara tried to kick out Australia and sink the mission. RAMSI was the biggest security effort ever mounted by the forum—and it succeeded.

Oz muscle is central and we pay a lot of the bills. Yet regional control is more than symbolism. Integration must be driven equally by New Zealand, but owned by PNG, Timor-Leste and each of the island states. What Australia offers matters; what the islands embrace will be definitive.

A draw with many lessons is the tortuous negotiation of the Pacific Agreement on Closer Economic Relations (PACER Plus) coming into force in this year.⁶² Trouble is, the two biggies—PNG and Fiji—refused to sign. Calling this result a draw might be overly kind. A simple lesson is that, in pursuing integration, Australia can't take a one-size-fits-all approach to the South Pacific.

Finally, the disaster—the Pacific solution (sending boat people to the Pacific). A thought from distinguished Australian diplomat John McCarthy about how we talk and act in Asia has even more weight in the South Pacific: 'We must practise what we preach. Reputation counts. It is, for example, hard to claim leadership on human rights while defending our policies on the camps on Manus and Nauru.'⁶³

Ditto when Australia claims leadership in the South Pacific. The Pacific solution is reputational acid.

Island leaders and officials ruefully accept that PNG decided to do a deal on Australia's use of Manus. PNG is big enough to deal and knows how to wrestle Australia. But the view about Nauru is that the region's great power exploited a bankrupt microstate with a 'deal' it couldn't refuse. That Nauru acid has been part of the South Pacific view of Oz since 2000. Pacific elites are equally caustic on climate change, where Canberra is seen as nodding but not yet hearing or heeding island concerns.

The acid eats at Australia's blithe assumption that our good intentions are automatically accepted. The hegemon isn't always benign—we have form as a selfish bully. This perception means integration is a good idea that'll gain ground slowly and subject to how we act more than what we say. Integration asks the South Pacific to compromise a level of sovereignty—to trust and benefit from Australia's economic and security opportunities and leadership.

Pacific workers, PACER Plus and kangaroo–kiwi partnership

Australia is slowly opening its doors to Pacific workers, putting people into its Pacific policy.

In November 2018, the Coalition government announced the expansion of the Pacific Labour Scheme and the establishment of an 'Office of the Pacific'.⁶⁴

Currently, six Pacific countries send workers to Australia under the Pacific Labour Scheme (Kiribati, Nauru, Samoa, Solomon Islands, Tuvalu and Vanuatu) to do seasonal work.⁶⁵ Australia is rolling out the scheme to all island countries. The cap will be lifted so Pacific workers can do non-seasonal work for up to three years.

PNG has been the absent giant—the elephant outside the room—in the Pacific labour program.⁶⁶ Now PNG is in—a crucial symbolic moment that promises future substance.

To use a much-abused cliché, this is win–win. Australian need matches South Pacific need. We need seasonal workers, and the Pacific has a lot of workers to send.

Give a tick to the Morrison government for a logical extension of a good policy that's vital to the South Pacific. The invisible political medal of honour for this—fine outcome achieved, lousy outcome avoided—goes to the Foreign Minister, Marise Payne, her predecessor Julie Bishop, and the former Minister for International Development and the Pacific, Concetta Fierravanti-Wells.

Also, confer the pundit prize for tough work in the policy trenches on Stephen Howes and his team at the Australian National University's Development Policy Centre in arguing the case for the Pacific scheme against a new agricultural visa for Asian workers.⁶⁷ Oz farmers say they can't get enough seasonal workers; the ANU centre offered the elegant response—don't break the Pacific worker scheme, just open it to the whole of the South Pacific and use the large pool of available workers.

Worker mobility from the islands to Australia is a slowly evolving policy story, inching in the right direction. The gentle dance has well-established steps to a slow tempo: the islands push constantly, New Zealand eventually shifts a little, then Australia slowly follows. Restart the music and begin again.

Australia might even be honouring its promise to listen to the South Pacific. Expanding the Pacific Labour Scheme to all the islands is Australia acting on what it hears. What Australia and New Zealand wouldn't give at the multilateral trade treaty table they're offering up bit by bit, bilaterally, through Pacific labour mobility.

The refusal of Australia and New Zealand to negotiate on labour mobility was the key reason it took nearly a decade to get the free trade treaty between Australia, New Zealand and the islands—PACER Plus.⁶⁸

The lack of a labour mobility chapter tells you most of what you need to know about the refusal of PNG and Fiji to sign PACER Plus. Thus, when the negotiations concluded in Brisbane in April 2017, the deal was between Australia, New Zealand and only 12 of the other members of the Pacific Islands Forum: the Cook Islands, the Federated States of Micronesia, Kiribati, Nauru, Niue, Palau, the Republic of the Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

As Matthew Dornan noted when the trade marathon staggered to the finish:

[T]he impacts of PACER Plus have been overstated by both advocates and critics. PACER Plus will not undermine export industries. But neither will it resolve the deep-seated development challenges in the region. Without strong labour mobility provisions, the impact of a PACER Plus agreement on Pacific island states is likely to be limited. There is not much to celebrate, beyond a deal being struck.⁶⁹

A peculiar irony of the PACER Plus process is that Australia and New Zealand didn't want or need the agreement in the first place. Canberra, Wellington and the islands spent nearly a decade constructing something that, at the start, nobody was much interested in having.

Australia and New Zealand reached for the deal only because the South Pacific surrendered to a European Union demand for a comprehensive agreement. This was all about Europe: multilateral structures are the way the EU sees the world, and the EU prefers to deal with reflections of itself in Africa, the Caribbean and the Pacific. European aid to the Pacific islands was made hostage to a multilateral treaty, so the islands complied.

The kangaroo-kiwi trade bureaucracies weren't going to have the islands give Europe anything that we didn't get too. And so we all had to do it because we all had to do it. To restate: the limits of PACER Plus meant that the biggies, PNG and Fiji, felt no loss in refusing to sign.

Begun in 2009, the PACER negotiations were quickly argued dry, and then the arid process dragged on because the central debate couldn't be resolved. The one thing the islands wanted from Australia and New Zealand—labour mobility—was the one thing Australia and New Zealand wouldn't give as a multilateral deal. Stalemate.

Australia said PACER Plus wouldn't be a traditional deal, but that's certainly how the negotiations went. When God creates trade negotiators, She gives them high boredom thresholds, strong wills and even stronger bladders—but large helpings of vision or imagination tend to be optional. Australia tried to be imaginative in its description of intent for the negotiations from the Department of Foreign Affairs and Trade (DFAT):

Australia's approach to the PACER Plus negotiations is different to that taken in traditional free trade agreement negotiations. Australia's primary objective is to promote the economic development of Forum Island Countries through greater regional trade and economic *integration*.⁷⁰

I've emphasised the word 'integration' in that DFAT quote to stress that the idea was on the PACER table from the start of the eight-year journey. The islands already have a form of duty-free and quota-free access to Australia through the 1981 South Pacific Regional Trade and Economic Cooperation Agreement. What was left to negotiate? Goods and services could move freely. Now for people.

If PACER Plus was to deliver new opportunities to the islands then it had to tackle the taboo of labour mobility. The enormity of that issue explains the sluggish PACER process—the same way the Pacific seasonal worker scheme had such a slow birth in Australia compared with New Zealand.

The clue to what PACER Plus should be is in the name: it's based on one of the unsung triumphs of the Australia – New Zealand relationship, the Oz–Kiwi Closer Economic Relations (CER) agreement, signed in 1983 and growing ever since. The kangaroo–kiwi boast is that CER 'is one of the most comprehensive bilateral free trade agreements in existence. It covers substantially all trans-Tasman trade in goods, including agricultural products, and was the first to include free trade in services.'⁷¹

The integration discussion can take different lessons from the kangaroo–kiwi creation history of CER, the tortuous multilateral experience of PACER Plus, and the bilateral step-by-step to admit Pacific workers.

Australia and New Zealand should take the detailed and effective CER built over decades—a long and pragmatic history—and translate it into a buffet of many dishes. Integration must be a buffet offering the islands multiple options, not a one-size-suits-all set menu.

Present that buffet design to the islands as a series of opportunities to be embraced over a long period, as each nation is ready. Each island state can move through the economic commitments at its own pace. The choices facing a Samoa or Fiji would look different from the view from the smaller states, and different again for the island giant, PNG.

CER offers a host of buffet headings beyond tariff and quantitative restrictions (which were eliminated by Australia and New Zealand in 1990, five years ahead of schedule).

The Oz–NZ march to a single economic market takes you through a trade-negotiator dreamscape: single aviation market, rules of origin, single economic market, banking supervision, quarantine, and a host of integration tasks both achieved and yet to be tackled.

Integration is an intensely political idea about the workings of a Pacific community led by Australia and New Zealand but participated in and shaped by all states. PACER Plus was more a typical expression of what technocrats do: trade talks as trench warfare.

The need is to redefine the terms and scale of regional integration to be about much more than trade—to add in political vision and the needs of Pacific people.

Despite the layers loaded on CER by the econocrats and technocrats, CER was a political agreement between Australia and New Zealand as much as an economic deal. In the same way, the free-trade deals Australia has secured with the US, China, South Korea, Japan, Indonesia and ASEAN are expressions of political agreement crowning the myriad and minutely detailed give-and-take of trade trench warfare waged at a table.

CER has delivered so much for Australia and New Zealand that it takes an effort of imagination to recall that long ago it, too, was a tough tussle in the trenches, with a big potential to fail or fall short. What would have happened to Australia – New Zealand relations if the politicians had wimped out and given in to sectional interests and parochial partisanship?

As the CER talks swerved towards failure, senior Australian diplomat Rob Laurie sent a submission to the Foreign Minister in October 1982, considering what a fiasco would do to the future. Read Laurie's key thought, substituting the 'South Pacific' for 'New Zealand':

We would nevertheless be concerned about the wider implications for relations with New Zealand if the CER process were to collapse. Without a new agreement the trading relationship would become complex and disputatious. Many New Zealanders (including the Government) would seek to blame Australia for their economic difficulties and for the failure of the CER effort. A New Zealand feeling that Australia had pressed for too much could in turn and in time have negative consequences for co-operation in other important areas such as ANZUS and the South Pacific.⁷²

When New Zealand crashed out of ANZUS a few years later, the economic linkages of CER were important ballast. Such history informs the argument that Australia and New Zealand must mix political vision in with talk of economic and security integration.

In a strange way, the limits of PACER Plus demonstrate the importance of the Oz/NZ roles in the region. Australia and New Zealand really matter; the negotiation couldn't encompass those diverse roles. We tried to enhance trade interests, but ignored most of the significant parts of the elephant. PACER Plus was not bad. It was just a lot of time and energy spent on one part of the beast. We dealt with the trunk of the elephant and were surprised by the tusks.

The elephant metaphor is useful in thinking about Australia and the islands. The size difference influences much, for good or ill, imposing what James Batley calls entrenched structural challenges:

[T]he region is hardly critical to Australia's economic future—the South Pacific accounts for a mere 1.3% of Australia's total trade in goods and services. And Papua New Guinea represents well over half of that, meaning that all the rest of the Pacific islands add up to just over half of 1% of our total trade.

In terms of investment, the South Pacific is even more marginal. Papua New Guinea accounts for 0.8% of the total stock of Australian investment overseas and Fiji, the next in line in the region, a tiny 0.06%.⁷³

In an ASPI study of Australia's private-sector engagement in the Pacific, Anthony Bergin and Rebecca Moore call business the 'wobbliest leg' of the regional engagement table. A stark example of that shakiness is that Australian banks are retreating from the South Pacific, abandoning a century of involvement. As Bergin and Moore comment:

It's now time to go beyond the occasional sound bite on the important role of Australian business in the Pacific and to build a more deliberate and far-reaching partnership between Australian government and business in our approach to the Pacific islands region. Indeed, the success of Australia's overall engagement in the near abroad depends on it.⁷⁴

The need for engagement across all Australian sectors is shaped by a geopolitical contest that's 'crowded and complex'—the title phrase in an ASPI paper by Joanne Wallis on the region's changing geopolitics.⁷⁵ Wallis also published a fine book, *Pacific power? Australia's strategy in the Pacific islands*, which spent a lot of time considering the question mark in the title. But she offered a succinct rundown of Oz power:

Australia is larger and has vastly more material resources than Pacific Island states: it represents 94.5 per cent of the region's gross domestic product; 98 per cent of defence and security spending; 60 per cent of population; and contributes 60 per cent of all development assistance.⁷⁶

A negotiation on Australia's central role in the region must look at the big stuff of deeper integration, speaking to the needs that are social and strategic as well as economic. To talk about what the kangaroo and kiwi must do with the islands is to talk about a Pacific people policy—seasonal guest workers are the start of a conversation about integration that's going to run and run.

New Zealand will be central in setting the ambition of and the limits to integration. Wellington must play the special role it claims for itself in the Pacific. New Zealand knows all the benefits of alliance with Australia and the free movement of goods, services and people. Yet this embrace of the kangaroo has never hurt kiwi identity or sovereignty. New Zealand is proudly itself, while prospering from the kangaroo partnership.

The New Zealand experience of partnership with Australia is the positive model for the creation of a Pacific community to serve the Pacific family.

A Pacific community for the Pacific family

Australia and New Zealand have the chance to create a Pacific people policy that joins us to the islands—and joins the islands together—in ways that are far more intimate and rewarding. And demanding.

The sort of community that the islands contemplate in discussing the Blue Pacific is driven by national pride, economic need, social change, security demands—and the threat posed by climate change.

A climate threat debate between a former Australian Prime Minister and Tuvalu's Prime Minister brings out some of these strands.

In February 2019, Kevin Rudd published an essay on how Australia should respond to the existential danger posed to Tuvalu, Kiribati and Nauru by rising sea levels and coastal inundation. Rudd drew on a cabinet submission he'd been drafting as Foreign Minister in 2012, just before leaving the Gillard cabinet:

Australia should consider developing a proposal to these three states to enter into formal constitutional condominium with them, as we currently have with Norfolk Island. This would require constitutional changes in all four countries. If our neighbours requested this, and their peoples agreed, Australia would become responsible for their territorial seas, their vast Exclusive Economic Zones, including the preservation of their precious fisheries reserves. Under this arrangement, Australia would also become responsible for the relocation over time of the exposed populations of these countries (totalling less than 75,000 people altogether) to Australia where they would enjoy the full rights of Australian citizens. This figure is less than half of the total Australian regular immigration intake in any given year. If these countries start to submerge in the years ahead, Australia would face international pressure to provide safe haven for our Pacific neighbours anyway. In effect, they would become climate change refugees and the world would look to Australia for leadership.⁷⁷

Talk of 'condominium' and Australia's control of island EEZs angered Tuvalu's Prime Minister, Enele Sopoaga, who called it neo-colonialism:

The days of that type of imperial thinking are over ... Certainly [we will] not to be subjugated under some sort of colonial mentor; those days are over. We are a fully independent country, and there is no way I'm going to compromise our rights to fisheries resources, our rights to our immediate resources.⁷⁸

Pushback on sovereignty and criticism of Australia's lack of action on climate change are the predictable elements. Yet Sopoaga also sees the need for integration and greater community creation—driven by the islands, not by Australia.

Sopoaga called for the establishment of a Pacific supra-state, along the lines of the EU, 'based on cooperation and integration, perhaps ... some sort of United States of the Pacific'.

Sopoaga said a Pacific union would be a more realistic way for small island nations to amplify their concerns about climate change on the global stage. 'We will stand together to address issues of sustainable development, climate change, plastic pollution and the management of our shared resources', he said.

The kangaroo–kiwi offer of integration has to be broad enough to reach beyond the charge of 21st-century recolonisation. What's needed is the creation of an economic, political and security community—as we hear from the Pacific leadership voices above.

Australia and New Zealand will be central to such a community—and will carry the cost—but much of the heart and soul will come from PNG and the other members of the Pacific Islands Forum. And in this rendering of the 'islands', Timor-Leste has to belong.

At its most ambitious, the community would have a common currency based on the Oz dollar, a common labour market, and common budgetary and fiscal standards. This most ambitious community model was discussed in detail by the Senate Foreign Affairs, Defence and Trade References Committee in its 2003 report *A Pacific engaged*, which included its vision of a 'Pacific economic and political community'.⁷⁹ Here's the committee's central idea:

Recommendation 1: That the idea of a Pacific economic and political community which recognises and values the cultural diversity in the region, and the independent nations within it, and takes into account differing levels of growth and development, is worthy of further research, analysis and debate. Such a community should be based on the objectives of:

- sustainable economic growth for the region;
- democratic and ethical governance;
- shared and balanced defence and security arrangements;
- common legal provisions and commitment to fight crime;
- priority health, welfare and educational goals;
- recognition of and action for improved environmental standards; and
- recognition of mutual responsibility and obligations between member countries of the community.

Over time, such a community would involve establishing a common currency, preferably based on the Australian dollar. It would also involve a common labour market and common budgetary and fiscal standards.

I'm proud to have a copy of that report, signed by the committee chairman, Senator Peter Cook, with his comment: 'To Graeme, you are in part to blame for the main recommendation.' My submission certainly called for a grand vision of community, but it also argued that community creation isn't merely Australia offering favours—it's a core expression of Australia's interests and history and strategic needs. There's always a lot in it for us, just as there is for the Pacific peoples and states.

In the earlier era of empire, the Oz ambition was to rule a region called Australasia. These days, community is a much easier sell wearing Oceania colours, or the new construct, the Blue Pacific or Blue Continent.⁸⁰ The geography endures as our understanding shifts.

Both sides of Oz politics are promoting community ideas, advocating 'integration' or a Pacific 'pledge'. Such ideas are met with caution, even suspicion by island leaders.

Credit Prime Minister Scott Morrison with a simple form of words—'the Pacific family'—going to the emotional heart of what's needed. Morrison, a former marketing man with a folksy manner, hasn't lit up Australia with his words. Yet he mints golden foreign policy coin with his repeated discussion of Australia as part of the South Pacific family. Family is all about folk, so it's a natural for a folksy PM.

Family is the badge for Australia's 'step-up'⁸¹ and Pacific pivot,⁸² complementing New Zealand's Pacific 'reset'.⁸³

Family feeds naturally into ideas of community, launching a discussion about a shared future, not dominance by Canberra or Wellington. Family offers a story about history and the future that Australians can embrace and the people of PNG and the islands (and Timor-Leste) might accept. It's an explanation of belonging and responsibility—an imagining offering more equality than talk of 'our patch' or 'our backyard'.

Family is a human expression of Australia's major new offer to the South Pacific: economic and security integration. As an idea, integration is big and difficult policy dressed in neutral, bureaucratic tones.

Canberra hasn't managed to construct a story about integration that inspires or excites. Nobody's going to mount a great campaign for integration. Family is different: emotion and commitment can be added to the policy ambition.

Morrison began 2019 walking the talk (mark that phrase) by visiting Vanuatu and Fiji.⁸⁴ It's striking that this was the first bilateral visit by an Oz prime minister to either country. Australian leaders go to visit the regional kin once a year—if they go at all—for the multilateral summit of the Pacific Islands Forum.

The South Pacific is the one region where Oz foreign ministers still run the game. Given the increasingly presidential nature of our foreign policy, the Prime Minister has to make the case for family.

On the first leg of the trip, in Vanuatu, Morrison said that if Australia's going to step up, then we'll have to show up: 'When a family member or a friend invites you to visit their home, Australians more than often say: "Yes, of course we'll come," and who would ever turn down an invitation to visit Vanuatu?'⁸⁵

The real test was in Suva. Since the 2006 coup, the Fiji–Australia relationship has been defined by fights and diplomatic freeze—the roughest of family feuds.

Proclaiming a reset and an open and candid future, Fiji's Prime Minister Frank Bainimarama embraced the family concept:

I am proud to say that Prime Minister Morrison and I have dubbed a new Fiji–Australia Vuvale Partnership⁸⁶ aiming to consolidate our two countries' relations in order to leverage new opportunities and address common challenges. In the Indigenous i-Taukei language, Vuvale means family.⁸⁷

Vuvale. What a political gift from a powerful Pacific leader!

Morrison made it the heart of his keynote speech:

We are vuvale and this principle of vuvale is something we feel very deeply about. It's a different kind of relationship ... [T]o talk about vuvale is to go beyond diplomacy, it's to talk about something deep and something rich, something that is very local, something that is very 'home' and something which connects peoples more than any words or any documents can.⁸⁸

In diplomacy, the ownership of good ideas is usually mixed. In the discussions last year preparing for the Fiji visit, vuvale/family became the motif. Whoever offered it first, Morrison has embraced it and made it central.

Now for the hard part. Translating family into Australia's policy of integration with the South Pacific.

For a cautiously critical assessment of the integration policy, see Tess Newton Cain's fine paper for the Cairns Institute, *Walking the talk: Is Australia's engagement with the Pacific a 'step-up' or a stumble?*⁸⁹

Drawing on 20 years of living and working in the islands, mostly in Vanuatu, Newton Cain offers a dry, accurate view of Australia's history of missteps, 'leading to squandered opportunities to establish and develop key relationships'.

Australia's approach, she writes, gives priority to 'security, security, security'. The tone is all threats, risks and stability. As she notes, Australia has to grapple with the Pacific view that climate change is the 'single greatest threat'.⁹⁰

She questions whether integration is 'the obvious and most acceptable way forward for future relationships with Pacific island countries', especially because of island reluctance to cede sovereignty.

I'm far more positive than Tess about integration—but only if it's part of a long process of building an economic, political and security community. Where I agree completely with her is that Australia best serves itself and the South Pacific by lots of listening and learning.

As she concludes: 'What is needed for Australia to step up engagement in the Pacific island region is a sure-footed approach that is based on a firm footing of mutual respect and partnership.'

Just what a family is for.

For the islands to preserve their sovereignty and best serve their people, they must get closer to Australia and New Zealand. Sovereignty is based on strength, not weakness. The kangaroo–kiwi offer must centre on strengthening the islands through an ever-closer cooperation.

The integration offer is about helping the islands build their future, not binding their options. To serve itself and serve the islands, Australia should uphold the region by holding it closer.

Talking of a Pacific family gives human expression to important foreign policy interests expressed through key words like ‘fundamental’ and ‘vital’.

Australia states its fundamental and vital concerns in PNG, the Pacific islands and Timor-Leste. Nations go to war for their fundamental and vital interests. The peacetime challenge for Australia is to do all that it can for the Pacific family, to serve the region as well as our strategic denial instinct.

Offering answers to the needs of the region through integration—the creation of community—will meet that family imagining in a way that fully serves Australia’s interests, influence and values in the South Pacific.

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ACRONYMS AND ABBREVIATIONS

ADF	Australian Defence Force
ASEAN	Association of Southeast Asian Nations
CER	Closer Economic Relations
DFAT	Department of Foreign Affairs and Trade
EEZ	exclusive economic zone
NZ	New Zealand
PACER	Pacific Agreement on Closer Economic Relations
PNG	Papua New Guinea
RAMSI	Regional Assistance Mission to Solomon Islands

Australia's Pacific pivot
Destiny, duty, denial and desire