Submission – Foreign Policy White Paper

The Pacific Islands: an ‘arc of opportunity’

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The Pacific Islands matter to Australia

Since before Federation, Australia has been anxious about its proximity to the Pacific Islands, the region’s vulnerability to penetration by potentially hostile powers, and its distance from its major security allies (first the United Kingdom, later the United States).

Accordingly, Australia has had (and continues to have) two primary strategic interests in the Pacific Islands:

- First, to ensure that no power hostile to Western interests establishes a strategic foothold in the region from which it could launch attacks on Australia or threaten allied access or its maritime approaches. To achieve this, Australia has sought to be the region’s ‘principal security partner’.

- Second, to ensure ‘security, stability and cohesion’ in the region, as instability is perceived to leave Pacific Island states vulnerable to hostile powers.

Australia also has significant economic interests in the region; thousands of Australians live there, and many more visit each year.

The Pacific Islands matter to Australia; the Foreign Policy White Paper, and accompanying Pacific strategy, need to outline a clear, coherent and committed approach to improving Australia’s relationships and enhancing our influence in the region.

The Pacific Islands as an ‘arc of instability’

Pacific Island states have faced a widening array of security challenges since the late 1980s, deriving from civil conflict, coups, political instability, official corruption, population displacement, tension over natural resource exploitation and distribution, economic underdevelopment, natural disasters, climate changes, transnational crime, illegal migration and HIV/AIDS. Although some assessments have also identified a terrorist threat, this idea lacks credibility.

Australians often attribute the primary cause of many of these challenges to the fact that Pacific Island states are perceived to be ‘fragile’ or ‘weak’ both as states (with poorly functioning institutions and low levels of political cohesion, particularly in Melanesia) and as powers (as they command small economic, political and military resources, both in absolute terms and relative to non-Pacific Island states).

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3 Ibid., para. 3.21.

These factors led to the region being characterised in 1999 as an ‘arc of instability’.\(^5\) This concept was influential in Australia\(^6\) and reflected in a number of government documents.\(^7\) However, Pacific Islander elites ‘hated being lumped together as a single entity: a group of failing countries with a common volatile and insecure identity, limping along together in their collective instability’.\(^8\) Scholars argued that the characterisation was ‘an overgeneralisation, an oversimplification and even an exaggeration’,\(^9\) which ‘both over-simplifies and over-dramatises a region of vast diversity and complexity. It implicitly assumes similarities and linkages between countries and issues that are simply not there.’\(^10\)

Australia used the arc of instability characterisation to justify conducting a number of interventions in the Pacific Islands, starting with the Regional Assistance Mission to Solomon Islands in 2003, and then the Enhanced Cooperation Program in Papua New Guinea and Pacific Regional Assistance to Nauru in 2004. Australia also increased its focus on providing assistance that it perceived would strengthen the institutions of Pacific Island states, particularly those of law and order, in order to address its security concerns about the region.

While some Australian assistance was welcomed by Pacific Island states, other assistance was perceived as suiting Australia’s interests more than those of the region. Australia was also perceived to have an increasingly bullying attitude towards the region in pursuit of its security agenda.

Australia’s relations with the Pacific Islands have improved over the last decade, particularly after the 2008 *Port Moresby Declaration*. However, the presence of increasingly active external powers in the region, particularly China, Russia, Indonesia and India, and changes to the regional order, have eroded Australia’s standing and influence in the region.\(^11\)

Australia continues to have vital strategic interests in the region, but as our influence has been eroded, we are less well placed to pursue them.

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\(^{11}\) See: Joanne Wallis, *Crowded and complex: the changing geopolitics of the South Pacific*, to be published by the Australian Strategic Policy Institute in early 2017.
What can Australia do to enhance its influence in the Pacific Islands?

First, one of the primary limits on Australia’s influence is largely self-imposed; over the last forty years Australia has seldom prioritised the region in its strategic or foreign policy planning in a sustained way, which has meant that it does not consistently prioritise its strategic interests in the region. Australia can address this limit by ensuring that its Pacific Islands’ strategy stretches across government agencies and is supported by long-term and dedicated funding and resources.

Second, and related to this, Australia has seldom had a coherent strategic or foreign policy regarding the Pacific Islands. In fact, Australia’s policy with respect to the region is often contradictory, with the most recent example being the Manus Island Regional Processing Centre in PNG. This arrangement undermines the significant governance and law and order programs that Australia runs in pursuit of its strategic interest in ensuring stability, security and cohesion in PNG. In some circumstances a less pragmatic, and more principled, approach is required.

Third, Australia’s strategic interest in the Pacific Islands peaks when the region is perceived to be a source of threat. As Australia has primarily viewed the Pacific Islands through the lens of its own security, this has meant that it often fails to recognise how its security concerns differ from those of Pacific Island states and their people. This has undermined the success of Australia’s activities in the region, and may even have made some Pacific Islanders feel less secure.

The Pacific Islands as an ‘arc of opportunity’

As I argue in detail in my forthcoming book, Pacific Power? Australia’s Strategy in the Pacific Islands, to be published by Melbourne University Press in mid-2017, it is time to shift the Australian political discourse away from the negative arc of instability characterisation, to recharacterise the Pacific Islands as an ‘arc of opportunity’. This positive characterisation is intended to highlight the potential of Pacific Island states, rather than their perceived weaknesses.

The arc of opportunity characterisation focuses on two sets of opportunities:

- First, opportunities for Australia to stop treating its proximity to the region as a source of anxiety and to instead recognise, and capitalise on, opportunities for strengthening and developing Pacific Island states to bolster its own security.

- Second, for Pacific Island states to take advantage of opportunities available to them, including Australian support, in order to improve stability and advance development.

This recharacterisation may change how Australia defines and pursues its strategic interests in the Pacific Islands by encouraging Australia to see itself as a regional partner, rather

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than a regional power, which would reflect Australia’s stated strategic interest in being the region’s principal security partner. It may also improve regional perceptions of Australia and receptiveness to Australian influence.

Guided by this recharacterisation, in my book I identify a number of opportunities for Australia to improve the effectiveness of its levers of influence in the future. I also identify opportunities for Australia to mitigate the limits on its influence. I briefly summarise some of them below.

**Defence assistance**

Australia’s Defence Cooperation Program (DCP) is one of its most effective levers of influence in the region. This is because the DCP has been primarily directed at meeting what Pacific Island states identify as their needs in partnership with Australia, as opposed to what Australia has identified for them. Lessons can be learnt from the cooperative approach of the DCP for Australia’s broader aid program and other assistance to the region.

**State-building assistance**

Australia’s state-building assistance involves both governance and law and order assistance. Although it is intended to ensure security, stability and cohesion in the region’s states, it has had mixed results. Part of the challenge has been that Australia’s assistance has been highly technocratic, with its focus on ‘good’ governance and strengthening state institutions, but has overlooked the fact that, in the region’s rural subsistence populations, politics and society is often influenced more by local sociopolitical practices.

Australia often perceives local sociopolitical practices as hurdles or spoilers to its efforts to strengthen democratic governance in the region, yet there are opportunities for Australia to work with them to improve governance in a process described as ‘hybridity’. For example, Australia could engage with local institutions at the village and hamlet level that continue to remain the most effective and legitimate forms of governance for many Pacific Islanders.

Australia has provided extensive law and order assistance in the region over the last fifteen years, much of it by the Australian Federal Police (AFP). Yet, as the security situation in the region is now more benign, there have been cuts to the AFP’s budget, particularly as it relates to the International Deployment Group. This will limit Australia’s ability to deploy AFP officers in response to regional crises in the future. This suggests that there is an opportunity to make more investment in policing, with that investment constant, rather than responsive to the perceived level of crisis in the region. Consistent and sustained policing assistance could help to improve the capacity of Pacific Island police forces, and potentially mitigate against future civil conflict.

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Economic tools

Given the relatively modest results of much of Australia’s aid to the region and the continued influence of local sociopolitical practices of exchange and production, there are opportunities for **Australia to consider refocusing its aid to look beyond neoliberal market-led growth via the formal economy.** In light of the large subsistence populations across the region, there is an opportunity to develop small, rural projects that are compatible with community structures and the informal economy. Providing economic opportunities in rural areas might also help put a brake on urbanisation, which in turn feeds criminality.

There is also an opportunity to find ways to enable investment in land that reflect customary land tenure, such as via land trusts and lease arrangements.

This should not imply that there are no **opportunities for Australia to assist Pacific Island states to develop their formal economies.** While Australia is already playing a role in helping to develop tourism, most notably by entering into a memorandum of understanding with Carnival Cruises in respect of cruises to Vanuatu, there are other opportunities for Australia to assist Pacific Island states to develop their tourism sectors by increasing the number of tourists who visit the region, hosting additional cruise ships, developing luxury resorts and capturing the Australian retiree market.\(^\text{15}\)

There are also opportunities for Australia to **expand opportunities for Pacific Islander labour mobility.** For decades Pacific Islanders, particularly from Melanesia, have sought access to Australia’s labour market as a safety valve for their emerging ‘youth bulges’ and to earn remittances to send back to the region. It was also seen as offering benefits to Australia, with the 1997 aid review observing that giving Pacific Islanders special rights to live and work in Australia ‘may prove to be more cost-effective than continuing high levels of aid in perpetuity’.\(^\text{16}\) The Seasonal Worker Program implemented in 2008, and expanded in 2016, provides opportunities for short-term unskilled Pacific Islander labour migration to Australia.

To date the Seasonal Worker Program has been dominated by Polynesians. There is an opportunity for Australia to increase access to its skilled labour market for Melanesians, including by adopting a version of New Zealand’s Pacific Access Category Resident Visa. A recent World Bank study also recommended that Australia create a Pacific caregiver program, under which Pacific Islander immigrants could provide residential care for Australia’s ageing population; extend working holiday visas to Pacific Islanders; and provide open labour market access to those atoll countries most affected by climate change.\(^\text{17}\)

Although Australia does not provide access for skilled Pacific Islanders beyond its existing 457 visa scheme, it does provide training in relation to hospitality and community services skills, as well as trades and technology. Australia also provides Australia Awards scholarships to Pacific Islanders to study for post-graduate qualifications in Australia, and supports the University of the South Pacific.

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There are **opportunities for Australia to do more to develop human capital in the Pacific Islands**, particularly in respect of primary and secondary education assistance, including offering scholarships to high-achieving Pacific Islander children to come to Australia for at least part of their high school education. Australia could also increase its assistance to regional tertiary institutions such as the University of the South Pacific and expand the Australia Awards Pacific Scholarships.

**Diplomacy**

Australian diplomacy has at times missed opportunities or faced serious challenges that have undermined Australia’s ability to influence the Pacific Islands. Efforts to recalibrate Australia’s diplomacy have been undertaken since 2008, yet Australia must be mindful that personal diplomacy is highly influential in the Pacific Islands.

**Australia can also do much to address the continuing challenges to its diplomacy.**

First, it can **close the unpopular and damaging Manus Island and Nauru asylum seeker processing centres.**

Second, it can **change its approach to climate change.** Although Australia has recently agreed with the Pacific Islands that the preferred cap on climate growth should be 1.5 degrees, and announced funding schemes to assist the region adapt to, and mitigate, the effects of climate change, it can do more. Given that the science on climate change is certain, this will benefit both Australia and its relations with the region.

Third, it can **develop a cadre of experienced diplomats with strong relationships in the region.** There are only a handful of Australian diplomats with deep knowledge of, or experience in, the region, with postings to the Pacific Islands being seen as less desirable than elsewhere. Given that diplomats are the day-to-day representatives of Australia in the Pacific Islands, this suggests that Australia must build more diplomatic expertise in the region.

This last point reflects a common theme in my research: the decline in people-to-people links between Australia and the Pacific Islands, with the most notable decline being with Papua New Guinea. As Sean Dorney reflected in his book, *The Embarrassed Colonialist*, ‘few Australians seem to care of even know very much about their former colony’. Indeed, a Senate Committee found that Pacific Islanders were frustrated ‘with the levels of ignorance in Australia about Pacific affairs’. The Committee observed the ‘fundamental importance of person-to-person connection as the basis for more elaborate relationships—political, commercial, institutional, cultural’.

**People-to-people links are vital for Australian diplomacy and for improving Australia’s policy with respect to the Pacific Islands.** They can help to combat the

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20 Senate Foreign Affairs, Defence and Trade References Committee, *A Pacific Engaged*, p. 208.

21 Ibid., p. 209.
ignorance of Australians about the region and assist Australia to project its soft power in the region.

There are numerous opportunities to strengthen people-to-people links beyond the diplomatic corps. For example, the Lowy Institute has developed an Emerging Leaders Dialogue between young professional Australians and Papua New Guineans, which has helped to form ‘collaborative partnerships’ between them, and an Australia–Papua New Guinea Network, which is an online platform to develop connections between Australia and PNG.\footnote{Jenny Hayward-Jones, “Submission to the Senate Standing Committee on Foreign Affairs Defence and Trade: The delivery and effectiveness of Australia’s bilateral aid program in Papua New Guinea”, 2015}

Sending Australian volunteers into the region is another way to develop people-to-people links via the Australian Volunteers for International Development program.

Building on the model of the military education and exchanges conducted under the DCP, Australia could also expand opportunities for Australian public servants to interact with their Pacific Islander counterparts and develop personal links,\footnote{Independent Task Force, 
Engaging our Neighbours: Towards a New Relationship between Australia and the Pacific Islands, Australian Strategic Policy Institute, Canberra, 2008.} such as the programs already run for Pacific Islander electoral officers by the Australian Electoral Commission.

The New Colombo Plan, which aims to increase knowledge of the Indo-Pacific region by supporting Australian undergraduates to study and do internships in the region, including in Papua New Guinea, Samoa, Fiji and Vanuatu, represents an example of how Australia can develop people-to-people links. More should be done to develop knowledge of the Pacific Islands within Australia, particularly among school-aged children, and in Australia’s universities, as only ANU offers a significant Pacific Studies program.