Engaging China’s new foreign policy in the South Pacific
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Abstract: China’s declared foreign policy of ‘non-interference’ is contradicted by its actions in recent times. Beyond activities in the East and South China Seas, the involvement of China in negotiations on the Korean Peninsula, the evacuation of Chinese citizens from various crises and the deployment of Chinese combat troops to peace keeping missions in Africa have indicated China’s growing interests in the shape of world affairs, coinciding with a growing economic and military capacity to influence them. Much attention has been given to the potential consequences of great power competition between America and China, but little focus has been given to the impact these trends may have in the outlying regions of Chinese foreign policy. One such place is Melanesia in the South Pacific - a sub-region where a small influence from a Chinese perspective can have a significant impact on small Pacific Island Countries. This paper postulates that over time, there is potential for the consequences of Chinese interests to lead to accidental friction, and suggests this risk can be mitigated through increased cooperation.

Keywords: Strategic Interest; Chinese Overseas Citizen Protection; Creative involvement; Accidental Friction; Military Cooperation

Figure 1: Pacific sub-regions

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There has been little change to China’s declared foreign policy of ‘non-interference’, but actions in recent times have spoken louder than words. Beyond China’s activities in the East and South China Seas, a range of commitments to global security have indicated China’s growing interest in the shape of world affairs, coinciding with a growing economic and military capacity to influence them. These include the involvement of China in negotiations on the Korean Peninsula, the evacuation of large numbers of Chinese citizens from various crises, the deployment of Chinese combat troops to peace keeping missions in Africa, and the assignment of PLAN ships to counter-piracy missions in the Gulf of Aden.

While focus is often given to the potential consequences of competition between an American super power and the challenge of a rising China, little attention has been devoted to the ramifications these trends may have in the peripheral zones of Chinese foreign policy. Melanesia in the South Pacific is such a place: China’s interests are moderate compared to those of traditional regional powers, such as Australia and New Zealand, and what may seem to be a small influence from a Chinese perspective can significantly impact on small nation states. There is a risk that unintended consequences at the intersection of such interests could lead to accidental friction.

This paper assesses the relationship between China’s rise (or re-emergence to some - Huisken 2009, 1), Chinese interests in Melanesia, and how Australia interacts with these two phenomena. After considering the literature on China’s influence in the South Pacific, the paper will examine the recent trend of Chinese ‘Overseas Citizen Protection’ (Duchâtel et al. 2014) and the new diplomatic concept of ‘Creative Involvement’ (Wang 2012). It then explores the potential for unplanned growth of China’s footprint in the region to generate strategic interests which require protection, leading to unintended consequences. Papua New Guinea (PNG) is considered as a country where China has resource interests and a growing diaspora which experiences friction with the local community. Finally it will look at military to military engagement as one form of cooperation which could promote better understanding, and assist with the avoidance or management of friction.

**China’s Strategic Interests – a Peaceful Rise?**

A state’s strategic interests are derived from its perceptions of factors within its strategic environment. These can be geographic, demographic, social, cultural, economic, historic or military in nature (Buzan, Waever and de Wilde 1998, 8). Such factors are often described by Chinese analysts as elements of ‘comprehensive national power’ (Nathan and Scobell 2012, xvii). The derivation of strategic interests from environmental factors is based on the intelligence available to, and preoccupations of, the national decision-making body or elites at a particular time, leading to subjective judgements. These judgements tend to be made by small, professional decision-making bodies, and only change incrementally with time unless there is a severe disturbance in the state’s
political apparatus (Fraenkel 1970, 38-41). A state normally devotes priority and national resources to factors in its strategic environment in accordance with its strategic interests (Liddell Hart 1972, 31). However, strategic interests do not always dictate policy, which may also be influenced by a variety of other factors, particularly domestic political interests (Rosecrance and Stein 1993, 4-5).

Within the context of a bilateral relationship the perception of factors common to the strategic environments of both countries can lead to convergence or divergence of interests, resulting in cooperation, competition or conflict. An example of this extends from China’s growing requirement for resources as its economy has grown over the past three decades. China’s quest for resources, despite having some consequences for resource consumption and availability, has in many ways caused it to become increasingly more aligned with global rules, practices and institutions that pre-existed its growth in international status (Economy and Levi 2014, 4-7). The intense competition for resources in the South China Sea demonstrates a divergence of interests between China and several Southeast Asian nations, Vietnam and the Philippines in particular. The 2006 China-Pacific Island Countries Economic Development and Cooperation Forum demonstrated some convergence of interests between China and those Pacific Island Countries seeking financial support.

The word ‘strategic’ will be used in its broadest sense in this paper, referring to the full spectrum of factors and interests described above, rather than only those of a military or security nature. This approach accepts that different factors will often be interconnected. A carefully balanced combination of factors is necessary to establish the influence required to achieve a given objective that satisfies a strategic interest, without generating undesirable second and third order effects. Grand strategy is the marshalling of all the resources at the disposal of a nation in order to secure its fundamental interests in times of peace and war (Liddell Hart 1972, 31).

The concept of ‘China’s Peaceful Rise to Great-Power Status’ was first proposed by Chinese academic and strategist (at the time Chair of the China Reform Forum) Zheng Bijian, in 2003, used by then premier Wen Jiabao later that year in America (Wen 2003), and subsequently published in Foreign Affairs in 2005 (Zheng 2005). Zheng argued that while “Some emerging powers in modern history have plundered other countries' resources through invasion, colonization, expansion, or even large-scale wars of aggression” China’s rise would continue to be driven “…by capital, technology, and resources acquired through peaceful means.”

A series of public speeches by President Xi Jinping early in his tenure have become fundamental to China’s current strategic outlook. Each proposed a new key theme: Peaceful Development and the ‘Chinese Dream’ (Xi 2014a); Comprehensive National Security; the New Asian Security Concept (Xi 2014b); the New Silk Road strategy incorporating "the Silk Road Economic Belt", and “the 21st Century Maritime Silk Road” (Gossett 2014). It seems reasonable to
accept that China has a Grand Strategy, to which the vision of Xi Jinping is central, (Nathan and Scobell 2012, 30) but it is unclear how the South Pacific fits into it.

China’s approach to the South Pacific under Xi Jinping has seen a continued search for diplomatic partners amongst the Pacific Islands Forum countries to support an increasingly assertive foreign policy, and the continued contribution of funds to the Melanesian Spearhead Group (MSG) and the Pacific Island Development Forum (PIDF), each being rival regional groupings to the PIF which exclude Australia and New Zealand. Xi Jinping visited Fiji in November 2014 (having already visited as vice President in 2009 when Fiji was undergoing sanctions and isolation from the PIF) inviting Pacific leaders to get on board China’s ‘development express train’ (Smith 2015). China also helps fund strong business links with indigenous groups in New Caledonia and Tahiti. Beijing’s ‘going out strategy’ of 1999 has continued to develop, resulting in a growing number of Chinese companies operating in Pacific Island Forum (PIF) countries. Chinese State-Owned Enterprises (SOEs) have invested in Pacific fishing, mining, timber, petroleum and tourism (Brady 2015). China’s Exim Bank has granted loans which have left countries such as Tonga, Fiji, the Cook Islands and Samoa in significant debt.

Jian Yang (2011, 2 &137) argues that Chinese policy toward the South Pacific is integral to China’s grand strategy as part of ‘Greater Periphery’ diplomacy (which is subordinate to China’s Periphery and Core interests). This observation is reinforced by the assertion of Professor Yu Changsen (Director of the Center for Oceania Research at Sun Yat Sen University in Guangzhou) that ‘Oceania island states are an important part of Chinese grand peripheral strategy’ (2014, 368). Others are less convinced of the South Pacific’s importance in China’s calculations, but observe that the pursuit of reliable resource supplies is the most important driver for the expansion of China’s presence in all regions, including the Pacific (Wesley-Smith and Porter 2010, 29). However, to keep these interests in perspective, trade with the South Pacific still only represented 0.12 percent of China’s total trade volume two years ago, and China’s aid to the sub-region is approximately 4.2 percent of its total outlay (Smith 2015).

Yongjin Zhang (2007, 368) observes that China’s involvement in the South Pacific has not been the result of any coordinated strategy to fill a power vacuum and that ‘China has emerged as a regional power in the Pacific by default’. However, Premier Wen Jiabao made China’s intent clear with regard to increasing China’s engagement with the Pacific Islands Forum in his Nadi address to the China-Pacific Island Countries Economic Development and Cooperation Forum on 5 April 2006:

As far as China is concerned, to foster friendship and cooperation with the Pacific island countries is not a diplomatic expediency. Rather, it is a strategic decision. China has proved and will continue to prove itself to be a sincere, trustworthy and reliable friend and partner of the Pacific island countries forever.
Premier Wen’s remarks suggest there is indeed a strategic interest behind China’s relationship with the South Pacific. This could be perceived as a threat or an opportunity by the residents of Oceania and other regional powers.

**The ‘China Threat’ Theory and Oceania**

The perception of China as a threat is not a new phenomenon. Chinese analyst Yan Bai (2005) described what he perceived to be four ‘waves’ of “China Threat” Theory (which focussed predominantly on the China-US threat discourse) up to 2005. China’s 2013 *Blue Book on the Indian Ocean Region*, attributes concerns about the rise of China to the ‘China threat theory’ and what it refers to as the illusory ‘string of pearls strategy’, rather than seeking to explain what many of China’s neighbours see as a new assertiveness from Beijing (Krishnan 2013). The realist narrative that encompasses the ‘China threat’ theory has been influenced by the works of John Mearsheimer (2014) and Edward Luttwak (2012). They have approached from different directions to arrive at the assessment that conflict between China and the US is inevitable, as a result of China’s rise and the strategic competition which follows.

Hugh White (2013) criticises Australia’s ‘strategic hedging’ between a security alliance with the US and a strong economic partnership with China as unsustainable due to the apparent inevitability of a conflict, deducing Australia must choose between the two. This view has drawn considerable opposition, with some arguing such a choice would be contrary to Australia’s national interest (See Jennings 2014, Sheridan 2012, Rawlins 2013 and Lyons 2012). White does not account for how regional stability would be maintained without the US presence the system has come to rely on, or without the shaping influence it has on nations like Japan through their alliance. As Yongjin Zhang (2007, 376) observes, China’s ‘expanding power is not strong enough to shape the regional order, but is sufficient to unsettle regional stability’. Furthermore, Nick Bisley (2013, 413) assesses increasingly assertive Chinese policy has generated a perception of greater risk to regional stability which motivates the reinforcement of alliances.

During a period of perceived instability in the South Pacific after the Solomon Islands was declared a ‘failed state’ (Wainwright 2003, 6) and the future of Fiji was uncertain after the Speight Coup of 2000, several commentators began to describe China’s presence in the region as threatening. Australian National University scholar Benjamin Reilly posed the hypothetical that in the space of five to ten years (2006-11) Australia could find in its ‘… immediate neighbourhood a collection of states that owe their primary allegiance to a country outside our alliance’ (Reilly [Feizkah 2001, 34]). This concern was then echoed by other commentators (Stratfor 2000, Windybank 2005, Shie 2007, Yanda 2013, Claxton 2014, Medcalf 2014).
John Henderson and Benjamin Reilly (2003, 94-104) described China’s growing presence in Oceania as more than filling a vacuum, from which the United States, Australia and New Zealand had become distracted as they responded to threats in the Middle East and South Asia, but an effort to incorporate the Pacific Islands ‘…into its broader quest to become a major Asia-Pacific power’ (94). They judged the region ‘…may well become an important arena for China to establish footholds of influence, recruit new allies and to test its growing strength and ability to command allegiance in a region hitherto dominated by Western powers’ (94).

While some of these perceptions may have appeared alarmist, it is evident that Chinese interests in Oceania have grown significantly in the past two decades, largely in search of resources and commercial opportunities. It remains unclear whether this is the result of strategic design, a consequence of economic opportunism, or a combination of the two. More recently, other commentators have accepted a certain level of Chinese interest in the region as a more enduring factor, and explored ways in which to engage with these interests.

Engagement

President Xi Jinping’s response to the ‘China Threat’ school of thought is:

As China continues to grow, some people start to worry. Some view China through tinted glasses and believe it will become a threat. They portray China as some kind of monster that will someday suck the soul out of the world. This portrayal could not be more ridiculous, yet regrettably some people never get tired of repeating it. It shows that prejudice is indeed hard to overcome. A review of human history tells us that what keeps people apart are not mountains, rivers or oceans, but a lack of mutual understanding (Xi 2014a).

This may be true, but such mutual understanding can only exist with Chinese acceptance of the western need for transparency and confidence building measures, as part of a wider focus on engagement and cooperation. Wang Jisi has noted that as China continues to grow its military capabilities ‘…it will have to convince others… [by] taking their concerns into consideration. It will have to make the plans of the People’s Liberation Army more transparent and show a willingness to join efforts to establish security structures in the Asia-Pacific region...’ (Wang 2011, 7). You Ji refers to a ‘desirable’ level of tension to constrain China and highlight regional security dependence on the US (2013, 163), which gives China confidence in the short term but over time will create an ‘action-reaction-driven power rivalry’ (164).

In a similar vein, James Steinberg and Michael O’Hanlon (2014a, 107-117) noted that the strategic plans and concepts which Chinese and Western strategists are faced with are logical short term plans hedging against a worst case scenario, but are likely to generate a ‘longer-term spiral into even greater mistrust, making conflict a self-fulfilling prophecy’ (108). To reduce the potential for misunderstanding, they advocate that China and the United States provide more detailed
reassurance of their intentions to each other (114 & 116).

Such reassurance requires changes to the current security paradigm, which the most recent Chinese White Paper on China's Military Strategy claims to seek through various means in order ‘to strengthen mutual trust, prevent risks and manage crises’ (2015, 13). Australia’s 2016 Defence White Paper (DWP16) observes that ‘the relationship between the United States and China is likely to be characterised by a mixture of cooperation and competition depending on where and how their interests intersect’ (DWP16, 43). It notes that an increase in strategic dialogue has produced a range of bilateral mechanisms to ‘increase transparency, reduce misunderstanding and de-escalate tension.’

**Cooperation**

Notwithstanding the continued development of Chinese military capabilities, the difficulty in reading Chinese intent appears to be the key concern. The literature on transparency and confidence building suggests that by engaging with Chinese interests in Melanesia, Australia will place itself in a better position to understand and influence (on a local level) their outcomes to the satisfaction of its own national interests. Furthermore, the interests of the Pacific Island nations need to be given primacy. Since 2006 a discourse has developed which supports this sentiment by exploring the convergence of interests.

One of the earliest contributions is from the Senate Foreign Affairs, Defence and Trade References Committee which ran an inquiry into “China’s emergence: implications for Australia” (2006). The report included recommendations that the Australian Government:

- encourage greater transparency on the PLA’s military modernisation (104);
- promote a regional arms control agreement (106); and
- encourage joint ventures to assist the development of the Island states of the Southwest Pacific (182).

Paul D’Arcy observed that Australian influence in the Southwest Pacific was diminishing (2007, 7-11), and came to the conclusion that there was potential for Australian collaboration with China in aid delivery. This concept has been supported by numerous other observers (Fifita & Hanson 2011, 8; Brant & Dornan 2014, 349-363). Graeme Smith (2014) observed ‘China, in all its forms, is here to stay. Let’s engage with the reality’ and recommended Australia ‘revisit the idea of trilateral cooperation in aid projects’ (2012b).

An assessment of the impact of Chinese interests in the South Pacific by the Lowy Institute concluded ‘Australia and the United States should cooperate with China [in order to] maximise the benefits of China’s new role in the region, while helping to minimise the negative consequences...’
(Hayward-Jones 2013, 17). Joanne Wallis described cooperation between Australia, the US and China in the South Pacific as a means of reducing geo-strategic competition at a ‘… relatively small and low-risk scale in the South Pacific, so that the lessons learnt and the confidence gained may benefit broader Asia-Pacific stability and security’ (2014). These observations suggest that cooperation could enhance mutual understanding, and may allow for the building of confidence.

The release of China’s Second White Paper on Foreign Aid in 2014 signalled more openness and interest in conducting trilateral aid cooperation with traditional donors (Zhang 2014a). In 2010 China signed a memorandum of understanding with the UNDP to promote trilateral cooperation, and since 2012 trilateral aid cooperation has been explicitly included in the annual China–US Strategic and Economic Dialogue. Zhang observes “…the Pacific region seems to be an important testing place for Chinese trilateral cooperation’ (2014b), supporting Wallis’ observation. There are three examples in the South Pacific: China and New Zealand trilateral aid project to improve water supply in Rarotonga (Zhang 2014b); China and Australia working together on malaria research and prevention in PNG (Byfield 2013); and China and the United States in Timor-Leste promoting improved cultivation of food crops (Zhang 2014b).

Another rapidly growing area of engagement is in military exercises and training activities. The PLA started to seek opportunities in 2002, and by 2010 had conducted 53 combined exercises with other nations (Chau 2011, 51-69). Chau believes the change was pushed by Chinese perceptions of a need for confidence building measures, cooperation against non-traditional and trans-national threats, PLA modernisation, ‘military operations other than war’ to enhance China’s soft power (without exposing capability weakness), and to counterbalance the perception of US containment. The recent increase in the number of combined exercises is focussed on enhancing Chinese influence, exposing the PLA to other militaries, testing new capabilities, improving the PLA’s image, and enhancing PLA confidence (67). However, Chau advises that exercise partners should not expect transparency in the short term, as the PLA will continue to use small contingents in short-duration exercises that do not expose true capabilities (69).

There appears to be three broad schools of thought on China’s interests and intent. One is China’s claim of seeking a ‘peaceful rise’, which is benign and constructive to regional development. Developments in the South China Sea over the past two years alone call this school into question. The second views China with suspicion, and even as a threat. The third, which sits between these two extremes, sees the potential for conflict and the need for engagement between China and other regional and global powers. This ‘engagement school’ acknowledges the risk of conflict as well as the high level of economic interdependence which makes conflict contrary to the national interests
of both sides. It seeks to avoid conflict and to establish a basic level of trust through engagement and cooperation.

**Accidental Friction**

If China’s population and economy continue to grow as they have over the previous two decades, China’s footprint of personnel and interests overseas will continue to expand as more Chinese leave their shores in search of wealth and resources, either as individuals or as members of larger commercial organisations. This growing footprint includes a subset of overseas Chinese at increased risk to threats ranging from natural disasters to the breakdown of civil order, acts of terrorism, and exposure to war zones. Due to these risks, the growth in the footprint of overseas Chinese communities will be accompanied by the continued growth of the military capability to protect China’s interests and population abroad (including joint force projection capabilities). Such development of risk accompanied by the means to address it generates an obligation to act in ‘self-defence’ overseas. As China’s commercial interests grow in other countries and the footprint of its workforce and diaspora grow with them, China will develop strategic interests, regardless of any specific design or ‘grand strategy’.

A recent demonstration of this phenomenon is the agreement for China to establish its first naval logistics base on foreign soil in the port of Obock in Djibouti (Page 2015). This hub will support the PLAN contribution to counterpiracy patrols in the Gulf of Aden and could support China’s growing commitment to peace keeping operations on the African continent, but most importantly will enable the protection of Chinese oil imports from the Middle East and become a strategic node in Chinese economic plans for the ‘21st Century Maritime Silk Road’ and the land-based version, the ‘The Silk Road Economic Belt’ (Tiezzi 2016). It will also place the PLA in a better position to influence Chinese interests in Africa and protect its overseas workforce there. Djibouti already hosts a sizeable contingent of US, French and Japanese troops, and the needs of each nation will have to be carefully considered with the introduction of a permanent Chinese presence (Page 2015).

There is a risk that as China acts to protect its interests in areas of lesser strategic priority to it, such as the Southwest Pacific, its actions will have undesirable and unintended second and third order effects of strategic significance. This possibility will be referred to as that of ‘accidental friction’. This notion is suggested in recent commentary on China’s growing influence in the South Pacific. Jian Yang mentions the growth of the Chinese diaspora in Oceania and Beijing’s responsibility to protect them (2011, 17). Joanne Wallis (2014) observes that increased Chinese assertiveness could lead it to respond with military force if members of the Chinese diaspora were threatened, as they were in the Solomon Islands and Tonga in 2006, and PNG in 2009. A discussion paper from the Pacific Institute of Public Policy (‘Patriot Games’ 2012) described a scenario where anti-Chinese
riots broke out in Tonga, and the Chinese reacted as quickly as Australia and New Zealand, making coordination difficult and raising doubts as to whether all parties would cooperate. Karl Claxton (2014) posed the question of what Australia would do if a ‘friendly country’ experiencing unrest asked for assistance in preventing a Chinese military evacuation operation with which they were unhappy. These references suggest that such tensions could be avoided by engaging, understanding and cooperating well before the event.

**Overseas Citizen Protection**

The combination of trends in growth, interests, capability and obligation described above is demonstrated by the growing frequency and scale of Chinese Non-combatant Evacuation Operations (NEO) conducted overseas since 2006, as documented in a study by SIPRI (Duchâtel et al. 2014). Evacuation operations are referred to by the Chinese as ‘Overseas citizen protection’ ([海外公民保护 haiwai gongmin baohu] Constitution of the PRC 1982, Art 50, Ch II). At the turn of the century China did not have the capacity or policy to conduct evacuation operations, and tended to ask other countries to protect and evacuate Chinese citizens. The only evacuations of note had been from Indonesia in 1965-67 and Kuwait in 1990 (Duchâtel et al. 2014, 47). This approach changed dramatically in the past decade.

In 2004, when 14 Chinese workers were killed in Afghanistan and Pakistan, the domestic reaction caused China to review its overseas citizen protection system, acknowledging that large numbers of Chinese were involved in resource extraction and processing in high risk or high threat environments overseas (Zerba 2014, 1096 & 1099). China started to conduct evacuation operations, using civilian means to extract citizens as quickly as possible. The first of these were conducted for small groups, generally stranded by riots, in the Solomon Islands, Timor Leste, Tonga and Lebanon in 2006 (Duchâtel et al. 2014, 46). These were followed by evacuations from Chad and Thailand (3346 personnel) in 2008 and further operations in Haiti and Kyrgyzstan (in which only 1321 of approximately 30,000 Chinese were evacuated) in 2010 (47).

The largest evacuations occurred in 2011, during the Arab Spring uprisings. China retrieved 1,800 citizens from Egypt, 2000 from Syria and 35,860 from Libya (as well as 9000 after the earthquake in Japan) (46). The scale of the 2011 evacuations (more than 48,000 Chinese personnel) was more than five times the combined total amount of Chinese evacuated between 1980 and 2010 (48). More importantly, the Libyan evacuation was the first operation to significantly involve the PLA, which was closely involved in decision making and inter-agency coordination in Beijing, while executing four distinct missions in the area of operations: surveillance, deterrence, escort and evacuation by air (48). To enable these actions the PLAN deployed the *Xuzhou*, a Jiangkai-II class frigate, to the Libyan coast. The PLAAF dispatched four IL-76 transport aircraft to
Sabha in southern Libya, and the PLA mobilized several Chinese defence attachés posted in Europe, the Middle East and North Africa, to important positions along the Libyan border to ensure coordination on the ground (46-49).

China would not have had the capacity to do evacuations on this scale ten years earlier (Zerba 2014, 1102). The evacuation of 35,860 Chinese nationals from Libya took place over 12 days, employing 74 civilian aircraft, 14 ships and approximately 100 buses (1101). This tempo of operation compares favourably with the US evacuation of 15,000 nationals in three weeks from Lebanon in 2006. However, the US used completely military means with significant levels of protection, while in Libya only a small number of evacuees were lifted by PLAAF aircraft towards the end of the operation and none were lifted by PLAN vessels (1106-1107). This created a rationale for China’s military to purchase more amphibious and lift capability for contingencies where civilian charter would not be possible, such as in land-locked countries or non-permissive (higher threat) environments (1107).

Importantly for future development of the capability to conduct overseas citizen protection operations, the Libyan operation led to the creation of an interagency taskforce at the Politburo level. Though this was an ad hoc move that may have been superseded by the creation of the National Security Commission in November 2013, it was effective and may have set a precedent for future evacuations (Duchâtel et al. 2014, 50-51). Finally, as a result of criticism of the expense of 2011, which the government blamed on Chinese companies for taking excessive risks, MOFCOM (Ministry of Commerce) Regulations (2012) require they make a ‘risk deposit’ of no less than three million yuan for compensation and ‘expenses required due to occurrence of emergency, repatriation by service personnel or acceptance of first aid service’ (MOFCOM in Duchâtel et al. 2014, 49). It was also claimed that the Libyan operation led to improved support for the CCP (Zerba 2014, 1097).

More recently, a Chinese flotilla of three PLAN naval vessels was diverted from its counter-piracy mission in the Gulf of Aden to evacuate Chinese citizens from the port of Aden in Yemen. Between 30 March and 2 April 2015, 563 Chinese citizens and 233 foreign citizens of 13 other nationalities were evacuated by the PLAN to Djibouti (Tang 2015). This is a significant development in Chinese overseas citizen protection, as it was performed exclusively with military assets (which were already deployed in an expeditionary security role), but even more importantly, it was the first time the PLAN has evacuated citizens of other countries (Panda 2015). Beijing continues to experience pressure to protect its people overseas after the killing of four Chinese citizens by militants in Syria and Mali in November 2015 (Page 2015).

The requirement to protect nationals abroad is much more likely to cause Chinese foreign policy to become interventionist than the protection of energy interests, largely because of public
and government attention (Duchâtel et al. 2014, 58). In the case of a major evacuation operation further from its coasts China would have to rely on PLA assets (59). Further, the SIPRI report deduced that ‘...in the future, NEOs could also become a vector for a more interventionist foreign policy if the use of force is needed in order to ensure a safe evacuation and avoid casualties among Chinese nationals’ (47).

Shaio Zerba noted that ‘the estimated 35 million overseas Chinese have become assets in connecting China to the outside world’ (Zerba 2008, v). They are also a potential liability (Fei 2014, 371). More recently Zerba argued that if the PRC intends to continue its ‘Go Global’ economic strategy, it will need to protect its interests and people overseas more proactively by either relying on host countries to provide security; encouraging Chinese businesses to source private security; employing the PLA or MPS (Ministry of Public Security) in a protective role; or a combination of these (Zerba 2014, 1109-1110). She concluded that China’s expanding global interests would require the leadership to reassess its global strategic posture and foreign policy principles in order to meet future challenges.

There is potential for overseas citizen protection to be required in the South Pacific, where there have been a number of riots expressing anti-Chinese sentiment in the past decade. Graeme Smith observes there are many different sources of grievance that have led to anti-Asian riots such as those in the Solomon Islands and Tonga in 2006 and PNG in 2007 and 2009 (and threatened to repeat in 2010) (Smith 2012a, 93-109). In particular, he refers to a surprising report written by the head of the Guangdong Overseas Chinese Affairs Office, which sent a team to investigate the causes of the 2006 Honiara riots:

Over the past ten years, nearly 1,000 new immigrants arrived from Guangdong … Their quality (suzhi) is low. Most do not understand foreign languages, and have no knowledge of foreign trade… They have neither the personal skills nor the capacity to overcome barriers to doing business… [and] are happy to use cash to grease all transactions. ‘Improper’ behaviour has drawn the contempt not only of the old overseas Chinese community, but more seriously it has transformed local people from respecting the Chinese to resenting their presence. (97)

Smith also notes that the equivalent office in Fujian province has a similarly low view of their citizens that migrate to PNG, and experienced riots in 2007 and 2009 (105). The second of these were nation-wide and resulted in the deaths of four Papua New Guinean nationals and three overseas Chinese (105).

‘Creative Involvement’

The employment of military capability in new roles, such as the protected evacuation of Chinese citizens overseas, would be better understood if China’s declaratory foreign policy was able to explain it. Wang Yizhou espouses a shift in policy through the diplomatic concept of “creative
involvement” (chuangzaoxing jieru) which calls on China to become more actively involved in international affairs, not only to secure Chinese interests, but in meeting China’s international obligations (Wang 2012). The concept requires greater flexibility and skill in the employment of diplomatic, commercial and military capabilities as China enters a new phase of diplomacy resulting from its growing power and expanding overseas interests.

Wang argues that his concept is different to western ‘interventionism’, stressing that China would avoid hegemony by requiring international legitimacy, only acting within China’s capabilities, restricting this action to China’s vital interests, and always seeking to use diplomatic mediation, with military force only used as a means of deterrence. He offers examples of ‘creative involvement’: Chinese involvement in mediation in Sudan starting in 2007, participation in the six-party talks on the Korean Peninsula since 2003, counter-piracy patrols off the Somali coast from 2008, joint patrols with Thailand, Myanmar and Laos in the Mekong River in 2011, and the evacuation of Chinese nationals from Libya in 2011 (Wang 2012).

Since Wang wrote of these ideas there has been a succession of examples to reinforce his argument. The deployment of the Peace Ark hospital ship to the Philippines after Typhoon Haiyan in 2013, the emergency deployment of the PLAN’s research icebreaker vessel, to rescue researchers stranded aboard an ice-locked ship in Antarctica, the provision of PLA assets to Liberia and Sierra Leone to help fight the Ebola epidemic in 2014 (Panda 2015), and the evacuation of citizens from 13 other nations in PLAN vessels from Yemen in 2015 (Tang 2015) appear to demonstrate positive employment of the PLA’s growing expeditionary capabilities. China continues to contribute to international anti-piracy patrols in the Gulf of Aden (a key shipping route for Chinese oil imports) and is a major contributor to seven of the nine United Nations peacekeeping missions in Africa where it currently has 2600 troops deployed (Page 2015). Xi Jinping has recently pledged to establish a permanent standby peacekeeping force of 8,000 troops and to contribute $100 million in military assistance to the African Union in the next five years to support an African standby force (Martina 2015).

But perhaps of greatest interest is the recent agreement with Djibouti for China to establish a Naval Logistics base at the Port of Obock (Tiezzi 2016), given that China has often cited its lack of foreign bases as evidence of its peaceful intentions. With the expansion of the PLA’s force projection to protect its global economic interests, China has now sought to represent the logistics base as fulfilment of China’s international obligation to protect stability (Page 2015).

Xi Jinping’s speech to the first meeting of the National Security Council on 15 April 2014 (Chen 2014) indicates some of the principles of ‘creative involvement’ by referring to ‘building a harmonious world abroad’ with a ‘community of common destiny’ which has mutual benefits and
common security. Chinese officials may not openly subscribe to ‘creative involvement’, but some acknowledge lower-level tactical adjustments to Chinese foreign policy in recent years, while maintaining that the overall strategic direction of ‘Non-Interference’ still stands (PLA 17th International Symposium 2014). The policy of Non-Interference dates back to Chairman Mao Zedongs’ declaration of the Five Principles of Peaceful Coexistence in Sep 1949, and was further developed with Deng Xiaoping’s intent to ‘hide one's capabilities and bide one's time’. While this declared philosophy was still referred to as a ‘cornerstone of Chinese Foreign Policy’ (McLean-Dreyfus, 2015), China’s declaratory policies are starting to sound more like those proposed by Wang Yizhou. China’s 2015 White Paper on China’s Military Strategy contains a strategic task to ‘safeguard the security of China’s overseas interests’ noting that:

With the growth of China's national interests, its national security is more vulnerable to international and regional turmoil, terrorism, piracy, serious natural disasters and epidemics, and the security of overseas interests concerning energy and resources, strategic sea lines of communication (SLOCs), as well as institutions, personnel and assets abroad, has become an imminent issue (CMS 2015, Part I).

In response to the new requirement coming from the country's growing strategic interests, the armed forces will actively participate in both regional and international security cooperation and effectively secure China's overseas interests (CMS 2015, Part II).

Given the potential for ‘anti-Chinese riots’ in the South Pacific discussed earlier, the requirement for ‘creative involvement’ may become a reality in Melanesia in the near future. PNG will be referred to as an example.

**Papua New Guinea**

PNG has experienced strong economic growth in the last two years, but is struggling to pass the benefits of this growth to its people, largely due to governance challenges. PNG’s strategic outlook maintains a strong linkage with Australia, and yet a sense of independence, pride and confidence means PNG is more outward looking than it has been in the past, largely due to the growth of their economy. Australia’s role in assisting PNG to achieve its security objectives is considered fundamental to the PNGDF’s success. PNG’s National Security Policy (NSP) of 2013 defines PNG’s strategic interests as: the need to maintain its position as an important and influential Pacific Islands Country; maintain a non-aligned foreign policy of “friends to all and enemies to none”; maintain a unique relationship with Australia as a significant trading partner and significant player in security matters for PNG; maintain a mutual land border and mutual respect with Indonesia; grow the developing bilateral and regional relationship with China, in accordance with national interests; and cooperate with America’s growing security interest in the region in areas of mutual interest to
ensure that PNG’s strategic autonomy and independence is maintained (with Rebalancing as an opportunity) (Government of PNG 2013, 19-22).

Australia’s strategic interests in PNG are deep and enduring (DWP16, 54 and 74). It governed Papua from 1906 and then New Guinea as a Territory until it became independent on 16 September 1975 and fought to liberate PNG from Japanese invasion in the Second World War. Apart from PNG’s strategic proximity and importance to Australia, the cultural (including religion and sport) and historical ties are strong. Australia’s investments in PNG are roughly equivalent to its investments in China (DFAT 2014) and its role in the achievement of PNG’s security objectives (particularly through the Defence Cooperation Program and the Development Cooperation Treaty) is substantial and increasing (DWP16, 54 and 127).

China’s interests in PNG are largely commercial, with investment in the mining, construction and retail sectors, significant imports of timber, nickel and natural gas, as well as an increasing amount of aid (Zhang 2014a). Chinese military interests in PNG are limited, consisting of some funds and donations of equipment, some individual PNGDF training in China, PLAN port visits, and the offer of humanitarian assistance if required (Discussions HQ PNGDF 2014). There is no Chinese Defence Attache or any declared defence staff in Port Moresby.

The Chinese commercial presence appears in several different categories (Smith 2013, 327-349): the ‘Old Chinese’ are families which have been in PNG for several generations, perform an important function in the local community through the retail sector, and have become integrated into the community; the ‘Malaysian Chinese’ from the 1970s and 80s, who have also moved into significant retail, mining and construction businesses; and the ‘New Chinese’ arriving in the past two decades can be roughly divided into three categories: Commercial interests in the mining and construction sectors (largely state-owned enterprises); Migrants – mostly from Fuqing in Fujian province, many of whom stay illegally, often starting small businesses in the retail sector (including ‘tuck shops’); and some criminal elements who allegedly generate a presence using poor immigrants to ‘wash’ black money.ii

Ramu NiCo (a Nickel-Cobalt mine) and the Basamuk processing plant (125 km from the mine) near Madang is the only majority Chinese owned resource interest currently operating in PNG, and one of only two refineries in the country. The investor, MCC (China Metallurgical Corporation), had extreme difficulties getting permission to mine due to environmental concerns, including 18 months of litigation to settle with a large number of communities, riots about levels of indigenous employment, and being shut down for a period due to allegations of unsafe work practices. The mine is expected to deliver 31,000 tonnes of nickel and 3,200 tonnes of cobalt per annum for 40 years (Executive Director PNG Chamber of Mines and Petroleum 2014).
Despite MCC’s difficulties, two new significant Chinese mining ventures have recently developed. In May 2015 Barrick Gold Corporation (owner of 95% of PNG’s Porgera Gold Mine) sold a 50 per cent stake in their PNG operation to Zijin Mining Group, one of China’s ‘big four’ state-owned gold mining companies (Smith and Dinnen 2015).iii Guangdong Rising Asset Management (GRAM), a provincial SOE with military connections, became the most significant investor in the Frieda River copper project at the head of the Sepik River after its hostile takeover of Australia’s second largest copper miner, PanAust (which owns 80% of the project) in May 2015 (Ker 2015).

There are other resource opportunities. China also has a standing agreement to purchase 2 million tonnes of LNG per year from ExxonMobil’s PNG LNG project which started production in May 2014 (“PNG Trade with China” 2013). The commencement of Solwara 1 exploration for the first deep seabed mine in the Pacific at 1600m beneath the Bismarck Sea, west of New Britain, by Canadian company Nautilus Mineral is also of interest to China, which will be the primary customer for these resources (Om 2014).iv Solwara 1 received three Seafloor Production Tools from Soil Machine Dynamics, a British company owned by China Railway Rolling Stock, in February this year, and is due to start commercial production in early 2018 (“Nautilus Minerals gets seafloor mining tools” 2016).

The development of Lae Port by Chinese Harbour Engineering Company (CHEC), which started in 2012, will significantly enhance the throughput of the port responsible for approximately 80 percent of PNG’s imports and exports by 2022 (Interview deWindt 2014). CHEC completed phase one in December 2014 on time and in budget, and has a high proportion of indigenous workforce and good connections with the local population. However, the project was inspected by an Australian company (AECOM) in 2015 and found to have significant defects requiring remediation (“Defects In PNG Port Project Admitted” The National 12 Feb 2016), bringing future phases of the project under question.

There has been evidence of an anti-Chinese mindset in PNG society (Smith 2013, 327-328 and 349) associated with a belief that the ‘new Chinese’ are taking away Papua New Guinean jobs (Smith 2012a). This perception is reinforced by negative media coverage of Chinese commercial ventures (Sullivan and Renz 2012, 377-390). This tension occasionally boils over into anti-Chinese violence as discussed in reference to the Solomon Islands riots of 2006 above. A recent example is that experienced by the Ramu NiCo mine,v managed by Chinese state owned enterprise MCC, on 4 August 2014 (The National, 6 Aug 2014). Ramu NiCo’s continued experience of friction with local communities is largely attributed to the continued over-representation of Chinese in its work force. In the words of one observer, the lesson being learnt the hard way by many Chinese companies is that in PNG ‘community is king’ (Author’s interview Greg Anderson, 2014). The ‘Old Chinese’
generally prefer not to associate, with the ‘New Chinese’ for fear of damage to their reputation. As a business owner in Lae observed, ‘It takes 100 years to build respect, and one second to lose it’ (discussion with author in Lae 2014).

Chinese commercial interests in PNG do not appear to be coordinated, vary in expertise, influence and rapport with the local population, and struggle with a tough environment (Smith 2013, 349). However, some of these interests are steadily growing into profitable ventures (Anderson 2014). If Chinese involvement in Africa is a reasonable guide, increased economic viability grows a footprint, influence, and eventually some form of strategic interest that can be based on an obligation to protect citizens, commercial activity and access to resources.

Avoiding ‘Accidental Friction’

When the expected growth path of Chinese interests and their associated footprint in PNG are superimposed on Australia’s deeply rooted strategic interest, there is scope for the ‘accidental friction’ referred to earlier in this paper. It is not difficult to conceive of a scenario five to ten years from now where anti-Chinese riots sparked by the perceived employment practices of a Chinese state owned enterprise in Lae lead to a complete break down in law and order which envelops neighbouring Madang and threatens the security situation in Port Moresby.

Given the continued growth of the diaspora since 2009, there could be substantially more Chinese assets and citizens at risk, and the PLA has both the precedent of overseas citizen protection operations since 2011, and an expanded capacity to deliver protection and provide means of evacuation. In a hypothetical development where a PLA amphibious element arrives to protect evacuees in PNG alongside the contingents from Australia and other traditional regional partners, there is scope for accidental friction leading to tension and suspicion of intent. Misunderstandings would be further exacerbated if the PLAN flotilla happened to arrive before Australian, NZ or American contingents because it happened to be tranisting the region on another task (such as in the case of the evacuation from Aden in 2015). ‘Accidental friction’ could be mitigated if such a situation were prepared for through proactive engagement and cooperation.

There may be room for China and Australia to engage multilaterally in the South Pacific. A modest precedent has been set through the trilateral aid project on Malaria research in PNG, starting with the China-Australia MOU on Development. There are other opportunities such as humanitarian assistance, but this needs to be closely evaluated in light of the desire and capacity of the host nation. The participation by Australian Defence Force medical officers in a twelve-day Chinese medical assistance mission to PNG and Vanuatu on board the PLAN’s navy hospital ship Peace Ark in September 2014 (Department of Defence 9 Sep 2014) is one small example of cooperation in military diplomacy. This engagement originated from an invitation by the Vice Chairman of the
Central Military Commission of the Peoples’ Republic of China, General Fan Changlong, during his visit to Australia in July 2014 (PNG Post-Courier 10 Sep 2014), and is one of a number of examples of cooperation between the Australian and Chinese militaries.

**Military Engagement**

Operation Southern Indian Ocean in 2014 demonstrated the capacity of ADF and PLA personnel to work closely together, in the context of a large multilateral operation. Their search for missing Malaysian airlines flight MH370 reinforced the tangible benefits of cooperation after three years of small military-to-military exercises. In November 2011 ADF members joined the PLA in exercise ‘Cooperation Spirit’, a humanitarian and disaster relief planning activity (Defence News, 2 Dec 2011). The exercise has subsequently involved New Zealand and US participants, with the PLA hosting the activity for Australian and New Zealand participants in November 2014 (Nicholson 2014). After the search for MH370 commenced in the Southern Indian Ocean in 2014, the PLAN apparently asked to operate under Australian command in RIMPAC 2014 (Garnaut 2014).

Exercise Kowari, an environmental survival skills exercise which took place in the Northern Territory in October 2014, was the first joint Australia-China-US exercise (Medcalf 2014). It was followed by a successful second iteration in September 2015 (Hook 2015). The PLA and Australian Army also conducted their first bilateral activity, Exercise Pandaroo Adventure, in September 2015.
Despite the small scale of these activities (they involve contingents of 10 soldiers from each nation) they are of strategic significance in that they provide the potential for building confidence and trust between militaries. On Exercise Kowari, American, Chinese and Australian contingents were mixed into four multinational teams. Their rank is replaced by a number that designates them as an equal team member. After basic survival training they are inserted into an isolated and harsh environment and required to live off the land as a team (without external assistance or supplies) for over a week. This is unique among multilateral exercises, as it requires each member to completely depend on the others for survival. In a similar vein, on Exercise Pandaroo Australian and Chinese soldiers were trained in specific adventure training techniques, and then left to deal with the real and perceived risks that these environments generate, and conquer physical challenges in small mixed teams. The understanding and trust developed at this basic level between individuals may contribute to understanding between forces required to cooperate in a future contingency such as a disaster relief mission in our near region.

Despite differences over rotating USMC troops in Northern Australia, Australia’s reaction to China’s ADIZ in 2013 and the Japan-Australia relationship, China-Australia military relations grew in 2014. Cooperation in Operation Southern Indian Ocean no doubt strengthened Australia-China ties. However, it should be remembered that China also has objectives such as influence, exposure and testing new capabilities (Chau 2011, 51-69). The development of Australia-China military engagement since 2014, and the intent ‘to enhance mutual understanding, facilitate transparency and build trust’, is clearly articulated in Australia’s recent Defence White Paper (DWP16, 133).

While military engagement has potential in the China-Australia relationship, it is important to keep perspective on the nature of this cooperation – small, short duration activities which avoid areas of sensitivity. Militaries are expected to prepare for the full spectrum of potential contingencies, but through engagement and cooperation it is possible to build understanding to help avoid accidental friction. It is in the interests of all to do so. There is a modest precedent in defence and aid cooperation, but it will take a long time to achieve an effective level of mutual understanding. Australia’s military engagement with China will always be conducted in the context of Australia’s alliances and relationships with other partners. This provides an opportunity to increase understanding in the region.

**Conclusion**

The literature surrounding China’s rise suggests the need for greater cooperation between China and western nations such as Australia. ‘Peaceful Rise’ theory no longer accurately describes China’s situation and global impact, as it has passed the threshold of economic power, military
capability and regional influence which previously allowed it to keep a ‘low profile in international affairs’. The call for engagement and transparency to avoid suspicion and conflict continues to grow, leading to proposals for increased cooperation.

The change in Chinese behaviour described by ‘Creative Involvement’ and Chinese ‘Overseas Citizen Protection’, combined with the unplanned growth of China’s footprint and economic interests, could generate unintended consequences such as the ‘accidental friction’ described in this paper. PNG presents a useful example of how friction between interests could develop in Melanesia: it is a developing country with a growing population, inconsistent economic growth and strong potential in the resource sector, with a strategic connection to Australia, and growing Chinese interests.

Noting the potential for accidental friction, it is important to act in ways that manage or prevent misunderstandings. Engagement is one method for generating the understanding necessary to achieve this. In the Australia-China relationship, opportunities are evident in both aid and security. Military engagement could promote better understanding in the present, and may avoid or diffuse friction in the future. The observations made in this paper suggest the need for further research on China’s interests in Melanesia in order to better understand Australia’s strategic environment and to identify ways to negotiate the potential challenges of the future.
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**Interviews and Discussions**

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Greg Anderson, Executive Director PNG Chamber of Mines and Petroleum, Port Moresby, 10 August 2014
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Endnotes

1 The following geographical descriptions of zones are used within this paper:
* The South Pacific encompasses all of the Pacific Ocean from the Equator to the Antarctic
* Oceania refers to Polynesia, Micronesia, Melanesia and Australasia
* The Southwest Pacific is the Southwestern quadrant of the Pacific


iii Zijin Mining Group is the largest gold producer and second largest copper producer in China, ranking in the world's top 500 companies. The company has been repeatedly involved in environmental accidents. The Ministry of Environmental Protection cited 11 listed companies with severe environmental problems this May. Zijin Mining ranked top on the list. (Zhao and Xu 2010).

iv Nautilus’ Solwara 1 project will extract high-grade Seafloor Massive Sulphide (SMS) deposits of copper, gold, zinc, and silver in 1600 metres of water in the Bismarck Sea, north of Rabaul in New Ireland Province ("Tides of Change 2014").

v Riots at Ramu NiCo on 4 August led to extensive damage to equipment (11 vehicles were burned) and injury to five company members. The repetitive violence against this company appears to result from a perception that they do not employ enough local labour. The National, 6 August 2014, “Group Storms Mine – Ramu NiCo closes KBK after villagers damage equipment” p.2. Post-Courier 6 August 2014, “Ramu mine closes after attack”

vi Photo by SSgt. Jose O. Nava, USMC, published in Army Edition 1360, 24 September 2015, p.2