Don’t neglect the near neighbourhood: the continuing relevance of the South Pacific to Australia’s strategy and defence

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If one looks at Australia’s strategic geography, it becomes clear why the South Pacific region, which lies in close proximity to the north and east of Australia, is of vital importance to its defence. The South Pacific region reaches over 30 million square kilometres, 98 per cent of which is ocean, through which cross the air and sea approaches that link Australia to vital trading and defence partners in North America and Northeast Asia.

Although Australia is making sizeable Australian Defence Force deployments to the Middle East, the Defence White Paper should not neglect our near neighbourhood, the South Pacific. This submission highlights issues that may pose strategic and defence challenges for Australia which should be considered during preparation of the White Paper.

Timor-Leste

There is potential for instability following generational change amongst political elites in Timor-Leste, as resistance leader Xanana Gusmão, the country’s first President and now its Prime Minister, has announced his intention to step down. There is a perception that improvements in Timor-Leste’s stability are partly attributable to Gusmão’s charismatic leadership and it is uncertain who is likely to fill the leadership vacuum and whether stability can endure in his absence. This uncertainty is enhanced by the highly-uneven nature of economic development; the major source of revenues is oil and gas resources in the Timor Sea, and there is very little else in the private sector. The distribution of the benefits of economic development are also uneven, as although the poverty rate has dropped and the provision of education has improved, much development is focused in the capital, Dili, rather than the rural areas in which 70 percent of the population lives. Timor-Leste also has a massive youth bulge, with 68 percent of the population under 30 years of age. There is a perception that economic development has disproportionately benefited the older population, which has created a large disenfranchised and frustrated youth. These young people can form a ready consistency for the criminal gangs, anti-system actors and ‘martial arts groups’ that inflamed the 2006 security crisis and which pose ongoing threats to stability to which Australia may be called upon to respond.

Solomon Islands

There are questions over the sustainability of the gains made by the Regional Assistance Mission to Solomon Islands (RAMSI) in the Solomon Islands. RAMSI has improved public sector financial management and government service delivery. The formal economy has been growing, and a substantial amount of public debt has been retired. The performance of the Royal Solomon Islands Police Force has also improved, and it was able to manage protests associated with a change of government in November 2011, reported incidents of serious crime remain low and former militants have expressed little desire to restart the ethnic conflict. Reflecting these improvements, public support for RAMSI remains high. However, this implies that there is a lack of confidence in the Solomon Islands government and concern about what will happen should RAMSI withdraw, which suggests that RAMSI may have inadvertently cultivated dependency. In addition, while RAMSI has focused on the central government in the capital, Honiara, this has meant that life for many rural Solomon Islanders has improved little, which is likely to exacerbate to historical grievances over uneven development. The likelihood that these grievances will result in conflict is enhanced by the
fact that efforts to promote reconciliation amongst groups previously involved in conflict have been primarily top-down and have not adequately reached out into rural areas. When these factors are combined, it appears that Australia may need to maintain a presence in Solomon Islands in the short-to-medium term to ensure stability, or otherwise risk withdrawal followed by a much larger intervention in the event of resumed conflict.

**Papua New Guinea**

Papua New Guinea is also at risk of instability. In 2012 a political and constitutional crisis saw the formation of two parallel governments, after the purported replacement of Sir Michael Somare with Peter O’Neill as Prime Minister. Although this crisis was resolved after the 2012 elections, when the two men formed a political alliance, the potential for similar political uncertainty remains. In this regard, once large revenues from Papua New Guinea’s massive liquefied natural gas (LNG) project begin to flow in late 2014 they may potentially exacerbate existing government corruption, patronage and destabilising competition for political office. Papua New Guinea also experiences escalating crime, inter-group fighting and increased (often illegal) migration from Asia, each of which threaten stability, particularly if they affect the LNG and other resource projects on which the economy relies.

The upcoming referendum on the future political status of the Bougainville region (a key element of the 2001 Bougainville Peace Agreement), scheduled to take place between 2015 and 2020, is another potential source of instability, depending on whether it is held, what the result is and how the Bougainville parties and Papua New Guinea Government react. Developments in Bougainville have also encouraged secessionist demands in other provinces; East New Britain and New Ireland have already sought autonomy under the National Power Sharing and National Framework Policy.

There is also the possibility of conflict along Papua New Guinea’s border with Indonesia. Although Papua New Guinea and Indonesia have entered into a Treaty of Mutual Respect, Friendship and Cooperation, the Papua New Guinea Defence Force does not have the capacity to patrol the border, which may lead to Indonesian incursions in pursuit of residents of its Papua and West Papua provinces seeking either asylum or temporary shelter. Under the 1987 Joint Declaration of Principles, Australia may be obliged to assist Papua New Guinea in such a conflict, which would place Australia in direct military opposition to Indonesia—something it was desperate to avoid when it led International Force for East Timor (INTERFET), given how this could amplify into a larger conflict. If it involved Australian incursions into Indonesian territory, such a response might also test Australia’s commitment to respect Indonesia’s sovereignty under the 2006 Lombok Treaty.

**Fiji**

In Fiji the 2006 military coup was staged with the purported intention of combating corruption, yet corruption is rumoured to still be rife. More progress seems to have been made on coup’s other purported aim, of moving past Fiji’s race-based politics, with laws changed and moves to dismantle racially exclusive institutions. However, there are questions over the constitution that has been adopted to govern the return to democracy. In 2012 the military government appointed a Constitution Commission which drafted a constitution that was widely embraced by Fijians, as it sought to reconcile the political and economic demands of Fiji’s various societal groups. The military government was concerned about the restrictions this draft put on the military and provisions that limited the immunity of military leaders for their potentially criminal actions associated with the coup. Consequently, it discarded the draft and promulgated its own constitution. While the new constitution does attempt to limit racial discrimination, it also undermines the separation of powers
integral to Westminster government and limits human rights protections. There are also concerns that the constitution leaves in place over 400 decrees adopted by the military government that limit rights to freedom of association, freedom of expression and the independent and impartial appointment of the judiciary. These limitations affected the ability of political parties to contest the September 2014 election and were widely perceived to be designed to ensure that the coup-makers remained in power, raising questions over the ongoing role of the military in political life.

New Caledonia

Australia may also face a challenge in relation to New Caledonia’s referendum on its political future, scheduled to be held between 2014 and 2018. It is unclear whether the referendum will be held, given that it has already been delayed once. If it is held, the outcome is also unclear, given that only 45 per cent of the total population are indigenous Kanaks, which suggests that they are unlikely to achieve a majority vote in favour of independence. In the event that the referendum is again delayed, or is held and the vote is in favour of continued integration in France, it is possible that pro-independence groups may resort to violence. France maintains a sizable military deployment in New Caledonia and could probably deploy more forces to quell unrest. Although it is unlikely, it is possible that Australia may be called upon under the 1992 France, Australia and New Zealand (FRANZ) Agreement, the 2006 Defence Cooperation and Status of Forces Agreement and the 2012 Strategic Partnership to provide assistance.

External powers

The increased presence of external powers in the South Pacific also poses strategic challenges to Australia. Indeed, the 2013 Defence White Paper acknowledged that ‘attitudes to our role are changing’ in the region, as ‘the growing reach of Asian nations opens up a wider range of external players for our neighbours to partner with’. China is the most active external power and has invested heavily in aid and diplomacy. Australia’s concern that a potentially hostile power could establish a military base in the region from which to challenge our control of our air and sea approaches or project force against us was identified as a risk in both the 2009 and 2013 Defence White Papers.

Although presently unlikely that China would seek to do either of these things, as China gains influence in the South Pacific this raises the risk of great power competition. While China’s Assistant Minister of Foreign Affairs Cui Tiankai declared in 2012 that China is ‘here in this region not to seek any particular influence, still less dominance’, in 2011 United States Secretary of State Hillary Clinton admitted her concern that ‘[w]e are in a competition with China ... China is in there [in Papua New Guinea] every day in every way trying to figure out how it’s going to come in behind us, come in under us’. The United States has accordingly resumed a more active diplomatic and development role in the region and announced its intention to increase its military presence in Guam. Given how marginal the region is to the broader international strategic environment there is only a minimal a risk that China and the United States could engage in zero-sum competition for military influence in the region. If this did occur, Australia would be faced with a difficult choice between its major economic partner and its major defence partner.

Climate change

A more pressing future challenge for Australia is how to deal with the effects of climate change in the South Pacific, particularly in the form of the increased frequency and magnitude of natural disasters and rising sea levels. The South Pacific is already highly susceptible to natural disasters, to which Australia is frequently called to respond, and the commissioning of the new LHDs should improve our
already well-developed capacity to do so. However, the challenge of rising sea levels is new. Many islands, particularly in Polynesia and Micronesia, are only a few metres above sea level and several have already become uninhabitable, resulting in the displacement of their occupants. To date, the number of people affected has been relatively small, but if the effects of climate change continue to worsen, these numbers will increase. It is not unforeseeable that, if these numbers stretch into the tens of thousands, the people affected will be unable to be resettled within their home states, which could result in a tide of climate refugees to surrounding developed states, particularly Australia and New Zealand. Depending on how the Australian government decides to respond to potentially large numbers of displaced people in the region, this may raise significant maritime security challenges.

Maritime security challenges

Australia also faces other maritime security challenges arising within and from the South Pacific, including: people seeking asylum; terrorism, including the protection remote offshore oil and gas installations; transnational crime, smuggling and piracy; bio-security risks; illegal exploitation of natural resources, including illegal fishing; and pollution of its maritime environment. At present twelve Commonwealth agencies have responsibility for Australia’s maritime security. The involvement of so many agencies raises questions about logistics, efficiency and coordination and has led to proposals for Australia to better consolidate maritime security functions.

Australia has also been active in promoting the maritime security of South Pacific states. Their exclusive economic zones (EEZs) cover 35 million square kilometres and include approximately 70 per cent of the world’s catch of tuna. If they could harness the full value of the tuna caught in their EEZs this would constitute a significant source of revenue, which would probably reduce their dependence on development assistance, much of it from Australia. However, vessels from China, Taiwan and Japan, and even the European Union and Latin America, fish in the EEZs of most South Pacific states. These distant-water fishing nations and vessels registered in them often breach their licence agreements and under-report their catchments. There is also significant corruption in the management and governance of fisheries, in terms of granting fishing licences and access agreements and in the monitoring and inspection of fishing vessels.

Australia provides significant funding to the Forum Fisheries Agency and the Secretariat of the South Pacific Community to deal with these issues. Australia also coordinates aerial maritime surveillance support in partnership with the United States, New Zealand and France through the regular Quadrilateral Defence Coordinating Group talks. Australia’s most significant contribution has been the Pacific Patrol Boat Program, which has involved Australia donating boats to South Pacific states and then providing them with technical and operational support. Increased operating costs and budgetary constraints have resulted in the boats falling short of their potential capacity and there have been claims that rising fuel costs and a lack of ownership by South Pacific states have made the program too expensive to sustain. However, the Program has increased the maritime security of South Pacific states, including increasing their fisheries revenue. The Program has also played an important role in Australia’s humanitarian and disaster response capability and has given Australia a strategic presence in the region, which suggests that it should be continued, and ideally, expanded.