

Australia and New Zealand React to China's Growing Influence in the South Pacific

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Overview

The July 24, 2018, Australia-United States Ministerial (AUSMIN) Joint Statement points to “deepening engagement [between the United States and Australia] in the Indo-Pacific.” Canberra and Wellington are increasingly responding to Chinese influence operations in the Pacific region, as demonstrated by a number of recent actions, including Australia’s passage of new foreign interference legislation; announcement of a possible new Australia-Vanuatu security agreement; New Zealand’s adoption of a new Strategic Defence Policy Statement; steps toward a new Pacific Islands Forum security agreement; and increased aid from Australia and New Zealand to Pacific island states. In addition, Australia is boosting its defense budget, both Australia and New Zealand are making new military procurements, and Australia, New Zealand, and the United States held an inaugural Pacific Security Cooperation Dialogue in June 2018 “to discuss a wide range of security issues and identify areas to strengthen cooperation with Pacific Island countries on common regional challenges.” A review of these developments may assist Congress as it exercises oversight of the Administration’s Indo-Pacific strategy.

Rising Concern over China's Influence

China is interfering in Australian and New Zealand domestic affairs, increasing its aid to the region, and reportedly attempting to develop a military presence in Vanuatu.

In responding to reports of China’s efforts to establish a naval presence in Vanuatu, Australian Prime Minister Malcolm Turnbull stated “We would view with great concern the establishment of any foreign military bases in those Pacific island countries” and New Zealand Prime Minister Jacinda Ardern stated that “we take a strong position in the Pacific against militarization.” Chinese aid to Pacific island states,

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as tracked by the Lowy Institute Mapping Foreign Assistance in the Pacific project, increased significantly from 2006 to 2016, with cumulative aid commitments totaling \$1.78 billion over that period. China also reportedly plans to hold a summit with Pacific Island leaders in Papua New Guinea in November 2018, ahead of the APEC Forum.

Revelations regarding China's attempts to influence Australia's domestic politics, universities, and media, which are discussed in Clive Hamilton's book, *Silent Invasion*, appear to be altering Australian perceptions of China, which previously had been shaped, to a large extent, by the economic opportunity that China represents.

Similarly, in September 2017, New Zealanders' concerns about China's efforts to influence New Zealand politics increased following revelations that New Zealand Member of Parliament Jian Yang previously worked for China's military intelligence. Anne-Marie Brady's work "Magic Weapons: China's Political Influence Activities Under Xi Jinping" examines China's foreign political influence activities in New Zealand.

Australia and New Zealand Respond

Australia is undertaking a number of measures to counter China's growing influence in Australia and the region, and to enhance its regional security posture. On June 28, 2018, the Australian parliament passed new espionage, foreign interference and foreign influence laws. Australia and Vanuatu will also reportedly negotiate a security treaty. This follows reports that Prime Minister Turnbull warned China against establishing a military presence on Vanuatu.

Australia's defense budget is set to increase to 2% of GDP by 2021 and is expected to increase 80% over the decade from A\$32.4 billion in FY2016-FY2017 to A\$58.7 billion in FY2025-FY2026. [1 \$A=0.74 \$US] Two of Australia's larger defense procurement projects are the A\$50 billion purchase of 12 French Barracuda Block 1A submarines and 72 F-35A Joint Strike Fighter aircraft. Australia is also planning to purchase air warfare destroyers, anti-submarine frigates and offshore patrol vessels. This effort has been described as the most comprehensive regeneration of Australia's navy since WWII.

In February 2018 Prime Minister Jacinda Ardern's government announced a reset of New Zealand's policy toward the Pacific that is driven in part by a view that "the Pacific has become an increasingly contested strategic space, under which New Zealand has to work harder to maintain our positive influence." In discussing the Pacific reset, Foreign Minister Winston Peters called for a reenergized approach and stated, "There has never been a time since 1945 when Australia and New Zealand need to work together more closely in the Pacific."

Subsequently, New Zealand in July 2018 released a Strategic Defence Policy Statement that one report called "more bold and frank in terms of the Government's foreign policy position, and its singling out of countries, than anything a New Zealand government has released in recent years." The Policy Statement observes that "As Pacific island countries' relationships with non-traditional partners continue to develop, traditional partners such as New Zealand and Australia will be challenged to maintain influence." Specifically, the Policy Statement notes that "China's more confident assertion of its interests has at times raised tensions with neighbouring states and with the United States." The statement drew objections from China but was defended by Peters.

New Zealand also in July 2018 announced the purchase of four Boeing P-8A Poseidon aircraft. In addition to representing a boost to New Zealand's military capability, the P-8A is viewed by some as a "down payment on New Zealand's continued membership of the Five Eyes intelligence-sharing framework, along with Australia, Canada, the UK, and US, and prospective partnership with other stakeholders in the international rules-based order."

Australia and New Zealand support the Pacific Islands Forum and are working with Pacific island states on new initiatives and assistance. Australia, New Zealand, and Pacific island states have announced plans to sign a new security agreement during the gathering of the 18-nation Pacific Island Forum in September 2018, a move Australian and New Zealand observers have tied to concerns about their countries' ability to maintain relations with the region in the face of rising Chinese engagement. In May 2018, New Zealand announced a \$500 million increase over four years that will represent a 30% increase in New Zealand's aid to the Pacific while Australia announced an increase in aid with the region to receive \$979 million over the next two years.

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