

## **CHAPTER II**

### **CHINA’S GLOBAL EMERGENCE AND ITS PRESENCE IN SOUTH PACIFIC**

Surely, it will not be an exaggeration to say that this world is currently witnessing the emergence of a new great power, China. Looking back at history, the rise of great powers is associated with chaotic battle for influence, some even led to deadly wars. The rise of Germany was central in the onset of both WW I and II. Similarly, Japan's economic and military awakening following the Meiji Restoration led to the successful expansion against China in 1895 and Russia in 1905. Under the realism paradigm, the rise of great powers is bound to create a change in this anarchic world, resulting in the shift of balance of power. The rise of China however, will not follow the same path with any previous great power. Under the “Peaceful Rise of China” doctrine, it ensures the world that it will seek a brand new, and peaceful path in its rise. This chapter is of importance since it will highlight important aspects of China’s rise and why it is different from past great powers.

This chapter will specifically examine how China managed to go from an extremely impoverished country, to global economic power house. It will also outline some of the most important milestones in China’s rise, economically and politically. The first part of this chapter will talk about the pre-reform China, and the post-reform period as the latter plays a crucial part in shaping the present China. Following after is

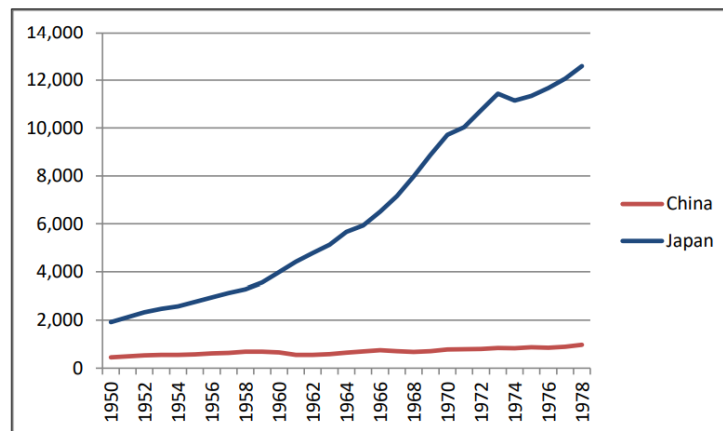
a brief explanation of China's biggest initiative at the moment, the Belt and Road Initiative (BRI) and how it leverages China's presence globally. Finally, the last part of the chapter will scrutinize the significance of the South Pacific region in China's foreign policy, including its history and burgeoning influences in the region.

## **2.1 China's transformation into an active global player**

China's transformation from isolationist country into an active global player has been a hot topic in the 21<sup>st</sup> century. China went through its miserable phase as an impoverished country and successfully rebuild itself into a country with the fastest-growing economy in the world history of economic development. Had anyone prior to the economic reform predicted that China would be where it is right now, they would have been laughed at for being delusional. The economic reform initiated by Deng Xiaoping was a remarkable milestone that led to China's massive leap in economic growth in the past four decades. Prior to the reform, China kept a strict state-led or command economy. Foreign trade was largely limited to goods that cannot be produced in China (Morrison, 2019). The primary goal of Mao's government at that time was a self-sufficient economy, with no intentions of opening up China's foreign market. As a consequence, market mechanisms were absent and producers showed no initiative to be productive since they only have to meet the government's demands. Before the economic reform took place in 1978, China's total productivity was stagnant and its annual exponential rate only showed 6 percent per year, slightly less than number from 1978-1998, which was 9 percent (Wai & Chow, 2002). In return, China faced a

remarkable economic disaster, this includes the extreme famine following the Great Leap Forward from 1958 to 1962, and the political upheaval caused by the Cultural Revolution in 1966 to 1976. China's real GDP around that time was accusingly, often being exaggerated by its government with annual rate of 6.7% from 1958 to 1978 (Morrison, 2019). Angus Maddison, an economist, puts the actual number of China's annual real Gross Domestic Product growth during this period at about four percent (Morrison, 2019). On top of that, the growth in China's living standards fell short compared to those in the West, such as Japan, as illustrated in figure 1 (Maddison, 2007).

**Figure 1.**  
**China's living standard in pre-reform period**  
**compared to Japan.**



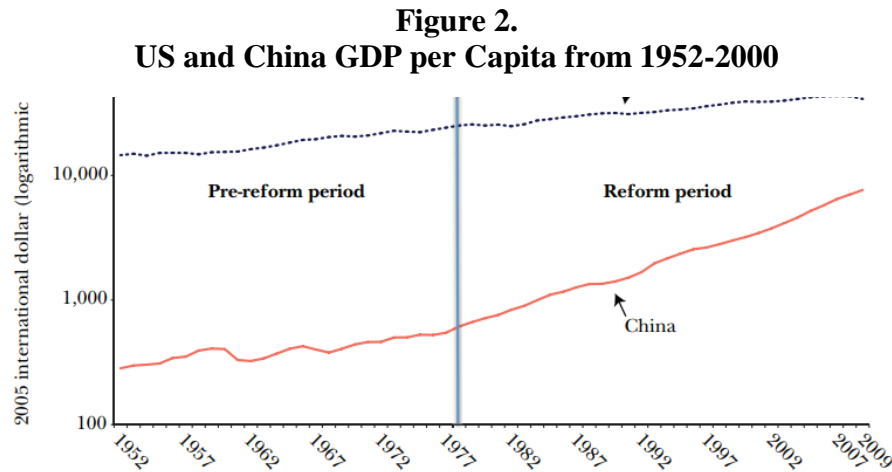
*Source: Maddison (2007)*

Not long after Mao Zedong's passing in 1976, his successor, Deng Xiaoping, declared that China would no longer implement the Soviet-style economy. He gradually transformed the strictly state-led economic model by applying the liberal

approach to market, symbolized by opening the door to international trade and investment. The man, though stood at 152 cm, was a ‘towering’ figure who ended China’s isolation and built the economic powerhouse that we are seeing today (The Guardian, 2008). Through his famous words of 不管黑猫白猫，捉到老鼠就是好猫 (*Buguan hei mao bai mao, zhuo dao laoshu jiu shi hao mao*), or translated as ‘*Black cat or white cat, as long as it catches mices, it is a good cat.*’ he tried to convey the message that regardless of the economic system, be it state-centered or market economy, an economy is basically a means of allocating resources and has nothing to do with political system (Chunying & Sun, 2018). In other words, he simply did not bother himself for an ideological debate, deciding if “capitalist” is better than “socialist” and vice versa. Deng Xiaoping was a pragmatist and believed that engaging in a theoretical debate would only be a waste of opportunity. His attitude aligns with pithy and popular quotes inspired by the Confucius traditions which goes along the line of; ‘*Seek truth from fact*’; ‘*Truth is to be found in practice*’; ‘*Cross the river by feeling for the stones*’.

Furthermore, he contended that empty arguments did not help and that truth can only be tested in practice (Chunying & Sun, 2018). True to his words, he was able to gets his country out from extreme impoverishment and build the China that we know today (Cable, 2017). During this period of time, China’s growth in per capita GDP exceeded 8% per year, twice as high as the number in the pre reform period, which

barely reached 4% (Zhu, 2012). Figure 2 indicate how China's per capita GDP were slowly catching up with the US's.



Source: Zhu, Xiaodong. (2012)

The impact of the reform was not limited to China's economy. Along with the opening up of trade and investment, the door to China's foreign relations was also established. Due to China's past connection with Westerners, which did not end very well such as the Opium War and the one-sided agreement thereafter, forced Mao to adopt an inward, isolationist policy to end the role of hostile 'imperialist' (Cable, 2017). Consequently, China under Mao's leadership did not demonstrate that much of relations with other countries, especially the West. On the contrary, one of the key behind Deng's success was his principle of *opening up to outside* (Naughton, 1993). This principle is specifically linked to Deng Xiaoping because he was comparably, more active than any previous Chinese leaders. He appears to approach foreign countries with no defensiveness and he was not as sensitive as his precedents when it

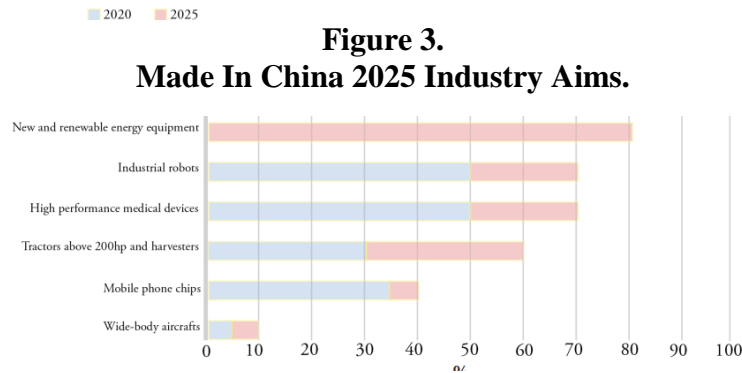
comes to national sovereignty. Deng spent his early life abroad in France and the Soviet Union, which probably explain his more cosmopolitan outlook, compared to most of Chinese leaders, for example Mao, who has never left China (Cable, 2017). Thanks to this outward attitudes, the recognition that China must learn from other countries started to be embraced. Deng Xiaoping for example, he has no problem in acknowledging foreign experiences. During his visit to Nissan in Japan in 1978 he said, *“Today, I have learnt what modernization is like”*. His statement implied how China was willing to open for changes, even copying the development of other countries. Needless to say, Deng and his openness exposed China to vast amount of opportunities as well as developments that led to the China we that we know today. China’s economic achievements today has even exceeded Deng’s ambitious expectations. In his vision, China would become a middle income country at the very least, 2050. However, with only 15 years into the century, according to the International Monetary Fund (IMF) and World Bank, China is not only the biggest economy in the world but also a middle income country with per capita income around twelve thousand dollars (Cable, 2017).

Not only did international trade was enabled, China also showed the same manner in terms of investment. Since 1978, a total of US\$500 billion of foreign direct investment (FDI) has been received by China. This number is ten times Japan's FDI in the span of 55 years. In 2013, the US was no longer the world’s largest grantee of FDI, as it got replaced by China (Prestowitz, 2006). Multinational companies rush to operate in China to make use its abundant resource of low-paying labor and great domestic

market. For this very reason, China earned the title ‘workshop’ of the world. Another aspect of change visible in China’s economy post-reform is the systematic lowering of tariffs. China’s average tariffs have fallen from 41% in 1992 to 6% after its admission to the WTO in 2001, giving it the lowest tariff protection than any developing countries (The Economist, 2004). This specific change grants China a huge exposure to foreign trade which account for 75% of its GDP, far exceeding that of other major economic power such as the United States, Japan, Brazil and India where it only takes up 30 per cent or less (The Economist, 2004). Since Deng Xiaoping’s path of reform, China’s GDP has grown at an annual rate of 9,5%, three times the rate of the United States and faster than in any other country (The Economist, 2004). Furthermore, the World Bank noted that China has experienced the fastest sustained expansion by a major economy in history and it successfully lifted eight hundred million people out of poverty. The international community may call China’s ‘awakening’ as an emergence, little do we know however, that rather than emerging, China is re-emerging. While China is becoming world’s largest economy now, it has held that title before, more than hundred years ago (Maddison, 2007). During the period of 1500 to 1800, China was the world’s largest economy (World Bank and the Development Research Center of the State Council, P.R. China, 2013).

The most recent economic ambition launched by China is the ‘Made in China 2025’. This project was launched in 2015 with the aim of increasing the competitiveness of Chinese industries, stimulate innovation, promoting Chinese brand,

as well as decreasing China's dependence on foreign technology by making it a dominant global manufacturer of technologies (Morrison, 2019). Inspired by the industrial revolutions undergone by Germany, this initiative uses the same approach as the one used by Germany and Japan to trigger innovation and economic developments. By utilizing this plan, China hopes to transform itself into a world manufacturing power.



*Source: Institute for Security & Development Policy. (2018)*

The emergence of China as a major global player after the end of the Cold War has been the most epic international phenomenon. Following the Soviet Union's disintegration, America has by large dominated the world stage ever since, and surely the emerging of a new power almost at the length of the US is not something to be taken lightly of. Consequently, the world is keeping its eye on China, most with wary, watching China's every move. Out of worry, the "China Threat Theory" emerged as a rather *realist* response to the growing China's global leverage where it is based on the assumptions the rise of a new major force will lead to a clash with existing *great power*.



Under this theory, every China's endeavor will always be perceived as a threat. In respond to this allegation, Zheng Bijian, one of China's leading intellectuals, conceived the term "the Peaceful Rise of China", in 2003. Through this doctrine, he contended that China's rise will neither be a result of territorial expansion nor confrontation against other powers (Thornton, 2015). Speaking at the American Center for Strategic and International Studies (CSIS), he ensured that the emergence of China brings nothing but peace, since it is committed to rising peacefully, unlike past major powers. In his words, he termed that China will undertake a brand new path of development

## **2.2 The Belt and Road Initiative (BRI)**

It goes without saying that one ambitious project of China that is often being associated with China's rise is the Belt and Road Initiatives or also known as One Belt One Road (OBOR). This initiative was first announced in 2013 by Xi Jinping and consisting of two main components: the Silk Road Economic Belt (SERB) and the Maritime Silk Road Initiatives (MSRI) with the former extending from China to Europe through Central Asia, and the later, links China to Southeast Asia, the Middle East and Africa. The Belt and Road Initiatives, according to the White Paper issued in March 2015, aims to:

.....promote the connectivity of [the] Asian, European and African continents and their adjacent seas, establish and strengthen partnerships among the countries along the Belt and Road, set up all-dimensional, multi-tiered and composite connectivity networks, and realize diversified, independent, balanced and sustainable development in these countries (NDRC, MoFA and Ministry of Commerce of the People's Republic of China, 2015).

Geographically, China's goal is to be able to connect its underdeveloped hinterland. Furthermore, the plan also include the construction of a 21<sup>st</sup> Century Maritime Silk Road connecting the fast-growing Southeast Asian region to China's southern provinces through ports and railways (Cai, 2017). Even before the official announcement of the initiative, Xi had been hinting for this massive plan. For instance, the construction of 'Silk Road Economic Belt' was first mentioned by Xi in September 2013 when he came to Kazakhstan. The next month, Xi Jinping again, called for the construction of the "21<sup>st</sup> Century Maritime Silk Road" accompanied by the establishment of Chinese-backed financial institutes, AIIB (Asian Infrastructure Investment Bank) in Indonesia (Huang, 2016). Later in November 2013, this proposal was then adopted into a comprehensive reform blueprint adopted by the Party leadership as the key priority before 2020 (Huang, 2016).

In explaining the heart of this large-scale initiative, scholars are split into two major approaches, geo-political and geo-economics. Huang (2016) argued that BRI is primarily driven by the need to sustain China's economic growth. In 2012, China underwent a slowdown in its GDP growth from 9.3% to 7.7% compared to the previous year. The next year, the number remain stagnant in 7.7 percent, in 2014, it edged down further to 7.4 percent and 6.9 percent in 2015 (Huang, 2016). This decline on the growth of China's GDP is suspected to be caused by the weakening external demands (Lin & Zhang, 2015). Before the slowdown, China's export used to reach an average growth rate of 25%, however, the number is now negative. Against this background,

the implementation of the BRI is aspired to establish more comprehensive global economic collaborations, which in turn will help China regain its positive growth. Specifically, China seek to build connectivity within the BRI ranging from infrastructure building, trade, investment, even people-to-people connectivity. Likewise, Djankov (2016) posits that Chinese BRI is solely an economic endeavor, constructed as a means to secure China's interest globally, while at the same time providing openings for local companies. Furthermore, he elaborated four goals of BRI: 1) reducing reliance on national infrastructure investment; 2) infrastructure building will help China's renminbi to achieve the status of a global reserve currency; 3) securing China's energy supply; 4) infrastructure development in participating countries may increase growth in their economies which in turn, will contribute to increasing demand for China's goods and services. He further reiterates that the comparison between BRI and Marshall Plan is totally off the mark since unlike the latter, the former do not intend on creating an exclusive economic bloc and no coerced institutional activity among participating countries is present.

Geopolitical-wise, BRI is seen as China's contention to Barrack Obama's policy of 'Pivot to Asia.' Just two years after its declaration, Justin Yifu, an influential policy advisor and World Bank's former chief economist, argued the establishment of BRI is China's attempt at balancing American initiative, namely Pivot to Asia and the Trans-Pacific Partnership (TPP). Likewise, a member of Chinese State council, contented that the exclusion of China and other emerging countries from the Trans Pacific Partnership

(TPP) forces them to initiate an alternative for cooperation (Cai, 2017). Some also regard this initiative as China's ambitious attempt to eventually replace the American-led economic institutions through exporting the so-called "China's Model" (Huang, 2016)

Despite the ongoing debates on real objectives of the BRI, China remains indifferent and choose to continue on moving forward with the initiative. As of January this year, the Belt and Road Initiative has attracted 140 countries to participate (Nedopil, 2021). The countries are spread across all continents with 38 countries in Sub-Saharan Africa, 34 countries in Europe & Central Asia, 25 countries in East Asia & Pacific, 17 countries in Middle East & North Africa, 18 countries in Latin America & Caribbean, and 6 countries in South East Asia (Nedopil, 2021). Unquestionably, the BRI has brought with it myriad benefits, both to China and the participating countries. In 2017, a total of US\$1.44 trillion was achieved in trade between China and BRI-member countries, a 13,4% higher than the preceding year and 5,9% higher than the growth of China's overall foreign trade (Zhexin, 2018). In the following year, China has come to agreements on RMB clearing with seven BRI-participating countries, a step closer in accelerating the internationalization of Chinese currency (Zhexin, 2018). China's Minister of Foreign Affairs, Wang Yi, spoke at a media interview on 21 May 2016, outlined the significant achievements of the BRI as follows:

1. Acceleration in production capacity cooperation. To date, China's funds for BRI countries in production capacity has surpassed \$100 billion,

2. China has come to an agreement with Mongolia and Russia on creating an economic corridor along these three countries. Furthermore, a new construction plan is being discussed. These show that the construction of economic corridor has shown a remarkable progress,
3. A steady increase in merchandise shipping between China and Europe. Almost 2000 trains have travelled from China to Europe and vice versa. This includes 815 trips made in 2015, almost three times higher than that of 2014,
4. Infrastructure construction has begun to take shape. This element of BRI has connected Eurasian countries through air, land, and sea, opening the way for Eurasian cooperation. The Jakarta-Bandung High-Speed Rail, the China-Laos Railway, and the China-Thailand railway are only few examples of this infrastructure projects.
5. China has also promoted cultural exchange and interaction with BRI-covered countries. China is offering One Belt One Road scholarship, and actively organized other events for cultural exchanges.

Seeing all those achievements, it can be concluded that to a large extent, the BRI has helped China uplift its presence in the world. The foundation of BRI is seen as Xi's policy towards a more active China, replacing Deng's famous dictum of ‘冷静观察、稳住阵脚、沉着应付、韬光养晦、善于藏拙、决不当头、有所作为’ or translated as ‘hide your strength and bide your time’ and the *taoguang yanghui* or

“maintaining a low profile”. Drawing from these two principles, Deng visioned China to calmly observe the changes happening in the international situation while, in the meantime, keep the economic and political situations in check. In contrast to Deng, Xi is advancing more proactive diplomacy in surrounding regions. According to Douglas Paal of the Carnegie Endowment for International Peace, Xi displays self-confidence that seems to match the mood of the times in China, one of renewed nationalism and self-assertion (Paal, 2013).

## **2.3 China in South Pacific**

### **2.3.1 China’s engagement before 1949**

While its presence in the South Pacific might catch the international eyes only recently, China and the region have long-established historical connections. These historical and cultural connections can be traced back five thousand years ago as the language communicated by the South Pacific’s natives is Taiwanese (Yang J. , 2011). Following the growth of trade between China and South Pacific, more Chinese flew their way to the region with the hope to get a better life. As we know, in the 19<sup>th</sup> century, China underwent political turmoil which lead to frequent famines and war forcing their people to travel overseas seeking money that they could remit (Wilson, 1990).

People of China first entered the region as a labor, working under the colonial power which back at the time, to some degrees, administered the region. The Europeans started to build plantations however, the islander of the Pacific Islands showed no interest in working for them as they had their own lands and saw that they could profit

more from individual plantations than what the Europeans could allocate monthly (Yang J. , 2011). The planters, left with no other options, turned to alternative choice of labor and Chinese labor happened to be their obvious choice. In the late 1800 century, the Western colonies recruited indentured labors from the province of Guangdong in China to work in their plantation in French Tahiti, German New Guinea, Samoa and other parts of Pacific (Biddick, 1989). Other than labors, Chinese people in South Pacific were also there as traders. The numbers of Chinese people in the region continued to grow that they were found “in every nook and cranny of the Islands” (Pan, 1998). Economically, the impact of these Chinese migrants was immense as they highly contributed in the region’s economic growth (Biddick, 1989).

Initially, China’s core objective in the region was to ensure the safety of its workers and Kuomintang (KMT) party branches were established in New Guinea and Fiji. They maintained a close tie with the South Pacific’s official to ensure that their workers were not mistreated in any way and that their rights were being fulfilled. The Chinese authorities, both central and provincial were actively engaging themselves in the regulation of the indentured labor (Yang J. , 2011). In 1908 for example, a Germany company was called out by officials of Guangdong province for unfair recruitment process. Furthermore, they banned their citizens from migrating to Nauru, after mistreatments to Chinese labors were found in Samoa (Wilson, 1990). A year later, China’s consul in Samoa revealed that the condition of Chinese laborers was pitiful and unacceptable. In light of what happened, China’s representative in Samoa ordered

the elimination of flogging, and for the laborers to be given the same legal status as the Europeans.

Apart from protecting its citizens overseas, China and South Pacific did not demonstrate much of contacts. They were trading partners as South Pacific exported its exotic raw materials before the Europeans exploited the region leaving them to near extinction. As for China and Asia in general, the South Pacific was not really a destination for exports seeing that their trade were still pretty much dominated to Western countries (Crocombe, 2007). Overall, it was not until the Cold War that connection between China and South Pacific become more apparent.

### **2.3.2 Involvement during Cold War years**

The establishment of the People's Republic of China (PRC) in 1949 did not instigate a meaningful connection with the South Pacific region. Even after China re-established its relations with the West, its connection with the region was still minimal. This came as a surprise since Beijing's idea of sovereignty matched the independence movements fought by countries in the region (Yang J. , 2011). At that time, the Pacific Island Countries were struggling under the domination of the West.

In 1960s to 1970s, China undergone massive developments where it helped fostering the connection between China and South Pacific. When confrontation between China and Russia broke out in 1960, the two giant of the Communist bloc split up and China was forced to reconcile with the United States. The region stood as a contested area with China and the United States working together to prevent the Soviet



Union from entering. Consequently, this also paved the way for China's relations with the allies of the United States. And just like that, The South Pacific, who was in the middle of decolonization, became one of China's diplomatic partner. The connection between China and South Pacific intensified when Beijing got involved in a diplomatic rivalry with Taiwan or Republic of China (ROC). The rivalry first sparked up when in 1971, China took Taiwan's place in the UN Security Council (Yang J. , 2011). Upon seeing this, Taiwan sought to find new "friends" or "supporter" and the newly-independent states in the South Pacific were part of their target. Both China and Taiwan saw the newly-independent South Pacific as a fertile ground to cultivate diplomatic supports. However, it seemed that Beijing was a little unprepared in terms of its strategic policy to engage with the South Pacific. As a result, Taiwan managed to outmaneuver China and Fiji became its ally in 1971 (Biddick, 1989). In the next year, Taiwan also successfully established diplomatic ties with Western Samoa and Tonga. In 1973, Taiwan welcomed the Prime Minister of Western Samoa and Tonga in an official visits where development assistances were discussed, and in June 1975, Taipei established a resident embassy in Tonga (Biddick, 1989).

Taiwan's head start surely did not go unnoticed by China. It seized the initiatives in 1975 when Premier Zhou Enlai publicly declared China's recognition of Papua New Guinea's independence. China's effort in engaging itself with the South Pacific countries covered a wide range of issues. In the same manner as earlier Ping Pong diplomacy with the United States, the PRC used its soccer teams to bolster its ties

with Fiji by sending them to a friendly tour where the members were received with hospitality. Following right after, the Chongqing acrobatic troupe were also sent to Western Samoa and Papua New Guinea in 1977. Politically, high officials from China and the South Pacific countries would exchange visits shortly after they established diplomatic relations. It has become a routine for the region's leaders to make their visits to China right after diplomatic ties were established (Yang J. , 2011). Economically, China showed its strong support to the region's Exclusive Economic Zone (EEZ) which at the moment stood as particularly important issue in the region (Biddick, 1989).

Aside from the diplomatic contention with Taiwan, China's engagements with the South Pacific during the Cold War years was also driven by the need to restrain the Soviet Union's influences. This resulted in a success when Soviet Union's request to build an embassy in Fiji was declined by Fijian Prime Minister, after he visited Beijing in 1978 (Godley, 1983). In conclusion, it is worth noting that during the Cold War, China was driven by external forces such as the United States, Australia, and New Zealand (Wesley-Smith, 2007)

### **2.3.3 Post – Cold War years**

While it was ideological policy – hindering the Soviet Union's spreading influences – and the checkbook<sup>1</sup> diplomacy with Taiwan that defined China's motive,

---

<sup>1</sup> A diplomacy in which states seek for diplomatic leverage by granting aids and economic assistance. Pacific, as the most-aid-dependent region, has seen a lot of this form of engagement, especially between China and Taiwan

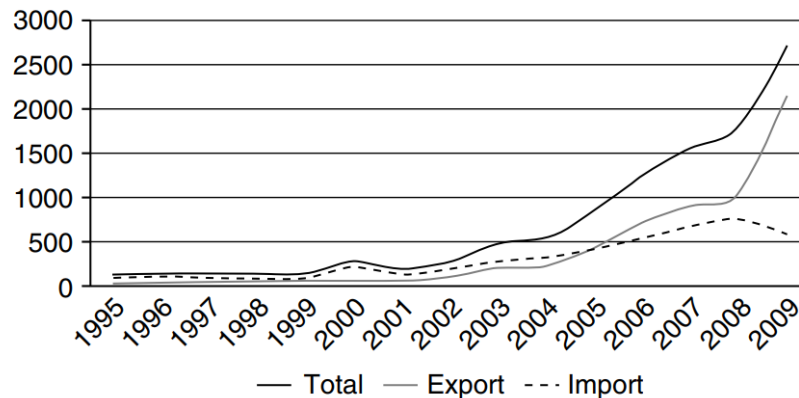
the end of Cold War sees more of an independent posture of China's policy with the region. After its opening up in 1979, China started to grow real interest to the region. In early 1980s, Chinese diplomats were sent to Hawaii in an educational missions to learn the history, politics, and cultures of the region (Yang J. , 2011). In May 1980 however, China's benign and Third World friend depiction was somewhat shaken up when a People Liberation Army (PLA) naval task force assembled in South Pacific in connection with a ballistic missile exercise (Godley, 1983). This raised public concerns from South Pacific leaders as this event make them question China's military intention in the region. However, China was quick on its feet and sent Hu Yaobang, the secretary general of CCP in 1985 on a goodwill tour to ensure China's peaceful intention. He reiterated three guiding principles that will serves as the basis of China's relations with the region: 1) sovereignty and domestic politics of the region remains a highly respected area, 2) fully respect the ties it has with the region, and 3) full respect for existing agreements established with western big powers (Biddick, 1989). Hu also stressed that China had no intention of being a military power in the region.

In late 1997s, there was a significant growth of Chinese influence in the South Pacific. Previously, China fell short compared to traditional powers such as Australia when it comes to the presence of diplomatic posts. (Hoadley, 1992). The former used to have only 4, while the latter have 6. The table have turned however, Chinese diplomats in the region are the largest in number, although some says that it is due to China not being able to find competent local staffs in light of language barrier (Yang

J. , 2011). Nevertheless, it has becoming a tradition that first official visits by South Pacific leaders have Beijing as destination and not Washington, Canberra or Wellington.

In the sphere of economy, China's trade with the region has been growing consistently in the past two decades (Figure 4).

**Figure 4.**  
**China's trade with 14 Pacific Island Countries (US\$ Million)**



*Source: Yang (2011)*

However, trade was not the only aspect of economic collaborations that was present. Other form of economic cooperation such as foreign investments were also present. In 1997, China invested US\$800 million in 300 enterprises in the Pacific Island Countries (Crocombe, 2007). As of 2006, up to 3000 Chinese private enterprises were reportedly investing almost US\$ 2 billion in the South Pacific, covering a wide range of sectors such as minerals, plantations, fishing and logging operations (Crocombe, 2007). Two years later, they invested an additional US\$300 million. On top of that, tourism was also a high demand between the two. Visits by Chinese tourists rose about

30% in 3 years, where it reached to 50,000 in 2005, from 35,000 in 2002 (Seneviratne, 2006). In Fiji specifically, the number of Chinese tourist grew from 8,453 in 2007 to 13,820 in 2009 (Yang J. , 2011).

In addition to investment, China too, generously showered the Pacific Islands Countries (PICs) with various financial assistance targeted mostly at infrastructure building (Shie, 2007). However, China's aids also covered other aspects such as natural resources development, export-import, and granting equipment for government and officials. In 1999 for example, the China-Pacific Islands Forum Secretariat Fund was established with an estimated start-up donation of US\$ 3 million from China to be used for the promotion of bilateral trade, tourism personnel training, investment, and other cooperatives projects (Wesley-Smith, 2007). China's government, represented by Premier Wen Jiabao, during his visit to South Pacific in 2006 announced that China would grant a total of 3 billion yuan (US\$375 million) in the form of preferential loans in the next three years with the hope of boosting cooperation in resource development, fisheries, agriculture, and other key industries (Yang J. , 2011). On top of that, this three-year aid package also included debt cancellation and relief, training of 2,000 government officials and technical staff, and lastly, a zero tariff for export from the least developed countries in the region (Zhang Y. , 2007). Upon this generous behavior, China is now coming in third place in terms providing aids do the region, with Australian and the US coming in first and second (Yang J. , 2011).

As per aids to individual Pacific Islands Countries, the Chinese government were also actively supplying needs to local government offices and militaries as illustrated in table 1.

**Table 1.**  
**China's individual aid to Fiji and PNG**

Country	Aids	Allocation
Fiji	US\$6,000	Website maintenance for Ministry of Foreign Affairs
	US\$13,000	2 small boats for fisheries surveillance
	US\$250,000	Military supplies
	US\$430,000	Office supplies for Parliament
Papua New Guinea (PNG)	50 computers	Department of Foreign Affairs
	+US\$1	Military supplies for defence forces (e.g uniforms)

*Source: Shie, (2007) processed*

Last but not least, China has also financed the construction of the National Parliament House of Vanuatu, granted 8 cargo trucks to replace the government aging vehicles and even provided 2 merchandise ships amounting to at least US\$9.4 million to assist goods delivery process to the remote part of the country (Shie, 2007).

Scholars came up with different arguments in explaining China's real motive and one reason that seized approval by huge majority of them is the region's abundant natural resources. As noted by Michael Powels, the region's abundant marine and seabed resources drives China's deep interest to the region (Powels, 2010). China, through its largest Metallurgical Construction Company (CMCC) signed an agreement on the \$625 million Ramu nickel and cobalt mine in Papua New Guinea. (Shie, 2007). In exchange for 85% of the share – making it the major shareholder – the CMCC will provide comprehensive funding, completion of construction, as well as buying mines products for as long as 40 years (Shie, 2007). This project is said to be worth for US\$800 million (Windybank, 2005). In addition to minerals and seabed resources, South Pacific is also overflowed with fisheries. The Pacific tuna resources is known to be the world's largest and have the best chance of being harvested in a sustainable fashion and not so surprisingly, China has been a responsible participant in negotiations aimed to ensure the sustainable exploitation of the Pacific's tuna resource (Powels, 2010).

## **2.5 China and the South Pacific's regional order**

Having actively engaged with the South Pacific in various aspects for years, it is only natural for China to be incorporated in the region's regional order and institution. It first started when in 1989, China was officially inaugurated as the dialogue partner for the then-South Pacific Island Forum (now Pacific Islands Forum). China then attended the forum regularly, using this as a means to resonate its benign and friendly intentions with the region. In the Pacific Islands Forum in October 2007, Zhang Yesui, China's deputy foreign minister ensure that:

“The ultimate goal of China's Pacific Islands policy is the maintenance of the regional stability and the promotion of common development” (Yang J. , 2011)

In 2004, China joined the South Pacific Tourism Organization (SPTO) making it the first organization's member coming from outside the region. It is claimed that having China as a member of the organization will boost tourism, foster cooperation and understanding, and persuade other major power to partake. 2016 was marked as the highlight of China's activism in the South Pacific institutions, as it established its own dialogue platform with the region called the China-Pacific Economic Development Cooperation Forum. Wen Jiabao, who serves as China's premier at that time, flew all the way to Fiji for the inauguration of the forum.

Critics points out that China aims to fill in the 'vacuum of power' that the region underwent after the departure of two major powers, the US and Great Britain. Henderson and Rally (2001) noted that the US has been preoccupied by the aftermath of 9/11 and their "War Against Terror" that it neglected some of important development in peripheral regions, South Pacific being one of them. Once called the



*American Lake*, the South Pacific now remains an area of low priority to the United States. China, however, is not merely filling in the vacuum of power left by Western power. It is incorporating Pacific Islands into its grand quest to become an Asia-Pacific major power (Henderson & Reilly, 2003). Furthermore, Zhang (2007) argued that China emerged in the region as a major power by default, and that the withdrawal of Western powers has only facilitated such an emergence.

It has taken two to dance the tango. The South Pacific countries regard China's presence as a blessing and welcome it with so much favor. Faced with increased internal stability, and unclear economic future, even a relatively small involvement of large power can have a significant impact on the Pacific Islands Countries. Aids provided by Western institutions such as the World Bank, or the International Monetary Fund usually require certain preconditions; democratic, non-corrupt government, something which newly-independent states like PICs could barely afford. On the contrary, developmental assistance offered by China (and Taiwan) does not set any pre-conditions giving the region a more accessible source of aid. The South Pacific might be overflowed with natural resources, but it lacks the technology and financial ability to make a good use of them. In the region's perspective, China is seen as a great deal of a help, especially after the withdrawal of the US and Great Britain. It is no wonder that the trend of recent years has therefore, for Pacific Islands Countries to "look north" (Henderson & Reilly, 2003).

## **2.5 Conclusions**

Deng Xiaoping might have initiated the reform in 1978 with the hope of bettering China's economy. Little did he know however, that his idea of reform would bring about an enormous wind of change to his country. It was once an isolationist, inward-looking country who would not dare to even dream about being a great power. Under the leadership of Deng Xiaoping, China managed to go beyond his own expectation and emerge as a great power in the 21st century. Under Xi Jinping's presidency, China launched its "*economic*" grand strategy named the Belt and Road Initiative (BRI), or One Belt One Road. Through this ambitious project, China aims to connect Eurasia, Southeast Asia, the Middle East, and Africa through two different economic corridors, namely the Silk Road Economic Belt (SERB) and the Maritime Silk Road Initiatives (MSRI). This initiative positively impacts China's geo-economic, as well as its geopolitics. As of March 2020, the number of countries participating in the Belt and Road Initiative has reached a total number of 138 countries. Along with China's rise emerged 'the China Threat' theory. This theory is based on a realist approach where it is feared that the rise of China will disturb the current world order. China therefore conceived the 'Peaceful Rise of China' to reassure the world that its rise should not be seen cautiously. China further reiterates that it will not rise in the same fashion as great power in the past and that it seeks a brand new path of rise.

It is noticeably clear that China is expanding its sphere of influence to the South Pacific. Historically, the ties between the former and the latter began as early as in the late 1800s when Chinese labor were migrating to the region to work for Western's

plantation there. Not until the Cold War years in 1960 did China finally demonstrated its political intentions in the region. Back then, the South Pacific was an ideological battleground for the Communist Bloc and the Capitalist Bloc. China worked together with the US to curb the influence of Communist regime in the region. In the same period of time, China got involved in *checkbook diplomacy*, racing against Taiwan to win the heart of the South Pacific. While China's motive during the Cold War years was solely driven by ideological policy – hindering the Soviet Union's spreading influences – and the checkbook diplomacy with Taiwan, the end of the Cold War sees more of an independent posture of China's policy in the region. China is now even incorporated to the South Pacific's regional as well as Institutional order. In 2006 China established its own dialogue platform with the region, the China - Pacific Islands Countries Economic and Development Cooperation Forum. China has continued to project its benign intentions in the region where it frequently highlights the promotion of common development between the two.