

# Security Challenges

Volume 13 Number 2 (2017)

# Security Challenges

ISSN 1833 – 1459

## EDITORS:

Greg Raymond  
*Managing Editors*  
editor@ifrs.org.au

Chris Farnham

Robert Wylie  
*Consulting Editor Defence Industry Policy*  
r.wylie@adfa.edu.au

Geoff Hunt  
*Production Editor*  
wamboohunt@yahoo.com.au

## EDITORIAL BOARD:

*Robert Ayson*  
Victoria University  
Wellington, New Zealand

*Sam Bateman*  
University of Wollongong  
Wollongong, Australia

*Rod Lyon*  
ASPI  
Canberra, Australia

*Leszek Buszynski*  
Strategic and Defence  
Studies Centre, Australian  
National University

*Eliot Cohen*  
John Hopkins University,  
Washington, DC, USA

*Ralph Cossa*  
Pacific Forum CSIS  
Honolulu, Hawaii, USA

*Bates Gill*  
Professor of Strategic Studies  
Strategic & Defence Studies  
Centre, Australian National  
University

*Gerald Hensley*  
Former Secretary of Defence  
New Zealand

*Ramesh Thakur*  
Asia-Pacific College of  
Diplomacy, Australian  
National University

*Andrew Mack*  
Simon Fraser University  
Vancouver, Canada

*Andrew O'Neill*  
Director, Griffith Asia  
Institute, Griffith University,  
Brisbane, Australia

*Rizal Sukma*  
Centre for Strategic and  
International Studies  
Jakarta, Indonesia

*William Tow*  
Department of International  
Relations, Australian National  
University

*Akio Watanabe*  
Research Institute for Peace  
and Security  
Tokyo, Japan

Project Management and Cover: Qote Canberra (02) 6162 1258

Published and distributed by: The Kokoda Foundation

2/10 Kennedy St  
(PO Box 4060), Kingston ACT 2604

T: (02) 6295 1555

E: [manager@kokodafoundation.org](mailto:manager@kokodafoundation.org)

W: [www.securitychallenges.org.au](http://www.securitychallenges.org.au)

F: (02) 6169 3019

© The Kokoda Foundation. All rights reserved. Apart from any fair dealing for the purposes of private study, research, criticism or review as permitted by the Copyright Act, no part of this publication may be reproduced, stored, transmitted or disseminated in any form or by any means without prior written permission. Inquiries should be made to the publisher.

All articles published in *Security Challenges* are fully peer-reviewed. Any opinions and views expressed are those of the authors, and do not necessarily reflect the opinion of the Kokoda Foundation or the editors of *Security Challenges*.

*Security Challenges* is indexed on EBSCOhost™



## SHIFTING TIDES

### COMMENT

Dougal Robinson

*Congressional Support for Australia Has Paid Dividends with the Trump Administration* .....5

### ARTICLES

Andrew Tan

*Singapore's Survival and its China Challenge*.....11

Denghua Zhang

*China's Diplomacy in the Pacific: Interests, Means and Implications*.....32

Jon Cottam

*The Private Sector Does It Better? Neo-Liberalism, Contractors and the Australian Department of Defence* .....54

### BOOK REVIEWS

*All Measures Short of War: The Contest for the Twenty-First Century and the Future of American Power* by Thomas J. Wright.....72

Reviewed by Andrew Carr

*Pacific Power? Australia's Strategy in the Pacific Islands* by Joanne Wallis...75

Reviewed by Stewart Firth

*Global Allies: Comparing US Alliances in the 21st Century*

edited by Michael Wesley .....78

Reviewed by Iain Henry

## **Editors' introduction**

This issue puts changing relations between the Asia Pacific's Great Powers, on the one hand, and small and middle powers on the other, squarely in the spotlight.

Beginning with the United States and Australia, Dougal Robinson describes how relations between the United States and Australia have stabilised after the infamous Trump-Turnbull phone call in January of this year. Critical to the righting of the ship was the strong, bipartisan public response from senior US Representatives and Senators.

Andrew Tan provides a lucid account of recent tremors in Singapore - China relations. Arguing that Singapore provides a case study of how China has begun to act towards smaller states in the region, Tan catalogues a number of controversies including China's impounding of armoured vehicles belonging to the Singaporean Armed Forces. A key irritant in relations is Singapore's vocal support for international law and criticism of China's claims in the South China Sea.

Denghua Zheng contemplates China's intent and policies towards the small and micro-states of the South Pacific, an issue of enduring concern to Australian policymakers. He argues that while China's influence has increased substantially in the area of trade, it still lags behind other powers in domains such as security. Meanwhile, recognition of the One China policy remains China's paramount policy interest.

This issue also contains a forensic analysis of an under-researched area of Australian Defence policy, the use of contractors. Jon Cottam traces the employment of contractors since the era of the Hawke and Keating governments, and examines the impact of the initiatives on the size of the Department of Defence and operations of the Australian Defence Force overseas.

Finally, this issue continues our series of book reviews for the journal. Featured publications are 'All Measures Short of War: The Contest for the Twenty-First Century and the Future of American Power' by Thomas J. Wright', 'Pacific Power? Australia's Strategy in the Pacific Islands' by Joanne Wallis and 'Global Allies: Comparing US Alliances in the 21st Century' edited by Michael Wesley.

Greg Raymond and Chris Farnham,  
Managing Editors,  
November 2017.

# Congressional Support for Australia Has Paid Dividends with the Trump Administration

Dougal Robinson

The US Congress offered broad-ranging, bipartisan support for Australia immediately after reports that President Trump badgered, bragged and abruptly ended his January phone call with Prime Minister Turnbull.<sup>1</sup> More than fifty US Representatives and Senators—including many of the most senior members of Congress—took to Twitter, the media and even the Senate floor to reaffirm Australia's importance as a US ally.

While it is impossible to determine the extent to which congressional push-back shaped the President's subsequent actions, at the very least the congressional response created a context that helped rather than hindered Australia's interests with the 45th President. The White House cannot have missed such a strong expression of congressional dismay regarding President Trump's treatment of the Australian Prime Minister.

This commentary suggests that Australia has benefited from the outpouring of congressional support in early February: the Trump Administration adopted a far more positive approach towards Australia in the nine months since the phone call. First, the President personally committed to honour the US-Australia refugee deal that is at odds with his political platform. Second, Trump's tone towards Australia has become much more affirmative—he showed little sense of Australia's history of shared sacrifice in the alliance during the phone call, but adopted a somewhat regular presidential tone during public remarks commemorating the 75th anniversary of the Battle of the Coral Sea. Third, it is significant that the three most important cabinet members for Australia—Vice President Mike Pence, Secretary of Defense Jim Mattis, and Secretary of State Rex Tillerson—all visited Sydney within the first six months of the Trump Administration.

---

<sup>1</sup> Greg Miller and Phillip Rucker, "This Was the Worst Call by Far: Trump Badgered, Bragged and Abruptly Ended Phone Call with Australian Leader", *Washington Post*, 2 February 2017, <[www.washingtonpost.com/world/national-security/no-gday-mate-on-call-with-australian-pm-trump-badgers-and-brags/2017/02/01/88a3bfb0-e8bf-11e6-80c2-30e57e57e05d\\_story.html?utm\\_term=.3a6d834e8c33](http://www.washingtonpost.com/world/national-security/no-gday-mate-on-call-with-australian-pm-trump-badgers-and-brags/2017/02/01/88a3bfb0-e8bf-11e6-80c2-30e57e57e05d_story.html?utm_term=.3a6d834e8c33)> [Accessed 30 October 2017].

## An Outpouring of Support

The congressional response to the infamous Trump-Turnbull phone call was overwhelming. More than sixty members of Congress reportedly contacted Australian Ambassador Joe Hockey to express their solidarity.<sup>2</sup> Senator John McCain, the chair of the Senate Armed Services Committee, issued a stand-alone statement labelling Australia “one of America’s oldest friends and staunchest allies” and offered his “unwavering support” for the alliance.<sup>3</sup>

McCain’s early intervention triggered a strong, bipartisan public response from senior US Representatives and Senators. Paul Ryan, the Republican speaker of the House of Representatives, said Australia was a “very central ally ... and they will continue to be” in his weekly press briefing. Congressman Steny Hoyer, the number two Democrat in the House, and Dianne Feinstein, a Democrat who has served California in the Senate for over twenty years, were similarly vocal in their support for the alliance during media engagements. Senior Tennessee Republican Lamar Alexander, the chair of the Senate Health Committee, went to the Senate floor to dedicate an entire five minute speech to Australia.<sup>4</sup> At least five senators—John McCain, the Senate Armed Services Committee’s top Democrat Jack Reed, Senate Foreign Relations Committee Chairman Bob Corker, as well as Cory Gardner and Tammy Duckworth—tweeted about their phone calls with Australian Ambassador Joe Hockey.<sup>5</sup> According to United States Studies Centre CEO Simon Jackman, “the value and depth of Australia’s relationship with the United States [has] had the best media cycle in the US I can recall in my lifetime of studying politics in both countries.”<sup>6</sup>

In both the Senate and the House, identical resolutions were introduced to underscore Congress’s “strong commitment to the United States-Australia alliance relationship”, and state that Australia was a “partner crucial to the preservation of United States national interests”.<sup>7</sup> The Senate resolution

---

<sup>2</sup> Cameron Stewart, ‘John McCain: The Ally-in-Chief Drops in’, *The Australian*, 29 May 2017.

<sup>3</sup> John McCain, ‘Statement by SASC Chairman John McCain on U.S.-Australia Alliance’, Media Release, 2 Feb 2017, <[www.mccain.senate.gov/public/index.cfm/2017/2/statement-by-sasc-chairman-john-mccain-on-u-s-australia-alliance](http://www.mccain.senate.gov/public/index.cfm/2017/2/statement-by-sasc-chairman-john-mccain-on-u-s-australia-alliance)> [Accessed 30 October 2017].

<sup>4</sup> Lamar Alexander, ‘The People of the U.S. Do Not Have Better Friends than the People of Australia’, YouTube, 6 February 2017, <[www.youtube.com/watch?v=vUpKPwPhj-s](http://www.youtube.com/watch?v=vUpKPwPhj-s)> [Accessed 30 October 2017].

<sup>5</sup> Dougal Robinson, ‘Congress Rallies around Australia’, *the interpreter*, Lowy Institute, 9 February 2017, <[www.lowyinstitute.org/the-interpreter/congress-rallies-around-australia](http://www.lowyinstitute.org/the-interpreter/congress-rallies-around-australia)> [Accessed 30 October 2017].

<sup>6</sup> Simon Jackman, ‘Refugee Deal Surviving First Contact Speaks Volumes about US-Australia Alliance’, *Australian Financial Review*, 3 February 2017, <[www.afr.com/news/world/us-election/refugee-deal-surviving-first-contact-speaks-volumes-about-us-australia-alliance-says-simon-jackman-20170202-gu4d7o](http://www.afr.com/news/world/us-election/refugee-deal-surviving-first-contact-speaks-volumes-about-us-australia-alliance-says-simon-jackman-20170202-gu4d7o)> [Accessed 30 October 2017].

<sup>7</sup> Ben Cardin, ‘Bipartisan Senators Introduce Resolution Reaffirming Strong U.S.-Australia Alliance’, Media Release, 7 February 2017, <[www.cardin.senate.gov/newsroom/press/release/bipartisan-senators-introduce-resolution-reaffirming-strong-us-australia-alliance](http://www.cardin.senate.gov/newsroom/press/release/bipartisan-senators-introduce-resolution-reaffirming-strong-us-australia-alliance)> [Accessed 30 October 2017].

attracted the bipartisan support of fourteen senators, including the top Democrat on the Senate Committee on Foreign Relations, Ben Cardin, and former Republican presidential candidate Marco Rubio. The number of signatories to these congressional resolutions in the House and the Senate was almost fifty, albeit with far more Democrats than Republicans across the two chambers.<sup>8</sup>

Moreover, just two members of Congress criticised a deal that had previously been unpopular among the Republican conference. Context is important: a number of Republicans had called for President-elect Trump to pull out of the deal while President Obama remained in office during the 'lame duck' period.<sup>9</sup> Yet only two members of Congress criticised the agreement following the Washington Post report of the Trump-Turnbull phone call that catapulted details of the Obama-era refugee deal into mainstream consciousness in Washington. Both Senator Chuck Grassley and Representative Louie Gohmert raised objections to the specific details in the deal in February, although neither called for President Trump to abandon it. It is telling that no member of Congress deemed it appropriate to push back against Australia over the deal. The contrast is instructive—in the aftermath of the phone call, congressional opposition to the refugee deal was distinctly muted whereas well over fifty members of Congress implicitly criticised President Trump by offering outright support for Australia.

## **The Benefits for Australia**

The President and his inner circle cannot have missed the high-level congressional reaffirmations of Australia's value as a US ally. In addition to widespread media coverage of the phone call and congressional responses to the President's behaviour, then White House Press Secretary Sean Spicer received several questions at his press briefings about Australia and the refugee deal.<sup>10</sup> It is not possible to determine the impact of the congressional response on the Trump Administration's subsequent approach to Australia. However, US Presidents—even President Trump—are influenced by congressional sentiment during deliberations over both domestic and foreign policy. President Trump closely follows the media attention generated by key Representatives and Senators and is very concerned with how the media covers his administration.

---

<sup>8</sup> In early June, the Resolutions had attracted fourteen co-sponsors in the Senate and thirty-three in the House.

<sup>9</sup> Dougal Robinson, 'Australia's Refugee Deal Will Be Early Test of Relations with Trump', *Australian Financial Review*, 13 January 2017, <[www.afr.com/news/politics/world/australias-refugee-deal-will-be-early-test-of-relations-with-trump-20170112-gtqow6](http://www.afr.com/news/politics/world/australias-refugee-deal-will-be-early-test-of-relations-with-trump-20170112-gtqow6)> [Accessed 30 October 2017].

<sup>10</sup> For example, Josh Butler, 'Australia-U.S. Refugee Deal: Chaos as White House Gives Conflicting Reports', HuffPost, 1 February 2017, <[www.huffingtonpost.com.au/2017/01/31/u-s-will-take-1250-australian-refugees-subject-to-extreme-vet\\_a\\_21704341/](http://www.huffingtonpost.com.au/2017/01/31/u-s-will-take-1250-australian-refugees-subject-to-extreme-vet_a_21704341/)> [Accessed 30 October 2017].

For President Trump, the feedback loop after the phone call was highly negative—the story dominated Twitter and cable news, as well as making national and global headlines. The congressional response to the phone call drove the media cycle, because such vocal, bipartisan criticism of a new president is highly unusual. It was the first time in the weeks-old Trump Presidency that several senior Republicans had simultaneously aired differences with the White House. At a minimum, the strength of the congressional response demonstrated to the President that, in future, he could expect widespread criticism if he upset the pro-Australian constituency on Capitol Hill.

It is unlikely to be a mere coincidence that President Trump adopted a favourable approach to Australia in the nine months since the phone call. First, the Trump Administration is honouring the Obama-era refugee deal that was the focus of the unpleasant phone call and was described by President Trump as a “dumb deal” that would get him “killed” politically. The first fifty refugees on Manus Island and Nauru were resettled in the United States in September.<sup>11</sup> Trump had previously confirmed that he would honour the deal in New York in May.<sup>12</sup> And in April, Vice President Pence had said the deal would go ahead, declaring: “we’ll honour this agreement, out of respect for that enormously important alliance”. But Pence also flagged the Administration’s aversion to the deal: “it doesn’t mean we admire the agreement”.<sup>13</sup>

It is very significant that the Trump Administration is carrying out an Obama-era agreement that it openly dislikes. The deal runs counter to Trump’s litany of comments on refugees and ongoing efforts to impose a ‘travel ban’ on people from six Muslim-majority nations. The congressional response to the phone call was not necessarily the primary reason that the Trump Administration decided to honour the deal—perhaps the administration would have honoured it nonetheless. But it was an important litmus test, which indicated that President Trump would not encounter serious domestic opposition should he honour the deal.

Second, President Trump’s tone towards Australia was positive during his first face-to-face meeting with Prime Minister Turnbull. Trump had shown little sense of Australia’s history of shared sacrifice in the alliance during his

---

<sup>11</sup> Josh Butler, ‘Just 50 Refugees on Manus, Nauru to Initially Resettle in Trump’s America’, *HuffPost*, 20 September 2017, <[www.huffingtonpost.com.au/2017/09/19/just-4-percent-of-asylum-seekers-on-manus-nauru-to-initially-resettle-in-trumps-america\\_a\\_23215635/](http://www.huffingtonpost.com.au/2017/09/19/just-4-percent-of-asylum-seekers-on-manus-nauru-to-initially-resettle-in-trumps-america_a_23215635/)> [Accessed 30 October 2017].

<sup>12</sup> Transcript: Journalist: “Do you think you can you put the refugee deal behind you and move on?” POTUS: “Oh yeah sure. That’s all worked out. That has been worked out for a long time.” See Rosie Lewis, ‘Donald Trump, Malcolm Turnbull Meet in New York: Live Coverage’, *The Australian*, 5 May 2017.

<sup>13</sup> Jacqueline Williams, ‘Mike Pence, on Charm Offensive in Australia, Confirms ‘Historic Alliance’, *New York Times*, 21 April 2017, <[www.nytimes.com/2017/04/21/world/australia/mike-pence-visit-sydney-turnbull.html?\\_r=1](http://www.nytimes.com/2017/04/21/world/australia/mike-pence-visit-sydney-turnbull.html?_r=1)> [Accessed 30 October 2017].



phone call with Turnbull. Yet on the USS *Intrepid*, he spoke of the “iron bonds” between the United States and Australia, forged in the waters of the Pacific during the Battle of the Coral Sea.<sup>14</sup> And he went much further, praising the alliance in effusive terms that could easily have come from Presidents Barack Obama or George W. Bush: “Americans have had no better friends than the Australians. We are proudly and profoundly grateful for Australia’s contributions in Syria, Iraq and Afghanistan and the fight against terrorism following September 11.” One can never be sure whether Trump believes everything he says, but his approach in New York nonetheless represented a somewhat ‘normal’ presidential approach to Australia that was welcomed by Congress.

Third, the three most important members of President Trump’s cabinet, from an Australian point of view, all visited Sydney within the first six months of the administration. Vice President Pence arrived in April, the earliest visit ever by vice president in a new administration.<sup>15</sup> Pence, a pro-trade, pro-alliance Republican is natural friend of Australia, but his decision to visit within the first 100 days of his term likely owes in part to the congressional response to the phone call. For Pence, who was previously the Republican Conference Chairman (the number three position in the Republican Party in the House) and serves as the administration’s point person on Congress, visiting Australia suited both a personal and congressional desire to reassure Australia. It is significant that Pence spent two days in Australia on his first trip to Asia as Vice-President, as part of an itinerary that also included the more traditional destinations of Japan and South Korea. Similarly, Secretaries Tillerson and Mattis visited Sydney for AUSMIN just over five months into the Trump Administration. Even though the annual meeting was long overdue (it had last occurred in October 2015), it is always difficult to schedule AUSMIN meetings in Australia. Therefore, it is notable that the Secretaries of State and Defense valued the alliance to the point that they coordinated their travel schedules and flew to Australia for AUSMIN in the early months of the administration.

Other factors were at play in each of these developments, including the Australian Government’s direct engagement with the Trump Administration. Nonetheless, and although it is impossible to prove conclusively, it seems highly likely that the forceful demonstration of congressional support for Australia and criticism of President Trump in February has had subsequent benefits for Australia. In the Trump era, engagement with Congress has re-emerged as a particularly valuable aspect of the US-Australia relationship. Australia can continue to achieve much with a Congress that has the constitutional power and the political will to moderate President Trump’s less helpful impulses.

---

<sup>14</sup> Lewis, ‘Donald Trump, Malcolm Turnbull Meet in New York’.

<sup>15</sup> Williams, ‘Mike Pence, on Charm Offensive in Australia’.

*Dougal Robinson is a Research Fellow at the United States Studies Centre at the University of Sydney. [dougal.robinson@sydney.edu.au](mailto:dougal.robinson@sydney.edu.au).*

# Singapore's Survival and its China Challenge

Andrew T. H. Tan

Singapore-China relations have deteriorated since 2010, due to Singapore's position over the disputed South China Sea and its support for the United States' strategy of 'rebalancing'. Singapore has been concerned with China's use of coercion instead of international law and arbitration to settle interstate disputes, as this undermines the very international system upon which small states depend on for survival. However, despite pressure from China to take its side, Singapore does still have room to manoeuvre as there are a number of larger countries which are concerned with China's attempts to dominate the region.

Singapore is an interesting case study of how China has begun to behave towards small states in the international system. As well, Singapore matters because of its strategic location astride the Strait of Malacca, the busiest waterway in the world, and the fact that it is an important global financial centre, and also has one of the largest ports in the world. More significantly, despite its small size, Singapore punches above its weight diplomatically. One reason has been the global respect that its founding father and statesman, Lee Kuan Yew, had established since Singapore's independence in 1965. Through Lee, Singapore's views have been heard at the highest political levels in the United States, Europe and Asia, including in China, a fact well-summed up by Harvard academic and doyen, Graham Allison, in his latest book on US-China relations, entitled, *Destined for War*.<sup>1</sup> Singapore is also important to China because it is due to be the next chair of ASEAN in 2018, where it will be in a position to steer Asia's premier regional organisation.<sup>2</sup>

Singapore and China have well-established political and economic relations but political relations have undergone a qualitative change since 2010, even as their economic relationship has prospered. China is today Singapore's largest trading partner, with Singapore's exports to China (including Hong Kong) totalling US\$84.4 billion in 2016.<sup>3</sup> Yet, hitherto excellent relations

---

<sup>1</sup> Graham Allison, *Destined for War: Can America and China Escape Thucydides's Trap?* (Boston: Houghton Mifflin, 2017). Lee Kuan Yew is extensively quoted in this work.

<sup>2</sup> Tim Charlton, 'What to Expect from Singapore's 2018 ASEAN Chairmanship', *Singapore Business Review*, 8 May 2017, <[sbr.com.sg/economy/news/what-expect-singapores-2018-asean-chairmanship/](http://sbr.com.sg/economy/news/what-expect-singapores-2018-asean-chairmanship/)> [Accessed 30 August 2017].

<sup>3</sup> Daniel Workman, 'Singapore's Top Trading Partners', *World'sTopExports.com*, 22 April 2017, <[www.worldstopexports.com/singapores-top-import-partners/](http://www.worldstopexports.com/singapores-top-import-partners/)> [Accessed 11 July 2017].

have deteriorated since 2010, due to a number of reasons, including Singapore's position over the disputed South China Sea, which has angered China. As Ja Ian Chong observed, Chinese commentary on online forums and op-eds have since increasingly taken a critical tone towards Singapore, including using derogatory phrases such as *wangben* ("forgetting its origins") and *hanjianguo* ("a country of Chinese traitors").<sup>4</sup>

This article focuses on the challenges that a rising and increasingly more assertive China poses to Singapore (a Chinese majority state), which have been accentuated due to perceived affinities of race, language and culture on the part of China. The article begins by examining strategies for small state survival and the sources of Singapore's security perceptions, which are fundamental to understanding Singapore's foreign policy approaches. It then outlines Singapore's strategy for survival, the Singapore-China relationship and why this relationship has deteriorated. It concludes with an assessment of how Singapore can meet its China challenge.

### **Small State Survival and Singapore's Security Perceptions**

Small states in the international system by definition have less room to manoeuvre due to their lack of power. Indeed, a small state "cannot obtain security primarily by use of its own capabilities, and ... must rely fundamentally on the aid of other states, institutions, processes, or developments to do so".<sup>5</sup> According to the Commonwealth Secretariat, small states are vulnerable to a number of threats to their security. These include: threats to territorial security as a result of military and non-military incursions; threats to political security, including actions intended to influence a threatened state's national policies; and actions that could undermine its economic welfare. Small states, however, could take a number of measures to reduce their vulnerability, such as: the strengthening of national defence capabilities; entering into defence agreements with other states; underpinning security through economic growth; promoting internal cohesion; and adopting sound diplomatic policies at both bilateral and multilateral levels.<sup>6</sup>

More simply put, either a collective security system or a balance of power could ensure small state survival.<sup>7</sup> Nationalism based on a strong national

---

<sup>4</sup> Ja Ian Chong, 'Diverging Paths? Singapore-China Relations and the East Asian Maritime Domain', *Maritime Awareness Project*, 26 April 2017, <[maritimeawarenessproject.org/2017/04/26/diverging-paths-singapore-china-relations-and-the-east-asian-maritime-domain/](http://maritimeawarenessproject.org/2017/04/26/diverging-paths-singapore-china-relations-and-the-east-asian-maritime-domain/)> [Accessed 11 July 2017].

<sup>5</sup> Robert Rothstein, *Alliances and Small Powers* (New York: Columbia University Press, 1968), p. 29.

<sup>6</sup> Commonwealth Secretariat, *Vulnerability: Small States in the Globalised Society* (London: the Secretariat, 1985), p. 23.

<sup>7</sup> Talukder Maniruzzaman, *The Security of Small States in the Third World* (Canberra: Australian National University, 1982), pp. 37-39.

identity could also deter strong states.<sup>8</sup> Another recommendation for enhancing small state survival is the exercise of soft power. In this respect, Singapore has converted its soft power in its political economy potential and as a model of good governance into “instruments for virtual enlargement”.<sup>9</sup> As Michael Handel observed, small or weak states have internal sources of strength which they use to their advantage, and they could also draw on the strength of other great powers to further their own interests.<sup>10</sup>

As the following analyses show, Singapore has in fact adopted just such a multifaceted strategy to ensure its survival. Singapore is a small island-state with three significant geostrategic features which have informed its security perspectives and responses. The first is its strategic location, astride the busiest sea-lane in the world, namely, the Straits of Malacca, through which all trade between the Middle East and Europe on the one hand, and Northeast Asia on the other, must pass. Thus, as Singapore’s foreign minister, S. Rajaratnam observed in 1965, Singapore “is situated in a region of the world which has traditionally been the battleground of big power conflicts ... Singapore itself by virtue of its strategic location has attracted the attention of nations who wished to dominate Southeast Asia”.<sup>11</sup> Its strategic location has attracted the attention of the great powers. Indeed, until 1971, Britain maintained its largest naval base outside of the United Kingdom in Singapore. Today, the United States has a logistics facility in Singapore’s Changi Naval Base, where it also stations its latest littoral combat ships as well as P8 anti-submarine warfare aircraft.<sup>12</sup> In other words, Singapore matters because it is a strategic asset to any great power that wishes to have a presence in the region.

Singapore’s second geostrategic attribute is its location in the middle of the Malay archipelago, which has the world’s largest population of Muslims. Its population in 2016 is 5.6 million;<sup>13</sup> 74.3 per cent of its population is ethnic Chinese, making it the only ethnic Chinese-dominated state outside of China

---

<sup>8</sup> Walker Connor, ‘Ethnology and the Peace of South Asia’, *World Politics*, vol. 22, no. 1 (1968), p. 67.

<sup>9</sup> Alan Chong, ‘Small Power Soft Power Strategies: Virtual Enlargement in the Cases of the Vatican City State and Singapore’, *Cambridge Review of International Affairs*, vol. 23, no. 3 (2010), p. 386.

<sup>10</sup> Michael Handel, *Weak States in the International System* (London: Frank Cass, 1981), p. 51.

<sup>11</sup> Kevin Khoo, ‘On the Record: A Foreign Policy Outlined: S Rajaratnam Speaks at Singapore’s Admission to the U.N.’, National Archives of Singapore, 17 January 2017, <[www.nas.gov.sg/blogs/offtherecord/singapore-joins-the-united-nations-s-rajaratnams-speech/](http://www.nas.gov.sg/blogs/offtherecord/singapore-joins-the-united-nations-s-rajaratnams-speech/)> [Accessed 12 July 2017].

<sup>12</sup> Lynn Kuok, ‘The U.S.-Singapore Partnership: A Critical Element of U.S. Engagement and Stability in the Asia-Pacific’, Asian Alliances Working Paper Series, Paper 6, July 2016, Brookings Institution, pp.5-6, <[www.brookings.edu/wp-content/uploads/2016/07/Paper-6.pdf](http://www.brookings.edu/wp-content/uploads/2016/07/Paper-6.pdf)> [Accessed 12 July 2017].

<sup>13</sup> World Bank, ‘Population 2016’, World Development Indicators database, 17 April 2017, <[databank.worldbank.org/data/download/POP.pdf](http://databank.worldbank.org/data/download/POP.pdf)> [Accessed 12 July 2017].

if Taiwan is not counted as a state.<sup>14</sup> More significantly, Singapore sits uncomfortably in a subregion where strong anti-Chinese sentiments exist. This was demonstrated by the deadly May 13 race riots in Malaysia and Singapore in 1969, and more recently in the 1998 anti-Chinese riots in Indonesia. Anti-Chinese sentiments remain strong in both countries, epitomised by racially-framed attacks in 2016 in Indonesia on the then Jakarta Governor Basuki Tjahaja Purnama, who is ethnic Chinese, and the anti-Chinese Malay nationalist sentiments that have been openly expressed in Malaysia in recent years.<sup>15</sup>

Singapore's third significant geostrategic attribute is its sheer small size, with around 600 square kilometres of land and no hinterland of its own. It is dependent on external trade, and external sources (particularly on its sometimes difficult neighbours) for its food and some of its water supplies. Its population of 5.6 million in 2016 is dwarfed by the almost 32 million in neighbouring Malaysia and 261 million in Indonesia.<sup>16</sup> It has no strategic depth, and its heavy dependence on maritime commerce exposes it to coercion through a maritime blockade or interference with its long sea-lines of communications with its markets and sources of raw materials and energy.

Apart from its geostrategic attributes, Singapore's security perspectives have also been shaped by historical factors. A British Crown Colony, Singapore attained self-government in 1959 and joined the Federation of Malaysia in 1963, only to be expelled in 1965 as a result of intense political contestation with strong ethnic overtones. Singapore's Prime Minister, Lee Kuan Yew, vowed at the time that "Singapore will survive" but he was very much aware of the odds given the geostrategic realities that Singapore faced.<sup>17</sup>

The experience of Confrontation with Indonesia from 1963-65, the race riots that broke out in Malaysia and Singapore in May 1969, the massacre of communists in Indonesia after 1965 (many of ethnic Chinese origin) and tensions between Singapore and Malaysia after independence sharpened Singapore's sense of vulnerability and led to a siege mentality.<sup>18</sup> Thus, in 1968, Singapore established its own armed forces with the help of Israel, as Singapore consciously adopted the Israeli model of deterrence, including

---

<sup>14</sup> Ministry of Health (Singapore), 'Population and Vital Statistics', <[www.moh.gov.sg/content/moh\\_web/home/statistics/Health\\_Facts\\_Singapore/Population\\_And\\_Vital\\_Statistics.html](http://www.moh.gov.sg/content/moh_web/home/statistics/Health_Facts_Singapore/Population_And_Vital_Statistics.html)> [Accessed 12 July 2017].

<sup>15</sup> Hew Wai Weng, 'A Rise in Anti-Chinese Rhetoric', *New Mandala*, 28 September 2016, <[www.newmandala.org/rise-anti-chinese-politics-malaysia-indonesia/](http://www.newmandala.org/rise-anti-chinese-politics-malaysia-indonesia/)> [Accessed 12 July 2017].

<sup>16</sup> World Bank, 'Population 2016'.

<sup>17</sup> 'Prime Minister's Press Conference Held on 26 August 1965, at City Hall, Singapore', pp. 4, 11, <[www.nas.gov.sg/archivesonline/data/pdfdoc/lky19650826.pdf](http://www.nas.gov.sg/archivesonline/data/pdfdoc/lky19650826.pdf)> [Accessed 11 July 2017].

<sup>18</sup> Andrew T. H. Tan, *Security Perspectives of the Malay Archipelago* (Cheltenham: Edward Elgar, 2004), pp. 43-46.

universal conscription (for males), high defence spending and a pre-emptive defence strategy.<sup>19</sup>

## Singapore's Strategy for Survival

Lee, who remained a dominant figure until he passed away in 2015, clearly subscribed to a stark reading of the Hobbesian world in which Singapore had to exist. As he stated in an interview with the *New York Times* in 2007, "can we survive? The question is still unanswered ... it depends on world conditions ... it doesn't depend on us alone".<sup>20</sup> Lee took the view that "if there were no international law and order, and big fish eat small fish and small fish eat shrimps, we wouldn't exist".<sup>21</sup> Yet, Singapore's survival depended not just on international law and order but also on a balance of power. As he also stated at the same interview, "it's not just a matter for the United Nations Security Council ... there's the U.S. Seventh Fleet, a Japanese interest in the Straits of Malacca, and later Chinese and Indian interests in the region, and therefore a balance".<sup>22</sup> Thus, in his study of Singapore's foreign policy in 2000, Michael Leifer stressed that Singapore has coped with its vulnerabilities by practising balance of power politics in its foreign relations. In particular, "the multiple involvement within the regional locale of important extra-regional states, especially the United States, has been encouraged as a practical way of coping with vulnerability and complementing a national defence capability".<sup>23</sup>

Aside from balance of power however, Singapore has also utilised diplomacy and soft power instruments in pursuing its security relations, and has built a web of international, regional and bilateral relations. As a small island-state, Singapore is aware that it has to try to punch above its weight if it is to be heard regionally and internationally, and if its sovereignty and interests are to be respected and even defended by allies abroad. Singapore is a founding-member of ASEAN, has supported all major multilateral economic and political initiatives in the region, such as APEC and the ASEAN Regional Forum, and has been active on the global stage, such as through the Shangri-la Dialogue of defence officials which it organises, and its leadership of the Forum of Small States and the Global Governance Group.<sup>24</sup> This has enabled Singapore to punch above its weight internationally. For instance, as a leading member of the Global

---

<sup>19</sup> *Ibid.*, pp. 75-76.

<sup>20</sup> *New York Times*, 'Excerpts from an Interview with Lee Kuan Yew', 29 August 2007, <[www.nytimes.com/2007/08/29/world/asia/29iht-lee-excerpts.html](http://www.nytimes.com/2007/08/29/world/asia/29iht-lee-excerpts.html)> [Accessed 11 July 2017].

<sup>21</sup> *Ibid.*

<sup>22</sup> *Ibid.*

<sup>23</sup> Michael Leifer, *Singapore's Foreign Policy: Coping with Vulnerability* (London: Routledge, 2000), pp. 9, 26.

<sup>24</sup> Tommy Koh, 'Remembering Lee Kuan Yew: Our Chief Diplomat to the World', *Straits Times*, 25 March 2017, <[www.straitstimes.com/singapore/remembering-lee-kuan-yew-our-chief-diplomat-to-the-world](http://www.straitstimes.com/singapore/remembering-lee-kuan-yew-our-chief-diplomat-to-the-world)> [Accessed 13 July 2017].

Governance Group, Singapore is regularly invited to attend G20 meetings of major advanced and emerging economies.<sup>25</sup>

Singapore has also not put its entire faith in external power balancing and diplomacy. It has also made every effort to develop its power and strengthen its own resilience. Its armed forces, which are modelled after the Israel Defence Forces, today possesses significant conventional air, land and naval capabilities and are widely recognised to be the most advanced in Southeast Asia. Its armed forces have also engaged in defence diplomacy, through which Singapore has established strong defence ties with a number of countries, for instance, the United States, Taiwan, Australia, New Zealand, France, Thailand and India.<sup>26</sup>

Singapore has also paid particular attention to its economic and socio-political resilience. In 2016, Singapore's per capita income was about US\$53,000, with a GDP of US\$297 billion, which is almost the same in size as Malaysia, its much larger neighbour.<sup>27</sup> It is today one of the largest ports in the world and an important financial centre, making it a critical hub of the global economy. This gives key stakeholders in regional security a stake in Singapore's survival. More importantly, Singapore has taken care to build a Singaporean national identity in order to ensure a harmonious civil society, an important endeavour on account of historical ethnic animosities between the Chinese and the Malays in the region. Thus, despite the fact that three-quarters of the population are ethnic Chinese, deliberate steps have been taken to ensure that Singapore's national identity has been built around the use of English as the working language, and various laws regulate free speech to ensure that no race or religion would suffer discrimination or denigration.<sup>28</sup> In addition, to overly emphasise its Chineseness would make Singapore very unwelcome in the region, given the strong hostility towards Chinese in the Malay world in which Singapore is located. In fact, Singapore understood upon its founding, when the Cold War was at its height and China-supported communist insurgencies were threatening many states in the region, that its neighbours would never have tolerated a China-oriented Cuba on their doorstep. As Lee Kuan Yew observed in 1962, "Singapore,

---

<sup>25</sup> Ministry of Foreign Affairs (Singapore), 'G20', <[www.mfa.gov.sg/content/mfa/international\\_organisation\\_initiatives/g20.html](http://www.mfa.gov.sg/content/mfa/international_organisation_initiatives/g20.html)> [Accessed 13 July 2017].

<sup>26</sup> Andrew T. H. Tan, 'Punching Above Its Weight: Singapore's Armed Forces and Its Contribution to Foreign Policy', *Defence Studies*, vol. 11, no. 4 (2011), pp. 672-97.

<sup>27</sup> World Bank, 'Data: Singapore', <[data.worldbank.org/country/singapore?view=chart](http://data.worldbank.org/country/singapore?view=chart)> [Accessed 13 July 2017].

<sup>28</sup> For instance, The Maintenance of Religious Harmony Bill (1990), *Singapore Infopedia*, <[eresources.nlb.gov.sg/infopedia/articles/SIP\\_1638\\_2010-01-31.html](http://eresources.nlb.gov.sg/infopedia/articles/SIP_1638_2010-01-31.html)> [Accessed 13 July 2017].



with its predominantly Chinese population would, if independent on its own, become Southeast Asia's Israel with every hand turned against it".<sup>29</sup>

Moreover, as Lee Kuan Yew explained, in exasperation and in terms that Singaporean Chinese can identify with, in an interview with an Australian journalist in March 1965 (before Singapore separated from Malaysia):

I am not in fact Chinese. I am in fact a Malaysian. I am by race Chinese. I am no more Chinese than you are an Englishman. ... I can't deny my ancestry. I am not ashamed of it ... [but] I've been brought up in a different milieu. I've gone through a different experience.<sup>30</sup>

Finally, Singapore's leaders have never shied from taking tough decisions in the face of pressure by larger countries. For instance, Singapore went ahead and executed two Indonesian marines captured for sabotage activities during Confrontation in 1967, despite a personal appeal by President Suharto of Indonesia.<sup>31</sup> In 1986, Singapore also refused to bow to Malaysian pressure to call off the visit of Israel's President Chaim Herzog; as Prime Minister Lee Kuan Yew stated, "it's not the way to behave if you want to be taken seriously".<sup>32</sup>

In 2016, Prime Minister Lee Hsien Loong explained how Singapore has been able to punch above its weight and thus defend its national interests on the global stage:

we have our own independent, carefully-thought-out stand. We cooperate with other countries but we make our own calculations, and that is what makes us credible, consistent, reliable, valuable to others, to ASEAN partners, to the powers—America, China, Europe. It has taken us a long time to build up this reputation and we have to be very careful to maintain it.<sup>33</sup>

As a veteran Australian diplomat observed to the author in 2017, Singapore has indeed earned much respect on the international stage through the very tenacity in which it has defended its interests, in the face of larger

---

<sup>29</sup> Quoted in *The Guardian*, 11 September 1962 and cited in Michael Leifer, 'Israel's President in Singapore: Political Catalysis and Transnational Politics', *The Pacific Review*, vol. 1, no. 4 (1988), p. 342.

<sup>30</sup> 'Transcript of an interview of Mr Lee Kuan Yew with a staff member of ABC, Alan Ashbolt, recorded in Canberra TV Studios on 17 March 1965', <[www.nas.gov.sg/archivesonline/data/pdfdoc/lky19650317.pdf](http://www.nas.gov.sg/archivesonline/data/pdfdoc/lky19650317.pdf)> [Accessed 13 July 2017].

<sup>31</sup> Mohamed Effendy Abdul Hamid and Kartini Saparudin, 'MacDonald House Bomb Explosion', *Singapore Infopedia*, <[eresources.nlb.gov.sg/infopedia/articles/SIP\\_62\\_2004-12-17.html](http://eresources.nlb.gov.sg/infopedia/articles/SIP_62_2004-12-17.html)> [Accessed 13 July 2017].

<sup>32</sup> 'I Knew of Herzog Visit from Papers', *Straits Times*, 15 December 1986, p. 1.

<sup>33</sup> Prime Minister's Office (Singapore), 'National Day Rally 2016 [Lee Hsien Loong Speech]', last updated 27 January 2017, <[www.pmo.gov.sg/national-day-rally-2016](http://www.pmo.gov.sg/national-day-rally-2016)> [Accessed 14 July 2017].

countries.<sup>34</sup> Thus, Singapore has been able to punch above its weight regionally and internationally.

## Singapore-China Relations

Singapore has always taken great care in its relations with China. This is due both to historical suspicions in Southeast Asia of China on account of its support for communist subversion during the Cold War, and also the presence of racial animosities towards the economically successful overseas Chinese who have been long established in the region. As a Chinese-majority state, Singapore has therefore been anxious not to be perceived as a 'third China'. Thus, Singapore was the last of the ASEAN states to establish diplomatic relations with China, and only did so in 1990 after Indonesia had resumed normal relations with it.<sup>35</sup>

However, even before formal relations were established, Prime Minister Lee Kuan Yew had met with and formed close ties with China's Deng Xiaoping, who visited Singapore in 1978 and resolved to open up China after witnessing Singapore's governance model. Deng subsequently lauded the Singapore model, stating in 1992 that China "should learn from their experience, and we should do a better job than they do". Singapore and China signed a trade agreement in 1979 and trade representative offices were set up in 1981 in both countries. Singapore subsequently invested heavily in China, with the governments cooperating to establish the Suzhou Industrial Park in 1994, and the Tianjin Eco-City in 2008.<sup>36</sup> In 2016, Singapore and China established another joint project, the Chongqing Connectivity Initiative which is designed to support China's western region development strategy.<sup>37</sup>

At the same time, as China normalised and deepened its ties with other Southeast Asian countries, Singapore became more confident of using its Chinese heritage to reap the benefits of China's rapidly growing economy. As Montsion noted, from around 1990, Singapore embarked on a "bolder commitment to China-centric Chineseness in daily life".<sup>38</sup> Knowledge of China has been promoted through measures such as curriculum reform and the recruitment of international students from China, with the objective of

---

<sup>34</sup> Michael Smith, personal communication, 11 July 2017.

<sup>35</sup> Chew Hui Min, 'Singapore-China Ties: 7 Things to Know About 25 Years of Diplomatic Relations', *Straits Times*, 4 November 2015, <[www.straitstimes.com/singapore/singapore-china-ties-7-things-to-know-about-25-years-of-diplomatic-relations](http://www.straitstimes.com/singapore/singapore-china-ties-7-things-to-know-about-25-years-of-diplomatic-relations)> [Accessed 14 July 2017].

<sup>36</sup> Ibid.

<sup>37</sup> Jeremy Koh, 'Singapore and China's Third G2G Project Gets Underway in Chongqing', *Channel News Asia*, 8 January 2016, <[www.channelnewsasia.com/news/business/singapore-and-china-s-third-g2g-project-gets-underway-in-chongqi-8213744](http://www.channelnewsasia.com/news/business/singapore-and-china-s-third-g2g-project-gets-underway-in-chongqi-8213744)> [Accessed 14 July 2017].

<sup>38</sup> Jean Michel Montsion, 'Chinese Ethnicities in Neoliberal Singapore? State Designs and Dialect(ical) Struggles of Community Associations', *Ethnic and Racial Studies*, vol. 37, no. 9 (2014), p. 1492.

establishing a 'gateway elite' that could serve as bridge to China.<sup>39</sup> Compared to the previous policy of de-emphasising Chineseness, Singapore now sought to inculcate familiarity with Chinese language and culture along with familiarity with the West, so that Singapore would now have a pool of global talent that could serve as a bridge between China and the West.<sup>40</sup> Singapore has also attempted to address its very low fertility rate and ageing population by opening itself up to substantial foreign migration, particularly from China. The population has thus grown rapidly, from 3 million in 1990 to 5.6 million in 2016.<sup>41</sup> Official figures on the number of mainland Chinese who have emigrated to Singapore do not exist but Singaporean bloggers believe that there are around 1 million.<sup>42</sup> The significant social and economic ties are reflected by the fact that China is today Singapore's largest trading partner, with Singapore's exports to China (including Hong Kong) totalling US\$84.4 billion in 2016.<sup>43</sup> Singapore is also one of the largest foreign direct investors in China; in 2015, for instance, it was the largest, with about US\$7 billion in FDI (foreign direct investments) in China.<sup>44</sup>

Yet, despite a shared ethnicity as well as close cultural and economic ties with China, Singapore has in fact always practised a balance of power approach in its foreign policy, welcoming all powers to play a role in the region. This is a classic small state survival strategy, as this would provide it with opportunities to better manoeuvre in the essentially Hobbesian international system. In this respect, Singapore has developed a wide security network, with defence cooperation and military exercises with a number of countries, such as India, Indonesia, Brunei, Thailand, Taiwan, the United States, and Singapore's Five-Power Defence Arrangement (FPDA) partners, namely, Britain, Australia, New Zealand and Malaysia.<sup>45</sup> Aware that a pure balance of power approach could lead to instability, Singapore has also invested heavily in its diplomacy, particularly in its active

<sup>39</sup> Jean Michel Montsion, 'Re-locating Politics at the Gateway: Everyday Life in Singapore's Global Schoolhouse', *Pacific Affairs*, vol. 82, no. 4 (2009), pp. 637-56.

<sup>40</sup> Brenda Yeoh and Serene S. A. Tan, 'Negotiating Cosmopolitanism in Singapore's Fictional Landscape', in Jon Binnie et al. (eds), *Cosmopolitan Urbanism* (New York: Routledge, 2006), pp. 146-68.

<sup>41</sup> Department of Statistics (Singapore), *Population Trends 2016*, p. vi, <[www.singstat.gov.sg/docs/default-source/default-document-library/publications/publications\\_and\\_papers/population\\_and\\_population\\_structure/population2016.pdf](http://www.singstat.gov.sg/docs/default-source/default-document-library/publications/publications_and_papers/population_and_population_structure/population2016.pdf)> [Accessed 14 July 2017].

<sup>42</sup> See, for instance, *Everything Also Complain* (Blog), '1 Million Chinese Nationals in Singapore', 29 July 2011, <[everythingalsocomplain.com/2011/07/29/1-million-chinese-nationals-in-singapore/](http://everythingalsocomplain.com/2011/07/29/1-million-chinese-nationals-in-singapore/)> [Accessed 14 July 2017].

<sup>43</sup> Daniel Workman, 'Singapore's Top Trading Partners', *World's Top Exports.com*, 22 April 2017, <[www.worldstopexports.com/singapores-top-import-partners/](http://www.worldstopexports.com/singapores-top-import-partners/)> [Accessed 11 July 2017].

<sup>44</sup> Ministry of Commerce (China), 'Statistics of FDI in China in January-December 2015', 22 January 2016, <[english.mofcom.gov.cn/article/statistic/foreigninvestment/201602/20160201260821.shtml](http://english.mofcom.gov.cn/article/statistic/foreigninvestment/201602/20160201260821.shtml)> [Accessed 14 July 2017].

<sup>45</sup> Tan, 'Punching Above Its Weight'. See also Andrew T. H. Tan, 'The Five Power Defence Arrangements: The Continuing Relevance', *Contemporary Security Policy*, vol. 29, no. 2 (2008), pp. 285-302.

involvement in a number of multilateral forums and institutions, and the promotion of regional cooperation through instruments such as ASEAN.

Within this context, Singapore has developed a particularly close security relationship with the United States. Since independence in 1965, Singapore has regarded the United States as the most benign and trustworthy of the great powers, the presence of which has prevented interventionist powers from overthrowing legitimate governments in the region. According to Lynn Kuok, Singapore has become one of the United States' most committed partners in the region. This stems from "a deep-rooted insecurity about its external environment and a firm belief that the United States' presence helps to preserve Singapore's autonomy and options, as well as maintain the peace and stability that has undergirded the region's economic growth".<sup>46</sup>

The security relationship has deepened since the end of the Cold War. In 1990, concerned that the United States would leave the region after the end of the Cold War and given the strong nationalist sentiments in the Philippines that would eventually lead to the closure of the US naval base at Subic Bay in 1992, Singapore signed an agreement enabling US forces to access its military facilities. This was followed by another agreement in 1998 that allowed the United States to use the vast Changi Naval Base that was built by Singapore and is large enough to accommodate aircraft carriers. In 2005 and in 2015, Singapore and the United States signed strategic cooperation agreements, which expanded the scope of cooperation to cover several key areas, namely, military, policy, strategic, technology and non-traditional security challenges, including counter-terrorism.<sup>47</sup>

The US Navy today maintains a logistical command unit in Singapore that coordinates US warship deployment and logistics in the region. US combat aircraft are also rotated to Singapore and naval vessels, including aircraft carriers, make regular port calls. From 2013, the US Navy has based four of its latest littoral combat ships (LCS) in Singapore.<sup>48</sup> In 2015, the United States also began the deployment of its new P8 Poseidon anti-submarine warfare aircraft in Singapore, a move which China criticised as part of the attempt by the United States to militarise the South China Sea.<sup>49</sup> Access to Singapore's facilities has enabled the US military to deal quickly with contingency situations in the Persian Gulf, Indian Ocean, Korean Peninsula

---

<sup>46</sup> Kuok, 'The U.S.-Singapore Partnership', p.1.

<sup>47</sup> Ibid., pp. 5-6.

<sup>48</sup> Emma Chanlett-Avery, *Singapore: Background and U.S. Relations*, CRS Report for Congress, RS20490 (Congressional Research Service, 26 July 2013), pp. 3-4, <[fas.org/sgp/crs/row/RS20490.pdf](https://fas.org/sgp/crs/row/RS20490.pdf)> [Accessed 17 July 2017].

<sup>49</sup> Yunbi Zhang and Weihua Chen, 'China Opposes US Sending of Spy Plane to Singapore', *ChinaDaily.com.cn*, 9 December 2015, <[www.chinadaily.com.cn/world/2015-12/09/content\\_22671358.htm](http://www.chinadaily.com.cn/world/2015-12/09/content_22671358.htm)> [Accessed 17 July 2017].

and Somalia.<sup>50</sup> As a close strategic partner, Singapore has been able to procure sophisticated US-made weapons systems for its armed forces. Its air force, for instance, deploys F15 Strike Eagle and F16C/D combat aircraft, KC-135 air tankers, Apache helicopter gunships and Chinook heavy helicopters.<sup>51</sup>

Singapore was also the first Asian country to join the Container Security Initiative (CSI) in 2003, and was a founding member of the Proliferation Security Initiative (PSI), both US-led initiatives. Singapore has also been a strong supporter of the Trans-Pacific Partnership (TPP), the centrepiece of the Obama Administration's economic rebalance to Asia.<sup>52</sup>

Singapore's foreign policy strategy and its objectives have been consistent over the years, due to the geostrategic realities it has faced since its independence in 1965, and the fact that they have been maintained by the same government which has been in power since. The problem, however, has been the dramatic economic and military rise of China in recent years. This has led to China's changing perceptions of its regional and global role, and has been epitomised by its aggressiveness since the Global Financial Crisis in 2008, when it began to assert itself abroad. Since then, China's assertive moves in the East and South China Seas over disputed maritime territory have challenged the United States' dominant position in Asia, leading to rising tensions between the two great powers. More seriously, under power transition theory, war is most likely when a dissatisfied challenger increases in strength and begins to overtake the dominant power, in what is also known as the Thucydides Trap.<sup>53</sup>

Underpinning the rising confidence and assertiveness on the part of China has been the rise in nationalism, which the ruling communist party has consciously cultivated to bolster its legitimacy. This was epitomised by Liu Mingfu's popular nationalistic work in 2010, *China Dream*, which asserts that China's goal should be to displace the United States as the world's pre-eminent power.<sup>54</sup> In 2012, China's President Xi Jinping also promoted his version of the Chinese Dream, which he defined as "the great rejuvenation of the Chinese nation", through which China would become a prosperous and advanced country.<sup>55</sup> In Southeast Asia, China's newfound confidence

---

<sup>50</sup> Ministry of Defence (Singapore), 'Factsheet—Singapore-US Defence Relations', 29 May 2005, <[www.mindef.gov.sg/imindef/press\\_room/official\\_releases/nr/1998/jan/15jan98\\_nr/15jan98\\_fs.html](http://www.mindef.gov.sg/imindef/press_room/official_releases/nr/1998/jan/15jan98_nr/15jan98_fs.html)> [Accessed 17 July 2017].

<sup>51</sup> International Institute of Strategic Studies, *The Military Balance 2017* (London: IISS, 2017), p.328.

<sup>52</sup> Chanlett-Avery, *Singapore: Background and U.S. Relations*, pp. 3-4.

<sup>53</sup> A. F. K. Organski, *World Politics* (New York: Alfred A. Knopf, 1968), p. 376.

<sup>54</sup> See Mingfu Liu, *China Dream: The Great Power Thinking and Strategic Positioning of China in the Post-American Age* (Beijing: China Friendship Publishing Company, 2010, in Chinese).

<sup>55</sup> Xi Jinping, 'Speech at "The Road to Rejuvenation"', 29 November 2012, <[chinacopyrightandmedia.wordpress.com/2012/11/29/speech-at-the-road-to-rejuvenation/](http://chinacopyrightandmedia.wordpress.com/2012/11/29/speech-at-the-road-to-rejuvenation/)> [Accessed 18 July 2017].

has been epitomised by its aggressive moves to claim control and sovereignty over the entirety of the South China Sea, even though its claim overlaps with territory claimed by Vietnam, the Philippines, Brunei and Malaysia. It has done this by reclaiming land and building bases on the islands in the disputed area, as well as through measures such as authorising its coastguard to board and search foreign vessels found in the disputed area.<sup>56</sup> The United States has challenged China's expansive claims through US Navy FONOPs (freedom of navigation operations) in the South China Sea.<sup>57</sup> In addition, the United States also took steps to strengthen its alliances and enhance its military presence in the region under the 'Asia pivot' (subsequently relabelled as 'rebalancing') which was announced with some fanfare by President Obama in Australia in 2011.<sup>58</sup> China has, however, perceived 'rebalancing' to be a containment strategy aimed at it.<sup>59</sup>

China's rising confidence, the result of the rapid development of its economic and military power, as well as rising nationalism, has led it to attempt to assert its power over smaller countries in East and Southeast Asia. In 2010, at the ASEAN Regional Forum in Vietnam, for instance, China's Foreign Minister Yang Jiechi declared that "China is a big country and other countries are small countries, and that's just a fact", when some ASEAN states objected to China's expansive claims in the South China Sea and wanted the United States to play a more active role over the dispute. Reportedly, he stared at Singapore's then foreign minister, George Yeo, when saying this, who reportedly stared back.<sup>60</sup> China's increasingly muscular approach in its foreign policy was epitomised by its tense stand-off with Vietnam in 2014 when it moved a large oil-drilling platform, accompanied by eighty vessels, to a location 220 km off the coast of Vietnam, within Vietnam's exclusive economic zone.<sup>61</sup> This sparked anti-

---

<sup>56</sup> Kai Yee Chan, 'China Apprehending Boats Weekly in Disputed South China Sea', *China Daily Mail*, 7 March 2014, <[chinadaily.com/2014/03/07/china-apprehending-boats-weekly-in-disputed-south-china-sea](http://chinadaily.com/2014/03/07/china-apprehending-boats-weekly-in-disputed-south-china-sea)> [Accessed 17 July 2017].

<sup>57</sup> BBC News, 'South China Sea: US Warship Sails Near Disputed Reef', 10 May 2016, <[www.bbc.com/news/world-asia-china-36255646](http://www.bbc.com/news/world-asia-china-36255646)> [Accessed 17 July 2017].

<sup>58</sup> *Sydney Morning Herald*, 'Text of Obama's Speech to Parliament', 17 November 2011, <[www.smh.com.au/national/text-of-obamas-speech-to-parliament-20111117-1nkcw.html](http://www.smh.com.au/national/text-of-obamas-speech-to-parliament-20111117-1nkcw.html)> [Accessed 17 July 2017].

<sup>59</sup> Shannon Tiezzi, 'Why Obama's Asia Tour Is Bad News for China', *The Diplomat*, 23 April 2014, <[thediplomat.com/2014/04/why-obamas-asia-tour-is-bad-news-for-china/](http://thediplomat.com/2014/04/why-obamas-asia-tour-is-bad-news-for-china/)> [Accessed 17 July 2017].

<sup>60</sup> Joshua Kurlantzick, 'The Belligerents', *New Republic*, 27 January 2011, <[newrepublic.com/article/82211/china-foreign-policy](http://newrepublic.com/article/82211/china-foreign-policy)> [Accessed 17 July 2017].

<sup>61</sup> David Stout, 'In the South China Sea, China Is Already Acting Like a Superpower', *Time*, 8 May 2014, <[time.com/91934/china-vietnam-south-china-sea-oil-rig-paracel/](http://time.com/91934/china-vietnam-south-china-sea-oil-rig-paracel/)> [Accessed 18 July 2017].

Chinese riots in Vietnam, damage to Chinese-owned factories and businesses, and the evacuation of Chinese nationals from the country.<sup>62</sup>

China's rise and its growing global economic presence is reflected its 'One Belt, One Road' (OBOR) initiative, which stems from the overland 'Silk Road Economic Belt' and the '21st-Century Maritime Silk Road' concepts formulated by President Xi Jinping in 2013. OBOR includes major infrastructure projects, such as railways, roads, ports, energy systems and telecommunications networks. However, it is clear that OBOR serves China's economic interests, and there are fears that it would lead to the economic domination of smaller countries by China.<sup>63</sup>

### **The Deterioration in Singapore-China Relations**

Singapore has invariably been caught in the rising tensions between the two great powers given its strong economic ties with China and its robust security relationship with the United States, a challenge not dissimilar to other Asia-Pacific states, such as South Korea, Japan and Australia. As Ja lan Chong observed, Singapore's delicate balancing act is only possible if there is significant overlap in interests between China, the United States and itself. However, the United States' retreat from the TPP and its seeming disengagement with institutionalised multilateral cooperation in the region following Donald Trump's inauguration as President in January 2017 has resulted in less room for Singapore to manoeuvre between the two great powers.<sup>64</sup>

In particular, Singapore is concerned over China's increasing consolidation of control over the South China Sea, as control over important sea-lanes traversing those waters could enable China to pressure trade-dependent Singapore.<sup>65</sup> Singapore has one of the world's largest ports, and depends on unimpeded access to sea-lines of communications for its economic survival. Thus, despite the fact that it is not a claimant state and has no direct territorial dispute with China, it has taken a robust position on the issue, much to China's anger.

A key turning point in the South China Sea dispute was China's open assertion of its sovereignty over the entirety of the area in 2009. China then backed this up by the expansion of its patrols in the South China Sea. This led to an open declaration at the ASEAN Regional Forum meeting in Vietnam in 2010 by the United States, responding to requests by several

---

<sup>62</sup> Reuters, 'Vietnam Stops Anti-China Protests After Riots, China Evacuates Workers', 18 May 2014, <[www.reuters.com/article/us-china-vietnam-idUSBREA4H00C20140518](http://www.reuters.com/article/us-china-vietnam-idUSBREA4H00C20140518)> [Accessed 18 July 2017].

<sup>63</sup> Geoff Wade, 'China's "One Belt, One Road" Initiative', *Parliament of Australia*, n.d., <[www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/BriefingBook45p/ChinasRoad](http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook45p/ChinasRoad)> [Accessed 17 July 2017].

<sup>64</sup> Chong, 'Diverging Paths?'

<sup>65</sup> *Ibid.*

ASEAN states, that the freedom of navigation over the area was a matter of the national interest of the United States. It was this intervention which led to China's Foreign Minister Yang Jiechi's staring incident with Singapore's foreign minister described above, as clearly, Singapore had sided with the claimant states. In 2016, the Permanent Court of Arbitration in The Hague, in its decision over the dispute which was lodged by the Philippines against China's objections, rejected almost all of China's claims. China responded by refusing to recognise the verdict.<sup>66</sup>

In July 2016, while making clear that Singapore had no position on the merits of the specific territorial claims, Minister for Foreign Affairs Vivian Balakrishnan stated that overlapping sovereignty claims in the South China Sea should be settled "in accordance with international law, including the 1982 UN Convention on the Law of the Sea (UNCLOS)", and that "all parties should refrain from provocative behaviour that could raise tensions in the South China Sea".<sup>67</sup> This was in effect open support for the arbitration tribunal's ruling on the issue.

Significantly, Prime Minister Lee Hsien Loong openly touched on the South China Sea in his speech to the nation at the National Day Rally in 2016. According to Lee:

Singapore must support and strive for a rules-based international order. We have to depend on words and treaties. They mean everything to us. We cannot afford to have international relations work on the basis that might is right. If rules do not matter, then small states like Singapore will have no chance of survival.

Further, Lee pointed out that it was important that disputes in the South China Sea do not affect the freedom of navigation or overflight by ships or aircraft. Lee made clear that Singapore had to take a stand based on its own interests and that "we cannot succumb to pressure".<sup>68</sup>

Singapore has also been deeply concerned with China's ability to divide ASEAN over the South China Sea issue.<sup>69</sup> ASEAN's failure to issue a joint communique at the 45<sup>th</sup> ASEAN meeting of foreign ministers in Cambodia in

---

<sup>66</sup> Kei Koga, *Renewed Strategic Dynamics Over the South China Sea: Options for US, Japan, India*, National Asian Security Studies Program Issue Brief no. 6.3 (Canberra: UNSW Australian Defence Force Academy, December 2016), pp. 5-6, <[www.unsw.adfa.edu.au/sites/default/files/uploads/nassp-pdf/6.3%2C%20Renewed%20Strategic%20Dynamics%20over%20the%20South%20China%20Sea.pdf](http://www.unsw.adfa.edu.au/sites/default/files/uploads/nassp-pdf/6.3%2C%20Renewed%20Strategic%20Dynamics%20over%20the%20South%20China%20Sea.pdf)> [Accessed 17 July 2017].

<sup>67</sup> Ministry of Foreign Affairs (Singapore), Press Release: Transcript of Minister for Foreign Affairs Vivian Balakrishnan's Reply to the Parliamentary Question and Supplementary Question, 11 July 2016, <[www.mfa.gov.sg/content/mfa/media\\_centre/press\\_room/pr/2016/201607/press\\_20160711\\_2.html](http://www.mfa.gov.sg/content/mfa/media_centre/press_room/pr/2016/201607/press_20160711_2.html)> [Accessed 17 July 2017].

<sup>68</sup> Prime Minister's Office (Singapore), 'National Day Rally 2016 [Lee Hsien Loong Speech]'.

<sup>69</sup> Straits Times, 'Diplomats Voice Concern Over China's "Bid to Divide ASEAN"', 26 April 2016, <[www.straitstimes.com/asia/se-asia/diplomats-voice-concern-over-chinas-bid-to-divide-asean](http://www.straitstimes.com/asia/se-asia/diplomats-voice-concern-over-chinas-bid-to-divide-asean)> [Accessed 18 July 2017].



July 2012, the first time this had happened in ASEAN's history, was a development which shocked Singapore.<sup>70</sup> As Singapore's Foreign Minister K. Shanmugam stated in August 2012:

Building a strong, cohesive and autonomous ASEAN remains a key goal of our foreign policy ... an ASEAN that is not united and cannot agree on a Joint Communiqué will have difficulties in playing a central role in the region. If we cannot address major issues affecting or happening in our region, ASEAN centrality will be seen as a slogan without a substance. Our ability to shape regional developments will diminish.<sup>71</sup>

Apart from clearly divergent positions on the South China Sea, Singapore has also angered China by its embrace of the United States. As Prime Minister Lee explained in a BBC interview in February 2017:

For more than 30 years now, we have hosted American aircraft and ships, in the region, which pass through and stop in Singapore. It is the right thing for us to do because we believe that the American presence in the region is positive for the region, and the security presence is positive for the region. It has brought about stability. It has enabled countries to prosper and to compete peacefully. Therefore, we believe it is in our interest to be helpful to the Americans.<sup>72</sup>

It is this view of the indispensability of the United States, particularly in the face of China's rise, that explains Singapore's welcome of the Asia pivot or 'rebalancing' which President Obama announced in 2011. This was reflected by the stationing of US navy vessels in Singapore in 2013 and P8 anti-submarine warfare aircraft in 2015, as well as the enhanced defence cooperation agreement in 2015 that deepened already close bilateral security cooperation.

China has thus concluded that Singapore is more of a US ally and less of a neutral actor.<sup>73</sup> This has led to several recent incidents and developments which suggest that the relationship has deteriorated. The first was a public debate between Singapore's ambassador to China and the *Global Times*, the conservative Chinese Communist Party newspaper. The *Global Times* claimed in September 2016 that Singapore made a failed attempt to add an endorsement of the South China Sea arbitration ruling at the Non-Aligned

---

<sup>70</sup> BBC, 'Asean Nations Fail to Reach Agreement on South China Sea', 13 July 2012, <[www.bbc.com/news/world-asia-18825148](http://www.bbc.com/news/world-asia-18825148)> [Accessed 17 July 2017].

<sup>71</sup> Ministry of Foreign Affairs (Singapore), Singapore Minister's Comments in Parliament on ASEAN and South China Sea: Transcript of Minister for Foreign Affairs K. Shanmugam's Reply to the Parliamentary Questions, 13 August 2012, <[www.mfa.gov.sg/content/mfa/overseasmission/phnom\\_penh/press\\_statements\\_speeches/embassy\\_news\\_press\\_releases/2012/201208/Press\\_13082012.html](http://www.mfa.gov.sg/content/mfa/overseasmission/phnom_penh/press_statements_speeches/embassy_news_press_releases/2012/201208/Press_13082012.html)> [Accessed 17 July 2017].

<sup>72</sup> Ministry of Foreign Affairs (Singapore), 'Transcript of PM Lee Hsien Loong's Interview with BBC HARDtalk', 23 February 2017, <[www.mfa.gov.sg/content/mfa/media\\_centre/press\\_room/pr/2017/201702/press\\_201702232.html](http://www.mfa.gov.sg/content/mfa/media_centre/press_room/pr/2017/201702/press_201702232.html)> [Accessed 18 July 2017].

<sup>73</sup> Lieke Bos, 'Why is China Playing Hardball with Singapore?' *The Diplomat*, 9 December 2016, <[thediplomat.com/2016/12/why-is-china-playing-hardball-with-singapore/](http://thediplomat.com/2016/12/why-is-china-playing-hardball-with-singapore/)> [Accessed 18 July 2017].

Movement meeting in Venezuela, sparking a testy exchange with Ambassador Stanley Loh. China's foreign ministry also intervened with remarks that supported the *Global Times*.<sup>74</sup> This was followed by a suggestion by an influential Chinese defence adviser that Singapore should be made to pay the price for seriously damaging China's interests.<sup>75</sup>

This incident was followed by China's decision in November 2016 to impound nine armoured vehicles belonging to the Singapore Armed Forces when they transited Hong Kong on the way back from a military exercise in Taiwan. China followed this up with a formal protest over Singapore's military ties with Taiwan, over which it has long been unhappy.<sup>76</sup> China then failed to invite Singapore's Prime Minister to its landmark Belt and Road Summit in May 2017, despite Singapore's unequivocal support for the initiative from its inception.<sup>77</sup> This means that Singapore could potentially miss out on the multibillion-dollar infrastructure projects involved in the initiative.

More seriously, the *Global Times* has highlighted China's participation in the massive Port Klang project in Malaysia, and the proposal to develop the Kra Canal through southern Thailand. These projects would deal a 'fatal blow' to the United States and Singapore.<sup>78</sup> The increasing vitriol directed at Singapore can also be partly attributed to the widely held perception in China that Singapore is a Chinese state and should therefore naturally support China's position. Thus, according to veteran diplomat Bilahari Kausikan:

China seems to have great difficulty in accepting Singapore as a multiracial meritocracy ... Chinese officials, sometimes at very senior levels, constantly refer to Singapore as "a Chinese country" and ask for our "understanding"—by which I suspect they mean "agreement"—of their policies on that basis. Of course, we politely, but clearly and firmly, point out that we are not a Chinese country and that we have our own national interests that we cannot

---

<sup>74</sup> Jeevan Vasagar and Christian Shepherd, 'South China Sea Spat Exposes Singapore-Beijing Strains', *Financial Times*, 28 September 2016.

<sup>75</sup> *Straits Times*, 'China Should Make Singapore Pay over South China Sea Dispute, Says PLA Adviser', 1 October 2016, <[www.straitstimes.com/asia/east-asia/china-should-make-singapore-pay-over-south-china-sea-dispute-says-pla-defence-adviser](http://www.straitstimes.com/asia/east-asia/china-should-make-singapore-pay-over-south-china-sea-dispute-says-pla-defence-adviser)> [Accessed 18 July 2017].

<sup>76</sup> Cal Wong, 'China Protests Singapore's Military Exercises with Taiwan', *The Diplomat*, 29 November 2016, <[thediplomat.com/2016/11/china-protests-singapores-military-exercise-with-taiwan/](http://thediplomat.com/2016/11/china-protests-singapores-military-exercise-with-taiwan/)> [Accessed 18 July 2017].

<sup>77</sup> Angela Han, 'How China Snubbed Singapore at the Belt and Road Summit', *The Interpreter*, 18 May 2017, Lowy Institute, <[www.lowyinstitute.org/the-interpreter/how-china-snubbed-singapore-belt-and-road-summit](http://www.lowyinstitute.org/the-interpreter/how-china-snubbed-singapore-belt-and-road-summit)> [Accessed 18 July 2017].

<sup>78</sup> *Global Times*, 'Three Reasons Which Explain Singapore's Pro-U.S. Anti-China Sentiment' (in Chinese), 30 September 2016, <[news.ifeng.com/a/20160930/50049864\\_0.shtml](http://news.ifeng.com/a/20160930/50049864_0.shtml)> [Accessed 18 July 2017].

compromise without grievous and probably irreversible internal and international damage.<sup>79</sup>

The feelings of hostility, however, appears mutual. The large numbers of recent migrants to Singapore from China have evoked strong emotions against the mainland Chinese, which are evident in highly negative postings on media and online forums in Singapore. As the *New York Times* observed, “the visible influence of China in the everyday lives of Singaporeans has sharpened their sense of identity as Singaporean rather than as descendants of Chinese mainlanders”.<sup>80</sup>

### Conclusions: Meeting Singapore’s China Challenge

The pressure that Singapore has been facing from China to support its foreign policy interests was epitomised by an unusual public debate between influential semi-retired diplomats. In July 2017, referring to the Qatar crisis, Kishore Mahbubani advocated that “small states must always behave like small states”, arguing as well that Singapore should have exercised discretion when commenting on matters involving the great powers, such as on the arbitration tribunal’s judgement over the South China Sea. Mahbubani also argued that Singapore should invest more in ASEAN and cherish the United Nations.<sup>81</sup> He was openly criticised by other senior semi-retired diplomats. Bilahari Kausikan opined that “independent Singapore would not have survived and prospered if they always behaved like the leaders of a small state”, and that while Singapore recognised the asymmetries of size and power, “that does not mean we must grovel or accept subordination as a norm of relationships”.<sup>82</sup> Another senior official, Ong Keng Yong, a former secretary-general of ASEAN, opined as well that if Singapore did not stand up for its interests, it “will encourage more pressure from those bigger than ourselves”. He also made the point that it is against Singapore’s well-being if international relations are decided on the basis of a country’s size.<sup>83</sup>

---

<sup>79</sup> Bilahari Kausikan, ‘What China’s Rise Means for South-east Asia and Overseas Chinese’, *Today*, 9 April 2015, <[www.todayonline.com/chinaindia/china/what-chinas-rise-means-south-east-asia-and-overseas-chinese](http://www.todayonline.com/chinaindia/china/what-chinas-rise-means-south-east-asia-and-overseas-chinese)> [Accessed 18 July 2017].

<sup>80</sup> Tash Aw, ‘Being Chinese in Singapore’, *New York Times*, 12 February 2015, <[www.nytimes.com/2015/02/13/opinion/tash-aw-being-chinese-in-singapore.html](http://www.nytimes.com/2015/02/13/opinion/tash-aw-being-chinese-in-singapore.html)> [Accessed 14 July 2017].

<sup>81</sup> Kishore Mahbubani, ‘Qatar: Big Lessons from a Small Country’, *Straits Times*, 1 July 2017, <[www.straitstimes.com/opinion/qatar-big-lessons-from-a-small-country](http://www.straitstimes.com/opinion/qatar-big-lessons-from-a-small-country)> [Accessed 18 July 2017].

<sup>82</sup> Bilahari Kausikan, ‘Singapore Cannot be Cowed by Size’, *Straits Times*, 3 July 2017, <[www.straitstimes.com/opinion/singapore-cannot-be-cowed-by-size](http://www.straitstimes.com/opinion/singapore-cannot-be-cowed-by-size)> [Accessed 18 July 2017].

<sup>83</sup> Nur Asyiqin Mohamed Salleh, ‘Minister Shanmugam, Diplomats Bilahari and Ong Keng Yong Say Prof Mahbubani’s View on Singapore’s Foreign Policy Flawed’, *Straits Times*, 2 July 2017, <[www.straitstimes.com/singapore/prof-kishore-mahbubanis-view-on-singapores-foreign-policy-deeply-flawed-ambassador-at](http://www.straitstimes.com/singapore/prof-kishore-mahbubanis-view-on-singapores-foreign-policy-deeply-flawed-ambassador-at)> [Accessed 18 July 2017].

In sum therefore, Singapore has been concerned with certain aspects of China's foreign policy behaviour which have serious implications for it. The first is the use of coercion and force instead of international law and arbitration to settle interstate disputes. This undermines the very international system upon which small states depend on for survival. This could invite future pressure from its much larger neighbours which have in the past been hostile to Singapore on account of its Chinese majority. Singapore is also very concerned with China's attempts to divide ASEAN, as this undermines the very regional organisation which has contributed to regional stability. In August 2017, Singapore's expulsion of a prominent Chinese academic on grounds that he had been an agent of influence allegedly working to influence Singapore's foreign policy and public opinion at the behest of foreign intelligence agencies brought home another serious concern: that of China's 'Information Warfare', which is aimed at shaping the perceptions and thought processes of external actors.<sup>84</sup> This strategy is similar to Chinese communist united front activities during the Malayan Emergency in the 1950s, which was aimed at shaping societal perceptions as well as the subversion of the state. This is a concern also shared by Singapore's allies, such as Australia, where there has been growing evidence of activities aimed at infiltrating Australian political and foreign affairs circles, as well to gain more influence over the nation's growing Chinese population.<sup>85</sup>

In meeting the challenge that China poses to Singapore, however, there are clear dangers involved. China is Singapore's largest trading partner, and as such could use economic instruments to coerce Singapore, as it has already done by threatening to leave Singapore out of its OBOR initiative and investing heavily in ports in Malaysia that could undermine Singapore's economic prosperity which is derived from its maritime trade.

More seriously, China holds a special challenge for Singapore as it could also appeal to the nationalism of the up to 1 million mainland Chinese who now live in Singapore, many of whom have taken up permanent residency or citizenship, as well as to the ethnic identity of Singaporean Chinese who constitute the majority of the population. Indeed, Xi Jinping, in his Chinese Dream speech in 2012, made clear that the lofty goal is the ultimate vision of China's sons and daughters, using a term that includes those within the

---

<sup>84</sup> Jun Mai, 'Chinese-American Professor and his Wife to be Expelled from Singapore', *South China Morning Post*, 4 August 2017, <[www.scmp.com/news/china/policies-politics/article/2105475/chinese-professor-and-his-wife-be-expelled-singapore](http://www.scmp.com/news/china/policies-politics/article/2105475/chinese-professor-and-his-wife-be-expelled-singapore)> [Accessed 30 August 2017]. See also Paul Coyer, 'Chinese Information Warfare: Leveraging the Power of Perception', *Forbes*, 13 October 2015, <[www.forbes.com/sites/paulcoyer/2015/10/13/chinese-information-warfare-and-sino-american-rivalry/#5ff92f21703b](http://www.forbes.com/sites/paulcoyer/2015/10/13/chinese-information-warfare-and-sino-american-rivalry/#5ff92f21703b)> [Accessed 31 August 2017].

<sup>85</sup> Nick McKenzie, Chris Uhlmann, Richard Baker, Daniel Flitton and Sashka Koloff, 'ASIO Investigation Targets Communist Party Links to Australian Political System', *Four Corners*, ABC News, 6 June 2017, <[www.abc.net.au/news/2017-06-05/asio-china-spy-raid/8589094](http://www.abc.net.au/news/2017-06-05/asio-china-spy-raid/8589094)> [Accessed 30 August 2017].

country and overseas.<sup>86</sup> This explains why China has been discussing the concept of the 'Ethnic Chinese Card', which would allow overseas-born ethnic Chinese to stay in China for as long as they wanted without a visa or residence permit, with the holders enjoying the same rights as Chinese citizens except for political rights.<sup>87</sup> This appeal to ethnic identity, which China had previously abandoned in order to re-establish relations with Southeast Asian states following the end of the Cold War, poses serious dangers as it could potentially undermine the largely successful process of the integration of overseas Chinese in the region as well as revive Cold War fears of Chinese fifth-columnists.

What then can Singapore do to meet its China challenge? As Prime Minister Lee himself explained, the central challenge that Singapore faces is this: "if America-China relations become very difficult, our position becomes tougher because then we will be coerced to choose between being friends with America and being friends with China".<sup>88</sup>

The academic literature suggests that hedging is the preferred strategy adopted by most Southeast Asian states, including Singapore.<sup>89</sup> Hedging is aimed at cultivating "a middle position that forestalls or avoids having to choose one side at the obvious expense of another".<sup>90</sup> Other strategies include balancing, which is defined as allying with others against the prevailing threat, and bandwagoning, which refers to the alignment with the source of danger.<sup>91</sup> However, as this paper has also attempted to demonstrate, the foreign policies of small states such as Singapore do not in fact fall neatly into these academic categories. Singapore's foreign policy behaviour can be described as hedging in the sense that while it has cultivated close cultural and economic ties with China, it has also developed a close security relationship with the United States. It could be described as soft balancing, as it seeks to align more closely with the United States, though not entirely, as a counter to a rising China.

Apart from such realist instruments of foreign policy, Singapore's emphasis as well on regional norms and institutions, such as through ASEAN and other multilateral regional forums, could also be described as constructivist in approach. Writing on Taiwan-China relations, one constructivist scholar

---

<sup>86</sup> Xi Jinping, 'Speech at "The Road to Rejuvenation"'.  
<sup>87</sup> Junlu Jiang and Xiu Pei, 'The "Ethnic Chinese Card" is Coming!' *KWM.com*, n.d., <[www.kwm.com/en/cn/knowledge/insights/the-ethnic-chinese-card-is-coming-20170216](http://www.kwm.com/en/cn/knowledge/insights/the-ethnic-chinese-card-is-coming-20170216)> [Accessed 18 July 2017].

<sup>88</sup> Nyshka Chandran, 'Singapore PM Offers Blunt Assessment of US Relationship', *CNBC.com*, 28 February 2017, <[www.cnbc.com/2017/02/28/singapore-pm-on-us-china-relationship-we-must-choose-sides.html](http://www.cnbc.com/2017/02/28/singapore-pm-on-us-china-relationship-we-must-choose-sides.html)> [Accessed 18 July 2017].

<sup>89</sup> See, for instance, Cheng-Chwee Kuik, 'The Essence of Hedging: Malaysia and Singapore's Response to a Rising China', *Contemporary Southeast Asia*, vol. 30, no. 2 (2008), pp. 159-85.

<sup>90</sup> Evelyn Goh, *Meeting the China Challenge: The U.S. in Southeast Asian Regional Strategies*, Policy Studies, no. 16 (Washington: East-West Center Washington, 2005), p. 41.

<sup>91</sup> Stephen Walt, *The Origins of Alliances* (Cornell: Cornell University Press, 1986), p. 17.

asserted that the answer to the security dilemma in that relationship could be found in “the social interactions and cultural norms that shape common identities, while the interests of the state can facilitate intersubjective (or shared) understandings conducive to the improving of cross-straits relations”.<sup>92</sup> As the current tensions in the Taiwan Strait demonstrate, however, the shared identity project has been a failure, as the most important factor affecting stability has been the growing asymmetry of power between China and Taiwan, not their shared identity.<sup>93</sup> Thus, the failure of ASEAN to act with one voice on external powers such as China, even as it encroaches on territory in Southeast Asia, should give caution against any over-reliance on or unrealistic constructivist expectations of regionalism and regional institutions.

The answer to Singapore’s dilemma lies in an accurate reading of geopolitics. Has Singapore’s fundamental geostrategic vulnerabilities been ameliorated over time or does Singapore still face many of the same vulnerabilities that it did when it became independent in 1965? Does the rise of China mean that it will establish either regional or even global hegemony, leaving small states such as Singapore with little room to manoeuvre?

The answer to the first question is obvious. The failure of ASEAN in dealing with security issues that impinge on the sovereignty of regional states point to the limits of ASEAN regionalism and the fact that self-help, not reliance on multilateral norms, remains the practical means by which states could deal with external threats. The problem for Singapore is also that anti-Chinese sentiments in Malaysia and Indonesia have not in fact abated, as events such as the anti-Chinese riots in 1998 in Indonesia and the racial tensions in Malaysia have demonstrated. Compared to 1965, Singapore today has far greater political and social stability, a strong armed forces and a prosperous economy. Nonetheless, its fundamental vulnerabilities stemming from its small size and ethnic composition in the middle of a vast Malay sea remain. This means that Singapore must still continue to make the extra effort not to be perceived as a Chinese state.

The answer to the second question is slightly more complex. The end of the Cold War and the diminution of America’s global role and standing has left the international system today resembling more like nineteenth-century Europe, with its unstable and shifting balance of powers.<sup>94</sup> Despite its rise, China does not possess the attributes to become the world’s dominant

---

<sup>92</sup> Max Tsung-Chi Yu, ‘A Constructivist Take on the Strait’, *New Atlanticist*, 15 June 2009, <[www.atlanticcouncil.org/blogs/new-atlanticist/a-constructivist-take-on-the-strait](http://www.atlanticcouncil.org/blogs/new-atlanticist/a-constructivist-take-on-the-strait)> [Accessed 18 July 2017].

<sup>93</sup> See Andrew T. H. Tan, ‘A New Era in Taiwan Politics and its Implications’, *Asia-Pacific Review*, vol. 24, no. 1 (2017), pp. 116-39.

<sup>94</sup> See Coral Bell, *The End of the Vasco da Gama Era: The Next Landscape of World Politics* (Sydney: Lowy Institute, 2007).

power in the way the United States was from 1945 until recently. This is because it is not able to offer a genuinely new political, economic and social model for others to emulate, nor does it in fact have global military capabilities.<sup>95</sup> However, China will continue to attempt to dominate its own strategic backyard and is likely to be able to consolidate control over the South China Sea.

Regionally, despite the United States' retreat from its global role under Donald Trump, there remains several large states in the Asia-Pacific which have serious reservations over China's attempts to dominate the region. Apart from the United States, they include India, Japan, Australia, Myanmar, Vietnam and Indonesia. This means that small states such as Singapore will still have room to manoeuvre within the context of a soft balancing strategy, although there will be short to medium-term costs to defying an assertive China.

Apart from a foreign policy challenge however, Singapore in fact faces an equally serious domestic challenge from China as well. This stems from the pull of Chinese nationalism and China's appeal to ethnic chauvinism, which poses potential risks to the harmonious multiracial society that is the bedrock of Singapore's domestic stability and prevents any interference by its neighbours. In the face of substantial mainland Chinese emigration, China's 'Information War' activities aimed at infiltrating and influencing Singapore society and its decision-makers are also a serious concern. This means that Singapore must pay careful attention to strengthening its social resilience through a renewed and concerted effort at building and sustaining a strong multiracial, Singaporean national identity. It also needs to revive the lessons it had learnt in dealing with Chinese communist united front tactics in the 1950s during the Malayan Emergency, and strengthen its internal security and counter-intelligence capabilities to deal with the threat. In dealing with this new threat, Singapore can take heart from the fact that it has in the past successfully dealt with Chinese communist subversion.

*Andrew T. H. Tan is Associate Professor, Department of Security Studies and Criminology, Macquarie University. He previously taught at the University of New South Wales and Kings College London. Andrew is the author, editor or coeditor of seventeen books. His latest book is an edited volume on US-China Relations (Cheltenham: Edward Elgar, 2016).*

---

<sup>95</sup> Andrew T. H. Tan, 'Why China is Not a Global Power', *The RUSI Journal*, vol. 159, no. 5 (2014), pp. 42-50.

# China's Diplomacy in the Pacific: Interests, Means and Implications

Denghua Zhang

Distinct from the literature, this paper uses China's official definition of 'core interests' as a benchmark to examine three aspects of China's diplomacy in the Pacific: main interests, means to safeguard interests, and the implications for regional powers. It argues that the 'One China' policy outweighs the other aspects of China's core interests in the region. China has pursued its interests in the Pacific by three main means: visit diplomacy, economic leverage and its policy of non-interference. Though China has built stronger trade relations with the Pacific region, it still lags behind regional powers in many other aspects.

China has increased its diplomatic investment in the Pacific region in the past decade. In April 2006, Chinese Premier Wen Jiabao visited Fiji and inaugurated the China-Pacific Economic Development and Cooperation Forum. This was the first visit to the region by a Chinese Premier in history. Similarly, Xi Jinping became the first Chinese President to visit Fiji in November 2014, and he announced the decision to elevate China's "friendly and cooperative" relationship with the Pacific Island Countries (PICs) to a strategic partnership,<sup>1</sup> which demonstrates Beijing's growing emphasis on this region. Chinese aid to PICs has increased rapidly, totalling RMB 9.4 billion (US\$1.45 billion) by November 2013 according to Vice Premier Wang Yang.<sup>2</sup> Recent research conducted by the Lowy Institute for International Policy in Sydney argued that China's cumulative aid to the Pacific region reached US\$1.78 billion from 2006 onward.<sup>3</sup> With China's growing

---

<sup>1</sup> Du Shangze and Yan Huan, 'Xi Jinping tong taipingyang daoguo lingdaoren juxin jiti huiwu bing fabiao zhuzhi jianghua [Xi Jinping Had a Group Meeting with Leaders of Pacific Islands Countries and Delivered a Keynote Speech]', *People's Daily*, 23 November 2014, p. 1; Wen Jiabao, 'Jiaqiang huli hezuo, shixian gongtong fazhan [To Promote Cooperation of Mutual Benefits and Achieve Common Development]', *State Council Bulletin*, no. 15 (2006), pp. 10-11. It is worth noting that while the concept of strategic partnership bears a strong strategic and military flavour and often refers to relations among allies, it has been loosely used by Beijing in recent years to demonstrate China's emphasis on relations with partner countries, whether developed nations such as Britain, Australia and New Zealand, or developing nations such as South Africa, Iran and Venezuela.

<sup>2</sup> Wang Yang, 'Wang yang zai di er jie zhongguo taipingyang daoguo jingji fazhan hezuo luntan ji 2013 zhongguo guoji lvse chuaxin jishu chanpinzhan kaimushi shang de yanjiang [Speech by Wang Yang at the Opening Ceremony of the 2nd China-Pacific Islands Countries Economic Development and Cooperation Forum & China International Green Innovation Products and Technology Show]', China's Ministry of Foreign Affairs (MFA), 8 November 2013, <[www.fmprc.gov.cn/mfa\\_chn/zyxw\\_602251/t1097478.shtml](http://www.fmprc.gov.cn/mfa_chn/zyxw_602251/t1097478.shtml)> [Accessed 2 May 2014].

<sup>3</sup> Lowy Institute, 'Map of Chinese Aid in the Pacific', <[www.lowyinstitute.org/chinese-aid-map/#](http://www.lowyinstitute.org/chinese-aid-map/#)> [Accessed 10 January 2015].



diplomatic efforts, its eight diplomatic partners in the region have reaffirmed their support for the 'One China' policy. At China's request, PICs such as Vanuatu and Papua New Guinea have also voiced support for China over the South China Sea dispute.<sup>4</sup>

Against this background, China's main interests in the Pacific region, the means China is pursuing these interests, and the implications of China's rise for regional powers are becoming important issues and drawing growing academic attention. Some analysts argue that China regards the Pacific region as a strategic asset and intends to replace the United States as the dominant power in the long run.<sup>5</sup> In subsequent research, some scholars took issue with this view. Yongjin Zhang argues that China has limited strategic, diplomatic and economic investment in the region, and China's approach to PICs is not different from its approach to other developing countries.<sup>6</sup> In a similar vein, Terence Wesley-Smith interprets China's diplomacy in the Pacific as part of its broader outreach to the developing world, which is not driven by its strategic competition with the United States and is not reducible to a specific set of interests such as natural resources exploration and competition with Taiwan.<sup>7</sup> Situating his analysis in China's national security, Jian Yang contends that the Pacific region is important for China's national reunification and long-term development strategy but it is marginal in China's military strategy.<sup>8</sup>

China's soft power approach to the region is also highlighted in the literature. Zhiquan Zhu holds the view that China has been building its soft power in the South Pacific through providing aid to support PICs' economic development and treating them as equal partners.<sup>9</sup> Marc Lanteigne claims that by increasing its diplomatic and economic inputs in South Pacific, China is exercising "soft balancing" behaviour towards traditional powers instead of

---

<sup>4</sup> 'Vanuatu Gov't Issues Position on South China Sea', *Vanuatu Daily Post*, 26 May 2016, <dailypost.vu/news/vanuatu-gov-t-issues-position-on-south-china-sea/article\_df783f0f-5a6a-50e1-b48a-54610d728c1b.html> [Accessed 3 July 2017]; China MFA, 'Joint Press Release Between the People's Republic of China and The Independent State of Papua New Guinea', 8 July 2016, <www.fmprc.gov.cn/mfa\_eng/wjdt\_665385/2649\_665393/t1378713.shtml> [Accessed 2 May 2017].

<sup>5</sup> John Henderson and Benjamin Reilly, 'Dragon in Paradise: China's Rising Star in Oceania', *The National Interest*, no. 72 (2003), pp. 94-104; Thomas Lum and Bruce Vaughn, *CRS report for congress-The Southwest Pacific: U.S. Interests and China's Growing Influence* (Washington, DC: Congressional Research Service, 2007); Tamara Renee Shie, 'Rising Chinese Influence in the South Pacific: Beijing's "Island Fever"', *Asian Survey*, vol. 47, no. 2 (2007), pp. 307-26.

<sup>6</sup> Yongjin Zhang, 'China and the Emerging Regional Order in the South Pacific', *Australian Journal of International Affairs*, vol. 61, no. 3 (2007), pp. 367-81.

<sup>7</sup> Terence Wesley-Smith, 'China's Rise in Oceania: Issues and Perspectives', *Pacific Affairs*, vol. 86, no. 2 (2013), pp. 351-72.

<sup>8</sup> Jian Yang, 'China in the South Pacific: Hegemon on the Horizon?' *The Pacific Review*, vol. 22, no. 2 (2009), pp. 139-58.

<sup>9</sup> Zhiquan Zhu, *China's New Diplomacy: Rationale, Strategies and Significance* (Burlington, VT: Ashgate Publishing, 2010), pp. 139-164.

engaging in “hard” or military competition with them.<sup>10</sup> Scholars have also debated the impact of China’s rising influence on regional powers. By examining the role of alliances in the Asia-Pacific region in the context of China’s increasingly assertive diplomacy, Mark Beeson argues that a containment policy against China’s rise could be unsustainable and nations need to accommodate China’s rise and encourage it to play a constructive role in international affairs.<sup>11</sup> Colonel Peter Connolly, Director of International Engagement for the Australian Army, argues that China’s growing interests in the South Pacific might lead to accidental friction with traditional powers such as Australia in hypothetical scenarios when China sends the People’s Liberation Army (PLA) to evacuate Chinese citizens from Pacific Island nations in future riots targeting Chinese populations.<sup>12</sup>

These analyses have greatly improved our knowledge about China’s expansion into the Pacific region. However, many questions remain outstanding such as: has the Chinese government clearly defined its national interests? If so, what are China’s main interests in the Pacific region? Is the role of the Pacific in China’s strategic security evolving along with China’s growing military ambition and assertive diplomacy? How likely is it China will deploy the PLA to evacuate its citizens stranded in future riots in the region? What are the potential areas for cooperation between China and regional powers? More research is needed to address these questions.

Building upon the author’s previous work experience as a diplomat and observation of China’s diplomacy in the region over the past fifteen years, this article aims to add to the debate by examining China’s diplomacy in the Pacific and focusing on the aforementioned three questions: China’s main interests in the Pacific, the main means to safeguard these interests, and the implications for regional powers (focusing on the United States, Australia and New Zealand). Different from previous analyses, the article will contextualise China’s main interests in the Pacific by using China’s official definition of core interests (*hexin liyi*) as a benchmark.

The concept of core interests was officially announced in September 2011 when the Chinese government released its White Paper on Peaceful Development. While reiterating it will follow a peaceful development path, Beijing has emphasised that it will not compromise on issues concerning China’s core interests which include “state sovereignty, national security, territorial integrity and national reunification, China’s political system established by the Constitution and overall social stability, and the basic

---

<sup>10</sup> Marc Lanteigne, ‘Water Dragon? China, Power Shifts and Soft Balancing in the South Pacific’, *Political Sciences*, vol. 61, no. 1 (2012), pp. 21-38.

<sup>11</sup> Mark Beeson, ‘Invasion by Invitation: The Role of Alliances in the Asia-Pacific’, *Australian Journal of International Affairs*, vol. 69, no. 3 (2015), pp. 315-16.

<sup>12</sup> Peter J. Connolly, ‘Engaging China’s New Foreign Policy in the South Pacific’, *Australian Journal of International Affairs*, vol. 70, no. 5 (2016), pp. 484-505.

safeguards for ensuring sustainable economic and social development”.<sup>13</sup> The articulation of China’s core interests has proved significant for China’s diplomacy. As China’s national capacity has increased rapidly thanks to the nearly four decades of spectacular economic growth, China naturally seeks to expand its national interest. This concept of core interests suggests that China will more likely take a hardline position on issues of core interests, as evidenced by the Xi Jinping administration’s handling of territorial disputes with neighbouring countries in the South and East China Seas, while it could be supportive of cooperation on issues of non-core interests. Thus, this concept provides a new and useful perspective to study China’s conduct of foreign relations.

Moving to the Pacific, if it is closely linked to China’s core interests, we can naturally expect Beijing to put greater efforts on the region and act more assertively on issues of core interests. If the analysis in this article indicates otherwise with regards to PICs’ relations with China’s core interests, it is more likely that China will demonstrate more willingness for cooperation with PICs and regional powers, and the Pacific region will not be near the top of the agenda for Chinese diplomats in the near future. It is noteworthy that although the White Paper on China’s Peaceful Development was released by Hu Jintao administration in 2011, and ‘Xi Jinping Diplomatic Thought’ is demonstrating new features,<sup>14</sup> the Chinese government has continued to place emphasis on peaceful development and the concept of China’s core interests.<sup>15</sup>

## Main Interests

Similar to other nations, China’s interests in the Pacific are multifaceted and not easily grouped into China’s core-interests. Judged against the definition provided by the White Paper, the ‘One China’ policy would seem to be the main issue that can be categorised as China’s core interest in the Pacific. It is directly related to China’s *territorial integrity and national reunification*. Ever since the founding in 1949, the People’s Republic of China (PRC or Mainland China) has regarded Taiwan (ROC or Republic of China) as a renegade province and worked relentlessly to curb the latter’s international influence. The battle has centred on international recognition of Taiwan as a

<sup>13</sup> State Council, *Guowuyuan xinwenban fabiao zhongguo de heping fazhang baipishu [The State Council Information Office released the White Paper on Peaceful Development]* (Beijing: China State Council, 2011).

<sup>14</sup> For instance, President Xi Jinping has put forward new concepts such as ‘community of common destiny’, ‘the Chinese dream’, ‘diplomacy with “Chinese features”, “Chinese style” and “Chinese confidence”’. There is also growing debate on whether China’s diplomacy is moving away from ‘hiding the capacity and keeping a low profile (*taoguang yanghui*)’ to ‘making greater achievements (*yousuo zuowe*)’.

<sup>15</sup> Yang Jiechi, ‘Zai Xi Jinping zongshuji waijiao sixiang zhiyin xia buduan kaichuang duiwai gongzuo xin jumian [To Open Up New Prospects in China’s External Work under the Guidance of General-Secretary Xi Jinping’s Diplomatic Thought]’, China MFA, 14 January 2017, <[www.fmprc.gov.cn/ce/cedk/chn/zgwj/t1430589.htm](http://www.fmprc.gov.cn/ce/cedk/chn/zgwj/t1430589.htm)> [Accessed 2 May 2017].

sovereign state. Among the current twenty diplomatic partners of Taiwan, nearly one-third are in the Pacific. Six small Pacific nations—Marshall Islands, Solomon Islands, Palau, Tuvalu, Kiribati and Nauru—recognise Taiwan rather than the People's Republic of China. The diplomatic competition between Mainland China and Taiwan has been fierce since the 1970s when China started to establish official relations with PICs such as Fiji and Samoa. Lucrative aid pledges from the two sides appeal to the politicians of PICs most of which have small and fragile economies. A few PICs have switched their diplomatic recognition between Mainland China and Taiwan. The two latest examples are Kiribati and Nauru. In November 2003, Kiribati's President Anote Tong set up diplomatic ties with Taiwan despite Mainland China's desperate efforts to overturn this result and its accusation that Taiwan was practising "bribery diplomacy".<sup>16</sup> Similarly, in May 2005 Nauru switched its allegiance back to Taiwan which pledged a low interest loan to restore Nauru's only airline.<sup>17</sup>

The victory of Nationalist Party Chairman Ma Ying-jeou in Taiwan's election in 2008 was seen by Beijing as an opportunity to reshape Cross-Straits relations. The Nationalist Party opposes Taiwan's independence though unequivocally insists upon the independence of ROC. To Beijing, the Nationalist Party is a better partner to deal with than the Democratic Progressive Party (DPP), the party known for its pro-independence position in the name of Taiwan, and keeping the Nationalist Party in power is in China's interest. As a result, Cross-Straits relations improved, and the two sides entered into a diplomatic truce during Ma Ying-jeou's presidency between 2008 and 2015, which could be interpreted as Mainland China's efforts to improve relations with the Nationalist Party and suppress the DPP's popularity in Taiwan. The diplomatic wrestling between the two sides cooled down including in the Pacific region. However, even during this period, both sides did not dare to relax, and remained watchful. Despite the informal truce, the Chinese government continued to emphasize the importance of the 'One China' policy to its Pacific counterparts. In November 2009, then Chinese Vice Premier Li Keqiang visited Papua New Guinea (PNG) and met with Governor-General Paulias Matane. Li expressed gratitude to PNG for its support of the 'One China' policy while Matane reaffirmed this position.<sup>18</sup>

In addition to the diplomatic truce, PRC demonstrated greater flexibility in managing Cross-Straits relations. Chinese President Xi Jinping even held a

---

<sup>16</sup> Joel Atkinson, *Australia and Taiwan-Bilateral Relations, China, the United States, and the South Pacific* (Leiden: Brill, 2013), p. 174; John F. Copper, *China's Foreign Aid and Investment Diplomacy III* (New York: Palgrave Macmillan, 2016), p. 135.

<sup>17</sup> Joel Atkinson, 'China-Taiwan Diplomatic Competition and the Pacific Islands', *The Pacific Review*, vol. 23, no. 4 (2010), p. 414.

<sup>18</sup> Ming Jinwei and Cao Yang, 'Li Keqiang huijian babuya xinjineiya zongdu Matane [Li Keqiang met with PNG Governor-General Matane]', *Xinhua*, 4 November 2009, <[news.xinhuanet.com/world/2009-11/04/content\\_12386710.htm](http://news.xinhuanet.com/world/2009-11/04/content_12386710.htm)> [Accessed 22 May 2014].

high profile bilateral meeting with Ma Ying-jeou in November 2015 in Singapore, which was a historic first time meeting between leaders across the Taiwan Straits since 1949. By convening this meeting, the PRC hoped to send out the message to voters in Taiwan that a healthy Cross-Straits relationship and even a breakthrough was possible between the PRC and the Nationalist Party regime. This effort, Beijing expected, would boost the Nationalist Party's popularity on the eve of the presidential election in Taiwan and help it win a third-term. The strategy turned out to be a failure.

Since DPP Chairwoman Tsai Ing-wen won Taiwan's presidential election in January 2016, increasing uncertainty has been seen in Cross-Straits relations. While Tsai accused China of pressuring Taiwan and damaging the relations, Beijing put the blame on Tsai's administration and slammed her inaugural speech as offering "an incomplete answer sheet" to the exam on bilateral relations, which refers to Tsai's failure to explicitly recognise the 1992 Consensus.<sup>19</sup> Zhang Zhijun, Minister of the State Council's Taiwan Office—the ministerial-level agency in charge of Taiwan affairs—noted in July 2016:

Though the DPP leader [Tsai Ing-wen] stated the desire to promote peaceful and stable development of Cross-Straits relations, she has remained ambiguous about the nature of Cross-Straits relations, the fundamental issue that is of utmost concern to compatriots on both sides, and refused to clearly recognize the "1992 Consensus" and its core connotation that both sides of the Straits belong to one China. The political foundation for peaceful development of Cross-Straits relations since 2008 is thus ruined.<sup>20</sup>

Since early 2016, the relationship between the PRC and Taiwan has deteriorated rapidly and their diplomatic competition has resumed. In March 2016, China resumed diplomatic relations with Gambia, a former diplomatic partner of Taiwan. This move received strong criticism not only from the DPP regime but also former President Ma Ying-jeou.<sup>21</sup> In December 2016, another diplomatic partner of Taiwan, Sao Tome and Principe switched its diplomatic allegiance to China. China has also tightened its rein on Taiwan's multilateral diplomacy. Due to Beijing's intervention, Taiwan was excluded from attending a number of international conferences in 2016 such as the international symposium on the steel sector co-hosted by the OECD and the Belgian government (April), annual conferences of the International Civil Aviation Organization (September), the International Criminal Police

---

<sup>19</sup> Jean Yoon and J. R. Wu, 'Exclusive: Taiwan President Says Phone Call With Trump Can Take Place Again', *Reuters News*, 27 April 2017, <<http://www.reuters.com/article/us-taiwan-president-idUSKBN17T0W3>> [Accessed 12 May 2017]; *Xinhua*, 'Tsai's Speech on Cross-Straits Ties Offers 'an Incomplete Answer Sheet': Mainland Official', 20 May 2016, <[news.xinhuanet.com/english/2016-05/20/c\\_135375303.htm](http://news.xinhuanet.com/english/2016-05/20/c_135375303.htm)> [Accessed 2 June 2016].

<sup>20</sup> Zhang Zhijun, 'Remarks by Minister Zhang Zhijun at the 5th World Peace Forum', Taiwan Affairs Office of the State Council PRC, 16 July 2016, <[www.gwytb.gov.cn/en/Headline/201608/t20160822\\_11545520.htm](http://www.gwytb.gov.cn/en/Headline/201608/t20160822_11545520.htm)> [Accessed 20 August 2016].

<sup>21</sup> Joseph Yeh, 'Ma Condemns Gambia-China Ties', *The China Post*, 18 March 2016.

Organization (November) and the UN Framework Convention on Climate Change (November). In stark contrast, the PRC demonstrated more tolerance for Nationalist Party-led Taiwan to participate in international conferences such as the World Health Assembly since 2009 and the 38th International Civil Aviation Organization Conference in 2013.

This new round of diplomatic competition will undoubtedly affect the Pacific region. Diplomats from Mainland China and Taiwan will face the paramount task of consolidating diplomatic relations with their partners in the region. Meanwhile, it is likely they will be actively exploring opportunities to establish diplomatic relations with new partners whenever possible. On the eve of President Xi's visit to Fiji in November 2014, China's Assistant Foreign Minister Zheng Zeguang noted explicitly the potential benefits for Taiwan's diplomatic partners if they switch to China, "Under the framework of one China, relations in the future will develop even better. There is a lot of space for cooperation".<sup>22</sup> With its greater economic capacity and status as the formal representative of China at the UN, Mainland China has advantages against Taiwan in this battle. It is likely to be able to consolidate relations with its current eight PIC diplomatic partners and attract some of Taiwan's diplomatic partners.

A typical example relates to the Solomon Islands. China has become a principal trading partner of Solomon Islands though the two sides have no diplomatic relations. It was Solomon Islands' leading export destination and third largest import source in 2016, accounting for 62.5 per cent and 14.8 per cent of the total volume.<sup>23</sup> Solomon Islands officials have expressed interest in forging closer linkage with China. In May 2013, Prime Minister Gordon Lilo told Radio Australia that despite Solomon Islands' diplomatic recognition of Taiwan, the rise of China could not be ignored in advancing trade and investment.<sup>24</sup> Similar thinking was expressed by his successor Manasseh Sogavare in December 2014, hinting at a possible diplomatic switch from Taiwan to Mainland China.<sup>25</sup> In July 2016, President Sogavare met with visiting Chinese Political Counsellor Wang Genhua from the Embassy in Papua New Guinea and asked China to invest in telecommunications, rural

---

<sup>22</sup> Ben Blanchard, 'China to Lift Aid to Pacific, Sees Cooperation with Taiwan Allies', *Reuters News*, 13 November 2014, <[www.reuters.com/article/us-china-pacific-taiwan-idUSKCN0IX0B820141113](http://www.reuters.com/article/us-china-pacific-taiwan-idUSKCN0IX0B820141113)> [Accessed 20 July 2016].

<sup>23</sup> Department of Foreign Affairs and Trade, 'Solomon Islands Country Fact Sheet', June 2017, <[dfat.gov.au/trade/resources/Documents/solo.pdf](http://dfat.gov.au/trade/resources/Documents/solo.pdf)> [Accessed 20 September 2017].

<sup>24</sup> Australian Broadcasting Corporation, 'China Economic Rise Will Impact Diplomacy: Solomons', 29 May 2013, <[www.abc.net.au/news/2013-05-29/an-solomons-pm-says-china27s-economic-rise-will-impact-on-dipl/4721224](http://www.abc.net.au/news/2013-05-29/an-solomons-pm-says-china27s-economic-rise-will-impact-on-dipl/4721224)> [Accessed 30 July 2016].

<sup>25</sup> Pacific Beat, 'Speculation Solomon Islands PM Sogavare Weighing up Taiwan-China Options', Australian Broadcasting Corporation, 12 December 2014, <[www.radioaustralia.net.au/international/radio/program/pacific-beat/speculation-solomon-islands-pm-sogavare-weighing-up-taiwanchina-options/1398321](http://www.radioaustralia.net.au/international/radio/program/pacific-beat/speculation-solomon-islands-pm-sogavare-weighing-up-taiwanchina-options/1398321)> [Accessed 2 June 2015].

electrification and food processing in Solomon Islands.<sup>26</sup> The two sides also discussed the potential to establish relations between Sogavare's United Democratic Party and China's Communist Party (CPC),<sup>27</sup> which could pave the way for the two nations to form a closer relationship. Back in March 2005, Minister Wang Jiarui of the CPC International Liaison Department met with a visiting Solomon Islands' opposition party delegation and emphasised, "China's Communist Party is ready to promote the normalization of the two countries' relations through the development of party-to-party relations".<sup>28</sup> Therefore, it would not be surprising if China and Solomon Islands were to develop a closer partnership including establishing diplomatic relations in the future.

It is worth noting that Palau, another of Taiwan's diplomatic partners, has also developed strong commercial links with Mainland China. China has become Palau's largest source of tourists. Between 2014 and 2015 the number of Chinese tourists to Palau jumped from 39,383 to 87,058 as charter flights brought them directly from Hong Kong and Macau.<sup>29</sup> The capital Koror struggled to accommodate Chinese tourists, and the Palau government placed limits on the number of charter flight arrivals, restricting them to a maximum of thirty-two flights a month with an average of 200 to 250 tourists per flight,<sup>30</sup> perhaps the first time a Pacific country has ever restricted tourist entry. As Palau is trying to shift to higher end tourism, the fact that Palau recognises Taiwan rather than Mainland China is proving irrelevant to commercial realities. However, different from Solomon Islands, there is no public data available to show Palau's interest to move away from Taiwan to China in the near future.

Though *national security* is clearly defined as China's core interest, the Pacific region has not been put at the top of the agenda for the Chinese government and PLA. China is preoccupied with strategic competition with countries such as the United States, Japan and some ASEAN nations in the

---

<sup>26</sup> Radio New Zealand, 'Solomons PM Asks for Chinese Investment', 13 July 2016, <[www.radionz.co.nz/international/pacific-news/308561/solomons-pm-asks-for-chinese-investment](http://www.radionz.co.nz/international/pacific-news/308561/solomons-pm-asks-for-chinese-investment)> [Accessed 22 November 2016].

<sup>27</sup> Pacific Islands Report, 'Solomon Islands Ruling Party Considers Establishing Relations with China's Communist Party', Pacific Islands Development Program, East-West Center, 17 July 2016, <[www.pireport.org/articles/2016/07/17/solomon-islands-ruling-party-considers-establishing-relations-china-s-communist](http://www.pireport.org/articles/2016/07/17/solomon-islands-ruling-party-considers-establishing-relations-china-s-communist)> [Accessed 2 April 2017].

<sup>28</sup> Xinhua, 'Wang Jiarui huijian suo luo men qundao keren [Wang Jiarui met with guests from Solomon Islands]', 24 March 2005, <[news.xinhuanet.com/newscenter/2005-03/24/content\\_2739661.htm](http://news.xinhuanet.com/newscenter/2005-03/24/content_2739661.htm)> [Accessed 11 May 2015].

<sup>29</sup> Pacific Islands Report, 'Mainland China Now Majority of Tourists to Palau', Pacific Islands Development Program, East-West Center, 20 January 2016, <[www.pireport.org/articles/2016/01/20/mainland-china-now-majority-tourists-palau](http://www.pireport.org/articles/2016/01/20/mainland-china-now-majority-tourists-palau)> [Accessed 10 May 2016].

<sup>30</sup> Oceania TV network, 'Charter Flights Reduced to Balance Tourism Market in Palau', 6 March 2015, <[www.oceaniatv.net/2015/03/06/charter-flights-reduced-to-balance-tourism-market-in-palau/](http://www.oceaniatv.net/2015/03/06/charter-flights-reduced-to-balance-tourism-market-in-palau/)> [Accessed 16 July 2016]. The Yap island of Federated States of Micronesia (FSM) is a similar case to Palau. There are divisions among local politicians in recent years over the Chinese company Exhibition & Travel Group's plan to build a 'mega resort' on the island.

South and East China Seas. Tension in the Korean Peninsula and the United States's deployment of missile defence system THAAD to South Korea are new major concerns for China. With regards to the Pacific region, China does not have military bases in the region. Its only military related presence—the satellite tracking station on Tarawa in Kiribati since 1997—was dismantled after the ending of diplomatic relations in November 2003. China's military engagement with PICs is restricted to donating non-combatant military equipment and uniforms, constructing military hospitals and providing scholarships for Pacific military officers to be trained in China's military universities/academies. This low-level engagement is incomparable to the sophisticated and long-standing military partnerships between PICs and the established regional powers: the United States, Australia, France<sup>31</sup> and New Zealand.

The accelerated expansion of the PLA navy (PLAN) in recent years could open up room for a more important role of the Pacific region in China's national security, which however demands closer observation. The development of aircraft carriers is an example of the PLAN's growing strategic ambition. In September 2012, China's first aircraft carrier *Liaoning* was commissioned. China launched its second and China's first home-built aircraft carrier in April 2017, and more are reported to be under construction. In December 2016, the PLAN fleet including *Liaoning* aircraft carrier crossed the first island chain<sup>32</sup> for the first time.<sup>33</sup> Soon after, China's official media agency *People's Daily* commented straightforwardly, "The first island chain no longer poses a constraint to Chinese military forces. Crossing the chain becomes a 'new normal' (*xin changtai*). It is just a matter of time before China's aircraft carrier crosses the second island chain and reaches the Eastern Pacific".<sup>34</sup> If this occurs in the future, the Pacific region will occupy a more important position in China's strategic ambition. At present, however, no significant signs are observable in the PLAN's engagement with the Pacific region towards this end.

Some analysts have expressed concerns about the potential growth of China's military presence to protect its diaspora in the Pacific region and the

---

<sup>31</sup> The discussion in this paper focuses on the fourteen sovereign PICs and excludes French territories including French Polynesia and New Caledonia. In addition, as Timor-Leste is treated by China's Ministry of Foreign Affairs as part of Southeast Asia rather than the Pacific, it is excluded from the discussion in this paper.

<sup>32</sup> For the island chain strategy, see for example, Robert D. Kaplan, 2010, 'The Geography of Chinese Power: How Far Can Beijing Reach on Land and at Sea?' *Foreign Affairs*, vol. 89, no. 3 (2010), pp. 22-41.

<sup>33</sup> Ankit Panda, 'Power Plays across the First Island Chain: China's Lone Carrier Group Has a Busy December', *The Diplomat*, 27 December 2016, <[thediplomat.com/2016/12/power-plays-across-the-first-island-chain-chinas-lone-carrier-group-has-a-busy-december/](http://thediplomat.com/2016/12/power-plays-across-the-first-island-chain-chinas-lone-carrier-group-has-a-busy-december/)> [Accessed 14 March 2017]; 'Zhongguo fan er yue lai yue you diqi [China's Style is Having More Confidence]', *People's Daily*, 22 January 2017, p. 6.

<sup>34</sup> Duan Ni, 'Guan yu liangjian, xing sheng yu yan [Have the Courage to Draw the Sword, and Action Speaks Louder than Words]', *People's Daily*, 8 January 2017, p. 6.



risk of conflicts with regional powers. As mentioned in the introduction, Col. Peter Connolly predicts that China and Australia may face “accidental frictions” in Melanesian countries when the Chinese army arrives to evacuate its diaspora in future riots. However, the possibility of the PLAN's involvement in evacuation operations in PICs is low. The protection of overseas Chinese citizens has undeniably become a benchmark for Chinese citizens to judge whether their government has honoured the “putting people first” commitment (*yi ren wei ben*).<sup>35</sup> In recent years, the Chinese government organised a growing number of evacuation operations for its citizens in conflict/riot-stricken countries such as Lebanon (July 2006, 170), Chad (January 2008, over 200), Thailand (November 2008, 3,346), Gabon (September 2009, 36), Haiti (January 2010, 60), Kyrgyzstan (June 2010, 1,299) and Central Africa (December 2012, 308).<sup>36</sup> However, so far the PLAN were involved only in two evacuation operations, where there were special circumstances. The first case was an operation in civil war torn Libya in February 2011 where more than 35,000 Chinese nationals were evacuated. This is China's largest scale evacuation in recent years and also the first time that Chinese military forces, including four PLAN aircraft and one navy frigate, were involved.<sup>37</sup> The second case is the evacuation of Chinese diaspora during the Yemen Crisis in March 2015 where three PLAN vessels were involved and 577 Chinese citizens were evacuated. Compared with other evacuation operations, the Libya case involved the PLAN because of the large number of Chinese citizens—including the staff of some influential state-owned enterprises—waiting to be evacuated. PLAN vessels were used in the Yemen case because of their proximity. An official from China's Ministry of Defence confirmed the naval fleet was carrying out escort missions in the Gulf of Aden and Somali waters before it was ordered to sail to Yemen's southern port of Aden for the evacuation task.<sup>38</sup>

The growth of Chinese small business in the Pacific region, coupled with fierce competition with local business and even Chinese traders,<sup>39</sup> might lead to a rise of incidents involving Chinese diaspora in the near future and more evacuation operations. Yet, compared to other regions such as Asia

<sup>35</sup> Hu Jintao, ‘Zhongguo gongchandang di shiqici quanguo daibiao dahui baogao [Speech at the 17th National Congress of China's Communist Party]’, *People's Daily*, 15 October 2007.

<sup>36</sup> Editing Group, *Zhongguo Lingshi Gongzuo [The Consular Affairs of China]* (Beijing: World Affairs Press, 2014). The number in the brackets refers to Chinese citizens that were evacuated.

<sup>37</sup> Shaio H. Zerba, ‘China's Libya Evacuation Operation: A New Diplomatic Imperative—Overseas Citizen Protection’, *Journal of Contemporary China*, vol. 23, no. 90 (2014), pp. 1093-112.

<sup>38</sup> Guo Yuandan, ‘Zhongguo junjian jinru Yemen yadingwang, qidong cheqiao gongzuo [China's Military Fleet Arrived at Yemen Gulf of Aden and Started the Evacuation Operation]’, 30 March 2015, <world.huanqiu.com/photo/2015-03/2769482.html> [Accessed 2 July 2016].

<sup>39</sup> Graeme Smith, ‘Beijing's Orphans? New Chinese Investors in Papua New Guinea’, *Pacific Affairs*, vol. 86, no. 2 (2013), pp. 327-49.

and Africa, the Pacific has a small Chinese diaspora.<sup>40</sup> An estimated 20,911<sup>41</sup> Chinese citizens (*huaqiao*) or foreign citizens of Chinese descent (*huaren*) live in the Pacific island countries. As such, though social unrest may occur in some PICs, especially Melanesian countries, the affected Chinese diaspora will be small and it is most likely that the Chinese government will use commercial charter planes rather than the PLAN to pick up its citizens in those scenarios. That was exactly the practice conducted by Beijing during the riots in Solomon Islands (April 2006, 320) and Tonga (November 2006, 193),<sup>42</sup> although many of them returned to these countries to continue their small business when the situation calmed down. Also, the Chinese government has put part of its blame for anti-Chinese riots such as the 2006 one in Solomons Islands on the low quality (*sushi*) and incapacity of some Chinese citizens to do business overseas.<sup>43</sup>

Sustaining economic interest constitutes a significant part of China's *basic safeguards for ensuring sustainable economic and social development*. By no means, however, can the Pacific region be seen as a priority area for China's economic and investment activities. Partly encouraged by the 'Go Out/Go Global' strategy, a large number of Chinese state-owned and private companies have gone overseas to seek economic opportunities. The American Enterprise Institute and the Heritage Foundation have tracked China's global investment from 2005 onwards and argued that Europe, Sub-Saharan Africa, West Asia, East Asia and the United States are the main destinations of China's investment and construction activities, attracting 17.6%, 16.4%, 14.5%, 12.9% and 10.4% of the total volume respectively.<sup>44</sup> In Oceania, Australia and New Zealand account for 6.1% and 0.2% of China's global investment, while PNG and Fiji, the main destinations of Chinese investment in the Pacific, have attracted US\$3.88 billion and US\$150 million of Chinese investment, if combined representing 0.24% of

---

<sup>40</sup> The Chinese government includes both Chinese citizens overseas (*huaqiao*) and foreign citizens of Chinese descent (*huaren*) in its calculation of Chinese diaspora. It is extremely difficult for the Chinese government to separate the two figures. One reason is, as China does not recognise dual citizenship, some Chinese citizens do not report their change of citizenship to Chinese diplomatic missions. Another reason is that some Chinese citizens migrate overseas illegally and do not participate in census.

<sup>41</sup> This figure is calculated by the author based on data from the China MFA website. MFA, 'Guojia he zhuzhi: dayangzhou [Country and region: Oceania]', <[www.fmprc.gov.cn/web/gjhdq\\_676201/gj\\_676203/dyz\\_681240/](http://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/dyz_681240/)> [Accessed 19 September 2017]. It includes seven of the eight PICs that recognise Mainland China except Cook Islands. This official figure could be lower than the real one. Based on available data, the population of Chinese citizens or citizens of Chinese descent in Solomon Islands was 654 according to the country's census in 2009. Solomon Islands National Statistics Office, *2009 Population & Housing Census: National Report (Volume 2)* (Honiara: Solomon Islands Ministry of Finance and Treasury, 2009), p. 83.

<sup>42</sup> Editing Group, *Zhongguo Lingshi Gongzuo*.

<sup>43</sup> Graeme Smith, 'Chinese Reactions to Anti-Asian Riots in the Pacific', *Journal of Pacific History*, vol. 47, no. 1 (2012), pp. 96-97.

<sup>44</sup> American Enterprise Institute and Heritage Foundation, 'Worldwide Chinese Investments & Construction (2005-2017)', <[www.aei.org/china-global-investment-tracker/](http://www.aei.org/china-global-investment-tracker/)> [Accessed 19 September 2017].

the share.<sup>45</sup> Most PICs have a small population and lack minerals or natural resources except fisheries. The potential for China-PICs economic cooperation is limited, though PNG is an exception. Being the second largest country in Oceania in terms of land area and population and boasting rich natural resource endowment, PNG is home to more than two-dozen Chinese state-owned enterprises. An example is the Metallurgical Corporation of China which has invested US\$1.4 billion in the Ramu Nickel mine in PNG's Madang province. This is China's largest single investment project in the region.

It is worth noting that the slowdown of China's economy in recent years has affected its trade with the Pacific region. The Pacific Trade & Investment office in Beijing estimates that China's bilateral trade with the thirteen sovereign PICs except Niue totalled US\$7.5 billion in 2016, a negligible growth of 0.4 per cent compared to their trade in 2015.<sup>46</sup> A closer examination of these figures reveals that six of the eight PICs that recognise China ran a trade deficit with China in 2016, which could be explained by their limited exports and inadequate competitiveness. Again, PNG is an exceptional case and is in trade surplus with China partly because it started to export liquefied natural gas to China since 2014. In 2015, Chinese enterprises invested US\$120 million in the Pacific.<sup>47</sup> On the whole, these trading and investment figures between China and PICs pale into insignificance alongside countries in Africa, Asia and Latin America. For instance, bilateral trade between China and Africa exceeded US\$149 billion in 2016 and China's investment in Sub-Saharan Africa, and Arab Middle East and North Africa reached US\$41.24 billion and US\$9.4 billion respectively in 2015.<sup>48</sup> Therefore, the Pacific region is not China's main economic partner and is not linked to China's core interest of *basic safeguards for ensuring sustainable economic and social development*. It represents a small proportion of China's broad outreach to the developing world.

Seeking PICs' support at multilateral fora has been appealing to China and other external powers as well. Being small, sovereign states in the Pacific

<sup>45</sup> Ibid.

<sup>46</sup> Pacific Islands Trade & Investment Office in China, *Trade Statistical Handbook 2016 between China and Forum Island Countries* (Beijing: Pacific Islands Trade & Investment Office in China, 2017).

<sup>47</sup> China Ministry of Commerce (MOFCOM), 'Zhongguo yu taipingyang daoguo diqu maoyi he touzi jiankuang [An Overview of Trade and Investment between China and the Pacific Island Countries]', 17 August 2016, <mds.mofcom.gov.cn/article/Nocategory/200210/20021000042986.shtml> [Accessed 14 May 2017].

<sup>48</sup> FOCAC, 'Zhongfei maoyi shuju: 2016 nian zhongguo yu feizhou geguo maoyi shuju ji xianguan paiping [China-Africa Trade Statistics: Statistics and Rankings of China's Trade with African Countries]', 10 April 2017, <www.focac.org/chn/zfgx/t1452476.htm> [Accessed 20 September 2017]; American Enterprise Institute and Heritage Foundation, 'Worldwide Chinese Investments & Construction'. Please note the trade and investment statistics for the Pacific and other regions are from different sources, so the comparison here might not be accurate.

especially small island countries such as Tuvalu (population: 10,900) and Nauru (population: 10,500) are easily influenced by other powers, but they have an equal vote to large nations in the UN. As a result, these island countries have been approached by external powers for diplomatic support. For instance, Nauru was awarded US\$50 million from Russia for recognising Georgia's breakaway provinces of Abkhazia and South Ossetia in 2009.<sup>49</sup> In addition to the 'One China' policy, Beijing has actively sought support from its eight PICs partners on other issues. In 2006, Beijing-backed candidate for WHO Director-General Margaret Chan visited Tonga—a member of WHO's thirty-four-member Executive Board—and lobbied successfully for its support. These votes cover a wide range of areas and could not be simply put under any single category of China's core interests.

The Chinese government has maintained high vigilance to the five types of 'threats': overseas support for independence campaigns in Taiwan, Xinjiang and Tibet, the Falun Gong movement and the overseas Chinese democratic movement. Condemned by the Chinese government as the "Five Poisons" (*wu du*),<sup>50</sup> these factors can be linked directly to China's core interests of *state sovereignty, national security, territorial integrity and national reunification and China's political system established by the Constitution and overall social stability*. As discussed above, the Taiwan issue has been a crucial determinant of China's diplomacy in the Pacific region. By contrast, there is little reported evidence of the other four 'poisons' in the region except that two New Zealand-based Falun Gong practitioners were questioned by Tongan officials about their activities in Nuku'alofa in May 2009, and that six Muslim Uyghurs were transferred from the US detention centre in Guantanamo to Palau in 2009, though they left in a few years.<sup>51</sup> Due to the geographical remoteness and small Chinese diaspora to be developed as potential supporters, it is unlikely that these four 'poisons' will become prominent issues in the Pacific region in the foreseeable future.

In addition, Beijing has looked to Pacific countries for support in chasing corrupt Chinese officials and crime suspects abroad. Take Fiji as an example. With the help of local officials, a Chinese drug smuggler and a crime suspect were seized in Fiji in July and August 2013.<sup>52</sup> More recently, seventy-seven Chinese internet scammers were deported from Fiji to China

---

<sup>49</sup> Stewart Firth, 'New Developments in the International Relations of the Pacific Islands', *Journal of Pacific History*, vol. 48, no. 3 (2013), p. 6.

<sup>50</sup> Chen Jie, 'The Overseas Chinese Democracy Movement after Thirty Years', *Asian Survey*, vol. 54, no. 3 (2014), p. 457.

<sup>51</sup> State Department, *Country Reports on Human Rights Practices 2009*, vol. 1, *Africa, East Asia and the Pacific* (Washington, DC: US Department of State, 2012); Nathan Vanderklippe, 'After Guantanamo, Life on Pacific Island Was Difficult', *The Global and Mail*, 28 June 2015, <[www.theglobeandmail.com/news/world/after-guantanamo-life-on-pacific-island-was-difficult/article25172787/](http://www.theglobeandmail.com/news/world/after-guantanamo-life-on-pacific-island-was-difficult/article25172787/)> [Accessed 23 November 2016].

<sup>52</sup> 'Xi Jinping jiang zai Feiji qingke baguo lingdaoren [Xi Jinping Will Treat Leaders from Eight Pacific Islands Countries in Fiji]', *Beijing Youth Daily*, 22 November 2014, p. A03.

in August 2017.<sup>53</sup> Similar activities could be expected to occur in the near future.

## Means of Influence

The position of PICs in China's diplomacy determines the resources to be allocated by China to this region. The Chinese government has positioned its diplomatic partners in its diplomatic mapping in vague terms as follows: big powers are the key (*daguo shi guanjian*); peripheral countries are the priority (*zhoubian shi shouyao*); developing countries are the foundation (*fazhanzhong guojia shi jichu*); multilateral platforms are the important stage (*duobian shi zhongyao wutai*).<sup>54</sup> For the sake of these terms' comprehensiveness, although not China's neighbourhood, PICs are labelled by the Chinese government as the extension of China's periphery or "greater periphery". In reality, PICs are not comparable to the importance of developing countries in Africa, Asia, Latin America or even the Caribbean in China's foreign policy. China's Ministry of Foreign Affairs (MFA) has released tailored policy papers on Africa, Latin America and the Caribbean.<sup>55</sup> No such policy has been released on the Pacific region. Rather, China is managing its relations with PICs on the pattern of its policy towards other developing countries.

China has pursued its interest in the Pacific region through three main means: visit diplomacy, economic leverage and practising non-interference. Firstly, China has insisted that countries, big or small, are equal members of the international community and should be treated as equal. This appeals to the leaders of the PICs. China MFA's website recorded 235 high-level visits (ministerial level above plus foreign minister) between China and its eight Pacific diplomatic partners between 2006 and 2015.<sup>56</sup> PICs leaders have received high-standard treatment similar to leaders from other countries during the visits which included the red carpet, gun salutes, reviewing the guard of honour, meeting with Chinese leaders, motorcades and visiting one or two cities besides Beijing.

<sup>53</sup> Bruce Hill, 'Dozens of Chinese Fraud Suspects Deported from Fiji Arrive Handcuffed, in Hoods', Pacific Beat, Australian Broadcasting Corporation, 8 August 2017, <[www.abc.net.au/news/2017-08-08/chinese-suspects-deported-from-fiji-arrive-hooded-and-handcuffed/8786080](http://www.abc.net.au/news/2017-08-08/chinese-suspects-deported-from-fiji-arrive-hooded-and-handcuffed/8786080)> [Accessed 19 September 2017].

<sup>54</sup> Chen Xiangyang, 'Xinshiqi zhongguo da waijiao de fangxiang [Direction for China's Big Diplomacy in a New Era]', *Xinhua*, <[lw.xinhuanet.com/htm/content\\_4954.htm](http://lw.xinhuanet.com/htm/content_4954.htm)> [Accessed 14 February 2014].

<sup>55</sup> Xinhua, 'Full Text: China's Second Africa Policy Paper', 4 December 2015, <[news.xinhuanet.com/english/2015-12/04/c\\_134886545.htm](http://news.xinhuanet.com/english/2015-12/04/c_134886545.htm)> [Accessed 15 May 2016]; Xinhua, 'China's Policy Paper on Latin America and the Caribbean', 5 November 2008, <[news.xinhuanet.com/english/2008-11/05/content\\_10308117.htm](http://news.xinhuanet.com/english/2008-11/05/content_10308117.htm)> [Accessed 22 March 2016].

<sup>56</sup> China MFA, 'Guojia he zhuzhi: dayangzhou [Countries and International Organizations: Oceania]', <[www.fmprc.gov.cn/web/gjhdq\\_676201/gj\\_676203/dyz\\_681240/](http://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/dyz_681240/)> [Accessed 2 May 2017].

Using the economic tool, including building closer trading relations and providing foreign aid, has been China's second main means to wield influence in the Pacific. Since the inauguration of the China-Pacific Economic Development and Cooperation Forum in April 2006, the average annual growth rate of China-PICs trade reached 27 per cent between 2006 and 2012.<sup>57</sup> As mentioned earlier, bilateral trade between China and PICs has been affected by China's economic slowdown. As a recent example, China exported US\$5.4 billion worth commodities to the thirteen sovereign Pacific states in 2016, an increase of US\$330 million compared to 2015, but its imports from these countries were down from US\$2.4 billion in 2015 to US\$2.1 billion in 2016.<sup>58</sup>

China has also dramatically increased its aid allocation for PICs in the past decade. In April 2006, China's Premier Wen Jiabao visited Fiji and committed RMB 3 billion (US\$462 million)<sup>59</sup> concessional loans to the region over the next three years.<sup>60</sup> In November 2013, the Chinese government announced a similar loan facility of US\$1 billion for PICs in the next four years.<sup>61</sup> Philippa Brant argues that China provided US\$1.06 billion aid to the Pacific region between 2006 and 2013, making it a significant donor in the region, and China was the largest donor to Fiji in this period.<sup>62</sup> China has used its aid to increase its influence. In light of the substantial differences between China and the PICs in areas such as the political system, values, history, culture and language, China has highlighted their common identity as developing countries. China emphasises its aid is part of South-South cooperation—mutual assistance between developing countries—though the degree of PICs' acceptance of China's identity is debatable.

This label has strategic and practical implications. Strategically, China has distanced itself from traditional donors in the region. Practically, the label of South-South cooperation has benefited China by justifying aid practices that are criticised by traditional donors, such as only using Chinese contractors and sourcing at least half of the materials for aid projects from China. China has also avoided politically sensitive areas including good governance and democratisation in PICs, and focused its aid on infrastructure. Furthermore, China has used South-South cooperation to defend the high proportion of concessional loans in its aid mix. While Australia and New Zealand provide grant aid to the PICs, concessional loans constitute the major form of Chinese aid. Concessional loans exceeded 55 per cent of Chinese total aid in 2010-12 globally, and accounted for approximately 80 per cent of Chinese

---

<sup>57</sup> Wang Yang, 'Wang yang zai di er jie'.

<sup>58</sup> Pacific Islands Trade & Investment Office in China, *Trade Statistical Handbook 2016*.

<sup>59</sup> One US dollar bought 6.49 Chinese RMB, AU\$1.37 and NZ\$1.46 in December 2015. These rates are used in this paper.

<sup>60</sup> Wen Jiabao, 'Jiaqiang huli hezuo'.

<sup>61</sup> Wang Yang, 'Wang yang zai di er jie'.

<sup>62</sup> Philippa Brant, 'The Geopolitics of Chinese Aid', Lowy Institute, 4 March 2015, <[www.lowyinstitute.org/publications/geopolitics-chinese-aid](http://www.lowyinstitute.org/publications/geopolitics-chinese-aid)> [Accessed 20 March 2016].

aid in the Pacific region in 2006-13.<sup>63</sup> As recipient countries are expected to pay back these loans, providing concessional loans meets the growing demand of recipient countries for Chinese aid while reducing Beijing's financial burden given that the Chinese government only needs to cover the gap of interest rates between concessional and commercial loans. Though Chinese economic sources allocated to the Pacific region are incomparable to other regions such as Africa and Asia, they have substantial impact on the PICs. The PICs are vulnerable to external economic influence because of their high dependence on foreign aid and pressing demand for investment from overseas.<sup>64</sup>

China's third means to wield influence in the Pacific is by practising the principle of non-interference in PICs' internal affairs. This principle has been listed as one of the cornerstones of Chinese foreign policy since the 1950s—the five principles of peaceful coexistence. Scholars such as Yongjin Zhang and Zhiqun Zhu have echoed this point.<sup>65</sup> The Fiji case is an excellent example of how China used its non-interference policy to bolster relations with the island country. After the December 2006 military coup in Fiji, the interim government led by Prime Minister Frank Bainimarama received tough economic and travel sanctions from traditional powers such as Australia, New Zealand, the United States and Britain. It was also suspended from the Commonwealth and the Pacific Islands Forum, rebuffs that were keenly felt by Bainimarama. In contrast to these sanctions, Beijing conveyed a clear message to Suva to deepen bilateral relations. In February 2009, then Vice President Xi Jinping visited Fiji despite concerns expressed by Australia and New Zealand.<sup>66</sup> Xi met with President Josefa Iloilo and Interim Prime Minister Bainimarama, and emphasised “the Chinese government places great emphasis on its relations with Fiji ... China looks forward to further promoting this relationship”.<sup>67</sup>

China has also increased its aid to Fiji. In August 2014, China provided RMB 80 million (US\$12.3 million) in aid to Fiji during President Epeli Nailatikau's visit to China to attend the Youth Olympic Games.<sup>68</sup> During his visit to Fiji in November 2014, President Xi committed RMB 70 million

<sup>63</sup> State Council, 'Zhongguo de duiwai yuanzhu (2014) [China's Foreign Aid (2014)]', *People's Daily*, 11 July 2014, p. 22; Lowy Institute, 'Map of Chinese Aid in the Pacific'.

<sup>64</sup> Kate Hannah and Stewart Firth, 'Trading with the Dragon: Chinese Trade, Investment and Development Assistance in the Pacific islands', *Journal of Contemporary China*, vol. 24, no. 95 (2015), pp. 865-82.

<sup>65</sup> Yongjin Zhang, 'China and the Emerging Regional Order', pp. 367-81; Zhiqun Zhu, *China's New Diplomacy*, pp. 139-64.

<sup>66</sup> Michael Field, 'NZ Shamed China over Fiji Visit—WikiLeaks', *New Zealand Stuff*, 28 April 2011.

<sup>67</sup> Luo Chunhua, 'Xi Jinping fenbie huijian Fiji zongtong he linshi zhengfu zongli [Xi Jinping Met with Fiji President and Interim Government Prime Minister]', *People's Daily*, 10 February 2009, p. 2.

<sup>68</sup> Shayal Devi, '\$50m More', *Fiji Times online*, 23 November 2014, <[www.fijitimes.com/story.aspx?id=286947](http://www.fijitimes.com/story.aspx?id=286947)> [Accessed 2 May 2015].

(US\$10.7 million) in grant aid to Fiji.<sup>69</sup> Chinese aid to Fiji totalled US\$332.96 million between 2006 and 2013, making China the largest donor in the island country, surpassing Australia (US\$252.24 million) and Japan (US\$116.79 million).<sup>70</sup> In return, the Fijian government reaffirmed their commitment to forging closer relations with China and also supporting China's influence in the region. In May 2013, Prime Minister Bainimarama reiterated Fiji's 'look north' policy and praised China as a friend of Fiji and the Pacific.<sup>71</sup> Fiji's then Foreign Minister Inoke Kubuabola welcomed China's greater role in the Pacific region.<sup>72</sup> As mentioned earlier, Fiji also provided assistance in chasing Chinese corrupt officials hiding in Fiji, which was appreciated by Chinese President Xi.<sup>73</sup> In addition, Fiji has pledged stronger allegiance to Beijing with regards to the one China policy. Soon after Bainimarama's participation in the Belt and Road Forum in Beijing in May 2017, Fiji closed its trade office in Taiwan.<sup>74</sup>

## Implications for Regional Powers

China has made remarkable headway in its trade with the Pacific region. Based on available data from China's Ministry of Commerce, China-Pacific trade in 2015 totalled US\$8.11 billion, a ten-fold increase on 2005 levels.<sup>75</sup> As discussed above, Pacific Trade & Investment argues that bilateral trade between China and thirteen sovereign PICs except Niue<sup>76</sup> reached US\$7.5 billion in 2016.<sup>77</sup> As a comparison, in the financial year of 2015/16, the trade volumes of Australia and New Zealand with the fourteen sovereign PICs were US\$4.14 billion (AU\$5.68 billion) and US\$732.8 million (NZ\$1.07 billion) respectively.<sup>78</sup> China is also becoming the fastest growing source of

---

<sup>69</sup> Ibid.

<sup>70</sup> Lowy Institute, 'Map of Chinese Aid in the Pacific'.

<sup>71</sup> Australian Broadcasting Corporation, 'Fiji Prime Minister on China Visit', 30 May 2013, <[www.abc.net.au/news/2013-05-30/an-fiji-pm-on-china-visit/4722110](http://www.abc.net.au/news/2013-05-30/an-fiji-pm-on-china-visit/4722110)> [Accessed 10 September 2016].

<sup>72</sup> China MFA, 'Joint Press Release by Foreign Minister Wang Yi and Fijian Foreign Minister Inoke Kubuabola', 13 April 2016, <[au.china-embassy.org/eng/xw/t1355260.htm](http://au.china-embassy.org/eng/xw/t1355260.htm)> [Accessed 11 June 2016].

<sup>73</sup> Zhang Denghua and Hemant Shiv, 'Dragon versus Elephant: A Comparative Study of Chinese and Indian Aid in the Pacific', *Asia & the Pacific Policy Studies*, vol. 4, no. 2 (2017), p. 4.

<sup>74</sup> Radio New Zealand, 'Fiji Closes Taiwan Office, Holds Talks with Beijing', 19 May 2017, <[www.radionz.co.nz/international/pacific-news/331030/fiji-closes-taiwan-office-holds-talks-with-beijing](http://www.radionz.co.nz/international/pacific-news/331030/fiji-closes-taiwan-office-holds-talks-with-beijing)> [Accessed 1 June 2017].

<sup>75</sup> MOFCOM, 'Zhongguo yu taipingyang daoguo jingmao guanxi buduan fazhan [The Trade and Economic Relations between China and the Pacific Island Countries Continued to Develop]', 5 April 2006, <[www.mofcom.gov.cn/article/Nocategory/200604/20060401829536.shtml](http://www.mofcom.gov.cn/article/Nocategory/200604/20060401829536.shtml)> [Accessed 20 April 2014]; MOFCOM, 'Zhongguo yu taipingyang daoguo diqu maoyi he touzi jiankuang [An Overview of Trade and Investment between China and the Pacific Island Countries]'.

<sup>76</sup> Statistics for China-Niue trade are not available and the figures could be small and negligible.

<sup>77</sup> Pacific Islands Trade & Investment Office in China, *Trade Statistical Handbook 2016*.

<sup>78</sup> The figures are made by author based on data from the Department of Foreign Affairs and Trade 'The Pacific' website <[dfat.gov.au/geo/pacific/Pages/the-pacific.aspx](http://dfat.gov.au/geo/pacific/Pages/the-pacific.aspx)> [Accessed 20 May 2017]; New Zealand Statistics, 'Goods and Services Trade by Country: Year Ended June 2016',



tourists for the Pacific region. Chinese tourists to eleven PICs grew by an average 27 per cent per annum between 2009 and 2014, and it could continue to grow at 20 per cent per annum over the next ten years.<sup>79</sup>

However, in many other aspects China still lags behind the United States, Australia and New Zealand which have strong historical links with the Pacific region. The United States has predominance in northern PICs: the Marshall Islands, the Federated States of Micronesia (FSM) and Palau. These PICs are in free association with the United States and receive significant financial assistance from it. As an example, the United States provides US\$3.5 billion in aid to Marshall Islands and FSM from 2004 to 2023.<sup>80</sup> Total US assistance to Palau has been estimated at US\$852 million between 1995 and 2009.<sup>81</sup> Citizens of these PICs are free to live, work and study in the United States without visas, and vice versa. The United States has full authority and responsibility for the security and defence of these countries. Similarly, the governments of Australia and New Zealand have highlighted that the Pacific region is their immediate neighbourhood where they have enduring strategic and commercial interests,<sup>82</sup> though Australia focuses on Melanesia while New Zealand focuses on Polynesia. Australia and New Zealand are the two leading development partners in the region and pay most of the bills for regional institutions. In 2015-16, the Australian aid budget for PICs totalled AU\$1.1 billion which accounted for more than one quarter of Australian total aid.<sup>83</sup> Nearly 60 per cent (NZ\$1 billion) of New Zealand total aid has been committed to the Pacific region between 2015/16 and 2017/18.<sup>84</sup> Companies from Australia and New Zealand are leading investors in Pacific mining, banking, tourism and other commercial activities, and their dollars are the currency of some smaller Pacific countries.

Australia and New Zealand have close defence relations with PICs and they are the default external states to which the PICs turn in times of social unrest and natural disaster, as could be seen in their rapid and comprehensive

---

Table 14: New Zealand's trade with the PIF (excluding Australia), 2 September 2016, <[www.stats.govt.nz/browse\\_for\\_stats/industry\\_sectors/imports\\_and\\_exports/GoodsServicesTradeCountry\\_HOTPYeJun16.aspx](http://www.stats.govt.nz/browse_for_stats/industry_sectors/imports_and_exports/GoodsServicesTradeCountry_HOTPYeJun16.aspx)> [Accessed 20 May 2017].

<sup>79</sup> World Bank, *Pacific Possible: Tourism* (Washington, DC: World Bank, 2016), p. iii. The eleven PICs exclude Nauru, Cook Islands and Niue.

<sup>80</sup> Government Accountability Office, *Compacts of Free Association: Improvements Needed to Assess and Address Growing Migration* (Washington, DC: US Government, 2011), p. 7.

<sup>81</sup> David Gootnick, *Compact of Free Association: Proposed US Assistance to Palau and Its Likely Impact*, (Washington, DC: US Government Accountability Office, 2011), p. 1.

<sup>82</sup> Department of Foreign Affairs and Trade, *Annual Report 2015-16* (Canberra: Commonwealth of Australia, 2016), pp. 25-32; New Zealand Ministry of Defence, *Defence White Paper 2016* (Wellington: New Zealand Government, 2016).

<sup>83</sup> Department of Foreign Affairs and Trade, *Australian Aid Budget Summary 2016-17*, (Canberra: Commonwealth of Australia, 2016), p. 9.

<sup>84</sup> New Zealand Ministry of Foreign Affairs and Trade, *New Zealand Aid Program: Strategic Plan 2015-19*, (Wellington: New Zealand Government, 2015), p. 5.

responses to Cyclone Pam in Vanuatu in 2015 and Cyclone Winston in Fiji in 2016. While China also contributed to these relief efforts, Australia and New Zealand were the states expected by Pacific Island governments and the international community to be the first and largest responders. The two countries led the Regional Assistance Mission to Solomon Islands in 2003, and also deployed troops and police to restore law and order after the riots in Solomon Islands and Tonga in 2006. China has also strengthened its linkage with PICs' military forces but in a minimal way that offers no real competition to the United States, Australia and New Zealand.

China also lags behind regional powers in the investment and education sectors. China's cumulative investment in PICs was less than US\$1 billion by November 2013,<sup>85</sup> and its figure for the period between 2005 and 2014 reached US\$753 million.<sup>86</sup> These figures are incomparable to Australia's cumulative investment in the region which reached US\$16 billion (AU\$21.98 billion) in 2014. As Merriden Varrall argues, the current levels of economic competition between China and Australia in the Pacific region are normal and no cause for immediate geo-strategic concern for Australia.<sup>87</sup> China has substantially increased its government scholarships for PICs, but it still lags behind, even though Australia substantially cut its aid budget in 2014.<sup>88</sup> In that year, Australia provided 1,231 scholarships to the Pacific, exceeding China's cumulative scholarship slots (903) allocated for the region between the 1970s and 2014.<sup>89</sup>

## ISSUES OF CONCERN

Diplomatic competition between Taiwan and Mainland China will not pose a serious challenge to regional powers' main interests, though Australia and New Zealand have in the past expressed concerns about the negative impact of 'dollar diplomacy' on the stability and anti-corruption in some PICs.<sup>90</sup> For the sake of maintaining regional stability, Australia has opposed some PICs such as Vanuatu from changing diplomatic recognition from Beijing to Taipei,<sup>91</sup> which in reality is a great support to Mainland China. As

---

<sup>85</sup> Wang Yang, 'Wang yang zai di er jie'.

<sup>86</sup> The figures are cited from China Commerce Yearbooks from 2006 to 2015.

<sup>87</sup> Merriden Varrall, 'China and Australia in the Pacific', Short term Policy Brief 84, Europe China Research and Advice Network, July 2014.

<sup>88</sup> Karen Barlow, 'Budget 2014: Axe Falls on Foreign Aid Spending, Nearly \$8 billion in Cuts over Next Five Years', Australian Broadcasting Corporation, 13 May 2014, <[www.abc.net.au/news/2014-05-13/budget-2014-axe-falls-on-foreign-aid-spending/5450844](http://www.abc.net.au/news/2014-05-13/budget-2014-axe-falls-on-foreign-aid-spending/5450844)> [Accessed 20 June 2015].

<sup>89</sup> These figures are calculated by the author based on data from China MFA and Australian DFAT websites. Small errors may exist as Chinese data does not cover Niue and Cook Islands.

<sup>90</sup> Australian Senate Foreign Affairs, Defence and Trade References Committee, *China's Emergence: Implications for Australia* (Canberra: Commonwealth of Australia, 2006, p. 179; Winston Peters, 'NZ Perspectives on the Asia-Pacific', New Zealand Government website, 16 October 2007, <[www.beehive.govt.nz/speech/nz-perspectives-asia-pacific](http://www.beehive.govt.nz/speech/nz-perspectives-asia-pacific)> [Accessed 2 May 2015].

<sup>91</sup> Joel Atkinson, 'Vanuatu in Australia-China-Taiwan Relations', *Australian Journal of International Affairs*, vol. 61, no. 3 (2007), pp. 359-60.

the revitalised diplomatic competition between Mainland China and Taiwan could spread to the Pacific region in the near future, regional powers such as Australia and New Zealand might express concerns about this new competition. However, this issue is unlikely to develop into a main obstacle for China's relations with them.

Two more China-related issues might have impact on regional powers' influence in the Pacific in the future. Firstly, in recent years China has sponsored new initiatives including the Asian Infrastructure Investment Bank, Belt and Road Initiative and BRICS New Development Bank. These initiatives represent China's efforts to impact, if not restructure, global governance dominated by developed nations. If implemented well, they have the potential to accelerate China's global outreach including in the Pacific region. PICs are eligible to benefit from these initiatives. Chinese President Xi encouraged PICs to participate in China's twenty-first century maritime economic silk road in November 2014.<sup>92</sup> With the rolling out of these new initiatives, China's aid commitment to the Pacific region could be expected to increase rapidly in the years to come. This would further strengthen China's presence in the region and compromise regional powers' influence. However, as these initiatives are still in their infancy, the final impact on the Pacific region needs to be closely observed. The other issue of potential concern for regional powers is that some PICs are increasingly involved in China's diplomatic disputes such as the South China Sea dispute<sup>93</sup> and the China-Japan rivalry on Japan's bidding for UN Security Council permanent membership. PICs could be stranded in these diplomatic dilemmas, which might hamper their internal solidarity. Australia and New Zealand have expressed concerns about the uncertainty and tension caused by China's territorial disputes in the South and East China Seas.<sup>94</sup> However, the involvement of PICs in these disputes is ultimately a diplomatic issue at their discretion and is unlikely to cause a split between China and Australia/New Zealand.

### **AREAS FOR COOPERATION**

Being the main traditional powers and the largest non-traditional power in the region, the United States/Australia/New Zealand and China share common interests in maintaining regional stability and promoting development. The two sides have maintained regular policy dialogues on the Pacific including the US-China Strategic & Economic Dialogue, Australia-China Foreign and Strategic Dialogue, and the Political Consultation between the two foreign ministries of China and New Zealand. The Exercise Rim of the Pacific 2016 involved defence forces from countries including the

---

<sup>92</sup> Du Shangze and Yan Huan, 'Xi Jinping tong taipingyang'.

<sup>93</sup> Author's interview with senior China expert from Victoria University of Wellington, July 2016.

<sup>94</sup> Department of Defence, *2016 Defence White Paper* (Canberra: Commonwealth of Australia, 2016), p. 57; New Zealand Ministry of Defence, *Defence White Paper 2016* (Wellington: New Zealand Government, 2016), p. 35.

United States, Australia, New Zealand and China. In October 2014, military personnel from the United States, Australia and China attended the first trilateral exercise called 'Exercise Kowari' in Australia, a move embraced by the Australian Defence Minister as the three nations' intentions to build up trust and regional stability.<sup>95</sup>

Development assistance could be an important area for cooperation between regional powers and China in the Pacific. As foreign aid is a common tool for these donor countries to engage with the Pacific region, how to explore opportunities for trilateral aid cooperation between China and regional powers becomes a practical issue. Trilateral cooperation could build trust between China and regional powers and benefit PICs in terms of aid coordination. It is encouraging that these countries have moved in this direction. China has been conducting trilateral aid cooperation with Australia on malaria control in Papua New Guinea since January 2016 and with New Zealand on supply upgrading in Cook Islands since February 2014.<sup>96</sup> All these countries involved have placed great expectation on this innovative aid modality while also approaching it with caution.

China-regional powers-PICs trilateral aid cooperation has high policy relevance as the PICs are starting to embark on the Post-2015 Sustainable Development Goals (SDGs). Given PICs' mixed performance in implementing the Millennium Development Goals and the substantial barriers to achieving the SDGs (such as financial and technical constraints),<sup>97</sup> there is great potential for China and regional powers to support PICs to implement the SDGs through trilateral cooperation. Based on the observation of China's current trilateral aid cooperation globally, potential new cooperation could focus on areas that are both relevant for PICs and less sensitive to donor countries, such as agriculture, health, renewable energy, capacity building and climate change.

## Conclusion

This article has examined China's main interests in the Pacific region and its main means to maintain and expand these interests. Judging against China's own definition of core interests, it argues that the Taiwan issue is China's notable core interest in the Pacific while the other aspects including commercial and strategic interests are not prominent compared with regions such as Africa and Asia. The paper has also argued that China has relied on three means to protect its interest in the PICs: visit diplomacy, economic leverage and the non-interference policy. China's focus on securing

---

<sup>95</sup> Brendan Nicholson, 'China Joins Three-Way Exercises', *The Australian*, 18 July 2014.

<sup>96</sup> Zhang Denghua, 'Why Cooperate with Others? Demystifying China's Trilateral Aid Cooperation', *The Pacific Review*, vol. 30 (2017), pp. 750-68, <[dx.doi.org/10.1080/09512748.2017.1296886](https://doi.org/10.1080/09512748.2017.1296886)>.

<sup>97</sup> Pacific Islands Forum Secretariat, *2015 Pacific Regional MDGs Tracking Report* (Suva: PIF Secretariat, 2015), pp. 16-17.

diplomatic support from PICs for the Taiwan issue would not affect the interests of the United States, Australia and New Zealand. It is still far from catching up with, let alone replacing, these regional powers' dominating influence in many aspects.

With China's growth of economic and strategic power, its global outreach will continue. China's diplomatic and economic investment in the Pacific region will also grow. However, this region will not be near the top of the agenda for Chinese diplomacy in the foreseeable future. In a similar vein, though the Pacific region might gain a more important role in China's expanding military strategy, this is unlikely to happen in the short or even medium term.

China and regional powers share common interests in safeguarding stability and prosperity in the Pacific region. Potential opportunities deserve to be explored, which requires China and regional powers to continue their dialogue and all levels of engagement in the Pacific. Given the substantial differences of China and regional powers in broad areas such as political systems, values, cultures and languages, trust building could be a lengthy process. Trilateral aid cooperation is becoming a new area of cooperation between these countries in the region. However, more political commitments from China and regional powers, and closer consultation with PICs are needed in this process. The responses from PICs to China's rise in the region and the potential cooperation/competition between China and regional powers deserve in-depth analysis.

#### Acknowledgements

The author would like to express his sincere thanks to Dr Stewart Firth at the Australian National University for his comments.

*Denghua Zhang is completing his PhD at SSGM, Coral Bell School of Asia Pacific Affairs, Australian National University. He has recently published journal articles with The Pacific Review, Third World Quarterly, The Round Table and Asia and the Pacific Policy Studies. [denghua.zhang@anu.edu.au](mailto:denghua.zhang@anu.edu.au).*

# The Private Sector Does It Better? Neo-Liberalism, Contractors and the Australian Department of Defence<sup>1</sup>

Jon Cottam

This article argues that the adoption of neo-liberalist ideology and the assumptions of this ideology were the driving force behind the increased use of contractors by Australia's Department of Defence (DoD). The initiatives of federal governments since the Hawke Government will be examined, including the impact of these initiatives on the size of the DoD and recent Australian Defence Force (ADF) operations overseas. While contracting has enabled the DoD to fill gaps in its in-house capabilities, the efficiency and effectiveness that is assumed by neo-liberalists to come from utilising the private sector has not always been realised.

The recent conflicts in Afghanistan and Iraq have highlighted how integral contractors from the private sector have become to US military operations. At times, contractors for the US Department of Defense equalled the number of US troops in Iraq and exceeded the number of US troops in Afghanistan.<sup>2</sup> This unprecedented use of contractors, coupled with controversies surrounding their behaviour, has attracted substantial academic interest.<sup>3</sup> Despite the growing literature, Australia's use of contractors, specifically by

---

<sup>1</sup> The author wishes to thank Dr Adam Lockyer of Macquarie University and Mark Thomson of the Australian Strategic Policy Institute (ASPI) for their input on draft versions of this article.

The article was produced with the support of the Macquarie University Research Training Program Scholarship and the Australian Government Research Training Program Scholarship.

<sup>2</sup> Eugenio Cusumano, 'Bridging the Gap: Mobilisation Constraints and Contractor Support to US and UK Military Operations', *Journal of Strategic Studies*, vol. 39, no. 1 (2016), p. 100.

<sup>3</sup> See, for example, Peter W. Singer, 'Can't Win with 'Em, Can't Go to War without 'Em: Private Military Contractors and Counterinsurgency', Brookings Policy Paper No. 4 (September 2007), <[www.brookings.edu/wp-content/uploads/2016/06/0927militarycontractors.pdf](http://www.brookings.edu/wp-content/uploads/2016/06/0927militarycontractors.pdf)> [accessed 1 March 2017]; Deborah D. Avant, *The Market for Force: The Consequences of Privatizing Security* (Cambridge: Cambridge University Press, 2005); D. Avant and L. Sigelman, 'Private Security and Democracy: Lessons from the US in Iraq', *Security Studies*, vol. 19, no. 2 (2010), pp. 230-65; D.D. Avant and R. de Nevers, 'Military Contractors and The American Way of War', *Dædalus—The Journal of the American Academy of Arts & Sciences*, vol. 140, no. 3 (2011), pp. 88-99; David M. Barnes, 'Should Private Security Companies Be Employed for Counterinsurgency Operations?', *Journal of Military Ethics*, vol. 12, no. 3 (2013), pp. 201-24; Thomas C. Bruneau, 'Contracting Out Security', *Journal of Strategic Studies*, vol. 36, no. 5 (2013), pp. 638-65; David Isenberg, *Shadow Force: Private Security Contractors in Iraq* (Santa Barbara: Praeger Security International, 2008); Sean McFate, *The Modern Mercenary: Private Armies and What They Mean for World Order* (New York: Oxford University Press, 2014); P. W. Singer, *Corporate Warriors: The Rise of the Privatized Military Industry* (Ithaca: Cornell University Press, 2008).

the Department of Defence (DoD), has received limited attention.<sup>4</sup> This article aims to address this, contending that the adoption of neo-liberalist ideology, and its assumptions regarding the private sector being more effective and efficient in the delivery of services, was the driving force behind the increased use of contractors within the DoD.

This article uses the broad term of 'contractors'. For our purposes, contractors are personnel from private sector companies that have a contract with the DoD to provide a particular function or service for a specified period of time. There are a wide variety of functions and services that are contracted, from laundry services through to the maintenance of weapon systems. I do not seek to categorise them by their functions (e.g. combat vs non-combat) or the nature of the provider (e.g. "private military company", "private security company", or an integration of the two—"private military and security company").<sup>5</sup> These categories can be fraught with challenges given the lack of clearly defined boundaries of each category; for example, the distinction between a private military company and a private security company.<sup>6</sup> While some source material used in this article use these categories, I will refer to them all broadly as contractors.

The first section of this article will briefly outline the assumptions of neo-liberalism that are relevant to explaining contracting by the DoD. In the second section, there will be an outline of the functions and services that contractors provide. A brief overview of contractors used by the military under Australian and international law is the focus of the third section. The fourth section explains the challenge associated with ascertaining how many contractors the DoD uses. The neo-liberalist initiatives of the Hawke, Keating and Howard governments and the push for greater use of the private sector to support the DoD will be examined in the fifth section. The sixth section highlights the impact of these initiatives on the DoD and shortcomings in the DoD's approach to these initiatives that acted to undermine private sector involvement equating to greater efficiency and effectiveness. The subsequent section examines how subsequent federal governments, specifically the Rudd Government, have been more cautious of using contractors based on the efficiency and effectiveness assumptions of neo-liberalism. The impact of neo-liberal initiatives on Australian Defence Force

<sup>4</sup> Mark Thomson, *War and Profit: Doing Business on the Battlefield* (Canberra: Australian Strategic Policy Institute, March 2005), <s3-ap-southeast-2.amazonaws.com/ad-asp/import/20937-ASPI-War-and-Profit.pdf?Fu9TVnkqmEuE11tu3pHBnWD9tkkxtJnR> [Accessed 21 August 2017]; Tim McCormack, *PRIV-WAR Report: Australia*, Australian Report on National Legislation and Judicial Practice, National Reports Series 10/09 (20 May 2009), <psm.du.edu/media/documents/reports\_and\_stats/think\_tanks/privwar\_national-report\_mccormack.pdf> [Accessed 3 March 2017]; Kim Sorensen, 'To Leash or Not to Leash the Dogs of War?: The Politics of Law and Australia's Response to Mercenarism and Private Military and Security Companies', *Adelaide Law Review*, vol.36, no. 2 (2015), pp.405-57.

<sup>5</sup> Sarah Percy, 'Regulating the Private Security Industry: A Story of Regulating the Last War', *International Review of the Red Cross*, vol. 94, no. 887 (2012), p. 943.

<sup>6</sup> *Ibid.*, p. 943.

(ADF) operations overseas and the challenges involved in contractors supporting ADF combat personnel will be the focus of the final section.

## Neo-liberalism

While a detailed examination of neo-liberalism is beyond the scope of this article, some key points need to be highlighted to provide a framework for the following analysis. Neo-liberalism was adopted by the Thatcher Government (Britain) and Reagan Administration (United States) during the 1980s as a means of spurring domestic economic growth. A central assumption of neo-liberalism is that if a function or service can be delivered by either the state or the private sector, the latter will deliver the function more effectively and efficiently due to the presence of competition inherent in the private sector.<sup>7</sup> When the state is the sole provider of a function and competition is absent, there is no incentive for it to deliver that function more effectively and efficiently.<sup>8</sup> Therefore, state functions should be minimised to those that it must provide and cannot transfer to the private sector. In Australia, there is reference to “core” in the context of defence,<sup>9</sup> but core has been interpreted narrowly, as is highlighted later in this article. The remaining functions should be privatised, competitively sourced or outsourced. First, when the state elects to pursue privatisation, it will sell either part or the entire asset involved in the provision of a function to the private sector.<sup>10</sup> Secondly, competitive sourcing (also known as ‘Competitive tendering’) involves a government department putting a service currently provided by public servants up for potential private sector delivery, requesting proposals for its provision and then using these proposals in order to select a provider that best meets its needs.<sup>11</sup> However, competitive sourcing does not necessarily mean the function or service will be transferred. The private sector may lack the skills to provide the service or may not be able to deliver it as efficiently and effectively as the public sector.

---

<sup>7</sup> Robert Manne, ‘Is Neo-Liberalism Finished? 2009 Quarterly Essay Lecture’, *Quarterly Essay*, vol. 36 (2009), p. 74; Georg Menz, ‘Neo-liberalism, Privatization and the Outsourcing of Migration Management: A Five-Country Comparison’, *Competition and Change*, vol. 15, no. 2 (2011), p. 119; Virginia Newell and Benedict Sheehy, ‘Corporate Militaries and States: Actors, Interactions, and Reactions’, *Texas International Law Journal*, vol. 41, no. 67 (2006), p. 82; David Harvey, *Brief History of Neoliberalism* (Oxford: Oxford University Press, 2005), p. 76 (ProQuest Ebook Central).

<sup>8</sup> Menz, ‘Neo-liberalism, Privatization and The Outsourcing of Migration Management’, p. 119; Manne, ‘Is Neo-Liberalism Finished?’, p. 74.

<sup>9</sup> Australian National Audit Office, *Commercial Support Program: Department of Defence*, Audit Report No. 2, Performance Audit (Canberra: the Office, 1998), p. 15 at 19, <[www.anao.gov.au/sites/g/files/net616/f/anao\\_report\\_1998-99\\_02.pdf](http://www.anao.gov.au/sites/g/files/net616/f/anao_report_1998-99_02.pdf)> [Accessed 4 March 2017].

<sup>10</sup> Jean-Pierre Dupuis, ‘Privatisation and Nationalisation’, Paper Presented at the Fourth Meeting of the Task Force on Harmonization of Public Sector Accounting (TFHPSA)—Hosted by the International Monetary Fund, Washington DC, 3-6 October 2005, p. 4 at 5-8, <[www.imf.org/external/NP/sta/tfhpsa/2005/09/pandn.pdf](http://www.imf.org/external/NP/sta/tfhpsa/2005/09/pandn.pdf)> [Accessed 10 June 2017].

<sup>11</sup> Industry Commission, *Competitive Tendering and Contracting by Public Sector Agencies: Overview*, Report No. 48 (Melbourne: Australian Government Printing Service, 24 January 1996), p. xix, <[www.pc.gov.au/inquiries/completed/public-service-tenders-contracts/48ctcpsa.pdf](http://www.pc.gov.au/inquiries/completed/public-service-tenders-contracts/48ctcpsa.pdf)> [Accessed 20 January 2017].



Therefore, the transfer of a function away from its optimal provider (public servants) to less optimal providers (the private sector) is avoided. It may also be used as a means of pushing the public sector to perform better by way of opening the door, albeit slightly, to potential competition.<sup>12</sup> Outsourcing differs from competitive sourcing in that the process of seeking tenders from a number of potential private sector providers is not required as an initial step to shifting service provision from the public sector to a private sector provider.<sup>13</sup> Given that competitive sourcing can take time, outsourcing can be utilised when there is a more immediate need for the service. Outsourcing can be somewhat inconsistent with neo-liberalist ideology, as the benefits of market competition with respect to price and quality can be subverted. Nevertheless, outsourcing is still favourable to neo-liberalists when compared to public sector provision of a service. Unlike privatisation, competitive sourcing and outsourcing do not see a transfer of assets, only of function or service provision, and can be reversed (in-sourcing) once the contract with the existing private provider expires.

## What Functions and Services Do Contractors Provide?

Contractors offer a broad spectrum of non-combat services to the DoD, with some companies able to fulfil multiple services as part of the contract. These include, but are not limited to, contracting for services in the areas of upkeep of vehicles and aircraft (such as Blackhawk helicopters<sup>14</sup> and C-130H Hercules),<sup>15</sup> troop and hardware transportation,<sup>16</sup> fuel provision, training, catering, weapon system upgrades, reconfigurations and other ongoing support,<sup>17</sup> cleaning services,<sup>18</sup> and construction.<sup>19</sup> By 2011,

<sup>12</sup> P.D. Steane and D.H.T. Walker, 'Competitive Tendering and Contracting Public Sector Services in Australia—A Facilities Management Issue', *Facilities*, vol. 18, no. 5-6 (2000), p. 245.

<sup>13</sup> Industry Commission, *Competitive Tendering and Contracting by Public Sector Agencies*, p. xix.

<sup>14</sup> Department of Defence, *Defence Annual Report 2015-16*, vol. 1, *Performance, Governance and Accountability* (Canberra: Commonwealth of Australia, 2016), p. 34, <[www.defence.gov.au/annualreports/15-16/Downloads/DAR\\_2015-16\\_Vol1.pdf](http://www.defence.gov.au/annualreports/15-16/Downloads/DAR_2015-16_Vol1.pdf)> [Accessed 9 March 2017].

<sup>15</sup> Geoff Wade, 'Further Defence Tasks Outsourced', *The Strategist*, Australian Strategic Policy Institute, 13 March 2014, <[www.aspistrategist.org.au/further-defence-tasks-outsourced/](http://www.aspistrategist.org.au/further-defence-tasks-outsourced/)> [Accessed 1 March 2017].

<sup>16</sup> Toll Holdings Limited, 'Toll Flies Defence Teams to Middle East', n.d., <[www.tollgroup.com/case-study/toll-flies-australian-defence-force-teams-to-middle-east](http://www.tollgroup.com/case-study/toll-flies-australian-defence-force-teams-to-middle-east)> [Accessed 15 February 2017].

<sup>17</sup> Department of Defence, *Defence 2000: Our Future Defence Force* (Canberra: Commonwealth of Australia, 2000), p. 101 at 9.15, <<http://www.defence.gov.au/publications/wpaper2000.pdf>> [Accessed 15 February 2017]. This has included aviation training; see Department of Defence, *Defence Annual Report 1997-98* (Canberra: Commonwealth of Australia, 1998), p. 18, <[www.defence.gov.au/AnnualReports/97-98/full.pdf](http://www.defence.gov.au/AnnualReports/97-98/full.pdf)> [Accessed 15 February 2017].

<sup>18</sup> Department of Defence, *Defending Australia: Defence White Paper 1994* (Canberra: Commonwealth of Australia, 1994), p. 55 at 5.82, <[www.defence.gov.au/Publications/wpaper1994.pdf](http://www.defence.gov.au/Publications/wpaper1994.pdf)> [Accessed 10 March 2017].

<sup>19</sup> Alex Gerrick, *The Proliferation of Private Armies and Their Impact on Regional Security and the Australian Defence Force*, Shedden Papers (Canberra: Centre for Defence and Strategic Studies, Australian Defence College, 2008), p. 13, <[www.defence.gov.au/ADC/Publications/](http://www.defence.gov.au/ADC/Publications/)>

logistical support for the ADF had become the realm of contractors at the expense of internal capability.<sup>20</sup>

The DoD's use of the most controversial type of contractors, armed security contractors, is not completely clear. While contractors provide static security services at ADF bases in Australia,<sup>21</sup> it is difficult to determine what role they play in overseas operations. In 2009, it was reported that the ADF in Afghanistan had obtained support from a local militia, the Kandak Amniant Uruzgan, in order to secure logistical supply lines for the ADF and Dutch forces in southern Afghanistan.<sup>22</sup> However, it is unclear whether the ADF was paying the group<sup>23</sup> thereby entering into a commercial arrangement. James Brown contends that security contractors have been used by the ADF overseas but does not elaborate beyond "support to ADF operations in conflict zones".<sup>24</sup> Ascertaining the true extent of DoD contracting is further complicated by numerous contracts being excluded from public disclosure on the grounds of national security.<sup>25</sup>

## Contractors under Australian and International Law

When a function that was previously performed by the public servants is shifted to the private sector, there invariably arises the question of oversight and regulation. The widespread use of contractors in Afghanistan and Iraq sparked considerable amounts of literature on how to go about regulating contractors and how they fit into existing international legal frameworks.<sup>26</sup> A

---

Shedden/2008/Publctns\_ShedPaper\_050310\_TheProliferationofPrivateArmies.pdf> [Accessed 1 February 2017].

<sup>20</sup> Vice Chief of the Defence Force, 'Defence Logistics Transformation Program: Industry Briefing', Joint Logistics Command, Department of Defence, 18 April 2011, slide 15, <[www.defence.gov.au/jlc/Documents/DLTP%20Industry%20Briefing%20Apr%202011.pdf](http://www.defence.gov.au/jlc/Documents/DLTP%20Industry%20Briefing%20Apr%202011.pdf)> [Accessed 1 March 2017].

<sup>21</sup> Phillip Thomson, 'Defence Pulls AFP from Military Bases', *Canberra Times*, 24 November 2013, <[www.canberratimes.com.au/act-news/defence-pulls-afp-from-military-bases-20131123-2y301.html](http://www.canberratimes.com.au/act-news/defence-pulls-afp-from-military-bases-20131123-2y301.html)> [Accessed 3 February 2017].

<sup>22</sup> Mark Dodd and Jeremy Kelly, 'ADF Plays Down Warlord's Role on Crucial Supply Chain', *The Australian*, 28 April 2009, <[archive.fo/dOp6](http://archive.fo/dOp6)> [Accessed 15 February 2017].

<sup>23</sup> *Ibid.*

<sup>24</sup> James Brown, *Privateers in Australia's Conflict and Disaster Zones*, Civil-Military Occasional Papers 1/2015 (Australian Civil-Military Centre, 2015), p. 5, <[www.acmc.gov.au/wp-content/uploads/2015/06/1-2015-Privateers-in-Australias-Conflict-and-Disaster-Zones.pdf](http://www.acmc.gov.au/wp-content/uploads/2015/06/1-2015-Privateers-in-Australias-Conflict-and-Disaster-Zones.pdf)> [Accessed 25 January 2017]. Quote reproduced pursuant to Creative Commons 3.0 License, <<https://creativecommons.org/licenses/by/3.0/au/legalcode>>.

<sup>25</sup> Department of Defence, *Defence Annual Report 2013-14*, vol. 1, *Performance, Governance and Accountability* (Canberra: Commonwealth of Australia, 2014), p. 172, <[www.defence.gov.au/annualreports/13-14/DAR\\_1314\\_V1.pdf](http://www.defence.gov.au/annualreports/13-14/DAR_1314_V1.pdf)> [Accessed 9 March 2017].

<sup>26</sup> For example, see Percy, 'Regulating the Private Security Industry', pp. 941-60; Emanuela-Chiara Gillard, 'Business Goes to War: Private Military/Security Companies and International Humanitarian Law', *International Review of the Red Cross*, vol. 88, no. 863 (2006), pp. 525-72; A. Grayson Irvin, 'Rethinking the Role and Regulation of Private Military Companies: What the United States and United Kingdom Can Learn from Shared Experiences in the War on Terror', *Georgia Journal of International and Comparative Law*, vol. 39, no. 2 (2011), pp. 445-70;

comprehensive consideration of Australian law in this context is beyond the scope of this article and has been provided by scholars such as Mark Thomson,<sup>27</sup> Tim McCormick<sup>28</sup> and Kim Sorenson.<sup>29</sup> Nevertheless, a few important issues highlighted in these works should be noted here. First, the Australian Parliament has not sought to implement legislation with the sole purpose of regulating contractors that provide services such as those noted in the previous section.<sup>30</sup> Consequentially, McCormack contends that a key means of facilitating contractor compliance is by guaranteeing that the manner in which contractors compete for the contract operates effectively.<sup>31</sup> Sorenson notes that contractors on support operations can be accountable under the disciplinary system applying to uniformed personnel, but this requires contractors to elect to be covered.<sup>32</sup> Thomson highlights that if contractors deployed with the ADF overseas are also able to fall under Australia's Status of Forces Agreement with the host country, or alternatively are deployed with the ADF to a country with inadequate regulatory measures in place, they can avoid accountability for their actions.<sup>33</sup> While Australia has backed *The Montreux Document*, a recent international initiative aimed ensuring that the private military and security companies and the states they work for adhere to international law,<sup>34</sup> this has not manifested in the form of attempts at new domestic means of control.<sup>35</sup>

## How Many Contractors Does the DoD Use?

In examining the number of contractors the DoD uses, there are some important issues to highlight. First, the author was unable to discover figures regarding the use of contractors prior to the early 2000s. This means that contractor numbers during the Hawke and Keating eras cannot be determined and only the latter half of the Howard Government's period can be ascertained. Secondly, the differing classifications used by the DoD means personnel that form part of "capability partnerships", who appear to

---

Christopher Kinsey, 'Private Military Companies: Options for Regulation', *Conflict, Security & Development*, vol. 2, no. 3 (2002), pp.127-37.

<sup>27</sup> Thomson, *War and Profit: Doing Business on the Battlefield*.

<sup>28</sup> McCormack, *PRIV-WAR Report Australia: Australian Report on National Regulation and Judicial Practice*.

<sup>29</sup> Sorenson, 'To Leash or Not to Leash the Dogs of War?'

<sup>30</sup> McCormack, *PRIV-WAR Report Australia: Australian Report on National Regulation and Judicial Practice*, p. 8.

<sup>31</sup> *Ibid.*, p. 8.

<sup>32</sup> Sorenson, 'To Leash or Not to Leash the Dogs of War?', pp. 441-42.

<sup>33</sup> Thomson, *War and Profit: Doing Business on the Battlefield*, p. 46.

<sup>34</sup> Swiss Federal Department of Foreign Affairs and the International Committee of the Red Cross, *The Montreux Document: On Pertinent International Legal Obligations and Good Practices for States Related to Operations of Private Military and Security Companies During Armed Conflict* (17 December 2008), <[www.icrc.org/eng/assets/files/other/icrc\\_002\\_0996.pdf](http://www.icrc.org/eng/assets/files/other/icrc_002_0996.pdf)> [Accessed 1 June 2017].

<sup>35</sup> Sorenson, 'To Leash or Not to Leash the Dogs of War?', p. 452.

be contracted personnel, are excluded.<sup>36</sup> Thirdly, Thomson notes the significant discrepancy between contractor figures; for example, the numbers of 2,720 and 377 were both reported during 2012.<sup>37</sup>

Drawing on available data, Thomson put the number of “contractors” (also referred to as “Professional Service Providers”<sup>38</sup>) at 2,311 in 2002-03, with contractor numbers generally declining since that time but for two spikes.<sup>39</sup> The first was from 801 in 2007-08 to 1,184 in 2008-09.<sup>40</sup> The second was highlighted in the recent *Portfolio Budget Statements 2017-2018* which put the number of DoD contractors at 2,087,<sup>41</sup> a four-fold increase from the previous year of 490.<sup>42</sup> While it would be logical to assume the demand for the services of contractors has increased, in reality it is the result of changes in the way in which the DoD classifies its workforce.<sup>43</sup> Thomson emphasises the need for greater clarity in publicly disclosed figures for the sake of credibility and reliability with respect to DoD personnel numbers.<sup>44</sup>

## Putting Neo-liberalism into Practice: the Hawke, Keating and Howard Governments

The Hawke and Keating governments’ adoption of neo-liberalism signified an approach to government traditionally associated with the conservative Liberal and National parties, a particularly significant shift when compared to the social initiatives of Australia’s previous Labor Prime Minister Gough Whitlam.<sup>45</sup> In the context of defence, the initial focus was the privatisation of state assets. Mark Thomson points to the Hawke Government’s decision to

---

<sup>36</sup> Mark Thomson, *The Cost of Defence: ASPI Defence Budget Brief 2015-2016*, Australian Strategic Policy Institute (2015), p. 64, <s3-ap-southeast-2.amazonaws.com/ad-aspi/import/ASPI-Cost-of-Defence-2015.pdf?KGhVaZAZCafyZmagTC8QU9DMefZPKNF9> [Accessed 24 August 2017].

<sup>37</sup> *Ibid.*, p. 64.

<sup>38</sup> Mark Thomson, *The Cost of Defence: ASPI Defence Budget Brief 2016-2017*, Australian Strategic Policy Institute (2016), p. 73, <s3-ap-southeast-2.amazonaws.com/ad-aspi/import/Cost\_of\_Defence\_2016.pdf?JIZR8e0a3F2qQ1ODu5s5ld4EKIWvkZ\_H> [Accessed 24 August 2017].

<sup>39</sup> Thomson, *The Cost of Defence: ASPI Defence Budget Brief 2015-2016*, p. 50.

<sup>40</sup> *Ibid.*, p. 50.

<sup>41</sup> Department of Defence, *Portfolio Budget Statements 2017-18: Budget Related Paper No. 1.4A*, Defence Portfolio, Budget Initiatives and Explanations of Appropriations Specified by Outcomes and Programs by Entity (2017), p. 24, <www.defence.gov.au/Budget/17-18/2017-18\_Defence\_PBS\_00\_Complete.pdf> [Accessed 1 July 2017].

<sup>42</sup> Thomson, *The Cost of Defence: ASPI Defence Budget Brief 2016-2017*, p. 60.

<sup>43</sup> Department of Defence, *Portfolio Budget Statements 2017-18: Budget Related Paper No. 1.4A*, p. 24.

<sup>44</sup> Thomson, *The Cost of Defence: ASPI Defence Budget Brief 2015-2016*, pp. 64-65.

<sup>45</sup> Peter Fairbrother, Stuart Svensen and Julian Teicher, ‘The Ascendancy of Neo-Liberalism in Australia’, *Capital and Class*, no. 63 (1997), p. 4; Lionel Orchard, ‘Managerialism, Economic Rationalism and Public Sector Reform in Australia: Connections, Divergences, Alternatives’, *Australian Journal of Public Administration*, vol. 57, no. 1 (1998), p. 21; John Quiggin, ‘Economic Policy’, in Robert Manne (ed.), *The Howard Years* (Melbourne: Black Inc. Agenda, 2004), p. 174.

privatise “naval shipyards and munitions and aircraft factories”.<sup>46</sup> *The Defence Force and the Community: A Partnership in Australia’s Defence* (1990 Report) considered the greater utilisation of civilians to support the ADF in the execution of its duties. The 1990 Report cited “the ADF’s doctrine of military self-sufficiency” as the reason why soldiers did jobs that people working outside the armed forces also had the skills to do.<sup>47</sup> However, this approach was undermining productivity and ADF personnel should be focused on those roles that cannot be fulfilled by civilians.<sup>48</sup> As a consequence, the Commercial Support Program (CSP) was developed,<sup>49</sup> also serving as a means of reconfiguring defence expenditure to enable the DoD to invest in new hardware<sup>50</sup> and cut costs associated with support functions.<sup>51</sup> According to the DoD, “[t]he program ... [was] to maximise the use of civilian infrastructure by contracting out support services suitable for market testing where it is operationally feasible, a viable market exists and industry can demonstrate better value for money”.<sup>52</sup> If there were no restrictions in place preventing a service from being provided by the private sector, this service could be deemed “non-core” and therefore subject to testing.<sup>53</sup> If the DoD deemed the function non-core, the function was subject to competitive sourcing, with the guiding factor being “best value for money”,<sup>54</sup> meaning that the cheapest provider was not guaranteed of being awarded the contract. According to the *Defending Australia: Defence White Paper 1994*, the early results for the CSP were promising and consistent with the recommendations of the 1990 Report, leading to the redirection of both ADF and DoD staff to “operational capabilities” and cuts in expenditure.<sup>55</sup>

While an initiative of the Hawke and Keating Labor governments, the CSP found favour with the conservative Howard Government that came to power

<sup>46</sup> Thomson, *War and Profit: Doing Business on the Battlefield*, p. 7.

<sup>47</sup> Alan K. Wrigley, *The Defence Force and the Community: A Partnership in Australia’s Defence* (extract only), Report to the Minister of Defence by AK Wrigley (Canberra: Australian Government Publishing Service, June 1990), pp. 493-94.

<sup>48</sup> *Ibid.*, p. 494.

<sup>49</sup> Henry Ergas and Mark Thomson, ‘More Guns Without Less Butter: Improving Australian Defence Efficiency’, *Agenda*, vol. 18, no. 3 (2011), p. 36, <press-files.anu.edu.au/downloads/press/p156281/pdf/ch032.pdf> [Accessed 4 June 2017].

<sup>50</sup> Allan Shephard, *The Defence Commercial Support Program: Saving \$200 Million a Year for Defence Procurement?*, Parliamentary Research Service, Research Paper No. 2 (1993), p. ii, <www.aph.gov.au/binaries/library/pubs/rp/1993/93rp02.pdf> [Accessed 10 March 2017].

<sup>51</sup> Department of Defence, *Defence Annual Report 1999-2000* (Canberra: Commonwealth of Australia, 2000), p. 89, <www.defence.gov.au/AnnualReports/99-00/full.pdf> [Accessed 10 March 2017].

<sup>52</sup> Department of Defence, *Defence Annual Report 1999-2000*, p. 89.

<sup>53</sup> Department of Defence, *Defending Australia: Defence White Paper 1994*, p. 119 at 11.29.

<sup>54</sup> *Ibid.* The CSP’s tests are similar to those announced by then US Secretary of Defense Donald Rumsfeld in 2001 with respect to the US Department of Defense: see US Department of Defense, *Quadrennial Defense Review Report* (30 September 2001), <history.defense.gov/Portals/70/Documents/quadrennial/QDR2001.pdf?ver=2014-06-25-110946-823> [Accessed 9 March 2017].

<sup>55</sup> Department of Defence, *Defending Australia: Defence White Paper 1994*, p. 119 at 11.28.

in 1996, and the process continued. This is not surprising, given that the CSP was inspired by neo-liberalism and Howard revered Thatcher and her approach to government.<sup>56</sup> In addition to the CSP, the Howard Government commenced the Defence Reform Program (DRP) in 1997, pushing for an increasing number of ADF functions to be seen as non-core so that ADF numbers could be cut from 56,600 to 50,000, while also undertaking a restructuring that emphasised the ADF being focused on combat.<sup>57</sup> As part of this push for greater private sector involvement, a contractor could perform a function that would have otherwise been classified as a core DoD function if the DoD concluded the contractor could provide the function to a level adequate to meet the requirements of the ADF.<sup>58</sup>

### Neo-liberalism's impact on the DoD

The CSP and DRP had a significant impact on the degree to which the DoD relied on contractors for the provision of certain functions. The CSP's implementation saw deep cuts to the DoD in the pursuit of savings while the DRP enabled an increased proportion of ADF to be focused on combat while at the same time enabling overall troop numbers to be cut. Examining the impact of the CSP up to 2005 in terms of uniformed and civilian personnel, Thomson states:

[o]ver the past fourteen years, almost 16,000 civilian and military positions have been systematically market tested against commercial alternatives by the Commercial Support Program. As a result, 66% of activities tested have been moved to commercial contracts.

These changes account, in large measure, for the dramatic reduction in the size of the Defence workforce. Since the mid-1980s the number of civilians has fallen by 55% from around 40,000 to just over 18,000, while the number of uniformed personnel has dropped by 25% from around 70,000 to just over 52,000. This reduction has been accompanied by a corresponding increase in Defence's dependence on the private sector.<sup>59</sup>

A review of the DRP by the Australian National Audit Office (ANAO) states that the DoD claimed "the DRP has assisted in raising the proportion of ADF personnel in combat and combat-related positions from 42 per cent in 1996

---

<sup>56</sup> Tim Stanley, 'John Howard: Margaret Thatcher Was My "Guiding Light"', *The Telegraph*, 17 June 2014, <[www.telegraph.co.uk/news/politics/thatcher-conference-liberty/10905815/John-Howard-Margaret-Thatcher-was-my-guiding-light.html](http://www.telegraph.co.uk/news/politics/thatcher-conference-liberty/10905815/John-Howard-Margaret-Thatcher-was-my-guiding-light.html)> [Accessed 1 March 2017].

<sup>57</sup> Australian National Audit Office, *Defence Reform Program Management and Outcomes: Department of Defence*, Audit Report No.16, Performance Audit (2001-2002), p. 37 at 3.19, <[www.anao.gov.au/sites/g/files/net616/f/anao\\_report\\_2001-2002\\_16.pdf](http://www.anao.gov.au/sites/g/files/net616/f/anao_report_2001-2002_16.pdf)> [Accessed 13 February 2017]; Australian National Audit Office, *Commercial Support Program: Department of Defence*, pp. 15-16 at 19.

<sup>58</sup> Australian National Audit Office, *Commercial Support Program: Department of Defence*, p. 15 at 19.

<sup>59</sup> Thomson, *War and Profit: Doing Business on the Battlefield*, pp. 7-8.

to 62 per cent in 2001”, thereby significantly contributing to ADF personnel being able to focus on core functions.<sup>60</sup>

However, both programs suffered from problems, including ones that undermined their purpose and highlighted that private sector provision does not automatically deliver greater efficiency and effectiveness. Initially the CSP was criticised for its impact on ADF personnel, such as eroding in-house capabilities.<sup>61</sup> After several years in operation, the ANAO undertook a review of the program, with its criticisms focused on the DoD not setting up an internal system that enabled the CSP to be executed efficiently and effectively. The ANAO found that private sector providers were not held to the price put forward in their tender, thereby facilitating a system of lowballing.<sup>62</sup> This was not assisted by the problems the DoD had in being able to accurately describe what it required from potential providers (known as a ‘Statement of Requirement’).<sup>63</sup> While a valid criticism, it is unrealistic to always know what will be required in certain situations such as overseas deployments, which may only become clear once the ADF is deployed and needs can be surveyed.<sup>64</sup> Indeed, if looking at the issue through the lens of influential economist Ronald Coase<sup>65</sup> the approach of the DoD was merely good business practice. Given that they cannot control how and when events will occur during the life of a given contract, Coase contends that purchasers such as the DoD should seek to ensure their flexibility is maximised in order to respond to changes in the future.<sup>66</sup> The utilisation of competitive sourcing of non-core functions was not assisted by a lack of clarity regarding what functions were deemed core by the ADF.<sup>67</sup> The DoD conceded that improvements to the CSP were needed to improve the quality of its delivery but it maintained that ““structur[ing] the Defence Force to deliver Defence capability”” took precedence over structuring to assist in the execution of the CSP.<sup>68</sup> The ANAO’s Review of the DRP following the end of the DRP in 2001 highlighted problems surrounding its execution<sup>69</sup> but the

<sup>60</sup> Australian National Audit Office, *Defence Reform Program Management and Outcomes: Department of Defence*, p. 13 at 11.

<sup>61</sup> Shephard, *The Defence Commercial Support Program: Saving \$200 Million a Year for Defence Procurement?*, p. iii.

<sup>62</sup> Australian National Audit Office, *Commercial Support Program: Department of Defence*, p. 16 at 20.

<sup>63</sup> *Ibid.*, p. 14 at 14.

<sup>64</sup> David Saul, “‘Hardened, Networked ... and Commercially Capable’: Army and contractor support on operations”, *Australian Army Journal*, vol. 4, no. 3 (2007), p. 110.

<sup>65</sup> Ronald H. Coase, ‘The Nature of the Firm’, *Economica*, vol. 4, no. 16 (1937), pp. 386-405.

The author thanks Mark Thomson from the ASPI for directing the author to this highly influential work.

<sup>66</sup> *Ibid.*, pp. 391-92.

<sup>67</sup> Australian National Audit Office, *Commercial Support Program: Department of Defence*, p. 15 at 16-18.

<sup>68</sup> *Ibid.*, p. 19 at 28.

<sup>69</sup> Australian National Audit Office, *Defence Reform Program Management and Outcomes: Department of Defence*, p. 12 at 4-8.

lack of suggestions for improvement<sup>70</sup> were presumably because the DRP had been wound up some 15 months earlier albeit active reforms that now fell under the CSP.<sup>71</sup>

### **After the CSP and DRP: Finding the right balance**

The CSP was wound up in 2006 but for “[a]ny CSP initiatives underway at 29 June 2006” when the Defence Collective Agreement 2006-2009 (DCA 2006-2009) came into effect.<sup>72</sup> Under the DCA 2006-2009 there would be greater attempts to fulfil needs in-house by way of “[r]e-engineering and/or restructuring” before looking to potential private sector involvement.<sup>73</sup> While restructuring is a well-known concept, re-engineering is a means of top-down reform that entails examining what the provider is seeking to achieve, which services are provided and how they are provided, and how the needs of clients are addressed in an effort to significantly improve efficiency and effectiveness.<sup>74</sup> Interestingly, while the DCA 2006-2009 clearly obstructed the push for a smaller public sector, it came into effect during the Howard Government’s tenure.

Kevin Rudd was elected Prime Minister of Australia in 2007, ending John Howard’s eleven years in power. Building on the DCA 2006-2009, the Rudd Government’s approach to defence reflected a selective adoption of the neo-liberal approach. With only about one in every five ADF personnel in non-combat roles, the ADF would continue to maintain a combat focus as a means of maintaining and developing its capabilities<sup>75</sup> and would therefore continue to require civilian support in non-combat roles, but this support was to come more from DoD civilians. The Defence White Paper released in 2009, *Defending Australia in the Asia Pacific Century: Force 2030*, notes that “non-deployable contractors” were proving to be “on average around 15-40 per cent more” expensive than having a comparable civilian employee

---

<sup>70</sup> Department of Defence, *Defence Annual Report 2001-02* (Canberra: Commonwealth of Australia, 2002), p. 57, <[www.defence.gov.au/AnnualReports/01-02/full.pdf](http://www.defence.gov.au/AnnualReports/01-02/full.pdf)> [Accessed 15 June 2017].

<sup>71</sup> Department of Defence, *Defence Annual Report 2002-03* (Canberra: Commonwealth of Australia, 2003), p. 360, <[www.defence.gov.au/AnnualReports/02-03/pdf/dar0203full.pdf](http://www.defence.gov.au/AnnualReports/02-03/pdf/dar0203full.pdf)> [Accessed 15 June 2017].

<sup>72</sup> Department of Defence, ‘Chapter 2 Part 3 Section 2 – Introduction of Change’, *Defence Workplace Relations Manual* (Canberra: Commonwealth of Australia, 16 November 2007), cl. 2.3.2.5, <[www.defence.gov.au/payandconditions/aps/DWRM/DW\\_02\\_03\\_02\\_change.htm](http://www.defence.gov.au/payandconditions/aps/DWRM/DW_02_03_02_change.htm)> [Accessed 1 March 2017].

<sup>73</sup> *Ibid.*, cl. 2.3.2.5.

<sup>74</sup> United States General Accounting Office, *Business Process Reengineering Assessment Guide*, Version 3, GAO/AIMD-10.1.15 (May 1997), pp. 5-6, <[www.gao.gov/assets/80/76302.pdf](http://www.gao.gov/assets/80/76302.pdf)> [Accessed 30 July 2017].

<sup>75</sup> Department of Defence, *Defending Australia in the Asia Pacific Century: Force 2030* (Canberra: Commonwealth of Australia, 2009), p. 117 at 14.25, <[www.defence.gov.au/whitepaper/2009/docs/defence\\_white\\_paper\\_2009.pdf](http://www.defence.gov.au/whitepaper/2009/docs/defence_white_paper_2009.pdf)> [Accessed 1 February 2017].



undertake the task.<sup>76</sup> However, it is unclear what data was used as part of the calculation. Reducing the costs associated with contracted support formed part of the Rudd Government's DoD Strategic Reform Program (SRP). Contracted positions that were proving to be costly would be insourced to DoD civilians, while functions not requiring the abilities of the uniformed workforce would also be shifted to DoD civilians so that the ADF could focus on those functions that it must perform.<sup>77</sup> During 2010 the DoD reported that the SRP would see over 300 positions insourced to DoD civilian staff, with the potential for some 700 positions in total.<sup>78</sup> In addition to insourcing, there would be internal shifts within the DoD that would see up to 600 positions transferred from ADF personnel to DoD civilians in an effort to save some \$400 million.<sup>79</sup> Yet at the same time the White Paper stated that as part of the DoD being able to meet challenges that there would need to be an increase in the number of contractors and DoD civilians by 2019 to around 22,000 (as well as an increase in the size of the ADF to just under 58,000).<sup>80</sup> However, these were not inconsistent measures. Contractors would be retained to cope with operational shortcomings stemming from a lack of in-house capability while being cut in those areas where in-house provision was more cost efficient.<sup>81</sup> In regard to those areas in which contracted support would remain in place, such as certain "maintenance and supply-chain processes", there would be a push for greater efficiency and output in the delivery of these services.<sup>82</sup> A key product of the SRP from a logistics standpoint was the introduction of the Defence Logistics Transformation Program (DLTP). The DLTP's website states:

[t]he Defence Logistics Transformation Program (DLTP) was established to modernise and enhance Defence's warehousing and distribution functions to provide optimum support to Defence operations. This transformation has seen the Defence Integrated Distribution System (DIDS) contract and other local logistics services contracts replaced by two new national base logistics services contracts.<sup>83</sup>

The two contracts went to Linfox Australia Pty Ltd and Transfield Services (Australia) respectively during 2013.<sup>84</sup> The infrastructure to support the DLTP was to be completed by the end of 2016.<sup>85</sup> It is not clear if this was

<sup>76</sup> Ibid., p. 117 at 14.24.

<sup>77</sup> Ibid., p. 111 at 13.25 and p. 118 at 14.31.

<sup>78</sup> Department of Defence, *The Strategic Reform Program: Making it Happen* (Canberra: Commonwealth of Australia, 2010), p. 18, <[www.defence.gov.au/publications/Docs/srp.pdf](http://www.defence.gov.au/publications/Docs/srp.pdf)> [Accessed 4 February 2017].

<sup>79</sup> Ibid., p. 18.

<sup>80</sup> Department of Defence, *Defending Australia in the Asia Pacific Century: Force 2030*, p. 113 at 14.1.

<sup>81</sup> Ibid., p. 117 at 14.22.

<sup>82</sup> Ibid., p. 126 at 16.11.

<sup>83</sup> Vice Chief of the Defence Force Group, 'Defence Logistics Transformation Program', Department of Defence, n.d., <[www.defence.gov.au/jlc/dltp/](http://www.defence.gov.au/jlc/dltp/)> [Accessed 20 March 2017].

<sup>84</sup> Ibid..

<sup>85</sup> Ibid.

realised. While Waters and Blackburn concede that the DLTP has focused the DoD on improving logistical capabilities, they are critical of the difference between what was proposed and what was implemented, the latter not meeting the threshold of what constitutes a “transformation”.<sup>86</sup> In reality the changes were limited to “warehouse storage and distribution, land materiel maintenance, and automated identification technologies”, a notable shift from what was initially seen as a program entailing comprehensive change regarding how ADF logistics operated.<sup>87</sup>

The subsequent Gillard Government’s *Defence White Paper 2013* was consistent with the approach of the Rudd Government, indicating that the DoD would reduce its use of contractors as part of additional restructuring, with cuts to both DoD civilian and contracted personnel by some 1,700 positions by 2023 as part of measures to improve service delivery.<sup>88</sup> Despite these reductions, the *Defence Issues Paper* published during 2014 highlighted, albeit very briefly, the importance of contracted support going forward to address gaps in DoD civilian and ADF in-house competencies.<sup>89</sup> A subsequent review of Australian defence processes was critical of functions that could be adequately undertaken by DoD civilian staff or by contractors at a lower cost still being in the realm of the military.<sup>90</sup> During 2016 a new *Defence White Paper* was released by the Turnbull Government that built upon the 2015 review.<sup>91</sup> It is not clear, however, how the criticism raised in the 2015 Review noted above is to be addressed, with contractors only receiving brief mentions in the context of assisting to deal with the unforeseen<sup>92</sup> and a commitment to the DLTP.<sup>93</sup> Recent ANAO reports on contractor performance in areas such as base support continue to raise questions surrounding the efficiency and effectiveness of contractors as well as the DoD measures in place to facilitate the use of contractors.<sup>94</sup> The

---

<sup>86</sup> Gary Waters and John Blackburn, *Australian Defence Logistics: The Need to Enable and Equip Logistics Transformation*, Kokoda Paper No. 19 (Canberra: Kokoda Foundation, 2014), p. 25, <[www.regionalsecurity.org.au/Resources/Documents/KP19%20LogisticsPaperWebFINAL.pdf](http://www.regionalsecurity.org.au/Resources/Documents/KP19%20LogisticsPaperWebFINAL.pdf)> [16 June 2017].

<sup>87</sup> Waters and Blackburn, *Australian Defence Logistics*, p. 25.

<sup>88</sup> Department of Defence, *Defence White Paper 2013* (Canberra: Commonwealth of Australia, 2013), p. 100 at 10.6, <[www.defence.gov.au/whitepaper/2013/docs/WP\\_2013\\_web.pdf](http://www.defence.gov.au/whitepaper/2013/docs/WP_2013_web.pdf)> [Accessed 15 March 2017].

<sup>89</sup> Department of Defence, *Defence Issues Paper* (Canberra: Commonwealth of Australia, 2014), p. 29, <[www.defence.gov.au/WhitePaper/docs/DefenceIssuesPaper2014.pdf](http://www.defence.gov.au/WhitePaper/docs/DefenceIssuesPaper2014.pdf)> [Accessed 15 March 2017].

<sup>90</sup> Department of Defence, *First Principles Review: Creating One Defence* (Canberra: Commonwealth of Australia, n.d.), p. 58, <[www.defence.gov.au/Publications/Reviews/FirstPrinciples/Docs/FirstPrinciplesReviewB.pdf](http://www.defence.gov.au/Publications/Reviews/FirstPrinciples/Docs/FirstPrinciplesReviewB.pdf)> [1 March 2017].

<sup>91</sup> Department of Defence, *Defence White Paper 2016* (Canberra: Commonwealth of Australia, 2016), <[www.defence.gov.au/WhitePaper/Docs/2016-Defence-White-Paper.pdf](http://www.defence.gov.au/WhitePaper/Docs/2016-Defence-White-Paper.pdf)> [Accessed 20 March 2017].

<sup>92</sup> *Ibid.*, p. 36 at 1.27.

<sup>93</sup> *Ibid.*, p. 101 at 4.67.

<sup>94</sup> For example, see Australian National Audit Office, *Design and Implementation of Defence’s Base Services Contracts: Department of Defence*, ANAO Report No. 29, Performance Audit

*Portfolio Budget Statements 2017-2018* highlight that the Turnbull Government is seeking cuts to contractor expenditure as part of an effort to save over \$300 million by 2020-21.<sup>95</sup> It is unclear what portion of this \$300 million relates to contractors.

## **The Impact of Neo-liberal Initiatives on ADF Overseas Operations**

ADF overseas deployments since the end of the Cold War have highlighted that neo-liberal initiatives do not necessarily lead to greater efficiency and effectiveness in the delivery of a service, particularly when ongoing organisational issues are present. The post-Cold War period has seen an increase in operational tempo for the ADF and has put the notion of contracting to the test.

The Australian Government has seemingly been reluctant to place the idea of contracting under scrutiny. Despite the program having been a key feature of the DoD's evolution over the past thirty years, the government is yet to commission a full and comprehensive audit or review, including in regard to the use of contractors as part of ADF overseas operations. Fortunately, there is some literature that provides a glimpse into the program's successes and limitations in the context of ADF overseas operations.

Citing ADF operations in East Timor, Somalia and Papua New Guinea, Mark Thomson highlighted the presence of logistical issues which could be attributed "[i]n part at least" to the transfer of logistics to the private sector and the lack of attention paid to integrating contractors to support ADF deployments.<sup>96</sup> Even before the introduction of contracted support in logistics, there were already problems regarding the perception of logistical functions within the ADF as being of low importance.<sup>97</sup> This poor perception of logistics continued with inadequate attention paid to integrating contracted logistical support and ensuring demand from the ADF was addressed by supply from contractors.<sup>98</sup> Consequentially, this makes it challenging to ascertain the impact of contracting measures as opposed to the ADF not giving logistics adequate priority as part of operations.<sup>99</sup> Meegan Olding notes that ADF overseas operations sought greater reliance on contractors

---

(2016–17), p. 8 at 6-10, <[www.anao.gov.au/sites/g/files/net3241/f/ANAO\\_Report\\_2016-2017\\_29.pdf](http://www.anao.gov.au/sites/g/files/net3241/f/ANAO_Report_2016-2017_29.pdf)> [Accessed 21 March 2017].

<sup>95</sup> Department of Defence, *Portfolio Budget Statements 2017-18: Budget Related Paper No. 1.4A*, p. 20.

<sup>96</sup> Thomson, *War and Profit: Doing Business on the Battlefield*, p. 28.

<sup>97</sup> *Ibid.*, p. 28.

<sup>98</sup> *Ibid.*, p. 28.

<sup>99</sup> The author thanks Mark Thomson from the ASPI for highlighting this challenge.

from the mid-2000s to support the greater ADF presence in Afghanistan.<sup>100</sup> As a means of making the use of contractors more manageable, the Middle East Logistics and Base Support contract that commenced during 2011 became an important way by which the ADF streamlined service delivery by enabling multiple services to be delivered by one provider (Serco Australia) as opposed to multiple services from multiple providers.<sup>101</sup> Since that time, contracts have been awarded to other companies for the provision of additional services to the ADF.<sup>102</sup> The US Department of Defense undertook similar reconfiguration and streamlining during the early 1990s under the Logistics Civil Augmentation Program (LOGCAP).

Thomson contends that it was after East Timor, 9/11 and Afghanistan that greater attention was paid to improving effectiveness in service delivery through investment in logistics and efforts made to greater acknowledge and integrate logistics, which consequently improved logistical support for ADF operations.<sup>103</sup> Yet at the same time, the pressures that would have otherwise been put on the ADF's logistical capabilities (and presumably would have tested these capabilities) were offset by the ADF having access to US logistics support for operations in Afghanistan and Iraq,<sup>104</sup> which appears to be pursuant to a mutual arrangement for each to sustain the other logistically if the need arises.<sup>105</sup> While not commenting on service delivery, Olding notes that contracted support enabled the ADF to have less troops on deployment in Afghanistan and those that were deployed could direct their attention to combat operations.<sup>106</sup> In addition, given that contractors are not retained after demand for their services has ceased they can be cheaper.<sup>107</sup> Looking at ADF operations in East Timor and the Solomon Islands, David Saul notes that the ADF and contractors were able to work on their rapport, enabling improvements, greater integration and

---

<sup>100</sup> Meegan B. Olding, *Operation Slipper: The Australian Defence Force and Private Military Contractors in Afghanistan*, School of Advanced Military Studies Monograph (Fort Leavenworth, KS: US Army Command and General Staff College, 2015), pp. 24-25, <[cgsc.cdmhost.com/cdm/ref/collection/p4013coll3/id/3408](http://cgsc.cdmhost.com/cdm/ref/collection/p4013coll3/id/3408)> [Accessed 1 March 2017]. Citing of this document requires the following statement to be reproduced: "The opinions and conclusions expressed herein are those of the student author and do not necessarily represent the views of the U.S. Army Command and General Staff College or any other governmental agency" (p. ii);

<sup>101</sup> Ibid., p. 25; Department of Defence, 'Middle East Logistics and Base Support Contract', 7 July 2011, <<https://news.defence.gov.au/media/media-releases/middle-east-logistics-and-base-support-contract>> [Accessed 4 October 2017].

<sup>102</sup> Ibid., p. 26. For a recent example, see Toll Holdings Limited, 'Toll Flies Defence Teams to Middle East'.

<sup>103</sup> Thomson, *War and Profit: Doing Business on the Battlefield*, pp. 28-29.

<sup>104</sup> Ibid.

<sup>105</sup> For example, see Department of Defence, *Defence Annual Report 1998-1999* (Canberra: Commonwealth of Australia, 1999), p. 181, <[www.defence.gov.au/AnnualReports/98-99/full.pdf](http://www.defence.gov.au/AnnualReports/98-99/full.pdf)> [Accessed 10 March 2017].

<sup>106</sup> Olding, *Operation Slipper*, p. 26.

<sup>107</sup> Moshe Schwartz and Joyprada Swain, *Department of Defense Contractors in Afghanistan and Iraq: Background and Analysis*, CRS Report for Congress, R40764 (Congressional Report Service, 13 May 2011), p. 2, <[fas.org/sgp/crs/natsec/R40764.pdf](http://fas.org/sgp/crs/natsec/R40764.pdf)> [Accessed 10 June 2017].

clearer expectations of what the ADF required from contractors due to the tempo of both operations and having the process supported by a back-up plan of ADF logistical support.<sup>108</sup> While praising the efforts of contractors with respect to base support in Iraq, Saul also acknowledges that there had been issues including:

[d]ifficulties in securing contracted support in Iraq occurred in various situations, including when services needed to be expanded or replicated in different locations quickly, specifically in less than ninety days. When local providers were involved and these contractors were subjected to intimidation, including death threats and kidnappings, the provision of services such as tentage or a labour force was unreliable or non-existent. Only one or two companies bid for contracted work outside well-established bases and this resulted in grossly inflated costs and often left no mechanism to compare proposed costs. Further to this, unscrupulous contractors took advantage of poor contract management and failed to perform the contracted services.<sup>109</sup>

Despite their role in overseas operations, contractors receive very limited consideration in key Defence documents, such as Defence White Papers. For example, the 2009 White Paper has a section of two small paragraphs titled 'The Use of Contractors on Operations' which notes that contractors have assisted ADF withdrawals and that "their deployment has allowed ADF elements to redeploy, reconstitute and prepare for subsequent operations".<sup>110</sup>

## Conclusion

Australia's DoD, like its global counterparts in Britain and United States, has used contractors in order to fulfil its objectives, driven by the assumptions of neo-liberalist ideology. The commitment to neo-liberalism transcended political parties with basic ideological differences. While the Rudd Government sought to reduce the use of contractors in certain areas, contractors remained in place with respect to a number of functions and their involvement was encouraged in some areas as part of finding the right mix of ADF personnel, DoD civilians and contractors. Subsequent federal governments have continued to seek to refine this mix and acknowledge the importance of contractors in filling gaps in skill sets and giving the DoD the flexibility to adapt to change.

However, there are issues the federal government still needs to address. First, the government should commission a full audit of the DoD's contracting program. In-depth and extensive analysis of the efficiency and effectiveness of contractors needs to be undertaken, including with respect to the ADF's lengthy deployments in Afghanistan and Iraq. Examining cost

---

<sup>108</sup> Saul, "Hardened, Networked ... and Commercially Capable", p. 107.

<sup>109</sup> Ibid., p. 108.

<sup>110</sup> Department of Defence, *Defending Australia in the Asia Pacific Century: Force 2030*, pp. 91-92 at 10.20.

and performance of contractors during these deployments assists in identifying what is actually provided more efficiently and effectively by contractors and what should be returned to the public sector. Just as it has done in the past, the ANAO has a key role in holding the DoD publicly accountable with respect to cost and performance. Assumptions grounded in neo-liberalist ideology, such as the private sector always being better at delivering services, should not form the basis of decisions to use contractors.

Second the DoD could assist the contracting process by having clearer guidelines surrounding what constitutes a core function. These guidelines would enable a more uniform understanding of such functions across the DoD.

Third, the contracting process, from determining what functions should be contracted to managing performance, evolves over time. Mistakes will be made and budgets will be exceeded at times. The DoD needs to determine whether its own contracting processes contributed to higher than expected contracting costs, such as the poor selection of a provider or inadequate cost analysis procedures, before making a determination that the private sector is too expensive. The DoD should respond to the findings of both internal and external examinations of contractors and the processes used to bring them into the DoD fold. In determining whether to insource a function, there must be consideration of the potential long-term costs associated with doing so and the obligations government departments need to fulfil with respect to permanent public servants.

Fourth, there needs to be greater clarity in public reporting of how many contractors the DoD uses. The use of contractors in the context of defence can facilitate negative perceptions, but a lack of clarity in reporting and what figures do and do not include and why compounds these negative perceptions. Similarly, contractor accountability under federal legislation should be reviewed and the possibility of contractor specific legislation considered. In addition to regulating the actions of contractors, legislation can mitigate negative perceptions surrounding their use. In formulating adequate regulatory measures, Australia has the ability to learn from allies that have used contractors more extensively as part of their militaries, such as the United States and Britain.

Fifth, the lengthy commitment of the ADF to operations in Afghanistan and Iraq, coupled with simultaneous commitments to other areas of instability such as the Solomon Islands highlights the importance of devoting adequate attention to integrating contractors into the operating environment. These operations would have provided numerous indications as to their strengths and weaknesses with respect to contracted support to the ADF. Increased pressure on the ADF, such as multiple simultaneous deployments for lengthy periods of time, could very well require an increase in the use of

contractors to support operations, particularly if this involves deployments where the ADF cannot utilise logistical arrangements with other states such as the United States.

Finally, there is no guarantee that cuts will not be made to ADF and DoD civilian staff by future federal governments preferring instead to utilise contractors which can be brought in on an as needed basis. While the costs associated with using contractors may continue to be a subject of contention, this may be outweighed by the flexibility contractors offer compared to their public sector counterparts. The number of contractors used by the DoD may pale in comparison to other states such as the United States but will remain an important ace in the hole for the DoD in order to deal with competing demands and in the face of downward pressure on the size of the Australian public sector.

*Jon Cottam is a PhD Candidate and Sessional Tutor at the Department of Security Studies and Criminology, Macquarie University, Australia. He also holds a Bachelor of Arts (Hons) and Bachelor of Laws from the University of New South Wales and a Masters in Policing, Intelligence and CounterTerrorism from Macquarie University. [jon.cottam@mq.edu.au](mailto:jon.cottam@mq.edu.au).*

***All Measures Short of War:  
The Contest for the Twenty-First Century  
and the Future of American Power***

Thomas J. Wright  
(New Haven and London: Yale University Press, 2017)  
ISBN: 9780300223286

Reviewer: Andrew Carr

If there is one defining word for the foreign policy of Donald J. Trump thus far, it is 'incompetence'. To many this was also true of his predecessors, Barack Obama and George W. Bush. America is not failing as a global leader because its ideas or values are bad, but because the wrong people are in charge. They are too war-like (Bush), not war-like enough (Obama) or just plain ignorant (Trump). Fix the leader, restore credibility and competence, so this line of thought goes, and all will be okay again.

This assumption is at the heart of Thomas J. Wright's engaging and insightful new book, *All Measures Short of War: The Contest for the Twenty-First Century and the Future of American Power*. If you believe that a more competent America will find its feet again, this is a compelling book. However, if you think the problems are more structural and substantial, then you may come away feeling that even at their best, America's leading strategic minds—of whom Wright is one—are yet to fully grapple with the changing world.

Wright's profile exploded in 2016, as an early and insightful analyst of Donald J. Trump. While most commentators tried to sort through the jumble of contradictions each new public utterance provided, Wright turned to history and dug through the archives to find clear, consistent elements of Trump's nineteenth-century-style world view. In that effort, and this book, Wright showed his skill and care as an analyst. His reading and knowledge is both wide and deep.

*All Measures Short of War* is very much the effort of an intellectual fox. The book is rich with insightful analysis, and original and clear thinking. Exploring US policy across Europe, the Middle East and Asia, Wright time and again clarifies, distinguishes and reveals nuanced portraits of the many challenges facing the US position as 'leader of the free world'.

Wright has two charming attributes as a writer. He is both fair and brief. His pen sketch of the 'convergence myth' of the late 1990s, the idea that the



world was unifying as democratic and liberal, is an honest portrayal of its merits and challenges, with few wasted words. While many authors would have provided full chapters on the Clinton, Bush and Obama years, Wright assumes any reader engaged enough to pick up this book would appreciate being given just enough evidence to justify his claims, instead of masses of history to swim through. Wright makes his argument and gets out, with the full book a slim 228 pages. On both scores he is to be congratulated.

The broad scope of the book has many strengths. There was much I learned that was both new and significant from the chapters on 'Europe's Multiple Crises' and the 'Geopolitics and Contagion in the Middle East'. The Asia chapter has its moments, though unlike the diversity of concerns and issues raised in the other two, the region's dynamics are narrowed to 'China's East Asia Challenge'.

Wright, like many American analysts, is overwhelmingly focused on how the great powers act and think. This leads to a tendency to attribute much of how the world works to these same handful of states. In his telling of 'The Contest for the 21st Century' states and institutions other than the United States, China and Russia seem to have little to no agency.

The United States itself is often presumed to be able to sort and order the world, it just has to be competent enough to return to doing so. In Wright's view, there can be no global liberal order without the United States doing all the work to support it. When war occurs—such as the Korean War in 1950 or Iraq's invasion of Kuwait in 1990, he attributes it to US indifference. Meanwhile, whenever there are problems in the world, such as the contentious EU-Turkey refugee negotiations of 2016, inserting the United States would 'undoubtedly' have led to a more effective and legitimate outcome (p. 202). The US public is also presumed to be highly malleable to support a renewed global role, even though the only thread connecting Barack Obama and Donald J. Trump is a repudiation of this position.

Even if competence has been hugely lacking in recent American foreign policy, there is a troubling conflation between core and non-core interests in this book—one common to many other analysts who advocate continued US global leadership. Many of the challenges the United States is facing are difficult precisely because opponents are using proxy contests with the US to determine strength, via issues where the US has low interests, yet high public engagement. Think China in the South China Sea, Russia in Syria and Ukraine, and Iran in Iraq.

Exploiting this distinction—of a United States which has responsibilities for issues in which it has little direct concern—is precisely the pain point for US leadership. While adopting 'Responsible Competition' along the lines Wright advocates could help mitigate the worst of these challenges, their central reason for existing and being difficult will remain.

*All Measures Short of War* therefore ends up some measures short of victory. It is smart, engaging and nuanced. It is wise and light. Yet while such smarts will go a long way, the unwillingness to directly question whether the future of American power really should mirror its past undermines its ultimate value. Still, a useful contribution to the shelf, and a thinker to watch.

*Dr Andrew Carr is a Senior Lecturer at the Strategic and Defence Studies Centre, Australian National University.*

## ***Pacific Power? Australia's Strategy in the Pacific Islands***

Joanne Wallis

(Clayton, Vic.: Melbourne University Publishing, 2017)

ISBN: 9780522868234

Reviewer: Stewart Firth

Any student of the Pacific Islands or of Australian foreign policy should welcome this new study. Joanne Wallis covers the key issues in Australian policy towards the Pacific comprehensively and meticulously. She examines, among other things, the Defence Cooperation Program, the Pacific Patrol Boat Program, disaster relief, policing assistance, cooperation in countering transnational crime, seasonal labour schemes, the aid program and the lesser known 'interventions' by Australia such as Pacific Regional Assistance to Nauru. She points to the changing geopolitical scene in the region, with China's presence growing and that of the United States faltering under the Trump administration, and to a changing regional order which exhibits a new independence on the part of Pacific Island governments in regional affairs and international diplomacy. She concludes that Australia's influence in the region is diminishing.

"Why is Australia at times unable to influence Pacific Island states effectively in pursuit of its strategic interests?", Wallis asks, and she finds part of the answer in the limits to external influence created by sovereignty—the sovereignty of the Solomon Islands, for example, which was never surrendered by its government during the fourteen years of the Australian-led Regional Assistance Mission (RAMSI). A second limitation, she suggests, is simply Australia's willingness to exercise influence, and a third the increasing independence of the region at a time of geopolitical change. She is particularly critical of the impact of Australian asylum seeker policy on Papua New Guinea, Nauru and the Pacific region in general. Climate change is another issue that divides the Pacific from Australia.

Sovereignty matters, and especially to small states. The influence of the superpower of the region, Australia, is more constrained than one might imagine. Even small countries are affected by powerful political dynamics that cannot be altered from outside. When an army colonel called Sitiveni Rabuka led a military coup against the democratically elected government of Fiji in May 1987, military intervention by Australia to restore democracy was

out of the question, in part because of limited Australian capabilities but far more importantly because of its fateful consequences for relations with Fiji. Like all sensible people in Canberra, the prime minister Bob Hawke and the ADF chief General Gration could not contemplate sending Australian troops to fight those of the Fiji Military Forces, many of them soldiers with whom they had trained.

Fiji, as Joanne Wallis shows, demonstrates the limits of any Australian strategy of intervention in the affairs of its Pacific Island neighbours. Australia's reaction to a succession of coups in Fiji has been confined to sanctions and diplomacy, and necessarily so. And Australia's involvement in the peace process in Bougainville, in the form of the Truce Monitoring Group and the Peace Monitoring Group after 1997, was far more significant than any military role played in the crisis. Australia's interventions, then, must be of the kind that preserves Island sovereignty, that is, they must be at the invitation of an Island government, as was the case with RAMSI. The jury is out on the long-term success of RAMSI. For the moment we can note that the people of Solomon Islands welcomed its coming and lamented its departure, surely an unusual outcome for an international intervention in any country. As for Fiji, she rightly notes that the 2006 coup presented Australia with a foreign policy conundrum. As the key supporter of democracy and the rule of the law throughout the region, Australia could hardly extend an understanding hand to the Bainimarama military regime until it was clear that elections would be held. Yet at the same time, Fiji's diplomatic isolation opened the way for other external players, especially China.

Wallis seems less certain in her analysis of the Australian aid program, providing one ranking of the five major donors that includes France (p. 182) and excludes China and another (Table 8.1) that excludes France and includes China. And she falters in suggesting that for "the first few decades after Federation, Australia did not give substantial aid to the Pacific Islands, beyond its territories of Papua and Nauru" (p.184). In fact Australia offered no aid as we understand it today until after World War Two, when the Marshall Plan in Europe ushered in a new era of global development, and Australia began to spend on development in the territories of Papua and New Guinea. Before World War Two colonies were expected, by and large, to pay for themselves and the poor of the world were seen as remaining that way indefinitely.

Wallis also finds the "return Australia gets for its significant aid investments in the region" to be "questionable" (p. 196). Yet, as she also concedes, Australia has never been able to impose its will on Pacific Island states. In recent decades that will has been directed at changing the way Pacific Islanders act politically by extending the reach of good governance. The objective is unarguably desirable, but threatens the power and resources of the most powerful Pacific Islanders, who can always appeal to 'culture' in their defence. That is why constituency development funds paid by

governments directly to politicians in Papua New Guinea and Solomon Islands are likely to remain part of their highly adapted Westminster systems, whatever Australia says.

Here as elsewhere Wallis calls for Australia to re-characterise the Pacific Islands region as an 'arc of opportunity' and to emphasise Australia's place as a Pacific partner rather than a Pacific power. The language of partnership between Australia and its Pacific neighbours is not new, nor is Australia's respect for their sovereignty, but Wallis does an excellent job of explaining the policy context in which these ideas deserve to be reaffirmed.

*Stewart Firth is a research fellow with the Department of Pacific Affairs (formerly State, Society, and Governance in Melanesia Project) at the College of Asia and the Pacific at the Australian National University.*

## ***Global Allies: Comparing US Alliances in the 21st Century***

Michael Wesley (ed.)  
(Canberra: ANU Press, 2017)  
ISBN: 9781925495409  
Reviewer: Iain Henry

Comparative analyses of the world's two alliance 'systems'—the North Atlantic Treaty Organization (NATO), and the 'hub and spoke' model of Asian alliances—quickly highlight the obvious differences between them, and usually offer arguments as to why these discrepancies exist.<sup>1</sup> *Global Allies*, a recent volume edited by Michael Wesley, shines light on two similarities often overlooked in the post-Cold War period.

These commonalities may not persist for much longer, but this analysis of them offers valuable insights into how alliances might be managed in the *post-post-Cold War* era. Chapters in this volume remind us that not just since 9/11, but since the early 1990s, America's allies in both NATO and Asia have willingly ventured further afield, to the Middle East, under alliance auspices. These allies have done so even though a strict reading of relevant treaty texts, which place geographical limits on the alliances, contain no obligation to contribute to wars in Afghanistan and Iraq. In many ways, this volume explains how US allies sought to manage their alliances after the fall of the Iron Curtain, and how these actions have affected the alliance outlook today.

In deciding to fight alongside the United States in Afghanistan, Iraq, or both, the hope of reciprocal loyalty—either officially acknowledged, or more often implicit—was a key motivator for many US allies. The volume's authors show that some allies, such as Japan (p. 21) and South Korea (p. 46), carefully limited their involvement to non-combat contributions, while others such as Denmark (p. 63) readily put more on the line to demonstrate their credentials as the most reliable of allies. All allies felt some obligation to assist, even in purely token ways, if only to avoid the taint of appearing unfaithful in Washington DC.

---

<sup>1</sup> See, among others, Victor Cha, *Powerplay: The Origins of the American Alliance System in Asia* (Princeton: Princeton University Press, 2016); John Duffield, 'Why is There No APTO? Why is There No OSCAP?: Asia-Pacific Security Institutions in Comparative Perspective', *Contemporary Security Policy*, vol. 22, no. 2 (2001), pp. 69-95; and Christopher Hemmer and Peter Katzenstein, 'Why is There No NATO in Asia? Collective Identity, Regionalism, and the Origins of Multilateralism', *International Organization*, vol. 56, no. 3 (2002), pp. 575-607.

What is less clear, however, is whether these military contributions had any significant impact on alliance politics. In the Denmark chapter, Kristensen and Larsen convincingly argue that Denmark truly did “punch above its weight”, as it incurred “the highest number of fatalities relative to the size of its population of all those contributing troops to the International Security Assistance Force” in Afghanistan.<sup>2</sup> But to what end? The authors cite instances where Denmark was used by US officials to illustrate the gold standard of allied commitment, but it remains unclear as to what exact reward Denmark received, or what disincentive it dodged, in exchange for this loyalty. Here, the argument gets a little vague: the authors claim that Denmark received “increased access to Washington”.<sup>3</sup> In the Poland chapter, Witold Rodkiewicz argues that Warsaw’s involvement in Middle Eastern conflicts created “political and moral ‘IOU-notes’ that could be ‘cashed in’ when Poland is faced with an actual military threat”.<sup>4</sup> These examples, along with others in the volume, raise an important theoretical question about the notion of reciprocal loyalty within alliance politics. If alliances do truly work in this way, then allied “investments” in Iraq and Afghanistan could yield handsome future dividends. If this theory is wrong, then history could harshly judge those who managed these alliances while operating under incorrect assumptions.

The second common factor is the challenge currently faced by both NATO and Asian allies: how can they divert American attention away from the Middle East, and compete for it in their respective regions? Both on the European continent, and across Asia, allies are striving to secure the particular kind of American commitment they desire.

The volume shows that neither in Europe, nor Asia, have American allies been completely satisfied with recent US policies. Though each chapter of the edited volume basically affirms the underlying strength of the relevant alliance, some are more candid in acknowledging current difficulties in achieving cooperative action toward common goals. In his chapter on Thailand, Kittti Prasirtsuk acknowledges this tension by writing that although both allies desire regional stability, “it may be harder to mutually agree on the appropriate kind of cooperation ... that would lead to regional stability”.<sup>5</sup> Issues of alliance coordination—in which allies agree on the ends, but disagree on the means—are likely to prove problematic for those allies reluctant or unwilling to follow America’s leadership preferences.

---

<sup>2</sup> Kristian Søby Kristensen and Kristian Knus Larsen, ‘Denmark’s Fight Against Irrelevance, or the Alliance Politics of ‘Punching Above Your Weight’’, in Michael Wesley (ed.), *Global Allies: Comparing US Alliances in the 21st Century* (Canberra: ANU Press, 2017), p.65.

<sup>3</sup> Kristensen and Larsen, ‘Denmark’s Fight Against Irrelevance’, p. 72.

<sup>4</sup> Witold Rodkiewicz, ‘Poland as an Ally’, in Wesley (ed.), *Global Allies*, p. 137.

<sup>5</sup> Kittti Prasirtsuk, ‘An Ally at the Crossroads: Thailand in the US Alliance System’, in Wesley (ed.), *Global Allies*, p. 131.

Commendably, this volume neither downplays nor glosses over such challenges. Alliances are about the potential for, and realisation of, cooperation in the pursuit of shared interests. This volume makes clear that many, though not all, of the present difficulties faced by American alliances stem from the gradual evolution of interests, away from the *status quos* that existed at the time of alliance formation. As Wesley argues, these alliances “are now being found wanting as the means to greater security in more challenging security environments in both Europe and Asia”, whereas once upon a time they were exquisitely fit-for-purpose.<sup>6</sup> If these alliances are to evolve and thrive, then the challenge for policymakers in Europe, Asia and Washington DC will be to identify the areas where common goals persist, and to devise new methods of cooperation. This is unlikely to occur quickly: as Taylor and Tow note in their chapter on Australia, uncertainty as to the trajectory of the US-China relationship will encourage many allies to hedge until a clearer picture emerges.<sup>7</sup> Overall, the volume’s chapters seem to suggest that unless a crisis intervenes, uncertainty as to the reliability of each alliance will persist for the foreseeable future. This may be the ‘new normal’ of alliance politics.

Finally, one incidental but important contribution of this book is to serve as something of an alliance politics ‘time capsule’. Though the volume was published in early 2017, it contains few references to the unexpected electoral victory of President Donald J. Trump. This event shocked almost all observers, and cast doubt on US alliances, but the book shows that doubts and concerns about America’s alliance reliability existed before November 2016. Rather than an aberration to be conveniently resolved in four (or eight) years, the book suggests that worries about the future of US alliances are not recent phenomena, and have their source in more than simple US domestic politics.

The history of an alliance, or an alliance system, will rarely offer template solutions for future alliance problems, but this edited volume is useful for understanding how past decisions and beliefs have determined decision-making at the highest levels. It will be of interest to both academic and policy-making audiences, and is available free online at the ANU Press website.

*Iain Henry is a Lecturer at the Australian National University’s Strategic and Defence Studies Centre.*

---

<sup>6</sup> Michael Wesley, ‘Global Allies in a Changing World’, in Wesley (ed.), *Global Allies*, p. 13.

<sup>7</sup> Brendan Taylor and William Tow, ‘Crusaders and Pragmatists: Australia Debates the American Alliance’, in Wesley (ed.), *Global Allies*, pp. 77-89.