# An Ocean of Emptiness Stirred Up

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## I. Introduction

The Pacific region is marked by its vast geographic expanse and the isolation of its island nations. These countries, despite their sovereignty, remain heavily dependent on external support across various sectors, including defence, infrastructure, and agriculture. Limited natural resources and small, dispersed populations further constrain their economic development, necessitating reliance on international aid and unconventional economic activities. Examples include Nauru's operation of migrant pro-

cessing centres for Australia and Vanuatu's practice of selling citizenship for $130,000. Although these nations maintain higher levels of human development than the world's poorest states, their long-term growth prospects remain hindered by geographical and economic limitations.

Stretching between Japan, California, and Australia, the Pacific Ocean contains only a handful of islands capable of sustaining human settlements. Many of these have been inhabited for only a few centuries, and their integration into global economic and political networks has been relatively recent. While colonial powers such as the United States, France, the United Kingdom, and New Zealand still maintain territories in the Pacific, 11 island nations have gained sovereignty, primarily in the southwestern region of the ocean. However, despite their political independence, these countries remain vulnerable to external influence.

What drives global powers' diplomatic engagement with Pacific nations?

The United States seeks to uphold its strategic dominance in the Pacific, ensuring the stability of its alliances and countering geopolitical rivals. Similarly, regional actors like Australia and New Zealand aim to maintain strong diplomatic and security ties with their Pacific neighbours. Meanwhile, China has become increasingly assertive in its efforts to secure influence in the region, particularly by strengthening its position in key economic sectors such as fisheries and maritime trade routes.

This paper examines the strategic interests that major global and regional powers pursue in their relations with Pacific island nations—specifically focusing on Fiji, the Solomon Islands, Vanuatu, Samoa, Kiribati, Micronesia, Tonga, the Marshall Islands, Palau, Nauru, and Tuvalu. The analysis will centre on the roles played by the United States, China, and Australia, as these three actors have been the most engaged in the Pacific in recent decades, shaping the region's diplomatic and economic landscape.

## II. Interests and Methods of Global Powers in the Pacific

Most global powers have limited direct economic interests in Pacific nations due to their lack of significant natural resources and small internal markets. Establishing large-scale industrial or manufacturing facilities in remote islands, where populations often number in the thousands, is economically unfeasible. However, despite their small size, these nations hold full UN membership, granting them voting rights on resolutions and influence in global affairs. Their strategic location along key maritime trade routes between the United States, Hawaii, and Southeast Asia further elevates their geopolitical importance.

Diplomatic engagement with Pacific nations is often characterised by "chequebook diplomacy", a term used to describe foreign policy strategies where economic aid or investments are exchanged for diplomatic support. Essentially, financial incentives are leveraged to secure political alliances and favourable policy decisions. Despite their small populations,

Pacific nations remain focal points of foreign diplomatic interest due to their strategic positioning and political significance.

The objectives of global powers in the Pacific vary. The United States seeks to maintain its military dominance and strategic foothold in the region. China aims to expand its sphere of influence, challenging traditional Western hegemony. Meanwhile, Australia and New Zealand, as the most influential regional actors, strive to preserve their strong ties with neighbouring island nations, ensuring stability and alignment with their broader strategic interests.

There are numerous instances of chequebook diplomacy in the Pacific, ranging from relatively low-profile financial contributions to large-scale aid packages worth hundreds of millions of dollars. In 2016, Kuwait provided approximately $620,000 to Vanuatu and several other Pacific nations to secure support for its bid for a UN Security Council seat the following year. In 2012, Slovenia contributed $44,000 to improve water quality in the Marshall Islands, Micronesia, and Palau in exchange for diplomatic backing for its own Security Council bid—an effort that ultimately failed.

While such financial incentives are not exclusive to the Pacific, the scale of foreign aid received by these nations is remarkable. In 2022, Micronesia received $122 million in aid from the United States, amounting to roughly 25% of its GDP. In 2020, Vanuatu secured $200 million in Official Development Assistance (ODA) and Other Official Flows (OOF) grants, equivalent to approximately 20% of its GDP. The Pacific remains the most aid-dependent region in the world, with seven out of the top ten highest per capita recipients of net ODA being Pacific nations. The lowest-ranked among the 11 countries studied in this paper still placed 16th globally in terms of net ODA received per capita.

The primary sources of foreign aid in the Pacific, in order of contribution, are Australia, Japan, New Zealand, China, and the United States. Additionally, both China and Japan have provided substantial loans to Pacific nations over the past 15 years, further shaping the region's economic landscape. The motivations and mechanisms behind this financial assistance vary from country to country, reflecting the diverse strategic priorities of external powers operating in the Pacific.

## II.A. Australia

Australia is committed to ensuring that its regional neighbours remain aligned with its strategic interests, prioritising stability and security. A peaceful Pacific is essential for Canberra, particularly given its geographic proximity to Indonesia, Papua New Guinea, the Solomon Islands, and Vanuatu—all of which lie within 1,500 kilometres of its coastline. While this may seem like a significant distance, history has demonstrated the region's strategic importance. During World War II, Japanese forces occupied parts of Papua New Guinea and the Solomon Islands, launching bombing raids

on Darwin with the goal of pressuring and isolating Australia. This historical precedent underscores the necessity for Canberra to maintain influence over its northern and eastern neighbours.

Beyond defence concerns, Australia also has significant economic interests in the region. A considerable portion of its exports passes through Pacific waters, making it vital that shipping lanes remain secure and under the control of friendly states. To achieve this, Australia has established formal and informal security agreements with several Pacific nations, including Nauru, Kiribati, and Tuvalu, assuming varying degrees of responsibility for their defence. Additionally, many Pacific nations rely on Australian-supplied weaponry, further embedding Canberra's role as the region's primary security provider. Similarly, New Zealand plays a comparable role in ensuring the defence of Samoa.

Australia has historically been the most significant donor to Pacific nations, providing both financial aid and various non-monetary contributions. Its strong regional ties and geographic proximity make it the largest benefactor, but in recent years, Canberra has had to intensify its diplomatic efforts to counter China's growing influence. Over the past 15 years, Beijing has aggressively expanded its presence in the Pacific, prompting Australia to adopt a more assertive approach to prevent China from dominating the region.

To reinforce its position, Australia has financed several major infrastructure projects, including the installation of undersea telecommunications cables for multiple Pacific nations. This initiative serves both economic and security objectives by limiting Chinese involvement in regional telecommunications networks. In 2019, Canberra established the Infrastructure Financing Facility for the Pacific (AIFFP), a fund designed to compete with Chinese infrastructure loans. The AIFFP provides approximately 1.9 billion euros in loans and an additional 600 million euros in direct grants, ensuring that Pacific nations have alternatives to Chinese financing.

One of Australia's most high-profile commitments in the Pacific is the Australia-Tuvalu Falepili Union. This treaty guarantees Tuvalu's statehood and sovereignty despite the existential threat posed by climate change-induced sea level rise. Additionally, Australia has pledged to welcome a significant number of Tuvaluan citizens annually as climate refugees. The agreement gained substantial media attention for being one of the first formal recognitions of climate-induced displacement. While the treaty is significant in its own right, it also serves as a strategic move by Canberra to signal to other Pacific nations that Australia is prepared to support and protect them in the face of climate-related challenges, strengthening diplomatic ties and countering China's influence in the region.

Climate change poses an existential threat to Pacific nations, many of which lie only a few meters above sea level. As sea levels continue to rise, the very survival of these islands is at stake, with devastating consequences expected in the coming decades. The intensifying effects of climate change

make Pacific nations particularly vulnerable, yet they are often underprepared to deal with the crisis. In response, governments in Kiribati, Tuvalu, and the Marshall Islands have already begun relocating populations from smaller islands that face immediate threats from rising waters.

In March 2023, Vanuatu was struck by a powerful tropical cyclone, causing damages estimated at more than 400 million euros—approximately 30% of the country's GDP—primarily affecting infrastructure. Earlier that same year, another cyclone hit the island nation, leading to damages amounting to about 40% of its GDP and devastating up to 90% of crops in certain provinces. These extreme weather events highlight the urgent need for climate resilience strategies. However, Pacific nations lack the financial and infrastructural capacity to handle these disasters alone and must seek international assistance.

Australia, through its friendship treaty with Tuvalu, has positioned itself as a key ally in addressing climate-related challenges. The agreement demonstrates Canberra's commitment to the region's stability and future, reinforcing its diplomatic standing. By offering support and protection, Australia ensures that Pacific nations look to it for assistance rather than turning to China. This strategic positioning not only enhances Australia's influence in the Pacific but also safeguards its broader security interests. If Canberra fails to maintain its reputation as a generous and reliable partner, there is a risk that Pacific nations could shift their alliances toward China, potentially undermining Australia's long-term strategic objectives.

Australia remains the dominant power in the Pacific, leveraging its deep financial resources and historical ties with island nations. Its extensive military presence and strategic alliances serve to establish a defensive perimeter around its territorial waters. Canberra's primary objective is to ensure regional stability and maintain the alignment of Pacific states with its broader strategic interests. By securing its influence, Australia seeks to protect vital shipping lanes and telecommunications networks that connect it to global markets. Ensuring that regional neighbours remain stable and aligned with Australian security policies is a key component of its long-term defence and economic strategy.

### II.B. The United States of America

The United States maintains a significant presence in the Pacific, primarily through the Compact of Free Association (COFA), an agreement signed in 1982 with the Marshall Islands, Palau, and Micronesia. Under COFA, these nations receive financial assistance and enjoy easy access to the U.S., while Washington gains exclusive military rights and assumes responsibility for their defence. The agreement ensures that the U.S. is the only country permitted to establish military bases in Palau, Micronesia, and the Marshall Islands, effectively granting it control over vast maritime territories.

At present, the U.S. military footprint in COFA states remains minimal, as there are no immediate security threats in the region. However, escalating tensions in the South China Sea over the past decade could prompt Washington to strengthen its presence for strategic and power-projection purposes. While COFA represents a considerable financial commitment—exceeding $200 million in 2022 alone—the benefits far outweigh the costs. By securing influence over several million square kilometres of ocean and maintaining unrestricted access to critical locations, the U.S. solidifies its strategic dominance in the Pacific.

The deep economic and financial ties between the COFA nations and the U.S. further reinforce this alliance. All three countries use the U.S. dollar as their official currency, and their economies are heavily reliant on American aid. The prospect of severing ties with Washington is highly improbable, as doing so would result in the loss of substantial financial support and long-term economic repercussions. This ensures that the U.S. can sustain its military presence in the region without fear of losing its strategic foothold.

Access to these nations provides Washington with a direct link between its military bases in South Asia, Hawaii, and the U.S. mainland. Such logistical connections could prove crucial for American military supply chains in the event of a conflict in the region. Additionally, the agreement ensures that the countries surrounding U.S. overseas territories remain strategically aligned with Washington, reducing the risk of foreign powers gaining influence near America's most remote territories.

From the perspective of the three Pacific nations under the Compact of Free Association (COFA), the agreement offers substantial benefits. They receive significant foreign aid with minimal obligations while also securing their defence under U.S. protection. Furthermore, Washington's financial assistance and continued interest in the region contribute to political and economic stability, reinforcing their long-term security. As a result, COFA remains a mutually advantageous arrangement, allowing both parties to maintain strategic and economic stability while strengthening regional alliances.

## II.C. China

Pacific nations play a key role in the ongoing diplomatic battle over the recognition of the Republic of China (Taiwan). Currently, only 12 countries recognize Taiwan as a sovereign state, three of which—Palau, the Marshall Islands, and Tuvalu—are in the Pacific. Nauru withdrew its recognition of Taiwan in early 2024, while both the Solomon Islands and Kiribati switched allegiance to the People's Republic of China (PRC) in 2019. The broader international community largely adheres to the principle that only one of the two Chinas can be officially recognized, and over the past five decades, most countries have shifted their recognition to the PRC.

For Taiwan, securing diplomatic recognition from UN member states is critical to its legitimacy. It actively seeks to maintain and expand its list of supporting countries, while the PRC works to diplomatically isolate it. This struggle for recognition is a reflection of China's efforts to extend its global influence and Taiwan's fight to preserve its limited international standing.

Countries that still recognize Taiwan tend to be smaller states, often with little to gain or lose from aligning with Beijing. These nations can also be swayed through diplomatic and financial incentives, leading to a dynamic often described as a bidding war between Taipei and Beijing. Reports suggest that China provided approximately 75 million euros in aid to Nauru as part of the deal that led to its recognition shift. Similarly, until the Solomon Islands withdrew its recognition in 2019, Taiwan provided more than $10 million annually in aid—an amount that ultimately proved insufficient to retain their support. The stakes are high, and allegations of bribery attempts by both China and Taiwan to influence officials in the Solomon Islands further underscore the significance of this diplomatic contest.

The question of diplomatic recognition in the Pacific often comes down to which side can offer the largest financial incentive. Both the People's Republic of China (PRC) and the Republic of China (Taiwan) engage in a bidding war, with the highest offer securing a diplomatic victory and the recipient nation benefiting from financial aid. This dynamic is particularly pronounced in the Pacific, where many nations are highly dependent on foreign assistance. The 75 million euros reportedly provided to Nauru by Beijing represent nearly half of the country's GDP, highlighting the scale of these financial incentives.

Larger nations with significant trade relationships with China are generally reluctant to engage in this bidding process, as the economic benefits of maintaining ties with Beijing far outweigh any direct aid that Taiwan might offer. However, for smaller nations with limited economic ties to China, diplomatic recognition can be leveraged for financial gain. Over the past few decades, the PRC has successfully outbid Taiwan, securing recognition from all but three Pacific nations—Tuvalu, Palau, and the Marshall Islands.

As the 21st century unfolds, China is actively expanding its economic, cultural, political, and military influence across the globe. While the Pacific is not among the most economically significant regions—lacking major internal markets for Chinese goods, unlike Africa—Beijing has pursued greater influence there for reasons similar to those of Western powers. The region represents an extension of China's strategic sphere, with critical shipping lanes running through or near it, making its stability and alignment with Chinese interests a priority.

More importantly, China seeks to expand its zone of influence and break out of what it perceives as U.S.-led encirclement by regional adversaries such as the Philippines, Japan, South Korea, and Taiwan. The Pacific islands lie beyond the contested South China Sea, making them strategically relevant to China's broader geopolitical ambitions. The United States has

surrounded China with military bases in these neighbouring countries and routinely patrols nearby waters. From Beijing's perspective, strengthening ties with Pacific nations is a necessary countermeasure to enhance its own security.

Initially, China's push into the Pacific focused on securing diplomatic recognition in the One China policy dispute, a strategy that has largely succeeded, with most Pacific nations now recognising the People's Republic of China (PRC) over Taiwan. However, China's most significant diplomatic breakthrough came in 2023 with the signing of the China-Solomon Islands security pact. The agreement has the potential to establish China's second overseas military base, following its first in Djibouti. This deal was widely covered in international media, as it marked China's first major security agreement in the Pacific. If fully implemented, the pact could allow for the deployment of Chinese troops just a few hundred kilometres from Australia's northern coast, separated only by the Coral Sea. This development served as a wake-up call for both the United States and Australia, highlighting that their dominance in the region is no longer unchallenged.

Despite China's growing presence in the Pacific, most countries in the region remain primarily aligned with the West. The shift in diplomatic recognition from Taiwan to China among some Pacific nations can largely be attributed to global trends, as nearly all countries now recognise the People's Republic of China (PRC). Additionally, China's status as a significant trading power makes it an economic partner that Pacific nations cannot afford to alienate. Given their vulnerability, these countries are wary of being caught in trade disputes, knowing that their economies are too small for China to consider their losses significant.

China's presence in the Pacific is firmly established, but its influence is not absolute. In recent years, Beijing has scaled back its spending in the region, concentrating its resources on countries already aligned with its interests, particularly the Solomon Islands and Kiribati. Expansion into more diplomatically neutral or Western-leaning states has slowed. Overall, Chinese aid to the Pacific has declined significantly, dropping to roughly a third of its peak level of $325 million in 2016.

Despite its efforts, China's influence in the region remains relatively limited. Most Pacific nations either maintain strong ties with the West or pursue a policy of "friends to all, enemies to none," seeking deeper engagement with any willing partner while avoiding firm commitments to one side. Their primary focus is not taking sides in geopolitical rivalries but securing much-needed support for economic development and climate change mitigation. The growing competition between global powers benefits them, as China's emergence has heightened international attention on the region, increasing the overall flow of aid and investment.

## Conclusion

For global and regional powers, relations with Pacific nations are primarily driven by geopolitical considerations, with economics playing a secondary role. The United States and Australia seek to maintain and reinforce their dominance in the South Pacific, a position they have held since World War II. They have long been the region's dominant military, diplomatic, and economic forces. However, over the past two decades, China has aggressively sought to expand its influence, challenging this long-standing balance of power.

For both the U.S. and Australia, retaining control over the South Pacific is a key element of their broader global strategy. Their historical advantage in the region, once largely uncontested, has now been disrupted by China's growing presence. This has forced them to refocus on a region that was once considered secure under their influence. Beijing's engagement has injected new competition into the Pacific, compelling Western powers to respond with increased diplomatic and financial commitments.

Pacific nations, in turn, have leveraged this competition to their advantage. They have long faced pressing challenges, from climate change to economic underdevelopment, due to their geographic isolation and limited resources. The influx of foreign aid—whether from the West or China—has provided them with much-needed financial support. However, their growing role in global power dynamics raises an important question: are they trading their sovereignty for financial assistance?

Despite their small size, these island nations remain fully sovereign UN members with nearly the same voting rights as larger nations like Germany or Japan. Their strategic value in global diplomacy ensures that the bidding war for their allegiance is unlikely to slow in the coming years. With China continuing to grow in economic and military power, and deep-sea mining set to become a reality, securing the vast Exclusive Economic Zones (EEZs) of Pacific nations will become an increasingly critical issue in global politics.

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