The Australia–Nauru Security Treaty

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Australia's pacific gamble

In August 2025, Australia moved to ratify a sweeping security and economic treaty with Nauru, granting Canberra unprecedented influence over the Pacific island nation's strategic and economic decisions. The agreement comes amid reports of a proposed A$1 billion Chinese investment in Nauru, raising concerns about Beijing's expanding footprint in the Pacific, and for Australia it represents far more than a bilateral pact it is a strategic signal that Canberra will not allow China to dominate its immediate neigh-

bourhood. Yet the deal also raises important questions about sovereignty, regional perceptions, and how Australia balances security with development and climate diplomacy.

Policy significance of the treaty

The treaty's most notable feature is that it gives Australia veto rights over Nauru's foreign investments in sectors such as banking, telecommunications, and critical infrastructure. This is effectively a strategic denial mechanism, blocking China (or other powers) from acquiring a foothold in sensitive areas. From a national security standpoint, it is a decisive step toward safeguarding Australia's regional perimeter. By moving swiftly, Canberra reassures allies like the U.S., Japan, and New Zealand that it is prepared to shoulder primary responsibility for Pacific security. This aligns with broader Indo-Pacific strategies that prioritize collective resilience against China's influence operations. For Nauru, the deal underscores how even the smallest nations can extract major concessions when caught between rival powers. By securing expanded aid and defence guarantees, Nauru maximizes its leverage in a multipolar system.

Strategic risks

Granting Australia veto power over Nauru's foreign partnerships risks being perceived as a loss of sovereignty. Critics may frame it as a form of "neo-trusteeship," reinforcing historical grievances about Australia's paternalistic role in the Pacific. If Canberra does not carefully manage the narrative, the agreement could fuel resentment and weaken its regional credibility. Nauru's reliance on Australian aid and investment could undermine long-term resilience. Overdependence risks making Nauru politically vulnerable and limits its ability to diversify economically. This could, ironically, make the island more—not less—susceptible to future external influence. For Pacific nations, the existential threat is not Chinese infrastructure, but rising sea levels. If Australia prioritizes security over climate action, its influence may erode, as island states increasingly view Beijing's development funding (however strategic) as more responsive to their immediate needs.

Policy recommendations

For Australia:

The pact should be framed not as a one-off security measure but as part of a comprehensive Pacific engagement plan—including climate resilience, economic development, and people-to-people diplomacy. To maintain legitimacy, Canberra must integrate climate adaptation funds into its Pacific security agenda. Delivering tangible projects like seawalls, renewable energy, and climate insurance would signal partnership, not control. To avoid neocolonial perceptions, Australia should adopt joint oversight mechanisms with Nauru's government and ensure public transparency

around veto decisions. This will build trust and legitimacy. Australia should explore ways to align the treaty with Pacific Islands Forum frameworks or coordinate with allies like the U.S. and Japan to avoid bilateral isolation.

For Nauru and Other Pacific States:

Nauru should use this treaty as leverage to secure not only aid but also commitments on education, health, and climate security. Other Pacific states may follow suit—but must do so carefully to avoid overdependence. Nauru should insist on joint decision-making structures and clear limits on Australia's veto powers to preserve autonomy. While Australia is a crucial partner, Nauru should still seek engagement with other actors (Japan, the EU, multilateral institutions) to avoid excessive reliance on a single benefactor.

For Allies (U.S., Japan, New Zealand):

Allies should quietly back Australia's lead in the Pacific, while offering parallel support in development and climate adaptation. This prevents Canberra from shouldering disproportionate burdens. A united narrative emphasizing partnership and respect for sovereignty is essential to counter Chinese claims of Western neocolonialism.

Broader implications for regional security

The Australia–Nauru treaty is a test case for future Pacific engagements. If successful, it could provide a model for balancing security guarantees with development aid in other island nations. If mismanaged, it risks fuelling perceptions of coercion, opening political space for China to portray itself as the "respectful alternative." In strategic terms, the treaty reflects an escalation of the Pacific as a contested security theatre. Just as the Solomon Islands–China pact in 2022 raised alarm in Canberra and Washington, this agreement signals that no Pacific state is geopolitically irrelevant. The contest for influence will now hinge not only on defence commitments, but on who delivers most effectively on development and climate security.

Closing Reflections: Influence or Sovereignty?

The Australia–Nauru treaty is both an opportunity and a risk. It strengthens Australia's security posture and sends a clear message to Beijing, but it also highlights the delicate balance between influence and sovereignty in the Pacific. To succeed, Australia must move beyond strategic denial and invest in genuine partnership: one that prioritizes climate resilience, economic empowerment, and regional solidarity. Otherwise, even the smallest states may come to view security guarantees as another form of control—undermining the very influence Canberra seeks to preserve.