

# IDSA *Background*

## **South Pacific: Gaining Prominence in Indian Foreign Policy Calculations**

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May 10, 2016

### **S***ummary*

This backgrounder explores three issues: the strategic significance of the South Pacific for India, the advantages that India enjoys over China in the region, and the status of India's relationship with Papua New Guinea in the light of the recent visit by President Mukherjee.

The state visit by President Pranab Mukherjee to Papua New Guinea (PNG) and New Zealand marked an important milestone in India's extended 'Act East' policy. It signalled the new momentum that has emerged in India's relations with the Pacific Island Countries (PICs) since Prime Minister Narendra Modi assumed power in May 2014. In August 2015, leaders from 14 PICs — Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Samoa, Solomon Islands, Palau, Papua New Guinea, Tonga, Tuvalu, and Vanuatu — visited India for the second summit of the Forum for India Pacific Cooperation (FIPIC), which was launched during Modi's visit to Fiji in November 2014. The importance of the latest visit by Mukherjee lay in the fact that it was the first Presidential visit from India to Papua New Guinea and New Zealand as well as the first high-level visit from India to Papua New Guinea.

The South Pacific, a sub region of the larger Indo-Pacific, has long been considered a backwater of global politics.<sup>1</sup> The region is home to a large number of islands which can be grouped into Micronesia (Northern Pacific), Melanesia (Western Pacific) and Polynesia (Eastern and Central Pacific). Traditionally, these islands have had close economic and political links with the United Kingdom, Australia, New Zealand, the United States (US) and, to a lesser extent, Japan.<sup>2</sup> The Freely Associated States of the US (Marshall Islands, Micronesia, and Palau), together with Guam and the Northern Mariana Islands, are regarded as a security border of the US in the Asia-Pacific.<sup>3</sup> Apart from the US, the extensive presence of France in the Pacific Ocean facilitates space sensing, monitoring and retrieval.<sup>4</sup>

After World War II, the region was dominated by the US, which exerted its influence through its allies Australia and New Zealand. The latter's primary responsibility was to help promote development and maintain political stability in the region, which was important for US security. But in the mid-nineties, the region did not receive the required attention by the US, which actually relied upon and supported Australian leadership. For its part, Australia used its influence "to push through an intrusive and regulatory regional governance agenda, designed to improve the 'effectiveness' of PICs."<sup>5</sup> This led to regional dissatisfaction among the PICs.<sup>6</sup> Meanwhile, China made inroads in the region by offering financial aid to PICs. Partly in response, the US announced its 'pivot' to the Asia-Pacific. Thus, the region's strategic importance came to be realized only during the last decade when global attention shifted towards the Indo-Pacific.

Against this backdrop, this backgrounder explores three questions: How strategically significant is the region for India? What are the advantages that India enjoys over

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<sup>1</sup> C. Raja Mohan, "PM Modi in Fiji: India's Strategic Foray in the South Pacific", RSIS, November 24, 2014, p. 2

<sup>2</sup> Biman Chand Prasad, "Opportunities from India-Pacific Islands Cooperation", Focus, New Zealand Contemporary China Research Centre, Victoria University, December 2012, p. 1.

<sup>3</sup> Thomas Lum, Bruce Vaughn, *The Southwest Pacific: U.S. Interests and China's Growing Influence*, CRS Report for Congress, July 6, 2007, p. 9.

<sup>4</sup> Denise Fisher, *France in the South Pacific: Power and Politics*, Australian National University E Press, 2013, p. 248.

<sup>5</sup> Shahar Hameiri, China's 'charm offensive' in the Pacific and Australia's regional order, *The Pacific Review*, vol. 28, no. 5, 2015, p. 648.

<sup>6</sup> Tevita Motulalo, India's Strategic Imperative in the South Pacific, *Gateway House Report*, October 2013, p. 6.

China in the region, considering that both are extra-regional actors. And what is the status of India's relationship with Papua New Guinea in the light of Mukherjee's visit?

### Map 1: President of India's Visit to Papua New Guinea and New Zealand, 2016



Source: GIS Lab, IDSA

### Importance of the South Pacific for India

Until the 1980s, Indian foreign policy was largely continental in its outlook and gave little importance to the maritime aspect. This state of affairs changed after 1991 when the economy was liberalized. Under the stewardship of then PM Narasimha Rao, India began pursuing the 'Look East' policy, which brought strategically important regions to the East such as South East Asia, East Asia and Oceania, back on the radar of foreign policy strategists. Modi has added more purpose to the 'Look East' policy by renaming it as 'Act East' policy, thus indicating the greater sense of priority that India accords to the region. India's relations with PICs are part of the extended 'Act East' policy.

PICs are independent, sovereign nations, each having voting rights at international organizations, such as the Commonwealth and the United Nations, among others. In the era of multilateralism, receiving institutional legitimacy in the form of votes for a country's stand on global issues such as climate change or trade negotiations has become absolutely necessary. Together, PICs form one of the biggest chunks of votes in multilateral forums. India has been seeking support from these countries to attain

its ambition of becoming a permanent member of the United Nations Security Council (UNSC). At the FIPIC summit held in Jaipur in 2015, Modi had said, “We seek your support for the text of the President of the General Assembly as a basis for reforming the Security Council. Your voice of support for India’s permanent membership of the Security Council will give the United Nations the global character and balance that mirrors our age.”<sup>7</sup>

Due to its geographic location, the South Pacific is an ideal location for establishing a monitoring and tracking station for satellites. India’s Mars mission was monitored from Fiji, and two ships (SCI Yamuna and SCI Nalanda) carrying Ship Borne Terminals were deployed at suitable locations in the South Pacific, among other tracking locations. The region proved its worth in telemetry, tracking and command for the Mars mission. Due to its successes in launching national and foreign satellites, India is harbouring an ambition to enter the global commercial satellite launch market in a big way. This is going to make the South Pacific Ocean vital for India in the coming years.

As the Prime Minister of the Cook Islands, Henry Puna, asserted, PICs are “large ocean island states.”<sup>8</sup> Some of them have Exclusive Economic Zones (EEZs) that are larger than the landmass with vast resource potential.<sup>9</sup> The region is rich in minerals such as copper, nickel, gold and Liquefied Natural Gas and has a huge fishing potential. Furthermore, the unexplored seabed of the South Pacific holds great prospects as well.

Currently, India’s exports to the region are just 1.4 per cent of its total exports and imports from the region are 2.5 per cent of its total imports. Considering the fact that the Pacific economies are “very open economies, reflected in lower tariff rates”,<sup>10</sup> there is immense scope for growth on the trade front. The region, along with Australia and New Zealand, can be a potential market for reliable and reasonable Indian products.

The region is poised to become strategically much more salient once the Trans Pacific Partnership (TPP) comes into effect. The Pacific Islands sit astride critical Sea Lanes of Communications (SLOCs) that connect Asia with Latin America. The ideal position they occupy is important to keep SLOCs secure and open all the time. The location of these Islands is also significant for gathering signals intelligence.

## China and India in the South Pacific

According to Dr. Philippa Brant,<sup>11</sup> China has the potential to become the second largest donor in the region within a few years, although Australian aid dominates the region currently and will continue doing so in the near future. Due to China’s

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<sup>7</sup> Text of PM’s opening remarks at Forum for India Pacific Island Countries (FIPIC) Summit, Jaipur, Press Information Bureau, Government of India, August 21, 2015.

<sup>8</sup> Pacific ‘Large Ocean Island States’ Conserve Huge Marine Areas, Environment News Service, September 3, 2012.

<sup>9</sup> See Note 7.

<sup>10</sup> See Note 2.

<sup>11</sup> Philippa Brant, The geopolitics of Chinese aid: mapping Beijing’s funding in the Pacific, *Foreign Affairs*, March 4, 2015.

steadfast support to Fiji after the 2006 coup, it enjoys a special relationship with that country, whose size and location has given it a geostrategic position in the South Pacific. China is now the largest bilateral donor to Fiji.

In spite of being a minor player in the region, India has a few advantages over China. Indian aid to the region is puny compared to the region's major donors. But unlike China, whose recipients have already begun to worry about their growing indebtedness to Beijing due to opaqueness in business dealings,<sup>12</sup> India's financial assistance to the region is transparent.

Recently, India resolved the maritime boundary question with Bangladesh through international arbitration in accordance with UNCLOS. This can become a test case for PICs as there are 48 overlapping or shared Exclusive Economic Zones (EEZs) in the region.<sup>13</sup> It showed that maritime disputes can be resolved peacefully and in accordance with international law. The Indian example stands in stark contrast to the situation in the South China Sea.

One can raise doubts about Beijing's intentions in the region considering its behaviour in the South China Sea, which is contrary to the doctrine of "Peaceful Rise". However, considering India's reputation of being a country that adheres to the rule based global order and international norms, it stands out as a credible and reliable partner in the development of PICs and a country that does not have any hegemonic aspirations. It is not only the PICs but also regional powers such as Australia and US that welcome Indian involvement in the region.

China has diplomatic relations with eight of the 14 PICs. Six of the 14 island nations—Marshall Islands, Tuvalu, Nauru, Palau, the Solomon Islands and Kiribati—hold diplomatic ties with Taiwan. This is a major irritant for China's diplomatic relations in this region. India, on the other hand, enjoys cordial relations with all the countries of the region.

PICs were anxious about India's stand at COP-21 because of its image as a stubborn negotiator in international fora in matters related to climate change. But India assured the PICs that it would work with them and others for a comprehensive, balanced, and fair outcome at COP 21 in Paris.<sup>14</sup> And it delivered on that assurance by contributing to a successful outcome at COP-21.

## India-PNG Relations

Traditionally PNG's regional orientation has been towards Australia, New Zealand and the South Pacific.<sup>15</sup> However, of late, PNG is seeking to expand its relations with countries such as India, China and UAE, among others. India and PNG enjoy cordial

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<sup>12</sup> Ibid.

<sup>13</sup> Bhaskar Balakrishnan, Forum for India Pacific Islands Cooperation moves ahead, *IDS Comment*, August 25, 2015.

<sup>14</sup> Text of PM's closing remarks at Forum for India Pacific Island Countries (FIPIC) Summit, Jaipur, Press Information Bureau, Government of India, August 21, 2015.

<sup>15</sup> Donald Weatherbee, *International Relations in Southeast Asia: The Struggle for Autonomy*, Rowman & Littlefield Publishers Inc., 2010, p. 51.

relations. India established diplomatic relations with PNG in 1975 when it gained independence from Australia. However, it took 34 years for the first ever bilateral ministerial visit between the two countries. In July 2009, PNG's foreign minister Sam Abal paid a four day visit to India. Subsequently, there were other ministerial level visits. In August 2015, Prime Minister Peter O'Neill visited India for the second summit of the FIPIC in Jaipur.

Apart from bilateral visits, PNG has been a member of the Non-Aligned movement. Its constitution, enacted in 1975, is based on the Indian Constitution. It is the only South Pacific Island state to be a member of the Asia-Pacific Economic Cooperation (APEC), of which India is keen to be a part. In addition, PNG is also an influential member in regional and sub-regional initiatives like the Melanesian Spearhead Group (MSG), Parties to the Nauru Agreement (PNA) and part of the Pacific Islands Development Forum (PIDF), which interestingly exclude important regional players like Australia and New Zealand.

India's relations with PNG are based on PNG's developmental needs as well as its own energy needs. India has been assisting PNG in capacity building through training programmes, scholarships and grants-in-aid. During the state visit of President Mukherjee, India agreed to provide a line of credit to the tune of USD100 million for infrastructure projects.<sup>16</sup> In addition, India is lending a helping hand in sectors such as Information Technology (IT), agriculture, health and infrastructure, which was reaffirmed by the signing four memorandums of understanding with regard to these sectors. India agreed to support to establish a Pharmaceutical Production Unit that would meet the demands of crucial life-saving medicines in PNG.<sup>17</sup> Also, both sides agreed to expedite the conclusion of a Bilateral Investment Promotion and Protection Agreement (IPPA) to facilitate investments.

PNG is the largest among the PICs and is mineral rich. "Its mineral deposits account for 72% of its export earnings, and mining is one of the country's largest employers. Its main exports are copper, gold, and oil."<sup>18</sup> The country is also rich in minerals such as nickel and cobalt. India is primarily interested in the exploration for Liquefied Natural Gas (LNG) as it seeks to diversify its energy sources. PNG has agreed to develop new avenues of cooperation with India in the exploration and development of its vast oil and gas resources through joint ventures and Indian public and private sector investment in new and existing projects.<sup>19</sup> Apart from LNG, Indian investors had shown interest in setting up a gold refinery in the past.

India has been at the forefront of harnessing solar energy to reduce the carbon footprint. Expressing its desire to be a founding member of the International Solar Alliance, which was launched in Paris on the margins of COP21 in November 2015,

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<sup>16</sup> India offers \$100 million for infrastructure fund to Papua New Guinea, *The Economic Times*, April 29, 2016.

<sup>17</sup> Interview of President to Post Courier Newspaper of Papua New Guinea, Ministry of External Affairs, Government of India, April 28, 2016.

<sup>18</sup> Australia and Oceania: Resources, Environment and Economy, Encyclopedic Entry, *National Geographic*.

<sup>19</sup> India- Papua New Guinea Joint Statement during the State Visit of President to Papua New Guinea, Ministry of External Affairs, Government of India, April 29, 2016. State-owned Petronet and OVL are interested in the Gulf LNG Project in PNG. Discussions are still going on.

PNG welcomed the Government of India's initiative to mobilise solar rich resource countries that lie between the Tropic of Cancer and Tropic of Capricorn. Such initiatives show that both countries are on the same page with regard to the issue of climate change.

In addition, both countries underscored the need to cooperate on various international as well as regional issues including terrorism, maritime security, disaster management and India's bid for permanent membership of the UNSC which received support from PNG. President Mukherjee and Governor General Sir Michael Ogie "noted the endorsement by the Regional Integrated Multi-Hazard Early Warnings Systems (RIMES) Council in July 2015 of the establishment of the RIMES Sub-Regional Hub for monitoring earthquake/tsunami and extreme weather patterns and climatic conditions in Papua New Guinea and the Pacific Region in Papua New Guinea with support from the Government of India."<sup>20</sup> PNG welcomed India's offer of a coastal surveillance radar system and coast guard patrol vessels.

The two countries agreed to establish a mechanism for regular consultations between their foreign ministries with the aim of diversifying bilateral cooperation in areas of shared interest.<sup>21</sup> This is a manifestation of India's desire to engage multiple partners in the region and deepen its relations with PICs.

## The Way Ahead

According to the "*Indian Maritime Security Strategy 2015*", the Western Pacific Ocean, its littoral region and areas with considerable Indian diaspora have been classified as the secondary area of maritime interest to India.<sup>22</sup> Although there are not too many Indian stakes involved in the region at the moment, the region is going to play an important role in the future as India's destiny is closely linked to the geopolitics of the Indo-Pacific region. India is not a revisionist power. It does not want to challenge the primacy of the traditional regional players. But at the same time, India wishes to maintain independent and robust relations with the PICs who are looking for extra-regional partners for their developmental needs.<sup>23</sup> Therefore, it will be prudent for India to adopt a cooperative approach towards regional and sub-regional initiatives in the region in the fields of sustainable development, blue economy, fisheries, and climate change, among others, along with strong bilateral ties with the PICs.

Considering the diversity among the PICs, there is a huge scope for building multi-sectoral cooperation tailored to the specific conditions in these islands.<sup>24</sup> Owing to vast EEZs spread across millions of square kilometres, the security and management

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<sup>20</sup> Ibid.

<sup>21</sup> India offers \$100 million for infrastructure fund to Papua New Guinea, *The Economic Times*, April 29, 2016.

<sup>22</sup> Ensuring Secure Seas: Indian Maritime Security Strategy, Integrated Headquarters, Ministry of Defence (Navy), 2015.

<sup>23</sup> Joanne Wallis, The South Pacific: 'arc of instability' or 'arc of opportunity'?, *Global Change, Peace & Security*, vol. 27, no. 1, 2015, p. 46.

<sup>24</sup> Bhaskar Balakrishnan, "India's Engagement with the Pacific Islands," *Indian Foreign Affairs Journal*, Vol. 10, No. 4, October-December 2015, p. 365.

of resources acquires paramount importance. India has expertise in the fields of fisheries, mining, oil and natural gas that it can use for the benefit of the Pacific countries. In addition, India may also supply radars for coastal surveillance, fishing trawlers and patrolling craft to PICs.

Many of the South Pacific economies are agriculture- and fishery-based. These economies will benefit immensely if they are provided the know-how regarding value addition to primary produce. India can share its expertise in this respect and help them develop agro-based industries. Given its growing appetite for many agricultural products, countries like PNG can export palm oil, pulses, and cocoa to India.

India has a huge diaspora in the South Pacific region (close to 0.29 million NRIs and 0.59 million PIOs) which it can leverage to its own advantage. The present government has understood the importance of the diaspora and is making attempts to reconnect with it. About 40 per cent of the Fijian population is of Indian origin. It was therefore no coincidence that Fiji was the first destination of Modi's visit to the region in 2014. The diaspora in the region can act as a bridge between India and the South Pacific. With such a huge diaspora, there is also an opportunity to wield India's soft power through Bollywood movies, music, and cuisine.

India has fulfilled the promises it had made on previous occasions — whether regarding cooperation during COP-21 or establishment of a trade office in New Delhi — which has added credibility to its commitment to this region. Moreover, this has opened new vistas of future cooperation in the fields of space, oceanographic research, HADR, etc. There is a likely possibility for India to help the PICs launch their own satellites or share satellite images developed by Indian satellites for early warning and to map natural resources of each of the Islands.<sup>25</sup>

India has proposed to hold an International Conference on “Ocean Economy and Pacific Island Countries” in 2016, where New Delhi is likely to host officials and independent experts of all 14 PICs. Modi is also likely to travel to the region for the third summit of the FIPIC. With the frequent high level visits of late, India has shown readiness to constructively engage the region and ‘turn its historic links with the South Pacific into a strategic partnership’.<sup>26</sup>

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<sup>25</sup> See Note 17.

<sup>26</sup> See Note 1.

## About the Author



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