

## India and the South Pacific

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### Summary

*The issues faced by the Pacific Island States have consistently shaped India's policy towards the region, which has been in the form of aid, grants, soft loans, and capacity building over the past decades, although at a modest level. This paper looks at the opportunities and challenges for India to deepen its engagement with the region.*

India has participated in the Pacific Islands Forum (PIF) annually from 2002 as one of the 17 dialogue partners. The Pacific Island States became more pronounced for India as it sought a place for itself on the UN Security Council due to its rising economy and profile as a major provider of peace keeping troops to the UN. Under the “one country, one vote” principle, each of the Pacific Island States is important for India as it seeks a greater role in international affairs. The Pacific Island States also became strategic for India in the climate change negotiations – where, even as they sought action by the international community due to the threats of climate change for their very existence, they also relied on partners like India which sympathized with their cause and have been natural partners in capacity building for resilience and development. As the ‘Indo-Pacific’ concept gained in geostrategic importance, and the ‘Act East’ policy of India became more results-oriented and pragmatic, the relationship between India and the Pacific Island States became sharper and focused. This has resulted in the setting up of the Forum for India – Pacific Island Cooperation (FIPIC), which has met twice – in 2015 in Fiji and in 2016 in Jaipur - resulting in important decisions. The Chinese thrust into the Pacific and the pushback by the US and Australia have also made an expanding Indian engagement with the South Pacific a geostrategic and a geo-economic imperative. There is enormous scope for closer economic, political and strategic ties between India and the South Pacific based on friendly ties over centuries, with many cultural links and similarities.

The Pacific Ocean is rich in resources and has therefore been on the radar of countries like the US, Japan, China, Russia, Australia and Indonesia. Australia and New Zealand have dominated regional cooperation forums such as the Pacific Islands Forum (PIF). The FIPIC includes 14 Pacific Island countries – the Cook Islands, Fiji, Kiribati, the Marshall Islands, Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, the Solomon Islands, Tonga, Tuvalu, and Vanuatu. Most of these countries have large Exclusive Economic Zones (EEZs), which are not yet demarcated, and have an interest in mitigating climate change effects, marine resources, fisheries and developing a blue economy.

India offered some important projects when the FIPIC was launched in Fiji in November 2014. It increased the annual grant in aid from US\$125,000 (S\$169,609) to US\$200,000

(S\$271,374) for each of the 14 FIPIC countries for undertaking development cooperation projects of their choice, eased visa restrictions by allowing for visa on arrival for their inhabitants, the setting up of a special US\$1 million (S\$1.36 million) fund for mitigating climate change, and facilitated the opening of a commercial support office in the Federation of Indian Chamber of Commerce and Industry (FICCI) office in New Delhi. Also announced were measures related to digital connectivity, and making available free exhibition space by the Indian Trade Promotion Organization (ITPO), and the availability of Indian space capabilities for easing the day to day life of the Pacific Island States. This was to be done through the offer of the setting up of a space technology applications centre in one of the Pacific Island States, and offering space detection capabilities to help in mapping out land and water, fisheries, forest resources, weather and climate change, coasts and oceans, early warning and incidence responses, and offering courses in space technologies.

At the second FIPIC meeting in Jaipur in 2016, India announced the setting up of a network of marine biology research stations in the region, and an institute for sustainable coastal and ocean research. An international conference on the 'Ocean economy and the Pacific Island States' took place in New Delhi in 2016. India also extended naval cooperation, for coastal surveillance and hydrographic surveys, in order to safeguard the security of the EEZs, and to better exploit the marine endowments of the Pacific Island States. It was announced that the Indian navy will pay goodwill visits to the islands and undertake healthcare activities through medical camps. Under the Indian Training and Economic Collaboration (ITEC) programme, Fiji's slots were increased to 110, while the slots for the other 13 countries were doubled from 119 to 238. While continuing with the 33 scholarships offered to Fiji, India offered two scholarships each to the other 13 Pacific Island States. In addition to the training programmes, a two-week management training programme was offered at the Indian Institute of Management in Bangalore. India offered to train 70 women solar engineers in addition to the 43 from the eight island countries who had already been trained to help maintain solar electricity to 2800 houses in the 14 Pacific Island States. This flagship project worth US\$1.5 million (S\$2.04 million) has been highly successful across the Pacific Island States. It was also announced that at least one information technology laboratory will be set up in each of the Pacific Island States to improve local IT capabilities, and help in providing tele-medicine and tele-education to the population.

The FIPIC trade office in Delhi now supports micro small and medium enterprises by building capacity for market access, and the purchase of machinery for coconut processing as well as enhancing rice and sugarcane cultivation. A line of credit was offered for setting up a pharmaceutical plant in a hub like Fiji, in order to supply cheaper drugs to the Pacific Island States. A decision was also taken at this meeting to provide *gratis* visas to the citizens of the Pacific Island States. India also announced the setting up of e-libraries at universities in the region. Prasar Bharti – the Indian broadcasting agency - was tasked to provide *gratis* television and radio programmes in English and Hindi to these countries.

Many of these announcements were taken to a logical conclusion at the India Pacific Islands Sustainable Development Conference (IPI-SDC), organised by India under the umbrella of the

FIPIC in Suva, Fiji, on 25-26 May 2017. The MoUs for setting up Centres of Excellence in Information Technology (CEIT) with Fiji, the Cook Islands, Nauru, Samoa and Niue were signed. India and Fiji also signed three MoUs for cooperation in youth development, between broadcasting agencies and in the field of renewable energy. Prasar Bharti of India gifted programme content on India for telecast to all the Pacific Island countries. India announced the assistance of US\$1 million (S\$1.36 million) for Fiji's COP23 (refers to the 23rd annual Conference of the Parties to the 1992 United Nations Framework Convention on Climate Change) Presidency Trust Fund and the amount was handed over on 19 June 2017. The Apollo hospitals have started a telemedicine hub at Suva in August 2018.

Individually, the Pacific Island States have been recipients of Indian aid to rebuild from cyclones, support for small and medium enterprises, community development, electricity generation, the sugar industry, the conduct of elections, health care, information technology, solar electrification, skills development, training and agriculture. Fiji has been a recipient of a number of lines of credit for the development of the sugar industry, small and medium enterprises and Papua New Guinea has been engaged by India in the petrochemical sector. An in-principle agreement has been reached with the Petromin LNG Holdings and the Overseas Videsh Limited delegations from India for off taking of 22.5 per cent of gas from the proposed Gulf LNG project in Papua New Guinea. Discussions have also been held with InterOil and others for a possible Indian participation in the Gulf LNG project. Geostrategically, the Pacific islands are getting increased attention from India as it connects Australasia to the Latin American subcontinent. The region will also see increased maritime traffic due to the implementation of the revised Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) agreement. The region is naturally rich and getting comparatively prosperous. The Pacific islands are now part of the wider Indo-Pacific construct and also firmly a part of China's maritime thinking and expansion as a part of its 'island-chain' strategy.

China expanded politically and militarily in the Pacific Islands in the 1980s. There have been recent reports of China trying to acquire a base in Vanuatu (although denied by both sides), and also engaging the governments of Fiji and Papua New Guinea through joint projects related to port dredging and road construction which have sent alarm bells ringing in the US, Australia and New Zealand. China's involvement in the Pacific Island countries - including visits by the Chinese navy, soft loans and grants, exchanges of high-level visits and delegations, Chinese scholarships to student from these countries – is becoming noticeable. In countries like Tonga the ethnic Chinese control about 80 per cent of the retail sector. Even though a substantial number of the Pacific Island States support Taiwan, China has constantly been chipping away at their loyalties. In many of these small states, there is suspicion caused by the recent surge in Chinese immigration, and its role in the region, which includes control over natural resources like minerals, fish and marine produce, pushing up prices of essential commodities due to scarcity. The countries in the region want trade instead of aid, access to competitively priced, reliable products and market openings for their products, which has been the thrust of recent Indian policy towards these countries.

It is expected that in the future, India's maritime strategic policy will also evolve to include the Pacific Islands, in particular, and the South Pacific, in general. Even as India is expanding its maritime reach to the Pacific Islands, it does not currently have a permanent naval presence there as it has been concentrating on the Indian Ocean. India has signed a MoU on defence cooperation with Fiji in May 2017 after Indian naval ship Sumitra visited Fiji in 2016 as five tonnes of vegetable seeds were handed over to the agricultural authorities in Fiji. The Fijian national Security and Defence Review teams have also been visiting India for training purposes. The Indian navy cooperates with the Fijian navy on developmental projects. The Indian naval ship Sahyadri paid a goodwill visit to Port Moresby in Papua New Guinea in June 2017. Earlier, the Chief of Papua New Guinea Defense Forces, Brigadier General Francis Agwi, had also visited India in 2013. India's approach to the Indo Pacific as spelt out by the Indian Navy's maritime security strategy document (of 2015) can be achieved if it gets another fleet in the Andaman and Nicobar Islands, which will expand its naval engagement with the South Pacific. France has recently signed a logistics exchange agreement on the lines of the India-US Logistics exchange agreement, which provides India access to French military bases in the western Indian Ocean. If this scope is extended to the South Pacific, it will facilitate Indian presence in this region in times of need.

Chinese BRI projects based on opaque deals have put many states in financial debt due to unsustainable projects, and has sometimes resulted in Chinese control over critical infrastructure and assets. There has been a push back and attempts to create alternative sources of funding for infrastructure projects in the region and the Pacific Island States are no exception. Japan has announced that it will boost the US\$110 billion (S\$149.3 billion) fund it had created in 2015 for a five-year period to a sum of US\$200 billion that would be offered for the same period. In addition, Japan's concessionary Yen loans have been doubled to US\$1 trillion (S\$1.36 trillion) since 2015. With the help of Japan International Cooperation Agency (JICA), the Asian Development Bank (ADB) has created Leading Asia's Private Sector Infrastructure fund (LEAP) in 2016 so that it could leverage and complement money lent to non-governmental projects. Initiatives like the BUILD (Better Utilization of Investment Leading to Development) Act and the ARIA (Asia Reassurance Initiative Act) passed by the US can provide a shot in the arm for connectivity and infrastructure projects in the region. The BUILD Act will provide US\$60 billion (S\$81.4 billion) in funding for the US International Development Finance Corporation. The ARIA Act will utilize an appropriation of US\$1.5 billion (S\$2.04 billion) a year up to the next five years for a range of activities in East and South East Asia. The Act envisages developing a diplomatic strategy that includes working with the US allies and partners to conduct maritime training and freedom of navigation operations in the Indo-Pacific region. In November 2018, Australia committed itself to delivering a US\$2 billion (S\$2.71 billion) infrastructure initiative in the Pacific. In addition, it will deliver an extra US\$1 billion (S\$1.36 billion) in callable capital to the EFIC, Australia's Export Credit Agency. It will use grant funding, combined with loans to support the development of high priority infrastructure focused on the Pacific Island States. India's US\$200,000 (S\$271,374) aid for each Pacific Island state on an annual, rollover basis, and its frequent grants in aid for small and medium enterprise development, support for development and flood relief projects, as well as the recent agreement resulting in the

finalization of the Indian EXIM Bank's line of Credit of US\$100 million (S\$136 million) for the purpose of financing infrastructure-related road projects in Papua New Guinea at the end of 2018 are all alternate sources of infrastructure financing. The US, Australia, and Japan are cooperating on a domestic internet cable proposal for Papua New Guinea as an alternative to an offer by Chinese company Huawei, which is seen as a cyber security threat by these countries. It is expected that in the future the US and Australia will also step up their infrastructure projects like road construction in countries like Papua New Guinea, which has seen an engagement push by China recently.

India, in the future, could also seek to engage actively with the Melanesian Spearhead group (MSG) which is composed of four Melanesian states of Fiji, Papua New Guinea, the Solomon Islands, and Vanuatu. Indonesia is an associate member. In 2018, India and Indonesia issued a joint statement which emphasized cooperation in the Indo-Pacific. In the future, Indonesia and India could work together in the region. India is not a member of the Pacific Islands Development Forum, a rival organization of the Pacific Islands Forum floated by Fiji, which excludes Australia and New Zealand. However, it works closely with the Centre on Integrated Rural Development for Asia and Pacific (CIRDAP), which was founded by the FAO and Asia-Pacific states in 1979 and includes India as a member. The organization works on rural development, sustainable management and utilization of natural resources – a task which India is engaged in already with many states in the region.

Finally, while India has announced a number of projects for the Pacific Island States, the crux lies in timely implementation and follow up. Like in many other countries, India's representation in these countries is weak, and its missions in Fiji, Australia, New Zealand, the Philippines, and Tokyo are used to service the far-flung Pacific Island States. Continued Indian help in new technology for mitigation of the effects of climate change will prove to be useful for the Pacific Island States, 12 of whom (two are not full members of the UN) have endorsed India's candidature as a permanent member of the UN Security Council, and have backed UN reform. The grant in aid offered annually to each of the 14 Pacific Island States can be used to improve transport, communications, renewable energy, health services, fisheries, and agro based industries like coconut and coir, power generation from bio mass and solar energy, and training of personnel. The time is ripe for stepping up India's multifaceted engagement with this region.

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