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Geographic Revisionism

Chinese Land Reclamation and Ambitions in the Southwest Pacific

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As sea levels rise, China will export its island-building capabilities to Pacific Island countries (PICs). These countries will experience frequent flooding, coastal erosion, and eventual submergence due to climate change. Beijing is well positioned to capitalize on its island-building capabilities to offer PICs a much-needed service, as well as financing. Land reclamation projects will give China increased political and economic leverage over PICs, threatening the U.S. and allied defense posture in the Western Pacific. In response, Washington and its regional partners should take a multilateral approach to: (1) offer alternative land reclamation services and funding for climate resiliency and (2) highlight and limit problematic Chinese economic activity in the region.

Introduction

Climate change is the greatest security threat to the Pacific Region

— Admiral Locklear, former Commander of the US-Pacific Fleet, 2013¹

China is directly interested in expanding its power and influence and, I would submit, creating dependence in the Pacific.

— Ed Case, U.S. Representative (D-HI), 2020²

Pacific Island countries (PICs) in the Southwest Pacific face an existential threat due to climate change and rising sea levels. While smaller islands may become uninhabitable, larger islands will be forced to undertake mass relocation or land reclamation programs.

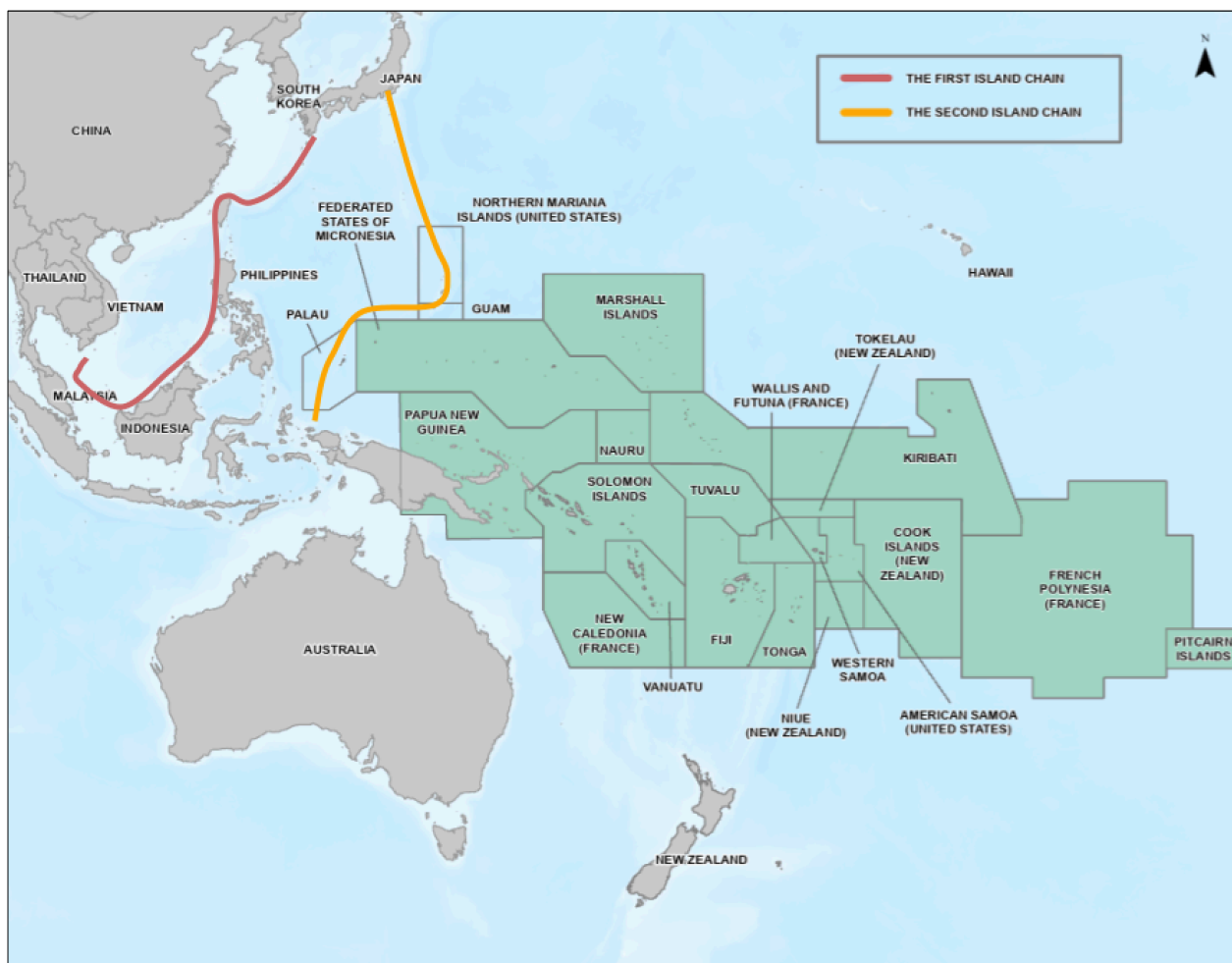
China's leadership in land reclamation and its willingness to finance infrastructure projects makes Beijing the likely supplier of these services to the PICs. The pairing of Chinese capabilities with these island countries' land reclamation needs provides an avenue for China to extend its influence across the Southwest Pacific. By turning the Southwest Pacific into a contested space, China complicates U.S. and allied military transit in the region and extends Beijing's power projection capabilities by laying the foundation for an eventual military presence in the region.

The United States should respond to this challenge with a multilateral approach that offers PICs alternative sources of funding and expertise for land reclamation projects and highlights problematic economic activity in the region.

China's Expansion in the Pacific

Beijing seeks to limit the ability of the United States to project power within the First and Second Island Chains. The island chains are a Chinese geographic construct used to define the United States and allied defense perimeter in the Western Pacific.³ The First Island Chain is a line of islands that includes the Japanese Archipelago, Ryukyu Islands, Taiwan, Philippines Islands, Indonesia, and Malaysia and ends at the Malacca Strait. The Second Island Chain spans the islands from central Japan to the Bonin Islands, Guam, Palau, and the islands in the Banda Arc in Indonesia (see Figure 1).⁴

Figure 1: First and Second Island Chains



Beijing views the First and Second Island Chains as critical to the United States' containment of China's maritime power. Operating from the First and Second Island Chains gives U.S. forces the ability to strike the Chinese mainland and interrupt critical sea lines of communication.⁵ Therefore, Beijing views the island chains as a zone of geostrategic competition.

China seeks to limit U.S. military power projection in the First and Second Island Chains in two ways, by:

- **Enhancing Chinese power projection.** China uses long-range missiles and reconnaissance systems to threaten to U.S. land bases and ships in the region.⁶ This capability limits the utility of U.S. bases in a future conflict and forces the United States to operate further away from the Chinese mainland. China also is rapidly building its navy to increase its power project capabilities within the First Island Chain and extend its maritime power beyond the near seas.⁷ China has used island building to enable a continuous military presence in the South China Sea to support its territorial claims and monitor shipping along an important sea line of communication.⁸
- **Enticing and entangling regional elites.** China uses the promise of trade, infrastructure development, and financing, and corruption to gain influence with regional elites.⁹ The goal is to financially entice and then entangle elites, so they have a strong incentive to support Beijing's policies. China seeks to pull states in the island chains into its orbit or, at the very least, make them reluctant to cooperate with the United States in a future conflict.¹⁰

Pacific Island Countries and Sea Level Rise: An Opportunity for China

The PICs are located in the Southwest Pacific and include states, such as the Republic of Fiji, the Republic of Kiribati, the Republic of the Marshall Islands, Solomon Islands, and Tuvalu (see Figure 2 below). Sea level rise poses an existential threat to many PICs, and populations in these states will have to relocate or governments will have to undertake expensive land reclamation and resiliency projects. China is well-positioned to take advantage of their plight to extend its influence beyond the First and Second Island Chains. China's extensive island-building capabilities and willingness to finance development projects makes it the likely provider of land reclamation services to the PICs.

Sea Level Rise is a Crisis for the PICs

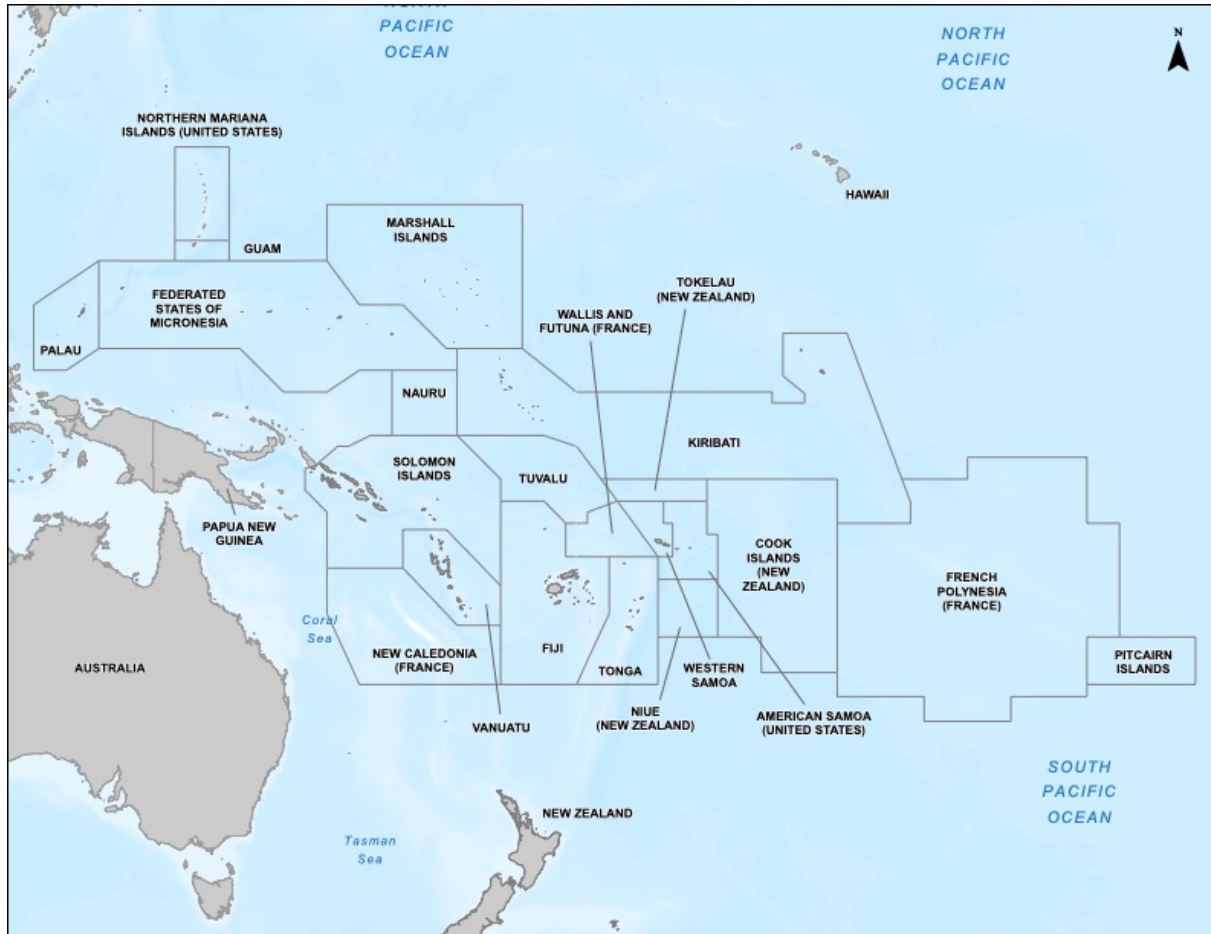
[Climate change] sort of puts a shot clock on our existence. It's not a 30-second shot clock, but a 30-year shot clock.

— Ben Graham, former National Climate Advisor, Marshall Islands, 2019¹¹

The PICs face the most severe and immediate consequences of global climate change as sea level rise and storms threaten low-elevation Pacific islands.¹² The Tarawa atoll in Kiribati, for example, is a maximum of three meters above sea level. There is no higher ground to which the 63,000 residents of the island can migrate to avoid worsening floods, coastal erosion, and sea level rise.¹³ Eight Pacific islands already have disappeared, and more will follow.

According to the United States Geological Survey, climate models underestimate the vulnerability of PICs to climate change because projections generally exclude the combined effects of sea level rise, extreme weather, and overwash.¹⁴ Thousands of low-lying atolls may become uninhabitable

Figure 2: Pacific Island Countries (PICs)



within decades because of storm overwash and soil salinization.¹⁵ According to the Brookings Institution, 48 Pacific islands will disappear by 2100.¹⁶ Locals in Tuvalu fear their island may become uninhabitable even sooner than scientists predict.¹⁷

Island flooding and coastal erosion have triggered a wave of PIC migration to nearby countries.¹⁸ According to the United Nations, over 16 million Pacific Islanders from the six most populous islands could face climate-induced relocation by 2050.¹⁹ In Fiji, locals have abandoned over 40 coastal villages due to climate change. Kiribati and Tuvalu have purchased land in Fiji to relocate endangered populations.²⁰

The Need for Land Reclamation Services

Climate change induced sea level rise is creating a demand for land reclamation services in the Southwest Pacific. Land reclamation involves adding rock, cement, and soil to fortify an existing coastline or create new land above sea level. This process usually requires dredging sand from the sea floor.²¹ PIC leaders see land reclamation as an option of last resort—one that is costly but appears increasingly necessary. Simply put, alternative strategies are not viable.

- **Internal relocation.** For the PICs, mass relocation to higher ground is not a viable solution to sea level rise. Higher elevation land is limited. PICs have an average elevation of two meters above sea level. However, these islands face seasonal waves as high as seven meters above sea level, in addition to climate change related sea level rise. Mass migration from low-lying islands also threatens to destroy local cultures.²² According to one climate scientist, PICs would rather destroy “some reef than see an entire culture go extinct.”²³
- **Immigration.** Immigration to other countries is difficult, with nearby states only offering short-term disaster relocation for limited numbers of migrants. For example, New Zealand’s Pacific Access Quota allows for 75 migrants each from Kiribati and Tuvalu, 250 each from Tonga and Fiji, and 1100 from Samoa.²⁴ These quotas are not filled because applicants struggle to meet the requirements, particularly the need to have a job offer on hand. Some of those selected, desperate to move to other countries, fall victim to human trafficking or are exploited by employers.²⁵

PIC leaders thus see land reclamation as an option of last resort—one that is costly but appears increasingly necessary. As Hilda Heine, former president of the Republic of the Marshall Islands, commented, people “need to think whether we should just let our islands go and everybody move out or having a certain place designated and built upon.”²⁶ President Heine’s chief secretary similarly remarked that island-building is the Marshall Islands’ “ultimate last defense,” and money spent on island-building will be used “to keep our heads above water.”²⁷ These assessments are echoed by Mark Stege, a climate advocate and councilman of the Maloelap Atoll in the Marshall Islands: “I firmly believe that island-building is going to have to happen. I’ve tried to say it in a nicer way, but it’s tough to say that publicly.”²⁸

PICs Increasingly Look to China for Assistance

Climate change dominates Pacific Island politics and shapes how islanders view the United States and Australia, pushing them to view China as an ally in their fight against climate change.²⁹

- **The United States.** PICs perceive the lack of United States engagement on climate issues as an affront.³⁰ According to the chair of the Pacific Islands Forum and prime minister of Tuvalu, Hon Kausea Natano, “Withdrawing from the Paris Agreement [undermined] American influence and credibility in the Pacific.”³¹ And in a stark assessment of U.S. policy in the PICs, Soseala Tinilau, Tuvalu’s director of the Environmental Ministry, stated, “I think they hate us.”³² U.S. Representative Ed Case (D-HI) concluded that “if we

are going to ignore [Pacific Islands'] needs for infrastructure and economic development...and China offers that, then that puts them to a terrible choice.”³³

- **Australia.** Australia’s inaction on climate has angered PIC leaders. Following Australia’s attempt to block a Pacific Island Forum ban on new coal mines in 2019, the Fijian prime minister called the Australian prime minister’s actions “very insulting, very condescending.”³⁴ Similarly, the prime minister of Tuvalu, Enele Sopoaga stated “no matter how much money you put on the table, it doesn't give you the excuse to not do the right thing. Cutting down your emissions, including not opening your coal mines, that is the thing we want to see.”³⁵ Indeed, in his essay “The Complacent Country,” former prime minister of Australia, Kevin Rudd warns that climate denial within the Australian government undermines its leadership in the PICs.³⁶

The Pacific Islands have shown a growing willingness to work with China as a regional development partner—in part because of Chinese efforts to tout its record on climate change.³⁷ In response to the 2019 Australian-Fiji tensions, China’s special envoy to the Pacific, Ambassador Wang Xuefeng told Pacific Islands Forum members that China would step up its efforts to “make a positive contribution to the sustainable and green development of Pacific Island countries.”³⁸ These efforts have paid off: The PICs see China as a leader on climate change and seek its help in responding to their environmental challenges.

- **China.** In 2020, officials in the Solomon Islands argued that “although China is one of the biggest CO2 emitters, it is showing leadership and commitment to help lead our global efforts against [climate change].”³⁹ Similarly, the president of Kiribati, Taneti Mamau, pointed to China’s unwavering commitment to the Paris Climate Agreement: “They are serious about it.”⁴⁰

There is consensus among PICs that China has a growing role to play in securing their future. In 2020, both the Solomon Islands and Kiribati switched diplomatic ties from Taipei to Beijing, claiming that China was a better development partner. According to the previous Pacific Islands Forum secretary general, Dame Meg Taylor, PICs “view China’s increased actions in the region as a positive development, one that offers greater options for financing and development opportunities,” adding “when considering the China alternative in the region, I would argue that we must do so from the perspective of securing our future as the Blue Pacific continent.”⁴¹

China’s Comparative Advantage in Land Reclamation

China dominates the regional market for land reclamation and island-building services—Beijing controls the world’s largest dredging fleet. This capability, and Beijing’s willingness to finance infrastructure projects, currently makes China the likely provider of land reclamation and island-building services to the PICs.

- **Leader in coastal land reclamation.** In 2001, the Chinese government named dredging a “priority growth area” within its larger campaign for increased maritime power.

China has poured billions into its dredging industry over the past decade.⁴² Today, China is the world's biggest manufacturer of dredgers.

In China, cities on the coast reclaimed an average of 700 square kilometers per year between 2006 and 2010.⁴³ Shanghai accounts for more than one third of all global coastal land reclamation. The Caofeidan economic zone in the Hebei Province reclaimed an area twice the size of Los Angeles.⁴⁴

- **Track record in the South China Sea.** Since 2013, China has built over 3,200 acres of land in the South China Sea to extend its military power projection.⁴⁵ China's artificial islands in the South China Sea are built on coral reefs. A majority of Pacific Islands are also composed of low elevation coral reefs; China's experience in island-building transfers easily to the PICs.⁴⁶
- **Experience exporting reclamation and island-building capabilities.** The China Communications Construction Company, a Chinese state-owned enterprise, is responsible for most of China's land reclamation projects abroad and maintains one of the largest dredging fleets in the world.⁴⁷ China has provided land reclamation services to Malaysia's Forest City, Sri Lanka's Port City Colombo, and near the Ream Naval Base in Cambodia. Port City Colombo is not only Sri Lanka's first artificial island, but it is also the nation's largest ever foreign investment project and financed by China.⁴⁸

China is the leader in global land reclamation, a status of which the PICs are aware. According to Ben Graham, former Marshall Islands National Climate advisor, "China is building islands by the acre every day...It's not new, but it is expensive."⁴⁹ The need for land reclamation in the PICs makes partnerships with China likely.

Breaking the Second Island Chain: China's Climate Change Strategy in the PICs

They own everything. My fear is that in the next ten years, this place will be taken over by the Chinese. [They're using] capitalism, globalism and cultural imperialism to exert influence and ultimately control over a country.

— Toata Molea, Business Owner, Solomon Islands, 2018⁵⁰

There is no free lunch.

— Liu Quan, Chinese Ambassador to Vanuatu, 2018⁵¹

PICs increasingly view China as a valuable source of foreign investment. The need for land reclamation will accelerate Chinese involvement. China already has proposed land reclamation projects in Kiribati and Tuvalu. Beijing's influence in the Southwest Pacific will increase as land reclamation projects multiply in the future.

China's Growing Economic Leverage and Political Influence

China's economic engagement with the Southwest Pacific—in terms of trade, development assistance, and commercial lending—has surged in recent years.⁵²

- **Trade.** China's trade with the PICs grew by a factor of four from 2007 to 2017 to approximately \$8 billion.⁵³ In 2017, China was the top trading partner of the Solomon Islands (\$675 million) and the second largest trade partner of the Marshall Islands (\$3 billion) and Tuvalu (\$18 million).⁵⁴
- **Development assistance.** Between 2006 and 2017, China provided approximately \$1.5 billion in aid to the Pacific Islands and was the third largest donor to the region, mostly in the form of concessional loans to finance large infrastructure projects. In 2017, Chinese construction activity in the region was \$958 million, which was approximately six times greater than its foreign aid activities.⁵⁵
- **Commercial lending.** China has invested \$5.9 billion in the Pacific Islands since 2011.⁵⁶ Of this investment, 68 percent comes in the form of interest-bearing commercial loans.⁵⁷ Tonga, Samoa, and Vanuatu are among the most heavily indebted countries to China in the world.⁵⁸ A study from the National Bureau of Economic Research suggests that half of China's overseas lending is "hidden" and not captured by official global debt statistics, suggesting that PIC debt to China could be even larger.⁵⁹

These extensive economic ties—as well as a limited economic base—give China significant financial leverage over the islands. PICs have small populations and internal markets, diseconomies of scale, are extremely geographically dispersed, far from markets, and have a narrow economic base that primarily relies on limited tourism and resource extraction for foreign income.⁶⁰ PIC economies experience slow economic growth and are vulnerable to external economic shocks.

China uses several strategies to exploit the economic vulnerability of the PICs:

- **Facilitation of Corruption.** China's strategy of "elite capture" involves bribing political leaders in exchange for development deals on terms favorable to China.⁶¹ For example, according to one U.S. diplomat, "China has blanketed Micronesia at every level with all-expense paid trips that include daily emoluments."⁶² Tuvalu, RMI, Solomon Islands, Vanuatu, Kiribati, and Papua New Guinea are among the poorest and least effectively governed states in the world, making their leaders prime targets for elite capture by Beijing.⁶³
- **Restrictive lending agreements.** A majority of known Chinese contracts include clauses that allow the lender to demand immediate repayment following legal or regulatory changes. These terms limit borrowers' ability to regulate Chinese businesses and development projects. Chinese lending agreements also have sweeping confidentiality clauses that prevent outsiders and citizens from discerning the extent of sovereign debt. Many lending contracts also require borrowers to maintain special (offshore) bank accounts

that give Chinese creditors significant leverage to secure debt repayment.⁶⁴ Finally, Chinese lending agreements include cross-default clauses and diplomatic relations requirements.⁶⁵ Actions considered “adverse to the interests of a PRC entity” can trigger cross default. All known Chinese Development Bank contracts include termination of diplomatic relations with China as an event that could trigger default.

- **Debt traps.** Due to their structurally weak and volatile economies, PICs have a limited ability to repay their debts.⁶⁶ In recent years, there has been concern that an increasing PIC debt burden to China could lead to debt-traps.⁶⁷ Indeed, some analysts argue that China pursues a policy of “debt-trap diplomacy.” This strategy entails predatory lending that overwhelms poor countries with unsustainable loans, which forces them to concede strategic assets to China. Other experts have dismissed fears of Chinese debt-trap diplomacy as a tool for seizing assets.⁶⁸ Regardless, continued debt accumulation and restrictive lending agreements increases Beijing’s economic leverage in the PICs.⁶⁹

China uses its extensive economic ties with the PICs to gain greater political influence in the region. For example, in 2016, Papua New Guinea pledge support for China’s territorial claims in the South China Sea.⁷⁰ Shortly after, China signed a loan agreement with Papua New Guinea to construct a submarine fiber-optic cable.⁷¹ As the need for climate infrastructure and project financing increases in the Pacific Islands, China will expand its economic leverage to fulfill its political agenda in the region.

Trading Chinese Land Reclamation Services for Political Influence in the PICs

Beijing will wield greater regional political influence as China tightens its economic grip on the PICs by offering much-needed land reclamation services. This strategy—offering the PICs a lifeline to escape the existential threat posed by climate change—potentially lays the foundation for a PRC military and intelligence presence beyond the Second Island Chain.

The most overt example of China’s climate change strategy in the PICs has played out in Kiribati—where land reclamation investments were offered to build dual use ports and extract political loyalty to Beijing. China’s strategy has four key elements:

1. **Offer land reclamation services.** In September 2020, Beijing proposed large-scale dredging projects to reclaim land from lagoons in Kiribati to counter sea level rise.⁷² The dredging projects would raise the height of the islands and create land for economic development.
2. **Propose dual use projects.** As part of its land reclamation package, China proposed the construction of two major ports on Tarawa and Kiritimati to serve as transshipment hubs. The ports, however, were outsized, given the economic markets in these localities, which raises the prospect that Beijing plans to use the projects to enable a commercial and military presence in the region.

The Tarawa and Kiritimati atolls sit along the equator and span 3,500 kilometers. This area includes some of the richest deep sea fishing grounds in the Pacific. Moreover, the area covers the major transpacific sea lines of communication between North America, Australia, and New Zealand. Kiritimati sits directly south of the Hawaiian Island Chain. In the past, China maintained a satellite tracking station used by the Chinese military in Kiribati, which is 200 miles southwest of Kiritimati.⁷³

3. **Gain political influence.** Over the past few years, suspicion of Chinese interference in Kiribati's politics has grown. In September 2019, Kiribati extended diplomatic recognition to China, abandoning its ties to Taiwan. President Taneti Maamau made this move without consulting either members of the government or his own party, the Tobwaan Kiribati Party (TKP).⁷⁴ President Maamau was originally elected in 2016 on a platform that affirmed continued ties with Taiwan, so the switch represents a significant reversal of his public commitments. In response to the diplomatic shift, Banuera Berina, the chairman of the TKP split from the party. According to Berina, President Maamau "assured us we shouldn't worry about [relations with Taiwan] because we would be getting campaign money from China."⁷⁵ Berina also claimed that President Maamau promised the Chinese government would fund a meeting house on the Mariana Atoll if its members of parliament supported his reelection.⁷⁶ In the 2020 presidential election, Berina ran and lost his bid to unseat the president. President Maamau's reelection victory came in spite of his party's significant loss of seats in the parliamentary elections.⁷⁷
4. **Deliver infrastructure aid.** In the weeks leading up to the 2020 election, China provided \$4.2 million to the Kiribati government for "livelihood projects."⁷⁸ According to the TKP's national development manifesto, "the Kiribati 20-Year Vision," the country's highest priority is the construction of transshipment ports in Tarawa and Kiritimati atolls.⁷⁹ In January 2020, Kiribati signed an MOU with China to integrate the Kiribati 20-Year Vision into the Belt and Road Initiative, cementing China's first official land reclamation project in the Pacific.⁸⁰

Although less overt than its machinations in Kiribati, China has sought to increase its influence by offering land reclamation services and engaging in infrastructure development in other PICs. Both practices point to Beijing's desire to gain leverage in strategic islands in the Southwest Pacific.

- **Tuvalu.** In 2019, Tuvalu received multiple offers from Chinese businesses to build artificial islands in response to sea level rise.⁸¹ The government rejected the offers because they viewed the projects as an attempt by Beijing to undermine Tuvalu's relations with Taiwan and establish a military presence in the region.⁸² As Tuvalu's foreign minister commented, "We are hearing a lot of information about debt, China buying our islands and looking at setting up military bases in our part of the world. Those are things that are concerning to us."⁸³
- **Guadalcanal, Solomon Islands.** In 2019, the Solomon Islands officially recognized China, abandoning its diplomatic ties with Taiwan.⁸⁴ When announcing the move, the Solomon Islands claimed China was a better development partner.⁸⁵

China rewarded the Solomon Islands for their shift in loyalty. According to a senior Solomon Islands lawyer, Beijing offered \$8.5 million in development funds to replace lost funding from Taiwan.⁸⁶ And in the months following the recognition of China, Beijing appears to have promised \$500 million in aid to the Solomon Islands.⁸⁷ Beijing also promised to build a stadium for the Pacific Island Games 2023 in Honaira as a gift.⁸⁸

Most significantly Wanguo International Mining signed an agreement to revive an abandoned gold mine in Guadalcanal as part of an \$825 million agreement.⁸⁹ Chinese ambassador Xue Bing said, “This is not only a new beginning for the Gold Ridge mine; but also a very important early harvest of the friendly cooperation between China and the Solomon Islands which established diplomatic relations just 35 day ago.”⁹⁰

The agreement gives Wanguo International Mining control of the Gold Ridge mine. It also will retain ownership of project-related infrastructure, such as roads, railroad lines, bridges, and power generation and port facilities. Australian-based mining analyst Peter Strachan described the deal as “way over the top” for a low-grade gold project with modest reserves.⁹¹ At its height, the Gold Ridge mine was the source of 30 percent of the Solomon Island’s GDP.⁹²

This example demonstrates China’s use of infrastructure projects to gain access to strategically significant islands or anchorages across the Southwest Pacific.⁹³ As the impacts of climate change and sea level rise accelerate, land reclamation will become part of this broader practice of using infrastructure to gain influence and strategic access to the Pacific Islands.

There are strong indications that China is using infrastructure development and land reclamation in the PICs to generate political and economic influence. Beijing is targeting strategically significant islands, suggesting that China will use these investments as leverage to establish a future military or intelligence presence in the region.

Limits of Existing U.S. Policies

Existing development aid—from both the United States and Australia—does not address the needs of PICs confronting sea level rise and diplomacy on its own is unlikely to counter growing Chinese economic influence in the region. Without a new approach in the PICs, these islands will have no alternative to turn to China for climate change assistance.

Inadequate focus on PIC infrastructure

U.S. and Australian development aid in the Pacific Islands Countries focuses on capacity building and supporting government institutions. China’s aid to the PICs focuses primarily on infrastructure projects and developing industry in the smaller island states.

- **U.S. development assistance.** U.S. programs take a top-down approach, assuming better governance will lead to successful climate adaptation.⁹⁴ The United States committed to \$236.84 million in aid to the PICs in 2017, spending \$157.8 million. The United States allocated 93 percent of its regional aid to the small island states.⁹⁵ Washington spent less than one percent on supporting industry, construction, and transportation.⁹⁶ Approximately 75 percent of funds consisted of unspecified spending associated with payments to regional trusts and for supporting health, education, and humanitarian programs.⁹⁷
- **Australian development assistance.** Australia committed to \$1 billion to the PICs in 2017, spending \$861.44 million with \$416.41 million (48.3 percent) going to Papua New Guinea and the remaining 51.7 percent going to the small island states.⁹⁸ Approximately 59 percent of Australian aid went to support government, civil society, education, and health programs.⁹⁹ Australia spent only 6.7 percent on industry, construction, transportation, water, and sanitation programs.¹⁰⁰
- **Chinese development assistance.** China committed to \$5 billion in aid to the PICs in 2017, spending \$217.35 million with \$64.52 million (29.6 percent) given to Papua New Guinea and the remaining 70.4 percent going to the small island states.¹⁰¹ Approximately 57.8 percent of Chinese aid went to support industry, construction, transportation, water, and sanitation projects. Beijing allocated 22.2 percent of aid funds to government and civil society programs.¹⁰²

Beijing has appealed to PIC fears of climate change, while significantly increasing its aid to and economic investment in the region, focusing on infrastructure and business development. As sea levels rise, China will increase its influence in the region further by offering island building services and financing climate adaptation projects.

The United States and Australia should counter Beijing’s climate change strategy in the PICs by providing island building services and financing to the PICs. Spending on better governance, education, and health care programs means little to islanders if their land becomes increasingly uninhabitable.

A greater focus on climate change in aid allocation to the PICs is particularly important because the United States and Australia are seen to lack credibility on climate action. Many islanders were dismayed by the U.S. withdrawal from the Paris Climate accords in 2019. In response, Kauea Natano, Prime Minister of Tuvalu said, “At a time when the Pacific finds itself the focus of much strategic competition, I urge those governments involved to listen to the voice of nations in the region regarding climate change.”¹⁰³ Washington’s re-engagement on the Paris Climate Accords is a necessary step in rebuilding American credibility on climate change, but it is not sufficient to address the immediate needs of Pacific Islands facing coastal erosion, flooding, and soil and freshwater salinization.¹⁰⁴

The PICs are similarly skeptical of Australia’s record, in part because of its past attempt to block a Pacific Island Forum ban on new coal mines. When asked if Pacific leaders may turn to China for climate support, Fijian Prime Minister Frank Mainimarama said “China never insults the

Pacific. You say it as if there's a competition between Australia and China. There's no competition, except to say the Chinese don't insult us."¹⁰⁵

The Limits of Diplomatic Engagement with PICs

Increasing U.S. diplomatic engagement with the PICs will not necessarily counter Chinese influence in the region. PICs are reluctant to take sides between China and the United States and would rather work with both countries.¹⁰⁶ When considering the role of China as an alternative development partner to Australia and the United States, Samoa's Prime Minister Tuilaepa Malielegaoi said: "Their enemies [Australia and its allies] are not our enemies," implying that they do not want to take sides in the escalating Sino-American competition for regional influence.¹⁰⁷ Thus, the United States should avoid forcing the PICs to take an antagonistic stance towards Beijing and instead limit China's regional influence by offering an alternative pathway to address the islands' climate challenges.

The United States could be seen as a more reliable partner on climate change than China, given its treaties with several PICs. The United States has defensive agreements with the Compacts of Free Association (COFA) states, namely the Republic of the Marshall Islands, Federated States of Micronesia, and Palau. The Compacts grant the United States authority over land, water, and airspace for security and defense matters. The Compacts also allow the United States to deny other militaries access to these spaces.¹⁰⁸ However, U.S. officials rarely use COFA authority to counter Chinese activities in the region due to a lack of situational awareness.¹⁰⁹ In order for the United States to enhance its credibility not only as a counterweight to China, but also as a committed partner in combating the effects of climate change in the region, the United States must track Beijing's activities and be more responsive to the needs of PICs.

Competitive Island Building and Increasing Regional Awareness

We will help partners around the world mitigate and adapt to the effects of climate change, and we will stand prepared to provide humanitarian and development assistance.

— President Joseph R. Biden, Interim National Security Strategy, 2021¹¹⁰

The United States and regional partners should pursue a two-pronged approach to countering the growth of Chinese influence in the Southwest Pacific. First, the United States and allies can offer alternative island building services and associated financing to PICs. Second, the United States and partners can work together to highlight and limit problematic Chinese economic activity in the Pacific Islands.

The United States should subsume all of these efforts under the umbrella of climate equity. This approach would prioritize support to small island states that are most vulnerable to the impact of climate change and fit with the Biden Administration's approach to countering climate change.

Competitive Island-Building

The United States and its allies should offer island-building services and financing to PICs as an alternative to China.

- **Invest in domestic dredging capacity.** The United States and partners should encourage domestic industry to increase dredging capacity and island building expertise. Such capability also will be beneficial for fortifying domestic coastlines and cities as sea levels rise.
- **Multilateral coordination on financing.** To finance island building and climate resiliency projects in the PICs, the United States, Australia, Japan, and Taiwan can coordinate their development financing by creating a multi-lateral Climate Resiliency Financing Compact (CRFC) that will compete with China's Asian Infrastructure Investment Bank.¹¹¹ This compact would provide a framework for the United States and its partners to coordinate Pacific aid and research related to climate change. The CRFC also could serve as a vehicle to pool expertise to establish best construction, environmental, and lending practices for PIC construction projects.
- **Guarantee land reclamation contracts.** In addition, the United States and regional development partners can act as guarantors of alternative land reclamation contracts. Land reclamation contract guarantees could reinforce fair lending practices and higher infrastructural standards. Contract guarantees also build investor confidence and encourage increased private sector participation.

Greater Awareness of China's Activities in the PICs

The United States should invest more resources to gather intelligence and share information about China's activities in the PICs. Allies can supplement U.S. surveillance capabilities to monitor and highlight problematic Chinese business and lending practices. Greater focus information sharing among allied intelligence communities will be necessary to understand China's growing regional influence. The proposed CRFC discussed above also could play a role in providing greater regional transparency. The compact could track aid and investment in the region, making that information available to the public and local governments. The CRFC also could highlight inflated project pricing, non-market financing arrangements, and poor construction and environmental practices.

By increasing transparency and establishing standards for island building projects, the United States and its partners can challenge China's levers of influence across the region. Improved regional monitoring and greater transparency also allows the United States and partners to provide indirect and direct support to PICs negotiating lending agreements with China. It also helps gives local populations greater insight into development, business, and lending activities in region, helping local combat corruption.

Increased regional awareness can better inform the United States' COFA renegotiations. The Compacts of Free Association are up for renewal in 2023 and 2024.¹¹² It is critical for Washington

to renew the Compacts and in doing so include provisions that better address COFA state climate needs—particularly, island fortification and adaption projects to mitigate the impact of climate change.¹¹³

Conclusion

Pacific Island Countries in the Southwest Pacific face an existential threat from climate change and rising sea levels. Many islands will become uninhabitable or face significant damage from more frequent severe storms. For these populations and their cultures to survive, island building services and greater climate resiliency infrastructure will be needed.

China is well positioned to provide such services. It has a large dredging fleet, experience with building islands, and is willing to finance large infrastructure projects. The marriage of Chinese capabilities with the PIC need for land reclamation is an avenue for China to extend its influence across the Southwest Pacific. Growing Chinese influence eventually may result in military presence in the region that complicates allied military transit and defense planning.

To counter Chinese influence in the PICs, the United States needs to consider policy solutions that enable responses across a continuum of competition. One aspect of that continuum is addressing PIC climate needs. Competitive island building, climate resiliency financing, and regional awareness will be important tools for limiting future Chinese influence. The United States should coordinate and pool its resources with regional allies to provide such tools.

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⁶⁵ Cross-default clauses put limitations on borrowers who have multiple loans from the same creditor. These clauses put a borrower in default on a loan if it defaults on another. This can create a domino effect, with all loans to the creditor defaulting at once.

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