



Australia's Indo-Pacific Strategy: Balancing the Rise of China in Oceania

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Abstract

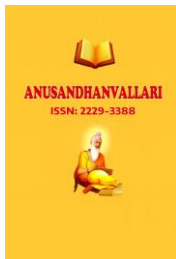
The rise of the Indo-Pacific as a key geopolitical construct has reshaped the strategic landscape of the twenty-first century, especially concerning the increasing rivalry between long-standing and emerging powers. In this framework, Oceania has gained new strategic importance owing to its maritime geography, vital sea routes, natural resources and growing foreign interaction. The fast growth of political, economic and strategic influence of China in Pacific Island nations in terms of infrastructure investment, development aid, trade relationships and security deals has caused Australian apprehension of the stability in the region and the power ratio in the Indo-Pacific. Historically considered as the zone of strategic influence of Australia, Oceania has become more and more the location of geopolitical rivalry between China and Western nations. This paper discusses the Indo-Pacific policy of Australia in relation to the increasing presence of China in the Oceania region. It claims that, to retain its regional leadership and a rules-based regional order, Australia pursues a multidimensional approach that integrates diplomatic interplay, security co-operation, economic aid, climate alliances, and multilateral co-ordination with allies like the United States, Japan and India. The Pacific Step-up policy and involvement in such structures as AUKUS and QUAD are the signs of the Australian attempts at balancing the growing influence of China and reinforcing the regional alliances. The paper concludes that despite Australia being a leading player in Oceania, its efficacy of the Indo-Pacific strategy will be determined by its capacity to deal with the developmental and climatic priorities of the Pacific Island states as well as its response to the growing strategic rivalry between China and Australia.

Keyword- Australia, Indo-Pacific, China, Oceania, etc.

Introduction

Indo-Pacific has become one of the most important geopolitical constructs of the twenty-first century. In place of the previous construct, Asia-Pacific, is the Indo-Pacific which envisions a strategically connected region that stretches along the eastern coast of the African continent, to the western Pacific Ocean connecting the Indian and Pacific Oceans by trade routes, maritime connectivity, and security networks (Wacker, 2020). The increasing significance of this area is tightly linked to the emergence of great powers and the expansion of sea rivalry as well as the strategic position of sea roads in international commerce and the transportation of energy. Since almost two out of three maritime trades in the world are conducted through the Indo-Pacific waters, the area has become critical towards economic prosperity, strategic stability and international security. Thus, the Indo-Pacific has become a centre of geopolitical competition, especially between China and Western-based strategic alliances.

In this wider geopolitical context, Oceania has gained a new strategic significance. The Pacific Island countries have traditionally been considered peripheral regions, but are now becoming known to have geopolitical significance due to their large Exclusive Economic Zones (EEZs), their location near major maritime routes, their



rich marine resources, and their strategic location between Asia and the Americas (Pandey, 2023). The small island states like Solomon Islands, Fiji, Papua New Guinea and Vanuatu have become more of a significant actor within regional geopolitics as the outside powers fight over influence within the South Pacific (MIHAI SORA, 2024). Freedom of navigation, maritime security, undersea communication cables, fisheries, and entry points of the military have further increased the strategic importance of Oceania in Indo-Pacific politics.

The increasingly active involvement of China in relations with Pacific Island states has significantly changed the strategic environment of the area (Joanne Wallis, 2022). Beijing has grown its economic and diplomatic presence through the efforts related to the Belt and Road Initiative (BRI) financing infrastructure development, issuing development loans, enhancing trade relations, and developing political connections with the governments of the islands. China has also intensified its security involvement in the past few years, with the most notable one being the security agreement with the Solomon Islands, which caused much concern among Australia and its Western allies (Kabutaulaka, 2022). The growing involvement of China in Oceania is seen by most strategic analysts as a united attempt to increase its sea power and disrupt the established status quo by the Western powers led by the United States and Australia.

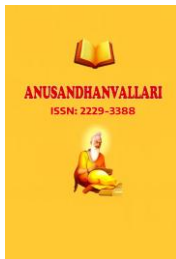
Traditionally, Australia has been a dominant political, economic and security player in Oceania. Traditionally, the South Pacific has been a region of core strategic concern to Australia because of the geographical proximity, colonial past, and the history of long-standing diplomatic involvement in the region (Wallis, 2023). Canberra has been among the greatest contributors of development aid, catastrophe relief, educational aid, and security collaboration to the Pacific Island states. The Australian regional interaction has also been influenced by the issue of maritime security, illegal fishing, transnational crime, political instability and external interference. But the rising influence of China has brought a challenge to the traditional position of Australia and increased strategic rivalry in the Pacific.

As a reaction, Australia has incorporated Oceania in its wider Indo-Pacific policy (Parry, 2022). Meanwhile, Australia is trying to strike a delicate balance between its economic relationship with China and the reaction to increasing security issues due to the expansion of Beijing of regional interests.

Conceptual and Theoretical Framework

The discussion of the Australian Indo-Pacific strategy and reaction to the growing role of China in Oceania can be comprehended in accordance with several theoretical frameworks in international relations. Realism, balance of power, hedging strategy, and Indo-Pacific strategic framework are some of the concepts that will offer valuable analytical aid in the study of the emerging geopolitical competition in the Pacific region (Vashisht, 2022). The theoretical views are useful in understanding the reasons why Australia has been pursuing a greater strategic involvement in the Pacific Island states and developing stronger partnerships with the leading democratic nations in reaction to increasing China influence in the region.

Realism is one of the most applicable theoretical frameworks to explain the contemporary Indo-Pacific geopolitics. According to classical realist theorists like Hans Morgenthau, the national interest and power sought in a context of anarchic international politics are the core determinants of international politics (Korab-Karpowicz, 2018). In realism, the survival, security and strategic influence are key concerns of states, which normally cause competition between major powers. The Australian anxieties about the growing diplomatic, economic and security activities of China in the context of Oceania echo realist assumptions of the competition of power and strategic rivalry. Canberra views China to be increasingly gaining power in the Pacific Islands as a threat to its historic regional hegemony and to the wider Western-dominated regional order.



In the further explanation of how the distribution of power in the international system influences state behavior, the neorealist theory, especially the work of Kenneth Waltz, is used. Waltz underlined that states react as they form alliances and improve their security potentials in response to new threats. (Miller, 2021). These alliances are meant to keep a strategic balance in the Indo-Pacific and to ensure that a Chinese-dominated regional order is not formed. The attempt by Australia to enhance their maritime security, defense collaboration, and intelligence exchange represents a balancing action that is aimed at deterring the possible strategic growth by China in the Oceania region.

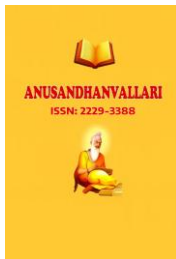
The Australian policy towards China cannot be discussed only in terms of confrontation or balancing. The hedging strategy concept is also significant in the clarification of the two-pronged approach of Canberra. Hedging is a policy whereby states do not have to take sides and turn to either total cooperation or open hostility, but instead, they cooperate and compete with a fellow power at the same time (Gonzalez-Pujol, 2024). Australia has strong economic relations with China, one of its greatest trading partners especially in areas like minerals, energy and education. Nevertheless, even with this economic interdependence, Australia has grown to oppose strategic influence exerted by China in the Pacific by joining military alliances, engaging in diplomatic affairs, and enhancing regional security. This illustrates that Australia is following a complicated policy that involves economic collaboration and strategic prudence.

The very concept of Indo-Pacific strategic is also a valuable analytical framework. The Indo-Pacific concept incorporates into one strategic space the Indian and Pacific Oceans unlike the previous Asia-Pacific framework which only centered most on East Asia and the Pacific. This is a change in the significance of maritime connection, sea routes and geopolitical relations within a broader region. The emergence of China and South China Sea maritime disputes, along with worries about freedom of navigation and regional order, have placed the Indo-Pacific framework into the limelight. The English School scholars, including Hedley Bull, focused on the value of upholding international order by use of rules, institutions, and balance between major powers. The approach of Canberra towards the promotion of a rules-based Indo-Pacific order indicates such a view because Australia aims at maintaining peace in the region, ensuring maritime security and enhancing multilateral partnerships in the region due to the shifting power balance. All these theoretical perspectives give a well-rounded understanding of the Indo-Pacific strategy in Australia. Realism clarifies how strategic competition works, the theory of balance of power explains why alliances are formed and why states balance their actions, the theory of hedging explains the two-sided approach of Australia to China economically and security-wise, and the concept of Indo-Pacific positions Australia in a wider context of geopolitical change to understand the modern international relations.

China's Expanding Presence in Oceania

China has had a profound political, economic and strategic impact on Oceania in the past 20 years that has changed geopolitics of the south pacific. Beijing has risen to be a key development partner, investor and diplomatic player in the region, a position previously held by a relatively peripheral player in the Pacific affairs. The increasing Chinese interaction with the countries of the Pacific islands is closely associated with the wider Indo-Pacific goals and its endeavor to increase its influence outside of East Asia (HEMMINGS, 2019). China has been threatening to overtake the old power base of Australia and other Western nations in Oceania through infrastructure investment, trade relations, diplomatic efforts, and security collaboration. This has seen the South Pacific emerge as a significant sphere of strategic rivalry in the wider Indo-Pacific geopolitical order.

The increase in the Belt and Road Initiative (BRI) since 2013 by Xi Jinping has been the major catalyst of Chinese economic involvement in Oceania (CFR, 2023). Under the BRI, several Pacific Island nations, such as Papua New



Guinea, Fiji, Vanuatu, and Solomon Islands, have signed cooperation pacts. This program has seen the financing of roads, bridges, government buildings, sports complexes, ports, airports and telecommunications infrastructure throughout the Pacific Islands by China. The Chinese state owned enterprises and the policy banks have been at the frontline in offering concessional loans and development aid to these projects. To most Pacific Island governments, the Chinese funding has been an alternative source of development funding when the infrastructure shortages and economic insecurities are still high.

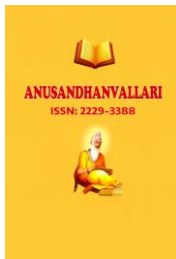
There have also been increased trade and investment relations between China and Pacific Island countries. China has emerged as a major trading partner among various island states, which imports fisheries, timber and natural resources and exports manufactured products and construction materials. Chinese companies have started investing more in mining, tourism, fisheries and energy in Oceania (Bindman, 2023). Beijing has also been spending heavily on digital infrastructure, such as telecommunications networks, surveillance systems, and internet connection projects. The increasing presence of Chinese technology firms in Pacific communications infrastructure has raised some apprehension among Australia and its Western allies about cybersecurity, intelligence gathering, and digital reliance.

With its rising economic power, China has also had a diplomatic expansion in Oceania. Beijing has also stepped up high-level diplomatic trips, cultural engagements, educational scholarships, and development aid schemes to build relations with the Pacific Island states. The concept of South-South cooperation has been promoted by Chinese soft power diplomacy, which portrays China as a partner that respects sovereignty and promotes economic development without any political requirements (Chandra, 2024). China has tried to foster long term political good will among the Pacific Island governments through medical aid, disaster assistance, training programs and educational exchanges.

Diplomatic rivalry has been eminent especially in the struggle between China and Taiwan over which country to be diplomatically recognized in the Pacific. In the past years, nations like Solomon Islands and Kiribati diverted diplomatic status toward Taiwan to China, reinforced Beijing in the area. Such diplomatic triumphs were the signs of increasing economic power and strategic influence of China in Oceania. The expanding security presence of China in the region has been the most controversial issue regarding its regional involvement. The signing of the 2022 security agreement between the Solomon Islands and China heightened concerns (Hammond, 2023). Though the deal was formally introduced as a model on how to keep social stability and safeguard Chinese staff and investments, Australia, the United States, and other regional players had seen it as a potentially groundbreaking turn in the political of Pacific security. Strategic analysts were worried that the agreement might lead to a situation where the future Chinese military access, naval deployments, or logistical facilities were to be seen in the South Pacific. The agreement created tensions considering the potential militarization of the area and the loss of Western strategic superiority due to the strategic position of the Solomon Islands concerning critical maritime routes.

The growing naval ambitions of China have added to these fears. The modernization of the People's Liberation Army Navy and the attempts to reach the Indo-Pacific, which are being undertaken by Beijing, suggest a wider maritime approach to ensuring the security of the sea routes, safeguarding the overseas interests and increasing the ability to project power far. Reports of possible Chinese interest in port facilities or dual-purpose infrastructure in places like Vanuatu and Papua New Guinea have raised concerns that eventually economic infrastructure projects might be used to economically support military logistics or strategic access (HEMMINGS, 2019). Even though China has denied severally that it is planning to build military bases in the Pacific Islands, there is still a high level of suspicion among the regional powers.

The case studies throughout Oceania reflect the expanding breadth of China influence in the region. China has invested in roads, energy developments and infrastructure development in Papua New Guinea, and extended trade



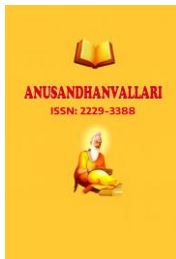
relations and political involvement. China has improved diplomatic relations in Fiji by providing development aid, police collaboration, and funding of infrastructure in the country. Vanuatu has been supported by Chinese funds in upgrades of its ports and infrastructural projects in the experience of the common view about how it will be accessed in the future. In the meantime, the Solomon Islands has emerged as the brightest example of China strategic breakthrough in the Pacific because of its security agreement with Beijing and increasing economic reliance on Chinese support (HEMMINGS, 2019). Increasing influence of China in Oceania has also been a cause of controversy on the issue of debt diplomacy. Opponents believe that overreliance on Chinese loans could render Pacific Island states more financially vulnerable and provide Beijing with political leverage. Supporters of this argument claim that China strategically uses infrastructure financing to expand influence over smaller developing countries. But others argue that the debt diplomacy story is grossly overstated and fails to explain that the Pacific Island governments are also the agents of their own destiny, pursuing diversified relationships as a way of harnessing economic potential and mitigating their reliance on classic Western donors.

The increased presence of China in Oceania is a symptom of more global geopolitical changes that are taking place in the Indo-Pacific. Economic involvement, diplomatic, security cooperation, and maritime aspirations have all served to enhance the presence of Beijing in the south Pacific whilst heightening the strategic competition between Beijing and Australia and its allies. Oceania is rapidly becoming a key arena of the power politics of the world, as China intensifies its engagement with the Pacific, and matters of development, sovereignty, security and regional order collide in the greater game of power in the Indo-Pacific.

Australia's Indo-Pacific Strategy

The Indo-Pacific strategy has been adopted by Australia as one of the key elements of its modern foreign and security policy as a reaction to the changing geopolitical situation in the area. The swift emergence of China, an increase in strategic rivalry in the Indo-Pacific, and the concerns related to the security and influence in Oceania have made it necessary to re-define Australian involvement in the region. Canberra is coming to think of the Indo-Pacific as a geographical construct, but also as a strategic constructing through which it can secure national interests, ensure regional stability, and have a rules-based order. In this larger context, Oceania takes a pivotal role because of its closeness to Australia, strategic location in the sea, and its importance in Australian foreign policy (Parry, 2022). The South Pacific leadership is one of the main aims of the Indo-Pacific strategy of Australia. Traditionally, Australia perceived Oceania as the natural area of its influence since it is geographically close, has colonial and economic connections and a long history of diplomatic interactions. After the Second World War, Australia has been a leading figure in the Pacific region, through development aid, security collaboration, relief in cases of disasters and institutional support to the Pacific Island nations. Canberra has long been viewing stability in the South Pacific to be directly connected to its own national security. As a result, the increasing political, economic and security presence of China within the Pacific Islands has been perceived by Australia as a threat to its traditional influence and strategic leadership in the region.

The Indo-Pacific strategy of Australia thus aims at strengthening its role as the main security and development ally of the Pacific Island states. A significant element of this plan is security and defense cooperation. To deal with the issue of illegal fishing, transnational crime, border security and other military influence, Australia has greatly enhanced maritime surveillance, intelligence sharing and defense alliances with the Pacific nations. The issue of maritime security has gained significance due to the fact that the Pacific Islands have large Exclusive Economic Zones (EEZs) yet in most cases they are unable to adequately monitor and protect them. Australia has retaliated by providing patrol boats, surveillance aircrafts, training courses, and technical support to the partners in the region.



Bilateral agreements, joint exercises, and military assistance programs have also enhanced defense partnerships. In the face of the rising influence of China, Australia has intensified defense relations with its neighbors like Papua New Guinea, Fiji and Solomon Islands in an effort to raise regional security levels as well as offset China (Mausio, 2023). Canberra has also augmented investments in regional policing, collaboration on cybersecurity, and humanitarian aid. The Australian security involvement is indicative of its larger interest in that the instability of the strategy or the introduction of a foreign military presence in Oceania may weaken the state of affairs in the region, as well as the Australian national security.

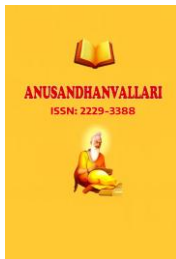
The Pacific Step-up policy, launched in 2016 and greatly extended in the following years, is an important expression of renewed Australian regional engagement (Blaxland, 2022). Pacific Step-up is the initiative of Australia that is aimed at deepening the diplomatic, economic and strategic relations with the Pacific Island nations under the condition of the growing impact of China. Under this program, Australia has enhanced development aid, labour mobility programmes, financing infrastructure, educational and diplomatic initiatives in Oceania. The policy focuses on the concept of the Pacific family, which depicts the image of Australia as a reliable and long-term partner of the region and a country dedicated to the prosperity and stability of the Pacific.

The Pacific Step-up policy has become largely concerned with infrastructural development. Australia has funded the telecommunications, renewable energy, transport infrastructure and internet connectivity projects in the Pacific Island states. Not only is it meant to help in the development of the region, but also to offer the alternative to Chinese-funded infrastructure as part of the Belt and Road Initiative (BRI). Australia has used regional partners and international institutions to enhance transparency, sustainability and financial accountability in infrastructure financing. Development aid, in this case, has been getting more and more intermingled with strategic competition.

Another major dimension of the Indo-Pacific strategy of Australia is alliance politics. The security relationship between Australia and the United States continues to be the cornerstone of the Australian defense and strategic policy. Canberra perceives the American presence in the Indo-Pacific as the key to keeping the balance in the region and preventing coercive actions. Australia has consequently been a great advocate of increased U.S. involvement in the Pacific, through joint military drills, rotating troops, and intelligence co-operation.

Australia has also enhanced strategic coordination with regional democracies by networks like QUAD, the United States, India, and Japan. The QUAD encourages collaboration in maritime security, infrastructure, resilience, and stability in the region. Though it is not explicitly aimed at China, the grouping indicates mutual interests on the rising aggressiveness of China in the Indo-Pacific. On the same note, the formation of AUKUS in 2021 was a major change in the strategic posture of Australia. Australia, with the help of AUKUS, hopes to strengthen its defense potential in the long-term, such as by purchasing nuclear-powered submarines and sophisticated military equipment (Markowski, 2024). The agreement is an indicator of the growing emphasis of deterrence and strategic preparedness in Australia in the face of greater uncertainty in the Indo-Pacific security environment.

Economic and developmental aid is also an important aspect in the Indo-Pacific strategy of Australia. Canberra is aware that the Pacific Island nations are not concerned about the great-power rivalry; they are more focused on economic growth, infrastructure, healthcare, education, and climate resilience. As a result, Australia has tried to extend its power in the region by increasing its aid and developmental alliances. The concept of climate finance has gained special relevance since most Pacific Island states are under a serious threat of the loss of lives due to the increase in sea levels, natural disasters, and environmental degradation (Parry, 2022). Australia has also made more investments in renewable energy projects, climate adaptation programs, disaster preparedness and sustainable development efforts spread across the Pacific region.



One of the most delicate and crucial aspects of the relations between Australia and the Pacific Island countries is climate diplomacy. Although Australia tends to focus on strategic competition and regional security, there are numerous leaders of the Pacific islands who see climate change as the biggest challenge to national survival. Tuvalu and Kiribati are countries exposed to existential threat due to rising sea levels and erosion at the coast. The Pacific leaders have consistently demanded more efforts by the world in climate action and also criticized the developed nations who have not made adequate efforts in reduction of their emissions (Parry, 2022). Climate policies of Australia have thus emerged as one of the key determinants of its regional credibility and influence. Over the last several years, Canberra has tried to mend the relationship with the Pacific Island countries by providing more climate support, facilitating renewable energy changeover, and integrating climate security into regional foreign policy. However, there is still criticism that domestic reliance on fossil fuel exports undermines Australian credibility as a partner in the Pacific on climate issues. This shows that the Indo-Pacific strategy of Australia is quite complicated since it has to strike the right balance between security issues concerning China versus development and environmental interests of Pacific Island states.

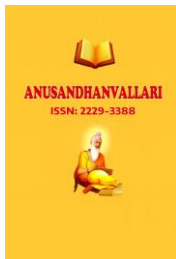
The Indo-Pacific strategy of Australia is a multidimensional attempt to maintain its leadership in the region, reinforce the maritime security, increase the level of cooperation between alliances, and neutralize the growing Chinese influence in Oceania. Australia aims to have a stable and rules-based regional order in the Indo-Pacific through defense partnerships, economic aid, diplomatic interactions, and climate cooperation. The success of such a strategy in the long-run will however not only hinge on how Australia can cope with strategic rivalry with China but also on how it can deal with the real developmental and climatic issues of the Pacific Island countries.

Oceania as a Zone of Strategic Competition

Oceania has become more and more the field of intense geopolitical rivalry between China and Australia in the wider Indo-Pacific strategic context. The South Pacific that was considered a comparatively stable and marginalized area in the global politics is now at the centre of rival visions of regional order, security and influence. The growing economic and diplomatic influence of China has threatened to disrupt the historical economic and diplomatic dominance of Australia in the Pacific Islands and has turned the region into a part of the geopolitical arena, where development aid, security alliances, infrastructure development, and diplomacy are adopted as instruments of power. Consequently, Oceania has emerged as a key theatre in the strategic competition between China and Western-oriented powers in an attempt to influence the future of the Indo-Pacific (Steff, 2024).

The struggle of influence is evident in the diplomatic and economic arena. China has intensively become more active in dealing with Pacific Island nations in terms of infrastructure funding, trade relations and development aid in the Belt and Road Initiative (BRI). Beijing is showing itself as a development friendly partner, which will not dictate any political terms, but provide economic opportunities. China has increased its presence in the Pacific region through loans, grants, and building projects (Steff, 2024). China has financed government buildings, roads, ports, sports facilities, and telecommunications infrastructure as the visible signs of the changing influence of Beijing in other countries like Fiji, Papua New Guinea, and Solomon Islands.

In reaction, Australia has increased its involvement in the region by providing more aid, diplomatic efforts, and infrastructure assistance in its Pacific Step-up policy. Traditionally Canberra has been the biggest aid donor and security partner to most countries in the Pacific Island and it aims to sustain this status by focusing on a sense of regional identity, historical connections and long-term collaboration. The aid diplomacy of Australia is about governance assistance, education, healthcare, climate sturdiness, and sea security. Australia tends to encourage transparency, institutional accountability, and sustainable financing of development projects, unlike China.



Nevertheless, there are Pacific politicians who find Australian help to be sometimes paternalistic, but Chinese involvement is sometimes seen as being more open and less conditional. Strategic competition in Oceania has also been aggravated by military and security aspects. Australia views the South Pacific as an important part of its national security and has long been opposed to the introduction of outside military influence in the region. As a result, the increased involvement of China in security matters has created a lot of anxiety in Canberra. The Solomon Island security agreement with China in 2022 was a change in the geopolitics of the region since it created a concern of the possible access of the Chinese military and possible future naval operations in the Pacific. Australia and United States interpreted the agreement as a potential threat to the status quo in Oceania.

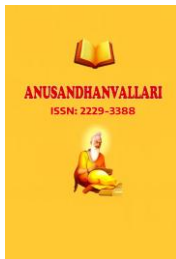
In reaction, Australia has increased military aid, sea surveillance, and military collaboration in the Pacific area. Canberra has enhanced policing relationships, sent security officers in times of regional crisis and enhanced defence liaisons with Pacific governments. Strategic competition is no longer about economic power, but it becomes more about the military placement, sea access, intelligence collaboration and architectural security. The South Pacific is now associated with wider Indo-Pacific security interests in terms of freedom of navigation, strategic deterrence and power balance (Hammond, 2023). Strategic narratives are also very important in the competition between China and Australia. China positions itself as a leader of South-South cooperation and focuses on mutual development, non-interference and sovereignty. Beijing often claims that it is the right of Pacific Island nations to develop freely without foreign influence. Australia, in contrast, espouses the concept of a rules-based regional order, democratic governance, and regional stability of a Pacific family. Canberra tends to position its involvement as belonging to a group action to maintain the sovereignty and strength of the Pacific Island states against coercive foreign pressure.

Amid these conflicting accounts, Pacific Island nations are not just passive theatres of geopolitical contests. One of the key analytical aspects of the existing strategic competition is agency of the Pacific Island states themselves. Oceanic countries actively participate in multiple relations with various partners to maximize the economic prospects, diversify the relations with partners, and enhance the bargaining skills. Most Pacific governments have adopted pragmatic and multidirectional foreign policies that aim at achieving the advantages of all major powers, instead of aligning themselves to either China or Australia. Thus, it is necessary not to see Oceania as a mere battlefield between China and Australia. Instead, it is an active geopolitical domain where Pacific Island states are empowered to act strategically, negotiate competing alliances and pursue national interests in a changing Indo-Pacific order. The future of regional politics in Oceania will not only be influenced by the ambitions of external powers but also by how countries in the Pacific Island can influence the regional diplomacy in accordance with their developmental, environmental and security priorities.

Challenges and Limitations of Australia's Strategy

Although Australia is increasingly involved in Oceania and trying to enhance its Indo-Pacific policy, a number of structural, political, and diplomatic constraints remain that inhibit the quality of the Canberra approach to the region. As Australia tries to maintain its influence and offset the growing influence of China in the Pacific Islands, its approach is challenged by its economic reliance on China, inadequate financial capacity, internal political discussions and displeasure by the Pacific Island states over the priorities and policies of Australia (Chandra, 2024). Such shortcomings expose the challenge of being a regional leader amidst a more competitive Indo-Pacific region.

A key contradiction of the Indo-Pacific strategy of Australia is that it is heavily dependent economically on China. Though Canberra is increasingly looking at Beijing as a strategic adversary, China is also one of the largest trading



partners of Australia. Chinese markets rely on the Australian exports of iron ore, natural gas, agricultural products and the minerals significantly. This is an economic interdependence that does not allow Australia to have a fully confrontational or containment-oriented relationship with China. Canberra should thus strike the right balance between strategic resistance and economic pragmatism (Kabutaulaka, 2022). The history of diplomatic strains between the two nations has already proved that Australia is susceptible to Chinese economic coercion such as, trade blockades, and importation blocks on Australian products. Consequently, Indo-Pacific policy in Australia is more of a hedging strategy than a confrontational policy.

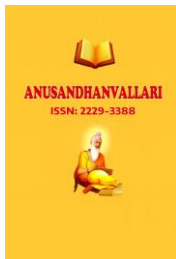
The other major constraint is that Australia has relatively low financial potential as opposed to the massive infrastructure financing and investment initiatives in China. The Belt and Road Initiative (BRI) has enabled China to afford large loans, grants, and infrastructure development in the Pacific Island countries. Projects financed by Chinese are similarly realized quickly and in a conspicuous way, which makes Beijing even more influential and attractive to local governments. Australia is not as financially flexible and economically large as China is, despite being one of the largest aid donors (MIHAI SORA, 2024). The development aid programs of Canberra tend to be more controlled, slower and based on standards of governance and accountability arrangements. Although these conditions are meant to foster transparency and sustainability, one way or the other, some Pacific governments consider them restrictive as compared to the relatively accommodative nature of the financing mechanism used by China.

The stability and reliability of the Indo-Pacific strategy of Australia are also influenced by domestic political factors in the country. Alterations in government, budgetary pressures, and competing priorities in the country can affect policies of foreign aid and regional engagement in Australia. Defense spending, immigration, climate policy, and relations with China are political issues that occasionally bring confusion as to how long-term strategic planning should proceed. Additionally, the growing militarization of the Indo-Pacific approach of Australia based on alliances like the AUKUS has led to the internal discussion of defence spending and the dangers of getting sucked into the serious conflict between the United States and China.

Another significant problem facing the Australian regional diplomacy is climate policy criticism. Climate change has always been cited by Pacific Island countries as the biggest challenge to their security and existence. Some of the existential threats that are facing a number of island countries such as Tuvalu and Kiribati are rising sea levels, coastal erosion, natural calamities, and environmental degradation. But Australian leaders have been criticized on various occasions by the Pacific leaders because of its internal dependence on coal exports and its perceived lack of commitment to curtailing carbon emissions. Despite the recent years of growing climate finance and renewable energy support in Canberra, the credibility of Australia as a climate partner remains doubted by many Pacific governments (Pandey, 2023). This disconnect between the discourse of security in Australia and the priorities of the Pacific has undermined Canberra as a source of soft power in the region.

The other critique that is made against the regional involvement of Australia is the understanding of neo-colonialism and paternalism. Pacific Island leaders occasionally perceive Australia as a colonial power that regards smaller island states as dependent partners and not equal sovereign actors in Pacific affairs because of historical colonial relationships and its dominant role in Pacific affairs. Australian policies based on strategic competition and regional security can sometimes seem insensitive to local priorities and views. Certain Pacific leaders have claimed that Australia treats the region mainly as a security, and they are too concerned about the influence of China as opposed to the developmental and environmental issues that most matter to the island communities.

This image has added to the increasing dissatisfaction of the Pacific Island nations with the Australian attitude towards the region. Most governments of islands want more autonomy and diversified relations as opposed to



being aligned to Australia or Western powers. As a result, they have embraced interaction with China, not necessarily at the expense of Australia, but as a method of opening up more economic opportunities and building diplomatic power. Leaders of the Pacific often stress that they would not like to see the region militarized or turned into a battleground of great-power politics. Securitization of the Pacific is thus a huge vulnerability in the Australia strategy. Canberra tends to discuss Oceania through the prism of strategic rivalry, maritime security, and geopolitical balance, but Pacific Island countries are more concerned with the challenges of sustainable development, climate resiliency, healthcare, education, and economic recovery. This shift in priorities poses tensions in regional relations and restricts the possibility of Australia to fully align its strategic goals with aspirations of the Pacific communities.

Finally, the Indo-Pacific policy of Australia encounters a lot of obstacles that make its endeavors to remain influential in the region and fight against the emergence of China in Oceania complex. The reliance of the economies on China, financial constraints, domestic political constraints, climate policy criticism, and dissatisfaction of the Pacific Island countries all undermine the effectiveness of the regional approach of Canberra. The success of the Australian strategy in the long-run will hence lie in its capacity to go beyond a security-based outlook towards the Pacific Island countries and evolve a more holistic and responsive model of partnership that is inclusive of the developmental and environmental needs of the Pacific Island countries.

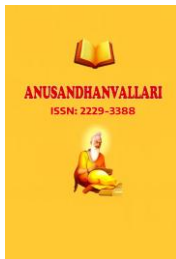
Conclusion

The rise of the Indo-Pacific as the new focal point of the twenty-first century geopolitics has radically altered the strategic importance of Oceania. Being seen as a comparatively fringe area on the international agenda, the Pacific Islands have become an important area where key powers engage in a struggle over power, security alliances, economic dominance, and diplomatic esteem. In this evolving geopolitical landscape, the Indo-Pacific strategy of Australia is a multi-dimensional approach to ensure stability in the region, preserve its old-time leadership in Oceania, and react to the increasingly growing power of China in the South Pacific.

This paper has postulated that the Australian policy towards Oceania is indicative of a wider balancing policy based on the fears of the growing economic, diplomatic, and security influence of China. Australia has tried to strengthen its position as the main strategic and development partner of the Pacific Island countries through policies like the Pacific Step-up initiative, enhanced maritime cooperation, infrastructure financing, alliance-building and climate assistance. Canberra is becoming progressively more cooperative with the United States, India, and Japan, via the QUAD and AUKUS frameworks, which further indicate that it aims to sustain a positive balance of power in the Indo-Pacific.

Simultaneously, the increase in the role of China in Oceania has contributed to the geopolitical competition in a way never seen before. The infrastructure and trade investments, development finance, and security alliances have made Beijing more influential in the region and threat to the Australian traditional strategic control. The Solomon Islands security agreement with China especially pointed to the manner in which Oceania has become highly assimilated into the wider Indo-Pacific power politics. Strategic competition over the Pacific is no longer solely the preserve of economic diplomacy, but now includes military accessibility, maritime security, technological power and even competing regional order visions.

Nevertheless, the article also shows that Pacific Island nations are not just passive sites of contention among foreign forces. Instead, they are active and independent actors seeking diversified partnerships in order to maximize economic prospects, enhance resilience, and safeguard national sovereignty. Whereas strategic competition is of great concern in Australia and China, the Pacific Island states are always interested in climate

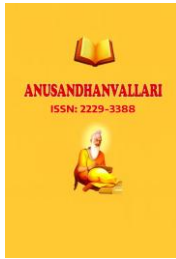


change, sustainable development, disaster resilience, and economic security. This difference in priorities is one of the greatest threats to regional strategy of Australia.

The future of Oceania will hence not be only framed by the ambitions of major powers but the Pacific Island countries themselves will be the agents of their own futures. With the escalating geopolitical rivalry across the Indo-Pacific, the South Pacific will most probably continue to be a strategic uncertainty region where diplomacy, development, security and environmental challenges overlap. The long-term success of Australia in balancing the rise of China will not be only about military competition but rather about its ability to establish the real partnerships based on mutual respect, climate responsibility, and sustainable cooperation in the region. Oceania is no longer an outer zone in the strategic environment, but a frontier call in the struggle over the future of the Indo-Pacific order.

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