

# Australia to bankroll 2018 APEC summit in Papua New Guinea

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In a bid to stave off growing Chinese influence in the Pacific, the Australian government announced late last year that it will pay at least a third of the costs of Papua New Guinea's hosting of next year's APEC summit. The event is due to be held in Port Moresby in November 2018. APEC is a forum for 21 Pacific-rim member countries, including the US, Japan and China.

The state-owned Australian Broadcasting Commission (ABC) reported that Canberra's commitments, including a two-year extension to the existing deployment of 73 Australian Federal Police officers, will exceed \$100 million. Security, diplomatic support, advisory roles, intelligence services and immigration processes will be involved. The costs amount to one-fifth of Australia's \$558 million annual aid to PNG.

According to the ABC, security and foreign policy advisers warned that leaving the PNG government to fund the summit "would risk China filling the breach." Following a state visit by PNG Prime Minister Peter O'Neill to China last July, President Xi Jinping stressed Beijing's support for PNG hosting the event.

PNG, an Australian colony until 1975, is of vital economic and strategic importance to Washington and Canberra. In 2011, then US Secretary of State Hillary Clinton highlighted the major \$US17 billion ExxonMobil natural gas project, while accusing China of being "in there every day, in every way, trying to figure out how it's going to come in behind us, come in under us." The \$US2.1 billion Ramu nickel mine, run since 2012 by Chinese firm Metallurgical Group Corporation, is among Beijing's largest overseas direct investments.

The 2018 APEC summit, involving some 10,000 visitors and culminating in an official leaders' meeting, is the first to be held in a Pacific nation. Port

Moresby's limited facilities will struggle to cope. Cruise and naval ships are likely to be brought in to accommodate international delegations.

The O'Neill government has allocated 800 million kina (\$A330 million) for the summit, excluding the cost of the convention centre being built by gas producer Oil Search through a tax-credit scheme. The PNG economy, however, is in crisis, with the government reportedly printing money to fund its budget deficit. Questions are being raised about the event's affordability, which O'Neill is promoting as a showcase national event.

A 2016 report by the International Monetary Fund, briefly suppressed by O'Neill, indicates the economy is in far worse condition than the government has admitted. The debt-to-GDP ratio is 33.5 percent for 2016 and 2017—above the 30 percent limit set under the PNG Fiscal Responsibility Act. The IMF is placing pressure on the government to carry out further drastic spending cuts.

Australian academic Michael Wesley said that if Canberra allowed PNG's ambitious APEC plans to collapse Australia would suffer "reputational" damage. According to the ABC, any threats to the summit would be viewed "dimly" by the United States, as would the deepening of Chinese interests.

O'Neill's visit to Beijing last year was aimed at securing financial and commercial support for the faltering economy. Bilateral agreements have since been announced covering trade, investment, agriculture, forestry, fishery, energy, tourism, study exchanges and mineral exploration. Beijing is advancing loan facilities for PNG's National Submarine Fibre Cable Network and the Lae Tidal Basin Industrial Development projects. The 40th anniversary of formal diplomatic ties between the two countries was celebrated last

September with the opening of a new convention centre in Port Moresby, funded by Beijing.

Of particular concern in Canberra and Washington will be strengthening strategic and military ties. The PNG Defence Force has opened an office within the PNG embassy in Beijing, intended to “help coordinate military activities” between the two countries. Following his state visit, O’Neill expressed his government’s “respect” for China’s “legitimate and lawful rights and interest” in the South China Sea. O’Neill also endorsed China’s “One Belt One Road” trade route system across the Asia-Pacific, designed to counter Washington’s aggressive efforts to isolate China.

Australia’s Defence White Paper (2016) identified “stability and prosperity” in PNG and other countries in the South Pacific as central to its own security. Despite PNG’s formal independence, Canberra has sought to direct economic and diplomatic policy in PNG and other Pacific states. Direct military interventions have been carried out in East Timor and the Solomon Islands to protect Australia’s corporate and strategic interests.

O’Neill’s predecessor in PNG, Michael Somare, was unlawfully ousted in 2011 with the backing of the Australian government because he was seen as too close to Beijing. O’Neill, who assumed office through an illegal parliamentary manoeuvre, rested on Canberra’s backing. He functioned as a servant of Australian imperialism, welcoming an expanded Australian police and “advisor” presence, while supporting Australia’s neo-colonial interests in the wider region.

In January 2016, in a significant setback for Canberra, O’Neill peremptorily removed 15 Australian officials who were embedded as “advisors” in senior posts within the finance, treasury, transport and justice ministries. Australian Federal Police were exempted from the ban, O’Neill indicating he wanted them in front-line positions as well as training PNG police.

Throughout the Pacific, the emergence of China as a rival to the imperialist powers has upended traditional relationships. PNG’s strengthening ties with Beijing follows Fiji’s “Look North” policy, instituted by the Bainimarama military regime after the 2006 coup in response to attempts by Australia and New Zealand—which ultimately failed—to isolate it.

As the confrontation between the US and China

rapidly intensifies, the weakness of Australia’s position is exposed. With the Trump administration escalating threats of war with China, it is drawing all its allies into the gathering storm. Every country in the region is coming under pressure to choose between their trade and economic reliance on China, and strategic ties with an increasingly bellicose US imperialism.

In the lead-up to APEC, PNG will find itself in the front line. The country has lucrative energy and mineral reserves, dominated by Australian and American transnational corporations. These include some of the world’s biggest untapped gold, silver and nickel deposits. It has the largest population and landmass of the Pacific states. PNG also occupies an important strategic position to Australia’s north and near the US territory of Guam, which is being upgraded into a massive military staging post for a potential attack on China.

Ramped-up measures to impose stability, “security” and social discipline at the behest of the imperialist powers and financial institutions will impact severely on the working class and rural poor. Widespread inequality and poverty are already fueling social tensions. Declining global commodity prices have resulted in severe austerity measures, prompting repeated strikes by public sector workers. Student protests last year, demanding the resignation of O’Neill over corruption allegations, were violently suppressed by armed police.

O’Neill is preparing for greater unrest amid the deepening economic crisis. Elections later this year will see large numbers of police and soldiers deployed across the country to counter growing opposition among workers and youth—an exercise certain to be repeated as APEC approaches.



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