

# Growing concern in Canberra over PNG links with China

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With Papua New Guinea (PNG) preparing to host the annual 21-member Asia-Pacific Economic Cooperation (APEC) summit in November, the Australian media is stoking further anxiety over purported Chinese “influence” in the strategically significant South Pacific country. The 2018 APEC summit, which will involve some 10,000 visitors and culminate in the official leaders’ meeting, is the first to be held in a Pacific Island nation.

An article in the Murdoch-owned *Australian* newspaper on June 12 drew attention to a recent announcement by PNG’s Communications Minister Sam Basil that his government is planning to impose a month-long ban on Facebook. Columnist Rowan Callick declared that the move indicated PNG is “forging closer links with its Chinese counterpart—the world’s leading internet censor.”

PNG’s Facebook ban, according to Basil, is to “allow information to be collected to identify users that hide behind fake accounts.” In fact, it is in preparation to apply a restrictive “cyber-crime law” to social media in order to suppress online criticism of the deeply unpopular government.

Australia’s ruling elite, which is currently pushing through parliament draconian anti-democratic measures to combat so-called “foreign interference,” is not in the least concerned with the democratic rights of PNG citizens. Rather, the *Australian* report expresses alarm at the PNG-China relationship “bearing more fruit” in the build-up to APEC.

In order to assert its continuing dominance over PNG’s affairs, the Australian government is substantially bankrolling the APEC summit. Canberra’s contributions, including a two-year extension to the deployment of 73 Australian Federal Police officers, will exceed \$A100 million. Security,

diplomatic support, advisory roles, intelligence services and immigration processes will be involved. The costs amount to one-fifth of Australia’s \$A558 million annual aid to PNG.

Following a state visit by PNG Prime Minister Peter O’Neill to China in July 2016, President Xi Jinping also offered Beijing’s financial and political support. After Australia, China will provide the greatest aid to PNG to stage the event. Xi Jinping will attend and sign a series of commercial agreements with the PNG government.

PNG, an Australian colony until 1975, is of vital economic and strategic importance to both Canberra and Washington. With the US Obama administration’s “Pivot to Asia”, followed by Trump’s continuing military build-up in the region, Australia has sought to align PNG more closely with the US-led strategic confrontation of China.

To push back against China, the local powers Australia and New Zealand are engaged in an increasingly bitter bidding war over aid to the Pacific. Australia’s Minister for International Development and the Pacific, Senator Concetta Fierravanti-Wells, inflamed tensions in January by declaring that China was lending funds on unfavourable terms and financing worthless construction projects. Beijing responded with a formal protest, labelling the criticisms as “full of ignorance and prejudice.”

The Sydney-based Lowy Institute estimates that Chinese aid to the region was at least \$A1.8 billion between 2006 and 2016. Samoa, Tonga and other Pacific countries joined a “strategic partnership” with Beijing in 2014, receiving hundreds of millions of dollars in aid, infrastructure investment and loans, outstripping that provided by Australia and New Zealand.

Pacific governments are resentful that aid from Canberra and Wellington is oriented towards their own commercial and strategic ends. China's support has been welcomed as having fewer "strings" attached. During a visit to New Zealand in March, Samoan Prime Minister Tuilaepa Sa'ilele Malielegaoi flatly rejected claims that China's activities were not "transparent," declaring they were all "out in the open." Tuilaepa added that over the next five years China had earmarked \$US2 billion for grants and a further \$2 billion in "soft loans" for Pacific countries.

Canberra is particularly concerned that O'Neill, who was installed as prime minister in 2011 in an illegal manoeuvre backed by Australia, is strengthening relations with China. The PNG Defence Force has opened an office within the PNG embassy in Beijing to "help coordinate military activities" between the two countries. O'Neill has expressed his government's "respect" for China's "legitimate and lawful rights and interest" in the South China Sea.

PNG and China have begun discussions on a free-trade agreement, on top of a \$A4.6 billion concessional credit line already made available by Beijing. The *Australian* noted that the Chinese telco Huawei, the world's largest telecommunications equipment maker, has played a "prime role" in the development of PNG's communications.

Huawei has installed equipment at key hubs such as telephone exchanges, police headquarters, Port Moresby airport and the headquarters of state telco Telikom PNG. It has also been contracted to roll out the first stages of a national broadband network and to integrate data used by all government agencies.

Another Chinese telecom equipment maker ZTE, recently at the centre of the intensifying trade dispute with Washington, has struck an \$A300m agreement in partnership with China Great Wall Industry Corp to develop a new PNG telecommunications satellite.

The significant role being played by Huawei in communications development, in PNG and across the Pacific, is a source of friction in Canberra. In 2012, the Gillard Labor government barred Huawei from contracts for the construction of Australia's National Broadband Network on so-called "security" grounds.

The *Sydney Morning Herald* reported on June 13 that the Solomon Islands' state-owned Our Telekom was in talks with Huawei about an equipment and

infrastructure deal. The report claimed Huawei was continuing to "court" the Solomons government in the face of aggressive moves by Canberra to side-line the company.

Visiting Australia last week, Solomon Islands Prime Minister, Rick Houenipwela, signed an agreement to land an undersea cable in Sydney to provide high-speed Internet services to the tiny Pacific country. The previous plan to use Huawei for the cable raised "security concerns" in Canberra because it would "plug into Australia's internet backbone." The Turnbull government will now pay for the \$200 million cable, which will also connect to PNG, out of the foreign aid budget.



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