



THE AUSTRALIAN NATIONAL UNIVERSITY

Research School of Pacific and Asian Studies

State Society and Governance in Melanesia

DISCUSSION PAPER

Discussion
Paper 2007/3

THE CHINESE IN PAPUA NEW GUINEA

INTRODUCTION

Recently there have been articles in the press in Australia and Papua New Guinea, a Radio National Program and a seminar at The Australian National University on the Chinese in Papua New Guinea and, more broadly, in the Pacific islands. All recognise the increasing importance of the Chinese in the region – in numbers, wealth and political power.¹ In Papua New Guinea where the Chinese now outnumber Australians by more than two to one, their presence has particular significance and complexity. Papua New Guinea is clearly different from the other Pacific island states in its size, resources and porous borders. If the Chinese economy is to maintain its rapid expansion, then China has to secure sources of energy and raw materials. That rational and legitimate policy may be expected to be followed – as it has in Africa – with China increasing aid to the point where it exceeds that of many traditional donors and is directed at projects and provided on conditions different from those determined by other major donors. The complexity of the Chinese presence is apparent in any attempt to enumerate the

Chinese population in Papua New Guinea: many, arriving independently or as employees of large firms, have entered illegally and do not appear in official statistics; others have entered legally but changed employment and overstayed and so are misrepresented in the statistics; and many are not Chinese by nationality as they have come from Malaysia, Indonesia, Singapore or the Philippines and correctly do not appear as ‘Chinese’ when immigrants are listed by nationality or place of origin. The statistical obscurity of the Chinese in Papua New Guinea has made it easier for other nations to ignore or be unaware of the implications of varied and expanding Chinese engagement.

NEW GUINEA: *TAIM BIPO*

A few Chinese traders entered New Guinea as the east of the island was being claimed by colonial powers; notably Ah Tam (also known as Lee Tam Tuck), a Rabaul ship builder and merchant who may have arrived before 1884. The first large group of Chinese came in 1889 as indentured labourers for the Germans. Wanting men experienced in plantation work,

HANK NELSON

The contribution of AusAID to this series is acknowledged with appreciation.

At the 1966 census – the first comprehensive census of the two Australian Territories of Papua and New Guinea – sixty-four men and seventeen women (eighty-one) in Papua and 297 men and 188 women (485) in New Guinea were born in China (totally 566). When asked their nationality 206 men and seventy-six women (282) in the two Territories said they were Chinese. When asked their 'race' 1,391 men and 1064 women (2455) said they were Chinese. Of these, 273 were living in Papua. Being Chinese was by then about physical and cultural identity. For most, it was unrelated to nationality or place of birth.

Box 1: 1966 Census Results

the Germans had contracted them in Singapore and the Dutch East Indies. Indentured labourers direct from China were recruited in 1898. Work on the plantations was hard, pay low and the death rate high. Nearly all the indentured workers were repatriated at the end of their contracts. Most long-term Chinese residents came from men who paid their own fares, or arranged loans to have them paid, and took up employment as carpenters, cooks, plantation overseers and merchants. By 1913 there were just over 1000 Chinese in German New Guinea; Chinatown in Rabaul was, by then, an established centre. Like pioneering migrants elsewhere, many of the early Chinese thought of themselves as being in New Guinea only briefly while they made money to take home; and in the Chinese population men outnumbered women by more than ten to one.²

The Australians occupied German New Guinea in 1914 and acquired New Guinea as a Mandated Territory in 1921. When the Australians surveyed the foreign population of their new territory in 1921 they found there were 1,195 Chinese men and 229 Chinese women. Nearly all were Cantonese speakers from See Yap. They were engaged primarily in commerce, but with significant numbers working as artisans and in primary industry. The Australians immediately applied the Australian Immigration Act which limited further Chinese immigration, forcing those given temporary entry to gain exemption from the dictation test, and imposing other restrictions. Chinese men with wives and children in China could not bring their families to New Guinea, Chinese men whose wives died could not bring another woman to New Guinea to look after their children, and the Chinese faced restrictions on buying land and obtaining licences to operate businesses. The restrictions on the immigration of Chinese women made it more likely that Chinese men would marry mixed race or New Guinean women, but most of the children from

such marriages were brought up within the Chinese community.

By the end of the 1930s, many Rabaul Chinese families had converted to Christianity, or at least identified with the Methodist or Catholic missions and sent their children to mission schools. The wealthiest of the Chinese were sending sons overseas for education, some to Australia and some back to Hong Kong or China. In 1941 Bernard Chan came back to Rabaul, having been to Wesley College and then doing law at Sydney University. He was better educated in Australia than nearly all Australians in New Guinea, and it was obvious he would not be contained within the three tier hierarchy of races – Europeans, Asians and Melanesians - that were then recognised in written and unwritten law in Rabaul. But war swept aside the old order and it was only partially rebuilt in the postwar.

With Japan at war in China from 1937, the Chinese in New Guinea were well aware of the threat from Japan. Official visitors from China spoke at the Kuo Ming Tang Club in Rabaul and many New Guinea Chinese had family at risk in China. The Chinese in Rabaul offered to form a unit to fight alongside the Australians in the event of a Japanese attack, and initially the Australians agreed that they could form an ambulance unit of about thirty members. The Chinese provided uniforms and equipment for their young men; but the Australians were cautious about non-Australian citizens joining the defence force and Australian regulations required recruits to be 'substantially of European origin or descent'. The Australians decided that they would rather have the help of the Chinese as Red Cross volunteers. The few survivors of the Chinese who turned up for duty in the confusion of the Japanese assault on Rabaul on 23 January 1942 were admitted to the RSL some forty years later.

In late December 1941, the Australians evacuated white women and children and rejected the pleas of the Chinese to allow

Chinese women and children to take refuge in Australia. That decision was reversed a few months later when Chinese from Wau were flown to Australia, and eventually over 300 Chinese were evacuated to Australia; but the decision to refuse the majority of the Chinese women to leave was resented. In spite of this, several Chinese took great personal risks to help Allied airmen and coastwatchers and provide information about the Japanese. Chin Hoi Meen, who had worked for the administration before the war and was a successful merchant after it, was presented with an MBE and the King's Medal for his services. Although more than thirty-five Chinese were killed by the Japanese and another seven died as a result of Allied bombing, most survived the war, in spite of suffering deprivation and having all capital assets destroyed.³

POSTWAR

The war damage compensation scheme introduced by the Australian government was indifferent to agency or race: it paid whether the damage was caused by the Allies or the Japanese, and Melanesians, Chinese and Europeans could apply for the loss of objects large or small, personal injury and the death of relatives. The Chinese, already attempting to rebuild their businesses, were well-placed to invest their compensation payments and to cater for the needs of villagers who had their own payments to spend. Soon the Chinese were expanding their businesses, stocking high cost cameras, electronic equipment and clothing, and selling to Europeans. This change from running small trade stores catering to villagers had begun before the war, and it accelerated in the late 1950s. While the strict policy against any further immigration of Chinese was maintained, petty discriminatory laws were repealed, and Paul Hasluck, Minister for Territories, moved to have the population of Papua and New Guinea divided into two: an indigenous majority and a foreign minority.⁴ Mixed-race

Sir Julius Chan, Prime Minister, 1980-82 and 1994-97, was born in 1939 on Tanga Island, off New Ireland, the son of Chin Pak from China and Tin Koris of Nokon village south of Namatanai, New Ireland. Chin Pak, who had arrived in New Guinea in 1921, was a plantation owner and trader. During the war the family was confined with other Chinese near Namatanai. After primary schooling at Rabaul, Julius went to Marist Brothers, Brisbane, and began a degree in Agricultural Science at the University of Queensland. Returning to New Guinea after a motor cycle accident, he worked in the public service, took Australian citizenship, and went into the successful family shipping and trading business. He was first elected to parliament in 1968 as member for Namatanai: he then claimed to speak and read Cantonese, English and Pidgin. After independence he became a citizen of Papua New Guinea. He was the founding Minister for Finance in the first Somare government. Defeated in the 1997 election, Sir Julius stood for the New Ireland provincial seat in 2002 and again lost, but his son, Byron Chan, won his old seat of Namatanai. Both are candidates in 2007.

Box 2: Sir Julius Chan

people were to join one or the other and Asians with necessary residential qualifications could apply for Australian citizenship. As most Chinese then living in New Guinea were born there, many were able to apply. A few Chinese shifted to Australia, and more moved into the neighbouring Territory of Papua and changed merchandising in Port Moresby. Prewar, there had been almost no Asians in Papua: the 88 Filipinos being the dominant group. There were just five Chinese recorded in the 1933 census of Papua.⁵ In Port Moresby, Luk Poi Wai (known affectionately to the Australians as 'Luke Warm Pie') ran a tailor's shop above Koki: his was then the only Chinese family in Port.

The decision to allow the New Guinea Chinese to take Australian citizenship was an early and significant change in the White Australia policy. The turmoil in postwar China and then the victory of the Communists had effectively prevented the New Guinea Chinese from visiting the mainland and this had increased the community's tendency to look south. By the 1970s and 1980s young Chinese were losing their fluency in Cantonese.

By independence, many of the Chinese in Papua New Guinea had Australian citizenship, investments in Australia and had educated their children in Australia. In Papua New Guinea they were still often socially separate from Australians, lived unostentatiously and kept clear of politics, although both Julius Chan and Perry Kwan (who had a Chinese father and Filipino mother) were elected to the House of Assembly in 1972, and Robert Seeto served a

1971:	50,500
1980:	32,670
1990:	25,620
2000:	19,235

Box 3: Non-Citizens in Papua New Guinea

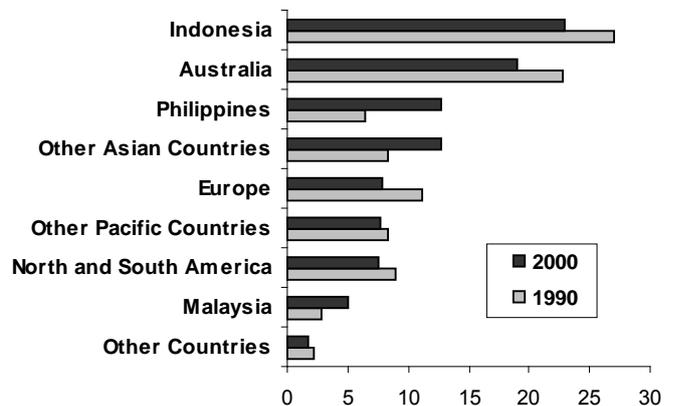
long time as premier of New Ireland Province. There were minor incidents in which Papua New Guineans expressed resentment against Chinese storekeepers and on the eve of self-government there was increased movement of Chinese to Australia but little overt racial antagonism. Where there has been looting of Chinese stores - as there was in 1997 as the Sandline incident spilled from Murray Barracks into nearby shopping centres and when clan conflict has led to wider lawlessness in some Highlands towns - the attacks have been opportunistic and the initial cause had not been resentment of the Chinese. In her survey of the impact of Papua New Guinea-born Chinese on the 1987 elections, Margaret Willson wrote that their 'direct effect on the 1987 elections was probably negligible': they 'prefer to remain unobtrusive both politically and socially'.⁶ It was a reasonable conclusion.

By the 1980s the foreign population of Papua New Guinea was undergoing significant change. In 1971 the foreign population had been over 50,000, and of these the most numerous group by nationality were Australians. Around 3,500 were Asians, and nearly all (about 3,000) were Chinese by ethnicity but not by place of birth or nationality. The total number of foreigners in Papua New Guinea declined from self-government and independence as Papua New Guineans took their places in the work force and foreigners, uncertain of their future, chose to leave. According to the official censuses, non-citizens have continued to leave. At the same time, the composition of the non-citizen population has been changing. It is now more male, includes fewer children, and is therefore probably more transient. But most marked has been the change in nationality. In 1980 over half of the non-

citizens were Australians. In fact, in 1980 there were more Australians and New Zealanders in Papua New Guinea than the total of foreigners recorded in 2000. In the Papua New Guinea 2000 Census National Report it is claimed that between the 1990 and 2000 censuses the 'numbers of migrants from Australia and Europe halved'.⁷ In 2000 19 percent of all non-citizens were born in Australia. In round figures, the number of Australians have fallen from more than 20,000 on the eve of self-government to less than 5,000 thirty years later.

Some time in the 1980s, the numbers of Australians in Papua New Guinea were surpassed by Asians. But initially, those figures were misleading as the 1990 census (and the subsequent count) said 'Indonesians' were the largest group of non-citizens, but most of them were living in the Western Province and were refugees from Irian Jaya (Papua). The greatest number crossed the border in 1984 when over 10,000 sought refuge east of the Fly River. Many are still in Western Province.⁸ But even excluding the border-crossers, Asians now outnumber Australians among non-citizens. The most numerous of the foreigners in the 2000 census by place of birth were: Indonesians 23 percent, Australian 19 percent, Malaysian 13 percent.

In the census figures the Chinese appear to be missing. One explanation is that the old Chinese, the descendants of those migrants who were living in Mandated German New Guinea, have left Papua New Guinea or they were born in Papua New Guinea and/or they have Australian or Papua New Guinean citizenship and so they do not show in the statistics as



Graph 1: Non-Citizens Born Overseas by Country of Birth, 1990 & 2000 Census

Chinese – or, in some cases, as either migrants or non-citizens. But in any case they are now few in number. Most have become part of two-step migration: having shed part of a culture, picked up part of another and added new genes in Papua New Guinea they have moved to Australia.

THE NEW CHINESE – FROM SOUTHEAST ASIA

The old Chinese have been overtaken by three other groups. The first are Chinese from Southeast Asia. They have come from Indonesia and Singapore, but predominantly from Malaysia. Publicly, they have been most associated with the Rimbunan Hijau (PNG) Group.⁹ Beginning operations in Sarawak as a timber company in 1975, Rimbunan Hijau is now said to generate over a billion dollars US annually through its involvement in resource exploitation and other businesses in Southeast Asia, Africa, Oceania, Russia and China. From its initial involvement in logging in Papua New Guinea in 1989, Rimbunan Hijau has built a substantial headquarters and broadened its operations, most obviously with the publishing of the daily newspaper, the National, from 1993. In the range and extent of its investments in logging permits, saw mills, a veneer mill, oil palm, trading, travel, shipping, retailing, superannuation and property development and in the number of Papua New Guineans employed (over 4000), Rimbunan Hijau is a significant force in the economy.¹⁰ But where it has

been different from most other companies has been in its direct engagement with politicians and its aggressive public relations. Its public promotion and profile is in direct contrast to that of the old Chinese companies.

Tan Sri Datuk Tiong Hiew King, the founder of the Rimbunan Hijau Group, has played a key role in Sarawak politics and served as a Malaysian senator. Some commentators have seen him coming out of a system in which businessmen, bureaucrats and politicians combine to pursue an agreed common good; but critics have seen a system corrupted so that all arms of the law-making, -administering and -enforcing institutions serve the interests of elite businessmen.¹¹ In Papua New Guinea there have been many claims of corruption, and they range from involving senior politicians (the Prime Minister and the Minister for Forests have had interests in logging concessions worked by Rimbunan Hijau) and accusations of corrupting senior officials to secure logging licences to providing prostitutes for workers and diverting police to intimidate landowners. The harshness of the criticism is apparent in the headings and catch phrases: ‘corporate criminals’, ‘global bully on the loose’, ‘profiting from plunder’, ‘the rape of PNG’. The Group has publicly and vigorously defended itself. As much hostile opposition has come from Greenpeace and other environmental groups, Rimbunan Hijau has blunted criticism by pointing out that much of it has come from the ideologically committed, and directing attention to particular factual errors. The Group has also listed extensive public benefits: investments in infrastructure,

‘Dr Jumogot ...told the House that the logging company [Rimbunan Hijau] had made K500 million since 1996 ... but local communities were yet to see the infrastructure ...

The program to carry out reforestation has yet to be honoured ... the Nraukei Township [on Manus], the west coast airstrip, schools, aid-posts, roads, and other infrastructure have not been built as promised.’ *Post-Courier*, 28 February 2007.



Above: Greenpeace activists attempt to deliver the Golden Chainsaw award for deforestation to security guards from Rimbunan Hijau. Photo: Greenpeace.

aid posts, airstrips, schools and even Christian churches:

At the opening of the new SDA church in the Edevu Elogogo area where Rimbunan Hijau has a sawmill, a local councillor said: "Apart from the church, the company has also assisted in building our school, a bridge, 24 hours free electricity and a road further inland towards Mount Koiari."¹²

To manage its companies, and provide special skills and the sweat of the unskilled, Rimbunan Hijau and other companies have brought in many foreign workers. Just how many is uncertain, and some may be in Papua New Guinea briefly while a particular logging operation is underway. Some estimates of people brought into the country at any one time by Malaysian Chinese have been as high as 5000. Sometimes associated with them are Chinese from Indonesia, and when their workers are included then that may add another 1000 to the Malaysian Chinese.

THE NEW CHINESE – FROM THE PEOPLE'S REPUBLIC OF CHINA

A second group of Chinese are those coming from the People's Republic of China in accord with Chinese government policy.¹³ Since agreement was reached two years ago

with the Chinese company Metallurgical Group Corp (abbreviated for unknown reasons to MCC) to develop the Ramu nickel/cobalt mine that movement has increased and been under greater scrutiny. MCC, one of the biggest construction companies in the world, is state owned and China will take the entire output of the Ramu mine. The biggest project undertaken by the Chinese anywhere in the Australia-islands region, the open-cut mine will require extensive infrastructure, including a long slurry-carrying pipeline and the development of a port on the Madang coast. ENFI, the subsidiary of MCC that has started preliminary work, has brought in workers, some of whom are said to be unskilled and low paid by Papua New Guinean standards.

Apart from the imported workers, the development of the mine has raised a number of issues. The Chinese government has been willing to provide funds for infrastructure which will be required by the mine, and as MCC is government owned that has made it difficult to distinguish between aid and a commercial venture which might wish to offset infrastructure development against tax concessions. This has particular relevance as MCC appears to have negotiated a generous ten year tax holiday. Perhaps inevitably, some landowners are dissatisfied, either because they are not included in the 2.5 percent stake allocated to them or they believe that that is not high enough. Again, inevitably, there

'How can we allow such a company [MCC] to enter our country, rip off our resources and treat us like pigs. This is totally inhuman. This is another classic 'under the table' deal without proper documents, procedures and contract agreement to govern the mining company I recommend a termination and deportation of these people and their company. Disgusted, Waigani.' *Post-Courier*, 7 February 2007.

'Mr Tibu [Department of Labour] said that the mine management had been asked to construct better messing and kitchen facilities, housing for workers, who are currently living in makeshift tents, improve workers' diet and move away from segregated accommodation for Chinese and national employees, 'which suggested discrimination' in the treatment of workers. The Labour Department wants the project management to meet the International Labour Organisation's standards like proper enclosed toilets as currently both male and female employees use an open pit latrine with logs placed across an open pit with no privacy.' *National*, 8 February 2007.



Above: Chinese Ambassador to PNG, Wei Ruxing, Prime Minister Sir Michael Somare and MCC Chairman, Yang Changeng toast the Ramu mine. Photo: *The National*

are questions about the environmental impact of the mine, particularly about the discharge of tailings into the sea near Madang.¹⁴ And there have been angry complaints from Papua New Guinea workers at the construction sites because of the poor housing, pay rates below the legal minimum, crude toilets and separate compounds for Papua New Guinean and Chinese workers.¹⁵

Revelations about the conditions at work sites after a visit by Labour Secretary, David Tibu, brought an angry public response. There have also been guarded suggestions that some officials or politicians have been rewarded for decisions favouring the mining company. Peter Ipatas, Governor of Enga and leader of the People's Party, claimed that his demand for a renegotiation of the Ramu mine agreement was part of the fight against corruption.¹⁶ He also suggested that the bringing in of Chinese workers may have violated Papua New Guinea's laws.

The allegations of corruption were given increased substance when the Ombudsman, Peter Masi, said he was investigating reports that Madang leaders had been awarded contracts 'relating to the mine ... and in breach of the Leadership Code' and that the National Housing Corporation had been pressured to sell properties to developers.¹⁷

THE NEW CHINESE – THE UNSANCTIONED

A third group of Chinese entering Papua New Guinea has also been leaving mainland China. From evidence leading to convictions in Papua New Guinean courts or from Labour Department enquiries, many hold forged work permits, or have obtained visas by unknown means from the Papua New Guinea embassy in Beijing, or obtained visas for one reason but switched to other activities and overstayed.¹⁸ Some have been engaged in illegal or marginally illegal businesses such as gambling, selling cheap products carrying prestige brands or – in one report – selling fake toothpaste.¹⁹ From observing who runs stores and food stalls and from newspaper reports, these Chinese migrants are numerous and while most are in the main towns, they are working widely throughout the country - from the islands to the Highlands. Most are probably battling to make

their way and exploiting whatever opportunities they can, and while they may cut a few corners they are not 'criminals'; but a few seem to be tough, gun-carrying and presumably connected to gangs or organised crime.

'The Kavieng District Court on Monday sentenced seven Chinese nationals to six months imprisonment with hard labour for living and working in Kavieng, New Ireland province without proper work permit.... The court heard the first three initially had contracts to buy rubber and do timber processing but went ahead into fisheries by buying beche-de-mer, seahorses and seagulls. Four others came to PNG under permits to work for a logging company in Lae. But instead, were found carrying out other business activities such as buying vanilla beans for as low as 20 toea per kilo ...' . *National*, 21 February 2007.

Box 6: Illegal Practices

The recent migrants from China have provoked resentment. It is expressed in newspaper articles as well as letters to the editor:

The influx of Asian businesses and their cheap products can wipe out the small economy of East New Britain. Government agencies revealed the new Asian businesses sell cheap products at mark-up prices and do not re-invest their money in the province. Instead, they send all their money out of the country through a particular commercial bank where they do not pay any fees or taxes. The agencies also revealed many of these new Asian businesses do not comply with PNG's tax laws – leaving the province deprived of the much-needed goods and services tax (GST)....

In Kokopo at least eight new shops, all owned by the same group, have sprung up around the town in less than two years. The agencies said that these Asians were all from the same area in China and came in as one group before they mushroomed throughout the town with different shops.²⁰

Papua New Guineans point to the tight security in the stores and say that if there are local people on cash registers they are closely monitored. One letter writer spoke nostalgically of 'our old

time Chinese friends' and contrasted them with the 'discriminatory' new merchants.²¹

The apparent ease with which visas have been obtained at the Papua New Guinea embassy in Beijing has been said to be one reason why ambassador Max Rai is being replaced by John Momis. The Minister for Foreign Affairs and Trade, Paul Tiensten, acknowledged the need to halt the flow of illegal immigrants which was giving the 'department a bad name'.²²

'Kainantu town in Eastern Highlands province was in chaos last Friday when a mob raided an Asian shop and looted all its merchandise in broad daylight. Stones and other missiles were hurled at police and vehicles owned by Asians.' *National*, 16 October 06.

'Papua New Guineans cannot and will not tolerate two things. Firstly, the cheap tactics employed by foreign companies who come in to help develop the natural resources of this country, and, secondly, fellow Papua New Guineans who sell this country to the dogs.' Hila and Kila Willie, *Post-Courier*, 23 February 2007.

Box 7: Growing Resentment

Estimates – some impressionistic guesses – of the numbers of these recent Chinese migrants engaged in small businesses agree that they can be measured in thousands, probably over 5000. Adding a few Chinese from Singapore and including those who have come with resource companies, then that suggests a Chinese population of over 10,000.²³ The Chinese are by far the most numerous of all foreigners in Papua New Guinea. And they are almost invisible in the 2000 census.

There are few migrants from Taiwan in Papua New Guinea, and tension between Taiwan (Republic of China) and the People's Republic of China is less marked in Papua New Guinea than in some other Pacific islands, such as Solomon Islands, where governments have recognised Taiwan and Taiwan provides support for particular politicians to ensure continued commitment. (The most Taiwanese were in New Guinea between 1942 and 1945. They were then Formosans, residents of a Japanese colony and conscripted into the Japanese army, often in non-combatant auxiliary and labour units.) But the division between the two Chinas still impinges on Papua New Guinean politics.

It did so dramatically but without consequence in 1999 during the last days of Bill Skate's prime ministership when he made a secret trip to Taiwan to secure funds for his failing administration (and allegedly for himself) in exchange for abandoning Papua New Guinea's One China policy and recognising Taiwan. But soon after his return he was defeated on a vote of no confidence in the parliament and replaced as Prime Minister by Mekere Morauta. More recently, the Chinese embassy in Papua New Guinea has 'strongly protested' against Taiwanese participation in the Pacific Islands News Association (PINA).²⁴ PINA was to hold a conference in Solomon Islands in May 2007, and the Solomons Islands Media Association has accepted a donation from Taiwan of US\$65,000. In return – or coincidentally – the Taiwanese were being allowed to send a large delegation to the conference. The Chinese made it clear to the Papua New Guinea Media Council, the largest contributor to PINA, that it did not want the Taiwanese getting seats among the Islands media. The Chinese thought that if the Papua New Guinea government supported the One China policy then its media should do the same. That was scarcely a declaration of support for an independent press, but it did illustrate the sensitivities of the Chinese to any issues involving Taiwan.

CONCLUSION

There is almost no similarity to, or continuity with, the Chinese in Papua New Guinea now and the Chinese of the 1930s who, even if born in New Guinea, held a certificate of registration of an alien on which the bearer was identified by his thumb print. The Chinese were then a minority, largely unprotected by a home government, subject to petty discrimination, deliberately avoiding party politics and only entering the public arena to make a general show of being loyal citizens in such events as the Rabaul Empire Day parade. The Chinese in Papua New Guinea now outnumber Australians by two to one; some are backed by a powerful government in China which is extending its global political and economic reach, and some have connections to other governments in Southeast Asia; they are engaged in billion dollar resource projects; they have joined vigorously in public debate, hiring

high competence in public relations, and one of the major resource firms owns a national daily newspaper which is partisan when the interests of any activities of the parent company are an issue; and they have become involved in public decision-making from the highest to the lowest levels.²⁵ Some influence on decision-making is the appropriate lobbying of those with a case to argue; some of the payments made to political parties are within the range that individuals and companies normally contribute in democratic systems; but just from what is on the public record in the courts and the ombudsman's reports a few Chinese change or subvert government decisions by corrupting elected and appointed officials. The very presence of so many illegal migrants working in jobs where they do not have the appropriate licence is indicative of widespread low-level violation of government regulation. From the evidence presented in 1987 and 1989 to the T. E. Barnett enquiry into corruption in the forestry industry, and from latter reports and practices in other countries, the timber industry has long been rife with malpractice. It must seem ironical to the original companies that developed the Panguna and Ok Tedi mines that the Ramu nickel and cobalt mine appears to have violated the established standards for international companies: providing fair wages and conditions for local workers, employing and training a maximum number of local workers, not importing unskilled workers, paying a reasonable return to local governments, ensuring just compensation for landowners, and conducting pre-production environmental impact studies.

Outside commentators have to be careful not to accuse the Chinese of illegal or undesirable actions as though they are the only national group involved. The Chinese stand out because they are new, numerous and involved in the largest and most public ventures, not because they are the most venal. Commentators also have to accept the obvious: the Chinese have every right to pursue national, company and personal goals in Papua New Guinea. Scrutiny of legality, morality and mutual benefit to Papua New Guineans must be applied equally to all foreigners.

Four final observations. First, states, such as Papua New Guinea, where the bureaucracy has difficulty enforcing policy and where officials and politicians from Waigani to local level

governments are vulnerable to large and small inducements, have great difficulty getting a fair return on their resources or even controlling the composition of their own population; and once bribes have been paid the erosion of institutional strength and civil trust is rapid. Secondly, China will continue to play an increasingly important role in the region. The issue is not whether it exercises greater influence but how and in what direction. Thirdly, Australia continues to speak – and issue reports – as though it is not just the dominant player in the region but virtually the only big player, that this is where the rest of the world expects Australia to have expertise, and where Australia provides most aid, guides development and intervenes at times of natural and man-made disasters. When Papua New Guineans suggest that they do not want to be beholden to Australians and that there are alternatives, this is scarcely taken seriously in Australia. It should be, and in future it will have to be. Failure to recognize growing Chinese engagement in Papua New Guinea was apparent in recent statements by the Australian government and opposition. The Defence Update of 2007 in its review of Australia's strategic environment drew attention to China as a 'driver of economic activity both regionally and globally', the importance of United States-Japan-China relationships, the vulnerability of the Papua New Guinea state suffering from problems of governance, law and order, weak job creation and poor delivery of health and education services. But it did not consider the significance of China and its growing economic and strategic power as a player in Papua New Guinea.²⁶ Speaking at the Lowy Institute on 5 July 2007, Kevin Rudd, Leader of the Opposition, claimed that the time had come 'for a fundamental rethink of the direction of Australia's development assistance strategy' and he set out a 'long-term Pacific Partnership for Development and Security'. The seven-point approach to foster primary education, better health care, infrastructure, youth unemployment, business development, better governance and improved law and order was to be negotiated between Australia and each island state. The program did not mention the role of the Chinese or the need to consider or engage any other national or international donors.²⁷ Fourthly, Papua New Guineans resent what they see as migrants taking jobs and business opportunities, buying favours and

taking wealth out of the country. It is possible that Australia will one day have to intervene to protect Chinese migrants whose lives and property are under threat. The targeting of Chinese – many innocent of involvement in the precipitating events – was apparent in the riots in Nuku'alofa and Honiara in 2006. Perhaps Australia will fly any endangered Chinese to Manus or Nauru: that would indeed be a Pacific solution.

AUTHOR NOTE

Hank Nelson is an Emeritus Professor and Visiting Fellow of the Division of Pacific and Asian History and Chair of State, Society and Governance in Melanesia (SSGM), both in the ANU College of Asia and the Pacific.

ENDNOTES

- ¹ *The Australian*, 9 and 12 February 2007; the Radio National Program was on 8 February; and the seminar at ANU was an all-day workshop on 9 February 2007.
- ² The main sources on the history of the Chinese in Papua New Guinea are: Peter Biskup, 'Foreign Coloured Labour in German New Guinea', *Journal of Pacific History*, Vol 5, 1970, pp.85-107; Peter Cahill, *The Chinese in Rabaul, 1914-1960*, MA History, 1972, UPNG; Peter Cahill, 'Chinese in Rabaul – 1921-1942: normal practices or containing the yellow peril?', *Journal of Pacific History*, Vol. 31, pp.72-91; Christine Inglis, 'Chinese', *Encyclopaedia of Papua and New Guinea*, ed by Peter Ryan, Melbourne University Press, 1972, pp.170-4; Christine Inglis, *Social Structure and Patterns of Economic Action: The Chinese in Papua New Guinea*, PhD thesis, London School of Economics, 1978; David Y. H. Wu, *The Chinese in Papua New Guinea 1880-1980*, The Chinese University press, Hong Kong, 1982.
- ³ P. Cahill, 1972, figures for just those Chinese in camps near Rabaul.
- ⁴ P. Hasluck, *A Time for Building: Australian Administration in Papua and New Guinea 1951-1963*, Melbourne University Press, Melbourne, p.331.
- ⁵ *Census of the Commonwealth of Australia 30th June, 1933*, Government Printer, Canberra, no date, Vol. 1, p.574.
- ⁶ Margaret Willson, 'The Trader's Voice: PNG-born Chinese Business and the 1987 Elections' in M. Oliver, ed, *Eleksin: The 1987 National Election in Papua New Guinea*, University of Papua New Guinea, Port Moresby, 1989, pp.99-108.
- ⁷ *Papua New Guinea 2000 Census National Report*, Port Moresby, 2003, p.39.
- ⁸ Ron May, 'East of the Border: Irian Jaya and the Border in Papua New Guinea's Domestic and Foreign Politics', in Ron May ed, *Between Two Nations: The Indonesia-Papua New Guinea Border and West Papua Nationalism*, Robert Brown, Bathurst, 1986, p.120. The Papua New Guinea 2000 Census (p.39) says that 23 percent of overseas-born non-citizen migrants were born in Indonesia and 19 percent in Australia.
- ⁹ The company's own website is at: www.rhpng.com.pg.
- ¹⁰ The RH Group Newsletter is available on the company website.
- ¹¹ See, for example, www.corpwatch.org/article.php?id=10294.
- ¹² *RH Group Newsletter*, October-December 2005.
- ¹³ The move of the Chinese in PNG to obtain resources and markets to sustain the growth of the Chinese economy is, of course, a minor part of a global strategy. The recent Chinese contact with Africa has been publicised with the China-Africa summit in Beijing in 2006 and several visits by eminent Chinese to Africa.
- ¹⁴ *Post-Courier*, 7 February 2007.
- ¹⁵ Rowan Callick, *The Australian*, 9 and 12 February, 2007; *Post-Courier*, 8 February 2007; *National*, 7 February 2007. See *Post-Courier*, 14 March 2007 for an inspector's report on sub-standard conditions in a logging camps in East Sepik.
- ¹⁶ *Post-Courier*, 31 January 2007; *National*, 21 February 2007.
- ¹⁷ *Post-Courier*, 21 February 2007.
- ¹⁸ *Post-Courier*, 8 December 2006; *Post-Courier*, 22 December 2006; *Post-Courier*, 23 January 2007.
- ¹⁹ *Post-Courier*, 10 November 2006.
- ²⁰ *Post-Courier*, 10 November 2006.
- ²¹ *Post-Courier*, 5 December 2006.
- ²² *Post-Courier*, 9 February 2007. See also *Post-Courier*, 13 and 14 February 2007. Rai replied to the allegations in a letter, *Post-Courier*, 14 March 2007.
- ²³ James Chinn presented considered figures at the workshop, 'The Chinese in the Pacific: Where to Now?', 9 February 2007.
- ²⁴ *National*, 9 February 2007.
- ²⁵ The *Post-Courier* and the *National* of 28 February 07 (see box) contained similar reports on the complaints from Dr Jumogot on the failure of Rimbunan Hijau to meet its obligations to communities where logging has taken place on Manus. The difference in the two papers is not always obvious.
- ²⁶ http://www.defence.gov.au/ans/2007/chapter_1.htm.
- ²⁷ <http://www.alp.org.au/media/0707speloo050.php>.

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State, Society and Governance in Melanesia Project
Research School of Pacific and Asian Studies
Australian National University
Canberra ACT 0200
AUSTRALIA

Convenor: David Hegarty	Executive Officer: Sue Rider
Telephone: +61 2 6125 4145	Telephone: +61 2 6125 8394
Fax: +61 2 6125 5525	Fax: +61 2 6125 5525
Email: dhegarty@coombs.anu.edu.au	Email: ssgm@coombs.anu.edu.au

<http://rspas.anu.edu.au/melanesia>