

Australia in the Blue Pacific: a political and development shift for the century

by Biman Prasad

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Professor Biman Prasad at AAC2023

Photo Credit: Alexandra Orme

This is an edited extract from the [opening address](#) delivered by Professor Biman Prasad, Fiji's Deputy Prime Minister and Minister for Finance, Strategic Planning, National Development and Statistics, at the Australasian AID Conference 2023 on 6 December 2023.

An ocean of peace

Some of the greatest transformations and some of the fiercest geopolitical contestation will play out in the Blue Pacific over the next decades.

The centre of the global economy has moved into Asia. By 2050, the majority of the 10 largest economies in the world will be in the Indo-Pacific region. China, India and Indonesia will be among the five largest economies in the world well before 2040.

The Blue Pacific finds itself in the middle of this great shift. Geopolitical contestation will play out across a range of areas, including the digital world, artificial intelligence, outer space, the ocean surface and seabed and of course across the traditional sectors of the economy.

Australia is deeply concerned about these changes. So are we. Across the Blue Pacific, our leaders have expressed their deep anxiety with the growing intensity of this geopolitical contestation. As a response to this, Fiji's Prime Minister, the Honourable Sitiveni Rabuka, has called for the Pacific to be an ocean of peace. That is powerful. It signals that we place the Pacific's interest first and foremost. It conveys to the world that we recognise that regional stability is the bedrock of our development and of our progress.

Let me underscore this connection between stability and development. Inclusive development is the surest path to stability across the Pacific. Stability is the pathway to our prosperity.

If the Blue Pacific is unable to develop resilient health systems, modernise education systems, adapt food systems to withstand the onslaught of climate change, or to manage debt burdens – they are likely to enter pathways that lead to instability and state fragility. Fragile Pacific states will be less likely to be able to mediate geopolitical competition in ways that protect their sovereign interests. [The presence of] unstable and fragile states in our region is not good for Australia. It is worse for our fellow island states.

Development must be locally led

The Blue Pacific is not a region of gloom. Ours is a region of limitless possibilities. Like Asia, the Blue Pacific is on the move. Our region is buzzing with energy and creativity. These are felt inside governments, in the private sector, in small and medium enterprises and across communities.

We have so much to learn from each other: island states learning from each other; islands learning from Asia; Asia learning from the Pacific; and Australia learning from across this region. The era where knowledge was seated in rich and industrial countries to be shared with poor developing countries has long gone. Let's keep that era well buried.

It does nevertheless amaze me that we continue to allow colonial concepts to wear out their welcome in international development. When the ADB [Asian Development Bank], the World Bank and aid partners use the term capacity building – I mainly cringe.

How would you feel if we were to say to the Australian National University that Fiji sent the late Professor Brij Lal to build capacity because Australia did not have capacity for historical research, and that Fiji had sent Noa Nadruku to build the capacity of the Canberra Raiders? It is both patronising and often humiliating when experts turn up day in and out to build capacity. Walk in our shoes for a day. Empathy is an important starting point for good development.

I have seen a welcome shift among some development partners to locally led development. If development is not locally led – it most probably is not development. All development must be locally led; all development programs must be locally designed; and as best as is possible, locally implemented.

If programs are being designed for the Blue Pacific in distant capitals in Washington, Beijing, and elsewhere – stop! These programs will fail at the very start. Even if they do succeed in some of their outcomes, they will most likely harm the confidence and erode the resolve of Pacific peoples to decide their development futures.

A visa-free Pacific

Given our shared futures, my message to Australia is to purposefully consider becoming a part of a fully integrated Pacific. Australia's businesses, its entrepreneurs, its students, its holy men and women, its skilled workers, its professionals and Australian families should be able to freely move and work across the vast Blue Pacific. So should Pacific Islanders – all Pacific Islanders, not some Pacific Islanders. As they do so they will create new opportunities across our region.

We have made much progress with programs that support thousands of Pacific islanders to work for short periods in Australia and New Zealand. We have welcomed recent progress on the Pacific Engagement Visa which will allow unskilled Pacific islanders a pathway into longer term residency. These are helpful, but stopgap measures at best.

The next step must surely be a visa-free Pacific. That is the most basic building block for integration. This is not about incremental increases to some categories of visas, but accepting that Australia and the Blue Pacific are part of a shared region in the world. The whole region can be a vibrant region of mobility and opportunities for Australians and all Pacific islanders – not a region of opportunity and mobility only for our elites and the highly skilled.

I can assure you that the Pacific island countries' desire for Australia to be a full and equal member of the Pacific family of nations is universal. An economically integrated Blue Pacific will arise from a foundation of visa-free movement of people. It cannot arise without it. Not a chance.

And I know that economic integration inevitably means far greater security integration. We will all be more secure for it – not less.

The climate emergency

Country after country across the Pacific have said they do not desire to be relocated. They want to stay on their lands, preserve the identities, pass on their timeless heritage to generations yet to be born. 1.5 degrees Celsius is about a lot more than economic losses and damage. A lot, lot more.

With humility, I urge Australian businesses and communities to support our efforts to secure the 1.5-degrees Celsius target. This will need enhanced climate action by Australia domestically, and solidarity with the Blue Pacific inside the halls where the world decides the future of our planet.

We are fighting against much of the world to hold on to this goal. It would be

unfortunate if we could not count on the people, communities, and governments of all the states of Australia as we take on the world in this fight of our life.

To win, we need resources. In our battle against climate change, we find ourselves in the midst of another reality: an international financing system that systematically undermines small states. The global financial architecture was not designed with small states in mind. Small states cannot bring their adaptation programs to the private markets because of scale. Small states cannot borrow to rebuild the same infrastructure over and over again each time they get washed away by ever more gruesome storm surges. The global financial system is broken.

The Pacific's leaders are calling for all climate finance vehicles to have dedicated small states windows – from the Green Climate Fund to climate funds within the ADB, World Bank and IMF [International Monetary Fund]. And yes, this must include the yet-to-be-operationalised loss and damage fund.

All special purpose small states funds need to have three crucial elements. First, that they can be accessed rapidly. Second, that they recognise that small states cannot be subject to the same bureaucratic hurdles that larger countries with large bureaucracies are. Third, they should be largely grants. And if they are loans, they need to be of an ultra-concessional nature with extended repayment periods.

Let me be very clear on this. The international financial system needs fundamental transformation if the small states are to have a fighting chance. It does not need tinkering on its edges.

I hope that Australia will use its influence to secure the fundamental reforms that are so necessary to give the world's most vulnerable small states a fighting chance.

Budget support for nationally owned development

My last contribution is on the “how” of international development. In Rarotonga [at the Pacific Islands Forum meeting in early November], Pacific leaders selected the theme “our choices, our voices, our Pacific Way”.

Applied to the world of climate and development, this means that assistance must shift rapidly towards budget support. I am glad that Australia is moving in this direction and encourage it to take deeper steps in this direction. Today, Australia's direct budget support stands at around 10 per cent of its total assistance. There is a long way to travel.

Development support through national budgets is the surest way to ensure that development is nationally owned and locally led. This will allow Pacific governments

and civil society to deepen their relationships as they become implementing partners for national programs, rather than for external development programs. The Pacific is ready for this step up.

The direction of travel must be towards multi-year financing agreements. Few climate adaptation investments can be designed and delivered in short three-year cycles – very few. None can be delivered through an annual financing plan!

The Pacific Island countries find themselves on a cliff's edge facing an interlocking climate-fiscal-development crisis. The time for business as usual and slow incremental change in the Australia-Pacific partnership has passed.

Australia as a fully integrated part of the Blue Pacific will be one of the great political and development shifts this century. I encourage Australians to consider the infinite possibilities that will flow from this.

Read a [transcript of Professor Biman Prasad's full speech](#); watch the [Australasian AID Conference opening address](#) including Q&A and read [news coverage from the ABC](#).

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