

Turning Necessity into Opportunity: 中国 ‘The Middle Kingdom’ and its Role in Fiji’s Road to Greater Economic Sovereignty



Lund University

Department of Economic History

Bachelor of Science in Development Studies

Dominika Urhová

May 2021

Bachelor Thesis

Supervisor: Kamaruddin Abdulsomad

Abstract

In recent years China has significantly intensified its economic activities abroad. Following Fiji's military coup in 2006, the Sino-Fijian relationship strengthened, particularly on the economic front. This research presents a single-case study using secondary data analysis to explore the nature and evolution of China's economic presence in Fiji, looking at trade, foreign direct investment and development assistance flows from 2006 onwards. The paper then investigates the relationship between Chinese development assistance and Fiji's economic sovereignty. The study builds on Nye's theory of Soft Power as its theoretical framework, enabling it to analyse China's non-coercive methods of influence. Secondary quantitative data is graphically displayed and patterns and changes in financial flows are analysed. A wide range of secondary qualitative data is analysed using thematic coding as suggested by the Miles & Huberman Framework for qualitative data analysis.

The research finds that during the period under investigation, the market for Chinese goods in Fiji has expanded. However, China continues to be a minor importer of Fijian goods. China is a major source of FDI to Fiji with investment levels projected to increase. With regards to development assistance, no consistent yearly increase was observed. However, major Chinese-funded development projects have been initiated post-2006, with large infrastructure projects funded through concessional loans. The findings also suggest that Chinese-funded projects use predominantly Chinese contractor companies. No bias towards any single sector was observed. Lastly, while due to the Covid-19 pandemic the future sustainability of Fiji's debt levels may be at risk, cooperation with China may yield benefits in terms of diversification of sources of development assistance. Continued engagement with China may allow Fiji to strengthen its economic sovereignty, and continue to assist other PICs as they strive for greater independence from external powers.

MAP

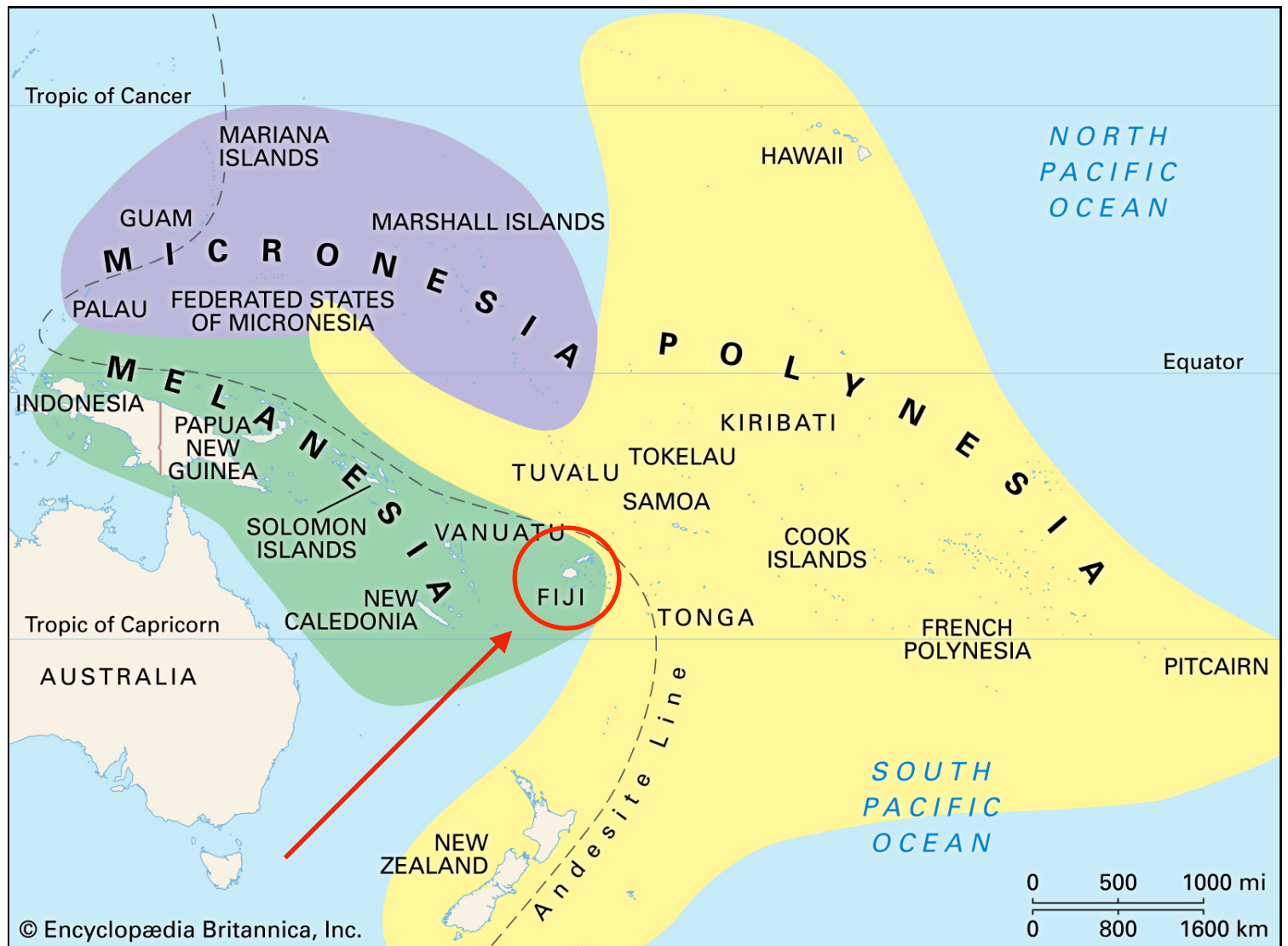


Figure 1: Pacific Islands, Source: [Encyclopaedia Britannica](#)

Table of Contents

1. Introduction	1
1.1 Problematisation	2
1.2 Aim of the Study	2
1.3 Operationalisation of Development Assistance and Economic Sovereignty	3
1.4 Relevance	4
1.5 Delimitation	5
1.6 Thesis Outline	5
2. Background.....	6
2.1 Fiji Since its Independence	6
2.2 Chinese Development Assistance	7
2.2.1 The Past and the Present	7
2.2.2 Composition of Development Assistance	7
2.3 Aid Competition in the Pacific	8
2.3.1. Sino-Fijian Relationship From 2006 Onwards	8
3. Literature Review.....	9
3.1 Fiji in the Broader Context of Chinese Involvement Abroad	9
3.1.1 Angola Model	9
3.1.2 Sri Lanka and its Hambantota Port Agreement	10
3.1.3 Venezuela and China's Quest for Oil	11
3.2 PICs & the Case of Fiji	11
3.3 The Great Controversy: No-Strings Attached or Embedded Conditionality?.....	13
3.4 Literature Gap	14
4. Theoretical Framework	14
4.1 Soft Power.....	15
4.1.1 Soft Power with Chinese Characteristics	15
4.1.2 Limitations of Soft Power	15
5.Methods & Data	16
5.1 Research Design.....	17
5.1.1 Case Study Design Limitations.....	17
5.2 Methodology	17
5.2.1 Data Collection	17
5.2.2 Data Limitations	18
5.3 Data Analysis	19
5.3.1 Quantitative Data Analysis	19

5.3.2 Miles & Huberman Framework	20
5.3.3 Coding.....	20
6. Interpretation of Results & Evaluation.....	21
6.1 Chinese Involvement in Fiji from 2006 Onwards.....	21
6.1.1 Trade	21
6.1.2 Foreign Direct Investment	23
6.1.3 Development Assistance	24
6.2 Characteristics of Chinese Development Assistance in Fiji	28
6.2.1 Grants vs. Concessional Loans	28
6.2.2 Sectoral Engagement	29
6.2.3 Implementing Partners	31
6.3 The Good and the Bad: Chinese Development Assistance and Fiji's Economic Sovereignty	33
6.3.1 Domestic Employment and Production	33
6.3.2 Resource Diplomacy.....	34
6.3.3 Debt Exposure.....	35
6.3.4 Fiji's Development.....	36
6.3.5 The Freedom to Choose	37
6.3.6 Fiji as a Regional Leader	38
7. Concluding Discussion	39
References:	42
Appendix	53
Background on the Authors of the Most Used Secondary Literature	58

List of Abbreviations

BRI	Belt and Road Initiative
DAC	Development Assistance Committee
EXIM BANK	Export/Import Bank
FDI	Foreign Direct Investment
FJD	Fijian Dollar
GDP	Gross Domestic Product
MoU	Memorandum of Understanding
SIDS	Small Island Developing States
ODA	Official Development Assistance
PIC	Pacific Island Country
RQ	Research Question

Figures, Tables & Graphs

Figure 1: Pacific Islands Map

Table 1: Year Diplomatic Relations were Established with China and Taiwan by Country

Table 2: Composition of Chinese Development Assistance

Table 3: List of Face sheet Codes

Table 4: First Stage Descriptive Codes

Table 5: Second Stage Pattern Codes

Graph 1: Fiji's Total Imports by Country, 2006-2019 (FJD million)

Graph 2: Fiji's Total Exports by Country, 2006-2019 (FJD million)

Graph 3: Fiji's Domestic Exports by Country, 2006-2019 (FJD million)

Graph 4: Fiji's Total Re-Exports by Country, 2006-2019 (FJD million)

Graph 5: Total Chinese Aid to Fiji, 2006-2020 (US\$ million)

Graph 6: Value of Grants and Concessional Loans by Year, 2006-2020 (US\$ million)

Graph 7: Total Number of Chinese Aid Initiatives in Fiji, 2006-2020

Graph 8: Percentage of Total Projects Completed and Implementing by Year, 2006-2020

Graph 9: Percentage of Total Value of Chinese Aid to Fiji, 2006-2020

Graph 10: Percentage of Total Number of Chinese Projects in Fiji, 2006-2020

Graph 11: Percentage of Total Value of Chinese Aid to Fiji by Sector, 2006-2020

Graph 12: Percentage of Total Number of Chinese Projects in Fiji by Sector, 2006-2020

Graph 13: Biggest Implementing Partners Based on the Total Value of Projects, 2006-2020

Graph 14: Biggest Implementing Partners Based on the Total Number of Projects, 2006-2020

1. Introduction

China's increasing presence in developing countries in recent years has sparked debates in the field of development and international security. Due to its rapid economic growth and the launching of the BRI in 2013 aimed at improving connectivity, trade and stimulating economic growth across continents (European Bank for Reconstruction and Development, 2021), China has significantly increased its economic activities abroad. Though the PICs have not been a prime focus of China's foreign strategy, the first China-Pacific Island Countries Economic Development and Cooperation Forum in 2006 marked the beginning of China's increased interest in the region (Dornan & Brant, 2014). Since the 1970s, eight PICs have established diplomatic ties with China¹ and in 2014 their cooperation entered a new era of 'strategic partnership' based on mutual respect, common prosperity and strengthened cooperation (Zhang, 2020). Consequently, in 2015, China integrated Oceania into its BRI trade framework as the 'Southern Leg' of the Maritime Silk Road (Szadziewski, 2020).

Fiji's history of military and political upheavals plays a significant role in shaping the Sino-Fijian relationship. The two countries' diplomatic ties go back to the year 1975 (Salem, 2020). The Fijian government has periodically implemented 'Look North' policies, aimed at moving away from its dependency on traditional donors such as the U.S., Australia, and New Zealand and strengthening relations with countries in Asia and, most significantly, with China. Notably, these policies were re-introduced after a series of military coups in 1987, 2000, and 2006. Following the most recent military coup in 2006, traditional donors imposed sanctions and curtailed aid flows to Fiji, causing increased international isolation and severe impacts on Fiji's economy. That being the case, Fiji had to look elsewhere for assistance (Szadziewski, 2020). As a result, not only is China now the second-largest aid donor to the Pacific region but Fiji has also become the second largest recipient of Chinese development assistance after Papua New Guinea (Salem, 2020).

This paper seeks to explore the evolution of the Sino-Fijian relationship from 2006 onwards. Using soft power as a theoretical framework, the research focuses on the economic tools of China's soft power, especially trade, investment and development assistance. The contribution of this research lies in its aim to both provide an overarching understanding of the evolution of the Sino-Fijian relationship and to explore the 'good' and the 'bad' of the relationship between Chinese development assistance and Fiji's economic sovereignty.

¹ See Table 1 in the Appendix

1.1 Problematisation

The lack of clarity and transparency prevents an effective categorisation and evaluation of Chinese financial flows. This makes it difficult to estimate the scale of its involvement and the destination of its flows, both in terms of countries and sectors. Secondly, the issue regarding the conditionality of Chinese development assistance is controversial. It has been argued that the assistance comes with no political conditions attached as tends to be the norm for Western aid, such as good governance or human rights. However, other aspects of Chinese development assistance may point in the opposite direction. Both its concessional loans² and grants³ tend to be conditional upon contracting Chinese companies as the implementing partner and procuring no less than 50 per cent of materials from China (Xiang, 2012). Additionally, the potential unsustainability of Chinese loans and the resource-backed and debt-for-equity types of assistance are yet another source of concern (Wibisono, 2019).

It is vital to explore Chinese involvement in the context of Fiji not only because it is, presently, one of the biggest recipients of Chinese development assistance in the South Pacific, but also because the Pacific region as such is highly aid-dependent. Given the high aid-dependency of the area, exploring the relationship between Chinese development assistance and Fiji's economic sovereignty plays a critical role in investigating the evolution of the Sino-Fijian relationship and Fiji's future development.

1.2 Aim of the Study

The main aim of this study is to explore the nature of Chinese involvement in Fiji, with particular focus on Chinese development assistance and its relationship with Fiji's economic sovereignty. The research employs a single case study method. Firstly, secondary quantitative data is graphically displayed, and patterns are analysed to quantify and contextualise the Sino-Fijian relationship. Secondly, to achieve an in-depth understanding of the issue at hand, a wide range of secondary qualitative data is analysed using thematic coding as suggested by the Miles and Huberman Framework for qualitative data analysis.

²Concessional loan are defined as loans whose objectives are “to promote economic development and improve living standards in developing countries, and to boost economic cooperation between developing countries and China” (Dornan & Brant, 2014, p. 351)”

³ Grants are defined as development assistance where “financial resources are provided to developing countries free of interest and with no provision for repayment” (Official Development Assistance, 2019, p. 4)

Therefore, the following research questions were formulated:

1. How has China's presence in Fiji evolved since 2006 regarding trade, foreign direct investment, and development assistance?
2. What are the characteristics of Chinese development assistance to Fiji?
3. What is the relationship between Chinese development assistance and Fiji's economic sovereignty?

The first RQ is descriptive, aiming to contextualise and quantify Chinese economic presence in Fiji. The following two RQs are explorative and aim to investigate the specific characteristics of Chinese development assistance to Fiji, as well as its relationship to Fiji's economic sovereignty. In regards to the second question, "characteristics" refers to the following aspects of Chinese development assistance (i) type of assistance, (ii) sectoral engagement, and (iii) implementing partners. It should be noted that the third question neither aims to establish causality nor imply that there is any existing causality.

1.3 Operationalisation of Development Assistance and Economic Sovereignty

Development assistance and *economic sovereignty* are the two main concepts embedded in the RQs above and frequently used throughout the paper. Therefore, it is crucial to operationalise the understanding of the two concepts and situate them within the context of this research.

According to the DAC's definition of ODA, development assistance is concessional and provided "by official agencies, including state and local governments, or by their executive agencies" (Official Development Assistance, 2019, p. 1) to improve "economic development and welfare of developing countries" (Official Development Assistance, 2019, p. 1). This research collected and analysed data on Chinese development assistance flows defined as (i) grants and (ii) concessional loans. Though both flows are considered ODA-like, a more nuanced view of Chinese development assistance is needed.

China is not one of the DAC donors, and therefore does not report its development flows to ODA. Bräutigam (2011) shows that though the two types of flows used in this research meet the requirements of ODA, other flows that China records as their development or external assistance (non-concessional loans, export credits, and cooperation used to stimulate Chinese investment) do not follow ODA guidelines. Furthermore, many different government departments often fund Chinese financial packages, providing no clear publicly available information about what is

concessional and what is funded at market rates, making a clear distinction of what can be considered Chinese development assistance as opposed to Chinese commercial activity difficult (Zimmerman & Smith, 2011).

For this research, *Chinese development assistance* refers to the ODA-like concessional loans and grants, which likely represent a minority of flows that China records as its development assistance. However, investigating ODA-like flows offers the best data coverage currently available. Data on Chinese non-ODA flows is yet to be collected and categorised in such a way as to provide a complete and comprehensive account of Chinese activities abroad.

This research defines the term *economic sovereignty* as “the power of national governments to make decisions independently of those made by other governments” (Sapir, 2020, p.129). With regards to PICs, aid-dependency poses many challenges for maintaining their economic sovereignty. PICs are economically vulnerable and considered one of the most aid-dependent regions globally due to the characteristics inherent to SIDS, especially their remote geographical location, high incidence of natural disasters, and high vulnerability to climate change.

In the context of highly aid-dependent nations, the concept of economic sovereignty appears to be somewhat malleable in practice. Murray & Overton (2011) argue that accepting donor's terms and conditions essentially undermines SIDS' sovereignty as they lose control over their development strategies. Willcox (2012) supports this notion, stating that though SIDS are encouraged and can engage in negotiations with donor countries, the primary decision-making power always lies in the hands of the more powerful actor. Additionally, Levine (2012, p. 445) refers to this relationship as a “dependent independence”. As he explains, aid-dependent countries' ability to maintain their independence is mainly reliant on aid flows from their donors. Sovereignty in the region can therefore be considered:

A malleable concept and its constituent elements are a negotiable commodity. There is value in asserting independence but equally there is some worth in trading aspects of effective sovereignty for increased levels of support (Overton et al., 2012, p. 238).

1.4 Relevance

Following the intensification of Chinese involvement in the Pacific, traditional donors launched strategies to increase their influence in the region. Notably, The United States' “Pacific Pledge”, Australia's “Pacific Step-Up”, and New Zealand's “Pacific reset” policies aim to bolster the

traditional donors' involvement in the region and to ensure that they maintain their status as the primary providers of development assistance (Zhang, 2020).

Investigating the case of Fiji is relevant as it is considered an influential player in the region and its economic, technological, and development hub. The country plays an important role in the region's geopolitics as it hosts the regional cooperation forum, accommodates headquarters of multilateral agencies (such as The United Nations Development Programme) and takes an active part in facilitating development throughout the region by providing development assistance and know-how to other PICs (COP23, 2018). After the coup in 2006, it has also become one of the primary recipients of Chinese development assistance. Some believe that Fiji's natural resources and economic concessions may become vulnerable to expropriation if the country engages in unsustainable borrowing from China (Pryke, 2018; Herr, 2019). Others argue that by harvesting its relatively high human and economic development compared to other Melanesian countries, Fiji is likely to derive considerable benefits from cooperating with China in the long run (Rodd, 2020).

The relevance of this research lies in its focus on the Pacific region in general and the case of Fiji in particular. The topic of Chinese economic involvement in this context and the potential challenges that aid-dependent countries in this region face in terms of maintaining their economic sovereignty is largely under-explored, allowing this research to provide new perspectives on and insights into the Sino-Fijian relationship.

1.5 Delimitation

The research limits its scope to the period from 2006 onwards which marks Fiji's re-introduction of the 'Look North' policy and increased Chinese presence in the country. Data availability is another factor delimiting the scope of this research. Only limited data on Chinese development assistance is available, which is further aggravated by poor data clarity and transparency. To offset this weakness the study uses datasets created by the AidData organisation, which tracks more than 3,000 projects in around 140 countries during the years 2000-2014 (Fuchs & Rudyak, 2017), and by Lowy Institute, which collects and categorises data on over 40,000 projects in 14 countries, updating it annually and covering projects from 2006 onwards (Lowy Institute, 2020).

1.6 Thesis Outline

This paper consists of the following sections. The first section provides background information on Fiji's performance since its independence, Chinese development assistance, and aid in the

context of the Pacific region in general and Fiji in particular. The subsequent section summarises and contrasts previous literature to situate Fiji within the broader context of Chinese development assistance and to identify the gap that this paper aims to fill. The next section discusses the theoretical framework which guides the methodological processes used for data collection and analysis. This section also presents some of the limitations and drawbacks of the chosen theoretical framework. The following section discusses the methodology, along with the research design, type of data, and data collection and analysis strategies, while acknowledging potential limitations. Finally, findings are interpreted and evaluated, followed by a concluding discussion which elaborates upon the theoretical considerations and gives suggestions for future research.

2. Background

2.1 Fiji Since its Independence

Fiji has a history of military upheavals and political instability fuelled primarily by ethnic tensions between the two majority groups: Indo-Fijians and Melanesian-Fijians (indigenous Fijians). The country has experienced three coups and three new constitutions since its independence from the British Empire in 1970 (Kant, 2019). Fiji's fluctuating economic performance is often linked to its political instability (Gounder, 2020). Despite its relatively stable and decent economic growth at around 5 per cent during 2014-2017 (Gounder, 2020, p.146), Fiji's economic growth decreased to 3.5 per cent in 2018 and 0.5 per cent in 2019 (Gounder, 2020, p.146). Fiji's poor economic growth, low government revenue, high levels of government borrowing during the past five years, and unsustainable spending (for example, to gain political support in elections) have resulted in fiscal cuts and adjustments. The government has had to reduce its spending on essential public goods such as education, healthcare, and infrastructure (Gounder, 2020).

Before the Covid-19 pandemic, the economy had been primarily sustained by the tourism sector, representing around 38 per cent of its total GDP (International Finance Corporation, 2020, p.3). However, along with its tourism sector receiving a hard blow due to the pandemic, activities in other sectors have been limited, and cuts in government spending have largely decreased the government's contribution to Fiji's economic growth (Gounder, 2020, p.146). This presents a rather gloomy outlook for the future of Fiji's economy, the Reserve Bank of Fiji now estimating 2020 GDP growth of -19% (Reserve Bank of Fiji, 2020).

2.2 Chinese Development Assistance

Despite being referred to as an ‘emerging’ donor, China’s aid history dates back to the 1950s (Brant, 2013). Yet, Chinese development assistance is still not well understood, with many Western pundits often portraying China as a ‘threat’ to recipient countries (Shie, 2007; Sugeno, 2018; Chellaney 2017; Packam & Barrett, 2019). To bridge this gap, this section offers a brief background on the Chinese aid system.

2.2.1 The Past and the Present

In 1964 the Chinese government formulated eight principles of Chinese development assistance tailored to guide its foreign aid strategy. The core principles still guiding Chinese strategy today are non-interference, mutual benefit, win-win situation, and no-strings-attached (Cheng, Fang & Lien, 2012). From the late 1990s, its assistance significantly increased in volume and diversified. Emphasis was put on providing technical training and capacity building and expanding the channels for aid provision from the traditional bilateral to multilateral and regional levels (Cheng, Fang & Lien, 2012). This has coincided with the introduction of China’s ‘Go Out’ strategy aimed at incentivising domestic companies to engage in foreign markets. Chinese development assistance, primarily its concessional loans, were used (and are still used today) as a support mechanism for domestic companies overseas and as a way to secure natural resources, investment opportunities, and employment for its surplus labour (Fuchs & Rudyak, 2017).

China’s development cooperation policy today increasingly merges investment, trade, and aid. Aid deals are negotiated and provided on a government-to-government basis, largely overlooking the active role of civil society in addressing development challenges (Zhang, 2020; Brant, 2013). Furthermore, China positions its development assistance strategy within South-South cooperation, where partnerships are established between developing countries, distinguishing it from the traditional North-South collaboration. Knowledge, expertise, and experience are exchanged to find solutions to prevailing development issues. The core principles are sovereignty, ownership of development strategies, non-interference, non-conditionality, and mutual benefit (United Nations Office for South-South Cooperation, 2021), which largely resemble the eight principles of development cooperation introduced by the Chinese government in 1964.

2.2.2 Composition of Development Assistance

Table 2 in the appendix shows the composition of Chinese development assistance. The three ODA-like types of Chinese development assistance are grants, interest-free loans, which are administered through state finance, and concessional loans, which are provided by China’s EXIM

Bank. Concessional loans have annual interest rates of 2-3 per cent, with 5–7 year grace periods and 15–20 year repayments (Dornan & Brant, 2014). However, unlike interest-free loans, concessional loans cannot be easily renegotiated or cancelled (Dornan & Brant, 2014). There are eight categories of aid provided, and the assistance is distributed across different sectors of the economy. Unlike the traditional ODA donors, China places greater emphasis on infrastructure projects viewing well-developed infrastructure as a prerequisite for economic development (Brant, 2013).

2.3 Aid Competition in the Pacific

Aid competition in the Pacific dates back to the Cold War, during which aid was used to gain political support, diplomatic recognition, access to natural resources, and votes for multilateral institutions. Soon after, the United States and the Soviet Union withdrew from the Pacific, enabling New Zealand and Australia to become major aid donors in the Pacific and exercise their influence over the region. Australia, as the leading donor, assigned great importance to recipient countries' having good governance, which served as the basis for its aid conditionality (Salem, 2020).

Chinese presence in the region started to increase at a point in time when the traditional donors' interests waned. However, China's increasing involvement led to renewed interest from Australia and New Zealand as well as the US and Japan (Salem, 2020; Davidson, 2019). It is believed that this was fuelled by the traditional donors' fears of China's potential to challenge their position as the dominant powers in the region and threaten the long-preserved status quo. These fears arose from China's policy of no-strings-attached and its recent involvement in Fiji after the military coup in 2006 (Salem, 2020).

2.3.1. Sino-Fijian Relationship From 2006 Onwards

In recent years, China has been increasing its political, economic, and cultural influence within the region and has replaced Australia as the major aid donor to Fiji (Salem, 2020). Increasing economic engagement can be seen, especially in Fiji's mining, logging, and fishing sectors. Chinese enterprises have been involved on a large scale, often resulting in many Chinese migrant workers (Salem, 2020).

While Chinese objectives in the region remain unclear, the potential explanations for the increasing interest in the region in general and in Fiji in particular based on previous literature are (i) Fiji's geographic location (ii) Fiji's regional influence and (iii) Fiji's natural resources. China

considers the South Pacific region its ‘greater periphery’ and believes it plays a vital role in its smooth rise to the top in the future (Salem, 2020). Since 2015 the region is also part of the Maritime Silk Road, thus maintaining good relationships with these countries is essential to ensure positive economic outcomes. Fiji is also considered the regional hub with relatively well-functioning institutions, strong economic growth, and military resources. Most of the headquarters of multilateral and regional organisations are located on the islands, making it an attractive diplomatic ally (Salem, 2020). Lastly, Fiji is endowed with resources attractive to China, such as an abundance of fish, timber, and prospective seabed minerals (Meick, Ker & Chan 2018).

3. Literature Review

3.1 Fiji in the Broader Context of Chinese Involvement Abroad

To situate Fiji within the broader context of Chinese involvement abroad and to highlight the diverging opinions of authors within the field, examples of (i) Angola, (ii) Sri Lanka and (iii) Venezuela are explored. These three cases were chosen in particular due to their importance in framing the perceptions of Chinese development assistance. Reviewing these three cases also helps with identifying aspects of Chinese development assistance that should be the focus of the analysis. The case of Angola shows how the ‘Angola Model’ can either be understood purely as China’s quest for natural resources or as a two-way street from which recipient countries can yield considerable benefits. The case of Sri Lanka demonstrates the controversy surrounding the notion that China engages in debt-trap diplomacy to achieve economic gains. Lastly, Venezuela showcases how China’s interest expanded towards ‘new’ regions and demonstrates the existing scepticism surrounding the sustainability of Chinese lending methods.

3.1.1 Angola Model

The case of Angola has given rise to the term China’s ‘Angola Model’ strategy, whereby China provides loans to recipient countries in exchange for their natural resources. Jureńczyk (2020) asserts that both the recipient countries and China can derive benefits from this model. His research shows that China has been increasingly involved in infrastructure provision, which in the majority of cases is done by Chinese companies that often import labour and procure construction material from China. Jureńczyk argues that, on the one hand, China benefits from the abundance of natural resources and increased employment of its domestic labour as well as an increased market for its domestically produced goods, while on the other, the cooperation brings recipient countries the benefits of favourable loans with longer grace periods and no-strings attached as well as improved infrastructure and revenues from their natural resources.

Corkin (2012) investigates the effect of Chinese involvement in Angola within the framework of the production-linkages theory, arguing that the most considerable potential of Chinese participation in resource-rich countries is its ability to increase local employment. The argument rests on the premise that the construction sector is likely to yield more significant benefits and employ more people than the mining sector. However, the findings show that China's sourcing strategies fail to stimulate the local economy as most of the construction material and labour are imported from China.

Similarly, Power (2011) critically examines the outcomes of China's increasing engagement in Angola. The findings suggest that instead of improving standards of living and reducing poverty Chinese assistance fails to effectively stimulate local employment. In addition, many of the planned projects are left unfinished because Angola does not have the means to service its debts and corruption is on the rise due to inefficient monitoring of construction sites.

3.1.2 Sri Lanka and its Hambantota Port Agreement

The Case of Sri Lanka's Hambantota Port Agreement is one of the most controversial cases of Chinese engagement abroad, sparking debates about China's potential 'debt-trap diplomacy' strategy. After Sri Lanka's government defaulted, the two governments reached an agreement. The Hambantota port was leased out to China for 99 years, with an 80 per cent stake and 15, 000 acres of land around it (Patrick, 2017, p.1). Behuria (2018) analyses the impacts of Sri Lanka's inability to repay its debt to China and the consequent debt-equity swap. The author concludes that Sri Lanka will most likely stay dependent on Chinese capital in the future and encounter difficulties with servicing its high debt levels. China, on the other hand, secured long-term access to the strategic and economically important Indian Ocean.

Jones & Hameiri (2020) disagree with the accusations that the Hambantota Port agreement is part of China's debt-trap diplomacy. They argue that Sri Lanka's unsustainable debt levels were caused by its extensive engagement in Western capital markets. Furthermore, the authors argue for Sri Lanka's agency, stating that it was the Sri Lankan government that promoted and vouched for the Hambantota project in the first place, which turned out to be a part of a more extensive set of 'white elephant' projects. Lastly, the authors point out that the agreement was not a mere debt-equity swap as China also paid US\$1.1 billion to Sri Lanka, which has, in turn, used the money to pay off some of its remaining debts.

3.1.3 Venezuela and China's Quest for Oil

Salameh (2011) argues that China has been facing growing pressures to secure access and diversify the sources of raw materials to sustain its high levels of economic growth. Consequently, it expanded its influence to areas such as Venezuela, which the U.S. considers to be within its sphere of influence. According to the author, unlike Western oil companies, which refused to invest large sums of money into Venezuela's oil sector, China has been able to negotiate favourable terms and conditions and invested large sums of money and know-how to support Venezuela's oil industry, thereby securing access to oil resources. Consequently, China has become one of the major importers of Venezuela's crude oil.

On the other hand, Ferchen (2020) analyses the implications of the Sino-Venezuelan relationship. At first the relationship was extremely ambitious. China viewed Venezuela as its opportunity to secure access to natural resources and reinforce its role on the international stage as the major aid donor, while for Venezuela, Chinese development assistance presented an opportunity to achieve higher levels of economic development. However, China's oil-for-loans diplomacy has shown to be unsustainable and far from the promised development initiative to improve Venezuela's economic development. Ferchen concludes that the partnership ended up resembling the resource curse, as the resource-rich Venezuela faced slower economic growth, poor political institutions and low levels of development.

3.2 PICs & the Case of Fiji

In the context of the Pacific region in general, Dornan & Brant (2014) investigated how the governments of Tonga, Vanuatu, Samoa, and the Cook Islands handled Chinese cooperation and how that, in turn, affected the scale and nature of Chinese collaboration within the region. The authors concluded that the PICs' governments play an active and a central role in determining the effectiveness and success of Chinese development assistance, emphasising the importance of the recipient countries' own agency. On the other hand, Hanson & Fifita (2011) address the issue of loan sustainability, arguing that some of the governments will not be able to repay their debts once the five-year grace period ends.

Shie (2007) argues that China is resource hungry and sees an opportunity in harvesting PICs' unexploited reserves of natural resources. According to the author, increasing Chinese involvement led to increased migration, illegal fishing, and fears and lack of trust amongst the local governments regarding the real objectives of China's interest in the region. On the other hand, Brant (2013) argues that while China has engaged in projects focused on PICs' natural

resources, the evidence suggests that its objectives in the Pacific cannot be linked directly to its quest for natural resources. Notably, Brant highlights the importance of Fijian agency and its ability to enforce its own terms and conditions. The author emphasises that Fiji can derive benefits from Chinese development assistance if the government itself identifies projects significant to the country's development and push for their implementation.

Furthermore, Yang (2011) and Zhang (2020) investigate the implications that China's increased presence in the region have for the traditional donors. Yang concludes that increasing involvement in Fiji should not be viewed as China's attempt to displace Australia and New Zealand but as a part of the broader context of China's rise as an international donor. Similarly, Zhang argues that while there is an apparent increase in the number of Chinese activities, the total value of its involvement (with regards to aid, trade, and tourism) still lags behind that of traditional donors. Additionally, Zhang (2019) and Zhang & Skivakumar (2017) compare Chinese development assistance in the Pacific with Taiwan's and India's, respectively.

However, research on Fiji is limited. Salem (2020) investigates the implications of Chinese involvement for Fiji's future development. The author emphasises some of the pressing concerns, such as Fiji's rising levels of indebtedness and fears that if the government defaults, the country may experience a similar scenario to Sri Lanka. However, he also states that aid from China has yielded some economic benefits, concluding that it is too early to have a definitive answer to whether this is a threat or an opportunity for Fiji. The author emphasises the importance of diversifying Fiji's sources of development assistance to maintain the sustainability of its debts and prevent it from becoming over-reliant on Chinese development assistance.

Furthermore, Rodd (2020) investigates the potential gains of taking part in the BRI and whether it can benefit Fiji's sovereignty. He concludes that Sino-Fijian cooperation could improve Fiji's economic development, attract new partners and enable Fiji to become less dependent on aid, bolster its influence within the rest of the region, and improve its relative position on the international stage. The author concludes that there are already signs of Fiji exercising its agency and aligning the Sino-Fijian cooperation with Fiji's own development strategies as opposed to simply accepting and conforming to Chinese wishes.

Lastly, Tarte (2021) explores the Sino-Fijian relationship from 2008 onwards and concludes that cooperation can help facilitate Fiji's goal of achieving more independent foreign policy. According to the author, the relationship has strengthened, especially on the economic front,

bringing in more Chinese trade and investment. However, she argues that in recent years Fiji has strengthened its ties with the traditional donors, allowing it to diversify the sources of its development assistance.

3.3 The Great Controversy: No-Strings Attached or Embedded Conditionality?

Reviewing previous literature sheds some light on the existing controversy surrounding Chinese development assistance. While there is broad consensus that Chinese development assistance does not carry political conditionality typical of traditional donors, such as an emphasis on human rights, good governance, or environmental regulations (for instance, Lancaster, 2006; Zhang, 2020; Varrall, 2016; Brant, 2013; Rahman, 2019) some are sceptical about the potential implicit conditions that Chinese development assistance may carry (such as Salem, 2020; Mattlin & Nojonen, 2015; Cheng, Fang & Lien, 2012; Dornan & Brant, 2014; Brant, 2013). These scholars' perspectives do not necessarily reflect two opposing views per se, though some are certainly more wary of the potential conditions attached to Chinese development assistance packages and the implications these conditions may have on recipient countries' future.

According to Herr (2019) and Rodd (2020), conditions attached to concessional loans consist of (i) using a Chinese company as the implementing partner and (ii) sourcing labour and no less than 50 per cent of the construction materials from China. This has been further supported by Salem (2020), Oosterveld, Wilms & Kerysova (2018) and Corkin (2012). These authors add to the discussion by pointing to the benefits that China derives from its aid conditionality, especially in terms of increased overseas employment of its surplus labour and increased international demand for its exports. They also question the 'win-win' principle of Chinese cooperation and criticise it for its failure to stimulate recipient countries' domestic employment. Authors such as Brant (2013) and Zhang & Shivakumar (2017) follow the same logic, arguing that the main objective of the conditionality of Chinese development assistance is to support its companies and secure access to natural resources. Tan-Mullins, Mohan & Power (2010) view the 'Angola Model' itself as yet another form of conditionality.

Mattlin & Nojonen (2015) view Chinese assistance as having three types of conditionality. Political conditionality takes its form in China's insistence on recipient countries adhering to the One China Policy, while embedded conditionality relates to project-specific conditions. Other authors such as Dornan & Brant (2014) and Overton et al. (2012) concur with their argument. The last type of conditionality identified by Mattlin & Nojonen (2015) is cross-conditionality. According to the authors, China uses its development assistance as leverage to pressure recipient

countries into making certain decisions in a context unrelated to that in which funding is taking place.

3.4 Literature Gap

The literature review has identified several gaps that this paper aims to fill. Firstly, the case of Fiji is largely under-explored, with potential future implications of Sino-Fijian cooperation remaining unknown, even more so in the context of the global pandemic. Secondly, the existing literature has primarily focused on describing the patterns and characteristics of Chinese development assistance but overlooked the potential relationship between Chinese development assistance and recipient countries' economic sovereignty. This research, therefore, aims to fill these gaps by answering the three RQs *(i) How has China's presence in Fiji evolved since 2006 regarding trade, foreign direct investment, and development assistance? (ii) What are the characteristics of Chinese development assistance to Fiji? (iii) What is the relationship between Chinese development assistance and Fiji's economic sovereignty?* The paper employs the interpretive method first in order to provide, as far as the data allows, a complete and comprehensive account of Chinese presence in Fiji from 2006 onwards. The first part of the analysis focuses on the three types of financial flows from China, while the second part explores the characteristics of Chinese development assistance in the context of Fiji and its relationship with Fiji's economic sovereignty.

4. Theoretical Framework

This research utilises Joseph Nye's concept of 'Soft Power' as its theoretical framework. The choice of Nye's theory of soft power was based on the review of previous literature, which suggested that China has been using its financial flows, especially its development assistance, to achieve its economic goals. This has been done mainly through demanding natural resources in exchange for its loans, tying the majority of its ODA-like flows to its construction companies and materials imported from China, and seizing strategic concessions in exchange for debt relief or postponement. Given that the review of previous research suggested that the Sino-Fijian relationship is strengthening, especially in terms of China's economic engagement in the country, the research needed a framework through which the analysis of non-coercive influence would be possible. Hence, Nye's soft power was chosen as it looks at forms of influence excluding the so-called hard power measures. This section first defines the concept of soft power and then delineates it within the context of China. Subsequently, the section evaluates the theory, emphasising some of its limitations and drawbacks.

4.1 Soft Power

Joseph Nye's concept of 'Soft Power' refers to a country's ability to use non-coercive methods of influence to pursue its objectives (Nye, 1990). These can include the art of co-option, persuasion, attraction, and emulation. In practice, it implies that instead of using hard power, i.e. military or economic ways to coerce or threaten a nation into pursuing a given action or policy, China can use its soft power strategies to achieve its goals by attracting and persuading other countries to align their goals and interests with those of its own (Arif, 2017). The primary sources of a country's soft power are culture, domestic political values and foreign policy. The channels through which these sources operate include trade, tourism, and foreign development assistance, to name a few (Nye, 1990).

4.1.1 Soft Power with Chinese Characteristics

To counter the prevalent Western narratives viewing China's rise as a threat to other countries, the main aim of Chinese soft power in the past was to promote China's peaceful rise and the idea of a harmonious society. With its extraordinary economic growth and relative success in achieving some of the most pressing developmental goals, such as poverty reduction, China has begun to use its developmental model as a tool to embrace its role on the international stage and promote worldwide development. Recently, China started using its soft power to establish alliances, secure access to natural resources, and boost economic growth. These objectives would be difficult to achieve using only its hard power. Soft power is also an essential strategy for successfully implementing the BRI as it has attracted other countries by appealing to their needs and interests and promising economic well-being (Albert, 2018). Kurlantzick (2006) divides China's soft power into its cultural tools (such as its history of arts, language, traditions, and culture) and its economic tools (trade, investment, and aid).

4.1.2 Limitations of Soft Power

Nye's theory of soft power faces several criticisms. First, the issue of defining the concept of soft power and its constituent elements is yet to be resolved. While the basic definition as presented above is clear, China is a prime example of how malleable the definition of soft power can be. Due to the extensive use of its economic tools (aid, trade, investment), China has been blurring the line between soft and economic power (Carminatti, 2020). Similarly, while learning foreign languages or studying abroad is often used as a measurement of the receiving country's soft power, people may choose to study a particular language or go abroad for reasons other than as a consequence of being exposed to soft power (Ogoura, 2006). Additionally, in more abstract terms, the line between what constitutes soft power and hard power may be blurred depending on which

perspective one adopts. Though the exercising power may think that it is ‘dangling a carrot’, the recipient country may view the potential retraction of the ‘carrot’ as a threat in and of itself (Ogoura, 2006).

This relates to the issue of trying to quantify soft power, its outreach, and its success. If there is no clear definition of what constitutes soft power, how can it be measured reliably and holistically? While measuring hard power such as the scope of military or economic sanctions is relatively easy, one will likely be unable to conclude without a doubt that one country’s behaviour and decision-making is instigated by another country exercising its soft power over it (Yukaruç, 2017; Kearn, 2011).

Lastly, according to Kearn (2011), the applicability of soft power is limited by the extent to which the actors involved in the transaction share similar interests. If we were to imagine soft power applicability as a spectrum, it would be most applicable in contexts in which individual actors’ interests and contexts are relatively homogenous such as the European Union. However, in a more heterogeneous and complex international system where individual actors’ interests and preferences differ quite extensively soft power faces limits to its applicability (Kearn, 2011; Ogoura, 2006). Therefore, it is argued that the art of attraction is only successful if the target country’s interests and ideals are in line with those of the exercising country (Yukaruç, 2017).

Despite these limitations, analysing the Sino-Fijian relationship through the lens of soft power theory is appropriate as it accounts for the non-coercive methods of influence. The Sino-Fijian relationship has been strengthening, especially on the economic front; hence soft power was chosen to guide the analytical processes.

5.Methods & Data

This section presents the methodological processes and data used to answer the three RQs:

1. How has China’s presence in Fiji evolved since 2006 regarding trade, foreign direct investment, and development assistance?
2. What are the characteristics of Chinese development assistance to Fiji?
3. What is the relationship between Chinese development assistance and Fiji’s economic sovereignty?

5.1 Research Design

This research utilises an intrinsic single case study approach as it aims to gain a deeper understanding of the case of Fiji (Punch, 2005). This approach was chosen as it is helpful for exploratory research since it provides an in-depth and holistic understanding of the selected case. The design incentivises the acknowledgment of individual cases' contexts, their thorough exploration, and the presentation of cases in their full complexity and wholeness. Moreover, case study design can handle diverse data sources and collection methods (Punch, 2005).

5.1.1 Case Study Design Limitations

On the other hand, single case studies tend to have low external validity due to their extensive and almost exclusive focus on the context of the chosen case and consequent lack of potential generalisability (Punch, 2005). It should therefore be noted that this research does not aim to generalise its findings to other countries or regions and is solely focused on exploring Chinese presence in the context of Fiji.

5.2 Methodology

The interpretive research method is used. Quantitative data supports secondary analysis of qualitative data to achieve this paper's main aim. Quantitative data provides context for the study and quantifies Chinese presence in Fiji. Qualitative data is coded, with the process being guided by the three RQs enabling larger quantities of data to be reviewed and cross-referenced, facilitating the generation of new insights.

The interpretive method was chosen as it is considered appropriate for explorative research. The technique has the benefit of being able to explore context-specific, complex, and multi-faceted processes in great depth, providing a detailed understanding of the case at hand. Furthermore, using the interpretive method can also lead to uncovering relevant RQs that may have been overlooked, thus establishing a foundation for future research (Bhattacharjee, 2012).

5.2.1 Data Collection

The research uses secondary quantitative data to explore Chinese trade and development assistance flows to Fiji from 2006 onwards. Data on the Sino-Fijian trade relations were retrieved from the Reserve Bank of Fiji. The bank provides a complete and comprehensive account of Sino-Fijian trade relations for the period under analysis. Furthermore, as Fiji's central bank it is considered a credible source. Data used to track the evolution of Chinese aid flows to Fiji were retrieved from two relatively new databases created by the AidData organisation and Lowy

Institute. The databases were chosen as they represent the most transparent categorisation of Chinese development assistance flows currently available. The decision to combine the two was made to ensure that data can be cross-referenced and that any gaps in one database can be filled in using the other.

Secondary qualitative data consists of academic and journal articles, textbook chapters, and reports. Data on the Sino-Fijian relationship are relatively scarce; therefore, a combination of sources is required to gather as much and as reliable data as possible. Data sources were identified through Google Scholar and LUB library search. The criteria based on which the appropriateness of sources was judged were (i) convenience (easily accessible, accessible in English), (ii) relevant time frame (post-2006), and (iii) keywords (for example, geographic location: China, Fiji, Pacific Islands countries, South Pacific; concepts: BRI, tied aid, conditionality, soft power to name a few). Furthermore, due to difficulties with finding reliable quantitative data on China's investment levels and Fiji's debt exposure, qualitative data was used instead. The sources for these were primarily academic and newspaper articles with a combination of international, Fijian, and Chinese newspapers being used, where these were available in English. This was done to increase the reliability and validity of data by cross-referencing and to prevent any biases from interfering with the credibility of the results. For debt exposure specifically, reports from the Reserve Bank of Fiji were used. Lastly, some of the qualitative data sources were searched for using previous academic and journal literature's existing reference lists, lending them greater credibility.

Multiple sources of data are used for triangulation. The sources are cross-referenced to ensure that any potential weaknesses in the data can be compensated for by the strengths of other data and decrease the impact of any potential biases.

5.2.2 Data Limitations

Biases and weaknesses of the data have to be recognised and acknowledged to ensure that the analysis is performed critically and independently. When reviewing secondary literature, an apparent controversy among scholars has been identified, especially regarding the conditionality of Chinese development assistance and its implications for recipient countries. Many Western narratives offer an image of China as a threat to other countries, while China itself has been working hard to paint a picture of itself as a 'friendly' actor on the international stage, aiming to help countries with common development challenges and promising economic well-being (Rodd, 2020; Rahman, 2019). It is therefore important that when reviewing the literature, both Eurocentric and Sino-centric biases are taken into account.

Moreover, the data in the secondary literature was collected for purposes unrelated to this paper's RQs. It is essential to acknowledge that using secondary data means a lack of control over what data was collected, how well it was collected, and whether it contains any biases. Therefore, the initial data collection methods and the potential problems that might have occurred during the initial data collection process should be considered. Furthermore, the secondary literature on Chinese development assistance to Fiji is scarce, potentially limiting the scope of the paper's triangulation.

Lastly, there is an overall lack of transparency and availability of data on Chinese development assistance, stemming from the low transparency of data published by Chinese agencies and the difficulties with effectively categorising financial flows from China (Zhang, 2020). This research partly offsets this weakness by using databases created by the AidData organisation and Lowy Institute, which tracked and categorised Chinese financial flows to create a more comprehensive picture of the scope of its development assistance. While the two databases present the most reliable data currently available, due to the high controversy surrounding the topic, the issue of gaps, incompleteness of data and potential differences between various sources may persist.

5.3 Data Analysis

Data analysis is divided into three parts based on the RQs:

1. How has China's presence in Fiji evolved since 2006 regarding trade, foreign direct investment, and development assistance?
2. What are the characteristics of Chinese development assistance to Fiji?
3. What is the relationship between Chinese development assistance and Fiji's economic sovereignty?

5.3.1 Quantitative Data Analysis

Quantitative data on Sino-Fijian trade and development assistance flows were collected and are shown graphically as time-series to evaluate the scale, patterns and changes in different flows over time. Data on trade relations also compare Sino-Fijian trade and Fiji's trade with its traditional donors. This way, before delving deeper into the characteristics of Chinese development assistance in Fiji, the relationship is first quantified and contextualised.

5.3.2 Miles & Huberman Framework

Due to a large and relatively varied set of qualitative data collected, the Miles and Huberman Framework was chosen to perform the qualitative data analysis. The process consisted of data reduction, data display, and drawing and verifying conclusions. The three elements were performed simultaneously throughout the investigation. Data reduction took place to review, categorise, and summarise data, followed by coding and memoing. The reduction of data should ensure that no critical information is lost and that the context of the data is preserved. Data display was used for organising and compressing information to achieve easily interpretable and comprehensive results. This was done in many cases by displaying data graphically. Data reduction and display facilitated the drawing of conclusions (Punch, 2005).

5.3.3 Coding

Before coding individual segments of qualitative data, face sheet codes (Barker, 2016) were assigned to each source of data. This was done to increase the time-efficiency of data analysis by ensuring that each part of the analysis considers only relevant information. Each source was assigned codes first depending on the topic that it discusses: investment, debt exposure, development assistance, or a combination of the former. This was followed by assigning codes based on the type of source: mainly descriptive or mainly discussion-based. The third type of code focused mainly on the content of each source. Table 3 shows the list of the face sheet codes used during this initial coding stage.

The coding process continued with two stage-coding, during which segments within each of the data sources were coded. Notably, the coding process was guided by the RQs, meaning that only components that were in any way related to the topics of investment, debt exposure, and development assistance were coded. In the first stage, descriptive codes were used to summarise pieces of data which acted as a foundation for the second stage of data coding. The second stage focused on assigning inferential pattern codes. These were utilised to categorise information into smaller analytical units (Punch, 2005). More general, a priori coding frameworks, were assigned before examining the data from which more specific codes were derived throughout the coding process, i.e., analysis let the data suggest new coding categories from which inductive codes were created. These were continuously refined throughout the analysis, ensuring that no vital information was left unnoticed. Importantly, throughout the coding process, many segments have been assigned ‘co-occurring’ codes (i.e., more than one code) (Barker, 2016). Tables 4 and 5 show the coding scheme for each of the stages.

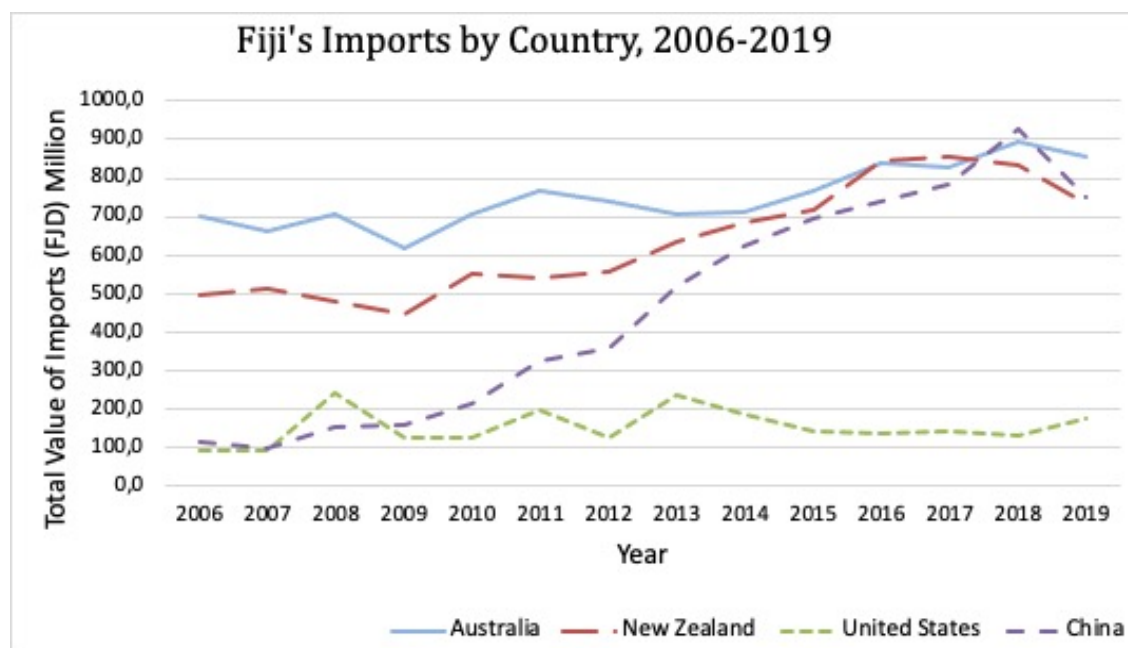
6. Interpretation of Results & Evaluation

6.1 Chinese Involvement in Fiji from 2006 Onwards

This section aims to answer the first research question regarding the evolution of China's presence in Fiji from 2006 onwards. In so doing, the research compiles secondary quantitative data on trade and development assistance flows and combines it with qualitative data on FDI to contextualise and quantify the Sino-Fijian relationship.

6.1.1 Trade

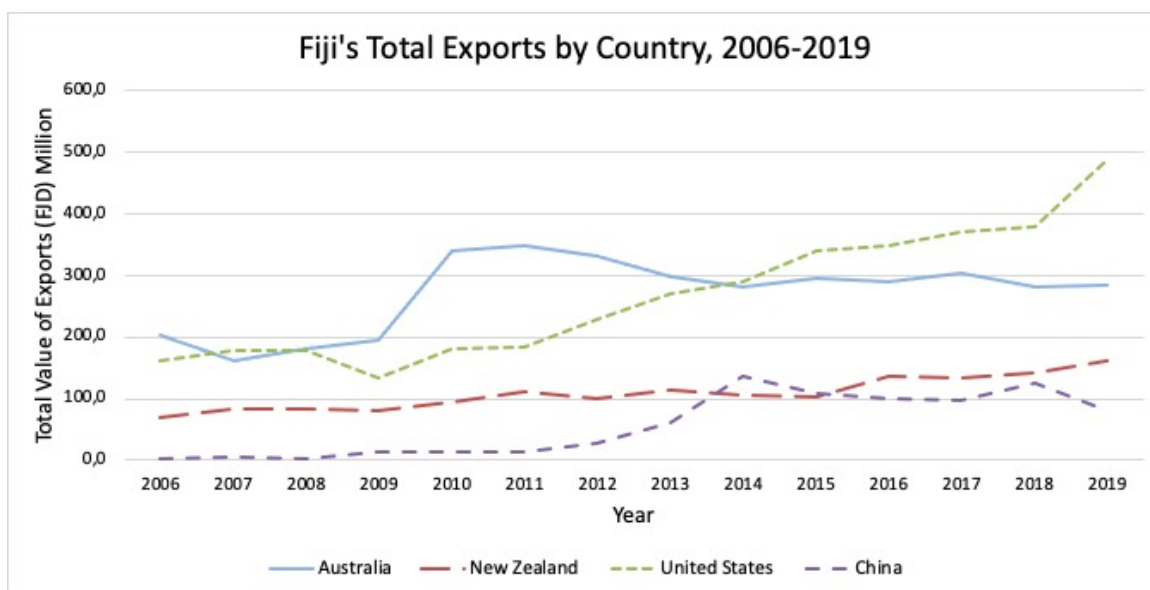
To assess the scope of Sino-Fijian trade, three of Fiji's major trading partners, Australia, New Zealand, and the United States, were chosen for comparison. Graphs 1 and 2 show Fiji's total imports and exports by country between 2006 and 2019 (in FJD). As seen in Graph 1, Fiji's imports from China increased substantially between 2006 and 2018 from 112.8 million to 929.6 million, surpassing Australia and New Zealand by 34.1 and 96.9 million, respectively. In 2019, China was the second biggest exporter to Fiji, with exports totalling 752.6 million, with only Australia exceeding this value, by 101 million. By contrast, in 2006 Fiji's imports from both Australia and New Zealand significantly exceeded that of China (with Australia exporting around 700 million and New Zealand 500 million). Similarly, while in 2006 the value of imports from the United States was roughly equal to that of China, in the following years imports from the United States have rarely exceeded 200 million, thus significantly lagging behind imports from China.



Graph 1: Fiji's Total Imports by Country, 2006-2019, Data Source: [Reserve Bank of Fiji 2021a](#)

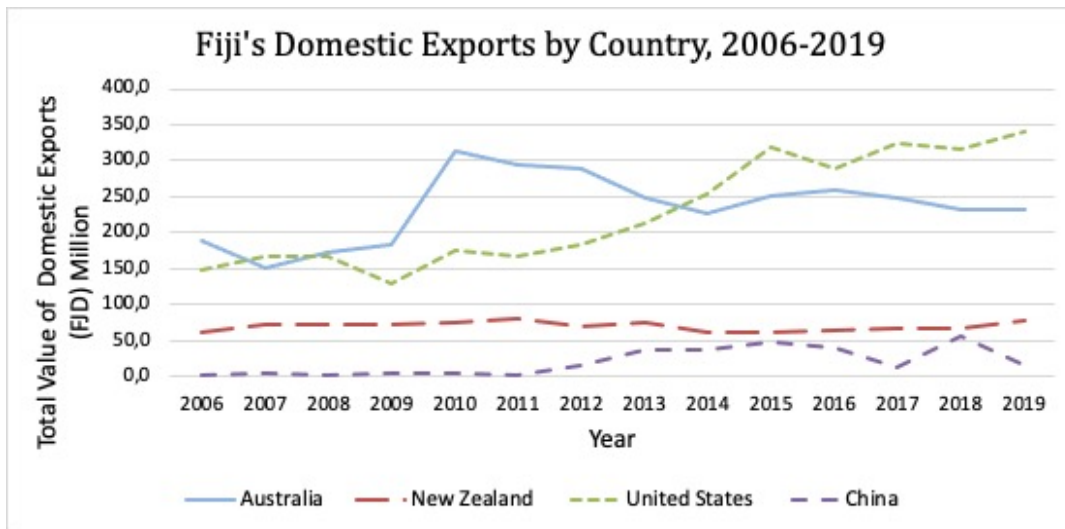
As seen in Graph 2, Fiji's total exports by country tell a relatively different story. While Fiji's exports to China increased significantly between 2006 and 2019, increasing from 3.3 million to

80.7 million, the value of exports to China remains the lowest compared to the other three economies. The United States is the biggest importer of Fijian products with a value of 486.9 million in 2019, while Australia ranks second with a value of 284.9 million.

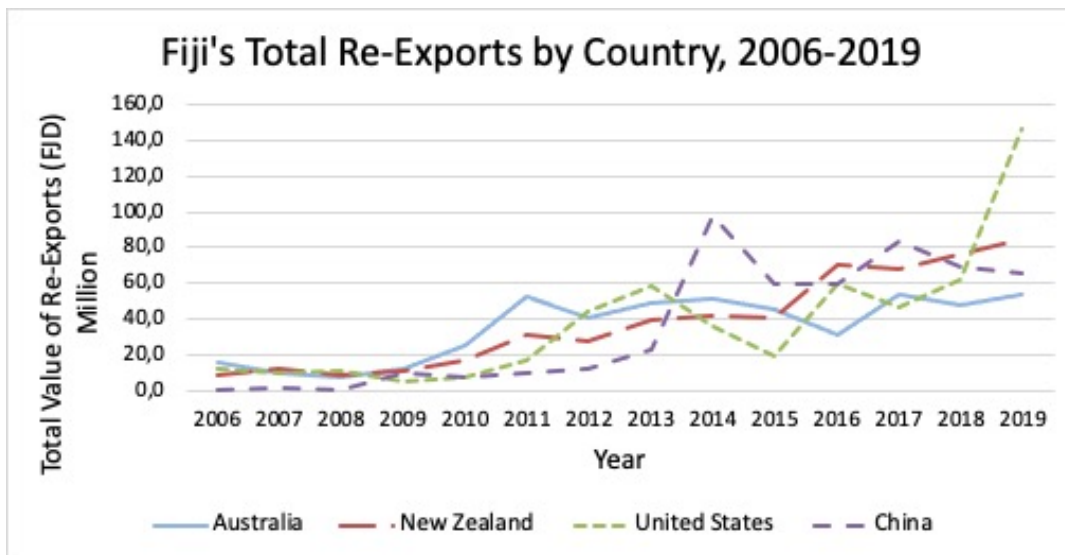


Graph 2: Fiji's Total Exports by Country, 2006-2019, Data Source: [Reserve Bank of Fiji 2021a](#)

Furthermore, Graphs 3 and 4 present the composition of Fiji's exports by country (in FJD). Graph 3 shows the value of domestic exports, while Graph 4 shows the value of re-exports. As seen in Graph 3, the value of Fiji's domestic exports to China stood at 15.5 million, which is the lowest amongst the countries under analysis. The value is also considerably lower than Fiji's re-exports to China (goods that were not produced domestically but first exported to Fiji and then further exported to other countries), totalling 65.2 million. Notably, domestic exports to China increased only by 13 million, while re-exports to China increased by 64 million between 2006 and 2019. According to Müller-Teut (2015), most domestic exports to China consisted of fish, mineral products, and wood products.



Graph 3: Fiji's Domestic Exports by Country, 2006- 2019, Data Source: [Reserve Bank of Fiji 2021a](#)



Graph 4: Fiji's Total Re-Exports by Country, 2006-2019, Data Source: [Reserve Bank of Fiji 2021a](#)

The above analysis shows that while Fiji has over the years become a larger market for Chinese products, with imports from China increasing substantially and levelling up with or at times exceeding the value of imports from the three traditional trading partners, the value of total exports to China is well below that of Australia and the United States. Furthermore, the increase in total exports to China consisted mainly of Fiji's re-exports rather than its domestic exports, suggesting low linkages with the domestic market.

6.1.2 Foreign Direct Investment

Though China is currently Fiji's major source of FDI, Fiji's share of its overall FDI outflows is relatively small. Therefore, FDI outflows to Fiji have not even been recorded in China's statistical yearbook, making it difficult to find credible information (Rodd, 2020). Furthermore, the lines

between aid, trade, and investment are often blurred, making the correct classification of different financial flows complicated (Brant, 2013).

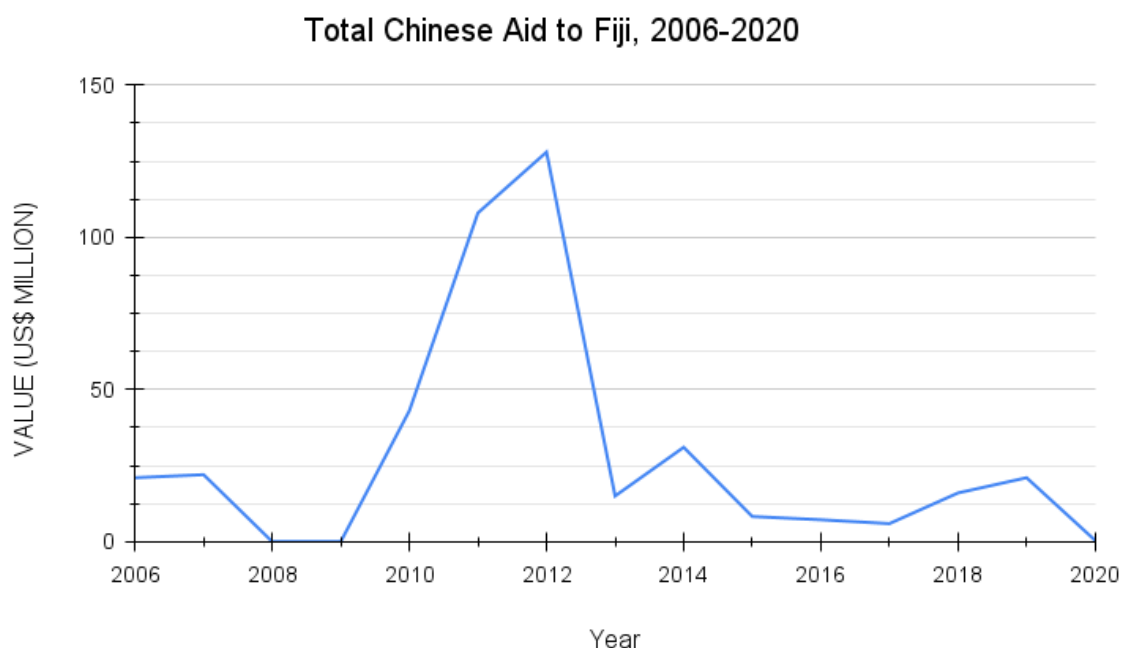
Due to the lack of transparency and clarity in categorising Chinese financial flows, the estimated values differ significantly between sources. However, there are some aspects that the sources either agree upon or have similar estimates for. The numbers suggest that China's FDI to Fiji has been increasing since 2006, and is continuing to, with several sources concluding that in 2016/2017 China became Fiji's largest source of FDI (Rodd, 2020; Szadziewky, 2020; Pacific Island Report, 2016; Property Fiji, 2017; Tarte, 2021; Krishna, 2016). Moreover, most of the investment is directed towards the tourism sector, industry, lands, and mineral resources/resource developments (Property Fiji, 2017; Müller-Teut, 2015; Changsen, 2014).

While the total amount of FDI is not clear, different sources have similar estimates for Chinese investment projects as a percentage of total investment projects registered in Fiji, with the value ranging from 37 per cent to 45 per cent in 2014 to 2016 depending on the source used (Craymer, 2014; Xinhua, 2016; Krishna, 2016; Rodd, 2020). The Chinese Chamber of Commerce in Fiji (CCCCF) was established in 2016 with China Railway First Group as its chair to further strengthen Sino-Fijian cooperation and boost FDI by increasing business opportunities for both local and Chinese companies (Tarte, 2021; Naisoki, 2016). Within three years of its establishment, its membership had expanded to 40 companies, and the collective investment during those years amounted to US\$ 100 million (Chambers, 2019, n.p.). While a further increase in FDI is expected, it has been argued that Chinese FDI is currently relatively limited and focused on sectors that yield low local employment (Fiji Times, 2016), with Fijian authorities repeatedly pushing for more future investment in Fiji's mining, manufacturing, and tourism sectors (Brant, 2013; Kalouniviti, 2016; Fiji Times, 2016).

6.1.3 Development Assistance

To quantify Chinese development assistance, Graph 5 shows the evolution of total Chinese aid between 2006 and 2020. It is important to note that the values displayed in the graph are recorded by the years in which the first transaction took place. However, in most cases, not all of the funding was disbursed that year. The funding is often disbursed yearly or according to the project's implementation plan. The total value of Chinese development assistance to Fiji between 2006 and 2020 stands at US\$426.8 million. The years 2011 and 2012 have recorded the highest values of Chinese development assistance with US\$108 million and US\$128 million, respectively. Other than 2011/2012, the year 2014 registers the highest value of Chinese

development assistance of US\$31 million. On the other hand, the year 2020 saw the lowest value of US\$402 thousand.

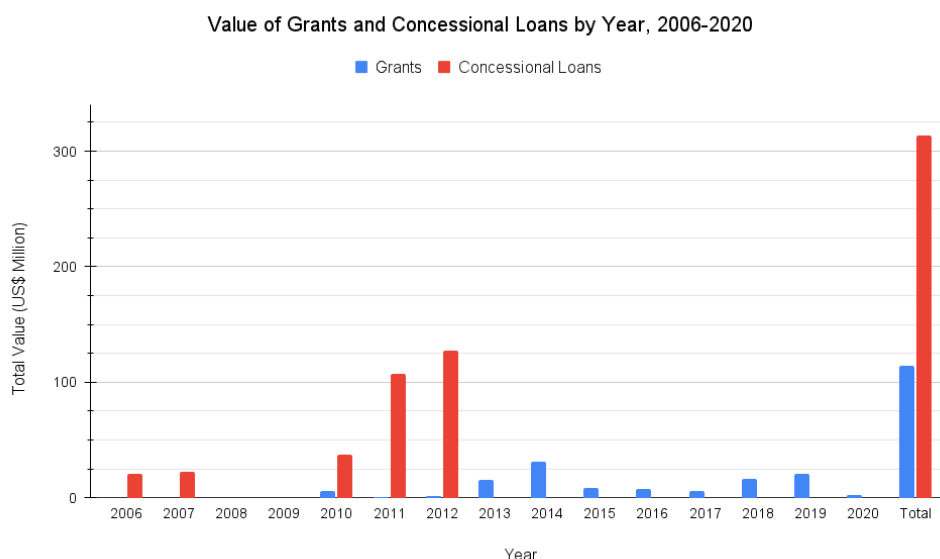


Graph 5: Total Chinese Aid to Fiji, 2006-2020, Data Source: [AidData](#) & [Lowy Institute](#)

Graph 6 breaks down the total value of Chinese development assistance into grants and concessional loans to provide further clarity to the composition of Chinese aid to Fiji. Concessional loans account for most of the increases in aid flows shown in graph 5 and their total value during 2006-2020 amounts to US\$314 million. Unlike grants, they are provided for more extensive and more expensive projects such as e-government projects initiated in 2006 and 2007 or low-cost housing projects that commenced in 2010. The highest values of concessional loans were recorded in the years 2011 and 2012, with loans amounting to US\$107 million and US\$127 million, respectively. During both years, major infrastructure projects commenced: road improvement in Buca Bay and Sigatoka-Serea in 2011 and a major road upgrading project at Nabouwalu Dreketi in 2012 (Lowy Institute, 2020).

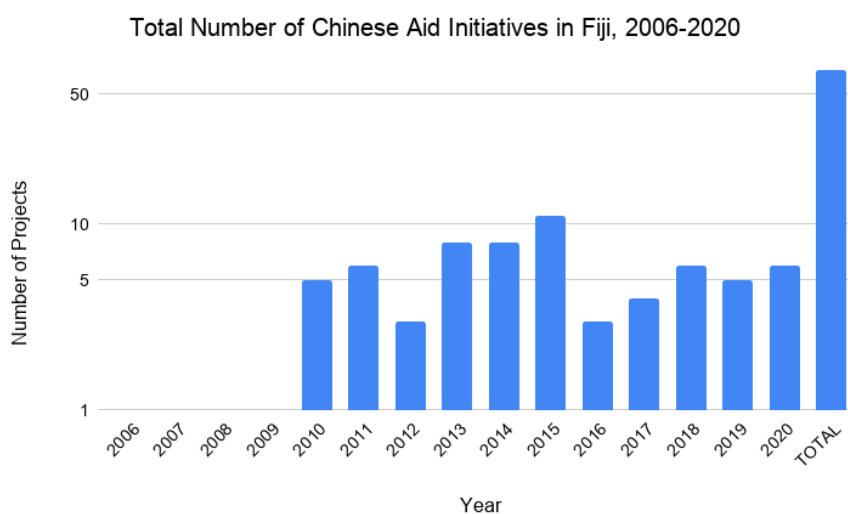
Meanwhile, the total value of grants during 2006-2020 amounts to US\$112.4 million. With a value of US\$31 million, the year 2014 registers the highest value of grants. Most notable were grants provided for a mushroom technology demonstration centre (US\$5.4 million), a united grant (US\$24.1 million), election support (US\$780 thousand), and police equipment (US\$800 thousand) (Lowy Institute, 2020). In 2020, six grants were allocated to Fiji at a total value of

US\$402 thousand, mainly consisting of Covid-19 funding and medical equipment (Lowy Institute, 2020).



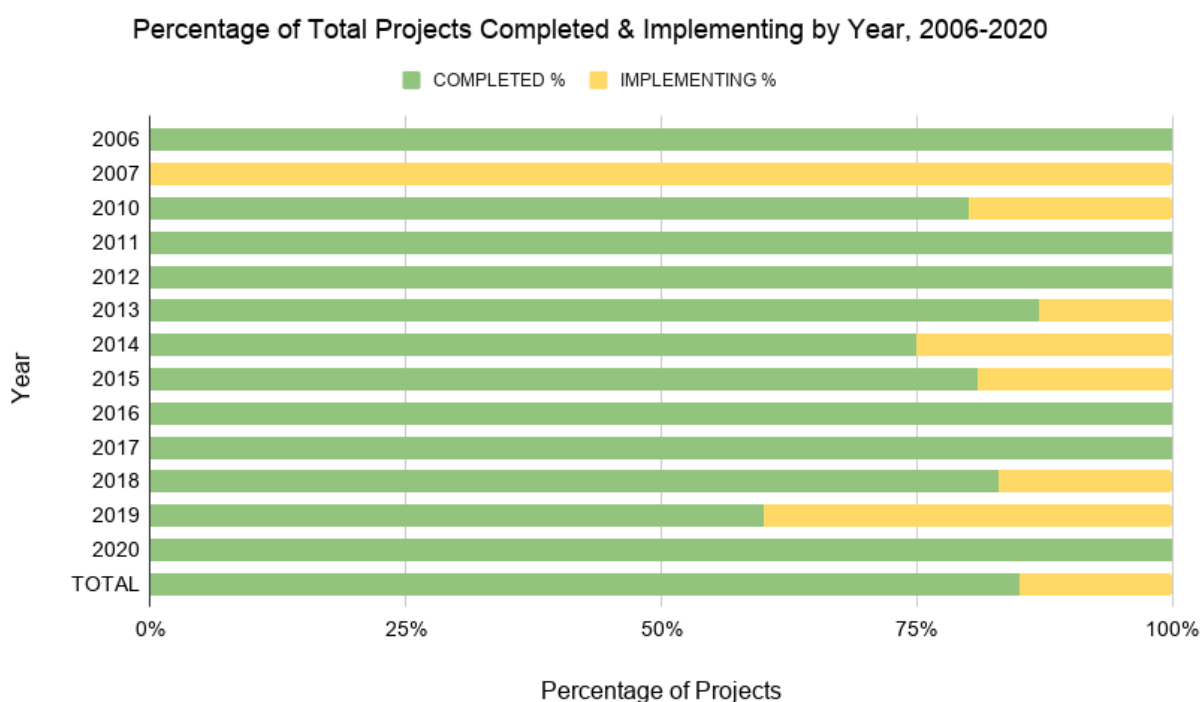
Graph 6: Value of Grants and Concessional Loans by Year, 2006-2020, Data Source: [AidData](#) & [Lowy Institute](#)

Graph 7 further breaks down the evolution of Chinese development assistance by showing the number of projects initiated each year. This aims to further clarify the scale of involvement each year as some years are dominated by concessional loans but do not necessarily represent the years with the highest number of projects initiated. Throughout 2006-2020, 67 projects were initiated in total. As seen in Graph 7, the number of projects peaked in 2015 with 11 projects, despite the total value of Chinese development assistance in Fiji peaking in 2012 (Lowy Institute, 2020). In 2020, funding for a total of 6 new projects began (Lowy Institute, 2020).



Graph 7: Total Number of Chinese Aid Initiatives in Fiji, 2006-2020, Data Source: [AidData](#) & [Lowy Institute](#)

Graph 8 shows the percentage of projects that are completed or are being implemented by year. If a project has not been completed yet, funding keeps being disbursed and may even exceed the total value committed to the project. Therefore, for the incomplete projects, the total value of allocated aid is estimated based on the total committed value and can only be finalised once the project is completed and all disbursed funding is recorded. The years 2008 and 2009 were excluded as no projects were recorded for those years. As can be seen, out of the total projects initiated between 2006 and 2020, 15 per cent is still being implemented. Most notable is the public rental housing project started in 2010, for which disbursement stands at only 11 per cent (of a total value of US\$593 thousand), with the last recorded transaction being made in 2019 (Lowy Institute, 2020). Surprisingly, the funding for the two largest grants announced in 2014, the mushroom technology centre and the united grant, has not been disbursed yet and currently stands at 0 per cent (Lowy Institute, 2020). Similarly, no data has so far been recorded on the disbursement of the two significant grants initiated in 2019 for technical and development cooperation (US\$ 7.3 million) and the construction of two jetties (US\$14 million).



Graph 8: Percentage of Total Projects Completed and Implementing by Year, 2006-2020, Data Source: [AidData](#) & [Lowy Institute](#)

The data suggests that Chinese trade and investment flows to Fiji have increased over the years. No similar pattern of annual increases has been observed with regards to development assistance, though major projects have been initiated after 2006. Notably, 15 per cent of all projects initiated from 2006 onwards remain incomplete. While, as of now, the total value of aid is estimated to

stand at US\$426.8 million, the value may differ if the actual funding disbursed for the incomplete projects exceeds the amounts committed. The analysis of development assistance flows to Fiji should be re-visited once all the projects are complete, and finalised versions of the databases are available.

6.2 Characteristics of Chinese Development Assistance in Fiji

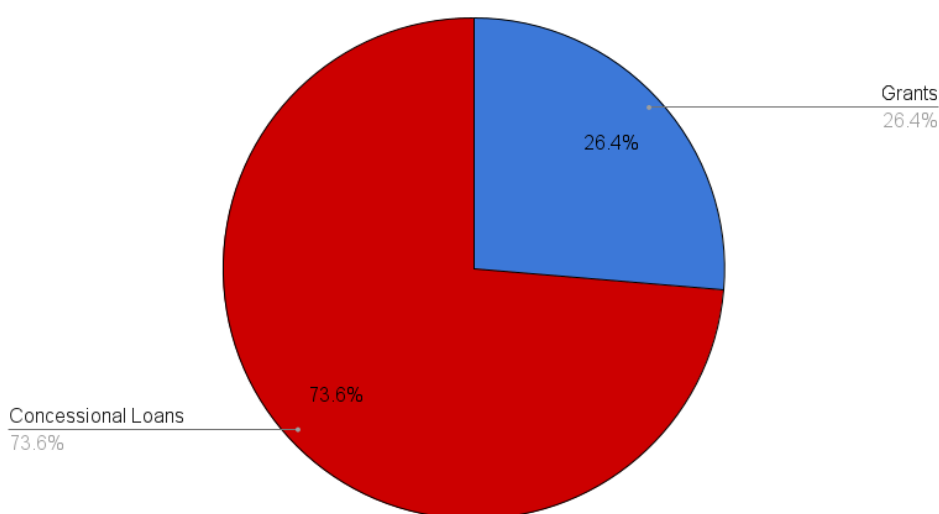
This section answers the second research question concerning the specific characteristics of Chinese development assistance in Fiji. The research discusses the scope of development assistance provided in the form of grants and concessional loans, analyses the patterns in sectoral engagement and whether any one sector is prioritised over other sectors, and looks at the distribution of development projects across different implementing partners.

6.2.1 Grants vs. Concessional Loans

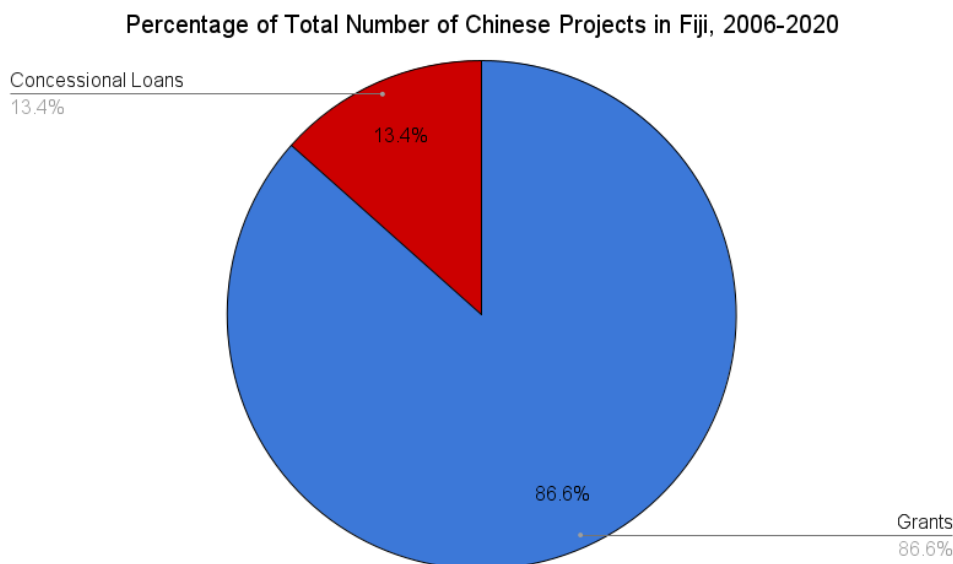
To demonstrate the relatively large size of individual concessional loans in comparison to grants and to further clarify the composition of Chinese development assistance to Fiji, graphs 9 and 10 show the value of the two aid types as a percentage of total value of Chinese development assistance, and as a percentage of the total number of Chinese projects between 2006 and 2020.

As seen in graph 9, of the US\$426.8 million, grants only account for 26.4 per cent, while concessional loans account for almost 74 per cent. On the other hand, according to graph 10, out of a total of 67 projects, grants account for nearly 87 per cent (58 projects), while concessional loans account for a mere 13.4 per cent (9 projects).

Percentage of Total Value of Chinese Aid to Fiji, 2006-2020



Graph 9: Percentage of Total Value of Chinese Aid to Fiji, 2006-2020, Data Source: AidData & Lowy Institute



Graph 10: Percentage of Total Number of Chinese Projects in Fiji, 2006- 2020, Data Source: [AidData](#) & [Lowy Institute](#)

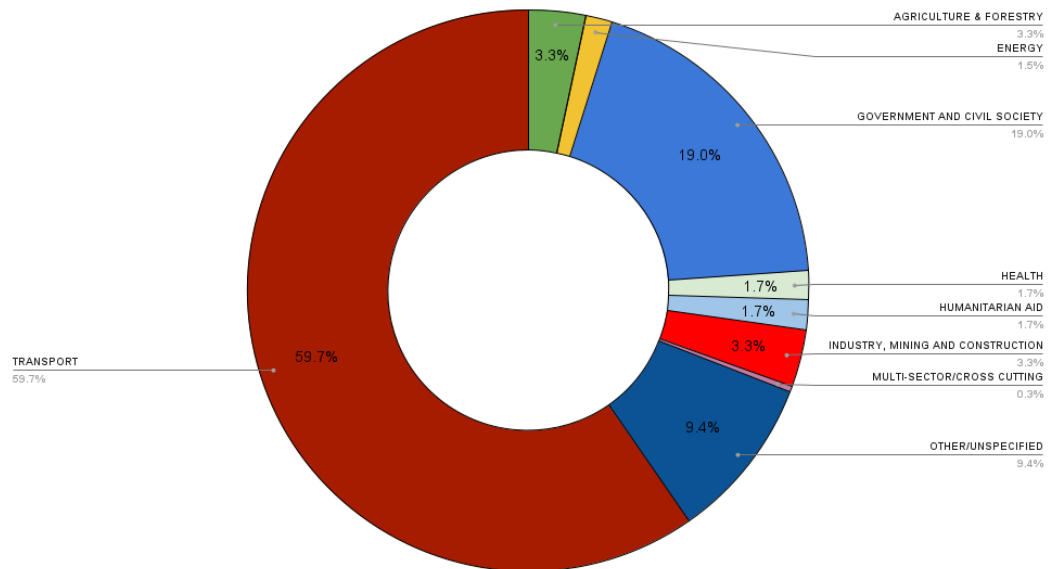
While grants dominate the number of projects, concessional loans dominate Chinese development assistance in terms of their total value. As suggested earlier, this is due to concessional loans being used to fund more extensive infrastructure projects (Zhang & Shivakumar, 2017), while grants tend to be provided for smaller-scale projects within the areas of humanitarian aid and social welfare (Dornan & Brant, 2014).

6.2.2 Sectoral Engagement

Analysing where Chinese aid is directed is essential as it provides information about the scope of aid diversification and whether one sector is prioritised over the rest of the economy. The data presented in graphs 11 and 12 show the percentage of total value per sector and the percentage of total projects per sector.

According to graph 11, transport receives 59.7 per cent of the total value of Chinese assistance, making it the largest target sector, followed by government and civil society (19 per cent), agriculture, forestry and fishing (3.3 per cent), and industry, mining, and construction (3.3 per cent). Excluding the multi-sector category, health, humanitarian aid, and energy sectors receive ‘only’ 1.7 per cent, 1.7 per cent, and 1.5 per cent respectively.

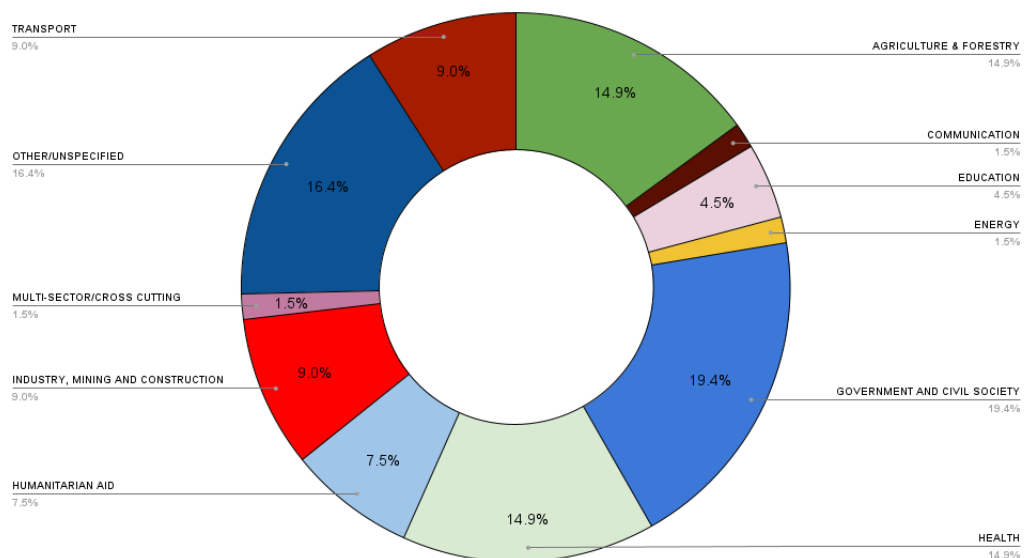
Percentage of Total Value of Chinese Aid to Fiji by Sector, 2006-2020



Graph 11: Percentage of Total Value of Chinese Aid to Fiji by Sector, 2006-2020, Data Source: [AidData](#) & [Lowy Institute](#)

On the other hand, the percentage of total Chinese projects per sector displayed in graph 12 shows that the government and civil society sector as well as the other/unspecified (such as technical & development assistance & low-cost housing) sector are the leading sectors with 19.4 percent and 16.4 percent of total number of projects, respectively. The agriculture and forestry sector and health sector take second place with 14.9 per cent each. Meanwhile the transport sector and the industry, mining, and construction sector each account for 9 per cent of the total number of projects implemented.

Percentage of Total Chinese Projects in Fiji by Sector, 2006-2020



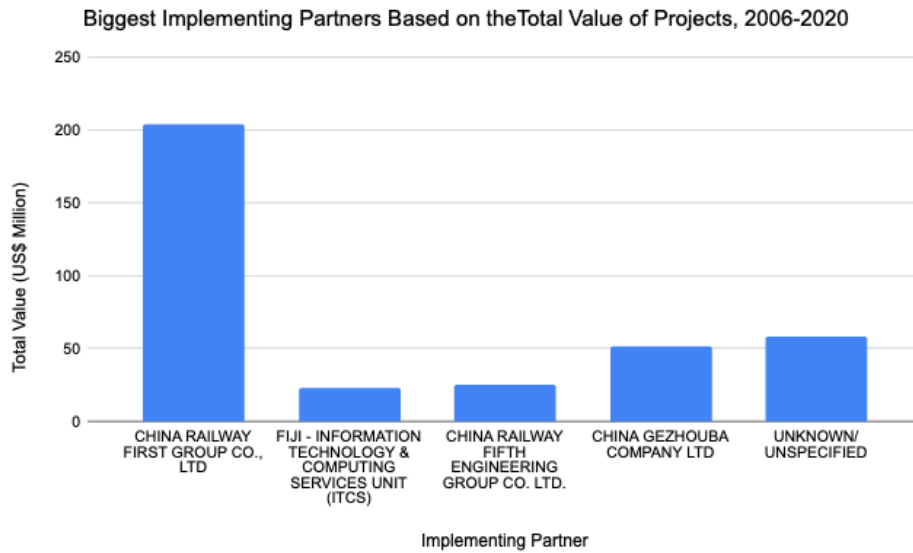
Graph 12: Percentage of Total Chinese Projects in Fiji by Sector, 2006-2020, Data Source: [AidData](#) & [Lowy Institute](#)

The analysis shows that Chinese development assistance is not exclusively focused on any one sector. Though the transport sector and government and civil society sector receive the highest share of the total value of aid allocated, with 5 out of 9 concessional loans allocated between them, looking at the total number of projects per sector Chinese assistance appears relatively diversified and distributed.

6.2.3 Implementing Partners

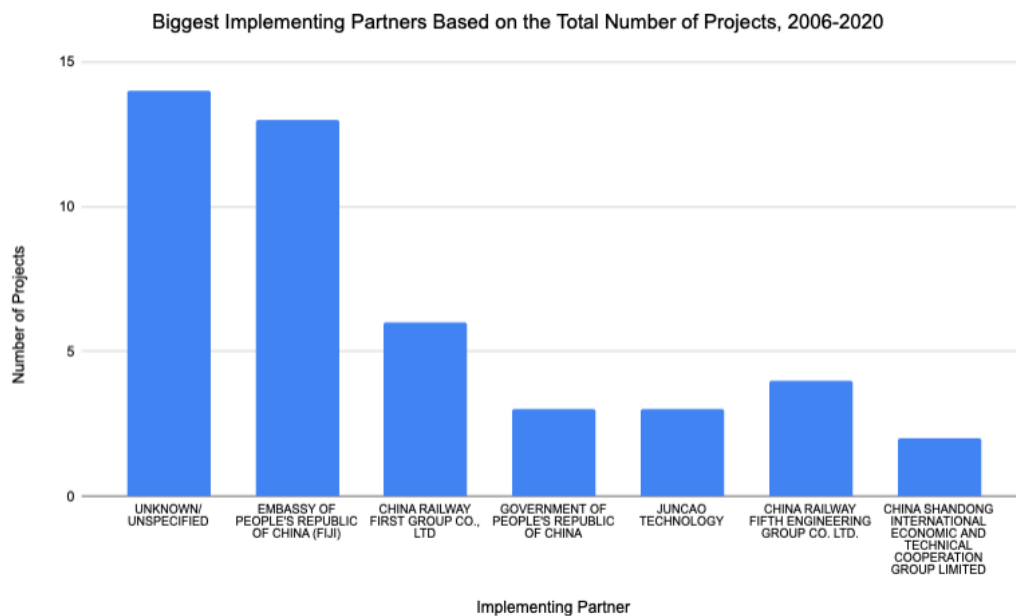
The analysis has recorded 32 implementing partners, with 25 of them being affiliated with China and 7 of them connected to Fiji. This is important as having companies affiliated with China as the implementing partners may bring about specific terms and conditions discussed earlier that may result in a lower impact on local employment and fail to stimulate local production. The following graphs display the biggest implementing partners based on the total value (Graph 13) and the total number of projects (Graph 14).

According to Graph 13, China Railway First Group LTD is the biggest implementing partner with a total value of US\$204 million. The company was responsible for road improvement in Buca Bay, and road upgrading in Nabouwalu Dreketi initiated in 2011 and 2012, both of which are now complete (Lowy Institute, 2020). The second-biggest partner is the China Gezhouba Company LTD, responsible for implementing a road improvement project in Sigatoka-Serea at a total value of US\$51 million (Lowy Institute, 2020). China Railway Fifth Group LTD is another major partner, responsible for projects at a total value of US\$29 million, most notably the low-cost housing project initiated in 2010 and the Kiuva sea wall project aimed at addressing the increasing issue of rising sea levels and started in 2012 (Lowy Institute, 2020). Lastly, Fiji's Information Technology and Computing Services unit is an implementing partner for the e-government project announced in 2006, amounting to US\$22.9 million (Lowy Institute, 2020).



Graph 13: Biggest Implementing Partners Based on the Total Value of Projects, 2006-2020

As seen in Graph 14, when it comes to the biggest implementing partners based on the total number of projects, partners affiliated with China are still leading. The embassy of the People's Republic of China is the biggest implementing partner responsible for 13 projects. China Railway First Group LTD and China's Railway Fifth Engineering Group LTD still rank high with a total of 6 and 4 projects being implemented under their watch, respectively. Both the government of the People's Republic of China and Juncao Technology are responsible for 3 projects each.



Graph 14: Biggest Implementing Partners Based on the Total Number of Projects, 2006-2020, Data Source: [AidData](#) & [Lowy Institute](#)

6.3 The Good and the Bad: Chinese Development Assistance and Fiji's Economic Sovereignty

This section looks at the relationship between Chinese development assistance and Fiji's economic sovereignty more closely. The aim is to provide a balanced picture of the interactions between the two variables. The section discusses potential implications of Sino-Fijian cooperation for Fiji's domestic employment and production, its natural resources and the sustainability of its debt levels. Subsequently, the research investigates the relationship from a broader perspective, looking at Fiji's future development, ability to diversify its aid sources and its relative power as a regional leader and an actor on the international stage.

6.3.1 Domestic Employment and Production

The analysis has shown that the majority of projects are implemented by partners affiliated with China. Chinese development assistance is provided on a government-to-government basis, with the recipient country's government being in charge of choosing a construction company. However, the government cannot choose construction companies freely based on their preferences or needs as for the construction company to be approved, it must come from China and must be on a list of companies pre-approved by the Chinese government (Dornan & Brant, 2014).

This has created a wide range of issues in the past. According to Brant (2013), the low-cost housing projects discussed in the previous sections are one of the prime examples of how complicated and essentially time-ineffective the search is. The search process is complicated due to the language barrier and the lack of transparency when it comes to the conditions of Chinese loans. While many applications have been received, finding a government-approved company was difficult as no one knew which companies are and which are not on the list.

Furthermore, previous research has shown that such projects have a low positive impact on local employment and production. Chinese construction companies import at the very least 50 per cent of the material from mainland China and prioritise Chinese workers over Fiji's domestic workers (Salem, 2020; Rodd, 2020; Xiang, 2012; Herr, 2019). While beneficial for China as the donor country, such behaviour does not necessarily stimulate Fiji's economy or benefit Fiji's domestic companies or workers. This issue is related not only to China's projects classified as development assistance but also to its investment projects which often see a large influx of Chinese workers (Brant, 2013; Fiji Times, 2016).

6.3.2 Resource Diplomacy

As discussed elsewhere, there are concerns about China's quest for natural resources in the Pacific region in general and Fiji in particular. Shie (2007) and Oosterveld, Wilms & Kerysova (2018) suggest that on one hand, Fiji has abundant resources such as timber, minerals, fisheries, and land, while on the other hand, China has the necessary financial and technical means to develop those resources and secure access to them for its own benefit. Shie (2007) argues that China's objectives in Fiji are indeed related to its natural resources and uses the MoU on fisheries (2002) and the continuous debates on possible Chinese involvement in Fiji's mining sector as evidence. Similarly, Brant (2013) argues that there was a growing interest among Fijian authorities to benefit from China's increasing interest, willingness and ability to invest in Fiji's mining sector. Furthermore, according to Cheng, Fang & Lien (2012), places that possess rich reserves of natural resources are likely to experience large inflows of Chinese concessional loans mainly focused on the construction of large infrastructure projects as is seen in the majority of Chinese development assistance being channelled to Fiji's transport sector. According to Cheng, Fang & Lien (2012), this is not purely altruistic; instead, they argue that the provision of infrastructure is necessary to connect resource-rich places to ports, airports, and markets, lowering the costs of production.

Since 2006 several MoUs were signed between different Fijian ministries and China based on the principle of mutual benefit. In 2015 the two countries signed an MoU on forestry cooperation (the Fijian Government, 2015). Interestingly, while the MoU was said to be focused mainly on sharing know-how and improving the resiliency of the two countries' forest sectors, its purpose is also to promote "forestry cooperation to a higher level" and facilitate the "exportation of forest products to China" (the Fijian Government, 2015, n.p.). Similarly, the 2018 MoU on fisheries shows that though the MoU is a result of a mutual agreement, it seems that China aims to personally benefit from it. The agreement states that China will provide Fiji with its know-how and technology in exchange for fishing access to its waters (Godfrey, 2019). Additionally, a new MoU on agricultural cooperation was signed in 2019 to enhance cooperation between the two countries and develop Fiji's agriculture sector (The Fijian Government, 2019). However, the MoU is also aimed at strengthening "connection to the Chinese market" (The Fijian Government, 2019, n.p.) and ensuring that the supply can meet the high demand by developing the necessary infrastructure and strengthening support industries which will in turn help to "modernise agriculture and get the supply side ready to respond to demand signals" (The Fijian Government, 2019, n.p.). Lastly, in 2019 the two countries signed an MoU on cooperation within the BRI framework. The memorandum has not been made public, therefore, only general aspects of the agreement are known (Talei, 2019).

However, none of the MoUs directly suggests that Fiji will have to use its natural resources to pay for Chinese loans or use them for debt repayment so it cannot be argued that this is an explicit case of a resource-for-aid strategy. Furthermore, the quantitative data analysed in the previous section does not suggest that China is extensively engaged in the resource sector or that most of the projects are directed at mining and exploiting Fiji's natural resources.

Notably, previous research shows that decisions regarding development assistance are up to the recipient country's government (Zhang, 2021), in this case, the Fijian government, as it is responsible for identifying both areas that require financial assistance and projects that would help to bolster Fiji's development (Brant, 2013). For instance, the main concessional loan projects in 2011/2012 focused on water supply, low-cost housing and infrastructure improvements, and were all initiatives of the Fijian Interim Government (Tukuwasa, 2011). This is supported by Brant (2013), who argues that while, similarly to the traditional donors, resources do play a role in China's engagement in Fiji, the Fijian government itself is an active agent responsible for decisions regarding the scale and focus of Chinese assistance as well as negotiating the terms and conditions of Chinese deals. While concerns about China's resource diplomacy in the region are legitimate, it is essential to perceive Fiji as an active agent and take into account its right and potential to take ownership of its development strategies.

6.3.3 Debt Exposure

Fiji is one of the six PICs that have borrowed and are therefore indebted to China (Fowler, 2019). By the end of 2020, external debt amounted to US\$1.7 billion, approximately 26 per cent of total government debt (Reserve Bank of Fiji, 2021b, n.p.). China's EXIM bank was the source of 24 per cent (US\$ 408 million) of Fiji's external debt (Reserve Bank of Fiji, 2021b, n.p.), a decrease from its 2015 levels where debt to China stood at US\$521 million, approximately 38 per cent of Fiji's external debt at the time (Reserve Bank of Fiji, 2015, n.p.). Other lenders included Global bond (25 per cent), Asian Development Bank (31 per cent), International Bank for Reconstruction and Development (17 per cent), and Japan International Cooperation Agency (3 per cent) (Reserve Bank of Fiji, 2021b, n.p.). The Reserve Bank of Fiji estimated that the debt trajectory was to improve during 2019 and 2020. However, the Covid-19 pandemic and its impacts on the tourism sector restrained the collection of government revenue and led to an increase in total government debt to 62.8 per cent of total GDP, an increase of 35 per cent from the pre-pandemic levels. On top of that, Fiji's government had to increase its expenditure to support the health care sector, sustain household incomes and kick-start the recovery of the Fijian economy. It is further

projected that in 2021, Fiji's debt to GDP will reach 83.4 per cent (Reserve Bank of Fiji, 2021b, n.p.).

Though Fiji has already reached Lowy Institute's 50 per cent of GDP warning threshold (Rajah, Dayant & Pryke, 2019), prior to the pandemic, its debt was considered sustainable and diversified (Rodd, 2020; Rajah, Dayant & Pryke, 2019). Herr (2019) and Tarte (2021) argue that Fiji has avoided becoming over-reliant on Chinese funding by re-establishing its relationship with traditional donors in 2014. However, the current situation puts the sustainability of its debt and the fiscal headroom available for accumulating more debt at risk. According to the Reserve Bank of Fiji, while there is a potential for the pandemic to only have a temporary impact on Fiji's ability to service its debts, the longer the pandemic lasts the more difficult it will become to sustain its high debt levels with its limited government revenue (Reserve Bank of Fiji, 2021c). While most of Fiji's external debt is not owed to China, most concessional loans are, which may lead to debt-servicing problems in the long run once the initial grace period of 5 to 7 years is over (Salem, 2020). Though as of now there is no evidence, or at least as far as this analysis goes, suggesting that China would be engaged in aggressive lending aimed at luring Fiji into a debt trap to achieve economic gains (Rodd, 2020), the current state of affairs puts Fiji's future economic sovereignty in question and emphasis should be put on reversing the trajectory of the rising debt-to-GDP.

6.3.4 Fiji's Development

Fiji's involvement with China may yield many benefits in the future if Fiji itself exercises its agency and directs the relationship towards achieving greater economic sovereignty and development.

As the analysis shows, China's major projects in Fiji focused on building and improving infrastructure. The most expensive projects were directed towards road and highway improvements, building bridges, and the construction of hydropower stations. Well-developed and reliable infrastructure is essential for economic development. It connects supply chains with markets, decreases the costs of production and provides easier access to education, healthcare, and better employment opportunities for those living in previously isolated rural areas, possibly helping to alleviate poverty. Significantly, investing in infrastructure is likely to facilitate the growth of Fiji's tourism sector, significantly contributing to the country's GDP. Furthermore, investment in clean energy plays an essential role in reducing greenhouse gases and the fight against the effects of climate change, to which Fiji and the other PICs are especially vulnerable.

Vulnerability to external shocks affects a country's ability to sustain stable economic growth, decreases investors' confidence, negatively affects FDI, and puts Fiji in a constant state of recovery where most of its resources are channelled into the post-disaster reconstruction work (Lal, Singh & Holland, 2009). China has frequently provided highly needed medical assistance, equipment and natural disaster relief to Fiji, decreasing the strain on the Fijian government's resources and enabling it to channel them elsewhere. Even during the Covid-19 pandemic, China has supplied Fiji with medical equipment, Covid tests, and funding at a total value of US\$300 thousand (Lowy Institute, 2020).

6.3.5 The Freedom to Choose

China's increasing involvement in Fiji has renewed interest in the region, an unintended consequence from which Fiji can benefit. Australia, New Zealand, and the United States have all introduced new policies to bolster their presence in the region. Furthermore, according to Cook (2018), the traditional donors' initiative called the 'Blue Dot Network', focused on the provision of infrastructure and development assistance across the Asia Pacific, could provide aid at a scale similar to China's BRI framework but at a lower and therefore more beneficial interest rate.

The increased interest of other actors has the potential to strengthen Fiji's economic sovereignty. The country is likely to choose the sources of its financial assistance based on its domestic interests and terms and conditions that will be beneficial in the long run (Rodd, 2020). Additionally, Fiji can ensure that it does not become over-reliant on one donor by diversifying the sources of its development assistance. This indirect effect of China's increased interest can empower Fiji to take ownership of its development strategies, prioritise its interests and needs over those of donor countries and achieve sustainable development.

Fiji's active engagement in the 2018 Forum on South-South Cooperation on Climate Change is a prime example of how the country aims to maintain its economic sovereignty and steer its cooperation with China towards meeting its own development targets. While Fiji views its participation in the BRI as a means of empowerment, it has emphasised and urged Chinese representatives to put greater focus on combating the effects of climate change, building a more resilient society, and achieving zero-emission levels (Fijian Ministry of Foreign Affairs, 2018). In this way, while viewing cooperation with China as beneficial, Fiji is using the relationship to achieve its own agenda.

6.3.6 Fiji as a Regional Leader

Fiji has the opportunity and the ambition to challenge the leading role of traditional donors that had shunned the country after the 2006 military coup. With growing support from China, Fiji is now a regional aid donor providing various sorts of assistance to Vanuatu, Solomon Islands, and Papua New Guinea, among others. Furthermore, in 2013 the Fijian government established a new, Chinese-funded Forum aimed at challenging Australia's position as the regional leader. While the Forum has not been a particular success, it still serves as a reminder of Fiji's goal of strengthening its position in the region and helping other PICs to move away from their dependence on the traditional donors and other exogenous powers and gradually embrace their sovereignty (Rodd, 2020). Importantly, moving away from the traditional donors can, at least in the short-term, significantly empower Fiji, whose relative wealth and development could help facilitate other PICs' development. The Fijian government has expressed a desire to introduce a 'trilateral' type of partnership, where the cooperation would take place directly between Fiji and other PICs, with external powers acting only as a support mechanism providing know-how and resources on the condition that the recipient countries' development strategies and domestic needs are respected and adhered to (Mawi, 2015).

This is perceived as a potential win-win situation. The PICs would benefit from more context-tailored assistance based on Fiji's own experience as a PIC, lower interest rates, and infrastructure expertise that Fiji obtained from its close cooperation with China. Furthermore, Fiji's experience with strengthening its *de facto* sovereignty could serve as a model for future developments among other PICs. For many of the PICs gaining *de facto* autonomy is likely to take time during which support will be needed. Replacing traditional donors and strengthening their cooperation with Fiji would increase Fiji's influence and reinforce its position as a development partner (Rodd, 2020). China has already announced that the country has the ambition to engage in trilateral cooperation in the future and is willing to adhere to Fiji's terms and conditions (Qian, 2019), hoping that Fiji becomes the "transportation hub connecting smaller Pacific Island economies' trade to China" (Rodd, 2020, p.109).

In the long run, the Fijian authorities believe that Sino-Fijian cooperation can facilitate its emergence as a regional leader and an important actor on the international stage (Xiang, 2017). After the isolation period brought about by the 2006 coup, Fiji has extended its diplomatic relations. In 2020 Fiji had diplomatic ties with 178 countries, up from 70 diplomatic relations in 2009, and set up embassies worldwide (Rodd, 2020). However, the ambitions go beyond the mere establishment of diplomatic relations. Fijian authorities believe that with the help of China's BRI

network, the country will increase its economic relationship with other partner countries and push forward its agenda of greener growth and actions to combat climate change. All this is believed to be possible if China's BRI network becomes a "model of green finance" (Pratibha, 2017, n.p.), helping Fiji reinforce its position on the global stage, promote its development agency and further strengthen its position as a role model for the other PICs.

7. Concluding Discussion

The paper analysed the Sino-Fijian relationship through the lens of soft power. The focus was on China's economic tools of trade, investment, and development assistance. The research was conducted using the interpretive method. Secondary quantitative data was graphically displayed and interpreted to quantify and contextualise the relationship before delving deeper into the more specific aspects of Chinese development assistance and its relationship with Fiji's economic sovereignty. A wide range of secondary qualitative data was analysed using thematic coding as suggested by the Miles & Huberman Framework for qualitative data analysis.

Several gaps in the previous literature were identified, which served as the basis for the formulation of this research's main aim and RQs. Firstly, the topic of Chinese presence in the PICs in general, and Fiji in particular, has been largely under-explored. Secondly, the existing research has been unable to fully and comprehensively account for Chinese economic involvement in Fiji. Lastly, whatever previous research has been conducted, it was extensively focused on simply describing the Sino-Fijian relationship without carefully examining the relationship between Chinese development assistance and Fiji's economic sovereignty. The contribution of this research lies precisely in its attempt to give an overarching account of the evolution of Chinese trade, investment, and aid flows to Fiji, as well as to investigate both the positive and the negative aspects of the relationship between Chinese development assistance and Fiji's economic sovereignty.

The paper aimed to answer the following RQs: *(i) How has China's presence in Fiji evolved since 2006 regarding trade, foreign direct investment, and development assistance? (ii) What are the characteristics of Chinese development assistance to Fiji? (iii) What is the relationship between Chinese development assistance and Fiji's economic sovereignty?*

The research has found that there has been an overall increase in Chinese economic activity in Fiji concerning trade and investment. The market for Chinese goods in Fiji has increased; however,

China is still a minor market for Fijian goods and services, with most exports consisting of re-exports, suggesting low linkages with Fiji's domestic market. China is also Fiji's most significant source of FDI, and its investment is likely to further increase in the future as Fijian authorities push for more flows to be directed towards Fiji's mining, manufacturing, and tourism sectors. In terms of development assistance, though major projects were initiated post-2006, no clear pattern of gradual or annual increases of Chinese development assistance has been found. This does not mean that China is not extensively engaged in Fiji, as the data recorded is based on the year of the first transaction. In most cases, funds are disbursed according to the project plan rather than as a lump sum, meaning that there is a continuous flow of funds from the date of the first transaction until the projects are fully implemented. However, due to the lack of clarity and transparency, data on individual transactions has proven elusive.

Secondly, the analysis has shown that whilst grants make up a more significant proportion of total projects, concessional loans represent a far higher absolute value of development assistance, as they are generally provided for larger infrastructure projects. The transportation and the government and civil society sectors receive the lion's share of funding in terms of total value, with 5 out of 9 concessional loans allocated between them. However, when looking at the number of projects, the picture is more balanced with assistance being distributed across a wide range of sectors.

The analysis has focused on providing a balanced view of the Sino-Fijian relationship, aiming to cover both the good and the bad aspects of the relationship between development assistance and Fiji's economic sovereignty. In line with the review of previous literature, Chinese companies are predominantly chosen as implementing partners, where a majority of material and labour are imported from China. This likely results in low local employment and less stimulation of the local economy. However, it is profitable for China as it supports its domestic companies abroad, enables surplus labour to be employed, and increases the size of the market for Chinese products.

On the other hand, in terms of resource-for-loans and debt-trap diplomacy, the findings go against what has been suggested by some previous literature. While the two countries have signed a range of MoUs on their cooperation regarding Fijian natural resources from which China is likely to benefit, none of the MoUs directly states that Fiji will have to use its resources as payment. Furthermore, quantitative data analysis shows that most of China's development assistance is not directed towards Fiji's natural resources. In terms of debt exposure, Fiji's debt to China is, as of now, sustainable and diversified. There are, therefore, currently few signs that China is actively

engaging in unsustainable lending methods to gain economic concessions. Notably, Fiji's agency should be recognised as the analysis suggests that the country is taking ownership of its development strategies and steering the Sino-Fijian cooperation towards meeting its own development goals. However, Fiji's future ability to service its existing debt is at risk due to the ongoing Covid-19 pandemic, which has severely impacted Fiji's tourism sector. Tourism is the main contributor to Fiji's GDP, and its decline together with increasing government spending present a risky outlook for Fiji's economic performance in the future.

This paper has found significant benefits to the Sino-Fijian relationship. Firstly, the cooperation is likely to improve Fiji's economic development by providing infrastructure essential for improving market connectivity, increasing opportunities for the local population, and boosting Fiji's tourism sector. This, in turn, is likely to strengthen Fiji's position as the regional leader and as a role model for other PICs. It may further allow Fiji to provide development assistance to other countries in the region, decreasing their dependence on traditional donors and potentially strengthening their economic sovereignty. Moreover, China's increased presence in the region may have strengthened Fiji's economic sovereignty indirectly. Through its engagement China has prompted other actors to increase their support to the region, allowing Fiji to diversify its sources of assistance based on its own terms and conditions. Lastly, the Fijian authorities believe that cooperation with China can gradually strengthen Fiji's position on the international stage and enable it to influence the decision-making of more powerful actors by promoting its development strategy focused on sustainable development and combating the impacts of climate change.

There are several possibilities for future research. Firstly, this research has only been able to analyse Chinese ODA-like flows. Future research should expand the focus to other flows, including non-concessional loans and export credits, to further deepen the analysis of the Sino-Fijian relationship. Furthermore, as there remain several incomplete projects, the total scope calculated in this paper may yet be exceeded. Secondly, a greater focus on the details of individual projects would allow the exploration of the true extent to which development assistance projects yield economic benefits for Fiji or China. Lastly, given the prevailing Western narrative portraying China as a predatory actor seeking soft power influence, future research could consider analysing Western involvement through a similar lens. Though Chinese development assistance officially follows the 'win-win' principle, the question remains whether the recipient country is the primary benefactor of Chinese cooperation or whether China uses it as its soft power tool to achieve its own economic goals, with secondary attention being paid to the long-term effects that its actions may have on the recipient country.

References:

- AidData (2018). Mapping China's Global Development Footprint, Available online: <https://www.arcgis.com/apps/View/index.html?appid=e9095f3f8cd3479a9f58bc87a4c695c7> [Accessed 12 March 2021]
- Albert, E. (2018). China's Big Bet on Soft Power, Available online: <https://www.cfr.org/backgrounders/chinas-big-bet-soft-power> [Accessed 2 March 2021]
- Arif, B.H. (2017). The Role of Soft Power in China's Foreign Policy in the 21st Century, *International Journal of Social Sciences & Educational Studies*, Available online: https://www.academia.edu/31929413/The_Role_of_Soft_Power_in_Chinas_Foreign_Policy_in_the_21st_Century [Accessed 3 March 2021]
- Barker, E.M. (2016). Qualitative Data Analysis, Available Online: <https://docplayer.net/5559795-Chapter-17-qualitative-data-analysis.html> [Accessed 10 April 2021]
- Behuria, A.K. (2018). How Sri Lanka Walked into a Debt Trap, and the Way Out, *Strategic Analysis*, Available online: <https://www.tandfonline.com/doi/abs/10.1080/09700161.2018.1439327> [Accessed 20 March 2021]
- Bhattacharjee, A. (2012). Social Science Research: Principles, methods, practices [pdf], Available at: https://scholarcommons.usf.edu/cgi/viewcontent.cgi?referer=&httpsredir=1&article=1002&context=oa_textbooks [Accessed 11 April 2021]
- Brant, P. (2013). Chinese Aid in the South Pacific: Linked to resources?, *Asian Studies Review*, Available online: <https://www.tandfonline.com/doi/full/10.1080/10357823.2013.767311> [Accessed 23 February 2021]
- Bräutigam, D. (2011). Aid 'With Chinese Characteristics': Chinese foreign aid and development finance meet the OECD-DAC aid regime, *Journal of International Development*, Available online: <https://onlinelibrary.wiley.com/doi/abs/10.1002/jid.1798> [Accessed 20 March 2021]

Carminatti, D. (2020). The State of China's Soft Power in 2020, Available online: <https://www.e-ir.info/2020/07/03/the-state-of-chinas-soft-power-in-2020/> [Accessed 9 April 2021]

Chambers, C. (2019). Fiji-China Relationship Generates Earnings, Available online: www.pressreader.com/fiji/fiji-sun/20190227/282540134627485 [Accessed 11 April 2021]

Changsen, Y. (2014). China's Economic Relations with Pacific Island Countries [pdf], Available at: <https://www.wgtn.ac.nz/chinaresearchcentre/publications/papers/YU-Changsen-Chinas-Economic-Relations-with-Pacific-Island-Countries.pdf> [Accessed 20 March 2021]

Chellaney, B. (2017). China's Debt-Trap Diplomacy, Available online: <https://www.project-syndicate.org/commentary/china-one-belt-one-road-loans-debt-by-brahma-chellaney-2017-01?barrier=accesspaylog> [Accessed 2 May 2021]

Cheng, S., Fang, T., & Lien, H. (2012). China's International Aid Policy and Its Implications for Global Governance, working paper, no. 29, Research Center for Chinese Politics & Business

Cook, E. (2018). South Pacific Waking to China's 'Debt-Trap' Diplomacy, Available online: <https://asiatimes.com/2018/09/south-pacific-waking-to-chinas-debt-trap-diplomacy/> [Accessed 1 April 2021]

COP23 (2018). About Fiji, Available online: <https://cop23.com.fj/fiji-and-the-pacific/> [Accessed 10 April 2021]

Corkin, L. (2012). Chinese Construction Companies in Angola: A local linkages perspective. *Journal of Resources Policy*, Available online: <https://doi.org/10.1016/j.resourpol.2012.06.002> [Accessed 4 March 2021]

Craymer, L. (2014). Fiji Attracts Old Friends as China's Clout Grows [pdf], Available at: <https://www.offiziere.ch/wp-content/uploads-001/2016/02/Fiji-Attracts-Old-Friends-as-China's-Clout-Grows-WSJ.pdf> [Accessed 20 March 2021]

Davidson, H. (2019). Foreign Aid Declines Further in Australia Budget, With Focus on Pacific, Available online: <https://www.theguardian.com/australia-news/2019/apr/03/foreign-aid-declines-further-in-australian-budget-with-focus-on-pacific> [Accessed 20 March 2021]

Dornan, M., & Brant, P. (2014). Chinese Assistance in the Pacific: Agency, effectiveness and the role of Pacific island governments, *Asia & the Pacific Policy Studies*, Available online: <https://onlinelibrary.wiley.com/doi/full/10.1002/app5.35> [Accessed 22 February 2021]

European Bank for Reconstruction and Development (2021). Belt and Road Initiative (BRI), Available online: <https://www.ebrd.com/what-we-do/belt-and-road/overview.html> [Accessed 10 April 2021]

Ferchen, M. (2020). China-Venezuela Relations in the Twenty-First Century: From overconfidence to uncertainty, United States Institute of Peace, Available online: <https://www.usip.org/publications/2020/09/china-venezuela-relations-twenty-first-century-overconfidence-uncertainty> [Accessed 15 March 2021]

Fiji Times (2016). Chinese Investments Increase Steadily in Fiji, Available online: <http://www.china-invests.net/20160728/41245.aspx> [Accessed 11 April 2021]

Fijian Ministry of Foreign Affairs (2018). Hon. PM Bainimarama at the launch of Fiji's National Adaptation Plan. Fijian Ministry of Foreign Affairs, Available online: <http://www.foreignaffairs.gov.fj/component/content/article/39-speeches/2018-minister-speeches/1140-hon-pm-bainimarama-at-the-high-level-forum-on-south-south-cooperation-on-climate-change> [Accessed 11 April 2021]

Fowler, E. (2019). New Report Disputes Chinese 'Debt-Trap Diplomacy' Claims, Available online: <https://www.afr.com/policy/foreign-affairs/new-report-disputes-chinese-debt-trap-diplomacy-claims-20191018-p53256> [Accessed 20 March 2021]

Fuchs, A., & Rudyak, M. (2017). The Motives of China's Foreign Aid, Handbook of the International Political Economy of China, Available online: <https://www.semanticscholar.org/paper/The-motives-of-China's-foreign-aid-Fuchs-Rudyak/52409db6ad24f3195a2716f7d3928c01aaedbf9d> [Accessed 24 February 2021]

Godfrey, M (2019). Fiji's Minister of Fisheries in Beijing Seeking Aquaculture Assistance, Available online: <https://www.seafoodsource.com/news/supply-trade/fijis-minister-of-fisheries-in-beijing-seeking-aquaculture-assistance> [Accessed 1 April 2021]

Gounder, N. (2020). Fiji Economic Survey: Low growth the new normal?, *Asia & the Pacific Policy Studies*, Available online: <https://doi.org/10.1002/app5.307> [Accessed 4 March 2021]

Hanson, F., & Fifita, M. (2011). China in the Pacific: The new banker in town, Lowy Institute, Available online: <https://www.lowyinstitute.org/publications/china-pacific-new-banker-town> [Accessed 10 March 2020]

Herr, R. (2019). Evaluating Chinese Soft-Power Effects in the Pacific Islands, Australian Strategic Policy Institute, Available online: <https://www.aspi.org.au/report/chinese-influence-pacific-islands> [Accessed 23 February 2021]

International Finance Corporation (2020). Fiji COVID-19 Business Survey: Tourism focus, impacts, responses and recommendations [pdf], Available at: <https://www.ifc.org/wps/wcm/connect/4fc358f9-5b07-4580-a28c-8d24bfaf9c63/Fiji+COVID-19+Business+Survey+Results+-+Tourism+Focus+Final.pdf?MOD=AJPERES&CVID=ndnpJrE> [Accessed 23 February 2021]

Jones, L., & Hameiri, S. (2020). Debunking the Myth of ‘Debt-trap Diplomacy’: How recipient countries shape China’s Belt and Road Initiative, research paper, Chatham House

Jureńczyk, L. (2020). Analysing China’s “Angola Model” : A pattern for Chinese involvement in Africa?, *Strategic Review for Southern Africa*, Available online: https://www.researchgate.net/publication/349916518_Analysing_China%27s_Angola_Model_A_Pattern_for_Chinese_Involvement_in_Africa [Accessed 20 March 2021]

Kalouniviti, M. (2016). Prospects ‘Enormous’ [pdf], Available at: http://www.investmentfiji.org.fj/resources/uploads/embeds/file/Fiji%20Times%2028_7_16%20pg%2014-rotated.pdf [Accessed 11 April 2021]

Kant, R. (2019). Ethnic Blindness in Ethnically Divided Society: Implications for ethnic relations in Fiji, *The Palgrave Handbook of Ethnicity*, Available online: https://www.researchgate.net/publication/333671422_Ethnic_Blindness_in_Ethnically_Divided_Society_Implications_for_Ethnic_Relations_in_Fiji [Accessed 6 March 2021]

Kearn, D. (2011). The Hard Truths about Soft Power, *Journal of Political Power*, Available online: <https://www.researchgate.net/publication/254336694> [Accessed 9 April 2021]

Krishna, K. (2016). Koya: China is One of Our Big Foreign Direct Investment Source Markets, Available online: <https://fjisin.com.fj/2016/07/27/koya-china-is-one-of-our-big-foreign-direct-investment-source-markets/> [Accessed 15 March 2021]

Kurlantzick, J. (2006). China's Charm: Implications of Chinese soft power [pdf], Available at: https://carnegieendowment.org/files/PB_47_FINAL.pdf [Accessed 4 March 2021]

Lal, P.N., Singh, R., & Holland, P. (2009). Relationship Between Natural Disasters and Poverty: A Fiji case study [pdf], Available at: <https://www.preventionweb.net/english/hyogo/gar/background-papers/documents/Chap3/Asia-overview/Poverty-A-Fiji-Case-Study.pdf> [Accessed 15 April 2021]

Lancaster, C. (2006). Beijing's Safari: China's move into Africa and its implications for aid, *Development and Governance, Carnegie Endowment Policy Outlook*, Available online: <https://carnegieendowment.org/2006/11/01/beijing-s-safari-china-s-move-into-africa-and-its-implications-for-aid-development-and-governance-pub-18833> [Accessed 15 March 2021]

Levine, S. (2012). The Experience of Sovereignty in the Pacific: Island states and political autonomy in the twenty-first century, *Commonwealth & Comparative Politics*, Available online: <https://www.tandfonline.com/doi/abs/10.1080/14662043.2012.729729?tab=permissions&scroll=top> [Accessed 24 February 2021]

Lowy Institute for International Policy (2020). Pacific Aid Map, Available online: <https://pacificaidmap.lowyinstitute.org/database> [Accessed 20 February 2021]

Mattlin, M., & Nojonen, M. (2015). Conditionality and Path Dependence in Chinese Lending, *Journal of Contemporary China*, Available online: <https://www.tandfonline.com/doi/abs/10.1080/10670564.2014.978154> [Accessed 3 March 2021]

Mawi, L. (2015). Fiji's Emerging Brand of Pacific Diplomacy: A Fiji Government Perspective, in G. Fry & S. Tarte (eds.), *The New Pacific Diplomacy*, Australian National University Press, pp. 101-109

Meick, E., Ker, M., & Chan, H.M. (2018). China's Engagement in the Pacific Islands: Implications for the United States [pdf], Available at: <https://www.uscc.gov/sites/default/files/Research/ChinaPacific%20Islands%20Staff%20Report.pdf> [Accessed 10 March 2021].

Müller-Teut, G. (2015). Bilateral Economic and Trade Ties, Available online: <http://www.investmentfiji.org.fj/pages.cfm/ftiborgfj/news/2015/investment-fiji-ceo-speech-commemorating-40yrs-of-fiji-china-relations.html> [Accessed 15 March 2021]

Murray, W.E., & Overton, J. (2011). The Inverse Sovereignty Effect: Aid, scale and neostructuralism in Oceania, *Asia Pacific Viewpoint*, Available online: <https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1467-8373.2011.01468.x> [Accessed 25 February 2021]

Naisoki, W. (2016). China Chamber of Commerce to Set Up in Fiji Soon, Available online: <https://fijisun.com.fj/2016/03/13/china-chamber-of-commerce-to-set-up-in-fiji-soon/> [Accessed 11 April 2021]

Nye, J. (1990). Soft Power, Foreign Policy, Available online: https://www.jstor.org/stable/1148580?seq=1#metadata_info_tab_contents [Accessed 1 March 2021]

Official Development Assistance (2019). What is ODA? [pdf], Available at: <https://www.oecd.org/development/stats/What-is-ODA.pdf> [Accessed 24 February 2021]

Ogoura, K. (2006). The Limits of Soft Power, Available online: <https://universityofleeds.github.io/philtaylorpapers/vp0111ba.html> [Accessed 9 April 2021]

Oosterveld, W., Wilms, E., & Kerysova, K. (2018). The Belt and Road Initiative Looks East: Political implications of China's economic forays in the Caribbean and the South Pacific, The Hague Centre for Strategic Studies, Available online: <https://www.government.nl/topics/international-peace-and-security/documents/reports/2021/03/15/the-belt-and-road-initiative-looks-east---political-implications-of-chinas-forays-in-caribbean-and-south-pacific> [Accessed 20 March 2021]

Overton, J., Prinsen, G., Murray, W.E., & Wrighton, N. (2012). Reversing the Tide of Aid: Investigating development policy sovereignty in the Pacific, *Journal de la Société des Océanistes*, Available online: <https://journals.openedition.org/jso/6713> [Accessed 2 March 2021]

Pacific Island Report (2016). China is Biggest Source of Foreign Investment, Tourists to Fiji, Available online: <http://www.pireport.org/articles/2016/11/29/china-biggest-source-foreign-investment-tourists-fiji> [Accessed 20 March 2021]

Packam, C., & Barrett, J. (2019). U.S. Seeks to Renew Pacific Islands Security Pact to Foil China, Available online: www.reuters.com/article/us-micronesia-usa-pompeo/u-s-seeks-to-renew-pacific-islands-security-pact-to-foil-china-idUSKCN1UV0UV [Accessed 2 May 2021]

Patrick, A. (2017). China-Sri Lanka Strategic Hambantota Port Deal [pdf], Available at: <https://www.maritimeindia.org/View%20Profile/636276610966827339.pdf> [Accessed 26 March 2021]

Power, M. (2011). Angola 2025: The Future of the “World’s Richest Poor Country” as Seen through a Chinese Rear-View Mirror, *Antipode*, Available online: <https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1467-8330.2011.00896.x> [Accessed 21 March 2021]

Pratibha, J. (2017). PM Highlights Contribution by Global South on Development, Available online: <https://fjisisun.com.fj/2017/11/17/pm-highlights-contribution-by-global-south-on-development/> [Accessed 10 April 2021]

Property Fiji (2017). Rising Chinese Investors, Available online: <https://www.property.com.fj/news/rising-chinese-investors/> [Accessed 20 March 2021]

Pryke, J. (2018). The Bad and Good of China’s Aid in the Pacific, Lowy Institute, Available online: <https://www.lowyinstitute.org/the-interpreter/bad-and-good-china-aid-pacific> [Accessed 25 December 2020]

Punch, K. (2005). Introduction to Social Research: Quantitative and qualitative approaches, London: SAGE.

Qian, B. (2019). Belt and Road Initiative: Brighter shared future for all, Available online: <https://fjisun.com.fj/2019/04/28/belt-and-road-initiative-brighter-shared-future-for-all-including-fiji/> [Accessed 1 April 2021]

Rahman, S. (2019). Does the “Belt & Road Initiative” Possess Soft Power? [pdf], Available at: [https://icaps.nsysu.edu.tw/var/file/131/1131/img/CCPS5\(1\)-Rahman.pdf](https://icaps.nsysu.edu.tw/var/file/131/1131/img/CCPS5(1)-Rahman.pdf) [Accessed 23 February 2021]

Rajah, R., Dayant, A., & Pryke, J. (2019). Ocean of Debt? Belt and Road Initiative and Debt Diplomacy in the Pacific, Available online: <https://www.lowyinstitute.org/publications/ocean-debt-belt-and-road-and-debt-diplomacy-pacific> [Accessed 24 February 2021]

Reserve Bank of Fiji (2015). Fiji’s Economic Relationship with the People’s Republic of China, Available online: <https://www.rbf.gov.fj/fjjs-economic-relationship-with-the-peoples-republic-of-china-statement-by-barry-whiteside-governor-of-the-reserve-bank-of-fiji-at-the-40th-anniversary-celebration-of-the-establish/> [Accessed 10 April 2021]

Reserve Bank of Fiji (2020). Gross Domestic Product Forecast, Available online: <https://www.rbf.gov.fj> [Accessed 16 May 2021]

Reserve Bank of Fiji (2021a). Direction of Trade by Major Trading Partner Countries, Available online: <https://www.rbf.gov.fj/statistics/economic-and-financial-statistics/#1595821841266-57730128-1b5c> [Accessed 20 February 2021]

Reserve Bank of Fiji (2021b). Understanding Government Debt, Available online: <https://www.rbf.gov.fj/understanding-government-debt-30-january-2021/> [Accessed 10 April 2021]

Reserve Bank of Fiji (2021c). Impact of the Pandemic on Government Debt and Possible Solutions [pdf], Available at: <https://www.rbf.gov.fj/wp-content/uploads/2021/03/Impact-of-the-Pandemic-on-Government-Debt-and-Possible-Solutions-27-February-2021.pdf> [Accessed 10 April 2021]

Rodd, A. (2020). A Road to Island Sovereignty and Empowerment? Fiji’s Aims Within the Belt and Road Initiative, Institute of Island Studies, Available online: <https://hal.archives-ouvertes.fr/hal-03032265/document> [Accessed 24 February 2021]

Salameh, M.G. (2011). China's Oil "Adventure" into Venezuela, *International Association for Energy Economics*, Available online: <https://www.iaee.org/newsletter/issue/18> [Accessed 20 March 2021]

Salem, S. (2020). Chinese Foreign Aid to Fiji: Threat or opportunity, *Sage Journals*, Available online: <https://journals.sagepub.com/doi/abs/10.1177/0009445520916875><https://journals.sagepub.com/doi/abs/10.1177/0009445520916875> [Accessed 24 February 2021]

Sapir, J. (2020). Basic Principles of Economic Sovereignty and the Question of the Forms of its Exercise, *Studies on Russian Economic Development*, Available online: https://ideas.repec.org/a/spr/sorede/v31y2020i2d10.1134_s107570072002015x.html [Accessed 23 February 2021]

Shie, T.R. (2007). Rising Chinese Influence in the South Pacific: Beijing's island fever", University of California Press, Available online: <https://www.jstor.org/stable/10.1525/as.2007.47.2.307> [Accessed 1 March 2021]

Sugeno, M. (2018). China is Trying to Steal Our Future: Navarro, Available online: <https://asia.nikkei.com/Editor-s-Picks/Interview/China-is-trying-to-steal-our-future-Navarro> [Accessed 2 May 2021]

Szadziwski, H. (2020). Converging Anticipatory Geographies in Oceania: The Belt and Road Initiative and look north in Fiji, *Political Geography*, Available online: <https://doi.org/10.1016/j.polgeo.2019.102119> [Accessed 24 February 2021]

Talei, F. (2019). 5 Key Areas of Interest: MoU between Fiji and China, Available online: <https://fijisun.com.fj/2019/02/13/5-key-areas-of-interest-mou-between-fiji-and-china/> [Accessed 1 April 2021]

Tan-Mullins, M., Mohan, G., & Power, M. (2010). Redefining 'Aid' in the China-Africa Context, *Development and Change*, Available online: <https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1467-7660.2010.01662.x> [Accessed 3 March 2021]

Tarte, S. (2021). Building a Strategic Partnership: Fiji-China Relations Since 2008, in G. Smith & T. Weasley-Smith (eds), *The China Alternative*, ANU Press, pp. 375-396

The Fijian Government (2015). Fiji and China Sign MoU on Forestry Cooperation, Available online: <https://www.fiji.gov.fj/Media-Centre/News/FIJI-AND-CHINA-SIGN-MOU-ON-FORESTRY-COOPERATION> [Accessed 1 April 2021]

The Fijian Government (2019). Fiji and China Sign MoU on Agricultural Cooperation [pdf], Available at: <https://www.agriculture.gov.fj/documents/weeklyissue/April/WeeklyIssue17.pdf> [Accessed 1 April 2021]

Tukuwasa, E. (2011). Government to Construct 3 More Roads, Available online: <http://www.radio-fiji.com.fj/fullstory.php?id=36582> [Accessed 1 April 2021]

United Nations Office For South-South Cooperation (2021). About South-South and Triangular Cooperation, Available online: <https://www.unsouthsouth.org/about/about-sstc/> [Accessed 1 March 2021]

Varrall, M. (2016). Domestic Actors and Agendas in Chinese Aid Policy, *The Pacific Review*, Available online: <https://www.tandfonline.com/doi/abs/10.1080/09512748.2015.1066414> [Accessed 20 March 2021]

Wibisono, A.N. (2019). China's "Belt and Road Initiative" in Sri Lanka: Debt diplomacy in Hambantota port investment, *Journal Ilmiah Hubungan Internasional*, Available online: <https://ejournal.upnvj.ac.id/index.php/JM/article/view/1482> [Accessed 28 December 2020]

Willcox, S. (2012). A Rising Tide: The implications of climate change inundation for human rights and state sovereignty [pdf], Available at: <https://www.corteidh.or.cr/tablas/r29029.pdf> [Accessed 25 February 2021]

Xiang, B. (2017). Fiji Lauds China-proposed Belt and Road Initiative, Available online: http://www.xinhuanet.com/english/2017-10/12/c_136675215.htm [Accessed 1 April 2021]

Xiang, R. (2012). Regulation of Foreign Aid: China, Available online: <https://www.loc.gov/law/help/foreign-aid/china.php> [Accessed 10 April 2021]

Xinhua (2016). China Becomes Fiji's Biggest Source of FDI: Trade minister, Available online: http://www.chinadaily.com.cn/business/2016-11/26/content_27493206.htm [Accessed 15 March 2021]

Yang, J. (2011). China in Fiji: Displacing traditional players?, *Australian Journal of International Affairs*, Available online: https://link.springer.com/chapter/10.1057/9780230339750_6 [Accessed 20 March 2021]

Yukaruç, U. (2017). A Critical Approach to Soft Power, *Journal of Bitlis Eren University*, Available online: <https://www.researchgate.net/publication/332843308> [Accessed 9 April 2021]

Zhang, D. (2019). Comparing China's and Taiwan's Aid to the Pacific, Australian National University, Available online: <http://dpa.bellschool.anu.edu.au/experts-publications/publications/7315/ib-201920-comparing-chinas-and-taiwans-aid-pacific> [Accessed March 15 2021]

Zhang, D. (2020). China in the Pacific and Traditional Powers' New Pacific Policies: Concerns, responses and trends, *Security Challenges*, Available online: https://www.jstor.org/stable/26908769?seq=1#metadata_info_tab_contents [Accessed 20 March 2021]

Zhang, D. (2021). Messages from China's Third White Paper on Foreign Aid, Available online: <https://www.lowyinstitute.org/the-interpreter/messages-china-s-third-white-paper-foreign-aid> [Accessed 1 April 2021]

Zhang, D., & Shivakumar, H. (2017). Dragon versus Elephant: A comparative study of Chinese and Indian aid in the Pacific, *Asia and the Pacific Policy Studies*, Available online: <https://onlinelibrary.wiley.com/doi/full/10.1002/app5.179> [Accessed 20 March 2021]

Zimmerman, F., & Smith, K. (2011). More Actors, More Money, More Ideas for International Development Co-Operation, *Journal of International Development*, Available online: <https://onlinelibrary.wiley.com/doi/abs/10.1002/jid.1796> [Accessed 11 April 2021]

Appendix

Tables:

Country	Year Diplomatic Relations Were Established with China	Year Diplomatic Relations Were Established with Taiwan
Cook Islands	1997	
Micronesia	1989	
Fiji	1975	1971
Kiribati	1980	2003
Marshal Islands	1990	1998
Nauru	2002	1980, 2005
Niue*		
Palau		1999
Papua New Guinea	1976	Briefly in 1999, after the resignation of Prime minister Bill Skate PNG-Taiwan relations were severed
Samoa	1975	1972
Solomon Islands		1983
Tonga	1998	1972
Tuvalu		1979
Vanuatu	1982	Briefly in 2004; joint communiqué annulled later that year

Table 1: Year Diplomatic Relations were Established with China and Taiwan by Country, Source: Shie (2007)

*Niue has a free association with New Zealand, therefore decisions regarding establishing any new relations must be consulted with New Zealand

<u>Types Foreign Aid</u>	<u>Forms of Foreign Aid</u>	<u>Distribution of Foreign Aid</u>
Grants	Complete Projects	Agriculture
Interest-free Loans	Goods and Materials	Industry
Concessional Loans	Technical Cooperation	Economic Infrastructure
	Human Resource Development Cooperation	Public Facilities
	Chinese Medical Teams Working Abroad	Education
	Emergency Humanitarian Aid	Medicine and Public Health
	Overseas Volunteer Programs	Clean Energy and Climate Change
	Debt Relief	

Table 2: Composition of Chinese Development Assistance, Source: Cheng, Fang & Lien (2012)

INVESTMENT (CHINESE INVESTMENT TO FIJI ONLY)		DEBT EXPOSURE		DEVELOPMENT ASSISTANCE		COMBINATION	
<i>Type</i>	<i>Content</i>	<i>Type</i>	<i>Content</i>	<i>Type</i>	<i>Content</i>	<i>Type</i>	<i>Content</i>
Description	China & PICs (including Fiji)	Description	China & PICs (including Fiji)	Description	China & PICs (including Fiji)	Description	Specify based on the other three
Discussion	China & PICs (excluding Fiji)	Discussion	China & PICs (excluding Fiji)	Discussion	China & PICs (excluding Fiji)	Discussion	
	China & Fiji		China & Fiji		China & Fiji		

Table 3: List of Facesheet Codes

FIRST STAGE: DESCRIPTIVE CODES					
Investment		Debt Exposure		Development Assistance	
Total Value		Total Value		Characteristics of Chinese Aid	
Defining Direction		Defining Direction		China & Fiji: Positive Impact	
		Sustainability		China & Fiji: Negative Impact	
				China & Fiji: Impact Undecided	

Table 4: First Stage Descriptive Codes

SECOND STAGE: PATTERN CODES					
Investment	Quotes (Examples)	Debt Exposure	Quotes (Examples)	Development Assistance	Quotes (Examples)
Total Value registered as: Total Investment Value/ Total Number of Registered Projects/ Number of Chinese Project Registered as a Percentage of Total Projects Registered Code: INVREG Subframe Codes: INVREGTOTAL INVREGPRO INVREGPRO/ TOTAL	“Chinese companies have bought stakes in Fiji’s largest gold mine and invested in the bauxite industry. Foreign direct investment by Chinese companies in Fiji accounted for around 37% of the value of projects registered this year, compared with just 2.9% in 2009.” (Craymer, 2014)	Growing indebtedness to China Code: DEBTIN	“But China is increasing the loan to grant ratio of its aid, which may be used as leverage in future, if the truce unravels, and risks creating a debt burden problem in South Pacific countries.” (Hanson & Fifita, 2011, p.3)	Type of Assistance (Concessional Loans/ Grants) Code: AIDTYPE	“In terms of aid forms, Chinese aid to PICs is dominated by concessional loans, which is in contrast to the aid in grants from traditional donors.” (Zhang, 2020, p. 89)
Increasing Chinese Investment Code: INVIN	“It requires each Pacific country involved to open its market further to Chinese companies’ products and investments, but along reciprocal lines which correspond with the SIDS’ wishes.” (Rodd, 2020, p. 103)	Stable Debt Exposure Code: DEBTSTAB	“Fiji has never defaulted on its debt. While interest payments on previous debt are expected to rise to 24.7 percent of the budgeted revenue in the current FY, from 13.0 percent in the last FY, Fiji is still well placed to meet these obligations over the medium term as the impact of COVID-19 on revenue is expected to be temporary.” (Reserve Bank of Fiji, 2021b)	Domestic Employment Code: AIDEMPLOY	“Earlier projects funded by China achieved mixed results, with a number of buildings being poorly constructed, limited domestic employment creation and assistance targeting areas that are not development priorities.” (Dornan & Brant, 2014, p. 13)

China= largest FDI source Code: INVLARGEST	“In fact, although it is now the main origin of foreign direct investments into Fiji, China “does not regard Fiji as a major destination of its FDI and has not even recorded its FDI in Fiji in its statistics yearbook” (Oosterveld, Wilms & Kerysova, 2018, p. 73)	Covid-19, Fiji’s Tourism Sector and Debt Exposure Code: DEBTCOV	““Given the substantial impact of the pandemic on the economy and the Government’s revenue in the current environment, budget deficits are expected to be higher. Unfortunately, this means that there will be more accumulation of debt in the short term.” (Reserve Bank of Fiji, 2021b, p. 4)	Implementing Partners Code: AIDPARTNER	“Not surprisingly, Chinese SOEs such as China Civil Engineering and Construction Corporation and China Harbour Engineering Corporation entered Pacific markets by contracting Chinese aid projects, before moving on to bid for commercial contracts” (Zhang, 2020, p. 82)
Targeted Sectors Code: INVSECTOR	“There is a huge potential for investment opportunities in Tourism, Agriculture, Fishing, Manufacturing, ICT, Renewable Energy projects as well as Mining and Quarrying” (Müller-Teut, 2015) “Investments are mainly in resource developments, fisheries, real estate and the service industry.” (Changse n, 2014, p. 3)	Sustainable/ Unsustainable Code: DEBTSUS DEBTUNSUS	“Four of the six countries that currently borrow from China — Vanuatu, Samoa, Tonga, and Fiji — are already effectively at our 50 per cent warning threshold and, with the exception of Fiji, would be pushed well beyond this under our business-as-usual scenario” (Rajah, Dayant & Pryke, 2019)	Resource Diplomacy Code: AIDRES DIP	“The following examples from the resources sector in Fiji and PNG provide interesting insights into the relationship between Chinese investment and aid, revealing that whilst access to resources is an important part of China’s engagement in the region, it is not a specific part of its aid policy and agreements.” (Bran t, 2013, p. 172)
		Reasons for Unsustainable Debt Levels Code: DEBTREASON	“The reason why Fiji has been heavily indebted to China is due to its slow economic growth and more importantly international bilateral and multilateral sanctions that were applied in 2006.” (Salem, 2020, p. 247)	Debt-Trap Diplomacy Code: AIDDEBT DIPO	“A close look at the evidence suggests that China has not been engaged in “debt-trap diplomacy” in the Pacific, at least not so far” (Pryke, 2020)

		Consequences of Unsustainable Debt Levels Code: DEBTCONSEQ	“Notably, as the crisis prolongs, maintaining such a high level of debt will prove challenging. A continuously high debt-to- GDP ratio will mean more money will be spent on debt servicing relative to the provision of the Government’s services” (Reserve Bank of Fiji, 2021b)	Sectoral Engagement Code: AIDSECTOR	“China’s aid moved to a new level in 2006 and China widened the range to a pattern more typical of the other major established donors. It provides for major increases in assistance to agriculture, education, forestry, fishing, tourism, manufacturing, telecommunications, aviation, shipping and health.” (Brant, 2013, p. 168)
		Debt-Trap Diplomacy Code: DEBTDIPLO	“Pacific countries are among the most vulnerable countries in the world to potential debt sustainability problems and by extension possible ‘debt trap’ diplomacy.” (Rajah , Dayant & Pryke, 2019)	Embracing Fiji’s Economic Sovereignty Code: AIDSOVIN	“This would place Fiji in the relatively luxurious position of being able to pick and choose, to its own benefit and in accordance with its own chosen criteria, between investments and loans offered by China or by its rivals, in effect upping the ante so as to obtain more substantial commitments from the West.” (Rodd, 2020, p. 107)
				Use of Chinese Labour Code: AIDCHINALAB	“For Chinese, provision of tied aid is considered as a win-win situation where Chinese companies, contractors, suppliers, workers as well as recipient countries benefit from it” (Salem, 2020, p. 250)

Table 5: Second Stage Pattern Codes

Background on the Authors of the Most Used Secondary Literature

Adrien Rodd:

Adrien Rodd is a lecturer at the Sciences Po Saint-Germain-en-Laye University, where he teaches a course on the British and Commonwealth Civilisations. Additionally, he is an affiliate of University of Versailles Saint-Quentin-en-Yvelines, Centre of Cultural History of Contemporary Societies. The areas of his research are (i) contemporary political history of Commonwealth member states in Oceania and (ii) Postcolonial national construction in these states.

Saber Salem:

Saber Salem used to hold a diverse set of positions at the United Nations, as well as the position of a Policy Analyst at the Canadian International Development Agency. His research has extensively focused on foreign aid in the Pacific region. Currently, he is a Research Fellow with Jindal Global University.

Sandra Tarte:

Sandra Tarte is a Head of School of Government, Development and International Affairs as well as the Director of Politics and International Affairs at the University of the South Pacific. Her research specialises on the Pacific island region, particularly its international politics. She has been part of the consultation team for the South Pacific Forum Fisheries Agency and the South Pacific Regional Environment Program. Some of her research also focuses on foreign aid such as her publication on Japan's aid Diplomacy and the Pacific Islands (1998) or the New Pacific Diplomacy (2015).

Philippa Brant:

Philippa Brant is a holder of Prime Minister's Australia Asia Endeavour Award (2010/2011) and her field of interest includes Chinese development assistance, China on the international stage and Asia-Pacific developments. She has also extensively contributed to Lowy Institute's Map that tracks Chinese foreign aid in the Pacific Islands region (which has been used as the primary data source for this research).

Zhang Denghua:

Zhang Denghua is a Research Fellow with the Australian National University. He completed his PhD within the field of Chinese foreign aid and trilateral aid cooperation. His areas of expertise include International Relations and Government and Politics of Asia and the Pacific. More broadly, his research interests include Chinese foreign policy, Chinese foreign aid and China-Pacific island countries relations, to name a few.