Tonga: Between an Irresistible Force and an Immovable Object

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**Key Points**

- It is suspected that China seeks to increase its influence in the South-West Pacific region.
- China has used the tried-and-tested policy of providing loans to a number of countries in the region, including Tonga.
- Financial mismanagement of that loan has seen Tonga ask Beijing to waive it.
- Beijing has refused, however, leaving Tonga deeply indebted and under its influence.

**Summary**

The [first paper](#) of this series noted that China’s growth has led it to expand its influence across the Indo-Pacific region. That growth has also led China to seek to displace the United States from its established position as the regional hegemon. A [report](#) published in 2017 noted that between 2007 and 2016, China donated NZ$2.54 billion ($2.44 billion in 2019 dollars) in aid to the Pacific Islands. The study also noted that between 2006 and 2014, China funded 218 projects that facilitated agriculture, communications, education, energy, health, infrastructure, sanitation and humanitarian assistance across eight island countries that had diplomatic ties to Beijing.
Tonga received NZ$190 million ($182.5 million) of China’s donations. By 2017, China was also constructing a three-storey building, named St. George Palace, which was funded by a NZ$20 million ($19.2 million) grant to Tonga from the People’s Republic of China. The building was to house the Prime Minister’s office, the Ministry of Finance and the Ministry of Foreign Affairs. Beijing also announced in April 2017 that it would fund a stadium, to cost NZ$35 million ($33.6 million), at Tonga High School to host the 2019 Pacific Games. The International Economic Co-operation Division of China’s Ministry of Commerce was to take responsibility for co-ordinating the project. That largesse has led many to question China’s motives in Tonga, and the South-West Pacific in general.

Analysis

The Kingdom of Tonga has a population of around 105,000. The country comprises 176 islands, of which 52 are inhabited, that have a total area of 290 square miles (748 km²) and are spread over 270,000 square miles. The national capital, also the country’s largest city, is Nuku’alofa, on the island of Tongatapu, in the southern-most island group, with a population of 24,500. More than 70 per cent of Tonga’s population lives on the main island of Tongatapu. Tongans of Polynesian and Melanesian ethnicity account for 98 per cent of the total population, mixed-Tongans for 1.5 per cent and Europeans comprise the remainder. Ethnic riots in 2006 that targeted the four thousand Chinese who lived in Nuku’alofa saw many of those emigrate, leaving Tonga with a Chinese population of around 300.

Although it is geographically isolated, Tonga is strategically situated, being part of the third island chain of the Pacific that constrains China. It is also situated on the route of a major shipping lane.
Undersea communications cables between Australia, New Zealand and the United States pass through Tonga’s Exclusive Economic Zone. The country also has legal rights to six satellite launch slots over Asia that are financially lucrative. Three of those slots are rented to Chinese organisations. That said, Tonga’s GDP in 2018 was only US$450 million ($650 million). It earns its revenues, for the most part, from tourism and fishing. Very limited agricultural exports and foreign remittances make up the rest. Added to limited revenue streams, Tonga faces increasing emigration rates, as Tongans seek better conditions abroad. Tonga, therefore, has sought to avail itself of the loans, often unconditional, that are provided by China. Tonga has, therefore, gradually moved away diplomatically from its traditional connections and sought to emphasise its Chinese relationship. That set of circumstances has seen more Chinese move to Tonga, themselves in search of economic opportunity.

In 1996, King Tupou IV directed Princess Pilolevu to normalise relations with China. The two countries established diplomatic relations in November 1998. In the same month, Tonga launched its “Look East Policy”, the Chinese flag was raised to symbolise the establishment of diplomatic relations with China and the flag of the Republic of China (Taiwan) lowered. Tonga had switched its allegiance from Taiwan to China. Tonga then launched its Passport Sales Scheme, under which those Chinese citizens who wished to live in Tonga could do so by purchasing a Tongan passport. Over 400 Chinese availed themselves of that opportunity, but the millions of dollars that Tonga accrued in the process were lost due to mismanagement. The Chinese immigrants established small stores, called “Fale Koloa”, to sell cheap products to Tongans. In 2006, however, riots broke out in Nuku’alofa. The rioters were angered by the success of the Chinese immigrants compared to themselves and a disputed parliamentary reform move. As a result, an estimated 60 per cent of the city’s central business district was burned down. It is ironic, therefore, that Tonga has approached Beijing for loans to assist in the reconstruction of the Nuku’alofa CBD.

It has been argued that China’s unconditional loans (at least when compared to those from Western countries and institutions such as the International Monetary Fund and World
Bank), are used to coerce economically-susceptible countries to move away from the United States and to fall into Beijing’s so-called debt trap diplomacy. Sri Lanka, the countries of East Africa and, until recently, Malaysia, come to mind immediately as being examples of that trend. Tonga, as with other Pacific Island countries, could also fall prey to China’s predatorial economic practices. One report suggests that China has employed triad criminal gangs to operate in Tonga as a means of further ensuring that Tonga and its economy are inextricably intertwined with China and its own.

While it may be argued (generously) that China’s actions in the South-West Pacific are driven more by economic persuasion rather than geopolitics, a more realistic examination of Beijing’s actions in that region would seem to indicate that China’s focus on geopolitical necessity overshadows any commercial opportunity that it may provide to the region. China’s soft-power advances in the region, in fact, would appear to indicate that those are no more than a means of ensuring China’s larger footprint and expanding zone of influence there. That reasoning is predicated on China’s actions in Sri Lanka and other countries whose economic circumstances match those that currently exist in Tonga.

Recognising that, Palenitina Langa’oi opines that China’s aid to Tonga is aimed at enhancing Beijing’s influence there. Tonga has, consequently, been drawn into a closer relationship with China and, further, seen a reduction in its relationship with its traditional donors, including the US. If that opinion is correct, it would appear that China has quite possibly used Tonga as a test case, it being a small country in size, population and economy, and thus easily manageable, to determine if other Pacific Island countries could be brought into its zone of influence in roughly similar fashion.

It has been argued in the past that such reasoning is overly harsh and does not reflect China’s true intentions. The point has been made that China is no match for the US militarily or economically. It has also been argued that former Chinese leader Deng Xiaoping’s dictum of never taking the lead and hiding one’s capacity would not allow China to take an overly aggressive path in the South-West Pacific, or anywhere. That dictum held true during Deng’s term in office and under subsequent Chinese leaders. Until the current leader: Xi Jinping. Driven as much by personal ambition to be recognised domestically and abroad as the greatest Chinese leader since Mao Zedong as by his belief that China could cast off Deng’s guidance, since China’s economy was powerful enough to withstand any adverse issue, President Xi initiated his legacy project, the Belt and Road Initiative, constructed artificial islands in the South China Sea and militarised them. The militarisation of the artificial islands occurred despite his assurances to then-President Barack Obama that he would not allow that situation, the disregarding of a legal ruling by an international court in relation to China’s claims to the South China Sea and generally riding rough-shod over the sovereignty of other countries. It was his Belt and Road Initiative as much as it was his desire to supplant the United States in the Pacific Island countries that led him to build relationships with those countries. That initiative extends to the South-West Pacific countries, including Tonga.

The obvious danger is that Tonga is becoming overly dependent on China, like Pakistan, and, again like Pakistan, exceedingly close, to the detriment of its relations with other countries such as the United States. In 2010, two Chinese warships made a goodwill visit to Tonga and, in 2018, the Chinese naval hospital ship, Peace Ark, while on Mission Harmony - 2018, paid
an eight-day goodwill visit and provided medical services to Tongan citizens. In 2013, a joint Chinese-Tongan bank was established in Nuku’alofa. King Tupou VI visited Beijing in March 2018, the twentieth anniversary of Tonga’s establishment of diplomatic ties with China. Hosting the King in the Great Hall of the People, President Xi called on both countries to enhance exchanges at all levels, to strengthen their mutual political trust, and to continue to support and understand each other on issues concerning sovereignty, territorial integrity and national dignity.

Despite appearances, the relationship has not been entirely without its low points. One of the most prominent of those has been the terms of China’s loans to Tonga. After of the riots that destroyed Nuku’alofa’s central business district, the government turned to China to obtain a loan to rebuild the CBD and eventually entered into an agreement to borrow US$160 million ($232 million) from China’s Export Import Bank. The loan was contentious at the time, with many analysts cautioning against China’s debt-inducing financial trap. In August 2018, the Tongan Prime Minister Akilisi Pohiva said that the country would soon start repaying the loan. Tonga has, simultaneously, endeavoured to persuade China to waive the loan altogether. That endeavour was brought about by the aftermath of Tropical Cyclone Gita, which ravaged the main island, Tongatapu, and caused US$210 million ($304 million) worth of damage. Tonga’s pleas for a loan waiver have so far fallen on deaf ears in Beijing and, to add insult to financial stress, China refused a loan waiver plea made in person by King Tupou VI.

In August 2018, Prime Minister Pohiva announced that he would use the Pacific Islands Forum – the region’s premier diplomatic gathering – as a platform to lobby Beijing for debt relief. He planned to urge other South-West Pacific Island countries that, like Tonga, were indebted to China and struggling to repay their loans, to join Tonga in asking China to waive their respective debts. The very next day, however, the Prime Minister’s Office announced that he had changed his mind about that course of action. The Prime Minister said in a statement:

After further reflection, I now believe that the Pacific Islands Forum is not the proper platform to discuss this debt issue. Each Pacific Island country has its particular national conditions and different needs for foreign loans, and it’s up to each government to independently seek solutions through bilateral channels.

It remains unclear whether that change of mind was brought about by China or the other Pacific countries, which have a lot to lose by using a public forum to show China up as a heartless bully and, thus, embarrassing it.

If China’s motive for entering into a relatively close relationship with Tonga is, in fact, its desire to increase its influence in the South-West Pacific and to supplant the United States in that region, it would appear to have made a strong start. It has provided loans to several other countries in the region, all of which are now highly indebted to Beijing. It remains to be seen if the US and its regional allies, Australia and New Zealand, can mitigate the stress that China has put on those countries.
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