



May 10, 2019

The Pacific Islands

Overview

The Pacific Islands region in the Southwest Pacific is attracting increasing attention from U.S. foreign policy experts, largely driven by the People's Republic of China's (PRC's) expanding engagement in the region. Other concerns include climate change and sea level rise; challenges related to illegal fishing and the sustainability of fisheries in the region; and issues related to self-determination and decolonization. The region has strategic significance for the United States because it hosts key U.S. military installations and because Pacific nations are reliable supporters of U.S. diplomatic initiatives, particularly at the United Nations.

In September 2018 at the 30th Pacific Islands Forum (PIF) Forum Partners Dialogue held in Nauru, then-U.S. Secretary of the Interior Ryan Zinke stated:

The United States is deeply committed to the security and prosperity of our friends and neighbors in the Pacific.... We see all of the Pacific Islands as an essential part of our free and open Indo-Pacific policy.... When the United States invests in the Pacific Islands, we do so as a partner committed to a shared future that advances national sovereignty, regional cooperation, and trust.

U.S. territories American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands, as well as the state of Hawaii, are an integral part of the United States' presence in the Pacific. The Freely Associated States (FAS)—the Republic of the Marshall Islands (RMI), Federated States of Micronesia (FSM), and the Republic of Palau—are sovereign countries that through bilateral agreements with the United States (Compacts of Free Association) receive U.S. economic assistance while granting the United States the prerogatives to operate military bases on their soil and make decisions that affect mutual security.

Background

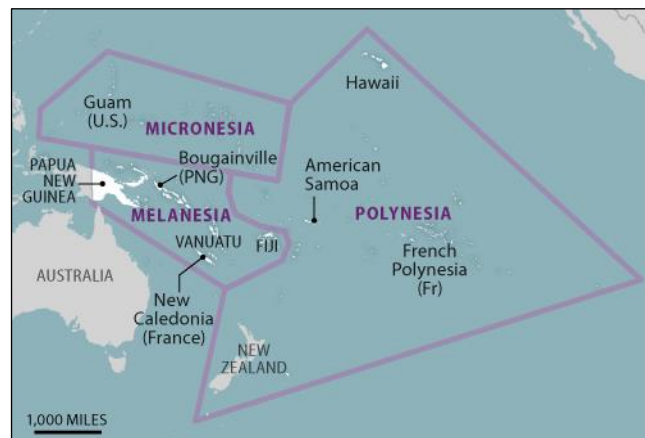
Pacific Island Countries (PICs) are scattered over a broad expanse of ocean and are divided among three sub-regions—Melanesia, Polynesia, and Micronesia (**Figure 1**). Some, such as Papua New Guinea, are relatively large with extensive natural resources. Others, such as Tuvalu, are very small, low-lying coral atoll nations with limited economic prospects and critical vulnerability to the current and expected effects of climate change and sea level rise. Many PICs rely on fisheries, tourism, and remittances for revenue. The United Kingdom, Australia, New Zealand, France, and the United States traditionally have played key security and economic roles in the region.

Despite its remote location, the region periodically has been central in global affairs. It was of key strategic importance

during World War II, as demonstrated by the battles of the Coral Sea, Midway, Guadalcanal, Tarawa, and Pelelieu. From 1946 to 1958, the United States conducted 67 atmospheric atomic and thermonuclear weapons tests over the Marshall Islands atolls of Bikini and Enewetak. In recent years, the Pacific Islands region has emerged as an arena of major power competition, with the United States, Australia, and New Zealand increasingly vying with China for influence among Pacific Island countries.

The Pacific Islands Forum is the region's main political and economic policy organization. It has 18 members: Australia, Cook Islands, Fiji, French Polynesia, Kiribati, the Marshall Islands, Micronesia, Nauru, New Caledonia, New Zealand, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu. The organization has aimed to promote regional interests while maintaining good relations with the United States and its friends and allies in the region (particularly Australia and Japan) on the one hand, and China, on the other.

Figure 1. The Pacific Islands Region and Subregions



Source: Congressional Research Service

The United States and the Region

U.S. engagement in the region includes security cooperation with Fiji, Papua New Guinea, and Tonga, which are the only PICs with military forces; sustainable fisheries management; and military and development assistance. The United States has significant military assets based in the Pacific. U.S. Indo-Pacific Command, based in Hawaii, encompasses Oceania as part of its area of responsibility. The United States has air and naval bases on Guam and an intercontinental ballistic missile test site on Kwajalein Atoll in the Marshall Islands, which also supports space surveillance activities.

In 2018, the U.S. military held discussions with the Micronesian government about building naval facilities,

expanding an airport runway for military use, and engaging in military exercises in Micronesia. The United States works with Australia, France, and New Zealand through the Quadrilateral Defense Coordination Group to coordinate maritime security in the region, and is collaborating with Papua New Guinea and Australia to develop the Lombrum naval base on Manus Island.

The United States has shiprider agreements with 10 PICs, which allow local law enforcement officers to embark on U.S. naval and coast guard ships in order to board and search vessels suspected of violating laws and to combat Illegal, Unreported, and Unregulated (IUU) fishing. The Department of State extends \$21 million annually in assistance to Pacific Island parties to the South Pacific Tuna Treaty (SPTT) to support sustainable fisheries.

Foreign Assistance

By some measures, the top providers of foreign assistance to the Pacific Islands region, in order of region-wide amount, are Australia, the United States, China, New Zealand, and Japan. U.S. economic support to the region is concentrated in the Freely Associated States. The U.S. government, through the Department of the Interior, will have provided roughly \$5.6 billion in Compact of Free Association funding to the RMI and FSM by 2023 and \$1.06 billion to Palau by 2024, when the current terms for Compact assistance end. Some studies have raised concerns that economic assistance will need to be extended beyond the current terms due to the lack of budgetary self-sufficiency in the FAS.

In addition, U.S. foreign assistance to PICs includes support for the Pacific Islands Forum, disaster preparedness and response, economic development, and HIV/AIDS prevention and treatment programs in Papua New Guinea. U.S. assistance also includes International Military Education and Training (IMET) programs for the defense forces of Fiji, Papua New Guinea, and Tonga and the security forces of Samoa.

China's development assistance to the Pacific Islands region consists largely of loans, infrastructure, other public works projects, and investments in the extraction of natural resources. About two-thirds of Chinese assistance in the region is provided in the form of loans rather than grants. Due to their commercial characteristics, many of China's assistance activities do not meet the standards of "official development assistance" as defined by the Organization for Economic Cooperation and Development (OECD).

China's Expanding Influence

The PRC has become an increasingly significant actor in the South Pacific in recent years through diplomacy, loans and assistance, infrastructure development, trade, and tourism. These trends challenge the influence of traditional regional powers. China has loaned significant sums to several PICs including Fiji, Samoa, Vanuatu and Papua New Guinea. U.S. Vice President Mike Pence referred to PRC loans to the PICs as "debt traps," and U.S. Ambassador to Australia Arthur Culvahouse stated that China was employing "pay-day diplomacy" to exert influence in the region. In addition, reports that China has

sought to develop port facilities in Vanuatu has raised some concerns about China's strategic intentions in the region.

The diplomatic rivalry between the PRC and Taiwan (Republic of China) also plays a role in China's engagement in the South Pacific. Six countries in the region recognize Taiwan (Kiribati, the Marshall Islands, Nauru, Palau, Solomon Islands, and Tuvalu), out of 16 worldwide. In 2018, Beijing banned Chinese tourists from visiting Palau, in a decision that some observers believe was aimed at pressuring Palau to switch diplomatic relations.

Australia and New Zealand

Australia's Pacific "Step Up," New Zealand's "Reset," and French President Emmanuel Macron's 2018 visit to the region represent initiatives by traditionally influential actors to reengage with Pacific Island countries and counter China's growing regional influence. Australia has provided patrol boats to some PICs; increased aerial surveillance and naval deployments in the region; established an Infrastructure Financing Facility for the Pacific; and supported the Blackrock Peacekeeping Camp in Fiji. New Zealand, which already sends 60% of its foreign aid to the region, has pledged to boost its assistance further.

Environmental Concerns: Climate Change and Fisheries

Pacific Island leaders agreed on an expanded concept of security in the 2018 Boe Declaration on Regional Security, which reaffirmed its signatories' view that climate change remains "the single greatest threat" to the Pacific. Climate change, and related sea level rise, presents an existential threat to several PICs. Some studies project that groundwater contamination and damage to crops and infrastructure will render many low-lying Pacific atoll islands uninhabitable within decades. Pacific Island nations have called on the United States to support the Paris Agreement on climate and to limit global temperature rise to no more than 1.5 degrees Celsius.

Pacific fisheries are under pressure, particularly from IUU fishing, estimated to be worth \$616 million in lost revenues annually. According to one source, the region has the highest rate of IUU fishing worldwide. China, which accounts for more than a third of global fish consumption, is a major contributor to IUU fishing in the region.

Self Determination and Decolonization

The process of self-determination and decolonization continues to unfold in the region. In a November 2018 referendum, the people of New Caledonia voted 56.4% to 43.6% to remain part of France. Papua New Guinea and the Autonomous Bougainville Government have agreed to hold a referendum on independence for Bougainville in October 2019. The guarantee of a referendum was a key outcome of the 2001 Bougainville Peace Agreement, which ended a decade-long civil war.

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