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# U.S.–Papua New Guinea Relations: Issues for Congress

## Overview

The Independent State of Papua New Guinea (PNG) lies in a region of the southwest Pacific known as Melanesia on the eastern side of the island of New Guinea. It is the most populous Pacific Island country (PIC), with about 9.8 million residents belonging to hundreds of tribes. In 1975, PNG gained independence from an Australian-administered United Nations trusteeship and became a member of the Commonwealth. Parts of PNG had experienced periods of German and British rule beginning in 1884 and Australian administration since 1906. The country, which shares a land border with the Indonesian province of Papua, is a member of regional organizations such as the Pacific Islands Forum and the Melanesian Spearhead Group.

During World War II, 7,000 American soldiers and airmen died in the New Guinea campaign, and the nearby Battle of the Coral Sea was considered a turning point of the U.S. conflict with Japan. Since 1945, the United States has played a relatively minor role in PNG’s economy and security, although the United States has on occasion pursued economic opportunities such as investment in natural gas production. Since around 2018, U.S. engagement with PNG has expanded, driven in part by U.S. perceptions that China’s influence is increasing, both in PNG and the Pacific Islands region.

The United States established diplomatic relations with PNG in 1975. The State Department describes PNG as a “likeminded democracy” and a “key partner for the United States in the Indo-Pacific region.” In May 2023, the two countries signed a defense cooperation agreement (DCA) and an Agreement Concerning Counter Illicit Transnational Maritime Activity Operations. PNG is one of three PICs that have military forces (the other two are Fiji and Tonga).

## Politics and Society

PNG is a parliamentary democracy. Although its constitution promises free and fair elections, election-related violence and violations of secret balloting have routinely compromised this principle, according to the State Department. James Marape, the current head of government, became prime minister in 2019. Marape played a key role in parliamentary maneuverings that prompted the resignation of the previous prime minister, Peter O’Neill. Marape defeated O’Neill’s chosen successor in a subsequent leadership vote and went on to win reelection in PNG’s 2022 general election. Marape leads the Pangu Party, which has a plurality of parliamentary seats and governs in coalition with the United Resource Party, the National Alliance Party, and others.

On January 10, 2024, police and other public servants staged a protest strike in the capital of Port Moresby over

what they perceived as pay cuts, which the government denied and blamed on a “technical glitch.” Spurred by the temporary absence of law enforcement, violence broke out in Port Moresby and the second largest city of Lae, which experienced widespread looting and property destruction. News reports say 22 people died in the violence, and Marape ordered a 14-day state of emergency to allow security forces to restore order. According to the United Nations International Children’s Emergency Fund, income inequality in PNG is high, and 40% of the population in 2022 lived below the “extreme poverty line.” Unemployment is high, particularly among the large youth population. The political opposition blamed the rioting on government mismanagement, unemployment, and inflation.

Figure 1. Papua New Guinea



Sources: CRS (map); World Bank; CIA, *World Factbook*.

## Economy

PNG is richly endowed with natural resources, including precious metals, natural gas, timber, and fisheries. The Economist Intelligence Unit projects that PNG’s real gross domestic product growth will accelerate from 3.4% in 2023 to 3.9% in 2024. PNG’s largest trading partners are China, Japan, and Australia. U.S.-PNG goods trade totaled \$190.3 million in 2022, and the United States had a \$42.1 million

trade surplus. ExxonMobil signed a February 2022 deal to develop the P'nyang gas field in Western Province, which feeds Exxon's existing liquefied natural gas plant in PNG.

Despite its resources, PNG ranks 156<sup>th</sup> out of 187 countries on the U.N. Development Program's Human Development Index, which measures per capita gross national income, life expectancy, and educational attainment. PNG also has one of the highest levels of HIV/AIDS in the Indo-Pacific. Obstacles to PNG's development include poor infrastructure, lack of government capacity, inadequate supply of skilled workers, and unstable commodity prices.

## U.S.-PNG Relations

The 2023 U.S.-PNG DCA allows the U.S. military to develop and operate out of bases in PNG with the PNG government's approval. The State Department asserts the DCA will enhance security cooperation, improve the capacity of the PNG Defense Force, and facilitate bilateral and multilateral exercises and engagements, including disaster relief efforts. Launched the same day as the DCA, the Agreement Concerning Counter Illicit Transnational Maritime Activity Operations addresses gaps in PNG's maritime governance capacity. PNG also participates in the U.S. Coast Guard's shiprider program, which allows PNG law enforcement personnel to embark on U.S. naval and Coast Guard ships in order to search vessels suspected of violating laws and to combat illicit fishing.

In 2022, the State Department announced a 10-year strategic plan for PNG as part of a nine-nation U.S. Strategy to Prevent Conflict and Promote Stability. The PNG strategic plan focuses on strengthening community capacity to prevent, mitigate, and respond to violence; supporting sustainable and equitable economic growth; improving justice systems; and professionalizing security forces.

U.S. assistance to PNG includes efforts to combat infectious diseases including HIV/AIDS, enhance law enforcement capacity, and expand renewable energy. In May 2023, the U.S. government announced \$45 million in new funding to PNG for various programs, including efforts related to conflict mitigation, anti-corruption, and climate resiliency. The United States also supports PNG's disaster preparedness and response capabilities. The U.S. Agency for International Development (USAID), in partnership with Australia, Japan, and New Zealand, is carrying out a five-year (2020-2025) Papua New Guinea Electrification Partnership that aims to increase access to electricity to 70% of PNG's population by 2030. About 20% of PNG nationals had access to electricity in 2020.

According to the Sydney-based Lowy Institute, Australia, Japan, and New Zealand are the top three aid grantors to PNG, while the Asian Development Bank, International Monetary Fund, and Japan are the top three lenders. A January 2022 report stated that Australia would help finance upgrades and refurbishment of several priority ports in PNG, including on Manus Island north of the PNG mainland. The United States first established a base on Manus Island during World War II. Some observers view Australia's assistance in part as an effort to counter China's influence in PNG and the region. They describe the move to

develop Lombrum Naval Base on Manus Island, initiated in 2018, as seeking to head off Beijing's interest in the island for potential military use.

## China and PNG

China is PNG's largest trade and investment partner, and the two countries established a "Comprehensive Strategic Partnership" in 2018. Former Prime Minister O'Neill reportedly met with Chinese leader Xi Jinping more than a dozen times and was the first Pacific leader to sign on to China's Belt and Road Initiative in 2018. According to the Lowy Institute, China's aid and investment in PNG include construction, infrastructure, mining, industrial zones, and telecommunications projects worth \$1.6 billion, including \$1.4 billion in loans, since 2008. China's largest ongoing investment project is the Ramu nickel and cobalt mine.

Some analysts say PNG's indebtedness to China may give Beijing political leverage in PNG and greater influence in the region. Other observers suggest that Prime Minister Marape has sought to balance relations with China on the one hand and the United States and its allies in the region (particularly Australia) on the other. Marape has reportedly stated, "We engage the Chinese government as long as it's fair and friendly to us on our terms."

## Climate Change and the Environment

PNG is environmentally biodiverse, with habitats as varied as tropical heaths and grasslands, cloud forests, savannas, swamp forests, and diverse marine environments. It also has glaciers and mountains over 4,500 meters high, as well as numerous rare species. USAID has worked with PNG to protect its rich biodiversity, which is under threat from mining, logging, and land clearing for palm oil plantations. In 2022, USAID announced an \$18.5 million effort to conserve PNG's forests and combat climate change, which, along with rising sea levels, threatens coastal communities.

## Bougainville Autonomy

Between 1988 and 1997, an armed secessionist movement on the island province of Bougainville, located in eastern PNG, battled the PNG Defense Force, resulting in 15,000-20,000 deaths. In 1997, the PNG government and Bougainville leaders brokered a cease-fire and, in 2001, signed a peace agreement. The Autonomous Bougainville Government was formally established in 2005. Bougainvilleans voted in favor of independence in a 2019 referendum. The terms of independence and whether the parliament will approve them are uncertain.

## Issues for Congress

Members of the 118<sup>th</sup> Congress may consider oversight of Biden Administration policies, including examining (1) how the U.S.-PNG DCA supports the Indo-Pacific Strategy and U.S. military force posture and planning in the region, (2) how U.S. allies and partners in the Indo-Pacific have responded to the agreement, (3) how U.S. policy toward PNG fits into overall Pacific Islands policy as outlined in the 2022 U.S. Pacific Partnership Strategy, and (4) how U.S. assistance may support economic and political development in PNG and Bougainville and counter China's influence.

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