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The Pacific Islands

Overview

The Pacific Islands region in the Southwest Pacific has emerged as an area of growing interest to major powers, due to the region's strategic location and significant resources. The state of Hawaii, several U.S. territories, three "freely associated" countries, and key U.S. military installations are located in the region. Congressional considerations include bolstering diplomacy in the region; funding assistance in areas important to the region such as climate change, sustainable fisheries, and economic development; addressing security and other threats posed by the People's Republic of China (PRC or China), including by working with allies; and extending assistance to the Freely Associated States (FAS, see below).

Some Pacific Island countries (PICs), such as Papua New Guinea (PNG) and Fiji, are relatively large with extensive natural resources; others are quite small, sitting on top of low-lying coral atolls, with limited economic prospects and high vulnerability to the effects of climate change and sea level rise. Many PICs rely on fisheries, tourism, and remittances as their chief sources of revenue. PICs were among the first countries to ratify the 2015 Paris Climate Agreement on climate change. PIC leaders agreed on an expanded concept of security in the 2018 Boe Declaration on Regional Security, which states that climate change remains "the single greatest threat" to the Pacific.

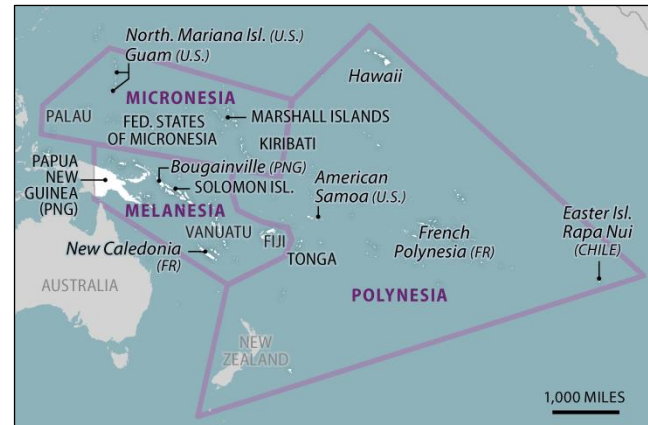
The Trump Administration increased foreign assistance to the Pacific Islands, and the Biden Administration has further expanded U.S. engagement in the region. The Biden Administration held the first U.S.-Pacific Islands Forum Summit in September 2022, during which it announced the U.S. Pacific Partnership Strategy and other initiatives, as well as \$810 million in "additional expanded programs" for the region, subject to congressional approval.

At the second U.S.-Pacific Islands Forum Summit, held in September 2023, the Biden Administration announced that it would ask Congress for \$200 million in additional funding for the region. Since 2022, proposed expanded programing for the region has included support for managing fisheries and combatting illegal, unreported, and unregulated (IUU) fishing; addressing the effects of climate change; infrastructure investment; development financing; security cooperation; and digital connectivity and cybersecurity. Other U.S. efforts include the following:

- The United States has established new embassies in the Solomon Islands (SI) and Tonga, with plans to open embassies in Vanuatu and Kiribati.
- In 2022, the State Department designated Ambassador Frankie Reed as the first-ever U.S. Envoy to the Pacific Islands Forum, the main regional organization.

- In 2022, Fiji became the first PIC to join the Indo-Pacific Economic Framework for Prosperity (IPEF) initiative, launched by the Biden Administration in 2022.
- In May 2023, the United States and Papua New Guinea signed a Defense Cooperation Agreement (DCA) and an Agreement Concerning Counter Illicit Transnational Maritime Activity Operations. The DCA allows the U.S. military to develop and operate out of bases in PNG with the PNG government's approval.
- In September 2023, the U.S. government announced that it would establish formal diplomatic relations with the Cook Islands and Niue, two countries that have "free association" status with New Zealand.
- Legislation in the 118th Congress that support the above and related efforts in the Pacific Islands region include the National Defense Authorization Act for FY2024 (P.L. 118-31, §6405 and §7406) and the following introduced bills: S. 1220, H.R. 4538, and H.J.Res. 96.

Figure 1. The Pacific Islands Region and Subregions



Source: Congressional Research Service

Geopolitical Context

The PICs are scattered over a broad expanse of ocean and divided among three subregions—Melanesia, Polynesia, and Micronesia (see **Figure 1**). The United States has long held major economic and strategic roles in the Micronesian subregion, home to two U.S. territories (Guam and the Northern Mariana Islands) and to the Freely Associated States—Republic of the Marshall Islands (RMI), Federated States of Micronesia (FSM), and Republic of Palau. U.S. territory American Samoa lies in the Polynesian subregion, where France has territories (collectivities) and military bases. Australia and New Zealand maintain strong relations with much of the region, particularly in Melanesia.

The Pacific Islands Forum (PIF) is the main multinational organization in the region. Headquartered in Fiji, the PIF

has 18 members—14 PICs, two French “overseas collectivities,” Australia, and New Zealand.

The United States and the Region

U.S. Indo-Pacific Command, based in Hawaii, encompasses the Pacific Islands as part of its area of responsibility. The U.S. military has air and naval bases on Guam and operates the Ronald Reagan Ballistic Missile Defense Test Site at Kwajalein Atoll in the Marshall Islands. The Department of Defense is building a high-frequency radar system in Palau. The U.S. military has ties with Fiji, PNG, and Tonga, the only PICs with regular armed forces. The Biden Administration’s Indo-Pacific Strategy (February 2022) states that the United States “will work with partners to establish a multilateral strategic grouping that supports Pacific Island countries as they build their capacity and resilience as secure, independent actors.”

The U.S. Agency for International Development provides assistance to the Pacific Islands focusing on disaster prevention and response, climate resiliency, and sustainable fisheries. Other assistance priorities include supporting government and civil society, digital connectivity, energy, health, and HIV/AIDS prevention and treatment in PNG. The United States has shiprider agreements with 12 PICs, allowing 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 IUU fishing. Over half of the world’s tuna is harvested in the region. The Department of State provides annual assistance to Pacific Island parties to the South Pacific Tuna Treaty to support sustainable fisheries (\$31 million in FY2023). The Biden Administration requested to increase this aid to \$60 million annually for ten years (as part of the \$810 million it pledged in September 2022).

The Freely Associated States

The Compacts of Free Association grant the United States the prerogative to operate military bases in the FAS and to make decisions related to their external security. They also entitle the FAS to U.S. security guarantees and economic assistance. In 2023, the United States signed bilateral agreements with the RMI, FSM, and Palau to extend Compact economic assistance for another 20 years (\$7.1 billion in total, including \$634 million to continue the U.S. Postal Service in the FAS). The 2023 Compact agreements and funding are to be approved by both houses of Congress. The continuing resolution that became law on January 19, 2024 (P.L. 118-35) extended economic assistance to the RMI and FSM at current levels through March 8, 2024. (For further information, see CRS In Focus *The Compacts of Free Association*, by Thomas Lum.)

Australia, New Zealand, Japan, and the United States are the top foreign assistance donors in the region. Most U.S. assistance to the region is provided to the FAS pursuant to the Compacts. Other major aid providers include China, the European Union, and Taiwan. Taiwan has diplomatic relations with three PICs (RMI, Palau, and Tuvalu), while China has relations with eleven. Nauru switched relations from Taiwan to the PRC in January 2024; Kiribati and the Solomon Islands recognized China and severed relations with Taiwan in 2019. The PRC provides most of its development assistance in the form of loans rather than

grants, which some analysts say could lead to unsustainable debt burdens and greater PRC leverage among some PICs.

China’s Influence

China has become a significant actor in the region through diplomacy and economic engagement. The PRC is an important market for PIC natural resource exports and tourism. Ten PICs have joined China’s Belt and Road Initiative, which promotes PRC-backed infrastructure development. China’s fishing fleet in the region reportedly has contributed significantly to IUU fishing. In 2022, the PRC proposed a diplomatic, economic, and security pact between China and the region that was dropped due to objections among some PICs. According to some reports, China has interfered in domestic politics in the region, such as in the RMI and the Solomon Islands.

According to some analysts, the Solomon Islands has become China’s closest partner in the region. In March 2022, the Solomon Islands and China signed a security agreement, ostensibly aiming in part to address “internal threats,” including protecting Chinese-owned businesses in the country. SI’s decision to switch diplomatic recognition from Taiwan to China in 2019, combined with inter-ethnic tensions, culminated in anti-government demonstrations and unrest in Honiara, the SI capital, in 2021, including rioting and the burning of properties in the city’s Chinatown. Some U.S. and Australian observers fear the pact could lead to a PRC military presence in the Solomons.

Security Challenges and Responses

The United States works with allies and partners, particularly Australia and New Zealand, to address potential PRC security threats in the region. Some analysts assert that PRC infrastructure projects in the region, such as building or upgrading airports and seaports in Kiribati, Samoa, the Solomon Islands, and Vanuatu, could be converted for PRC military use. In 2018, Australia outbid China to upgrade Blackrock military camp in Nadi, Fiji. That same year, Australia and the United States agreed to jointly develop Lombrum naval base in PNG to preempt PRC investment.

The United States, Australia, and Japan have cooperated on efforts to deter PRC telecommunications investments in the region, which some analysts say could pose potential threats to cybersecurity. In 2019, Australia financed an undersea telecommunications cable connecting PNG, the Solomon Islands, and Australia, thereby precluding Chinese telecommunications firm Huawei from undertaking the project. In 2022, however, the Solomon Islands unveiled a plan to borrow \$100 million from a PRC bank to fund Huawei’s construction of 161 cell towers. In 2020 and 2021, the United States, Australia, and Japan partnered to finance undersea telecommunications cables for Kiribati, Micronesia, Nauru, and Palau.

Bougainville

In a nonbinding 2019 referendum, 98% of the inhabitants of the island of Bougainville in PNG voted for independence. The Bougainville and PNG governments are in the process of negotiating a roadmap for independence, which requires approval by the PNG parliament.

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