

Updated August 17, 2022

The Pacific Islands

Overview

The Pacific Islands region in the Southwest Pacific has emerged as an area of keen interest to major powers, largely due to the People's Republic of China's (PRC's) expanding engagement in the region. The region has strategic significance for the United States and hosts key U.S. military installations. Congressional considerations include bolstering diplomacy in the region, funding assistance in such areas as climate change, sustainable fisheries, and economic development, addressing security threats posed by China, and extending economic and other assistance for the Freely Associated States (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. PICs were among the first countries to ratify the 2015 Paris Climate Agreement. 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. Over half of the world's tuna is harvested in the region. Many PICs rely on fisheries, tourism, and remittances for revenue. Although their remoteness helped most PICs to minimize Coronavirus Disease 2019 (COVID-19) infections, travel and border restrictions have disrupted tourism and trade.

In February 2022, Antony Blinken visited Fiji, the first U.S. Secretary of State to visit the country in 26 years, as part of an effort to bolster U.S. engagement in the region. Blinken pledged assistance to the Pacific Islands on climate change, illegal fishing, and COVID-19 vaccines. In May 2022, Fiji became the first PIC to join the Indo-Pacific Economic Framework, an initiative launched by the Biden Administration to bolster U.S. economic engagement in the region. In August 2022, Deputy Secretary of State Wendy Sherman made stops in Samoa, the Solomon Islands (SI), and Tonga, as well as Australia and New Zealand, and participated in discussions to hear PIC priorities for cooperation with the United States. In 2022, the U.S. government announced plans to build new embassies in Kiribati, the Solomon Islands, and Tonga, and to appoint a U.S. Envoy to the Pacific Islands Forum (PIF), the region's main multilateral organization. Bills in the 117th Congress that support these efforts include S. 4648 and S. 4650.

Geopolitical Context

The PICs are scattered over a broad expanse of ocean and divided among three sub-regions—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

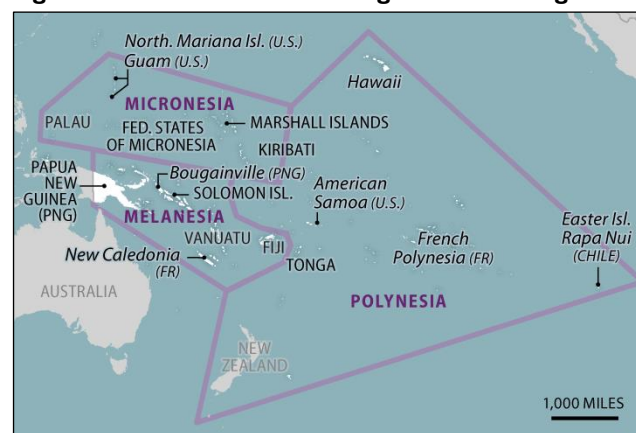
Northern Mariana Islands) and to the Freely Associated States (FAS)—Republic of the Marshall Islands (RMI), Federated States of Micronesia (FSM), and Republic of Palau—which have special economic and security ties with the United States. U.S. territory American Samoa lies in the Polynesian subregion, where France has territories and military bases. Australia and New Zealand maintain strong relations with much of the region, particularly in Melanesia.

The PIF has 18 members—14 PICs, two French "overseas collectivities," Australia, and New Zealand. The organization recently has faced discord. In 2021, the five Micronesian countries threatened to withdraw from the organization over a leadership dispute, and in July 2022, Kiribati, which has strengthened its relations with China in recent years, formally withdrew.

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."

Figure 1. The Pacific Islands Region and Subregions



Source: Congressional Research Service

The United States has shiprider agreements with 11 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 Illegal, Unreported, and Unregulated (IUU) fishing. The Department of State provides \$21 million annually to

Pacific Island parties to the South Pacific Tuna Treaty to support sustainable fisheries. The Biden Administration announced in July 2022 that it would request an increase of this assistance to \$60 million annually.

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 State Department launched a new Pacific Islands regional program in 2019, and as part of its “Pacific Pledge” committed a total of \$300 million in new funding for the Pacific Islands in 2019 and 2020, including \$130 million for COVID-19 programs.

The Freely Associated States

The United States and the FAS are negotiating the extension of economic assistance pursuant to the Compacts of Free Association, which is set to expire at the end of FY2023 for the RMI and FSM and FY2024 for Palau, while defense-related and other provisions will continue. In March 2022, the Biden Administration appointed Ambassador Joseph Yun as the Special Presidential Envoy for Compact Negotiations. Once bilateral agreements on renewing assistance are reached, Congress must approve them through implementing legislation. (See CRS In Focus IF12194, *The Compacts of Free Association*).

Congress also may consider whether to provide further compensation and assistance related to U.S. nuclear testing over the Marshall Islands between 1946 and 1958. The U.S. government to date has provided roughly \$600 million for compensation, environmental cleanup and restoration, resettlement, and health care related to the nuclear tests. The RMI claims \$2.2 billion in unpaid property damages.

International Assistance

The top foreign bilateral assistance donors to the PICs are Australia, New Zealand, Japan, and the United States. Most U.S. assistance to the PICs 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 four PICs (RMI, Nauru, Palau, and Tuvalu), down from six in 2018, while China has relations with ten. The PRC provides most of its development assistance in the form of loans rather than grants. Some analysts fear that Chinese lending could lead to unsustainable debt burdens among some PICs and greater PRC leverage in the region.

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. China’s fishing fleet in the region has contributed significantly to IUU fishing. Ten PICs have joined China’s Belt and Road Initiative, which promotes PRC-backed infrastructure development. In May 2022, the PRC proposed a sweeping diplomatic, economic, and security pact between China and the region that met resistance among some PICs and was shelved. It reportedly would have supported expanded official exchanges, law

enforcement cooperation, joint fisheries and communications infrastructure development, Chinese language training, and other objectives.

In March 2022, the Solomon Islands and China signed a security agreement, ostensibly in part to address “internal threats,” including the protection of Chinese-owned businesses in the country. U.S. and Australian observers expressed concern that the pact could lead to a PRC military presence in the Solomons. SI Prime Minister Sogavare’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 capital, in 2021, including rioting and the burning of properties in the city’s Chinatown.

Security Challenges

Some reports suggest China is interested in developing dual-use ports and airfields in the region. A PRC company constructed a wharf in Vanuatu in 2017, although Vanuatu leaders denied there were discussions about a possible PRC military base. In 2018, Australia outbid China to upgrade Blackrock military camps in Nadi, Fiji, and Australia and the United States agreed to jointly develop Lombrum naval base in PNG to preempt PRC investment. In 2021, some regional observers expressed concern about China’s plans to upgrade an airstrip in Kiribati, which had switched diplomatic relations from Taiwan to China in 2019.

The United States, Australia, and Japan have cooperated on efforts to address cyber and other security concerns posed by China in the region. In 2020 and 2021, the three countries partnered to finance undersea telecommunications cables for Kiribati, Micronesia, Nauru, and Palau. 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 2021, the United States, Australia, and the United Kingdom (U.K.) signed the AUKUS agreement, allowing Australia to build nuclear-powered submarines with U.S. and U.K. technology. Some regional leaders expressed concern that AUKUS may raise tensions in the region or infringe upon their aspiration of a nuclear-free Pacific. Australia, New Zealand, and 11 PICs are signatories to the 1985 South Pacific Nuclear Free Zone Treaty (Treaty of Rarotonga), which bans nuclear weapons among its members.

Self Determination

In a third referendum in November 2021, New Caledonia, which has large nickel deposits, voted to remain part of France. Indigenous Kanak, who make up approximately 40% of the population, boycotted the referendum, which some argue may undermine the legitimacy of the vote. 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 must be approved by the PNG parliament.

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