

Updated April 25, 2022

The Pacific Islands

Overview

In recent years, the Pacific Islands region in the Southwest Pacific has re-emerged as an area of keen interest to major powers, largely due to the People's Republic of China's (PRC's or China's) expanding engagement in the region. The region has strategic significance for the United States and hosts key U.S. military installations. Major issues affecting the Pacific Islands include international tensions, economic development, illegal fishing, climate change, and issues related to self-determination and decolonization. The Pacific Islands Forum (PIF) is the region's main political and economic policy organization with 18 members: 14 Pacific Island countries (PICs), two French "overseas collectivities," Australia, and New Zealand.

Some 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. 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 on climate change, COVID-19 vaccines, and illegal fishing, and announced that the State Department would reopen its embassy in the Solomon Islands (SI) after 29 years.

Geopolitical Context

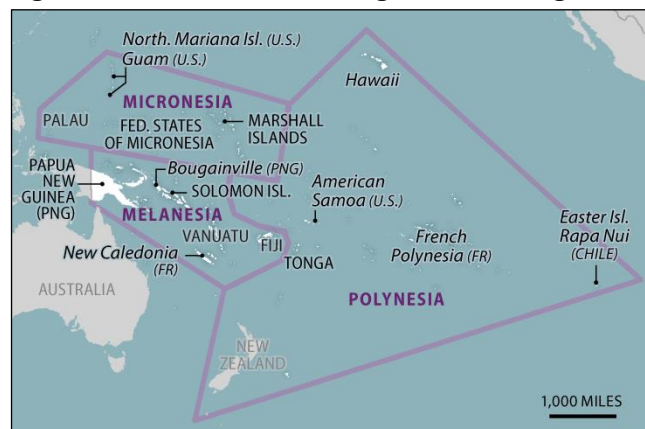
The PICs are scattered over a broad expanse of ocean and are divided among three sub-regions—Melanesia, Polynesia, and Micronesia (see **Figure 1**). The United States has long held major economic and strategic roles in the Micronesian subregion, home to two U.S. territories (Guam and the Northern Mariana 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. Australia and New Zealand maintain strong relations with much of the Southwest Pacific, particularly in Melanesia.

The United States and the Region

The United States has significant military assets 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 (Ronald Reagan Missile Test Site) on Kwajalein Atoll in the Marshall Islands, which also supports space surveillance activities. The Department of Defense is building a high-frequency radar system in Palau. The United States has military ties with Fiji, PNG, and Tonga, the only PICs with regular military forces. The Biden Administration's Indo-Pacific Strategy, released in 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, 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 provides \$21 million annually in assistance to Pacific Island parties to the South Pacific Tuna Treaty (SPTT) to support sustainable fisheries in the region.

The Department of State and U.S. Agency for International Development (USAID) provide development assistance to the Pacific Islands region focusing on disaster prevention and response, climate resiliency and environmental protection, government and civil society, digital connectivity, fisheries, energy, basic health, and HIV/AIDS prevention and treatment in PNG. In 2019, the Department of State launched a new Pacific Islands regional assistance program. Australia, Japan, New Zealand, and the United States collaborate on the Papua New Guinea Electrification Partnership, launched in 2018, which assists PNG in expanding access to electricity.

In 2019 and 2020, the Department of State, as part of its "Pacific Pledge," committed a total of \$300 million in new

U.S. assistance, including \$130 million to respond to COVID-19 in the region. In the 117th Congress, a wide-ranging bill, Boosting Long-term U.S. Engagement in the Pacific Act (BLUE Pacific Act, H.R. 2967), would increase U.S. assistance to the Pacific Islands region aimed at promoting governmental capacity, trade, climate resiliency, and civil society.

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 are to continue. Negotiations began in 2020 but stalled in 2021. In March 2022, the Biden Administration appointed Ambassador Joseph Yun as the new Special Presidential Envoy for Compact Negotiations. (See CRS Report R46573, *The Freely Associated States and Issues for Congress*.)

From 1946 to 1958, the United States conducted 67 atmospheric atomic and thermonuclear weapons tests over the Marshall Islands atolls of Bikini and Enewetak. The U.S. government has provided compensation and funding to the Marshall Islands for nuclear test-related injuries, damages, health care, and soil remediation through the Compact of Free Association and congressional ex gratia payments. Some Members of Congress, argue that the United States should provide additional assistance to the Marshall Islands to address lingering issues related to the nuclear weapons tests.

International Assistance

The top foreign assistance donors to the PICs are Australia, New Zealand, Japan, and the United States. Other large providers include China, the European Union, and Taiwan. Taiwan has diplomatic relations with 4 PICs (Marshall Islands, Nauru, Palau, and Tuvalu), while China has relations with 10. Unlike other major aid donors in the region, 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. Most U.S. assistance to the PICs is provided to the FAS pursuant to the Compacts of Free Association, with funds appropriated by the Department of the Interior.

China's Influence

The PRC has become a significant actor in the region through diplomacy, economic engagement, and infrastructure and other construction. As of 2021, China had 8 embassies among the PICs compared to the United States' 6, and regularly hosts Pacific Island leaders in Beijing. The PRC is a significant market for PIC natural resource exports and tourism. China's rapidly expanding fishing fleet in the region has contributed significantly to IUU fishing.

In March 2022, the Solomon Islands and China signed a security agreement that potentially could allow China to send its security forces to help maintain social order in SI; some observers fear it could allow PRC naval visits. SI opposition leaders have opposed Prime Minister Manasseh

Sogavare's close ties with China. Australian, New Zealand, and U.S. observers have expressed concern that China's military presence could undermine democracy in SI as well as regional security. Sogavare's decision to switch diplomatic recognition from Taiwan to the PRC in 2019, combined with inter-ethnic tensions, culminated in anti-government demonstrations in Honiara, the capital, by people from Malaita province in November 2021.

Security Challenges and U.S. and Allied Responses

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 discussions about a PRC military base. In 2018, Australia outbid China to fund upgrades at 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. Observers have expressed concern China will recommission the satellite tracking station in Kiribati it built prior to Kiribati establishing relations with Taiwan (from 2003 to 2019).

The United States, Australia, and Japan have cooperated on efforts to address cybersecurity and other security concerns posed by China in the region. In 2019, Australia financed an undersea telecommunications cable connecting PNG, the Solomon Islands, and Australia, thereby precluding Chinese telecommunications firm Huawei from successfully competing for the project. In 2020 and 2021, the three countries partnered to finance undersea telecommunications cables for Palau, Kiribati, Micronesia, and Nauru. 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.

Climate Change

Climate change and related sea level rise present 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. PICs were among the first countries to ratify the Paris climate accord. 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.

Self Determination

In a third referendum vote in November 2021, New Caledonia, which has large nickel deposits, voted to remain part of France. Indigenous Kanak boycotted the referendum, which may undermine the legitimacy of the vote and possibly lead to political unrest. 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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