

Evolving Partnerships: U.S. Alliances and the Pacific Islands



Grace Price

February 2025

PROJECT
2049
INSTITUTE

About the Project 2049 Institute

The Project 2049 Institute is a nonprofit research organization focused on promoting American values and security interests in the Indo-Pacific region. We specialize in open-source research using Chinese language sources to inform policy debate and advance public education. Our core mission is to create and disseminate knowledge that makes the region more peaceful and prosperous.

The Project 2049 Institute is located in Arlington, Virginia. We are a 501(c)3 tax-exempt organization. Independent and non-partisan, our research is focused on bolstering human rights and national security.

Our research is supported by private foundations, U.S. government agencies, like-minded governments, corporations, and individual donors. Learn more by visiting our website at <https://project2049.net/about/>.

Cover Image: USNS Mercy provides medical care to Fijian patients during Pacific Partnership. (Source: U.S. Navy/Mass Communication Specialist 2nd Class Mark El-Rayes)

Acknowledgments

The author would like to thank the various staff members of the Project 2049 Institute whose review made this report possible, included but not limited to Jennifer Hong Whetsell, Michael Mazza, Griffin Allen, and interns Ella Russell and Sheng-Wen Cheng.

Table of Contents

EXECUTIVE SUMMARY	4
INTRODUCTION	6
SETTING THE SCENE	8
THE UNITED STATES	8
JAPAN	8
AUSTRALIA	9
NEW ZEALAND	9
PARTNERS IN THE BLUE PACIFIC	10
CHALLENGES HINDERING EFFECTIVE COOPERATION	11
MISMATCHED DEFINITIONS OF SECURITY	11
THE REGION’S LIMITED INSTITUTIONAL CAPACITY	12
BALANCING REGIONAL AUTONOMY WITH EXTERNAL STRATEGIC INTERESTS	13
RECOMMENDATIONS	15
CONCLUSION	17

Executive Summary

The United States, Japan, Australia, and New Zealand have been the dominant powers in the Pacific Islands region, which includes 14 Pacific Island countries (PICs), several U.S. territories, and the U.S. state of Hawaii, for several decades. However, they now find themselves competing for influence with the People's Republic of China (PRC, China), which has increased its influence in the region through a combination of economic diplomacy and political maneuvering. With the PICs playing an outsized role in the competition with China, the United States and its allies need to adjust their foreign assistance strategies to create more meaningful, enduring, and sustainable partnerships. *Evolving Partnerships: U.S. Alliances and the Pacific Islands* will map out efforts the United States, Japan, Australia, and New Zealand are taking to increase influence, obstacles that are hindering effective cooperation in the Pacific, and recommendations for improving their collective engagement with the PICs.

All four countries—the region's traditional partner states—play a unique and vital role. They engage in a range of activities, including providing development aid, conducting capacity building programs, and addressing transnational threats. In 2022, they, along with the United Kingdom, launched the Partners in the Blue Pacific (PBP) initiative to bring together like-minded countries to establish a developmental framework that aligned with the Blue Pacific Continent vision, the PICs' long-term approach to navigating regional challenges.

However, obstacles remain in the way that hinder the United States, Japan, Australia, and New Zealand from effectively cooperating in the region. One such challenge is the mismatched definitions of security between the PICs and its traditional partner states. The PICs use an expanded definition of security that includes human security and identifies climate change as the single greatest threat to their livelihoods. Traditional partner states, on the other hand, primarily view security in the Pacific through a geopolitical lens. Another challenge is the region's ability to absorb aid. Due to the wide range of development challenges the PICs face and the rapid influx of aid, they end up accepting more aid offers than they can reasonably manage. This can have the unintended consequence of straining local bureaucracies, which can lead to gaps in accountability and transparency. Finally, the PICs continue to raise concerns about larger powers bypassing regional institutions in pursuit of their strategic interests. The PICs highly value their ability to present a unified voice on policies that impact the region and worry increased competition will threaten that unity.

These three challenges are substantial but far from insurmountable. With a new administration in power in the United States, the United States and its Indo-Pacific allies have an opportunity to seek new forms of cooperation and collaboration in the provision of aid. Working together more effectively, they can

jumpstart development across the PICs while ensuring China does not infringe on important allied interests in the region.

Recommendations:

1. Reform aid delivery models to reduce burdens on small bureaucracies

The aid and security environment in the Pacific is filled with many projects, large and small, that can clog up administrative channels. The United States, Japan, Australia, and New Zealand should take measures aimed at streamlining their aid delivery models to relieve some of the pressure on Pacific Island bureaucracies.

2. Maintain human development assistance as a significant portion of foreign assistance

The human security challenges in the Pacific are broad and require adequate attention and resources; however, there has been a steady decline in aid commitments to human development initiatives, like education and health. Traditional partner states need to ensure meeting human development goals remains a priority in the Pacific.

3. Be more proactive in communicating at the national and grassroots levels

The United States and its allies should consult frequently with both PIC governments and citizenries to provide updates on policies that affect the islands and to seek guidance and feedback as the allies develop new policies. By prioritizing regular dialogue, they would show respect for the PICs' sovereignty and earn more credibility in the eyes of aid recipients.

4. Realize the potential of the Partners in the Blue Pacific Initiative

Almost three years after the implementation of the PBP initiative, it remains unclear how PBP plans to implement its promises. All four partner countries play a significant role in the region independently and each country brings unique strengths, advantages, and resources to the table that, when pooled, could have an amplified impact in the region. They should elevate the PBP as the primary mechanism through which they disperse aid to the region to ensure the initiative lives up to its stated transformational nature.

Introduction

The Pacific Islands region, which includes 14 Pacific Island countries (PICs), several U.S. territories, and the U.S. state of Hawaii, has seen renewed interest from its large traditional partners—the United States, Japan, Australia, and New Zealand—in recent years. All four countries have strategic and economic stakes in the region. The exclusive economic zones (EEZ) of the PICs are among the world’s richest in terms of marine resources. 1.4 million metric tons of tuna are caught in their waters annually, supplying more than 30% of the global market for tuna.¹ The PICs reside over large deep-sea mineral deposits, which hold an estimated value of up to U.S.\$20 trillion, that can fuel the global transition to green energy.² They also sit on major trade and communication routes and have served and continue to serve as points from which to project military force.³ The United States, Japan, Australia, and New Zealand have been the dominant, and uncontested, players in the region until recently.

Through a combination of economic diplomacy and political maneuvering, the People’s Republic of China (PRC, China) has increased its influence in the region. In 2024, China was the region’s second largest bilateral aid partner, right behind Australia.⁴ Over nearly two decades, China has committed \$10.6 billion to the region and funded major infrastructure projects ranging from communications to roads to ports.⁵ In 2022, China and the Solomon Islands shocked the region by signing a security agreement that allows Chinese forces to be stationed in the Solomon Islands, raising concerns about China’s expanding military presence in the region.⁶

The United States, Japan, Australia, and New Zealand now find themselves competing against the PRC for sway. All four traditional partners have increased the number of high-level leaders’ meetings and expanded the size and scope of aid. Australia, the region’s top donor, accounts for 38% of total overseas development finance (ODF). Japan accounts for 8% and New Zealand and the United States account for 7% each. In sum, Australia, Japan, New Zealand, and the United States contributed 60% of the region’s ODF.⁷

However, the PICs are still turning to China in pursuit of their development and security needs. While China is a relatively new donor and its ODF only accounts for about 9% of the total, China’s approach to assistance is very appealing to the PICs. When China initially entered the scene, it funded large, flashy projects. In 2018, China shifted its strategy and began to fund smaller, more targeted projects involving more grants, rather than loans, and community-level outreach that aligned with the interests of both PIC leaders and PIC populations.⁸ In other words, China has become a more effective competitor. If the challenges facing the PICs remain unresolved, China will continue to make inroads.

This report comes at a critical time. As of early February 2025, the United States has placed a 90-day freeze on foreign assistance and the United States' principal agency for foreign assistance, the U.S. Agency for International Development (USAID), has been dismantled, casting doubt over all U.S.-funded aid and development work. The Trump administration now has a unique opportunity to revamp the United States' approach to foreign aid; done right, it can ensure better outcomes both for the United States and for aid recipients, including for PIC partners. With the PICs playing an outsized role in the competition with China, the United States and its allies need to adjust their foreign assistance strategies to create more meaningful, enduring, and sustainable partnerships. This report will map out efforts the United States, Japan, Australia, and New Zealand are taking to increase influence, obstacles that are hindering effective cooperation in the Pacific, and recommendations for improving their collective engagement with the PICs.

Setting the Scene

There are overlapping bilateral, trilateral, and multilateral aid and security frameworks in the Pacific, which makes for a complex security and development environment. The United States, Japan, Australia, and New Zealand—each with a unique approach to foreign assistance and each with unique strengths and weaknesses—all play pivotal roles in the region.

The United States

The United States has significant economic and military interests in Micronesia, which comprises approximately 2,000 islands distributed among six countries in the northwest of the Pacific Island region. In 1982, the United States signed the Compacts of Free Association (COFA) with the Republic of the Marshall Islands (RMI), the Federated States of Micronesia (FSM), and the Republic of Palau. Under these agreements, the United States provides economic assistance to these states (Freely Associated States or FAS) in exchange for exclusive military access.⁹ In March 2024, the United States renewed the COFAs for the next 20 years, committing to provide \$7.1 billion in economic assistance over that timeframe.¹⁰

The United States' engagement in the region dwindled following the end of the Cold War but picked up again during the first Trump administration. President Donald Trump established a Pacific Islands directorship in the National Security Council and was the first U.S. president to host leaders of the Freely Associated States at the White House.¹¹ Engagement further increased under the Biden administration. The United States announced its first-ever Pacific Partnership Strategy, hosted two summits for the region's leading decision-making body, the Pacific Islands Forum (PIF), and opened new embassies in the Solomon Islands, Tonga, and Vanuatu. U.S. programing on illegal, unreported, and unregulated (IUU) fishing; climate change; security cooperation; development financing; and digital connectivity were also expanded.¹²

Japan

Japan's development assistance is grounded in the Pacific Islands Leaders Meetings (PALM), the leader level meetings that have occurred every three years between Japan and the PICs since 1997. These meetings have led to Japan's commitment to a wide range of socioeconomic assistance, including education, health, fisheries, and climate resilience.¹³ Between 2008 and 2021, Japan's climate-related ODF made up 36% of its total support to the PICs, which was higher than any other partner state.¹⁴

Japan's engagement with the region took on more traditional security elements when it launched the Free and Open Indo-Pacific Strategy (FOIP) in 2016, which recognizes the PICs as playing an important role in realizing Japan's vision for a prosperous and stable Indo-Pacific.¹⁵ While defense cooperation has been limited, Japan held its first Japan Pacific Islands Defense Dialogue in 2021 and has conducted more port calls, goodwill trainings (small-scale, basic training opportunities between armed forces), and capacity building programs.¹⁶ While some PICs have raised concerns that Japan's policies seek to exclude China from the region, the PICs generally see Japan as a trusted partner and welcome its greater support and cooperation in climate change, maritime security, and economic development initiatives.¹⁷

Australia

A member of the PIF, Australia is the region's most generous development partner. In 2017, Australia outlined a 'step-up' policy to reenergize its relationship with the PICs. Under this policy, Australia launched the Australian Infrastructure Financing Facility for the Pacific (AIFFP) to provide grant and loan financing to build high quality infrastructure.¹⁸ Australia also invested in renewable energy, climate and disaster resilience, and the Pacific Fusion Centre, a regional organization that provides training to Pacific security officials and monitors regional security challenges.¹⁹ Australia then set an important legal precedent for small island nations threatened by rising sea levels when, in November 2023, it signed the Australia-Tuvalu Falepili Union Treaty, a legally binding treaty in which the parties recognize that "the statehood and sovereignty of Tuvalu will continue," even in the face of the worst climate impacts. Under this agreement, Australia will support Tuvalu's efforts to create climate-resilient infrastructure and initially allow up to 280 Tuvaluans a year a choice to live, study, and work in Australia.²⁰

Stated in its 2024 National Defence Strategy, Australia considers the Pacific Islands region to be "vital to Australia's security and prosperity." Securing a role as the "partner of choice" in security cooperation remains a core principle for Australia.²¹ At the end of 2024, Australia unveiled a series of initiatives: a \$118 million deal to help the Solomon Islands expand its police force, a treaty with Nauru in which Nauru agrees to not enter any security agreements without consulting Canberra first, and funding for a National Rugby League team in Papua New Guinea tied to a security agreement.²²

New Zealand

New Zealand, also a member of the PIF, has placed great emphasis on soft power and public diplomacy in its engagement with the PICs. New Zealand launched its 'Pacific Reset' in March 2018 to pursue relationships based on "partnership, friendship, and mutual benefit." There was a 30% budgetary increase to support diplomatic and development activities, and ten new diplomatic positions were

created in the Pacific (Samoa, Tonga, Fiji, Vanuatu, PNG, Solomon Islands, Kiribati, and Honolulu).²³ 60% of New Zealand’s development budget is geared to the Pacific, and half of its global climate change-related development assistance is dedicated to the Pacific.²⁴

On the security front, New Zealand focuses heavily on improving maritime security and addressing transnational threats, such as transnational crime, cybercrime, and climate change. In 2024, New Zealand committed nearly \$30 million to support sustainable Pacific fisheries, including addressing IUU fishing, by investing in capacity and capability support, regional capacity and coordination, training programs, and data monitoring.²⁵ However, New Zealand is also seeking to expand military ties with its Pacific neighbors. In June 2023, New Zealand signed a Status of Forces Agreement (SOFA) with Fiji to strengthen military training and maritime security, address disaster and humanitarian response coordination, and combat climate change.²⁶

Partners in the Blue Pacific

The United States, Japan, Australia, New Zealand, and the United Kingdom launched the Partners in the Blue Pacific (PBP) in June 2022 as an informal organization to bring together like-minded countries to establish a developmental framework that aligned with the PIF’s Blue Pacific Continent vision, the region’s long-term approach to navigating regional challenges.²⁷ PBP countries and France committed \$55 million to the Pacific Humanitarian Warehousing Program to enhance countries’ crisis responses and prepare them better for disasters. PBP countries worked together with Pacific Island partners to organize the Pacific Cyber Capacity Building and Coordination Conference (P4C) in October 2023 to bring together relevant stakeholders, pool resources, and share best practices to address and counter cyber threats. They also committed \$22 million to support an ocean and fisheries research vessel for Pacific countries, which will provide research for addressing climate change impacts on Pacific oceans and fisheries.²⁸

Challenges Hindering Effective Cooperation

Despite renewed attention in the form of increased aid commitments and diplomatic gestures, improvements in the PICs' development outcomes remain a mixed bag. Adult literacy rates have increased from 87.6% in 1990 to 94.2% in 2022, but the region is struggling to realize their gender equality milestones in other aspects. Life expectancy has risen from 64 years in 1980 to 72 in 2022, but six PICs have unsustainable debt and are rated at a high rate of debt distress.²⁹ It is little wonder that they welcome Chinese assistance and have signaled their reluctance to sign onto agreements or align with policies that seem to exclude China. China diversifies their aid pool, and China aligns its aid with the interests of the PICs. China's actions are seen as proactive, while in recent years the actions of the United States, Japan, Australia, and New Zealand have been seen as reactive.

Even so, the PICs do not want to reduce their ties with their traditional partners. China's methods of gaining favor in the region have not escaped criticism from the PICs. For example, China's security agreement with the Solomon Islands was scrutinized for the way it transpired, accomplished through secret bilateral negotiations rather than with transparency with the PIF.³⁰ The PICs instead seek relationships that prioritize their interests and see them as equal partners, not just as recipient states. The challenges laid out over the next few pages are not new, but if the United States, Japan, Australia, and New Zealand fail to address them now, they could risk jeopardizing their standings in the region and their long-term strategic interests.

Mismatched Definitions of Security

In 2018, the PIF's Boe Declaration promulgated an expanded concept of security that includes human security, environmental security, transnational crime, and cybersecurity. While it recognized the reality of "an increasingly complex regional security environment...and a dynamic geopolitical environment leading to an increasingly crowded and complex region," it declared climate change as the "single greatest threat to the livelihoods, security and wellbeing of the peoples of the Pacific."³¹ In order to address this global issue that threatens their very existence, they look to others for assistance. The PICs prefer to take a "friends to all and enemies to none" approach; they will pursue engagement that aligns with their national interests and eschew aligning with one or more external powers against another. They have often criticized regional policies or initiatives from traditional partners that they believe exclude China. Many in the region believe external powers' dominant security narratives lead them to neglect the PICs' human development priorities.³²

To be sure, traditional partners have often pursued policies that align with the values and development goals of the PICs. Japan's assistance has generally supported recipient nations' development goals, and Australia places combating climate at the top of its agenda in the Pacific.³³ However, as geopolitical tensions continue to rise, the PICs grow more concerned their own security interests will be pushed aside.

Australia's involvement in the trilateral security partnership with the United States and United Kingdom, also known as AUKUS, will provide the Australian navy with nuclear-powered (but not nuclear-armed) submarines for the first time, and New Zealand's increased interest in joining the trilateral partnership, has raised concerns in the Pacific about their commitments to a nuclear-free Pacific. The United States' recent changes to its climate policies and foreign assistance puts it at odds with its Pacific partners. In his first day back in office, President Trump signed executive orders reversing the Biden administration's policies on climate change. He pulled the United States out of the Paris Agreement, initiated plans to open up federal and public lands to oil drilling, and halted approvals of new wind farms.³⁴ Japan also has seen fit to tread lightly with its FOIP strategy, which brought Japan's security outline more in-line with that of the United States, Australia, and New Zealand. Japan sought support for its FOIP strategy at PALM 8 in 2018, but to no avail. Since 2023, Japan has stopped using the term with the PICs and has found they are more receptive to supporting individual parts of the FOIP, such as supporting a rules-based order, than to embracing the entire concept.³⁵

The Region's Limited Institutional Capacity

The Pacific is the most aid-reliant region in the world; ODF equals about 14% of an average Pacific economy's GDP, which is the highest for any region.³⁶ Due to the wide range of development challenges the PICs face, they struggle with prioritization and end up accepting more aid offers than they can reasonably manage. This can have the unintended consequence of straining local bureaucracies, which have limited administrative capacity. For each additional project a country takes on, small bureaucracies are laden with more administrative burdens. For example, as of 2018, Kiribati's twelve-person Ministry of Finance and Economic Development was expected to oversee more than three hundred aid projects from over twenty donors, in addition to managing the ministry's many other responsibilities.³⁷

The straining of local bureaucracies can also lead to gaps in accountability and transparency. Officials' limited time and resources are further divided as they have to accommodate many foreign visits and missions as development partners wish to visit with them to discuss ongoing projects or sign new agreements.³⁸ As officials rush to accommodate foreign visits and external timelines, they may forgo public consultation as they hurry to complete agreements. Additionally, in the past, donors would have

coordinated foreign assistance through a centralized foreign ministry with clear communication and procedures. However, these processes have been obscured due to donor pressure and donors are now entering into bilateral agreements with multiple ministries and agencies of recipient countries, which creates a complex network of projects and reduces effective oversight.³⁹

While Chinese aid has certainly created concerns about the lack of transparency and accountability, it has also been attractive, in part, due to its flexibility. China affixes fewer compliance requirements and has more relaxed governance, human rights, and environmental accountability standards, so Pacific governments have more control over the aid. To make their aid models more competitive, the United States and its allies in the region have taken some steps to make aid more flexible without sacrificing accountability measures, such as providing direct budgetary support over project-based support. As competition with China deepens, the United States and its allies must be careful to ensure that aid is designed not just to counter Beijing but to foster meaningful change.

Balancing Regional Autonomy with External Strategic Interests

To the PICs, outside powers vying for influence in the region is nothing new. After World War II, Australia, France, New Zealand, the Netherlands, and the United States formed the South Pacific Commission (SPC) to set the regional agenda and promote the advancement of the Pacific Islands. In response, Pacific Islanders created the South Pacific Forum (SPF) in 1971, now known as the PIF, to exercise regional agency as they were frustrated by the lack of inclusion in the SPC. The PICs use their regional organizations, such as the PIF, to manage their relations with larger powers and to advance their interests on the world stage. Engaging with larger powers, the PICs have successfully negotiated several critical achievements for the region, including establishing a nuclear weapons free zone in the South Pacific (Treaty of Rarotonga) and achieving a limit on global warming to below 1.5 degrees in the 2015 Paris Agreement.⁴⁰

However, the PICs are still being left out of conversations between larger powers concerning the region. The PBP has been criticized for largely ignoring the Pacific Islands' regional institutions and for consulting PIC governments only a few days before it was announced. The PICs also criticize PBP as a way for larger countries to marginalize China, which goes against the PICs "friends of all" stance. Some have also claimed PBP nations made the same mistakes China made in placing geopolitical interests over regional autonomy when China tried to launch the China-Pacific Island Countries Disaster Management Cooperation Mechanism and the China-Pacific Islands Center for Disaster Risk Reduction Cooperation in 2023, but only included countries that had diplomatic relations with China.⁴¹ While open criticism of their aid partners is rare, Pacific Island leaders have occasionally spoken

out about their partners' aid practices. Prime Minister Sitiveni Rabuka of Fiji stated he will reject "help from nations who donate aid and expect compliance," such as in choosing between the United States and China.⁴²

Pacific Island countries are geographically, linguistically, culturally, and economically diverse, but are united by their shared development challenges. However, the region itself has at times struggled to maintain regional unity. The cohesion of the Pacific Islands Forum took a hit when Kiribati withdrew from the body in 2022.⁴³ Kiribati's opposition leader, Tessie Lambourne, raised concerns that China had pressured the Kiribati president, Taneti Maamu, to withdraw.⁴⁴ The withdrawal did not last long, however, and Kiribati rejoined PIF six months later. Nevertheless, for a time, it did threaten the region's ability to speak with one voice, which has been crucial for dealing effectively with external powers.

Recommendations

These three challenges are substantial, but far from insurmountable. As the United States updates its approach to foreign assistance, it and its Indo-Pacific allies have an opportunity seek new forms of cooperation and collaboration in the provision of aid. Working together more effectively, they can jumpstart development across the PICs while ensuring China does not infringe on important allied interests in the region.

1. Reform aid delivery models to reduce burdens on small bureaucracies

The United States, Japan, Australia, and New Zealand already provide the bulk of aid to the region, but they seem likely to increase dispersals to dilute the impact of Chinese assistance. However, with new aid comes the risk of straining local bureaucracies. The United States, Japan, Australia, and New Zealand should take measures aimed at streamlining their aid delivery models to relieve some of the pressure on Pacific Island bureaucracies.

They should start by examining the number and size of their current programs. While there are many donors in the region, their individual contributions can be fairly minor, such as funding for small one-off projects. These projects may be beneficial, but they can also clog administrative channels. To minimize the administrative burden on recipient countries, the traditional partner states should work to fold smaller projects into larger ones. They should also cut programs that are not achieving their stated goals and reallocate that money to underfunded sectors or to scalable programs that are achieving their stated outcomes.

The partners should jointly coordinate their aid delivery or aid management and avoid duplicative efforts. They should also consider joint reporting missions to reduce the time local officials are taken away from their other duties.

2. Maintain human development assistance as a significant portion of foreign assistance

For many of the traditional partner states, development assistance has traditionally been a significant part of their engagement with the PICs. However, in recent years, there has been less emphasis placed on human development initiatives like health, education, and climate resilience. Between 2020 and 2022, there was a decline in aid committed to the health sector, from \$845 million to \$465 million. Aid commitments to education peaked in 2011 and began to steadily decline with only a slight increase in 2022.⁴⁵ Through the 2010s, there was a steady increase in ODF dedicated to infrastructure development

versus human development.⁴⁶ The International Monetary Fund estimates climate resilient infrastructure in the PICs requires \$1 billion annually, but PIF countries only receive \$220 million each year.⁴⁷

Traditional partner states need to ensure meeting human development goals remains a priority in the Pacific. China's strategic and military ambitions for the region have taken center stage over the last decade, and while it is crucial to address the threat China poses, the human security challenges in the Pacific are broad and require adequate attention and resources. Human development assistance should also not be underestimated as an important way to boost soft power. If the trend in decreased aid in sectors like education and health continues, then regional growth and development can stagnate and lead to further problems down the road.

3. Be more proactive in communicating at the national and grassroots levels

The United States, Japan, Australia, and New Zealand should make greater efforts to consult the PICs when implementing policies that impact the region. A common criticism of initiatives like the Partners in the Blue Pacific is that larger powers are not adequately seeking the opinions of the countries they say they are trying to help. The allies should consult frequently with PIC governments to provide updates on policies that affect the islands and to seek guidance and feedback as the allies develop new policies.

Engagement should also extend past political leaders' meetings to include greater outreach with local non-governmental organizations (NGOs), businesses, and traditional leaders. Embassies should be provided the resources they need to increase interactions with local communities. Effective two-way communication is necessary to explain the priorities of traditional partner states and to ensure that projects align with the realities on the ground. By prioritizing regular dialogue with both PIC governments and PIC citizenries, the United States and its allies would show respect for the PICs' sovereignty and earn more credibility in the eyes of aid recipients.

4. Realize the potential of the Partners in the Blue Pacific Initiative

In the first year, PBP nations made progress on some of its flagship programs, such as hosting the inaugural Pacific Cyber Capacity Building and Coordination Conference in 2023, contributing to the Pacific Humanitarian Warehousing Program, and hosting two ministerial meetings.⁴⁸ However, progress seems to have slowed. During an address to the United Nations in September 2023, President of the Marshall Islands David Kabua welcomed the early efforts of PBP but also called for efforts to go beyond making headlines.⁴⁹ Almost three years after the implementation of the initiative, it remains

unclear how PBP plans to implement its promises. Pacific Island countries have fallen victim to unfulfilled promises in the past, so the skepticism around the initiative is not completely groundless.

All four partner countries play a significant role in the region independently and each country brings unique strengths, advantages, and resources to the table that, when pooled, could have an amplified impact in the region. Therein lies the potential for the PBP to be truly transformational. But the PICs are not yet convinced the initiative will live up to that potential. Going forward, the United States, Japan, Australia, and New Zealand should elevate the PBP as the primary mechanism through which they disperse aid to the region, all the while regularly communicating with PIC communities about the PBP's work. Should the allies fail to do so, they risk undermining both achievements to date and efforts to create genuine relationships.

Sudden reductions in aid can have immediate real-world effects for the PICs, given their heavy reliance on foreign assistance. The PBP can mitigate those risks, as resource pooling and joint coordination have the added benefits of sharing the burdens in tackling formidable problems.

Conclusion

Changing administrations can offer a positive opportunity for countries to re-evaluate existing policies against their priorities, but it can also cause uncertainties and disruptions. The PICs recognize that all traditional partner states have increased their engagements with them in the last decade. However, they will be watching closely to see if the engagement continues, sustains, and increases, as China also steps in to meet their needs. While the impacts of the United States' global foreign assistance freeze are still unfolding, China is already swooping in to fill the void left by the United States. The United States, Japan, Australia, and New Zealand must not take their attention off the Pacific Islands during this critical time. Today, the region's traditional partners and the PICs experience challenges that hinder more effective security and aid cooperation. However, all four partner states must continue to play an important role, bilaterally and collectively, and achieve great successes in addressing the region's needs.

ENDNOTES

-
- ¹ “Sustaining Pacific Island Fisheries,” *Conservation International*, accessed December 11, 2024, <https://www.conservation.org/projects/sustaining-pacific-island-fisheries>.
- ² Nick Bainton and Emika Skryzpek, “Pacific nations are extraordinarily rich in critical minerals. But mining them may take a terrible toll,” *The Conversation*, August 3, 2022, <https://theconversation.com/pacific-nations-are-extraordinarily-rich-in-critical-minerals-but-mining-them-may-take-a-terrible-toll-187172>; Georgina Lancaster, “Conflicting interests and geopolitical competition in Pacific deep sea mining,” *Australian Strategic Policy Institute*, November 26, 2024, <https://www.aspistrategist.org.au/conflicting-interests-and-geopolitical-competition-in-pacific-deep-sea-mining/>.
- ³ Mihai Sora, Jessica Collins, and Meg Keen, “The Great Game in the Pacific Islands,” *The Lowy Institute*, August 2024, <https://interactives.loyyinstitute.org/features/great-game-in-the-pacific-islands/>.
- ⁴ Alexandre Dayant, Riley Duke, Nasirra Ahsan, Roland Rajah, and Hervé Lemahieu, “Pacific Aid Map: 2024 Key Findings Report,” *The Lowy Institute*, November 19, 2024, 7, <https://pacificaidmap.loyyinstitute.org/analysis/2024/key-findings/>.
- ⁵ “Pacific Aid Map,” *The Lowy Institute*, accessed February 13, 2025, <https://pacificaidmap.loyyinstitute.org/map/?donors=china>.
- ⁶ Joseph Hammond, “China’s Security Agreement with the Solomon Islands,” *Journal of Indo-Pacific Affairs* 6, no. 8 (November-December 2023): 105-106, <https://media.defense.gov/2023/Nov/14/2003340194/-1/-1/1/VIEW%20HAMMOND%20-%20JIPA.PDF>.
- ⁷ The Lowy Institute, “Pacific Aid Map.”
- ⁸ Alexandre Dayant, Riley Duke, Gilliane de Gorostiza, and Roland Rajah, “Pacific Aid Map: 2023 Key Findings Report,” *The Lowy Institute*, 2023, October 21, 2023, 5, <https://www.loyyinstitute.org/sites/default/files/2023-10/Lowy-Institute-Pacific-Aid-Map-Key-Findings-Report-2023.pdf>; Dayant, Duke, Ahsan, Rajah, and Lemahieu, “Pacific Aid Map: 2024 Key Findings Report,” 9.
- ⁹ “The Compacts of Free Association,” *Congressional Research Service*, April 25, 2024, <https://crsreports.congress.gov/product/pdf/IF/IF12194>.
- ¹⁰ “Interior Department Applauds Renewed Economic Assistance for Compacts of Free Association” *U.S. Department of the Interior*, March 11, 2024, <https://www.doi.gov/pressreleases/interior-department-applauds-renewed-economic-assistance-compacts-free-association>.
- ¹¹ Tarcisius Kabutaulaka, “Trump’s relations with the Blue Pacific,” *The Lowy Institute*, December 20, 2024, <https://www.loyyinstitute.org/the-interpretor/trump-s-relations-blue-pacific>.
- ¹² The White House, “FACT SHEET: Following Through on the U.S.-Pacific Islands Partnership 53rd Pacific Islands Forum (PIF) Leaders Meeting in Nuku’Alofa, Tonga August 26-30, 2024,” *The American Presidency Project*, August 27, 2024, <https://www.whitehouse.gov/briefing-room/statements-releases/2024/08/27/fact-sheet-following-through-on-the-u-s-pacific-islands-partnership-53rd-pacific-islands-forum-pif-leaders-meeting-in-nukualofa-tonga-august-26-30-2024/>; and “The Pacific Islands: Background and Issues for Congress,” *Congressional Research Service*, November 7, 2024, <https://crsreports.congress.gov/product/pdf/IF/IF11208>.

- ¹³ Hideyuki Shiozawa, “US-Japan Development Cooperation for Stability and Prosperity,” *East-West Center*, June 29, 2022, <https://www.eastwestcenter.org/publications/us-japan-development-cooperation-stability-and-prosperity-in-the-pacific-islands-region>.
- ¹⁴ Dayant, Duke, de Gorostiza, and Rajah, “Pacific Aid Map: 2023 Key Findings Report,” 9.
- ¹⁵ “Japan and the Pacific Islands countries with Professor Koga Kei, Shiozawa Hideyuki and Euan Graham,” *International Institute for Strategic Studies*, July 31, 2024, <https://www.iiss.org/podcasts/japan-memo/2024/08/japan-and-the-pacific-islands-countries/>.
- ¹⁶ Minda Pollmann, “PALM10: Japan’s Chance to Engage with Pacific Island Countries,” *RAND*, December 19, 2023, <https://www.rand.org/pubs/commentary/2023/12/palm10-japans-chance-to-engage-with-pacific-island.html>; “Japan deploys self-defense fleet to Indo-Pacific with eye on China,” *Kyodo News*, June 18, 2022, <https://english.kyodonews.net/news/2022/06/d4162f53763f-japan-deploys-msdf-fleet-to-indo-pacific-with-eye-on-china.html>; and Aizawa Riho, “Japanese Ministry of Defense’s “Defense Diplomacy,”” *National Institute for Defense Studies*, July 22, 2024, <https://www.nids.mod.go.jp/english/publication/commentary/pdf/commentary342e.pdf>.
- ¹⁷ Associated Press, “Pacific island leaders agree to enhance Japan’s role in region amid growing China influence,” *VOA*, July 18, 2024, <https://www.voanews.com/a/pacific-island-leaders-agree-to-enhance-japan-s-role-in-region-amid-growing-china-influence/7703084.html>.
- ¹⁸ Dayant, Duke, de Gorostiza, and Rajah, “Lowy Institute Pacific Aid Map: 2023 Key Findings Report,” 7.
- ¹⁹ “Stepping up Australia’s Engagement with Our Pacific Family,” *Australia Department of Foreign Affairs and Trade*, September 2019, <https://www.dfat.gov.au/sites/default/files/stepping-up-australias-engagement-with-our-pacific-family.pdf>.
- ²⁰ “Australia-Tuvalu Falepili Union,” *Australia Department of Foreign Affairs and Trade*, accessed February 12, 2025, <https://www.dfat.gov.au/sites/default/files/australia-tuvalu-falepili-union-treaty.pdf>; Pat Conroy, “The Falepili Union: A Pacific response to the greatest global challenges,” *The Lowy Institute*, August 28, 2024, <https://www.loyyinstitute.org/the-interpretor/falepili-union-pacific-response-greatest-global-challenges>.
- ²¹ “National Defence Strategy,” *Australian Government Defence*, April 17, 2024, <https://www.defence.gov.au/about/strategic-planning/2024-national-defence-strategy-2024-integrated-investment-program>.
- ²² Victoria Kim, “Three Deals in 12 Days: How Australia Is Countering China in the Pacific,” *The New York Times*, December 20, 2024, <https://www.nytimes.com/2024/12/20/world/australia/australia-china-pacific-deals.html>.
- ²³ Anna Powles, “Identity, national security and influence: The ‘Pacific Reset’ and shaping New Zealand’s relations with the Pacific islands,” *Development Bulletin*, February 2021, https://pacificsecurity.net/wp-content/uploads/2021/10/DB82_Part6.pdf.
- ²⁴ Rouben Azizian, “New Zealand and Pacific Security: Re-engagement in the Face of Strategic Competition,” in *Strategic Competition and Security Cooperation in the Blue Pacific*, ed. Deon Canyon (Honolulu, HI: Daniel K. Inouye Asia-Pacific Center for Security Studies, 2022), 54, <https://dkiacpss.edu/wp-content/uploads/2022/09/Blue-Pacific-Security-03-Azizian-NZPacificSecurity-1.pdf>; and Winston Peters, “The Pacific family of nations - the changing security outlook,”

New Zealand Government, May 13, 2024, <https://www.beehive.govt.nz/speech/pacific-family-nations-changing-security-outlook>.

²⁵ Wintson Peters and Shane Jones, “NZ support for sustainable Pacific fisheries,” *New Zealand Government*, July 23, 2024, <https://www.beehive.govt.nz/release/nz-support-sustainable-pacific-fisheries>.

²⁶ Christopher Cottrell, “New Zealand and Fiji strike defence deal amid rising Pacific tensions,” *The Guardian*, June 14, 2023, <https://www.theguardian.com/world/2023/jun/14/new-zealand-and-fiji-strike-defence-deal-amid-rising-pacific-tensions>; Tim Fish, “How New Zealand is trying to expand military relations with its Pacific Islands neighbors,” *Breaking Defense*, July 24, 2023, <https://breakingdefense.com/2023/07/how-new-zealand-is-trying-to-expand-military-relations-with-its-pacific-island-neighbors/>; and Andrew Little, “New Zealand and Fiji strengthen defence relationship,” *New Zealand Government*, June 14, 2023, <https://www.beehive.govt.nz/release/new-zealand-and-fiji-strengthen-defence-relationship>.

²⁷ Cherry Hitkari, “PacNet #13 – Revamping Partners in the Blue Pacific Initiative,” *Pacific Forum*, March 1, 2024, <https://pacforum.org/publications/pacnet-13-revamping-partners-in-the-blue-pacific-initiative/>.

²⁸ “Readout of The Partners in the Blue Pacific (PBP) Ministerial,” *U.S. Department of State*, September 22, 2023, <https://2021-2025.state.gov/briefings-foreign-press-centers/readout-of-pbp-ministerial>.

²⁹ “2024 Regional Human Development Report: A Complex Landscape of Progress and Challenges – Pacific Island Countries,” *United Nations Development Programme*, April 5, 2024, <https://www.undp.org/pacific/press-releases/2024-regional-human-development-report-complex-landscape-progress-and-challenges>; and Gordon Peake and Meghan Sullivan, “In the Pacific, Aid Should Be About More than Competition with China,” *United States Institute of Peace*, October 17, 2024, <https://www.usip.org/publications/2024/10/pacific-aid-should-be-about-more-competition-china>.

³⁰ Derek Grossman, “China’s Pacific Push is Backfiring,” *RAND*, July 26, 2022, <https://www.rand.org/pubs/commentary/2022/07/chinas-pacific-push-is-backfiring.html>.

³¹ “Boe Declaration on Regional Security,” *Pacific Islands Forum*, September 5, 2018, <https://forumsec.org/publications/boe-declaration-regional-security>.

³² Meg Keen and Mihai Sora, “Looking through a Pacific Islands lens: Access, accountability, and alignment in global engagements,” *The Lowy Institute*, December 12, 2024, <https://www.loyyinstitute.org/publications/looking-through-pacific-islands-lens-access-accountability-alignment-global>.

³³ Darshana M. Baruah, “The Contradiction at the Heart of U.S. Policy Toward the Pacific Islands,” *Carnegie Endowment for International Peace*, September 15, 2022, https://www.atlanticcouncil.org/wp-content/uploads/2022/10/Europe-GeoEcon-Pacific_Islands.pdf.

³⁴ Lisa Friedman, Brad Plumer, Rebecca F. Elliott, and Eric Lipton, “Trump Signs Orders to Promote Fossil Fuels and End Climate Policies,” *The New York Times*, January 20, 2025, <https://www.nytimes.com/2025/01/20/climate/trump-emergency-oil-gas.html>.

³⁵ International Institute for Strategic Studies, “Japan and the Pacific Island Countries.”

³⁶ Dayant, Duke, de Gorostiza, and Rajah, “Pacific Aid Map: 2023 Key Findings Report,” 3.

³⁷ Jonathan Pryke and Alexandre Dayant, “How to Improve Aid to Pacific Island Nations,” *Council of Foreign Relations*, October 16, 2018, <https://www.cfr.org/councilofcouncils/global-memos/how-improve-aid-pacific-island-nations>.

³⁸ Keen and Sora, “Looking through a Pacific Islands lens.”

³⁹ Keen and Sora, “Looking through a Pacific Islands lens.”

⁴⁰ William Waqavakatoga and Joanne Wallis, “International Relations of the Pacific Islands,” *Oxford Research Encyclopedia of International Studies*, November 22, 2023, 4-16, <https://oxfordre.com/internationalstudies/display/10.1093/acrefore/9780190846626.001.0001/acrefore-9780190846626-e-796>.

⁴¹ Greg Fry, Tarcisius Kabutaulaka, and Terence Wesley-Smith, “‘Partners in the Blue Pacific’ initiative rides roughshod over established regional processes,” *DevPolicy Blog*, July 5, 2022, <https://devpolicy.org/pbp-initiative-rides-roughshod-over-regional-processes-20220705/>; and William Waqavakatoga and Joanne Wallis, “Security In Context: Regionalism in The Pacific Islands,” *Security in Context*, May 28, 2024, <https://www.securityincontext.org/posts/regionalism-in-the-pacific-islands>.

⁴² Dominic Giannini, “The donor you know: Fiji PM rejects money with strings,” *Canberra Times*, October 17, 2023, <https://www.canberratimes.com.au/story/8388784/the-donor-you-know-fiji-pm-rejects-money-with-strings/>.

⁴³ “Kiribati withdraws from Pacific Islands Forum in blow to regional body,” *The Guardian*, July 10, 2022, <https://www.theguardian.com/world/2022/jul/10/kiribati-withdraws-from-pacific-islands-forum-pif-micronesia>.

⁴⁴ “China influence Kiribati exit from Pacific Islands Forum, MP claims,” *The Guardian*, July 11, 2022, <https://www.theguardian.com/world/2022/jul/12/china-influenced-kiribati-exit-from-pacific-islands-forum-mp-claims>.

⁴⁵ The Lowy Institute, “Pacific Aid Map.”

⁴⁶ Dayant, Duke, Ahsan, Rajah, and Lemahieu, “Pacific Aid Map: 2024 Key Findings Report,” 12-13.

⁴⁷ Manal Fouad, Todd Schneider, Natalija Novta, Gemma Preston, and Sureni Weerathunga, “Unlocking Access to Climate Finance for Pacific Island Countries,” *International Monetary Fund*, September 30, 2021, <https://blog-pfm.imf.org/en/pfmblog/2021/09/unlocking-access-to-climate-finance-for-pacific-islands-countries>.

⁴⁸ “Pacific Humanitarian Warehousing Program factsheet,” *Australia Department of Foreign Affairs and Trade*, February 13, 2024, <https://www.dfat.gov.au/development/pacific-humanitarian-warehousing-program-factsheet>.

⁴⁹ “UNGA78: Dialogue with, not just about, the Pacific – RMI President Kabua to 78th UN General Assembly,” *Pacific Islands Forum*, September 21, 2023. <https://forumsec.org/publications/unga78-dialogue-not-just-about-pacific-rmi-president-kabua-78th-un-general-assembly>.