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The National Security Implications of the United States' Pacific Drawdown

By Dr. Charles Edel, Kathryn Paik, and John Augé

For the last decade, the United States has maintained that it is a “Pacific power,” and multiple administrations have affirmed the importance of the vast Pacific Islands region to U.S. national security. Increased engagement with the Pacific, which began under the first Trump administration, has broad bipartisan support as a security priority. As the first 100 days of the second Trump administration drew to an end, rhetoric coming out of the administration echoed this trend, with Secretary of Defense Pete Hegseth visiting Guam and Hawaii on his first trip to the Indo-Pacific, during which he **stressed** the critical nature of Pacific U.S. territories at the “tip of America’s spear” of deterrence.

However, Pacific leaders have consistently stated that they look to actions, and not just words, as proof of a nation’s commitments. Here, recent cuts to the United States Agency for International Development (USAID), the pausing of U.S. foreign assistance, enacting tariffs on small and vulnerable island economies, and deprioritizing climate change—the **top priority** for the region—have had a decidedly negative impact.

Regardless of U.S. intent, the perception across the Pacific of the United States as a disinterested and mercurial partner undercuts the country’s ability to build meaningful and lasting partnerships in the Pacific and simultaneously opens space for China to displace U.S. influence and presence in this critical region.

In a region that has quietly become a stage for great power competition, this perception of U.S. disinterest not only opens new entry points for Beijing’s influence but also puts wind in the sails of a new narrative: that it is China, not the United States, that is the committed partner and protector of global rules and norms. While it is too soon to understand the full implications of the United States’ recent actions, early signs in the Pacific suggest that the trajectory is counter to U.S. interests. Reversing this trend will require quick action, sincere engagement, and creative diplomacy.

An Emerging Stage for Great Power Competition

The United States has long engaged with the Pacific Islands region for trade, access to Asia, and security purposes. While U.S. engagement in the Pacific was arguably deepest during World War II—a period that proved without a doubt the strategic importance of the region—U.S. engagement both predates that war and has persisted since. Building and maintaining strong relationships with the many nations that make up this broad swath of the globe has always been in the national interest of the United States, but maintaining this hard-fought presence and influence requires demonstrating the value of such a partnership. Yet, in the post-World War II era, Washington’s attention to the region was periodic at best—and dominated primarily by defense and security agreements.



Islands in the Pacific Ocean.

Photo: comersis.com/Wikipedia

Over the last decade, China has increased both its interest in and its capacity to deepen relationships across what it **views as a highly strategic region**—one in which a permanent Chinese presence would **significantly alter** the U.S. and allied strategic calculus. Largely in response, the United States began to ramp up its Pacific engagement under the first Trump administration with the **hosting** of three Pacific leaders at the White House and the establishment of a team to renegotiate the **Compacts of Free Association** (COFA) with the Federated States of Micronesia (FSM), the Republic of the Marshall Islands, and the Republic of Palau. The agreement has direct security benefits for the United States as it allows for unilateral U.S. defense access across the north Pacific, from the Philippines to Hawaii. The Biden administration accelerated this trend, twice hosting the Pacific Islands Forum (PIF) leaders for a summit at the White House, launching the first-ever U.S. government strategy for the Pacific Islands, opening several new embassies, increasing USAID presence across the Pacific, and completing the critical COFA agreements.

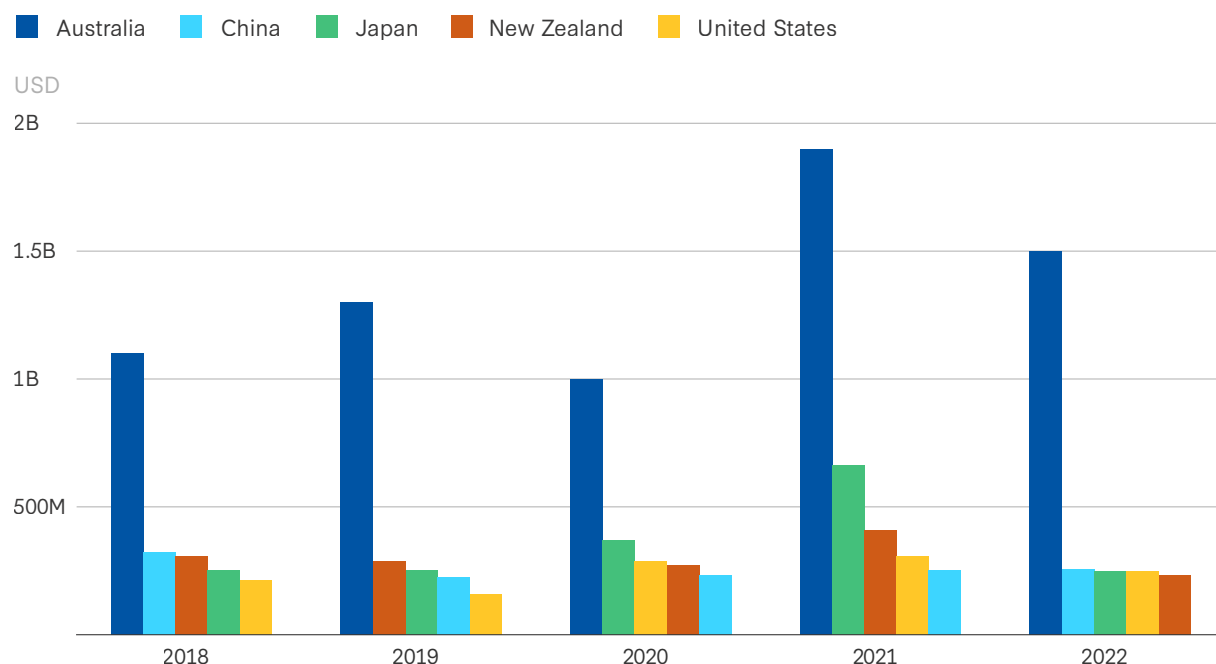
An overarching characteristic of this reengagement was relationship building, demonstrating a growing appreciation in Washington for the importance the Pacific places on consensus, mutual respect, and dialogue—also called the “**Pacific Way**.” But building and maintaining relationships—a prerequisite for influence—requires not just sincere engagement, but also follow-through. As 2024 ended, several commitments from the recent U.S.-PIF summits were incomplete, and 2024 concluded with many Pacific nations still skeptical that the United States was truly back as a committed partner—and still questioning the value of U.S. engagement versus that of an ever-present and willing China.

Soft Power in the Service of Hard Power

While the United States has never been the largest donor in the Pacific, it has become increasingly clear in recent years that meeting the region’s needs while effectively countering China’s influence requires coordinated and sustained efforts by all likeminded allies and partners.

The United States was the fifth-largest aid provider to the Pacific **between 2008 and 2022**, behind Australia, China, Japan, and New Zealand, according to the Lowy Institute’s Pacific Aid Map. In that period, the United States spent **\$3.4 billion and committed \$4.4 billion to the region**, although much of this was through the COFA agreements. Beyond COFA, U.S. assistance has been a more limited, but still critical, component of funding to the vulnerable region. For example, in 2022, the Solomon Islands **received the most** of any non-COFA country from the United States at \$24.6 million, but that was still dwarfed by Australia’s \$116 million and China’s \$40 million spent in the Solomon Islands that same year. In 2023, outside of COFA funds, the United States provided **\$57.6 million** in development assistance to the region. This money went toward a range of areas, including supporting **education, infrastructure, climate initiatives, disaster response**, and more.

Figure 1: Top Foreign Aid Donors to the Pacific



Source: “Pacific Aid Map,” Lowy Institute, 2025, <https://pacificaidmap.lowyinstitute.org/>.

Traditionally, USAID has been the primary implementer of U.S. foreign assistance programs, but select programs are also executed by the U.S. Department of State. For example, in 2014, the department implemented **roughly \$4.4 billion of the total \$12 billion** allocated for economic assistance (USAID implemented \$5.4 billion). On 30 June, USAID as an independent agency was **officially shuttered**. Responsibility for USAID-related development now falls under the Department of State; however, the Trump administration **plans to cut 90 percent of USAID programs**, and currently almost all USAID and State Department foreign assistance programming has been indefinitely paused pending a full review (the initial 90-day review deadline has been pushed back twice). Cutting 90 percent of projects will entail **eliminating 5,800 out of 6,200 multi-year USAID contract awards** globally, resulting in a \$54 billion reduction, along with cutting 4,100 out of 9,100 State Department grants globally, leading to a \$4.4 billion decrease in programmatic funding.

Programs with a climate change nexus—considered a top national security threat for the Pacific Islands—are most likely to be axed. For example, **a \$2.5 million grant** for the Pacific Islands Ambassador Self-Help Small Grants Program, which included tackling climate change, has already been terminated, as was a **\$905,487 grant** to support the Pacific Islands Emergency Management Alliance. Taken in combination with the U.S. withdrawal from the Paris Agreement, U.S. credibility as a global leader on a climate change or clean energy has been significantly undercut.

Given the extent to which USAID programming was a central part of U.S. engagement in the Pacific, small island nations have been hit particularly hard by these pauses and cuts. While specific figures on the amount of funding cuts per region are not available, the overall effects to the Pacific are significant. According to the Center for Global Development, **these cuts amount to 100 percent of USAID country programming** for Papua New Guinea, Vanuatu, Palau, Fiji, and the Solomon Islands. Even in the Compact states, some critical funding lies outside of COFA and has been affected. For example, the Palau Red Cross Society has **cited** the loss of nearly \$600,000 in humanitarian aid due to USAID cuts. As one local project manager in Papua New Guinea **stated** shortly after the initial announcement in late January, the team was “devastated” by the freeze of HIV and health related projects.

Figure 2: USAID Cuts to Select Pacific Island Countries

Country	Absolute Cut (USD)	Cut as Share of GNI	Cut as Share of USAID Country Programming
Papua New Guinea	23M	8%	100%
Vanuatu	2M	14%	100%
Palau	2M	58%	100%
Fiji	1M	2%	100%
Solomon Islands	1M	5%	100%

Source: Ian Mitchell and Sam Hughes, “Which Countries Are Most Exposed to US Aid Cuts; And What Other Providers Can Do,” Center for Global Development, February 11, 2025, <https://www.cgdev.org/blog/which-countries-are-most-exposed-us-aid-cuts-and-what-other-providers-can-do>.

Table 1: Tariff Rate Placed on the Pacific Island Countries by the United States

Country	Tariff Rate Placed by U.S.
Fiji	32%
Nauru	30%
Vanuatu	22%
Papua New Guinea	10%
French Polynesia	10%
Marshall Islands	10%
Samoa	10%
Tonga	10%
Federated States of Micronesia	10%
Solomon Islands	10%
Kiribati	10%
Tuvalu	10%
Tokelau	10%
Palau	0%
Niue	0%

Source: BBC Visual Journalism Team, “See the Trump Tariffs List by Country,” BBC News, April 10, 2025, <https://www.bbc.com/news/articles/c5ypxnnyg7jo>; and Stephen Howes, Terence Wood, and Rubayat Chowdhury, “Trump’s Tariffs and the Pacific,” Islands Business, April 9, 2025, <https://islandsbusiness.com/opinion/trumps-tariffs-and-the-pacific/>.

tangible effect on the everyday lives of Pacific Islanders, the “**Liberation Day**” tariff announcements also caused shock and confusion in a region that has long looked to the United States as global economic leader with which countries sought closer trade ties. The high rates on these small and often struggling economies—where in some islands over 25 percent of the population lives below the poverty line (see Figure 4)—appeared disconnected with both reality and common sense. The United States has a trade surplus with all but two of the Pacific Islands—**Fiji (\$208 million trade deficit)** and **Tuvalu (\$168,000 trade deficit)**, the latter of which has a population of around 11,000—and yet almost none escaped liberation day unscathed.

The U.S. government has framed these tariffs as both an attempt to level the playing field and as a tool for negotiation. Neither of these justifications makes sense for the Pacific. As small island states with limited markets and opportunities, trade plays an outsized role in bolstering small economies—and yet, overall, U.S.-Pacific trade is almost insignificant on the U.S. ledger. U.S. two-way trade with the Pacific Islands totals around **\$1 billion**, just a small fraction of the more than **\$7 trillion** in global trade conducted by the United States. In other words, there is no “leveling of the playing field” between, for instance, Tuvalu and the United States.

The effects are not limited to recipient countries: Fellow donor partners and allies are affected as well. Countries such as Australia, which has a deep appreciation of the importance of development assistance to its own national security, are **racing** to assess the extent of the fallout and recalibrate their own work in the region.

The logic behind these changes is that U.S. foreign assistance spending should be in support of U.S. national security objectives. That premise, in and of itself, is not flawed. However, the method of first fully halting and then proceeding with a full review not only deprived partners of valued programming—with some **particularly harmful** results—but also fed into the narrative of the United States as a fickle, unreliable partner. Such measures weaken, not bolster, U.S. national security by diluting U.S. presence, influence, and relationships around the world.

Tariffs: The One-Two Punch

While halting the majority of USAID and State Department foreign assistance programs will no doubt have a larger

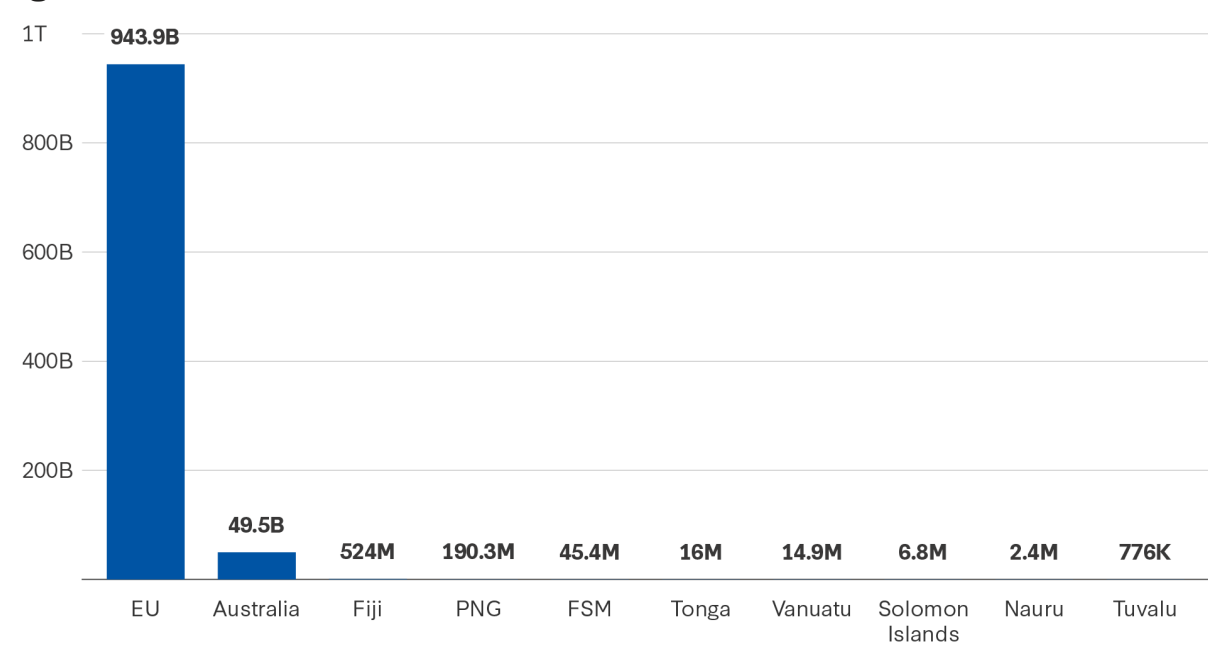
Neither does the idea that tariffs are a bargaining chip with the Pacific hold strategic logic. Not only do Pacific countries have little to bargain with, but after the imposition of tariffs, it remains unclear what benefit they would accrue from entering such negotiations. Even factoring in ramped-up U.S. engagement in recent years, the United States remains far behind other countries in terms of what it contributes to the region (see Figure 1), a point which is further underscored by Washington’s exiting from the Paris Agreement and shuttering of most of its development assistance programming. Rather than offering limited inducements, many of these pragmatic countries will increasingly look to other partners and markets. As Fijian Prime Minister Rabuka recently **stated**, “The world is bigger than the United States. . . . We don’t have anything to counter with so we will have to weather the storm and roll with the punches.”

Implications for U.S. National Security

U.S. engagement with the Pacific has never simply been blind support for partners and allies, nor even solely of bolstering these small democratic states. It has always had a strong strategic rationale, and that is as true now as it was in World War II.

And yet U.S. actions are not just leaving space for China to fill. They are also elevating the narrative of China as a responsible, predictable global partner. As the United States eliminates every argument for the Pacific to look to it over China, Beijing has **ramped up** its carrot-and-stick diplomacy throughout the region. In a side-by-side comparison, the United States was already less present and offering less than China by almost every metric. There had, however, remained in the Pacific a persistent discomfort with the manner of China’s engagement, with the sense that, ultimately, Chinese interest, at the expense of the Pacific, would always win out. But as the United States reduces programming in the region and China demonstrates its ability to evolve into a reliable partner, this narrative is shifting.

Figure 3: Total Trade Volume Between the United States and Select Partner Countries

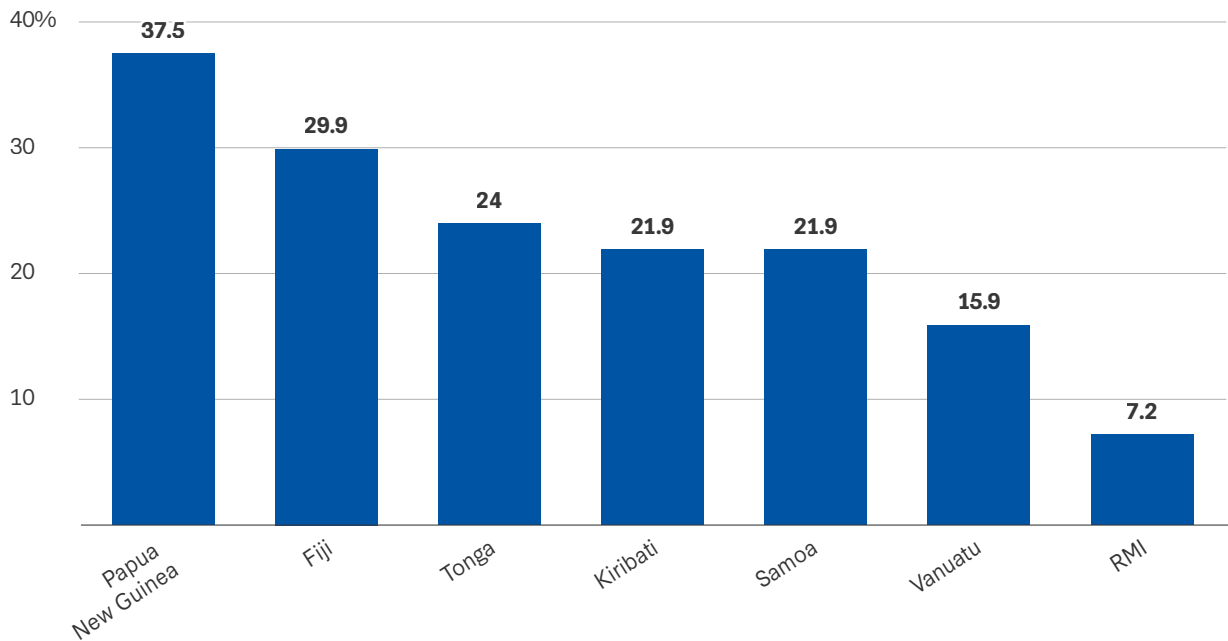


Source: “U.S. Trade in Goods with European Union” and “U.S. Trade in Goods with Australia,” United States Census Bureau, 2025; and Observatory of Economic Complexity, 2025 Country Trade Pages: Fiji, Papua New Guinea, Tuvalu, Vanuatu, Micronesia, Tonga, Nauru, and Solomon Islands.

Beijing has been quick to capitalize on negative perceptions of Washington and amplify its own messaging of China as the great global stabilizer. Shortly after the global U.S. tariffs were announced, China’s ambassador to Papua New Guinea, Yang Xiaoguang, **called** U.S. tariffs “economic bullying” and emphasized that China, as Papua New Guinea’s “most reliable partner,” would remain consistent and open to trade with the island nation. That same week, China’s ambassador to Fiji reinforced the same message, **emphasizing** that China remained committed to enhancing trade and investment ties with Fiji, despite external trade and tariff tensions.

China has been focusing much of its Pacific ramp-up on Fiji. Total two-way trade between Fiji and China **increased** from just \$145.2 million in 2010 to \$532.2 million in 2023, and in 2024 the two **agreed** to a \$300 million infrastructure development project through the Belt and Road Initiative to construct 22 bridges and improve roads on Vanua Levu. China **announced** in April 2025 that it would establish direct flights between Shanghai and Nadi, Fiji. In making the announcement, Chinese ambassador to Fiji Zhou Jian noted that the U.S. trade war could present an opportunity for enhancing China’s trade with Fiji. The subtext, of course, is that China is ready and willing to strengthen engagement across a range of sectors in contrast to perceived U.S. withdrawal. Further reinforcing this message, in late May 2025, China **hosted** the third China-Pacific Island Countries Foreign Ministers’ Meeting in Xiamen, Fujian Province, bringing together senior officials from 11 Pacific Island countries. At this meeting—the first time the Pacific Foreign Ministers have gathered in China—China **announced** plans to launch over 100 climate-related projects for the region.

Figure 4: Proportion of Population Living Below the National Poverty Line in Select Pacific Countries



Source: “2024 Basic Statistics,” Asian Development Bank, April 2024, <https://www.adb.org/mobile/basic-statistics-2024/>.

As a Republican professional staff member of the U.S. House Committee on Armed Services **said** at an April 2025 committee hearing on military posture and national security challenges in the Indo-Pacific,

“we have built very strong relationships...and this has been the greatest thing that has really frustrated China, it’s now surrounded by a group of nations that don’t want to be bullied by China, so they’re looking to us for support . . . and now we are trying to out bully China . . . and show [our partners] that we can punch them just as hard as China can punch them.”

The drivers behind this multifaceted push by China are clear. For Beijing, the Pacific presents an exceptionally low-cost, high-yield opportunity. For relatively small monetary commitments, China can pursue major strategic, diplomatic, and economic gains. Strategically, Chinese activity in the Pacific has the dual benefit of pursuing its own potential foothold while forcing the United States, Australia, and others to block Chinese influence everywhere at once. Some have likened this to a game of whack-a-mole, where the United States along with other likeminded countries must work to maintain presence everywhere, whereas China only needs to find one security foothold to drastically alter the calculus of its adversaries. Whatever the game is called, it is clear that it is being played to Beijing’s advantage. And with the United States looking like it might be stepping away from the region, the cost-benefit calculus for China just became that much more compelling.

Recommendations

In the Pacific, where relationships are the currency of influence, the perception of the United States as a disinterested partner is steadily increasing. Making up this perception gap will require careful diplomacy—and real action—that is aimed at the Pacific, instead of relegating the region to collateral damage in sweeping executive orders. To ensure it does not lose further ground in this critical arena, the United States should embrace the opportunity to emphasize its commitment to the region through the following actions:

1. **Embrace the use of soft power for hard objectives.** As the Department of State completes its review of foreign assistance, it should ensure that proper weight is placed on the importance of aligning with Pacific priorities, as that is the most effective way to build and maintain these critical relationships.

The business-minded, transactional approach to international relations risks promoting a zero-sum mentality, which hampers effective diplomacy by deprioritizing the significant gains that can be made through relationship building. Framing an effective strategy for the Pacific region must, as with all national strategies, be aimed at protecting U.S. national security interests. However, creating a national-security centered strategy and working with Pacific partners to meet their critical health, infrastructure, and maritime security are not mutually exclusive—in fact, doing the latter directly bolsters the effectiveness of the former.

As one senior U.S. official put it to the authors, much of America’s engagement constitutes “soft power in the service of hard power,” and is a recognition that building trust and relationships in the Pacific is ultimately tied to broader strategic goals.

2. **Prioritize follow-through on existing commitments.** Even as the Pacific waits for the Trump administration to finish its review of foreign assistance, concern remains that other agreements—even those already funded by Congress—may be in peril. Ensuring full and proper implementation of the COFA agreements and the much heralded **Tuna Treaty** will be critical as both are viewed as baselines of U.S. commitment to the region. Additionally, attention should

be given to following through on promises made, such as opening new embassies in Tonga, the Solomon Islands, Vanuatu, and Kiribati—the first three of which have been officially opened but still lack a resident ambassador. This may be a tough sell amid a State Department push to **reduce diplomatic presence globally**, but in a region where China has **more outposts than the United States and Chinese diplomats often outnumber U.S. ones by 10 to 1**, it must remain a top priority for the department.

3. **Promote a realistic trade agenda.** Even outside of back-and-forth tariffs, there are other ways the United States can help bolster Pacific economic growth. Despite having small and somewhat narrow economies, Pacific nations possess niche markets and business opportunities. Yet, most Pacific embassies in the United States are too small to host economic councilors or trade attaches. Supporting the establishment of a Pacific trade representative in the United States—perhaps in multiple locations such as Washington, D.C., and San Francisco, California—would not only allow Pacific countries to have a central node through which to engage economically with the United States, but would also allow U.S. businesses access to valuable markets and opportunities abroad.

To further enable U.S. industrial engagement in the Pacific, the U.S. government should **reauthorize and reconfigure** the Development Finance Corporation (DFC) to be better fit-for-purpose to meet its strategic mandates. Allowing the DFC to work in middle income countries, for example, and streamlining processes for working with state-owned companies would go a long way toward bolstering the U.S. toolkit as it looks for ways to counter massive Chinese inroads in the economic and infrastructure space in the Pacific.

4. **Pursue new opportunities based on administration priorities.** Some Trump administration priorities are well aligned with Pacific concerns and provide the opportunity for specialized and welcome engagement. Drug trafficking, a top priority for the Trump administration, is a growing threat in the Pacific and is poised to **quickly overwhelm** small and fragile Pacific communities and governments. With its vast law enforcement and transnational crime assets, the United States is well positioned to provide training and assistance on an issue of top concern to all countries involved.

Relatedly, problems such as drug trafficking are amplified by the immense challenge Pacific Islands have in monitoring their vast maritime domains. **Collectively, the Pacific Islands' exclusive economic zones** are over a third bigger than that of the United States, even though their collective land mass is just a fraction of the United States'. Using foreign assistance programming to bolster Pacific security professionals and architecture and leveraging exceptional assets such as the U.S. Coast Guard to bolster Pacific maritime domain awareness has the dual benefit of meeting U.S. and Pacific security needs and further displacing China from entering the security sector across the Pacific.

5. **Capitalize on interest from partners and allies.** U.S. policymakers have long **understood** that the United States cannot go it alone in the Pacific. The region is too vast, the challenges too broad, and U.S. attention is often needed elsewhere. At the same time, more and more partners around the world see the Pacific Islands region as one that directly affects their own strategic

interests. In its effort to have partners and allies do more for their own security, this interest should be welcomed and encouraged. Bolstering work through multilateral groupings not only coordinates and spread loads resources, it maximizes each partners' strengths in the service of collective objectives. The Quad is particularly suited for working in the Pacific, given its focus on health, infrastructure, and connectivity, all top priorities for Pacific nations. Following through on the Quad Indo-Pacific Maritime Domain Awareness initiative, which has a particular work stream aimed at bolstering Pacific nations' ability to monitor their vast maritime domains, would be an excellent way to meet both Pacific and U.S. security priorities.

The trilateral U.S.-Australia-Japan partnership has had success targeting critical infrastructure projects such as financing the East Micronesia Cable. This grouping should double down on these efforts by pinpointing and pursuing strategically critical infrastructure projects such as ports, airfields and roads, where China is already **making significant inroads**.

6. **Take action at the congressional level.** The importance of the Pacific Islands region remains an area of strong bipartisan agreement in Washington, as demonstrated when the Congress succeeded in **passing** COFA funding legislation in the spring of 2024, even during a highly partisan election season. As the Trump administration continues to craft its strategy for the Indo-Pacific, the time is ripe for Congress to signal its priorities to the administration and move forward with legislation that protects remaining U.S. engagement and programming in the region. For example, Congress should pass the **Pacific Partnership Act**, a bipartisan bill that requires the administration to create a Strategy for Pacific Partnership, consult more closely with regional organizations such as the Pacific Islands Forum, and collaborate with other regional development partners such as Australia and Japan. Congress should leverage its ability to provide oversight on the executive branch by requiring follow-through on expanding critically needed diplomatic presence in the region and ensure that the Coast Guard—one of the United States' most effective tools for countering Chinese influence in the security space—continues to be present and engaged in the region.

Strategic Partnerships

After Trump's tariff announcements on Liberation Day, Prime Minister James Marape of Papua New Guinea diplomatically **stated**, "Our trading partners in Asia—including China, Indonesia, Malaysia, the Philippines, and others—have treated Papua New Guinea with respect, honor, and fairness. These are our closest neighbors and represent proximity markets that continue to offer growing opportunities for our producers." And, in case the diplomatic niceties obscured his point too much, he concluded, "We will continue to strengthen our trade relations in Asia and the Pacific, where our produce is welcomed. If the U.S. market becomes more difficult due to this tariff, we will simply redirect our goods to markets where there is mutual respect and no artificial barriers."

Real influence in the Pacific depends on meaningful relationships, and meaningful relationships are built through partnership, mutual respect, and joint purpose. This can seem harder than making unilateral decisions on U.S. foreign policy, but it is a more long-term—and ultimately more effective—way to do business.

As the State Department foreign assistance review reaches its conclusion, now is the time to push forward with initiatives that can strengthen U.S. presence, influence, and reach in this critical region. Doing so is not hard, nor is it necessarily expensive. But it requires commitment. ■

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