

Statement before the House Foreign Affairs

Subcommittee on Asia, the Pacific, Central Asia, and Non-proliferation

“The Strategic Importance of the Pacific Islands”

Testimony by

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Chairman Bera, Ranking Member Chabot, distinguished Members of the Subcommittee,

In Australia, it is common practice to start an event with a Welcome to Country, to highlight the cultural significance of the surrounding area to a particular Aboriginal clan or language group who are recognised as traditional owners of the land.

So let me begin by acknowledging the Gadigal people of the Eora Nation, the traditional custodians of the land where I sit, and pay my respects to the Elders, both past and present.

I also would like to thank the House Foreign Affairs Committee for taking an interest in the Pacific, and for inviting me to discuss “The Strategic Importance of the Pacific Islands.”

First, I want to touch on how COVID-19 is affecting the Pacific.

The current global pandemic is impacting everyone, in every region of the world. Trying to think about what’s next after COVID-19 is difficult and often unrealistic. There are some things, however, that are clear. As the world is coming out of COVID-19, the Pacific region faces a potential lost decade of economic development.

Pacific Islands have by and large done a tremendous job dealing with the COVID-19 pandemic. By walling themselves off early from the outside world, through a bit of luck and a lot of foresight, many Pacific countries are COVID free today. Considering the acute vulnerabilities of stretched — and in some cases broken — health systems, this will be looked back on as a remarkable achievement.

Unfortunately, not all countries have shared the same luck.

In Fiji, after the deadly Delta strain entered the country via a quarantine breach in April, per capita infection rates became the highest in the world in the middle of the year. Daily infections reached more than 1,800 in mid-July – a huge number for a country of only 900,000 people. In the US, this would equal to 659,000 cases per day, almost 3 times more during the peak of contamination last year. The crisis caused 647 deaths.

Papua New Guinea, that shares a border with Indonesia and that did well at the beginning of the crisis last year, is currently experiencing a significant surge of COVID-19 cases and deaths, overwhelming the country’s fragile health systems.

Today however, Fiji's brilliant vaccination campaign has helped control the virus, while it is still rampant in Papua New Guinea.

While some countries continue to deal with the domestic health crisis linked to COVID-19, all face severe economic fallout.

All the main threads of economic reliance that connect the Pacific to the outside world — tourism, migration, remittances, aid — have been affected. On average, the International Monetary Fund (or IMF) expects the economies of the region to contract of as much as 10%. By the end of 2021, Fiji Gross Domestic Product (GDP) would have had contracted by 23%. Cook Islands by 60%. Vanuatu expects to lose 40% of its formal sector jobs. Considering how challenging it is for Pacific economies to grow, the region is on track to make the slowest economic rebound of any region in the world coming out of the pandemic.

A report I co-wrote shows it will take almost a decade for the region to get back to where it was in 2019.

In the meantime, all of the challenges the Pacific was facing before – demographics, climate change, service delivery, non-communicable disease, transnational crime, illegal fishing, gender-based violence, geopolitical competition, you name it – all are set to get worse. The resilience of the Pacific peoples, the regions greatest strength, will be severely tested.

Now, Pacific nations are not sitting idle. They are throwing every available resource to mitigate the economic fallout. Donors like Australia, the IMF, World Bank and ADB are all jumping into the fray.

On its side, the United States has done a tremendous job supporting the nations of the North Pacific.

Despite this, on current trends, none of this support will come anywhere close to filling the void or keeping these economies on the kind of life support the United States has been able to provide domestically since March this year.

I say all of this for two reasons. First, to instil on you all the gravity of the situation Pacific Nations are now in.

And second, to highlight the timeliness of this subcommittee hearing. The United States is an important player in the Pacific, and a key partner to many nations in the region. The current crisis the Pacific faces represents an opportunity for the United States to reshape its position in the region and strengthen Washington's Free and Open Indo-Pacific strategy.

With this in mind, I would happily take your questions.

Thank you.