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# U.S.–Papua New Guinea Relations: Issues for Congress

## Overview

The Independent State of Papua New Guinea (PNG) lies in a region of the southwest Pacific known as Melanesia on the eastern side of the island of New Guinea. It is the most populous Pacific Island country (PIC), with over 10 million inhabitants belonging to hundreds of tribes. In 1975, PNG gained independence from an Australian-administered United Nations trusteeship and became a member of the British Commonwealth. The country is a member of regional organizations such as the Pacific Islands Forum (PIF) and the Melanesian Spearhead Group.

During World War II, 7,000 American soldiers and airmen died in the New Guinea campaign, and the nearby Battle of the Coral Sea was considered a turning point of the U.S. conflict with Japan. Since 1945, the United States has played a relatively minor role in PNG’s economy and security, although it has on occasion pursued economic opportunities such as investment in natural gas production. Since around 2018, U.S. engagement with PNG has expanded, driven in part by U.S. perceptions that the People’s Republic of China (PRC or China) is increasing its influence, both in PNG and the Pacific Islands region.

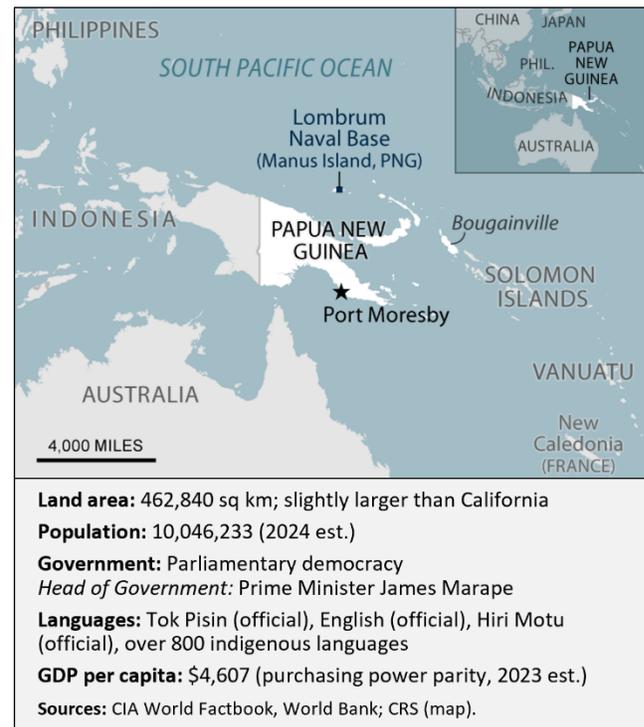
The United States established diplomatic relations with PNG in 1975. Successive U.S. Administrations and some Members of Congress have identified significant U.S. national security interests in the Pacific Islands region, including maintaining free and open waterways; supporting U.S. diplomatic engagement; providing assistance in areas such as economic development, sustainable fisheries, and climate change; and maintaining strong economic and security ties. The State Department describes PNG as a “likeminded democracy” and a “key partner for the United States in the Indo-Pacific region.” In May 2023, the two countries signed a defense cooperation agreement (DCA) and an Agreement Concerning Counter Illicit Transnational Maritime Activity Operations. PNG is one of three PICs that have military forces (the other two are Fiji and Tonga).

## Politics and Society

PNG is a parliamentary democracy. Although its constitution promises free and fair elections, election-related violence and violations of secret balloting have routinely compromised this principle, according to the State Department. James Marape, the current head of government, became prime minister in 2019. Marape leads the Pangu Party, which maintains a plurality of seats in parliament. The Marape government issued two states of emergency in 2024. In January 2024, internal cabinet discontent and riots in Port Moresby after security officers faced sudden payment issues culminated in a 14-day emergency declaration and a September vote of no confidence against Marape, which he successfully thwarted.

In March 2024, the government declared a 30-day “national emergency” in response to fuel shortages. PNG’s sole aviation fuel and liquid gas supplier, Puma Energy, rationed fuel supplies due to an ongoing dispute with PNG’s central bank. Puma says the bank is restricting the company’s access to foreign exchange needed to pay energy suppliers.

Figure 1. Papua New Guinea



## Economy and Society

PNG is richly endowed with natural resources, including precious metals, natural gas, timber, and fisheries. The Economist Intelligence Unit projects that PNG’s real gross domestic product growth will accelerate from 3.2% in 2024 to 4% in 2025. PNG’s largest trading partners are China, Japan, and Australia. U.S.-PNG goods trade totaled \$206.7 million in 2023, and the United States had a \$50.9 million trade surplus. ExxonMobil signed a February 2022 deal to develop the P’nyang gas field in Western Province.

Papua New Guinea has one of the highest levels of income inequality in Asia, according to the Asian Development Bank. Unemployment is high, particularly among the large youth population. PNG faces domestic security challenges including tribal violence, gender-based violence, and violence related to sorcery accusations. Tribal violence, often committed in the remote highlands, is exacerbated by limited law enforcement capacity and an influx of firearms.

PNG was ranked 151 out of 164 countries on the UN Development Programme’s 2022 Gender Inequality Index.

Despite its resources, PNG ranks 154<sup>th</sup> out of 193 countries on the UN Development Human Development Index Program, which measures per capita gross national income, life expectancy, and educational attainment. PNG also has one of the highest levels of HIV/AIDS in the Indo-Pacific. Obstacles to PNG’s development include poor infrastructure, lack of government capacity, inadequate supply of skilled workers, and unstable commodity prices.

## U.S.-PNG Relations

In 2022, the State Department announced a 10-year strategic plan for PNG as part of a nine-nation U.S. Strategy to Prevent Conflict and Promote Stability. The PNG strategic plan focuses on strengthening community capacity to prevent, mitigate, and respond to violence; supporting sustainable and equitable economic growth; improving justice systems; and professionalizing security forces.

The 2023 U.S.-PNG DCA allows the U.S. military to develop and operate out of bases in PNG with the PNG government’s approval. The State Department asserts the DCA will enhance security cooperation, improve the capacity of the PNG Defense Force, and facilitate bilateral and multilateral exercises and engagements, including disaster relief efforts. In 2024, an U.S. interagency delegation visited Papua New Guinea (PNG) to underscore U.S. commitments through new and continuing security initiatives including implementation of the DCA.

The 2023 Agreement Concerning Counter Illicit Transnational Maritime Activity Operations addresses gaps in PNG’s maritime governance capacity. PNG participates in the U.S. Coast Guard’s shiprider program, which allows PNG law enforcement personnel to embark on U.S. naval and Coast Guard ships in order to search vessels suspected of violating laws and to combat illicit fishing.

U.S. assistance to PNG includes efforts to combat infectious diseases including HIV/AIDS, enhance law enforcement capacity, and expand renewable energy. In May 2023, the U.S. government announced \$45 million in new funding to PNG, including for efforts related to conflict mitigation, anti-corruption, and climate resiliency.

**Regional Cooperation.** The U.S. Agency for International Development (USAID) is partnering with Australia, Japan, and New Zealand to carry out a five-year (2020-2025) Papua New Guinea Electrification Partnership that aims to increase access to electricity to 70% of PNG’s population by 2030. According to the Sydney-based Lowy Institute, Australia, Japan, and New Zealand are PNG’s top three aid grantors, while the Asian Development Bank, International Monetary Fund, and Japan are the top three lenders.

Australia and PNG in 2021 agreed to jointly upgrade and refurbish several priority ports in PNG, including Lombrum Naval Base on Manus Island north of the PNG mainland. The United States, which first established a base on Manus Island during World War II, in April 2024 announced proposals to refurbish three facilities at Lombrum. Some observers describe the U.S. and Australian moves to

develop Lombrum Naval Base, initiated in 2018, as seeking to head off Beijing’s interest in the island for potential military use. Australia in August 2024 won support from the PIF, including the PNG government, for a regional initiative to improve PIC police capabilities.

## China and PNG

China is PNG’s largest trade and investment partner. According to the Lowy Institute, China has provided aid and investment in PNG which includes construction, infrastructure, mining, industrial zones, and telecommunications projects worth \$1.6 billion (including \$1.4 billion in loans), since 2008. PNG joined China’s Belt and Road Initiative in 2018. China’s largest ongoing investment project is the Ramu nickel and cobalt mine.

Some analysts say PNG’s indebtedness to China may give Beijing political leverage in PNG and greater influence in the region. Other observers suggest that Prime Minister Marape has sought to balance relations with China on the one hand and the United States and its allies in the region (particularly Australia) on the other. Marape has reportedly stated, “We engage the Chinese government as long as it’s fair and friendly to us on our terms.” China in 2023 proposed a bilateral police agreement that was shelved in 2024 after lobbying by Australia; Marape has suggested PNG may prefer working with “traditional partners,” including Australia and the United States.

## Climate, Environment, and Natural Disasters

PNG has partnered with USAID to protect its rich biodiversity, which is under threat from mining, logging, and land clearing for palm oil plantations. In 2022, USAID announced an \$18.5 million effort to conserve PNG’s forests and combat climate change, which, along with rising sea levels, threatens coastal communities. USAID, along with the Department of Defense, have provided aid to PNG to address natural disasters, including the 2023 Mt. Bagana volcanic eruption and 2024 landslide that struck a village in remote Enga province, killing an estimated 2,000 residents.

## Bougainville Autonomy

Between 1988 and 1997, a secessionist movement on the island province of Bougainville fought the PNG Defense Force, resulting in 15,000-20,000 deaths. In 1997, the PNG government and Bougainville leaders brokered a cease-fire and, in 2001, signed a peace agreement. The Autonomous Bougainville Government (ABG) was established in 2005. Bougainvilleans voted in favor of independence in a 2019 referendum, but the PNG government has not agreed. The ABG President has offered Bougainville as a site for a U.S. base in hopes of garnering U.S. support for independence.

## Issues for Congress

Members of the 118<sup>th</sup> Congress may consider oversight of executive policies, including examining (1) how the U.S.-PNG DCA supports U.S. military force posture and planning in the region, (2) how the U.S. works with allies and partners in the Indo-Pacific to support PNG, (3) how U.S. policy toward PNG fits into overall Pacific Islands policy, and (4) how U.S. assistance may support economic and political development in PNG and Bougainville and counter China’s influence.

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