



Why the U.S. Needs a Climate Strategy for the Indo-Pacific

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Across both sides of the Pacific, the effects of climate change are more pronounced than ever. A record heat wave in the summer of 2022 spawned fast-spreading wildfires, droughts, and strained power grids in the United States. Monsoon rains and catastrophic flooding killed hundreds and stranded millions across south and southeast Asia, and rising sea levels continued to disrupt and threaten Pacific Island nations such as Fiji, Kiribati, and Tonga.¹

The Indo-Pacific region, which stretches from America's Pacific coast to the western Indian Ocean, is uniquely vulnerable to some of the worst physical effects of climate change. It is also ground zero for global emissions growth and a lynchpin in broader efforts to reach global decarbonization goals. Yet, despite Washington's focus on the Indo-Pacific, initiatives such as the Indo-Pacific Strategy, Indo-Pacific Economic Framework, and multilateral announcements like the Partnership for the Blue Pacific have not sufficiently elevated the centrality of climate change or sustained momentum on key climate goals.²

It is time for the administration to craft and implement **an ambitious, international agenda for addressing the climate challenge that prioritizes solutions and assistance explicitly for the Indo-Pacific.** A robust Indo-Pacific climate strategy would advance American interests on several levels. For one, it would help decrease emission levels in the most high-emitting region of the world. It would also improve America's diplomatic posture in a strategically central region, deepen opportunities to burden-share the rising costs of climate change with our closest allies and provide new avenues to engage other partners on climate security. A climate strategy for the Indo-Pacific would further support the activities of the U.S. armed forces already providing humanitarian assistance and supporting the development of resilient infrastructure across the region. And finally, it would benefit America's economic competitiveness, as new markets are engaged amid the global clean energy transition.

The Indo-Pacific region currently makes up nearly half of global emissions. In contrast, the United States accounts for only fourteen percent of global emissions, and that share has been falling for well over a decade. The recently passed Inflation Reduction Act will bring U.S. emissions down by an estimated forty percent by 2030 from 2005 levels. This represents meaningful progress for domestic climate policy, but given the transnational nature of the climate challenge, more needs to be done to accelerate efforts and investments in the high-emitting region of the Indo-Pacific.

At the same time, the United States should support climate adaptation efforts by its Indo-Pacific partners to make the region more resilient to the climate-related weather shocks that will result from carbon that is already in the atmosphere. According to the World Bank, the region includes thirteen of the thirty countries most vulnerable to the impacts of climate change.³ Importantly, it is also home to a number of U.S. military installations that would be threatened by climate change, including Andersen Air Force and Naval Base in Guam and Army facilities on Kwajalein atoll.

For these reasons, it makes good sense for the United States to lean forward and engage the region in support of these critical efforts. The Department of Defense, for instance, is taking steps to mitigate, prevent, and respond to the security challenges exacerbated by the effects of climate change around the world.⁴ While much of the Department's work is focused first and foremost on the U.S. homeland and global U.S. military facilities, the joint force is increasingly lending its expertise in the development of climate resilience across the Indo-Pacific. The U.S. joint force, including the U.S. Coast Guard, similarly supports capacity building with partner emergency and disaster relief forces—an often overlooked but critical component of defense and security cooperation within the region.

The question then is how the United States can best leverage the region's climate momentum, building on existing U.S. efforts, authorities, and resourcing to accelerate climate action with its Indo-Pacific partners through the development and implementation of a cohesive strategy. A meaningful climate strategy should entail U.S.-led efforts to:

- Remove barriers to trade in environmental goods and services,
- Leverage multilateral forums as venues for advancing shared climate goals,
- Remove barriers to accessing capital for Small Island Developing States (SIDS), and
- Deepen U.S. support for climate resilience activities.

Remove Barriers to Trade

Washington should work to lower and remove barriers to trade in environmental goods and services across the region. Lowering or eliminating tariffs on clean, low carbon technologies would decrease their costs and expand their use. Yet tariffs on energy efficient technologies, for example, can be as high as thirty percent, according to the U.S. Trade Representative. Policymakers should also work to reform export controls with respect to energy technologies. Doing so would help speed up the deployment of technologies essential for decarbonizing the global economy.

Another line of effort should focus on reducing barriers to agricultural trade, which can help countries in the Indo-Pacific region adapt to the rising costs and shocks of climate-related weather events. The agricultural sector is heavily impacted by shifting temperatures, and different regions and countries will suffer disproportionately from reduced crop productivity. Rice that was once produced in Bangladesh or Vietnam may eventually need to move north to Japan and China. Freer trade in agricultural goods would help countries adapt as climate change forces this shift to new crops and more efficient land-use.

Multilateral Forums

Washington will be able to advance these trade reductions and build momentum toward shared climate goals through more effective use of regional multilateral forums. The U.S. government should look to leverage existing forums—including the Association of Southeast Asian Nations (ASEAN) and the Asia Pacific Energy Research Center (APERC)—to socialize priorities for mitigating the effects of climate change, and deepen avenues for greater intra-regional collaboration. These forums may be used by the United States and our allies to drive change across the region in favor of cleaner investments, as well as to accelerate the provision of green technology into the hands of partners around the Indo-Pacific. The establishment of new meeting structures and additional declared investments by the United States cannot be equated to meaningful change, and it is imperative that the Biden-Harris and subsequent administrations continue to support the work undertaken by the U.S.-ASEAN Climate Futures, U.S.-ASEAN Climate Solutions Hub, and through the U.S. Agency for International Development's (USAID) network of regional partners.⁵ Importantly, while many of these structures preclude participation by the People's Republic of China (PRC), the United States should continue to seek opportunities to engage the PRC on climate actions where mutually beneficial to do so.

Access to Capital

Despite worthy aims, climate policy is still victim to the adage “how are you going to pay for that?” For many Indo-Pacific states, which fall into the Small Island Developing State category, they face significant barriers to accessing capital and cannot pay for the solutions critical to survival. Because many of these countries are classified as “high income,” and existing strictures on the Development Finance Corporation (DFC) direct it to focus on low- or middle-income countries, they currently do not meet the standards of DFC lending. Many “high-income” SIDS are only

classified as such because of a small number of wealthy citizens skewing the per capita income figures, masking endemic poverty. This inequality, compounded with increasing climate disasters and issues exacerbated by climate change such as coral bleaching, stokes an inexorable cycle of insurmountable debt levels with no available fiscal solutions. For many SIDS, it is little wonder that they accept financing from China that many condemn as “debt trap diplomacy”—they have little recourse to address foundational challenges.

Despite barriers to success, there are a few steps the United States could take to immediately impact Indo-Pacific SIDS by giving DFC the authorities to finance priority projects in high income SIDS. If the DFC were to adopt World Bank lending criteria (via income classifications) it would bring financing practices more in line with mainstream institutions and enable the organization to finance high-impact projects in upper-middle income countries. This effort should be viewed as addressing the number one concern for the majority of Indo-Pacific leaders, not through the prism of transactionalism or outcompeting China. By ensuring their access to concessional financing, they can escape insurmountable economic cycles, bolster climate resilience, and strengthen governments throughout the region. Consequently, ensuring access to concessional financing for SIDS must be a part of a credible U.S. Indo-Pacific climate strategy.

Deepen Support to Climate Resilience

Finally, recognizing that national security necessarily entails climate security for many Indo-Pacific countries, Washington should prioritize resourcing further the joint force to support capacity building and essential humanitarian services for civilian populations across the region. Additional appropriations to support existing DoD authorities, such as Overseas Humanitarian Disaster Assistance and Civic Aid (OHDACA), will ensure the joint force remains resourced and able to rapidly respond to future climate crises. Congress may similarly wish to consider whether additional authorities are necessary to support proactive risk mitigation and near-term construction and training to enhance overall climate preparedness.

Conclusion

If the United States succeeds in its domestic climate goals, it will be a real mark of progress, but wholly inadequate to meet the existential threat of climate change. The United States can and must go further and faster by adopting a climate strategy for the Indo-Pacific region—one that meaningfully curbs emissions, strengthens America’s partnerships and alliances, and bolsters its economic competitiveness. This strategy, to be effective, will require focus and integration across the whole of the United States government.

Disclaimer: The views expressed herein are those of the authors alone and do not reflect the views or positions of any part of the U.S. government.

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¹ “The Tiny Pacific Island of Kiribati Wants to Raise Its Islands to Save It From the Rising Sea,” CBC, August 12, 2020, <https://www.cbc.ca/radio/asithappens/as-it-happens-wednesday-edition-1.5683498/the-tiny-pacific-nation-of-kiribati-wants-to-raise-its-islands-to-save-it-from-the-rising-sea-1.5682046>; Kirsty Needham, “Rising Sea Levels Are Forcing Fiji’s Villagers to Relocate,” Reuters, August 1, 2022, <https://www.reuters.com/investigates/special-report/climate-change-fiji-sealevels/>; Kanupriya Kapoor and Gloria Dickie, “In Tonga, A Volcano-Triggered Tsunami Underscores Islands’ Acute Climate Risk,” Reuters, January 20, 2022, <https://www.reuters.com/business/cop/tonga-volcano-triggered-tsunami-underscores-islands-acute-climate-risk-2022-01-20/>.

² “Indo-Pacific Strategy of the United States,” The White House, February 2022, <https://www.whitehouse.gov/wp-content/uploads/2022/02/U.S.-Indo-Pacific-Strategy.pdf>; “Statement on Indo-Pacific Economic Framework for Prosperity,” The White House, May 23 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/05/23/statement-on-indo-pacific-economic-framework-for-prosperity/>; “Statement by Australia, Japan,

New Zealand, the United Kingdom, and the United States on the Establishment of the Partners in the Blue Pacific,” The White House, June 24, 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/06/24/statement-by-australia-japan-new-zealand-the-united-kingdom-and-the-united-states-on-the-establishment-of-the-partners-in-the-blue-pacific-pbp/>.

³ “Climate and Development in East Asia and Pacific Region,” The World Bank, November 11, 2022, <https://www.worldbank.org/en/region/eap/brief/climate-and-development-in-east-asia-and-pacific-region>.

⁴ E.g., “U.S. Department of Defense Climate Risk Analysis,” U.S. Department of Defense, October 2021, <https://media.defense.gov/2021/Oct/21/2002877353/-1/-1/0/DOD-CLIMATE-RISK-ANALYSIS-FINAL.PDF>.

⁵ “New Initiatives to Expand the U.S.-ASEAN Strategic Partnership,” The White House, October 26, 2021, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/10/26/fact-sheet-new-initiatives-to-expand-the-u-s-asean-strategic-partnership/>.