



DONALD TRUMP REELECTED AS PRESIDENT OF THE US: IMPLICATIONS FOR INVESTORS AND AUSTRALIA, NEW ZEALAND & THE PACIFIC REGION

Key Points

- **Uncertain Future in U.S.-Pacific Relations:** With Donald Trump's recent election victory, Australia, New Zealand, and Pacific Island nations are preparing for potential shifts in U.S. trade, defense, and environmental policies.
- **Economic Diversification and Regional Resilience:** Australia, New Zealand, and Pacific Island nations may benefit by focusing on intra-regional trade, partnerships with Asia, and key growth sectors such as renewable energy, technology, and sustainable tourism.
- **Opportunities in Digital Transformation and Climate Resilience:** Enhancing digital infrastructure and investing in climate resilience offer promising paths for growth and could help Pacific nations attract international support and investment.

INTRODUCTION

The election of Donald Trump as President of the United States marks a possible turning point in U.S.-Pacific relations. While he won't take office until next year, Trump's previous policies indicate potential changes in trade, environmental commitments, and defense strategies, all of which are key areas of engagement with the Pacific. This report explores the possible impacts of Trump's upcoming administration on Australia, New Zealand, and Pacific Island nations and suggests strategies to enhance resilience and capitalize on regional opportunities.

KEY U.S. POLICIES AND POTENTIAL IMPACTS ON THE PACIFIC

1. Trade and Economic Policy Uncertainty:

The Pacific region's trade ties with the U.S. are substantial, particularly for Australia and New Zealand. Trump's previous "America First" stance emphasized protectionism, which could reemerge, potentially impacting exports from these countries. Agricultural products, minerals, and manufactured goods, central to Australia and New Zealand's exports to the U.S., may face new tariffs or restrictions. To mitigate these risks, Pacific nations could focus on strengthening trade ties with Asian economies, including China, Japan, and Southeast Asia, which are increasingly vital export markets. Trade partnerships within the Pacific region, such as the Pacific Agreement on Closer Economic Relations (PACER Plus), can also support economic resilience.

2. Environmental and Climate Policy Concerns:

Pacific Island nations are especially vulnerable to climate change impacts and rely heavily on global commitments to climate ac-

tion. If Trump's administration deprioritizes climate initiatives or scales back the U.S. role in international climate agreements, it may affect global climate funding and support for adaptation efforts in the Pacific. Australia and New Zealand, as regional leaders, can help by advocating for continued international climate action and offering support through partnerships like the Pacific Resilience Partnership. This collaboration can help Pacific Island nations access funding, technology, and expertise to address climate challenges.

3. Defense and Security in the Pacific:

The U.S. has long been a strategic partner for Australia, New Zealand, and the broader Pacific region, offering security assurances amid growing influence from China. However, if Trump's administration reduces U.S. defense commitments, this could shift the balance of regional security. In response, Australia and New Zealand may need to increase their defense cooperation within the region, perhaps under the ANZUS treaty and other regional partnerships. Enhancing security collaboration with Pacific Island nations could strengthen collective regional defense and support stability.

4. Immigration and Visa Policy Shifts:

Stricter U.S. immigration policies could impact educational and work exchange programs between the U.S. and Pacific countries, affecting students and professionals seeking experience or training in the U.S. For Pacific Island nations, remittances from citizens working abroad are crucial to household incomes and local economies. Reduced U.S. immigration could decrease these remittance flows, particularly affecting island economies. By promoting regional mobility agreements, the Pacific can facilitate skilled labor movement within Australia, New Zealand, and neighboring countries, which can help reduce dependency on the U.S.

5. Digital Transformation and Regional Innovation:

Australia and New Zealand's advanced digital sectors present an opportunity to support digital transformation across the Pacific. Improved digital infrastructure in Pacific Island nations can enhance connectivity, boost e-commerce, and facilitate remote work. However, if the U.S. takes a protectionist stance that limits technology exports or cooperation, Pacific nations may need to pivot to partnerships with other tech-advanced countries, such as Japan, South Korea, and the EU. Increasing investment in regional tech education and infrastructure can also help the Pacific build self-sufficiency in digital innovation.

6. Shifts in Global Supply Chains and Nearshoring Potential:

As global companies diversify their supply chains, Australia and New Zealand could position themselves as attractive nearshoring locations for U.S. companies seeking alternatives to Asia. This would require a focus on competitive infrastructure, skilled

Disclaimer:

This report is an independent analysis prepared by the International Trade Council and does not necessarily represent the official views of its members or Board of Directors. It is intended for informational purposes, and readers are advised to consult professional advisors for tailored guidance.



labor, and streamlined regulations. Pacific Island nations can similarly benefit by offering niche manufacturing or specialized services in areas like agribusiness, textiles, and renewable energy.

IMPLICATIONS FOR POLICYMAKERS AND BUSINESSES IN THE PACIFIC

1. Strengthen Intra-Regional Trade and Economic Ties:

Increasing trade integration across the Pacific can provide a buffer against shifts in U.S. trade policy. PACER Plus, combined with other trade initiatives within the Pacific, offers a foundation for building closer economic ties. By aligning regulations, reducing trade barriers, and promoting sustainable practices, the Pacific can create a cohesive market that is attractive to international investors.

2. Promote Sustainable Development and Climate-Resilient Infrastructure:

Australia, New Zealand, and Pacific Island nations share a commitment to environmental sustainability. For the Pacific Islands, this is particularly critical due to rising sea levels and extreme weather events. Investing in climate-resilient infrastructure—such as seawalls, water management systems, and sustainable energy sources—can enhance long-term resilience. Australia and New Zealand can support these efforts by providing funding and expertise in climate adaptation.

3. Invest in Renewable Energy Projects:

The Pacific's abundant sunlight and wind make it well-suited for renewable energy projects. Nations like Australia and New Zealand are already leaders in renewable energy and can collaborate with Pacific Island nations to develop local solar, wind, and hydroelectric projects. Increasing renewable energy capacity can reduce reliance on imported fossil fuels, create jobs, and attract green investors interested in sustainable projects.

4. Enhance Digital Infrastructure and Skills Development:

Developing digital infrastructure across the Pacific region can unlock new economic opportunities. For instance, e-commerce and online services can expand market access for Pacific Island products. Australia and New Zealand can lead by investing in broadband connectivity, digital literacy programs, and tech-enabled learning across the region. Increasing regional digital connectivity also supports remote education and healthcare, which are particularly beneficial for remote island communities.

5. Foster Sustainable Tourism and Cultural Preservation:

Tourism is a major economic driver for many Pacific Island nations, and with the right policies, sustainable tourism can help preserve natural resources and cultural heritage. Pacific nations can focus on eco-tourism, cultural tourism, and marine conservation, attracting environmentally conscious travelers. Australia and New Zealand can support by sharing expertise in tourism management and conservation, ensuring that growth in this sector benefits local communities and minimizes environmental impacts.

6. Expand Regional Security and Defense Partnerships:

In the context of potential shifts in U.S. defense policies, Australia and New Zealand may consider enhancing their defense commitments to the Pacific. Strengthening regional security collaborations—such as maritime security initiatives and intelli-

gence sharing—can provide stability and mitigate the influence of external powers. Promoting closer defense ties with other allies, including Japan and the U.K., can further support security across the region.

7. Promote Public Health and Pandemic Preparedness:

The COVID-19 pandemic highlighted the need for robust health-care systems and pandemic preparedness across the Pacific. Australia and New Zealand can play a role in helping Pacific Island nations develop health infrastructure and ensure access to critical medical supplies. Additionally, supporting regional public health initiatives and research can improve resilience to future pandemics, which is crucial for tourism-dependent economies.

CONCLUSION

Donald Trump's upcoming inauguration signals potential shifts in U.S. engagement with the Pacific region, especially concerning trade, climate commitments, and defense. However, by strengthening regional partnerships, investing in sustainable development, and enhancing digital infrastructure, Pacific countries can build resilience and reduce dependency on a single partner. Australia and New Zealand, as economic and security leaders in the Pacific, are well-positioned to support regional adaptation to these changing dynamics.

For investors, the Pacific offers growing opportunities in renewable energy, sustainable tourism, digital transformation, and climate resilience. By fostering a diversified, sustainable economic base, the Pacific region can attract international interest and maintain stability amid global uncertainties. These strategies will enable the region to navigate potential U.S. policy shifts and establish a robust foundation for long-term growth.

Disclaimer:

This report is an independent analysis prepared by the International Trade Council and does not necessarily represent the official views of its members or Board of Directors. It is intended for informational purposes, and readers are advised to consult professional advisors for tailored guidance.