# Palau becomes frontline in covert China-US rivalry over Pacific influence



Palau, a small island nation in the Pacific Ocean, has emerged as a focal point in a burgeoning geopolitical contest between China and the United States. Located on the Kyushu-Palau Ridge near Micronesia's edge, Palau comprises over 340 coral and volcanic islands and is geographically closer to China than any other Pacific Island nation. Notably, Palau maintains formal diplomatic recognition of Taiwan, adding complexity to its international relations.

With a population of approximately 17,000, Palau gained independence in 1994 from the US-administered United Nations Trust Territory of the Pacific. It maintains close ties with the United States, receiving aid and defence support, and allowing its citizens the right to live and work in the US. Palau has also been a strategic ally: it was exempted from the sweeping tariffs introduced during the Trump administration and hosts US-controlled airstrips and a soon-to-be-completed long-range radar system poised to monitor Chinese activities in the region.

Recent investigations by Reuters reveal a concerted influence campaign by individuals linked to the Chinese government aimed at curbing US military expansion in Palau. According to Joel Ehrendreich, the US ambassador to Palau, China employs tactics previously seen elsewhere in the Pacific, involving predatory investments, corrupt officials, and destabilising social elements, including drug and human trafficking. Ehrendreich said, "We’ve seen the playbook over and over again throughout the region, and it’s been very effective. Get in with predatory investment, corrupt officials through elite capture, and try to destabilize the society through drug and human trafficking and other crime."

Chinese efforts reportedly extend to leasing land near US military installations, a strategic move highlighted by Ehrendreich as a means to monitor US projects: "All around there are various plots of land that are now being leased to Chinese interests. I don’t think it’s any coincidence at all that it happens to be physically close to our projects."

Palau’s anti-corruption prosecutor, Tamara Hutzler, acknowledged the existence of political donations from foreign nationals—which are illegal in Palau—asserting that the pervasive corruption is difficult to combat due to limited law enforcement resources. "The only evidence my office has received is via anonymous sources," she said. "Everyone knows foreigners give money, but without evidence our hands are tied."

China has categorically rejected the allegations. A spokesperson for the Chinese foreign ministry described the claims as "far-fetched, slanderous, and completely fabricated nonsense," and questioned, "Who is building military bases in Palau? Who wants to turn Palau into a strategic military outpost?" The spokesperson urged the US to cease "smearing and slandering China and stop provoking trouble in the region." Regarding Palau's ties with Taiwan, the spokesperson urged countries maintaining diplomatic relations with Taiwan not to "be blindly arrogant and stubborn."

Palau's president, Surangel Whipps Jr., has publicly supported a strong US presence, affirming that "a strong United States that's able to continue to be strong, is good for Palau and good for the planet." In February, President Whipps invited former US President Donald Trump to snorkel with him, to draw attention to climate change challenges facing Palau. However, Whipps did not comment directly on the Chinese influence allegations. In remarks to a think tank in Sydney earlier this month, he addressed crime issues on the island, highlighting the impact of drugs, human trafficking, and online scams on Palau's political stability: "Drugs, human trafficking, all of these kinds of activities have a way of undermining the political structure."

Experts view Palau’s strategic location as pivotal in the wider rivalry for influence in the Pacific. Dr Michael Green, CEO of the United States Studies Centre in Sydney, told the Guardian, “These small islands that few people know about suddenly become the objects of major strategic competition.” This pattern, including American interest in territories like Greenland, underscores how seemingly remote locations can become significant geopolitical assets.

In conclusion, the situation in Palau illustrates the complex and multi-faceted nature of strategic competition in the Pacific region, with China and the US pursuing influence through diplomatic, economic, and defence mechanisms, all while local issues such as corruption and crime intersect with these broader geopolitical dynamics.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.reuters.com/investigations/inside-us-battle-with-china-over-an-island-paradise-deep-pacific-2025-04-30/> - This Reuters investigation details China's influence campaign in Palau, including land leases near U.S. military installations and the use of illicit means to establish influence, corroborating the article's claims about Chinese efforts to monitor U.S. projects and engage in predatory investments.
* <https://www.ft.com/content/20b24791-6372-447a-9e4a-0941dde065b5> - This Financial Times article reports on President Surangel Whipps Jr.'s reaffirmation of Palau's commitment to Taiwan, emphasizing the nation's diplomatic ties and the challenges posed by Chinese pressure, aligning with the article's mention of Palau's formal recognition of Taiwan.
* <https://www.apnews.com/article/faae979065546230ba9b9b12b95c790b> - This Associated Press report discusses the U.S. military's deployment of anti-ship missiles in the Philippines and live-fire drills near China hotspots, highlighting the strategic importance of the region and U.S. military activities, supporting the article's mention of U.S. defense support in Palau.
* <https://www.apnews.com/article/ccd9ba0abd6c1f4db4f89009da369c20> - This Associated Press article covers the Biden administration's submission of three critical agreements to Congress, including free association agreements with Palau, underscoring the strategic importance of Palau in U.S. foreign policy, as mentioned in the article.
* <https://www.apnews.com/article/db038ccb84eca586d5d28099d5a27797> - This Associated Press piece details Taiwanese President Lai Ching-te's visit to Palau, highlighting the diplomatic ties between Palau and Taiwan, and the context of Chinese influence in the Pacific, supporting the article's mention of Palau's recognition of Taiwan.
* <https://www.rfa.org/english/china/2024/12/03/palau-taiwan-china/> - This Radio Free Asia article discusses China's pressure on Palau to switch recognition from Taiwan to China, including actions like denying visas to Palauan tourism representatives, corroborating the article's claims about Chinese tactics to influence Palau's diplomatic stance.
* <https://www.independent.co.uk/news/world/americas/us-politics/trump-china-tiny-island-palau-greenland-b2742385.html> - Please view link - unable to able to access data