

# Pacific Island economies hit hard by war on Iran

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The US-Israeli war of aggression against Iran is having a devastating impact on the global economy, threatening to plunge billions of people into deep poverty and hunger. Among the worst-affected regions is the Pacific, where impoverished and isolated island states are highly vulnerable to the fuel shortage caused by the blocking of the Strait of Hormuz.

On April 17, the leaders of the Pacific Islands Forum (PIF), which includes 18 countries and territories, declared a region-wide emergency and invoked the Biketawa Declaration—which provides a framework for the regional coordination of relief efforts.

According to the Australian Broadcasting Corporation (ABC), Solomon Islands Prime Minister and current PIF chair Jeremiah Manele called on Australia and New Zealand, the two regional imperialist powers, to join with Pacific nations in forming “a single buying bloc in order to maximise their chances of securing oil on an increasingly tight international market.” So far, no such action has been taken.

Prices are soaring. In Papua New Guinea (PNG), with a population of about 10 million, half of whom are living in poverty, Reuters reported on April 22 that prices for diesel, petrol and kerosene (widely used for cooking) have been driven up by as much as 70 percent since the start of the war. The charity World Vision noted that many outlying communities that rely on boat transport are already facing “challenges” getting food supplies.

This will inevitably exacerbate social tensions in the former Australian colony, where riots broke out in January 2024 over inequality and pay cuts.

In Fiji, Suva Retailers Association president Jitesh Patel stated on April 24 that import costs had risen by 10 to 15 percent. About 80 percent of all consumer

goods in Fiji are imported. Even before the present crisis, according to the United Nations, small Pacific island countries “paid twice as much for international transport of imports as developed countries in 2022.”

More than 30 percent of people in Fiji live below the national poverty line and half of all families are struggling to buy enough food. The ABC reported on April 14 that people in Fiji’s slums “are now so desperate, they’re scavenging for recyclables at rubbish dumps and can’t afford to send their kids to school.”

The Fiji government has announced a 50 percent boost to welfare benefits paid to 130,000 people, about 14 percent of the population. This measure will prove completely inadequate, under conditions where at least one third of people live below the poverty line. The increase is only temporary, expiring at the end of July.

Tuvalu, home to just over 10,000 people, spends a quarter of its GDP on fuel imports, on which it relies to generate almost all its electricity. The government declared a state of emergency in mid-April to allow for rationing after diesel prices went up 40 percent and petrol increased by 30 percent.

The Marshall Islands, which declared a state of emergency at the end of March, is also rationing electricity use, including by closing non-essential public services early in the afternoon.

Countries that rely on tourism face falling visitor numbers as airfares rise and airlines cut routes in response to higher fuel costs. Tourism accounts for a quarter of GDP in Fiji and Samoa, and 11 percent in Tonga. These countries went into a deep recession during the first years of the COVID-19 pandemic after tourism collapsed.

The war is also driving up fertiliser prices, which will mean higher food prices and lower yields for farmers. Most Pacific economies depend on small-scale farming

and fishing, as well as remittances from family members working in New Zealand, Australia and other countries—all of which are impacted by the economic downturn.

The imperialist powers, which are responsible for the extreme poverty and underdevelopment in the Pacific, are utterly indifferent to the fact that millions of people's livelihoods are being crushed. The US and its allies, Australia and NZ, will exploit the crisis to further militarize the strategically vital region in preparation for war against China—the main target of US imperialism.

The US maintains thousands of troops in Guam and is developing bases in Palau and the Northern Mariana Islands. The US and Australia are upgrading and making use of the Lombrum Naval Base in Papua New Guinea.

Australia has signed neo-colonial military agreements with PNG and Tuvalu, and is spending hundreds of millions of dollars on a Pacific Policing Initiative, aimed at deploying militarized police anywhere in the region to suppress popular unrest.

New Zealand last year cut all aid to the Cook Islands in order to coerce its government into signing an agreement that will compel it to consult NZ before making any commercial or diplomatic agreements with China. Under the deal, reached earlier this month, the NZ military has unimpeded access to the Cook Islands' vast territorial waters.

Despite the tremendous hardship imposed on their populations by the war, none of the Pacific governments has opposed the genocidal bombing of Iran and Israel's invasion of Lebanon. Papua New Guinea's foreign minister Justin Tkatchenko spoke for the capitalist elites throughout the region when he told Radio NZ (RNZ) on March 3: "We have supported the United States and Israel from day one."

Six Pacific countries—PNG, Fiji, Nauru, Palau, Marshall Islands and Micronesia—that voted in the UN General Assembly against a motion for a ceasefire in Gaza in late 2023. Fiji and PNG last year opened embassies in Jerusalem, while Israel escalated its genocide of the Palestinian people.

On April 10, Kimberlyn King-Hinds, a US Republican representative for the Northern Marianas, told the ABC that the territory was on the brink of economic collapse, fuel prices had doubled and people

were "having to choose between having medication or not having medication... this is a life and death situation." But she refused to criticise the war and the billions of dollars being squandered on the military, saying "that's for the president [Trump] to decide."

Major struggles will inevitably erupt in the Pacific as the imperialist powers and the local ruling classes seek to impose the full burden of the economic crisis on working people. Workers, farmers and young people must prepare by taking up a conscious political struggle for socialism. We call on readers across the Pacific to participate in the upcoming International Online May Day Rally, which will present a socialist strategy to stop the developing third world war, and to join the fight to build the Trotskyist movement in every country.



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