



## ***THE IRAN WAR SHOWS THE NEED FOR THE PROSPER IN THE PACIFIC ACT***

### ***BY ED CASE***

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The war in Iran, half a world away, is sending shockwaves through Pacific Island economies in the form of skyrocketing oil and other prices. [The Pacific Islands rely on oil for roughly 80% of their energy needs](#), much of it imported as refined fuel from refineries in Singapore, South Korea, and Japan. Yet about [80% of the crude supplying those refineries must first pass through the Strait of Hormuz](#). For Pacific Island nations, with no built-in resiliencies, a distant war means immediate inflation, strained budgets and stalled growth.

If, as it asserts, the US is serious about a stable and resilient Indo-Pacific, it cannot ignore these vulnerabilities, but must act to strengthen its economic relationships with the region. This requires policies that are both Pacific-led and in US interests.

[H.R. 6619, the Promoting Regional Opportunities for Sustainable Prosperity and Economic Resilience \(PROSPER\) in the Pacific Act](#), offers one such policy. In providing preferential trade status to Pacific Island countries, it both implements one of the Pacific Islands' highest priorities and advances US interests of strengthened ties among the Pacific Islands and partners including Australia and New Zealand in the face of geopolitical challenge.

The Pacific Islands, spread across the vast Pacific Ocean, have a collective maritime area that exceeds the land area of Russia and the People's Republic of China (PRC) combined. These jurisdictions are key partners in maintaining a free and open Indo-Pacific and meeting vital security and economic challenges. It is imperative that the US develop, maintain and grow these relationships.

Successive US administrations have recognized this reality, committing to deeper engagement through trade and investment. The [2025 National Security Strategy](#) underscores that the Indo-Pacific will remain a central arena of economic and geopolitical competition, reaffirming America's commitment to long-term leadership in the region. Likewise, the US-China Economic and Security Review Commission has [urged stronger economic engagement](#) with Pacific Island countries to advance both US national security interests and the priorities of regional partners.

Yet America's current economic toolkit falls short. Many Pacific Island countries enjoyed preferential treatment under the Generalized System of Preferences (GSP) when it was authorized, but the program lapsed in 2020. Some of the [Pacific Islands' top exports to the US](#), including tuna, cane sugar, ginger and taro, are eligible for duty-free treatment under GSP.

Regional leaders have made clear what is needed. The Pacific Islands Forum (PIF), the central multilateral organization of the Pacific, has prioritized the region's need to build trade capacity and infrastructure, including through its [2050 Strategy for the Blue Pacific Continent](#). It has specifically advocated for preferential trade agreements given its lack of competitiveness due to its small national markets, isolation from the global market, high cost of operating, land and labor constraints and unique vulnerabilities to the existential threat of climate change. The PIF has encouraged the US to extend duty-free treatment under the GSP beyond preferences for Least Developed Beneficiary Developing Countries.

The PROSPER in the Pacific Act answers that call. By authorizing duty-free treatment for eligible imports from Pacific Island countries—on par with benefits extended to Least Developed Beneficiary Developing Countries under GSP—the bill would expand export opportunities, attract investment and encourage US businesses to diversify sourcing toward the region. It also lays the groundwork for future trade agreements and provides critical support for trade capacity-building, ensuring partners can fully participate in and benefit from global markets.

Importantly, this approach comes at relatively low cost while delivering significant strategic returns. As the PRC expands its

economic footprint across the Pacific, including through the [announcement of the signing of a Framework Agreement on Enhanced Economic Partnership with five Pacific Island nations](#) in November 2025, the United States faces a clear choice: lead with a model rooted in transparency, market principles and mutual benefit, or risk ceding influence to alternatives that often leave countries burdened by unsustainable debt. The PROSPER Act offers a credible, values-driven alternative.

Critics may argue that preferential trade programs like the one that would be authorized by the PROSPER in the Pacific Act amount to little more than economic charity, offering limited benefit to the US while distorting global markets. Others contend that the Pacific Islands are simply too small and remote to justify meaningful US investment. But this view misunderstands both the purpose and the payoff of engagement. Preferential access is not a handout—it is a strategic tool that lowers costs for US businesses, diversifies supply chains and builds reliable economic partnerships in a region central to global competition.

At the same time, it provides Pacific Island countries with meaningful opportunities to expand exports, create jobs and build more resilient, self-sustaining economies. Moreover, the cost of inaction is far greater. As competitors like the PRC expand their economic footprint, failing to engage substantively in a region that is vital to US security and long-term prosperity is foolish. Strengthening Pacific economies is not charity—it is a prudent investment in stability, resilience and American leadership.

At a moment when a geographically distant conflict can destabilize entire economies across the Pacific, the lesson is clear: economic resilience and relationships cannot be an afterthought. The United States has an opportunity to strengthen its partnerships, reinforce its leadership and promote sustainable growth in a region that will shape the future of the global order. Congress should seize that opportunity and pass the PROSPER in the Pacific Act.

*The Pilot commentaries and responses represent the views of the respective authors. Alternative viewpoints are always welcomed and encouraged. Please write to [rob@pacforum.org](mailto:rob@pacforum.org) for more information on how to contribute.*