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Maldives: Background and Issues Facing Congress

Background

The Republic of Maldives is an archipelagic nation of about 515,000 people located in the Indian Ocean near strategic sea lanes southwest of Sri Lanka. About 188 of Maldives' 1,192 low-lying islands are inhabited. Approximately 41% of the population lives in the capital of Malé. Maldives is vulnerable to the effects of climate change and sea level rise. Since 2020, the United States government, including Congress, has increased its engagement with Maldives in response to challenges in the Indo-Pacific, including strategic competition with the People's Republic of China (PRC, or China). The United States established an embassy in Malé in 2023.

Politics

Maldives is a unitary presidential republic with a unicameral legislature, the People's Majlis. Between 1978 and 2008, the country's political scene was dominated by President Maumoon Abdul Gayoom. During his presidency, Maldives experienced periods of instability and repression before embarking on a process of political reform in 2004.

Maldives adopted a new constitution in 2008 and has since held multiparty presidential and parliamentary elections. Some parts of civil society have expressed concerns about the integrity of the democratic process. In September 2023, Malé Mayor Mohamed Muizzu of the People's National Congress Party (NCP) defeated incumbent Ibrahim Mohamed Solih of the Maldivian Democratic Party in a presidential election "assessed positively" by the European Union Election Observation Mission. President Muizzu began his five-year term in November 2023. In April 2024, Muizzu's NCP won a parliamentary majority.

Economy

Maldives is an upper-middle-income country according to the World Bank. Maldives' gross domestic product (GDP) stood at \$6.6 billion in 2023, with per capita GDP at nearly \$13,000. The country's economy is concentrated in the service sector (73%), followed by industry and manufacturing (11%), and agriculture (5%). Tourism accounts for roughly 30% of economic activity. Maldives registered over 2 million tourist arrivals in 2024, including from China (13%), Russia (11%), and the United Kingdom (UK, 9%). In 2023, Maldives' largest sources of imported goods were India (16%), Oman (15%), and United Arab Emirates (UAE, 13%). Its largest goods export destinations were Thailand (54%), the UK (14%), and Germany (8%).

In May 2024, the International Monetary Fund assessed that Maldives "remains at high risk of external and overall debt distress." According to Maldives' official figures, PRC-based entities account for 66% of Maldives' approximately

\$912 million in outstanding sovereign debt as of Q3 2024. The Export-Import Bank of India accounts for 20%.

Figure 1. Maldives in Brief

Population: 515,000 (2022); 26% of the population is foreign Geography: 298 sq km; about 1.7 times the size of Washington, D.C. Government: President Mohamed Muizzu; Vice-President Hussain Mohamed Latheef; Speaker of the Majlis Abdul Raheem Abdulla GDP: \$6.6 billion (2023); per capita, \$12,815; 6.7% growth Ethnic Groups: Mixture of Sinhalese, Dravidian, Arab, Australasian, and African Language: Dhivehi (official) Religion: Sunni Islam (official) Net Migration Rate: -12.8 migrant(s)/1,000 population (2024 est.) Exports: Fish and crustaceans, iron, animal feed, copper, mineral fuels	
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Sources: Maldivian Census 2022, Central Intelligence Agency *World Factbook*, U.S. Department of State, U.N. Comtrade, World Bank.

Relations with India and China

Since 2013, competition between India and China for influence in Maldives has intensified. Maldives shares extensive ethnic, linguistic, cultural, and commercial links with India. In 1988, India intervened militarily to thwart an attempted coup in Maldives. Under former President Abdullah Yameen Abdul Gayoom (in office 2013-2018), half-brother of Maumoon Abdul Gayoom, popular sentiment grew critical of India's military presence in Maldives. The resulting "India Out" campaign has become a rallying point for some political groups since 2018. One day after taking office in November 2023, President Muizzu—who has sought to diversify Maldives' partnerships away from India—officially requested India withdraw the nearly 80 soldiers stationed in the archipelago. India complied and replaced military personnel in Maldives with civilians. Since mid-2024, Muizzu has sought a less confrontational approach to India, despite investigative reports that India has considered supporting a bid by the Maldivian opposition to remove him. Muizzu paid a state visit to India in October 2024 which resulted in several million dollars' worth of economic agreements.

Relations between Maldives and the PRC deepened during Yameen's presidency (2013-2018). Under Yameen, Maldives and the PRC agreed to several infrastructure and housing projects, as well as a free trade agreement. Some of these deals were financed with loans provided by the PRC. The Solih Administration (2018-2023) favored cultivating

ties with India. The Muizzu Administration has renewed Maldives' engagement with China. In January 2024, President Muizzu paid a state visit to Beijing, during which Maldives and the PRC concluded 20 agreements in areas including "grant assistance," "social housing," and state broadcasting. The two sides also agreed on a five-year "action plan" to build a "comprehensive strategic partnership." In March 2024, Maldives and the PRC reached a military assistance agreement which will provide Maldives with "different forms of training required by the Maldives' military," and "various non-lethal military equipment free of charge," according to Muizzu.

Muizzu has dismissed claims that he is "pro-China," countering that he is "pro-Maldives." In December 2023, Muizzu broke custom and made his first overseas trip to Turkey and the UAE, rather than India. Following his trip to Beijing, Muizzu asserted that Maldives is not "in anyone's backyard" and is an "independent and sovereign state." He also has stated that Maldives "is too small to become embroiled" in a rivalry between China and India.

Religion

Maldives' constitution designates Islam as the state religion, stipulates that non-Muslims "may not become [citizens] of the Maldives," and includes adherence to the Sunni school of Islam among "qualifications" for many higher offices. Per the U.S. State Department's 2023 Report on International Religious Freedom (IRF), "laws criminalize speech breaking Islamic tenets, breaching social norms, or threatening national security." The report notes that in certain cases that "have been proven 'beyond all doubt,' judges may ... impose penalties according to sharia [law]." In 2021, former President Mohamed Nasheed—a vocal critic of religious extremism—was injured in an apparent assassination attempt. Maldives authorities said Nasheed "was targeted because the perpetrators believed he publicly mocked and insulted Islam."

According to the State Department's 2022 Integrated Country Strategy for Maldives, "[m]edia reports continue to indicate Maldives provided the highest number of foreign fighters per capita to terrorist organizations, including both the Islamic State and al-Qaeda." According to the 2023 Report on IRF, U.S. diplomats and officials

continued to raise concerns with Maldivian counterparts regarding the harassment of individuals and organizations characterized as 'irreligious' and urged the government to formulate a long-term strategy to address online hate speech and harassment of NGOs and individuals, as well as threats against individuals targeted as 'secularists' or 'apostates,' and promote tolerance of religious traditions other than the state religion.

Climate Change

Climate change is an "existential threat" to the islands that make up Maldives, according to the UN Development Program. According to a 2016 World Bank assessment, "the entire country could be submerged before the end of the [21st] century as 80% of land is less than 1 meter above sea level. With 42% of the population and more than 70% of critical infrastructure within 100 meters of shoreline, in

the medium term, rising sea levels would have dire social and economic consequences."

U.S.-Maldives Relations and Congressional Interest

U.S. engagement with Maldives has increased since 2020, when the United States announced plans to open an embassy in Malé. In July 2023, the Senate confirmed Hugo Yue-Ho Yon as the first resident U.S. ambassador to Maldives. As of 2024, U.S. Mission Maldives operates with personnel in Malé. The U.S. Department of State requested \$2.1 million "for operating costs of the planned U.S. Embassy in Maldives interim facility" in its Congressional Budget Justification for FY2025.

In December 2023, U.S. Agency for International Development Administrator (USAID) Samantha Power led a U.S. delegation to President Muizzu's inauguration. In January 2024, the Commander of U.S. Indo-Pacific Command met with Muizzu in Malé, where they discussed "initiatives for bolstering national and regional security and sovereignty."

The United States has sought to "support Maldives' ongoing democratic initiatives, economic development, and social and environmental ambitions," according to the State Department. U.S. foreign assistance to Maldives has aimed to strengthen democratic institutions, civil society, fiscal transparency, maritime security, counterterrorism, and law enforcement. Between September 2018 and October 2023, Congress appropriated \$36 million in bilateral foreign assistance, and more than \$10.8 million in Foreign Military Financing to Maldives under the Bay of Bengal Initiative, in support of Maldives' maritime security capacity. For FY2024, Congress directed \$9.5 million in bilateral foreign assistance for programs in Maldives via P.L. 118-47. In the 118th Congress, a provision of H.R. 8771 would have limited Maldives' access to foreign assistance funds should Malé have banned Israeli passport holders from the country. Under the second Trump Administration, the suspension of USAID programs in Maldives has impacted at least 11 agencies, including the country's police force, national defense force, and bar association according to local media.

In July 2023, the U.S. Department of the Treasury's Office of Foreign Assets Control added alleged Maldivian supporters of the terrorist groups ISIS and al-Qaeda—including 18 alleged ISIS and ISIS-Khorasan facilitators and two alleged al-Qaeda operatives, along with 29 associated companies—to the Specially Designated Nationals List pursuant to Executive Order 13224.

Congressional interest in Maldives has focused on the strategic value of the country's geographic position in the Indo-Pacific. Section 5595 of the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 (P.L. 117-263) requires the Assistant Secretary of State for the Bureau of East Asian and Pacific Affairs to submit to the congressional foreign affairs committees a report outlining a two-year strategy assessing the resources and activities required to achieve certain policy objectives in the Indo-Pacific region, defined to include Maldives.

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