

House Natural Resources Committee
Subcommittee on Indian and Insular Affairs

Preserving U.S. Interests in the Indo-Pacific:

Examining How U.S. Engagement Counters Chinese Influence in the Region

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Introduction

Chairman Hageman, Ranking Member Leger Fernandez, and distinguished members of this subcommittee, thank you for the privilege and honor of being invited to testify today on this important topic.

The Republic of the Marshall Islands (RMI), the Federated States of Micronesia (FSM), and the Republic of Palau are, by far, the United States' most supportive strategic allies.

Through their Compacts of Free Association (COFAs) with the United States, the three Freely Associated States (FAS) have voluntarily granted the United States uniquely extensive defense and security access in their sovereign territories. In the words of the Compacts: "The Government of the United States has full authority and responsibility for security and defense matters in or relating to the Marshall Islands and the Federated States of Micronesia [and Palau]."¹

This includes control over key aspects of strategic decision-making, such as the prerogative for the United States to set up and operate U.S. military bases in the countries² and to have a veto over other countries' military access to the region.³

The COFAs have strong bipartisan support, including important leadership from members of this subcommittee.⁴ In other examples, in a 2019 hearing, Representative Brad Sherman (D-CA) said, "[T]he Compacts create bonds between the United States and these three countries that are closer than we enjoy with any other sovereign nation."⁵ That same year, Republican Mike Pompeo became the first Secretary of State to visit FSM in a bid to renew COFA negotiations.⁶

Given the locations of the FAS, the Compacts have come to form the often-unacknowledged foundation of the United States' defense architecture in the Pacific. With their thousand-plus scattered islands and atolls, the Exclusive Economic Zones (EEZs) of the three countries

¹ Compact of Free Association Act of 1985. Pub. L. 99-239 (99th Congress), 99 Stat. 1770, codified as amended at 48 USC §1681. (<https://www.congress.gov/99/statute/STATUTE-99/STATUTE-99-Pg1770.pdf>); Trust Territory of the Pacific Islands. Pub. L. 99-658 (99th Congress), 100 Stat. 3672, codified as amended at 48 USC §1681.

(<https://www.congress.gov/99/statute/STATUTE-100/STATUTE-100-Pg3672.pdf>)

² Thomas Lum, "The Compacts of Free Association," *Congressional Research Service*, August 15, 2022.

(<https://crsreports.congress.gov/product/pdf/IF/IF12194/1>)

³ In broad terms, apart from defense and security provisions, the COFAs also give citizens of the FAS the right to work in the U.S., to serve in the U.S. military, and they provide financial support and services (such as the postal service) to the government and people of the FAS. The financial and service provisions are renegotiated every twenty years, and are currently up for renewal, expiring in FSM/RMI in 2023 and Palau in 2024.

⁴ Jack Detsch and Zinya Salfiti, "Congress Presses White House to Take Control of Pacific Island Talks," *Foreign Policy*, September 8, 2021. (<https://foreignpolicy.com/2021/09/08/congress-presses-white-house-to-take-control-of-pacific-island-talks>)

⁵ U.S. House of Representatives, Committee on Foreign Affairs and Committee on Natural Resources, "Joint Hearing on Sustaining U.S. Pacific Insular Relationships," September 26, 2019.

(<https://www.govinfo.gov/content/pkg/CHRG-116hhrg37848/pdf/CHRG-116hhrg37848.pdf>)

⁶ Colin Packham and Jonathan Barrett, "U.S. seeks to renew Pacific islands security pact to foil China," *Reuters*, August 5, 2019. (<https://www.reuters.com/article/us-micronesia-usa-pompeo-idUSKCN1UV0UV>)

combine to cover a contiguous maritime area larger than the continental United States, right through the heart of the Central Pacific.

Historical Context

The region's strategic importance to the United States has long been evident and became undeniable in the 20th Century.

After World War I, the League of Nations handed many of Germany's Pacific possessions, including much of what is now the FAS and the Commonwealth of Northern Marianas, to Imperial Japan under what is known as the South Seas Mandate. For the decades leading up to World War II, Japan administered this vast area as a colony with the main administrative seat in what is now Koror, Palau. The Palauan language still has many Japanese loan words, and thanks to intermarriage, Japanese surnames are common across the region.

In the 1930s, Japan put great effort into establishing ports and airfields with, at least, dual-use capabilities. It also put in extensive defensive fortifications and communications systems and streamlined resource extraction.

By the time Japan attacked Pearl Harbor on December 7, 1941, with the intention of pushing the United States out of the Pacific, it was already prepared and dug in across what is now the FAS and the Commonwealth of Northern Marianas. It invaded Guam on December 8, defeating the U.S. garrison by December 10.

Liberating the region from Imperial Japan resulted in some of the most horrific fighting of the war. Countless locals suffered and died, islands were devastated, and the heart-rending U.S. military losses of thousands in battles like Peleliu (Palau), Angaur (Palau), Truk (now Chuuk, FSM), Kwajalein (RMI), and Guam shaped generations of Americans.

After the war, again acknowledging the region's uniquely important location on the front line between Asia and the Americas, the area now covered by the FAS was included in the only United Nations 'Strategic' Trust Territory⁷ and was put under U.S. administration. While under U.S. administration, the U.S. conducted 67 nuclear tests in the Marshall Islands. If the explosive power were spread out evenly, it would equal approximately one Hiroshima explosion a day for twenty years.⁸

In spite of this, as they went independent, the people of the region chose to enter into Compacts with the United States. In 1986, the United States reached separate COFA agreements with the Marshall Islands and with the Micronesian island groups of Yap, Chuuk, Kosrae, and Pohnpei to

⁷ "UN Trusteeship Council Documentation," *Dag Hammarskjold Library*, April 24, 2023. (<https://research.un.org/en/docs/tc/pacificislands>)

⁸ Hart Rapaport and Ivana Nikolić Hughes, "The U.S. Must Take Responsibility for Nuclear Fallout in the Marshall Islands," *Scientific American*, April 4, 2022. (<https://www.scientificamerican.com/article/the-u-s-must-take-responsibility-for-nuclear-fallout-in-the-marshall-islands>)

form, respectively, The Republic of Marshall Islands and the Federated States of Micronesia.⁹ Palau agreed to a Compact in 1994.¹⁰

The Commonwealth of the Northern Mariana Islands (CNMI) considered but rejected independence and formally joined with the United States as a commonwealth in 1986. It had been proposed that the Northern Mariana Islands join with Guam, and while there was a considerable degree of public support in the Marianas, this did not happen because Guam ultimately rejected the idea.

The memory of the sacrifices of World War II and concern over Soviet activities in the Pacific motivated many American political leaders to work to ensure the continuation of deep and strong relations with American Pacific islands and to establish the Compacts.

Ambassador Amatlain Elizabeth Kabua, the permanent representative of the Marshall Islands to the United Nations, noted that at the time that her country's COFA was originally concluded with the United States: "Many in the U.S. Congress and government had fought in the Pacific during World War Two — they knew who we were, where we were, and why we were important."¹¹

There was an acknowledgement that America's Pacific islands paid deeply for being country's real Pacific 'coast.' For example, when then President Ronald Reagan, who was instrumental in passing the Compacts, landed in Guam in 1984, he said: "[Guam] may be nearly 9,000 miles from our Nation's Capital, but it's a real pleasure to know that we're among fellow Americans. ... In times of crisis, few Americans have been more steadfast in the defense of our shared values and few have made more sacrifices to preserve them."¹² It is worth remembering that Chinese media calls China's DF-26 missile the "Guam killer."¹³

Forgetting the Map

However, especially after the end of the Cold War, some in the U.S. defense and strategic community seem to have gradually forgotten why the FAS are important. There is, as former Reserve Head of Intelligence for Marine Forces in the Pacific, Col. Grant Newsham puts it: "a focus on the castle wall – on building up and working with Japan, Philippines, Australia, and others – assuming the People's Liberation Army [PLA] will conveniently come pouring off the coast of China and into our crosshairs. Meanwhile, China is setting up well behind our westernmost defenses, in the Pacific islands."

⁹ "Compacts of Free Association," *Office of Insular Affairs, U.S. Department of the Interior*, (<https://www.doi.gov/oia/compacts-of-free-association>)

¹⁰ William Chapman, "In Palau, Even God is Said to Oppose Micronesian Unity," *The Washington Post*, July 17, 1978. (<https://www.washingtonpost.com/archive/politics/1978/07/17/in-palau-even-god-is-said-to-oppose-micronesian-unity/f85347c8-d7cc-4680-bfe4-7371975bd349>)

¹¹ Carnegie Endowment, "Islands in Geopolitics," *YouTube*, September 19, 2021. (<https://www.youtube.com/watch?v=ZbegDXWLHXA>)

¹² President Ronald Reagan, "Remarks on Arrival at Guam International Airport in Agana," April 25, 1984. (<https://www.reaganlibrary.gov/archives/speech/remarks-arrival-guam-international-airport-agana>)

¹³ Bill Gertz, "Army Deploying Iron Dome Missile Defense to Guam," *The Washington Times*, October 7, 2021. (<https://www.washingtontimes.com/news/2021/oct/7/army-deploying-iron-dome-missile-defense-guam>)

China Learns From the Defeat of Others

The American Pacific islands and the FAS create a ‘corridor of freedom’ (including freedom of deployment) from America’s Pacific islands of Hawaii to the waters of treaty allies Philippines and Japan. And, through them, on to Taiwan. Continued access is the unspoken assumption that underpins the ‘castle wall’ approach.

So, what are China’s goals in the region? In 2008, Admiral Timothy Keating told the Senate Armed Services Committee that a senior Chinese officer suggested to him: “why don’t we reach an agreement, you and I? You take Hawaii east. We’ll take Hawaii west. We’ll share information, and we’ll save you all the trouble of deploying your naval forces west of Hawaii.”¹⁴

Getting effective control of the Pacific islands is an essential part of that goal. And there is evidence that China has been making a concerned attempt to jump the castle wall and, as the Japanese did in the 1930s, hunker down across the Pacific islands. But, having learned from the Japanese experience, they are using political warfare and so keeping under the threshold of what would call for a military response.

China’s efforts are well-funded and broadly successful. They generally follow a predictable sequence. First, the People’s Republic of China (PRC) puts in a commercial presence with Chinese nationals (who, according to China’s 2017 National Intelligence Law, are legally obligated to support the government’s intelligence operations).¹⁵ Where possible, there is a targeting of key industries, such as fishing, lumber, and mining. There are also highly publicized infrastructure projects and “gifts.” This economic engagement usually includes two other elements: a focus on projects that give China a strategic edge, for example, ports, airports and telecoms; and corruption (including working with Chinese organized crime).¹⁶

This braided approach of commerce, strategy, and criminality often leads to the weakening of the rule of law and state institutions. This ‘entropic warfare’ can contribute to political and social fragmentation, even chaos, and facilitates the rise of a domestic constituency ready to serve as PRC proxies in exchange for backing. It also lays the groundwork for (potentially violent) transnational repression.

¹⁴ Cleo Paskal, “China Moves to Dominate Pacific with U.S. Mired in Ukraine,” *The Sunday Guardian* (India), March 13, 2022. (<https://www.sundayguardianlive.com/news/china-moves-dominate-pacific-u-s-mired-ukraine>)

¹⁵ National Intelligence Law of the People’s Republic, (Adopted at the 28th meeting of the Standing Committee of the 12th National People’s Congress on June 27, 2017), (China). (https://cs.brown.edu/courses/csci1800/sources/2017_PRC_NationalIntelligenceLaw.pdf)

¹⁶ Bernadette Carreon, Aubrey Belford, and Martin Young, “Pacific Gambit: Inside the Chinese Communist Party and Triad Push into Palau,” *Organized Crime and Corruption Reporting Project*, December 12, 2022. (<https://www.occrp.org/en/investigations/pacific-gambit-inside-the-chinese-communist-party-and-triad-push-into-palau>)

The most recent reported example of a major milestone on this trajectory is the China-Solomon Islands security deal,¹⁷ which allows for the deployment of PLA troops in Solomon Islands to maintain social order as well as to protect Chinese citizens and major projects.

Less reported, but just as concerning, is the fact that the pro-PRC Prime Minister of Solomons used a Chinese slush fund to pay off 39 of the 50 Members of the Parliament — enough to amend the constitution and postpone the elections that were due to be held this year.¹⁸

The Solomons parliament building is on the island of Guadalcanal and was built with U.S. money to honor the Americans who died at the Battle of Guadalcanal. There was a commemoration of the 80th anniversary of that battle last summer. The event was attended by Ambassador Caroline Kennedy, whose father, John F. Kennedy, was saved by two Solomon Islanders after his boat was rammed by the Japanese in World War II. The pro-PRC Prime Minister did not show up for the commemoration.¹⁹

China's Greater East Asia Co-Prosperty Sphere

China's ambitions go well beyond the Solomons. In May and June of 2022, at a time when many of the countries involved still had covid entry restrictions in place, China's Foreign Minister Wang Yi and entourage was waved in to eight Pacific Island Countries (PICs). During that trip, two other China-drafted agreements were circulated giving a sense of Beijing's comprehensive and extensive ambitions for the region.²⁰

Wang proposed a "China-Pacific Island Countries Common Development Vision" supported by a "China-Pacific Island Countries Five-Year Action Plan on Common Development (2022-2026)."

Elements of the "Vision"²¹ include: law enforcement cooperation, incorporating "immediate and high-level police training;" "cooperation on network governance and cyber security," including a "shared future in cyberspace;" the "possibility of establishing [a] China-Pacific Island Countries Free Trade Area;" enhancing "cooperation in customs, inspections and quarantine;" creating "a more friendly policy environment for cooperation between enterprises;" setting up Confucius Institutes; training young diplomats; establishing a "China-Pacific Island Countries Disaster Management Cooperation Mechanism," including a prepositioned "China-Pacific Island Countries Reserve of Emergency Supplies," and more.

¹⁷ Kate Lyons and Dorothy Wickham, "The Deal that Shocked the World: Inside the China-Solomons Security Pact," *The Guardian* (UK), April 20, 2022. (<https://www.theguardian.com/world/2022/apr/20/the-deal-that-shocked-the-world-inside-the-china-solomons-security-pact>)

¹⁸ Cleo Paskal, "How China buys foreign politicians: A case study," *The Sunday Guardian* (India), September 5, 2021. (<https://sundayguardianlive.com/news/china-buys-foreign-politicians-case-study>)

¹⁹ Kirsty Needham, "Solomons PM's absence from memorial service was a 'missed opportunity,' U.S. official says," *Reuters*, August 8, 2022. (<https://www.reuters.com/world/asia-pacific/solomons-leader-did-not-attend-us-war-memorial-service-snob-media-report-2022-08-08>)

²⁰ Cleo Paskal, "China Launches Empire Building Exercise in Pacific Theatre," *The Sunday Guardian* (India), May 29, 2022. (<https://www.sundayguardianlive.com/news/china-launches-empire-building-exercise-pacific-theatre>)

²¹ @CleoPaskal, *Twitter*, May 26, 2022. (<https://twitter.com/CleoPaskal/status/1529867665992474626>)

The “Action Plan”²² includes: “a Chinese Government Special Envoy for Pacific Island Countries Affairs” (who has since been appointed); a “China-Pacific Island Countries Ministerial Dialogue on Law Enforcement Capacity and Police Cooperation” (also completed); “assistance in laboratory construction used for fingerprints testing, forensic autopsy, drugs, electronic and digital forensics;” “encourag[ing] and support[ing] airlines to operate air routes and flights between China and Pacific Island Countries;” “send[ing] 200 medical personnel” in the next five years; sponsoring “2500 government scholarships” from 2022 to 2025, and much more.

Combined, the Vision and Action plans are a blueprint for influence (if not control) of key levers of national power. It is often reported that Wang’s ‘failure’ to get countries to sign on to the two documents was a setback for China, but it is doubtful Beijing even thought that was in the cards. Otherwise, Wang would have held his group meeting with the PIC foreign ministers at the end of his trip, after he had a chance to speak to more of them individually, rather than in the middle.

Also, four of the countries in the region recognize Taiwan. Those signing up to Beijing’s deal would have been striking a sudden blow-by-proxy against their neighbors. It is not the way things are usually done in the Pacific.

China would know that. It has a half-dozen think tanks dedicated to studying the region, has trained hundreds (if not thousands by now) of Pacific island bureaucrats, and has generational, focused intelligence on key leaders and their families. Within the countries, China has large footprints, often including the largest embassy (with staff that speak the local language), financial relationships with key business leaders, favorite members of the media, control of large sections of the retail sector, including in the relatively remote areas, and more.

There are also less obvious levers. The Belt and Road Initiative seems to be expanding, including in part via World Bank and Asian Development Bank contracts (essentially using the money of others, including the United States, to pay for Chinese companies to build infrastructure). There is also the widespread use of Chinese organized crime as an ‘auxiliary’, as has been seen in Hong Kong.

What Wang was likely doing by floating the deal was drawing out those who oppose China to enable them to be isolated and targeted and seeing who was willing to be compliant so they could be built up and rewarded.

Additionally, while the multilateral Vision and Plan went unsigned, Wang did sign a series of bilateral deals, some of which echoed elements of the Vision, in most of the countries he visited.²³ Some were formalizations or expansions of existing areas of cooperation, but some were new, such as agreements on fingerprint laboratories. There seemed to be a focus on gaining access in agriculture (land), fisheries (seas), aviation (air), and disaster response (amphibious, prepositioning).

²² @CleoPaskal, *Twitter*, May 26, 2022. (<https://twitter.com/CleoPaskal/status/1529849187071926273>)

²³ “China’s whirlwind Pacific tour a slight success with several bilateral agreements signed,” *RNZ* (New Zealand), June 4, 2022. (<https://www.rnz.co.nz/international/pacific-news/468464/china-s-whirlwind-pacific-tour-a-slight-success-with-several-bilateral-agreements-signed>)

Apart from undermining democracy in the region and creating proto-proxy states, PRC influence operations are having a concrete effect on the United States' ability to operate in the region. Washington is quietly being blocked out of some Pacific island ports, likely by pro-PRC elements. In the latest case, Vanuatu failed to issue timely clearance for U.S. Coast Guard cutter JUNIPER (a 225' buoy tender) to enter Port Vila on January 26, 2023, to commence planned shiprider illegal, unreported, and unregulated (IUU) fishing operations. The ship, running out of fuel and unable to continue waiting, diverted to Fiji instead.²⁴

This was not the first time a Coast Guard cutter was blocked from entry in a Pacific port. In August 2022, the USCGC Oliver Henry, which was also on an IUU fisheries patrol, could not obtain entry to refuel in Solomon Islands. Solomons then declared a moratorium on naval vessel visits from the United States and most other countries.²⁵

In both cases, national governments blamed overwhelmed domestic bureaucracies. However, that rang hollow given: the high-profile nature of the incidents; the subsequent lack of effort to correct the issue (indeed doubling down in the case of Solomons); and the fact that these patrols are for something all the countries in the region say they want (help with illegal fishing).

The FAS

While Oceania as a whole is of interest to China, for the same reason the American Pacific islands and the FAS are important to the United States — they give Washington a strategic bridge to the coast of Asia as well as a buffer against Chinese advances — they are especially important to China. If the United States maintains its position there, the rest of Beijing's plan does not work. Additionally, two of the three FAS recognize Taiwan, making them even greater threats to China.

And so there are also persistent, high-priority PRC political warfare efforts²⁶ to get the FAS to abandon, or at least downgrade, their defense and security relationships with the United States and to get Palau and Marshalls to abandon Taiwan. Here are some examples in each of the FAS.

Federated States of Micronesia (FSM)

Then FSM President David Panuelo was one of the leaders concerned about PRC activities in the region that Wang's Pacific gambit exposed for targeting. After seeing Wang's proposals, Panuelo wrote²⁷ to other Pacific Island leaders it was "The single-most game-changing proposed

²⁴ Cleo Paskal, "The U.S. is blocked from ports in PRC-Influenced Solomons, Vanuatu," *The Sunday Guardian* (India), February 4, 2023. (<https://www.fdd.org/analysis/2023/02/05/us-blocked-from-ports-solomons-vanuatu>)

²⁵ Benjamin Felton, "Solomon Islands Blocks All Naval Port Visits After U.S. Coast Guard Cutter Denied Entry," *USNI News*, August 30, 2022. (<https://news.usni.org/2022/08/30/solomon-islands-blocks-all-naval-port-visits-after-u-s-coast-guard-cutter-denied-entry>)

²⁶ "China's Influence on the Freely Associated States of the Northern Pacific," *United States Institute of Peace*, September 20, 2022. (<https://www.usip.org/publications/2022/09/chinas-influence-freely-associated-states-northern-pacific>)

²⁷ @CleoPaskal, *Twitter*, May 26, 2022. (<https://twitter.com/cleopaskal/status/1530019148528492551>)

agreement in the Pacific in any of our lifetimes.” He added, “I am aware that the bulk of Chinese research vessel activity in the FSM has followed our Nation’s fiber optic cable infrastructure, just as I am aware that the proposed language in this agreement opens our countries up to having our phone calls and emails intercepted and overheard.”

The intention, he wrote, was: “to shift those of us with diplomatic relations with China very close into Beijing’s orbit, intrinsically tying the whole of our economies and societies to them. The practical impact, however, of Chinese control over our security space, aside from impacts on our sovereignty, is that it increases the chances of China getting into conflict with Australia, Japan, the United States and New Zealand, on the day when Beijing decides to invade Taiwan. ... To be clear, that’s China’s long-term goal: to take Taiwan. Peacefully, if possible; through war if necessary.”

The clarity of Panuelo’s statement marked him as someone Beijing would not like to see in power. Perhaps coincidentally, he lost his re-election bid. On March 9, 2023, while still President of FSM, David Panuelo wrote another letter²⁸ in which he describes cases of what he calls PRC “Political Warfare and Grey Zone activity [that] occur[s] within our borders.”

He wrote, “One of the reasons that China’s Political Warfare is successful in so many arenas is that we are bribed to be complicit, and bribed to be silent. That’s a heavy word, but it is an accurate description regardless. What else do you call it when an elected official is given an envelope filled with money after a meal at the PRC Embassy or after an inauguration? What else do you call it when a senior official is discreetly given a smartphone after visiting Beijing? ... What else do you call it when an elected official receives a check for a public project that our National Treasury has no record of and no means of accounting for?”

The effect, he wrote, is “Senior officials and elected officials across the whole of our National and State Governments receive offers of gifts as a means to curry favor. The practical impact of this is that some senior officials and elected officials take actions that are contrary to the FSM’s national interest, but are consistent with the PRC’s national interests.”

He then described the outcomes of this corrosion of the body politic. “So, what does it really look like when so [many] of our Government’s senior officials and elected officials choose to advance their own personal interest in lieu of the national interest? After all, it is not a coincidence that the common thread behind the Chuuk State secession movement, the Pohnpei Political Status Commission and, to a lesser extent, Yap independence movement, include money from the PRC and whispers of PRC support. (That doesn’t mean that persons yearning for secession are beholden to China, of course — but, rather, that Chinese support has a habit of following those who would support such secession).”

The results, he wrote, are: “At worst in the short-term, it means we sell our country and our sovereignty for temporary personal benefit. At worst in the long-term, it means we are, ourselves, active participants in allowing a possible war to occur in our region, and very likely

²⁸ Cleo Paskal, *LinkedIn*, March 10, 2023. (https://www.linkedin.com/posts/cleopaskal_panuelo-letter-on-switch-to-taiwan-prc-activity-7039672476045340672-8RmJ)

our own islands and our neighbors on Guam and Hawaii, where we ourselves will be indirectly responsible for the Micronesian lives lost.”

This led him, in the letter, to describe discussions that he had, at his request, with the Foreign Minister of Taiwan, Joseph Wu, about either recognizing Taiwan or initializing an agreement for a Taipei Economic & Cultural Representative Office (TECRO) in Micronesia. A core reason for that, he explained, is “greatly added layers of security and protection that comes with our country distancing itself from the PRC, which has demonstrated a keen capacity to undermine our sovereignty, reject our values, and use our elected and senior officials for their purposes.”

Given how important the region is to China strategically, he knows how dangerous this is to him personally, and he added: “I am acutely aware that informing you all of this presents risks to my personal safety; the safety of my family; and the safety of the staff I rely on to support me in this work. I inform you regardless of these risks, because the sovereignty of our nation, the prosperity of our nation, and the peace and stability of our nation, are more important. Indeed, they are the solemn duty of literally each and every single one of us who took the oath of office to protect our Constitution and our country.”

That offer to switch **to** Taiwan was not followed up. Based on personal discussions in Taiwan and Washington, it seems possible that Taiwan felt it could not move without U.S. approval, and the State Department was not supportive. On May 11, 2023, David Panuelo left office. The opportunity was lost and the undermining of FSM democracy — and potentially relations with Washington — continues. What is going on in FSM is far from unusual in the region; what is unusual is having a president say it out loud.

Republic of Marshall Islands (RMI)

The Marshall Islands recognizes Taiwan and is home to the U.S. military’s Ronald Reagan Ballistic Missile Defense Test Site. Undermining either of those relationships would greatly benefit China’s strategic goals. One operation that could have done that featured two China-linked Marshallese nationals involved, according to the U.S. government, in “a multi-year scheme that included establishing a nongovernmental organization and allegedly bribing officials in the Republic of the Marshall Islands with the intention of establishing a semi-autonomous region, akin to Hong Kong, in the U.S.-defended Marshall Islands.”²⁹

That attempt came within one vote of succeeding in the Marshall Islands parliament. The couple involved were charged in New York and pleaded guilty, meaning the names of the Marshallese who were bribed didn’t become public, potentially leaving some of them to run in the upcoming November 2023 elections without that information being made available to the electorate. More concerning, the United States deported one of the criminals involved in the bribery back to the Marshall Islands, where she is now walking free, able to re-establish her linkages with local elites.³⁰

²⁹ U.S. Immigration and Customs Enforcement, Press Release, “ERO New York City removes noncitizen aggravated felon to the Marshall Islands,” April 27, 2023. (<https://www.ice.gov/news/releases/ero-new-york-city-removes-noncitizen-aggravated-felon-marshall-islands>)

³⁰ Ibid.

Republic of Palau

The president of Palau (another country that recognizes Taiwan), Surangel Whipps Jr., is a staunch defender of democracy. He has consistently supported Taiwan, even when it has had a detrimental effect on Palau's economy (at least in the short-term). For example, China built up Chinese tourism to Palau then suddenly pulled all its tourists out in an attempt to crash the Palauan economy and force it to derecognize Taiwan.³¹

Palau stood firm. Recently, Whipps, who has also offered the United States a base, said, "A Chinese ambassador asked us to have diplomatic relations with China and we said, 'we have no problem having diplomatic relations with China.' What we have a problem with is [China] telling us that we cannot have diplomatic relations with Taiwan [...] We see that tensions are rising, we believe in 'presence is deterrence'. It just reminds us that we all need to be prepared because do not want to ever go through World War 2 again. It is important that we align ourselves with people that believe in boundaries, rule of law, democracy and freedom because we need to protect those values."³²

Palau also has an election coming up in less than a year and a large Chinese organized crime presence,³³ and Whipps' current chances at re-election are not considered promising.

Conclusion

The three FAS are considered high value targets by Beijing. All are only an election away from being absorbed into China's version of the Greater East Asia Co-Prosperty Sphere. There are leaders willing to take principled and courageous stands for democracy, Taiwan, and the U.S. relationship — and they are the ones warning what is coming. But they may not be around for long. As seen with Solomons, all China has to do is capture a couple dozen of the elite in the FAS to blow a hole in the foundation of the U.S. Pacific defense architecture.

What to do? All the usual "should have been done already" recommendations: return the Peace Corps to the region, apologize to the Marshall Islands for the nuclear testing, sort out the treatment of U.S. military veterans from the FAS, get better connectivity and transport into the region to make it easier to connect with the United States, stop arguing over the relatively tiny amounts of U.S. government spending involved in the COFAs (compared to the incalculable cost

³¹ Farah Master, "Empty hotels, idle boats: What happens when a Pacific island upsets China," *Reuters*, August 19, 2018. (<https://www.reuters.com/article/us-pacific-china-palau-insight-idUSKBN1L4036>)

³² Rachael Nath, "Pacific must 'stand together' on Taiwan issue - Palau's Surangel Whipps Jr," *RNZ* (New Zealand), April 20, 2023. (<https://www.rnz.co.nz/international/pacific-news/488336/pacific-must-stand-together-on-taiwan-issue-palau-s-surangel-whipps-jr>)

³³ Bernadette Carreon, Aubrey Belford and Martin Young, "Pacific Gambit: Inside the Chinese Communist Party and Triad Push into Palau," *Organized Crime and Corruption Reporting Project*, December 12, 2022. (<https://www.occrp.org/en/investigations/pacific-gambit-inside-the-chinese-communist-party-and-triad-push-into-palau>)

of trying to ‘win them back’, if it were even possible), etc. This list is easily available, as the issues have been languishing, in some cases, for decades.

But underpinning all that is the need to:

Acknowledge that the relationship between the United States and the FAS is unique, forged by mutual sacrifice and is essential for U.S. security (a State or Defense Department posting to the FAS should be considered as important a career milestone as one in Paris — as this really is the front line). Lumping the FAS together under the general “Pacific islands” category is inaccurate and insulting given the nature of the relationship. Other Pacific island countries will understand privileging the FAS, and, in fact, it might make a closer relationship with the United States seem more attractive to them. So, for example, on May 22, 2023, President Joe Biden will be visiting Papua New Guinea (PNG) on his way from Japan to Australia in what is being called the first visit by a sitting President to a Pacific island country. Palau is on that route as well. Why PNG and not Palau or another FAS?

Understand that democracy is under attack across the region and needs defending.

Solomons has seemingly gotten away with ‘delaying’ elections. That is being presented by Beijing as a sales point for a close relationship with China to other proto-dictators. Allowing that to stand in Solomons puts democracy elsewhere at risk. Free and fair elections need to happen in Solomons as soon as possible. Additionally, in the FAS, extremely careful attention must be paid to election integrity — especially as both Marshall and Palau have elections coming up. China got its candidate elected in Maldives by funnelling money to the ex-pat Maldivian community in Sri Lanka in order to garner him the extra votes needed to win. Marshalls and Palau have no way to monitor campaign spending in their substantial ex-pat communities, many of whom are in the United States. Help from Washington could make a substantial difference.

Back those fighting for the things we consider shared values and — it seems odd to even have to say this — that are in the U.S. interest. It is inexplicable that Panuelo’s offer to recognize Taiwan was passed up. Had that happened, it would have undermined China’s whole ‘inevitability’ narrative about peeling off countries from Taiwan one by one. We are fighting on a political warfare battlefield (for now). We are (at best) on defense. When someone is willing to make a courageous move based on principles, not backing them just hands China another example to shop around about why not to take Washington seriously.

Do not outsource American interests. Since the end of the Cold War, there has been a seeming inclination to defer to Australia and New Zealand on many ‘Pacific islands’ issues. Apart from not honoring the unique bilateral relationships the United States has with the FAS, this clearly has not worked or else the region would not be in the position it is in now. In many areas and sectors, Australia and the United States work together well and have the same priorities. However, they are different countries and divergence should not be a surprise. For example, U.S. security concerns in Solomons could well take second place in Canberra’s decision-making to Australian desires to have a better trade relationship with China. Additionally, while keeping bilateral priorities in mind, working with a wider range of allies that are welcome in the PICs can be beneficial. Japan, in particular, is doing excellent, if quiet, work across the region. Taiwan and India also have much to offer.

Military engagement in the FAS need not be larger, but it should be appropriate. That likely means fielding permanent, compact, small teams led by young officers who pay attention to those around them and adapt easily. Permanent presence is essential to avoid the ephemeral ‘cargo cult’ effect that is engendered by U.S. forces periodically showing up and then leaving, or generals and admirals dropping by for a short visit and leaving thinking everything is fine. Contractors should be limited and be supervised carefully to ensure they are not damaging trust.

Move from Maritime Domain Awareness (MDA) to Maritime Domain Enforcement. For many countries in the region, fisheries have the potential to create stabilizing economic benefits for the people; however, illegal fishing is rampant, as is drug smuggling, human trafficking, and more. There are myriad ‘MDA’ workshops, but precious little enforcement. Locals will repeatedly say, ‘we know about all sorts of illegal activities happening in our waters — but we do not have the capacity to do anything about it.’ Following the law to seize and destroy a few of the illegal fishing boats would do more good than a year’s worth of MDA workshops.

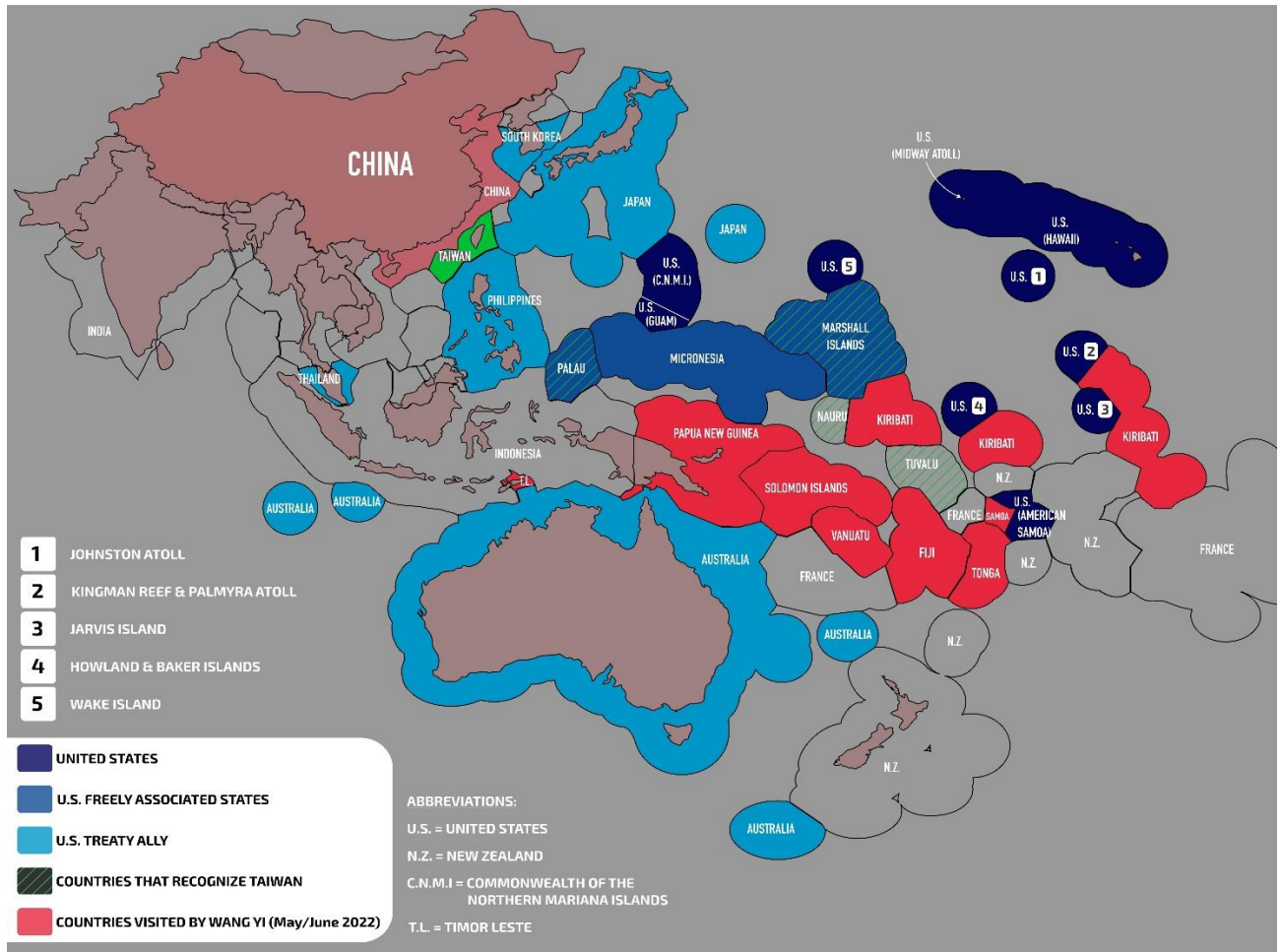
Support the building and growth of domestic, independent capacity to identify and counter challenges ranging from organized crime to environmental disasters. This has begun in Palau, where the office of a national security coordinator (NSC) has proven of exceptional worth. The United States should support the FAS if they choose to replicate and expand the NSC concept in the other FAS.

Aggressively go after dirty money. Currently, there is no downside to accepting Chinese money — no loss of assets, no loss of position, no loss of visas. In fact, the U.S. government just gave a free ride back to the Marshalls to a person already convicted of bribing officials. Unless the money is cut off, and costs incurred, it will be very hard to get anything else to work. Under the Compacts, the United States is actually obligated to do this. It has an “obligation to defend the Marshall Islands and the Federated States of Micronesia [and Palau] and their peoples from attack or threats.”³⁴ One would think the deliberate destruction of democracy counts as a threat.

Across Oceania, but especially in the FAS, the United States is at imminent risk of having the relationships it has long taken for granted severely weakened, with the PRC using political warfare to ‘island hop’ east and south in order to set up what are effectively forward operating locations able to, yes, push the United States ‘back to Hawaii’. This has the potential to change the security dynamics of the Pacific in the most fundamental way we have seen since the end of World War II. The honest leaders of the region know it, and are trying to tell us, for the sake of their people, and for the sake of America. We owe it to them, and to those who died the last time this happened, to listen.

³⁴ Compact of Free Association Act of 1985. Pub. L. 99-239 (99th Congress), 99 Stat. 1770, codified as amended at 48 USC §1681. (<https://www.congress.gov/99/statute/STATUTE-99/STATUTE-99-Pg1770.pdf>)

CHINA JUMPS THE 'CASTLE WALL'



Map by Pavak Patel and Cleo Paskal