

# THE STRATEGIC IMPORTANCE OF THE PACIFIC ISLANDS

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## HEARING BEFORE THE SUBCOMMITTEE ON ASIA, THE PACIFIC, CENTRAL ASIA, AND NONPROLIFERATION OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED SEVENTEENTH CONGRESS

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## **THE STRATEGIC IMPORTANCE OF THE PACIFIC ISLANDS**

**Wednesday, October 20, 2021**

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON ASIA, THE PACIFIC,  
CENTRAL ASIA AND NONPROLIFERATION  
COMMITTEE ON FOREIGN AFFAIRS,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 10:28 a.m., via Webex, Hon. Ami Bera (chairman of the subcommittee) presiding.

Mr. BERA. The Subcommittee on Asia, the Pacific, Nonproliferation will come to order.

Without objection, the chair is authorized to declare a recess of the committee at any point and all members will have 5 days to submit statements, extraneous materials, and questions for the record, subject to the length limitation in the rules.

To insert something into the record, please have your staff email the previously mentioned address or contact full committee staff.

Please keep your function on at all times, even when you're not recognized by the chair. Members are responsible for muting and unmuting themselves, and please remember to mute yourself after you've finished speaking.

Consistent with remote committee proceedings of H. Res. 8, staff will only mute members and witnesses as appropriate when they are not under recognition to eliminate background noise.

I see we have a quorum and will now recognize myself for 5 minutes of opening remarks.

I want to thank our witnesses and the public for joining us today and for their patience as we work through a few technical difficulties to get this hearing started.

This is important hearing focused on the strategic importance of the Pacific Islands. In advance of today's hearing, the Ambassadors from the Federated States of Micronesia, the Republic of the Marshall Islands, the Republic of Palau and Vanuatu submitted statements for the record.

I ask for unanimous consent to enter their statements into the record. Hearing no objections, so stated.

The United States has a long history of friendship and intertwined fate with the Pacific Islands, making us both natural partners and friends.

Indeed, the Pacific Islands are the first stop along the maritime path to the Indo-Pacific, one of the most economically and culturally vibrant regions in the world.

Our special relationship with the Freely Associated States of the Marshall Islands, Micronesia, and Palau have defined our security

and economic presence in the Pacific, serving as an anchor for our engagement in Oceania.

In addition, our people-to-people ties have only deepened over time as Pacific Island communities and the United States have continued to grow and have elevated attention to this important part of the world.

The unique part of the world has incredible ecological and cultural diversity. Made up of some 2.3 million people spread across hundreds of islands, the Pacific Islands comprises an expanse of land that covers some 15 percent of the Earth's surface and its people were some of the first seafarers in the world demonstrating an unrivaled ability to conduct long distance sea travel on open ocean for trade and major migration.

The Pacific Islands also boasts one of the largest ecosystems in the world, making home to vibrant tourism and fishing industries that offer unique contributions to our global economy.

Given all this part of the world has to offer, I was particularly pleased when President Biden addressed the 51st session to the Pacific Islands Forum in August, the first time a U.S. president has addressed the Pacific Islands Forum's leadership meeting.

His presence itself underscores the importance of our longstanding friendship. Amid these high points, I would be remiss not to note the Pacific Islands nations also face several acute challenges today, which we must support them in addressing.

First and foremost is the ongoing COVID-19 pandemic. The region has been hit hard by the coronavirus, resulting in strained healthcare resources and an economic downturn through the impacts on the tourism industry.

Pacific Islands countries also continue to bear the brunt of the impacts of global warming. With half of the small Pacific Islands population living within one kilometer the coast, of rising sea levels cause an existential threat to the region and its people.

The region has also seen increasingly frequent tropical cyclones, floods, and other climate-related disasters, which have only further devastated communities and the economy. These challenges are an opportunity for the United States to demonstrate the strength of our friendship.

I am glad that the United States has delivered vaccines and humanitarian aid to the Pacific Islands. But we must continue to help during these challenging times.

We must also support the region in its response to climate change, and we need to move boldly toward our 2050 net zero carbon emissions pledge and toward investing in climate adaptation for Pacific Islands countries.

While the Pacific Islands are at the forefront of confronting the existential threat of climate change, we must stand with them in the response as it is a global challenge that affects us all.

Finally, promptly renewing the Compact of Free Association must be a central part of our engagement with Oceania. The compacts are currently scheduled to lapse for Micronesia and the Marshall Islands in 2023 and for Palau in 2023.

I urge the Biden administration to prioritize these negotiations and to listen to our partners' needs.

I'm also proud to say that we have taken significant steps in Congress toward turning several of these goals into reality. Earlier this year, I introduced the Honoring Oceania Act with Representative Don Young, which elevates the Pacific Islands in U.S. foreign policymaking by delivering a more robust diplomatic and development commitment to the region.

I'm also an original co-sponsor of Rep. Ed Case's Blue Pacific Act. Ed is my good friend, fellow co-chair of the Pacific Islands Caucus and one of Congress' most vocal champions of the Pacific Islands.

Together, our bills will expand sustainable development and infrastructure projects in the Pacific Islands as well as U.S. diplomatic and peaceful presence in the region.

With today's hearing, I hope our friends in the Pacific Islands hear loud and clear that the United States remains committed now more than ever to this crucial part of the world and our panel of expert witnesses will spotlight areas of opportunities and challenges as we continue to work with our friends in the Pacific Islands.

With that, I now yield 5 minutes to my good friend from Ohio, our ranking member, Representative Steve Chabot, for any opening comments he may have.

Mr. CHABOT. Thank you, Chairman Bera, and thank you to the panel who will be joining us here shortly.

While it goes without saying that the Pacific Islands are strategically important, it's critical that Congress and the administration maintain focus on the interests that we share with this region and work to make sure that the U.S. is a reliable partner.

This starts with fully appreciating that the United States is a Pacific power or, as Ms. Paskal's testimony will eloquently put it, that the United States itself is a Pacific Island nation.

These statements are more than just empty platitudes or reminders that Guam and the Commonwealth of the Northern Marianas Islands are part of the United States.

They point to the fact that our Exclusive Economic Zone directly touches Japan's, and if we include the EEZs of the Freely Associated States of Palau, the Federated States of Micronesia, and the Republic of the Marshall Islands, the United States is responsible for maritime territory bordering that of the Philippines, Papua New Guinea, and Indonesia as well.

We're not separated from Asia by the Pacific Ocean. We're connected by it, and the Indo-Pacific isn't on the other side of the world. It's right next door.

The United States' stake in the Indo-Pacific isn't just that of a global steward of freedom, democracy, and security, but also that of a neighbor. Nowhere is this more true than among the Pacific Island States.

The foundation of our partnership was established really during the Second World War when the United States and the Allied power sacrificed so much to free the region from the brutal hegemony of an expansionist imperial power.

Now, 70 years later, the United States is once again seeking to protect our neighbors from a dangerous imperialist state that would prefer to deal with the Pacific Islands as subjects rather than equals.

Of course, nations justifiably resist being treated as pawns in a competition between great powers or basing their status and their relationships on opposition to a third party.

That's not how the United States approaches its relationships with the Pacific Islands and it will not be our policy in the years to come.

U.S. foreign policy toward the Pacific Islands will continue to be rooted in our shared interest, shared values, our people-to-people contacts, and our religious ties in our history of fighting together for freedom.

But we must also acknowledge that the primary threat to these interests comes from the Chinese Communist Party and its ambitions targeting the Pacific.

From infrastructure-related corruption to massive illegal, unregulated, and unreported fishing to the exploitation of unsustainable extractive industries such as logging, the People's Republic of China's engagement in the Pacific Islands all drives toward the same end.

The PRC is trying, and all too often succeeding, at co-opting elected officials for its own ends, enriching its cronies at the expense of local populations, exploiting, extracting material resources, and aggressively expanding its military footprint as part of a larger strategy to regain what the CCP feels is China's rightful historical status as Asia's regional hegemony.

It's essential that the United States gets our policies right. Tens of thousands of Americans gave their lives to free this region because it's vital for U.S. security and prosperity, and while the world has, fortunately, changed a great deal since the Second World War, the strategic importance of the Pacific has only grown.

Fortunately, the United States has plenty of tools available to forge stronger relationships with Pacific Island States. We simply need to take concerted action. For example, that we complete negotiations for a renewed Compact of Free Association with the Freely Associated States.

As the Defense Department works to build a more resilient and distributed force posture in the Indo-Pacific, we should make full use of the compacts as well as Palau's invitation to host an expanded U.S. presence.

Diplomatically, the United States needs to be present in the Pacific Islands and the state Department should continue its efforts to establish a permanent presence in countries like the Solomon Islands.

Economically, the United States needs to ensure that we respond to the needs the Pacific Islands have identified for themselves. The newly associated strategic pilot begun by the state Department and USAID is an encouraging sign.

So, Mr. Chairman, I look forward to discussing these priorities and hearing what other recommendations that this panel might have, and I yield back.

Ms. BERA. Thank you, Mr. Chabot.

Let me now go ahead and introduce our panel and the witnesses.

First, we have Ambassador Judith Beth Cefkin, former U.S. Ambassador to Fiji, Kiribati, Nauru, Tonga, and Tuvalu. Ambassador Cefkin served in the Pacific Islands after a long and decorated ca-



reer in the Foreign Service, including posts as Deputy Chief of Mission in Thailand and Bosnia-Herzegovina.

Second, we have Mr. Jim Loi, former Deputy Assistant Secretary of state in the Bureau of East Asian and Pacific Affairs responsible for the Pacific Islands. Prior to that, he was director of East Asian Affairs at the National Security Council in addition to many other roles in Asia and Pacific affairs in government. Mr. Loi is also a former enlisted U.S. naval officer and he left naval service with the rank of commander.

Third, we have Mr. Alexandre Dayant, research fellow on the Pacific Islands program at the Lowy Institute, where his research focuses on the Pacific Islands, which is—with a focus on economic challenges in the region.

Mr. Dayant also manages the Pacific Aid Map project, which is a premier data-driven project tracing investment flows into the region. We are grateful to him for braving the harsh time difference from Sydney to Washington.

Fourth, we have Ms. Cleo Paskal, nonresident at the Foundation for Defense of Democracies. Ms. Paskal is widely published and regularly engaged by governments globally on issues in the Indo-Pacific.

She is also the author of an award-winning book on the impact environmental and economic changes will have on our global system.

We thank our witnesses for joining us today, and with that, let me call—first call on Ambassador Cefkin for her testimony.

**STATEMENT OF JUDITH BETH CEFKIN, FORMER U.S. AMBASSADOR TO THE REPUBLIC OF FIJI, THE REPUBLIC OF KIRIBATI, THE REPUBLIC OF NAURU, THE KINGDOM OF TONGA, AND TUVALU**

Ms. CEFKIN. Mr. Chairman, Ranking Member Chabot, members of the committee, I'm honored to appear before you today and I thank you for shining a light on the Pacific Island region.

The Pacific Island nations are our friends, our partners, and our neighbors. The U.S. state of Hawaii is geographically and culturally part of the region, as are U.S. territories American Samoa, Guam, and the Commonwealth of the Mariana Islands, and U.S. Exclusive Economic Zones, as has been mentioned, border those of several Pacific Island countries.

The countries of Oceania may be small in land mass but they are vast in ocean space. The U.S. and the Pacific Island countries share an important history, particularly from the bonds forged through our collective sacrifices in World War Two.

But whereas the threat then came from invading armed forces, if you ask Pacific Islanders to name their top security peril now, the overwhelming response you will hear is climate change.

The region is especially vulnerable to the impacts of global warming, including sea level rise, increasingly violent storms, flooding, drought, and saltwater intrusion.

The Atoll Island countries of Kiribati, the Marshall Islands, and Tuvalu, which exist on narrow low-lying slivers of land, face particularly precarious futures.

To cite just one example of the climate impacts I witnessed in the South Pacific, in 2016, category five cyclone Winston devastated large swaths of Fiji.

Tens of thousands of homes and hundreds of schools were destroyed. Forty-four people were killed, including several children who were literally sucked out of their parents' arms by storm surge.

Given this reality, Pacific Island countries played a key role in the negotiation of the Paris Agreement and attach immense importance to implementation of that agreement. They will be looking for several things from the U.S. and Congress' role will be critical.

One priority is achieving U.S. mitigation goals. The Pacific Island countries are the lowest carbon emitters, yet suffer the biggest impacts. So passing legislation that enables us to meet our emission reduction targets will be important to demonstrating U.S. credibility.

A second priority is climate finance. To avoid catastrophe, the Pacific Islands are looking for robust financing to support mitigation and climate adaptation. Pacific Islanders welcomed President Biden's recent climate finance pledge and will now be watching to see whether Congress delivers.

The Pacific Islands also hope for U.S. support adapting international legal frameworks to better address the consequences of climate change. This includes the question of how to handle climate refugees and how to secure their maritime resource entitlements under the Law of the Sea as they lose land from sea level rise.

The degradation of the marine environment caused by ocean warming and acidification, green pollution, and illegal, unreported, and unregulated fishing—IUU—is another existential threat and one that jeopardizes global commerce and food security.

This gives the U.S. a major stake in helping the Pacific Islands sustainably manage their marine resources. One very important tool in this regard is the U.S. ship rider program that partners the U.S. Coast Guard and Navy with Pacific Island enforcement officials to crack down on IUU fishing. Expanding this effort would be highly advantageous.

Military cooperation has been and remains an important dimension of U.S.-Pacific relations. Appropriately, much of that cooperation focuses on building humanitarian assistance and disaster relief capacity and maritime domain awareness.

This brings me to a discussion of competition with China in the Indo-Pacific. China's expanding presence in the region does raise important questions. But in deciding how we navigate this competition, I would emphasize two points.

One, increased U.S.-China tensions make Pacific Island countries very nervous, observing that when elephants fight, the grass gets trampled. Pacific leaders often stress they do not want to be put in the middle.

This underscores the importance of articulating an affirmative agenda that responds to our island partners' concerns.

Two, the allocation of U.S. military resources to the region must be matched by robust allocation of soft power resources. This should include increased USAID programming and further strengthening our people-to-people ties.

Peace Corps is our biggest asset in that regard. With its low operating costs, Peace Corps is great bang for the buck and should be further expanded in the Pacific.

U.S. educational exchanges such as Fulbright are equally valuable. But while China provides reportedly some 100 training slots per year to Pacific Islanders, we currently fund only a handful. Surely we can do better.

Finally, I will close by emphasizing the importance of senior level engagement. I, too, was very encouraged by President Biden's recent participation in a virtual Pacific Island Forum leaders meeting and I hope this presages more high-level engagement, and I hope that members of this committee will consider adding Pacific Islands to your travel schedule.

Thank you again, Mr. Chairman and members of the committee, for this opportunity to offer this testimony. I am happy to take your questions.

[The prepared statement of Ms. Cefkin follows:]

Statement by Judith B. Cefkin

U.S. Ambassador, Retired

U.S. House Foreign Affairs Committee Subcommittee on  
Asia, the Pacific, Central Asia, and Nonproliferation

October 20, 2021

The Strategic Importance of the Pacific Islands

Mr. Chairman, Ranking Member Chabot, and Members of the Committee, I am honored to appear before you today. And I thank you for holding this hearing to shine a light on the strategic importance of the Pacific Island region. From February 2015 to February 2018, I had the tremendous privilege of serving as the U.S. Ambassador to the Republic of Fiji, the Republic of Kiribati, the Republic of Nauru, the Kingdom of Tonga, and Tuvalu. Additionally, the U.S. Embassy in Suva, Fiji is a platform for support to the broader region, and in my role as Chief of Mission there, I served as the U.S. representative to key regional organizations, including the Pacific Island Forum, and the Pacific Community. My work and extensive travel crisscrossing the Pacific reinforced my conviction that the Pacific Islands are on the front lines of our most compelling security challenges. Now, in my private capacity, I remain committed to bolstering U.S. engagement with this vitally important region.

The Pacific Island nations are our friends, our partners, and our neighbors. As you know, the U.S. State of Hawaii is geographically and culturally part of the region, as are the U.S. Territories of American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The U.S. enjoys special bonds with the Freely Associated States of the Federated State of

Micronesia, Palau, and the Republic of the Marshall Islands. And U.S. Exclusive Economic Zones (EEZs) border the EEZs of several Pacific Island countries. The countries of Oceania, who sometimes refer to themselves as "the blue continent," may be small in landmass, but they are vast in ocean space, covering 15 percent of earth's surface.

The U.S. and Pacific Island countries share a rich history. U.S. whaling ships frequented island waters starting in the 1800's. U.S. traders, missionaries, and naval explorers followed. The bonds forged between Americans and Pacific Islanders were tested and further strengthened in the 20<sup>th</sup> century by our collective sacrifices in the bloody battles of World War II. But, whereas the threat to the region then came from invading armed forces, today the principal threat comes from non-traditional security challenges. If you ask Pacific Islanders to name their top security peril, the overwhelming response you will hear is "climate change."

The region is especially vulnerable to the impacts of global warming, including sea level rise, increasingly violent storms, flooding, drought, and salt water intrusion onto coastlines that reduces already scarce arable land and water supplies. The atoll island countries of Kiribati, the Marshall Islands, and Tuvalu, which exist on narrow, low-lying slivers of land, face particularly precarious futures. (Also at risk from rising sea levels in the Marshall Islands is the U.S. Army base on Kwajalein atoll.)

I witnessed these impacts repeatedly during my time in the South Pacific. In 2015, Cyclone Pam devastated Vanuatu and parts of the Solomon Islands. Pam's storm surge, combined with strong king tides also caused major damage in Kiribati and Tuvalu. Indeed, half of Tuvalu's population lost property in that storm. In

2016, category-5 Cyclone Winston, the strongest cyclone ever recorded in the southern hemisphere, devastated large swaths of Fiji. Entire villages were raised. Tens of thousands of homes and hundreds of schools were destroyed. And 44 people were killed. This included heart-wrenching stories of children who were literally sucked out of their parents' arms by storm surge. These are just a few of many examples I could cite.

Given this reality, it is hard to overstate the importance the Pacific Islanders attach to implementation of the Paris Agreement. Pacific Island governments, together with other small island states, played an important role in the negotiation of that agreement. Their goals and ours were broadly aligned, but there were some tough issues to reconcile. In fact, resolution of one key sticking point came down to a direct negotiation between then-U.S. Secretary John Kerry and then-Tuvaluan Prime Minister Enele Sopoaga.

Going forward to the Glasgow Climate Summit (COP-26) and beyond, Pacific Islanders will be looking for several things from the U.S., and Congress's role will be critical. A first priority will be to achieve U.S. mitigation targets. The Pacific Island countries are at the bottom of the scale of carbon emitters. Indeed, Tuvalu is the lowest. Yet, as mentioned, they suffer some of the biggest impacts from rising levels of carbon in the atmosphere. So passing legislation that enables us to meet our emission-reduction targets will be important to demonstrating U.S. credibility.

A second priority will be climate finance. To avoid catastrophe, the Pacific Islands are looking to us and other developed countries for robust financial support that will advance their transition to renewable energy, and support climate adaptation. The latter is particularly vital. Experts have stated that every \$1 spent to build resilience saves \$7 in climate disaster

recovery costs. President Biden's pledge of \$11.4 billion per year in climate finance by 2024 was welcome news in the Pacific. Pacific Islanders will now be watching to see whether Congress delivers on this pledge.

A third climate diplomacy priority for the Pacific Islands concerns their desire to adapt international legal frameworks to better address the consequences of climate change. One example is the question of how to handle climate-based migration - a category of migration not recognized under current international refugee protocols. A second worry is the question of how sea-level rise will impact maritime resource entitlements. Island countries are seeking to secure the boundaries of their countries' current territorial waters and exclusive economic zones in perpetuity under the Law of the Sea Convention. These are multilateral, rather than bilateral issues, but U.S. engagement will be important in determining their outcome.

Attacks on the health of the waters that bind us - the mighty Pacific - pose a further existential threat to the region. The degradation of the marine environment caused by ocean warming and acidification, marine pollution, and Illegal, Unreported, and Unregulated (IUU) fishing, jeopardizes global commerce and food security. This gives the U.S. a major stake in helping the Pacific Islands sustainably manage their marine resources. An important tool in this effort is the U.S. Shiprider program, whereby Pacific Island enforcement officials can use visiting U.S. Coast Guard and Navy vessels as platforms to crack down on IUU fishing in their EEZs. But such visits are infrequent. Allocating resources to expand this effort would be highly advantageous.

On the topic of fisheries, it is also important to mention the South Pacific Tuna Treaty, which for over

30 years has given U.S. fishing vessels access to the EEZs of 16 Pacific Island countries. This arrangement is an important source of revenue for those nations, supports jobs in the U.S., and ensures a supply of tuna in our lunchboxes and on our dinner tables. The treaty has been viewed as a model for international fisheries cooperation.

While climate change and marine degradation present the most serious longer-term threats to the Oceania region, the impacts of the COVID-19 pandemic highlight the value of increasing U.S. health and economic cooperation with the region. Faced with the lethality of the virus and their limited medical infrastructures, most Pacific Island countries opted for total lockdown of their borders. This has had a devastating economic impact, especially for countries such as Fiji and Vanuatu that are highly dependent on tourism revenues.

Turning to traditional security engagement, military cooperation has been and remains a very important dimension of U.S.-Pacific relations. Appropriately, much of that cooperation has focused on building Humanitarian Assistance and Disaster Relief capacity and bolstering Maritime Domain Awareness. Another area of our security assistance focus has been support for peacekeeping deployments, particularly in the case of Fiji, which is a substantial contributor to global Peacekeeping Operations.

During my tenure as Ambassador, Tonga was the one country in the region that had a State Partnership Program. This partnership executed by the Nevada National Guard was highly beneficial. We advocated for expansion of this program, and I was pleased to learn that the Nevada Guard has now added a partnership with Fiji and that the Wisconsin National Guard has begun a partnership with Papua New Guinea.



This brings me to the discussion of our evolving U.S. strategy towards the Indo-Pacific, and specifically the focus on competition with China. There is no doubt but that sustained U.S. military presence in the Pacific has been the guarantor of a free, open, secure, and prosperous region. It is also clear that that the manner in which China has substantially expanded its presence and influence in the region raises important questions about China's ultimate intentions. But in deciding how we navigate this competition, I would emphasize two points.

One: Increased U.S.-China tensions makes the Pacific Island countries (even the three that have diplomatic relations with Taiwan, rather than with the PRC) very nervous. They absolutely do not want to be put in the middle of a new geo-strategic competition. In talking to Pacific leaders about the China challenge, I would hear the parable that "when the elephants fight, the grass gets trampled." This underscores the importance of articulating an affirmative agenda regarding Oceania that responds to our Island partners' concerns.

Two: Any increase in the allocation of U.S. military resources to the region, must be matched by a corresponding increase in the allocation of U.S. soft power resources there.

I believe that the embrace of China by a number of Island nations is motivated in large part by their need for economic assistance, particularly in the area of infrastructure development. An increase in USAID programming, ratcheting up the capacity the U.S. Government's new Development Finance Corporation, and forging partnerships with other donors to undertake joint infrastructure projects, offers a promising way forward. On the latter point, the joint U.S.-Australia-Japan-New Zealand undertaking to expand the electric

grid in Papua New Guinea, and the U.S.-Australia-Japan collaboration to install a new submarine cable for Palau are encouraging models.

Strong people-to-people ties animate our friendship with Pacific nations. One of the biggest assets we have had in this regard in Fiji, Tonga, Samoa, and Vanuatu, is the Peace Corps. During my service as Ambassador, when I mentioned Peace Corps to local interlocutors (ranging from senior leaders to the grassroots), the inevitable reaction was a broad smile. As I told the volunteers I met, they were "the good news part of my job." With its very low operating costs, Peace Corps is great bang for the buck. Countries that formerly had Peace Corps programs but no longer do, and countries that have never had programs, desperately want Peace Corps. Post-COVID, when Peace Corps is able to return volunteers to the field, I hope they will consider father expanding Peace Corps' regional presence.

Equally valuable are U.S. educational exchanges and study tours, such as the Fulbright scholarship and International Visitor Program. But, I fear these opportunities, as currently funded, are a drop in the bucket. China is reportedly providing some 100 training grants per year to Pacific Islanders, whereas we currently provide only a handful. Surely, we can do better.

Finally, I will close by emphasizing the importance of according Pacific leaders the respect conveyed by senior-level engagement. Having served 35 years in government, I understand that this is really tough. Our principals' time is severely constrained. But this is another area, where China has eclipsed us. Given this reality, it was encouraging to see President Biden's recent participation in a virtual Pacific Island Forum leaders' meeting. I hope this presages

more high-level engagement by the Administration. And when conditions permit a safe return to international travel, I hope members of this Committee will consider adding the Pacific Islands to your travel schedule.

Mr. Chairman and members of the Committee, thank you again for the opportunity to offer this testimony. I am now happy to take your questions.

Mr. BERA. Thank you, Ambassador Cefkin.  
I will now call on Mr. Loi for his testimony.

**STATEMENT OF JAMES LOI, FORMER DEPUTY ASSISTANT SECRETARY, BUREAU OF EAST ASIAN & PACIFIC AFFAIRS, U.S. DEPARTMENT OF STATE**

Mr. LOI. Chairman Bera, Ranking Member Chabot, distinguished members of the subcommittee, thank you for the opportunity to offer my perspectives on the strategic importance of the Pacific Islands.

Let me also extend greetings to those from the Pacific who may be observing this hearing.

Before I begin my oral remarks, I would like to state that the views I offer today are mine and mine alone, and not of my employer or any other organization with which I'm affiliated.

I commend the committee for holding this hearing. There are any number of pressing matters in the Indo-Pacific that you could have elected to hold a hearing on. That the Pacific Islands made it onto the short list indicates a recognition that as the United States embarks on a range of efforts to up its game in the Indo-Pacific region that our allies, partners, and friends in the Pacific must be an integral part of that approach.

As I noted in my prepared statement, it is, to me, indisputable that the Pacific Ocean is strategically important to the United States. Six of our top 15 goods trading partners, representing over one-third of total U.S. trade, are with Indo-Pacific countries. Those goods must transit through the Pacific to get to and from the United States.

The U.S. military, through Indo-Pacific Command in Hawaii, our forces in Guam, and forces stationed in Japan and South Korea transit on, over, and under the Pacific as do the supply lines on which they depend.

So on their own, freedom of navigation, secure sea lines of communication, and unimpeded access to the Pacific in the air and on, under the water render the Pacific critical to U.S. national and economic security.

By extension then, the Pacific island nations we are here to discuss today are just as critical to U.S. national interests. They comprise the land features that form the first, second, and third Island chains that serve as defensive buffers to threats from our west.

They are Exclusive Economic Zones, as has been mentioned, covering vast swathes of the Pacific and include fishery and other resources that support U.S. industry and American livelihoods.

They provide key support in international fora like the United Nations, and for those Pacific Island States eligible to do so, their population serve in the U.S. military at disproportionately high levels on a per capita basis.

We live in a world where governments have options and in which we face competition for engagement, support, and access. The Pacific Islands are no different, and if we want to compete and succeed, then we must employ all the tools in our toolkit, not just the American toolkit but by also working with and leveraging the toolkits of the many allies and partners with whom we share interests in the Pacific.

Now, we Americans have a tendency to see our competitors as being 10 feet tall and able to dunk over our heads. So I think it's important to recognize, while not overstating, of course, that we operate from a position of strength in the Pacific.

We are a Pacific nation, not just due to the 50th state of Hawaii, but Americans of Pacific Islander ethnicity numbers some one and a half million, and this subset of our population has grown in every single U.S. state in between 2010 and 1920.

These cultural ties and bonds with the Pacific Islands are unique and not easily replicated by our competitors. Our Compacts of Free Association with Palau, the Marshall Islands, and Federated States of Micronesia, and the territories of American Samoa, Guam, and Northern Marianas, if fully embraced, provide the United States with unmatched opportunities to showcase the benefits of a special relationship with the United States, and that, certainly, has been displayed to great degree during the COVID pandemic where our provision of over \$90 million in PPE, vaccines, and other health support to the U.S. Freely Associated States made a big difference.

Our over \$5 billion in official assistance to the Pacific over the past 20 years has also created depth and breadth to critical relationships that underpin mutual respect and credibility. And, of course, our military presence is unmatched and augmented by allied resources.

And then, finally, of course, we share the unbreakable bonds of history forged during the Second World War, which also serve as a reminder of the mutual importance that we offer to each other.

The challenge, of course, of having a strong foundation, however, is that can breed complacency and overconfidence. That, in turn, can promote a more transactional approach to partnership, a development that comes with added danger in an era of major power competition.

The way we prevent and counteract that is through engagement, presence, dialog, consistency, and value added partnership, particularly in areas of priority interests of the Pacific Island governments such as climate change.

We must declare that our relations with the Pacific Islands are a top U.S. priority, offer a forward-looking vision and roadmap that is driven not by a reflexive and reactionary approach to China but by our own deep-seated interests.

I offered some suggestions in my written testimony on how we might do that, and I look forward to further discussion with the committee and happy to answer questions.

[The prepared statement of Mr. Loi follows:]

Statement before the House Foreign Affairs  
Subcommittee on Asia, the Pacific, Central Asia, and Nonproliferation

“The Strategic Importance of the Pacific Islands”

Testimony by

James Loi, former Deputy Assistant Secretary of State  
Bureau of East Asian and Pacific Affairs, U.S. Department of State

October 20, 2021

Chairman Bera, Ranking Member Chabot, distinguished Members of the Subcommittee, thank you for the opportunity to offer my perspectives on the “The Strategic Importance of the Pacific Islands”.

This hearing is timely and important given the Biden Administration’s heavy focus on strategic engagement in the Indo-Pacific region. In the past, it was often the case that for Asia-Pacific policy hands, “Indo” and “Pacific” served as geographic bookends for policy priorities directed at allies, partners, and friends in northeast and southeast Asia. In recent years, the rhetorical shift from “Asia-Pacific” to “Indo-Pacific” has had its intended effect of broadening not just the bureaucratic geographic scope of what constitutes “Asia” but importantly also the outlook and ambition of policymakers. The clearest manifestation of this is the Quad which is providing new energy to strategic relations with India and a framework for broader strategic collaboration with longstanding allies Japan and Australia. We must now ensure that this broadened Indo-Pacific policy scope also encompasses a re-invigoration of our approach to relations in the Pacific.

Strategic Importance

Few would dispute the strategic importance to the United States of the Pacific Ocean as a body of water through which vital trade flows and from which the U.S. is able to project military power, as a critical source of fishery and other natural resources, and as a barrier creating

distance from threats to the continental United States emanating from its west. By extension then, it should be self-evident that Pacific Island states are of strategic importance to the United States. After all, these states' Exclusive Economic Zones cover vast portions of the Pacific and their relations and cooperation with the United States and/or competing major powers hold potential to impact critical sea lines of communication, U.S. power projection, and U.S. economic security. During World War II the strategic importance of the Pacific Islands was abundantly clear. It would be a mistake to believe that is no longer the case. The debate then, should be less about whether the Pacific Islands are strategically important to United States, and more about how U.S. policy towards and engagement with Pacific Island states can best preserve and protect U.S. interests and advance the interests of our Pacific partners. With that in mind, I will focus these written comments on ways in which the United States can enhance its engagement with the Pacific.

#### Policy Attention and Staffing

The United States government engages most effectively when it does so with a clear strategic policy, implemented through a broad, coordinated interagency approach and guided by focused coordination from the National Security Council (NSC). A look at Executive Branch staffing will typically reveal policy and engagement priorities. By this measure, there are some anecdotal indications of increased attention to the Pacific but a clear sense that more resources, both in Washington and the region are necessary. At the State Department, staffing dedicated to Pacific Island affairs has increased over the past decade but remains embedded in the office also responsible for Australia and New Zealand affairs vice as a stand-alone office. At the NSC, there had been a dedicated Pacific Islands director during the Trump Administration but that portfolio has once again been folded back into a position with broader geographic responsibilities, which could detract from attention paid to the Pacific. How other key agencies such as Defense, Interior, Commerce, and USTR are staffed is less clear and bears examination.

**Recommendation:** Establish a clear roadmap for U.S. policy towards the Pacific. Examine Executive Branch agency manpower dedicated to the Pacific and ensure budgeting is aligned

with staffing needs and requirements. Encourage the State Department to create a stand-alone Pacific Islands office within the Bureau of East Asia & Pacific Affairs.

Presence & Participation Matter

Relationships and direct engagement always matter in international relations, but arguably more so in the Pacific where elite circles are smaller and disproportionately influential. Politically, economically, and culturally the Pacific is far from homogenous. Understanding and navigating the nuances between and within Micronesia, Melanesia and Polynesia require presence and experience. The U.S. government is handicapped by not having permanent on-the-ground diplomatic staff in many Pacific Island countries. Just as politics are local, so is diplomatic engagement. The tyranny of distance and logistical challenges of inter-island travel create built-in disadvantages for the current model where certain U.S. ambassadors are accredited to multiple Pacific Island governments. Restrictions imposed by COVID have magnified those challenges and placed U.S. diplomatic personnel at a disadvantage.

**Recommendation:** Consideration should be given to creating an on-the-ground permanent diplomatic presence in the Solomon Islands, Kiribati, Nauru, Tonga and Tuvalu. The U.S. diplomatic presence in Samoa may serve as a useful model.

Pacific regional architecture and the fora within it are important means of engaging Pacific Island governments, demonstrating U.S. commitment, and advancing U.S. policy priorities. Senior level U.S. engagement in and participation at annual Pacific leader level meetings is inconsistent and undermines U.S. credibility and perceptions of its commitment. Creating predictability around the level and frequency of U.S. participation is important and, even if at a sub-Cabinet level, would be better than occasional and unpredictable participation at the Cabinet level.

**Recommendation:** Look at ways of building in predictability in U.S. engagement at annual meetings of fora like the Pacific Islands Forum (PIF), including through a commitment to attend



at a specific senior level or establishment of a rotational schedule at a Cabinet Secretary or Deputy-Secretary level amongst key agencies (e.g., State, Interior, Commerce).

Play to U.S. Strengths

Stepped up Chinese engagement in the Pacific and Beijing's use of debt diplomacy and economic coercion in the Pacific have justifiably raised eyebrows and concerns. However, China should not become or be perceived as the *raison d'être* for U.S. engagement or be allowed to drive a reactive U.S. approach of whack-a-mole. U.S. engagement is most successful when it is forward looking and multi-faceted, encompassing political, economic, security and people-to-people elements. Celebrating and recalling sacrifices from World War II are important parts of our shared history and legacy but resonate less with younger generations of Pacific Islanders. We must celebrate our heritage while also providing a path forward. Soft power initiatives like the Peace Corps, Fulbright scholarships, the U.S. Navy's Pacific Partnership, and U.S. Coast Guard capacity building programs are powerful tools not easily replicated by our competitors but are often the first to be cut. Similarly, U.S. economic initiatives including through USAID, the Millennium Challenge Corporation (MCC), the South Pacific Tuna Treaty, and the Compacts of Free Association if sustained and, as applicable, renewed in a timely fashion, are critical to demonstrating enduring U.S. commitment. Finally, as the United States does in other regions of the world, in the Pacific we must leverage the force multiplying capabilities and expertise of allies and partners like Australia, Japan, New Zealand and Taiwan. The electrification program in Papua New Guinea is one such recent example of this. The United States can achieve much more in the Pacific if it integrates and coordinates its efforts with like-minded partners.

**Recommendation:** In the Pacific, a little can go a long way. Even modest increases to the budgets for the aforementioned programs can have a major impact. Consider new infrastructure initiatives through MCC and USAID and increases to programs for technical and higher education. Ensure Compact of Free Association negotiations with the Republic of Palau, Republic of the Marshall Islands and Federated States of Micronesia are concluded and

legislatively authorized in a timely fashion. Pursue a mutually beneficial extension of the South Pacific Tuna Treaty.

Meaningful Support on Climate Change

The threat of climate change is existential for most Pacific Islanders. Coastal erosion, drought, flooding, water scarcity and soil salinization are challenges in the Pacific now. There is no single issue of greater importance to Pacific Island governments yet it is one where U.S. assistance is most susceptible to disruption. At present, the United States is well positioned to play a global leadership role in addressing climate change and to provide meaningful mitigation and adaptation assistance. But if the U.S. is to maintain credibility in the Pacific in the long-term, we must ensure that U.S. climate assistance is sustained, targeted, and shielded from being turned on/off by the U.S. political calendar. Debates on the root cause of climate change and how to stop and reverse it will continue, but to deny the impacts already being felt in the Pacific is a sure-fire way to fatally undermine U.S. strategic interests in this region.

**Recommendation:** Identify longer-term stable funding streams for climate change assistance.

Mr. BERA. Thank you, Mr. Loi.  
I will now call on Mr. Dayant for his testimony.

**STATEMENT OF ALEXANDRE DAYANT, RESEARCH FELLOW,  
PACIFIC ISLANDS PROGRAM, LOWY INSTITUTE**

Mr. DAYANT. Thank you, Mr. Bera.

So, Chairman Bera, Ranking Member Chabot, distinguished members of the subcommittee, in Australia, it is a common practice to start an event with a welcome to country to highlight the cultural significance of the surrounding area to a particular Aboriginal clan or language group who are recognized as traditional owners of the land.

So let me begin by acknowledging the Gadigal people of the Eora nation, the traditional custodian of the land, where I sit and pay my respects to the elders past and present.

I also would like to thank the House Foreign Affairs Committee for taking an interest in the Pacific and for inviting me to discuss the strategic importance of the Pacific Islands.

First, I want to touch on how COVID-19 is affecting the Pacific people. The current global pandemic is impacting everyone in every region of the world, and trying to think about what's next after COVID-19 is difficult enough and unrealistic.

There are some things, however, that are clear. As the world is coming out of COVID-19, the Pacific region faces a potential lost decade of economic development. Pacific Islands have, by and large, done a tremendous job dealing with the COVID-19 pandemic by walling themselves off early from the outside world through a bit of luck and a lot of foresight.

Many Pacific countries are COVID-free today, and considering the acute vulnerabilities of stretched and, in some cases, broken health systems, this will be looked back on as a remarkable achievement.

Unfortunately, not all countries have shared the same luck. In Fiji, after the deadly Delta strain entered the country via quarantine 10 55 12 per capita infection rates became the highest in the world in the middle of the year.

Deadly infections reached more than 1,900 in mid-July, a huge number for a country of only 900,000 people. In the U.S., this would have equaled to 659,000 cases per day, almost three times more than during the peak of the contamination last year.

Papua New Guinea that shares a border with Indonesia and that did well at the beginning of the crisis is currently experiencing a significant surge of COVID-19 cases and deaths, overwhelming the country's fragile health system.

Today, however, Fiji's brilliant vaccination campaign has helped control the virus while it is still rampant in Papua New Guinea. So while some countries continue to deal with the domestic health crisis linked to COVID-19, all face severe economic fallout.

All the main threads of economic reliance that connects the Pacific to the outside world through the migration, remittances made have been affected.

On the very edge, the International Monetary Fund expects the economies of the region to contract as much as 10 percent. By the end of 2021, Fiji's gross domestic products would have had con-

tracted by 23 percent, Cook Islands by 60 percent, and Vanuatu expects to lose 40 percent of its formal sector jobs.

Considering how challenging it is for Pacific economies to grow, the region is on track to make the slowest economic rebound of any region in the world coming out of the pandemic.

A report I co-wrote shows it will take almost a decade for the region to get back to where it was in 2019. In the meantime, all the other challenges the Pacific was facing before—demographics, climate change, service delivery, noncommunicable disease, transnational crime, illegal fishing, gender-based violence, geopolitical competition, you name it—all are set to get worse.

The resilience of the Pacific peoples, the region's greatest strength, will be severely tested.

Now, Pacific nations are not sitting idle. They are employing every available resources to mitigate the economic fallout. Donors like Australia, the IMF, the World Bank, the IDB, are all jumping into the fray.

On this side, the United States has done a tremendous job supporting the nations of the North Pacific. But despite this, on current trends none of this report will come anywhere close to filling the void or keeping these economies on the kind of life support the United States has been able to provide domestically since March this year.

I say all of this for two reasons. The first one is to instill on you all the gravity of the situation Pacific nations are now in, and second, to highlight the timeliness of this subcommittee hearing.

The United States is an important player in the Pacific and a key partner to many nations in the region. The current crisis the Pacific faces represents an opportunity for the United States to reshape its position in the region and strengthen Washington's free and open Indo-Pacific strategy.

With this in mind, I would be happy to take your question. Thank you very much.

[The prepared statement of Mr. Dayant follows:]

Statement before the House Foreign Affairs

Subcommittee on Asia, the Pacific, Central Asia, and Non-proliferation

“The Strategic Importance of the Pacific Islands”

Testimony by

Alexandre Dayant, Research Fellow, Lowy Institute

October 20, 2021

Chairman Bera, Ranking Member Chabot, distinguished Members of the Subcommittee,

In Australia, it is common practice to start an event with a Welcome to Country, to highlight the cultural significance of the surrounding area to a particular Aboriginal clan or language group who are recognised as traditional owners of the land.

So let me begin by acknowledging the Gadigal people of the Eora Nation, the traditional custodians of the land where I sit, and pay my respects to the Elders, both past and present.

I also would like to thank the House Foreign Affairs Committee for taking an interest in the Pacific, and for inviting me to discuss “ The Strategic Importance of the Pacific Islands.”

First, I want to touch on how COVID-19 is affecting the Pacific.

The current global pandemic is impacting everyone, in every region of the world. Trying to think about what’s next after COVID-19 is difficult and often unrealistic. There are some things, however, that are clear. As the world is coming out of COVID-19, the Pacific region faces a potential lost decade of economic development.

Pacific Islands have by and large done a tremendous job dealing with the COVID-19 pandemic. By walling themselves off early from the outside world, through a bit of luck and a lot of foresight, many Pacific countries are COVID free today. Considering the acute vulnerabilities of stretched — and in some cases broken — health systems, this will be looked back on as a remarkable achievement.

Unfortunately, not all countries have shared the same luck.

In Fiji, after the deadly Delta strain entered the country via a quarantine breach in April, per capita infection rates became the highest in the world in the middle of the year. Daily infections reached more than 1,800 in mid-July – a huge number for a country of only 900,000 people. In the US, this would equal to 659,000 cases per day, almost 3 times more during the peak of contamination last year. The crisis caused 647 deaths.

Papua New Guinea, that shares a border with Indonesia and that did well at the beginning of the crisis last year, is currently experiencing a significant surge of COVID-19 cases and deaths, overwhelming the country’s fragile health systems.

Today however, Fiji's brilliant vaccination campaign has helped control the virus, while it is still rampant in Papua New Guinea.

While some countries continue to deal with the domestic health crisis linked to COVID-19, all face severe economic fallout.

All the main threads of economic reliance that connect the Pacific to the outside world — tourism, migration, remittances, aid — have been affected. On average, the International Monetary Fund (or IMF) expects the economies of the region to contract of as much as 10%. By the end of 2021, Fiji Gross Domestic Product (GDP) would have had contracted by 23%. Cook Islands by 60%. Vanuatu expects to lose 40% of its formal sector jobs. Considering how challenging it is for Pacific economies to grow, the region is on track to make the slowest economic rebound of any region in the world coming out of the pandemic.

A report I co-wrote shows it will take almost a decade for the region to get back to where it was in 2019.

In the meantime, all of the challenges the Pacific was facing before — demographics, climate change, service delivery, non-communicable disease, transnational crime, illegal fishing, gender-based violence, geopolitical competition, you name it — all are set to get worse. The resilience of the Pacific peoples, the regions greatest strength, will be severely tested.

Now, Pacific nations are not sitting idle. They are throwing every available resource to mitigate the economic fallout. Donors like Australia, the IMF, World Bank and ADB are all jumping into the fray.

On its side, the United States has done a tremendous job supporting the nations of the North Pacific.

Despite this, on current trends, none of this support will come anywhere close to filling the void or keeping these economies on the kind of life support the United States has been able to provide domestically since March this year.

I say all of this for two reasons. First, to instill on you all the gravity of the situation Pacific Nations are now in.

And second, to highlight the timeliness of this subcommittee hearing. The United States is an important player in the Pacific, and a key partner to many nations in the region. The current crisis the Pacific faces represents an opportunity for the United States to reshape its position in the region and strengthen Washington's Free and Open Indo-Pacific strategy.

With this in mind, I would happily take your questions.

Thank you.

Mr. BERA. Great. Thank you, Mr. Dayant.  
I will now call on Ms. Paskal for her testimony.

**STATEMENT OF CLEO PASKAL, NONRESIDENT SENIOR  
FELLOW, FOUNDATION FOR DEFENSE OF DEMOCRACIES**

Ms. PASKAL. Chairman Bera, Ranking Member Chabot, members of the subcommittee, thank you for inviting me to testify today.

I'm going to start with the strategic importance of the Pacific Islands to China. We have a pretty good idea why Beijing wants influence and more possible control in the Pacific Islands. It has to do with China's concept of comprehensive national power, or CNP.

Adopted by Beijing in the 1990's, the CNP concept is embedded in Chinese think tanks and is key for understanding Beijing's global strategy. For the Chinese Communist Party, CNP is an actual number. Its researchers obsessively calculate every country's CNP.

Things that add to a country's CNP, according to them, include access to resources, R&D, human capital, financial capital, influence over global rules, strategic positioning, and much more.

CNP is the concept that connects the dots between Confucius Institutes, the artificial islands, the Belt and Road Initiative, and getting Americans teenagers to install TikTok on their phones.

In the Pacific Islands, things that score CNP points for China include big items like getting a country to switch diplomatic recognition from Taiwan to China, as well as seemingly little ones, such as a Huawei data center and PNG, a Chinese police liaison officer in Fiji, or a legislation that allows online gambling in Palau.

Coordination is facilitated by China's large embassies across the region with staffers who speak the local language and have seemingly limitless slush funds.

Given this massive effort, the question is why does Beijing think Oceania is so important for its CNP, and a key reason is geography. A core part of China's CNP strategy is developing a world-class military spearheaded by the navy that's capable of challenging and eventually displacing America as the world's preeminent naval power.

Between 2016 and 2020, the Chinese navy added the equivalent of Japan's entire current surface fleet and is on track to having nearly twice as many surface ships as the U.S. Navy before the end of the decade.

The problem for China is that to use its navy it needs access out of its ports and into the Pacific. But looking out from the east coast of China, there are a series of island chains that can be used to block that access.

The first island chain, roughly, stretches down Japan including Okinawa through Taiwan and the Philippines and is known as the first island chain. The second and third chains include Guam, the Marianas, FSM, Midway and more.

This area saw some of the most desperate battles of World War Two. The chains are a problem for Chinese strategists. This is one reason why China is so serious about capturing Taiwan. They need it to break the first island chain.

At the same time, Beijing is also trying to burrow itself into the second and third island chains to disrupt American planning and potentially attack first island chains from behind.

Understanding how important breaking the chain is for the PLA is fundamental for understanding how the Pacific Islands fit into China's CNP calculations and grand strategy.

On the U.S. side, after decades of, largely, benign neglect, some are realizing the importance of the region in large part through the efforts of many on this subcommittee and Representative Case.

Bipartisan initiatives and leaderships on the Pacific Islands have been exemplary, including the establishment of the Pacific Island Caucus, the proposed Blue Pacific Act, the Honoring OCEANIA Act, and elements in the PDI.

However, momentum can be easily dissipated when dealing with such a vast and complex area. So what should the U.S. prioritize? The region that is most in need of attention is Micronesia, which includes Guam, the Marianas, Nauru, Kiribati, and three U.S. Freely Associated States.

The reasons include many of the countries have close ties with the U.S. Indeed, Guam is the U.S. Being closer to China, they're on the strategic front line. Three of the countries recognize Taiwan, making them major targets for Beijing. The recent fragmentation of the Pacific Island Forum means they're rethinking their regional structures and the COFAs need urgent resolution.

In that context, it would make sense to work with the area to create a Micronesian zone of security, prosperity, and freedom that would knit the region together, letting its countries and territories reinforce each other.

There are a series of recommendations on how to do that in my written testimony, including making the area a priority for the Quad activities including increased space for Japan and India, expanding bases including in Palau, and I suggested by a letter sent to President Biden and signed by many on the subcommittee to appoint a Special Envoy based out of the White House to coordinate interagency efforts to renew the SOFAS.

In 1943, two Solomon Islanders helped save the life of future President Kennedy after his patrol boat was sunk by the Japanese. Benjamin Gilman, longtime chairman of the House Foreign Affairs Committee, flew 35 missions over Japan as a side gunner in a B-29 Super Fortress. Twice his plane was so badly damaged he would never have made it back except he could land it in Iwo Jima. The blood of Americans is mixed with the blood of Pacific Islanders in the soil and seas of Oceania.

Ambassador Kabua, the representative of the Marshall Islands to the United Nations, said that when her country's COFA was originally concluded with the U.S., quote, "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," end quote.

To avoid the next war, we'll have to learn that again.

Chairman Bera, Ranking Member Chabot, members of the subcommittee, thank you for all of your work toward accomplishing this goal and for inviting me to testify today.

[The prepared statement of Ms. Paskal follows:]



CONGRESSIONAL TESTIMONY: FOUNDATION FOR DEFENSE OF DEMOCRACIES

House Foreign Affairs Committee  
*Subcommittee on Asia, the Pacific, Central Asia, and Nonproliferation*

# The Strategic Importance of the Pacific Islands

CLEO PASKAL

Non-Resident Senior Fellow  
*Foundation for Defense of Democracies*

Washington, DC  
October 20, 2021



[www.fdd.org](http://www.fdd.org)

### Introduction

Chairman Bera, Ranking Member Chabot, and other members of the subcommittee, thank you for inviting me to testify today, and more so for taking on this crucially important and timely topic.

China has a habit of telegraphing its punches. So, we have a pretty good idea why Beijing wants influence — and where possible, control — in the Pacific Islands.

In his 2011 book *The Pacific Islands in China's Grand Strategy: Small States, Big Games*, Professor Jian Yang writes:

China's growing involvement in the South Pacific is part of China's growing involvement worldwide... The discussion of Chinese involvement in and policy towards the South Pacific should be placed within this bigger picture. An isolated study without understanding China's grand strategy and overall foreign policy goals can be misguided.<sup>1</sup>

Yang is well-placed to know. He is from China, and he worked with Chinese military intelligence for around 15 years before immigrating to New Zealand, where he became a university professor and then a member of the New Zealand Parliament. During his time in New Zealand politics, Yang traveled to China with then-Prime Minister John Key and also facilitated high-level meetings with Chinese officials for New Zealand politicians, including one with Guo Shengkun, a current Politburo member and one-time minister of public security.<sup>2</sup>

So what then, according to Yang, is China's grand strategy? He explains it is based on "China's concept of 'comprehensive national power' (*zonghe guoli*, CNP), which was adopted in the 1990s and has constituted the foundation of China's foreign policy."<sup>3</sup>

### Comprehensive National Power (CNP)

Understanding China's concept of CNP is key to understanding the breadth and depth of Beijing's foreign-policy strategy.

For the Chinese Communist Party (CCP), CNP is an actual number. Captain (Ret.) Bernard Moreland — who served as U.S. Coast Guard liaison to Beijing — explains:

One of the important things to understand about CNP is that it is an objective metric. Beijing constantly calculates and recalculates China's CNP relative to other nations the same way many of us watch our 401(k) grow. The [CCP is] obsessed with engineering

<sup>1</sup> Jian Yang, *The Pacific Islands in China's Grand Strategy: Small States, Big Games* (NYC: Palgrave Macmillan, 2011), page 127.

<sup>2</sup> Collette Devlin, "Jian Yang, the National MP Who Admitted to Training Chinese Spies, Retiring," *Stuff New Zealand* (New Zealand), July 10, 2020. (Archived version available at: <https://web.archive.org/web/20200709235930/https://www.stuff.co.nz/national/politics/122094310/jian-yang-the-national-mp-who-admitted-to-training-chinese-spies-retiring>)

<sup>3</sup> Jian Yang, *The Pacific Islands in China's Grand Strategy: Small States, Big Games* (NYC: Palgrave Macmillan, 2011), page 47.

and calculating everything and believe that all issues can be reduced to numbers and algorithms. This is what they mean when they euphemistically refer to “scientific approaches.”

For us in the West, concepts like “national power” are subjective vague concepts. We often talk of our own national power, but to us it’s a byproduct of a strong economy from pursuing prosperity, or a strong military from pursuing defense. We don’t build power for the sake of power. That idea is foreign to us. For the Chinese Communist Party, Comprehensive National Power as measured by a CNP score is a goal in itself and pursuit of CNP justifies just about anything.<sup>4</sup>

Elements that add to a country’s CNP numerical value can include access to and/or control over resources (all the usual ones, such as fossil fuels, but also niche strategic resources, such as lithium), naval strength (including dual-use platforms), research and development (including stolen intellectual property), human capital, financial capital, soft power, influence over global rules and norms, strategic positioning, and much more.

In the context of Oceania, things that score points for China in CNP calculations include the expected big-ticket items such as getting a country to switch its diplomatic recognition from Taiwan to China — as Kiribati did in 2019 — but also seemingly little pieces that contribute to the larger CNP picture. These pieces might be, for example, a Huawei data center in Papua New Guinea, a couple hundred Samoan athletes training in China, a Chinese police liaison officer based in Fiji, a Chinese-run shop located opposite the entrance to a barracks in Tonga, or a piece of legislation that allows online gambling in Palau.

Coordination is facilitated by China’s large embassies across the region, with staffers who speak the local language and have seemingly limitless influence and entertainment funds. Also, since 2012, at least six Oceania-specific research centers have been set up in China, including Liaocheng University’s Research Centre on Pacific Island Countries, which has a full-time staff of close to 40 researchers and worked with the National University of Samoa to open a Confucius Institute in that country.<sup>5</sup>

#### **Case Study: Hollowing Out Democracy in the Solomon Islands**

Beijing strives to increase its CNP on a cumulative, region-wide basis as well as within each target country. So, for example, the Solomon Islands — the site of the brutal Battle of Guadalcanal in World War II — also switched recognition from Taiwan to China in 2019 after successful “lobbying” by Beijing. Now that China has a toehold, it is even easier for Beijing to wage political warfare to support its CNP goals within the Solomon Islands.

<sup>4</sup> Cleo Paskal, “Yes, Virginia, the Trump Administration Does Have a China Strategy,” *The Diplomat*, October 24, 2020. (<https://thediplomat.com/2020/10/yes-virginia-the-trump-administration-docs-have-a-china-strategy/>); email correspondence with Captain (Ret.) Bernard Moreland, October 17, 2021.

<sup>5</sup> Denghua Zhang, “Growing Academic Interest in the Pacific — Pacific Research Centres in China,” *Australian National University Department of Pacific Affairs*, February 2020. ([http://dpa.bellschool.anu.edu.au/sites/default/files/publications/attachments/2020-02/dpa\\_in\\_brief\\_2020\\_2\\_zhang\\_final.pdf](http://dpa.bellschool.anu.edu.au/sites/default/files/publications/attachments/2020-02/dpa_in_brief_2020_2_zhang_final.pdf))

One example of Chinese political warfare in the Solomons involved the premier of Malaita Province, Daniel Suidani, who publicly opposed the switch from Taiwan to China because he was concerned that it would lead his own country to become less democratic and more authoritarian. When Suidani subsequently required medical care outside the country and Taiwan stepped in to provide treatment (something that would lose Beijing CNP points), the Chinese embassy tried to pressure the central government in the Solomons to punish him.<sup>6</sup> It was an overt attempt to export China's social credit system. Beijing sent the message: Believe the wrong thing and, if we can, we will leave you to die.

China's attempt to exert control via its proxies in the central government in the Solomons also extends to Suidani's home province. A petition from the people of Malaita describes how Beijing applied pressure through a classic deployment of China's doctrine of the "Three Warfares" (psychological, media, and lawfare):<sup>7</sup> The "government continually harasses the [local] government of Malaita through individuals, the media and even through the abuse of legal process."<sup>8</sup>

The petition also describes "overseas Chinese" taking over sectors of the economy: the "government has facilitated an influx of Chinese labour under the guide [*sic*] of PRC funded projects instead to ensure jobs for Solomon Islanders. This leading to the continued loss of labour and business which are taking over all business activities in the Solomon Islands resulting in the highest un-employment rate in Solomon Islands history."<sup>9</sup>

These activities are, of course, destabilizing domestically, which is also fine for Beijing. The Solomon Islands recently survived severe domestic unrest, requiring the intervention of a peacekeeping force led by Australia. Should the Solomon Islands again become destabilized, that could provide what is looking like an increasingly authoritarian government in the Solomons with a pretext to request the support of Chinese peacekeepers, which would shoot Beijing's CNP score in the Solomons through the roof.

I've described some of the "how" of Chinese CNP in Oceania, but what is the "why"? What is the value of Oceania to China's grand strategy — is there a specific reason to put in all this effort?

The region has economic and political value, but there is another reason why control, or at least influence, over large parts of Oceania is absolutely essential for Beijing. It is the same reason why Japan grabbed all the islands it could in the lead-up to, and during, World War II — and why Americans and their allies fought and died to reclaim beach after beach across thousands of miles, clawing their way toward the shores of Japan. It all comes down to geography.

<sup>6</sup> "China reacts to premier Suidani receiving treatment in Taiwan," *The Island Sun* (Solomon Islands), June 1, 2021. (<https://theislandsun.com/sb/china-reacts-to-premier-suidani-receiving-treatment-in-taiwan>)

<sup>7</sup> Kerry K. Gershaneck, *Political Warfare: Strategies for Combating China's Plan to "Win without Fighting"* (Quantico, Virginia: Marine Corps University Press, 2020).

<sup>8</sup> Cleo Paskal, "How China buys foreign politicians: A case study," *The Sunday Guardian* (India), September 5, 2021. (<https://www.sundayguardianlive.com/news/china-buys-foreign-politicians-case-study>)

<sup>9</sup> *Ibid.*

### **The Island Chain Defense Concept**

A core part of China's CNP is developing a world-class military — spearheaded by the People's Liberation Army Navy (PLAN) — that is capable of challenging, and eventually displacing, the United States as the world's preeminent naval power. The Chinese navy is well on its way to accomplishing that, at least in certain areas.<sup>10</sup>

As American naval strategist Paul Giarra explains:

Between 2016 and 2020, the Chinese navy has added to its fleet essentially the equivalent of Japan's entire current surface fleet... The Chinese navy is building larger and more formidable surface combatants far faster than anyone else, with at least eight hulls already launched of a brand-new class of large surface warships. It is starting to deploy its new carrier force in ways reflecting [America's] own practice. Its growing amphibious force is a tangible threat to its neighbors. The PLA Navy is on track to have nearly twice as many surface ships as the U.S. Navy before the end of this decade.<sup>11</sup>

Meanwhile, the PLA Air Force is developing its long-range overwater capabilities equally fast.

But here is the problem for China: In order to employ its powerful new navy, it must have secure, safe, ready access to the Pacific. That is where the Island Chain Defense concept comes in.<sup>12</sup>

<sup>10</sup> Captain (Ret.) James E. Fanell, "China's global navy eyeing sea control by 2030, superiority by 2049," *The Sunday Guardian* (India), June 13, 2020. (<https://www.sundayguardianlive.com/news/chinas-global-navy-eyeing-sea-control-2030-superiority-2049>)

<sup>11</sup> Paul Giarra, "U.S. seapower is a full-time proposition, and we are losing the competition to China," *The Washington Times*, July 30, 2020. (<https://www.washingtontimes.com/news/2020/jul/30/us-seapower-is-a-full-time-proposition-and-we-are->)

<sup>12</sup> There are no fixed definitions for which islands comprise the various island chains.



The need for control over islands was fundamental during World War I, formed the basis for much of Japan's interwar strategy, and was bloodily apparent during World War II. The current strategic framework for viewing the Pacific Islands originated with U.S. policy during and immediately following World War II.<sup>13</sup>



In 1948, General Douglas MacArthur convinced George Kennan, then serving as the State Department's director of policy planning, that the United States needed to have a "striking force" in "a U-shaped area embracing the Aleutians, Midway, the former Japanese mandated islands, Clark Field in the Philippines, and above all Okinawa... From Okinawa [the United States] could easily control every one of the ports of northern Asia from which an amphibious operation could conceivably be launched."<sup>14</sup> Over time, this developed into a conceptual framework of

<sup>13</sup> Andrew S. Erickson and Joel Wuthnow Barriers, "Barriers, Springboards and Benchmarks: China Conceptualizes the Pacific 'Island Chains,'" *The China Quarterly*, Volume 225, March 2016, page 6. (<https://doi.org/10.1017/S0305741016000011>)

<sup>14</sup> U.S. Department of State, Office of the Historian, "Foreign Relations of the United States, 1948, the Far East and Australia, Volume VI," Document Number 519, March 25, 1948. (<https://history.state.gov/historicaldocuments/frus1948v06/d519>)

concentric island chains hemming in the maritime ambitions of continental Asian powers — the Island Chain Defense concept.

Chinese strategists adopted and adapted the American framing, with a view to breaking the chains. The founder of the modern PLAN, Admiral Liu Huaqing,<sup>15</sup> referred to the First Island Chain (broadly defined as the Kuril Islands; the Japanese archipelago, including the Ryukyu Islands; Taiwan; and the Philippines) as a “metal chain” that China would need to burst through to achieve its destiny.<sup>16</sup>

Making things even more difficult for Beijing, as Chinese strategists look beyond the First Island Chain, they see a second one, running from Japan down through Iwo Jima, onward to Guam and the Commonwealth of Northern Marianas, southwards through the Federated States of Micronesia, on to Indonesia and Papua New Guinea, and then to Australia. This is the “Second Island Chain.”

*The Island Chains as Depicted in the PLAN's 2012 Handbook*



Source: 2012 PLAN Handbook

There is also a broadly defined “Third Island Chain” running from Alaska through Hawaii, through Midway, on to Kiribati, and ending in Tonga or New Zealand, depending on how one

<sup>15</sup> He was also the visionary for China’s aircraft carriers and the commander of the Tiananmen Massacre.

<sup>16</sup> James Holmes, “How To Turn China’s A2/AD Strategy Back on Them,” *The National Interest*, November 18, 2019. (<https://nationalinterest.org/blog/buzz/how-turn-chinas-a2ad-strategy-back-them-96611>)

views things. Islands along the Second and Third Island Chains saw some of the most desperate and hard-fought battles of World War II. They are where the tide turned for the Allies.

If you're a Chinese strategist, you assume China can — with planning and effort — “break” the First Island Chain. In fact, this is a prerequisite. It is why one should not underestimate how serious China is about capturing Taiwan. If Taiwan falls, the First Island Chain is broken, and the People's Liberation Army (PLA) gains an unsinkable aircraft carrier and launching point for operations in the Pacific and beyond. If China controls Taiwan, it will expand from there — seizing more of the First Island Chain, up the Ryukyus and down the Batanes. That could eventually allow China to subordinate Japan and the Philippines. Tokyo understands this, which is why it is doubling Japan's defense budget.<sup>17</sup>

At the same time Beijing is working on Taiwan, it is also trying to leapfrog the First Island Chain by using political warfare of the sort seen in the Solomons. If China can burrow itself into the Second and Third Island Chains, it will disrupt American (and Japanese and Australian) defense plans and could potentially break down the First Island Chain's defenses from behind.

Understanding how important “breaking the chains” is for PLA strategy and operations is fundamental for understanding how the Pacific Islands fit into China's grand strategy — and how much effort Beijing is pouring into expanding its CNP across the region.

#### **A View From the Pacific Islands**

As seen from the Malaita petition, many Pacific Islanders have a better understanding of China and geostrategic issues than some of the top experts in Western think tanks. I have personally learned an enormous amount from them. They have come by this knowledge painfully and over a long time.

Over the last 130 years, parts of the Federated States of Micronesia (FSM) have been ruled sequentially by Spain, which sold them to Germany (after Spain's defeat in the Spanish-American War), which lost them to Japan (after its defeat in World War I) before the United States gained control in World War II.

Each change, decided by factors far outside the control of the FSM people, left a deep impression on the country's inhabitants. The FSM became independent in 1989 — finally getting its own say — and is now party to a Compact of Free Association with the United States. It has also signed on to China's Belt and Road Initiative.

Regional leaders, like many around the world, have been trying to balance interests without toppling over. This dynamic has a long history as well. The current king of Tonga is a direct descendent of King Tupou I (1798–1893), who successfully kept his country independent, in part

<sup>17</sup> Grant Newsham, “The Fall of Taiwan: Asia Goes Red — or at Least ‘Pinkens,’” *Center for Security Policy*, February 23, 2021. (<https://centerforsecuritypolicy.org/the-fall-of-taiwan-asia-goes-red-or-at-least-pinkens>)



by playing European powers off against each other by signing reciprocal treaties with France (1855),<sup>18</sup> Germany (1876),<sup>19</sup> and the United States (1886).<sup>20</sup>

However, as China's hegemonic intentions become clearer, regional leaders — having seen where this path leads before — are becoming more concerned and more vocal.

In a recent speech, Ambassador Amatlain Elizabeth Kabua, Permanent Representative for the Republic of the Marshall Islands to the United Nations, said:

We are concerned about being caught in the middle of a bad tug-of-war. In recent years, there has been increasingly high-level attention to our region, and while we welcome the engagement, we have [the] motivation to distinguish between someone who is interested in building a durable partnership to help us grow as a people and as a nation — which we welcome and encourage — or someone who is interested in our area just for their own expansion.<sup>21</sup>

In that context, the most often complaint heard about the United States in Oceania is “Where are you?”<sup>22</sup>

#### **The United States Is a Pacific Island Nation**

The United States itself is a Pacific Island nation, encompassing the American citizens who live on American soil, in Guam — the same Guam referenced when Chinese media calls China's DF-26 missile the “Guam killer.”<sup>23</sup>

The United States currently has a range of different political arrangements with polities in Oceania. There are the “unincorporated United States insular areas” (also known as territories) of American Samoa, Baker Island, Guam, Howland Island, Jarvis Island, Johnston Atoll, Kingman Reef, Midway Atoll, the Commonwealth of the Northern Mariana Islands (CNMI), and Wake Island. Palmyra Atoll, which includes about 50 small islands a thousand miles or so south of Honolulu, is America's only incorporated insular territory.<sup>24</sup> The Exclusive Economic Zones of

<sup>18</sup> See: French Ministry for Europe and Foreign Affairs, “France and Tonga,” accessed October 18, 2021. (<https://www.diplomatie.gouv.fr/en/country-files/tonga>)

<sup>19</sup> See: German Federal Foreign Office, “Germany and Tonga: Bilateral Relations,” accessed October 18, 2021. (<https://www.auswaertiges-amt.de/en/aussenpolitik/tonga/235660>)

<sup>20</sup> See: U.S. Department of State, Office of the Historian, “A Guide to the United States' History of Recognition, Diplomatic, and Consular Relations, by Country, since 1776: Tonga,” accessed October 18, 2021. (<https://history.state.gov/countries/tonga>)

<sup>21</sup> Carnegie Endowment, “Islands in Geopolitics,” *YouTube*, September 19, 2021. (<https://www.youtube.com/watch?v=ZbegDXWLHXA>)

<sup>22</sup> Cleo Paskal, “Indo-Pacific strategies, perceptions and partnerships,” *Chatham House*, March 23, 2021. (<https://www.chathamhouse.org/2021/03/indo-pacific-strategies-perceptions-and-partnerships/06-tonga-and-indo-pacific>)

<sup>23</sup> 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>)

<sup>24</sup> See: U.S. Department of the Interior, Office of Insular Affairs, “Definitions of Insular Area Political Organizations,” accessed October 18, 2021. (<https://www.doi.gov/oia/islands/politicaltypes>)

these U.S. possessions in the Pacific combine to cover over 750,000 square miles, or roughly the size of Turkey.<sup>25</sup>

Washington also has important Compacts of Free Association (COFAs) with three independent countries, all in the Micronesian region: Palau, the Marshall Islands, and the FSM — together known as the Freely Associated States (FAS). The COFAs give the United States guaranteed military access as well as the “right of strategic denial,” or the right to deny such access by other states.<sup>26</sup>

In recent decades, active U.S. engagement has been intermittent and often lackluster. Regardless, the United States has maintained and expanded military bases on Guam and the CNMI and has requested and held larger and more frequent multinational exercises in and with the region. Within the FAS, ties to the United States remained strong, with economic, familial, educational, and military links.<sup>27</sup> (FAS citizens serve in the U.S. military at rates exceeding that of most U.S. states).<sup>28</sup>

However, with increasing strategic tension in the area, overt Chinese gains, and the financial aspects of the COFAs up for renewal in 2023 to 2024, there has been a real effort to refocus on the area, including by many members of this subcommittee.

Bipartisan initiatives and leadership on the Pacific Islands have been exemplary. The Congressional Pacific Island Caucus was established in 2019 to help educate members on the importance of the Pacific Islands and to implement “sound national security in the Indo-Pacific over the next generation.” Chairman Bera, Ranking Member Chabot, Caucus Co-Chair and Representative Brad Sherman, and Representatives Ted Lieu and Young Kim are among those on this subcommittee who also serve on the caucus.<sup>29</sup>

Caucus Co-Chair and Representative Ed Case said:

If we leave [the Pacific Islands] to themselves, if we disengage, if we ignore, if we don’t show up — they will have no choice but to take different directions. And I believe that if we do engage on a coordinated basis, if we do show up, if we do assist, if we do treat them with a mutual respect, that they will choose to continue down the path that has, I

<sup>25</sup> Alexander B. Gray and Douglas W. Domenech, “U.S. Territories: The Frontlines of Global Competition With China,” *RealClearDefense*, March 11, 2021. ([https://www.realcleardefense.com/articles/2021/03/11/us\\_territories\\_the\\_frontlines\\_of\\_global\\_competition\\_with\\_china\\_767683.html](https://www.realcleardefense.com/articles/2021/03/11/us_territories_the_frontlines_of_global_competition_with_china_767683.html))

<sup>26</sup> 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-116/hrg37848/pdf/CHRG-116/hrg37848.pdf>)

<sup>27</sup> “The Freely Associated States and Issues for Congress,” *Congressional Research Service*, October 7, 2020. (<https://crsreports.congress.gov/product/pdf/R/R46573/2>)

<sup>28</sup> Alexander B. Gray and Douglas W. Domenech, “U.S. Territories: The Frontlines of Global Competition With China,” *RealClearDefense*, March 11, 2021. ([https://www.realcleardefense.com/articles/2021/03/11/us\\_territories\\_the\\_frontlines\\_of\\_global\\_competition\\_with\\_china\\_767683.html](https://www.realcleardefense.com/articles/2021/03/11/us_territories_the_frontlines_of_global_competition_with_china_767683.html))

<sup>29</sup> U.S. House of Representatives, Congressional Pacific Islands Caucus, “About,” accessed October 18, 2021. (<https://pacificislandscaucus-case.house.gov/about>)

think, been beneficial to most of this world. But it takes effort. It doesn't take just coasting along. It takes concerted, coordinated effort.<sup>30</sup>

There are strong indications of that effort. Under the previous administration, the National Security Council got its first Oceania director, and in a historic first, President Donald Trump hosted the three presidents of the COFA states at the Oval Office in May 2019.<sup>31</sup>

In May 2021, Chairman Bera and Representatives Sherman, Case, and Don Young introduced important legislation called the *Boosting Long-term U.S. Engagement in the Pacific Act*, or the *BLUE Pacific Act*, with the aim of “establishing a comprehensive, long-term U.S. foreign policy in the Pacific Islands amidst growing international engagement in the region.”<sup>32</sup>

At the bill's introduction, Chairman Bera noted that:

The United States is a Pacific nation, and our security and welfare are inextricably tied to those of our friends and allies in the South Pacific... For years, we have regrettably drifted away from this part of the world with which we share longstanding historical ties and which serves as an essential link between our nation and the Indo-Pacific.<sup>33</sup>

Also in May 2021, Chairman Bera joined Representative Young and Senators Brian Schatz and Lisa Murkowski in introducing the *Honoring Our Commitment to Elevate America's Neighbor Islands and Allies Act*, or the *Honoring OCEANIA Act*. Chairman Bera's press release announcing the legislation stated that this “bipartisan and bicameral bill would elevate all of Oceania in U.S. foreign policymaking to help deliver a robust diplomatic and development commitment to support the long-term growth, governance, and resilience needs of the region.”<sup>34</sup>

Enhancing U.S. engagement with Oceania has also been highlighted in other legislative efforts, including the Pacific Deterrence Initiative.

The momentum towards seriously re-engaging with Oceania seems to be growing. However, that momentum can easily dissipate when dealing with such a vast and complex area. So, what should be prioritized?

<sup>30</sup> East-West Center in Washington, “The United States' Enhanced & Enduring Commitment to the Pacific Islands Region,” *YouTube*, November 21, 2020. (<https://www.youtube.com/watch?v=JWjF19HX56U>)

<sup>31</sup> U.S. Department of the Interior, Press Release, “Interior Secretary Bernhardt Applauds President Trump for Historic Meeting with Presidents of Palau, Marshall Islands, and the Federated States of Micronesia,” May 21, 2019. (<https://www.doi.gov/pressreleases/interior-secretary-bernhardt-applauds-president-trump-historic-meeting-presidents>)

<sup>32</sup> Boosting Long-term U.S. Engagement in the Pacific Act, H.R.2967, 117th Congress (2021). (<https://www.congress.gov/bills/117th-congress/house-bill/2967>)

<sup>33</sup> Office of Representative Ed Case, Press Release, “Case Joins Fellow Co-Chairs of Congressional Pacific Islands Caucus in Reintroducing Bipartisan Expanded Blue Pacific Act For Long-Term Coordinated United States Policy In The Pacific Islands Region,” May 4, 2021. (<https://case.house.gov/news/documentsingle.aspx?DocumentID=560>)

<sup>34</sup> Office of Representative Ami Bera, Press Release, “Rep. Bera Introduces Bipartisan Legislation to Elevate Oceania in U.S. Foreign Policy,” May 21, 2021. (<https://bera.house.gov/media-center/press-releases/rep-bera-leads-introduces-bipartisan-house-bill-to-elevate-oceania-in-us>)

### Recommendations

It is helpful to look at Oceania region by region, as each will likely require a different strategy given the geopolitics at play. Broadly speaking, the countries of the region are generally divided politically into three areas:

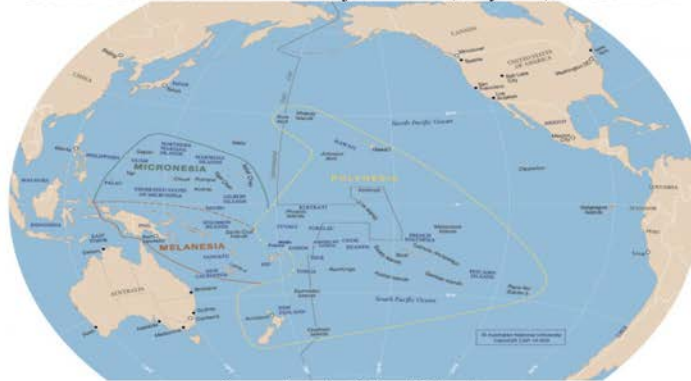
*Micronesia:* Kiribati, the Marshall Islands (COFA with the United States), the FSM (COFA with the United States), Nauru, and Palau (COFA with the United States). Guam and the Northern Marianas are also part of Micronesia. In terms of major Western powers, especially in a Five Eyes context, the United States is dominant here — with substantial roles being played by Japan and Taiwan.

*Melanesia:* Fiji, New Caledonia (a collectivity of France), Papua New Guinea, the Solomon Islands, and Vanuatu. Australia tends to be the dominant Five Eyes partner.

*Polynesia:* Cook Islands (Free Association with New Zealand), French Polynesia (a collectivity of France), Niue (Free Association with New Zealand), Samoa, Tonga, and Tuvalu and American Samoa. New Zealand tends to be the dominant Five Eyes partner.

The countries of Micronesia, Melanesia, and Polynesia vary widely in many ways, including geography, population size, economic structures, and more. Additionally, different regional powers seem to be trying to assert primacy in each area in different ways, requiring separate analyses — especially given that the main regional organization, the Pacific Island Forum (PIF), fractured in early 2021 when the five Micronesian countries announced their intention to leave the forum.<sup>35</sup>

#### *Oceania's Broad Political Divisions of Micronesia, Polynesia, and Melanesia*



Source: Australian National University

<sup>35</sup> Cleo Paskal, "How the Pacific Islands Forum fell apart," *The Diplomat*, February 10, 2021. (<https://thediplomat.com/2021/02/how-the-pacific-islands-forum-fell-apart/>)



**Micronesia:** Micronesia is the area where the United States is already the major power, and it is where Washington can most quickly and effectively refine existing relationships and trial new ways of engaging.

Micronesia is also the most febrile zone in Oceania. It lies just beyond the First Island Chain and includes islands that are already designated missile strike targets by the PLA, such as Guam. While the United States is the dominant power in the region, Japan and Taiwan play important positive roles as well. Palau, Nauru, and the Marshall Islands all have full diplomatic relations with Taiwan.

The region is also actively rethinking its identity, providing a rare opening for discussion about its future and for innovation. Micronesia's seeming break with the PIF, as well as the ongoing renegotiations of the COFAs, has created an opportunity to build a strong, inclusive regional structure (with the support of the United States). If successful, that structure could then serve as a model for Melanesia and Polynesia.

The goal would be to create a **Micronesian Zone of Security, Prosperity, and Freedom** that would knit the region together and let its countries and territories reinforce each other. It would require a series of adjustments based on a comprehensive approach. Many changes would not require extra funding (and in fact could provide substantial economic opportunities in the region). For example:

- The United States should shift U.S. diplomatic responsibility for the Micronesian countries of Kiribati and Nauru from the U.S. Embassy in Fiji (Melanesia) to the one in Majuro, Marshall Islands (Micronesia).
- Working with the private sector, facilitate new commercial flight routes, possibly with Japanese or Taiwanese airlines, that allow the people of Micronesia easier access to each other's countries. This will facilitate the development of Guam, Majuro, or other regional nodes as education, health care, and trading hubs, encouraging regional cohesion and economic development.
- If the United States is going to stand up a First Fleet, Washington should consider basing it in the region.
- The United States should accept Palau's offer for expanded basing.
- The U.S. military should establish more permanent basing, including (if welcome) in the FSM, perhaps as part of logistical support for the U.S. Marine Corps' new distributed approach.
- The United States and its fellow "Quad" members should treat Micronesia as a priority for engagement. This could potentially include establishing a common headquarters for humanitarian assistance/disaster relief in the region. The Quad should also hold exercises in the region, including ones that address illegal fisheries. Human security initiatives like the Quad's vaccine collaboration could also be expanded in the region.<sup>36</sup>

<sup>36</sup> Cleo Paskal, "India's vaccine diplomacy a shot in the arm for the Quad?" *The Sunday Guardian* (India), February 6, 2021. (<https://www.sundayguardianlive.com/news/indias-vaccine-diplomacy-shot-arm-quad>)

- The United States could leverage the region's large number of U.S. military veterans to create the equivalent of a national guard that could be deployed during emergencies.
- Washington could offer COFAs to Kiribati and Nauru. (This would require convincing Canberra to accept what is best for Nauru and regional security rather than Australia's own narrow interests).<sup>37</sup>

These few examples give an idea of the range of possible initiatives that could produce substantial results.

Some countries in Micronesia are already crafting their own innovative solutions. Palau has been leading the way by enhancing its strategic autonomy while trying to build partnerships with likeminded countries — as seen by Palau's engagement with Taiwan and appointment of its first national security coordinator (NSC).<sup>38</sup>

If each of the Micronesian nations followed suit and appointed its own NSC, a Micronesian National Security Council would become possible. That council would provide an easy engagement point for American military, law enforcement, and others to hear directly from regional countries about what is going on and what they need to remain independent of China's malign influence.

These are, in effect, suggestions for a **comprehensive multinational defense to counter China's CNP**, for the benefit of all those who want to stay (or become) free.

**COFA:** In this context, one of the most urgent and essential issues for the United States to address is speedy and effective resolution of the COFA negotiations.<sup>39</sup> In a 2019 hearing, Representative Brad Sherman, a member of this subcommittee, 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."<sup>40</sup> Delays in the negotiations make partners in the COFAs very nervous indeed, and leave huge openings for Chinese political warfare.

It is difficult to overstate the importance of the COFAs to the Freely Associated States. According to the U.S. Integrated Country Strategy for the FSM, if the country's COFA negotiation is not resolved:

<sup>37</sup> Alexander B. Gray, "How the US Can Protect The Sovereignty of the Smallest Pacific Islands," *The Diplomat*, May 7, 2021. (<https://thediplomat.com/2021/05/how-the-us-can-protect-the-sovereignty-of-the-smallest-pacific-islands>)

<sup>38</sup> Senior Airman Aubree Owens, U.S. Air Force, Pacific Air Forces, Press Release, "36 CRG sends military training team to Palau," June 29, 2021. ([www.pacaf.af.mil/News/Article-Display/Article/2678163/36-crg-sends-military-training-team-to-palau](http://www.pacaf.af.mil/News/Article-Display/Article/2678163/36-crg-sends-military-training-team-to-palau))

<sup>39</sup> 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>)

<sup>40</sup> 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-116/hrg37848/pdf/CHRG-116hrg37848.pdf>)

The future of many of the 50 plus USG components operating in the FSM also appears uncertain. Absent action from Congress, several will end their operations in 2024, including [the Federal Aviation Administration], [the Federal Deposit Insurance Corporation], the Post Office, and the hybrid COFA disaster response mechanism that is funded by [Federal Emergency Management Agency] and implemented by [the U.S. Agency for International Development]. The presence in the FSM of the remaining 45 plus agencies after 2023 is also in question... Absent other countervailing factors, the reduction in US foreign assistance portends likely greater economic and political instability in the FSM after 2023.<sup>41</sup>

The United States could speed up the process by taking up recommendations that 15 members of Congress, including Chairman Bera and subcommittee members Dina Titus and Young Kim, sent in a June 29, 2021, letter to President Joseph Biden. The letter urges the president to “appoint a special envoy or other dedicated senior appointee based out of the White House to coordinate an interagency effort to renew the COFAs.”<sup>42</sup>

**Polynesia:** New Zealand is, broadly speaking, the “lead” Five Eyes country on Polynesia. However, upon closer examination, New Zealand seems to be trying to create a sphere of influence for itself, which may ultimately play into China’s hands. If Wellington will not change course, the United States and other democracies should reconsider how they engage with New Zealand. Either way, more direct U.S. bilateral engagement with Polynesian countries is essential for understanding the realities on the ground.

Wellington’s strategy can be understood by looking at how its policies have shaped regional politics. New Zealand was a key vote in the fragmentation of the PIF,<sup>43</sup> was a player in the governance disruptions at the University of the South Pacific,<sup>44</sup> and was a key promoter of the PACER Plus trade deal.<sup>45</sup> So what is New Zealand trying to accomplish? Wellington (along with Canberra) seems to have a goal of “integrating” the Pacific Island countries,<sup>46</sup> in particular Polynesian countries, into New Zealand’s economic and security structures. Wellington’s focus on Polynesia has become increasingly overt, as has its effort to position New Zealand as the entry point for other countries looking to engage in the region.

In April 2021, New Zealand Foreign Minister Nanaia Mahuta spoke to the New Zealand China Council “to outline what New Zealand’s contemporary relationship with China looks and feels like.” She chose the imagery of a Chinese dragon meeting the New Zealand Taniwha (a

<sup>41</sup> U.S. Department of State, “Integrated Country Strategy: Federated States of Micronesia,” August 16, 2018. (<https://www.state.gov/wp-content/uploads/2019/01/Micronesia.pdf>)

<sup>42</sup> Representative Ed Case et al., *Letter to President Joseph Biden*, June 29, 2021. ([https://thevappie.com/wp-content/uploads/2021/09/2021\\_06\\_29-Letter-to-POTUS-on-COFA-Renegotiations.pdf](https://thevappie.com/wp-content/uploads/2021/09/2021_06_29-Letter-to-POTUS-on-COFA-Renegotiations.pdf))

<sup>43</sup> Cleo Paskal, “How the Pacific Islands Forum fell apart,” *The Diplomat*, February 10, 2021. (<https://thediplomat.com/2021/02/how-the-pacific-islands-forum-fell-apart/>)

<sup>44</sup> “Fiji-deported USP vice-chancellor Ahluwalia gets new contract,” *Asia Pacific Report* (New Zealand), May 26, 2021. (<https://asiapacificreport.nz/2021/05/26/fiji-deported-usp-vice-chancellor-ahluwalia-gets-new-contract/>)

<sup>45</sup> Cleo Paskal, “Australia and New Zealand Must Rethink Their Approach to Pacific Trade,” *Chatham House*, October 23, 2018. (<https://www.chathamhouse.org/2018/10/australia-and-new-zealand-must-rethink-their-approach-pacific-trade>)

<sup>46</sup> Graeme Dobell, “Foreign policy white paper 2017: integrating the South Pacific,” *The Strategist*, December 4, 2017. (<https://www.aspistrategist.org.au/foreign-policy-white-paper-2017-integrating-the-south-pacific/>)



supernatural water creature from the Maori tradition). She said, “Taniwha are endemic to Aotearoa [New Zealand] but can trace their whakapapa [kinship] across the vast expanse of the Pacific Ocean... Taniwha are protectors or guardians.”<sup>47</sup>

Fundamentally, the minister, herself Maori, was claiming a special role in the region for New Zealand by virtue of “historical, cultural, social, linguistic and kin connections”, while invoking the role of protector via the Taniwha.<sup>48</sup> However, the Taniwha is a purely Polynesian creature, and there are few linguistic or other connections between Polynesians and, say, Marshallese.

As such, Mahuta’s speech seems to imply that New Zealand’s focus is not Oceania as a whole, but Polynesia. New Zealand knows it plays only a minimal role in Micronesia and a limited role in Melanesia, so it makes sense (and follows 120 years of New Zealand foreign-policy tradition) for Wellington to focus on Polynesia. For example, Micronesia’s three Freely Associated States and two of the Melanesian countries (Papua New Guinea and Fiji) stayed out of the New Zealand-backed PACER Plus trade agreement, while almost all the Polynesian countries signed on.

This goes a long way towards explaining, for example, why it would be convenient for New Zealand if Micronesian countries (along with their American backers) left the PIF. The pool gets smaller, and so New Zealand’s influence is relatively larger. At the same time, as indicated by Mahuta’s speech, New Zealand seems to be trying to place itself as the entry point into Polynesia for countries from outside the region, including China.

Wellington also seems to be trying to have its Chinese economic cake as well as its Five Eyes security protection. However, old memories about its shenanigans regarding the Australia-New Zealand-U.S. (ANZUS) Treaty were resurrected by Wellington’s declarations over the recent Australia-UK-U.S. (AUKUS) security partnership, and there are murmurs about New Zealand’s future in the Five Eyes.<sup>49</sup> Wellington has gotten away with pushing the limits of its strategic partnerships in the past, but there may be dwindling patience with a partner on whom one may not be able to rely in a crisis.

New Zealand’s attempts at scything off a zone of influence by allowing regional organizations to fragment, battering down the economic defenses of sovereign nations via PACER Plus, and eroding the strategic autonomy of regional states by, for example, installing a New Zealander police commissioner in Tonga are not only damaging for the people of the region. They are also foolhardy strategically, especially as New Zealand is also a seemingly wobbly partner to larger

<sup>47</sup> Foreign Minister Nanaia Mahuta, New Zealand Government, “He Taniwha He Tipua, He Tipua He Taniwha - The Dragon and the Taniwha,” April 19, 2021. (<https://www.beehive.govt.nz/speech/%E2%80%99Che-taniwha-he-tipua-he-tipua-he-taniwha-dragon-and-taniwha%E2%80%99D>)

<sup>48</sup> In speaking of the Pacific Islands, Mahuta said: “In many respects one could surmise that we share common Taniwha. Our historical, cultural, social, linguistic and kin connections across the Pacific are significant.” She also described New Zealand’s role in the Pacific as being almost like a “guardian” in the context China-New Zealand relations: “New Zealand will continue to build cooperation in areas of mutual interest, bringing benefits to people in both countries [China and New Zealand], and I hope [to] the resilience of the Pacific, while protecting and promoting New Zealanders’ well-being, security and prosperity.”

<sup>49</sup> Julia Hollingsworth, “New Zealand is a Five Eyes outlier on China. It may have to pick a side,” *CNN*, June 3, 2021. (<https://www.cnn.com/2021/06/03/asia/new-zealand-xinjiang-china-intl-hnk-dst/index.html>)



democratic countries in the region. If New Zealand thinks its Taniwha can take on the CCP dragon not only at home but in Polynesia as well, Wellington truly does not understand what is going on in within its border and across the region.

Given this uncertainty, the United States should engage bilaterally with Polynesian countries to gauge the situation on the ground, without relying solely (or even primarily) on New Zealander interlocutors.

Some other democratic countries, such as Japan, are already working on this. But there is still insistence in some quarters in the United States that New Zealand must be included as a trilateral partner. If New Zealand is to change direction, Wellington needs to know its Taniwha will not be allowed to scare off others who truly want to be partners to the countries of Polynesia. A true partner would work with Polynesian countries to improve their strategic autonomy and ability to withstand Chinese political warfare, instead of pursuing New Zealand's vision of eventual "integration," which aims to see the countries become satellites of New Zealand's system. Indeed, this "integration" would likely result in the Polynesian countries (and New Zealand) becoming satellites of China.

**Melanesia:** Australia is replicating in Melanesia some of the "integration" missteps that New Zealand is pursuing in Polynesia. Canberra also demonstrates a tendency for "strategic inaction" when tougher policy decisions might be deemed inconvenient. For example, Canberra has not acknowledged the concerns of the pro-democracy petitioners of Malaita regarding CCP influence, possibly so as not to affect Australia's relations with the central government in the Solomon Islands.

However, there is a separate strand of Australian policymaking that is clear about the threat from China and is willing to make bold moves, such as AUKUS.

For Australia to be more effective in promoting a free and open Indo-Pacific, particularly in Oceania, the United States might want to encourage and work with Canberra to:

- Supplement Canberra's crop of in-house Pacific policy experts with China experts;
- Trust Pacific Islanders to have a better understanding of their situation on the ground than the go-to Australian experts, and listen to them;
- Support regional leaders who are standing up for democracy, transparency, and accountability;
- Not feel threatened by or try to sabotage bilateral engagement between Pacific Island countries and countries who share Australia's broad strategic goals, such as Taiwan, Japan, and the United States; and
- Not try to force unwanted "integration" models on the region. Policies that are designed to benefit narrow Australian business interests in the short term are likely to undermine and possibly destabilize the Pacific Island partners and leave them more open to Chinese predation. By using its strategic weight to push for concessions in business negotiations with Pacific Island countries, Australia may end up losing the business as well as its reputation as a reliable strategic partner.

### Conclusion

There was a time when many of the most prominent leaders in this country knew firsthand what war in the Pacific looked like and how close America's bond is with the people of the region.

In 1943, two Solomon Islanders helped save future President John F. Kennedy and his crew in the days after his patrol boat was rammed and sunk by the Japanese.<sup>50</sup>

Benjamin Gilman, longtime (1995–2001) chairman of the House Committee on Foreign Affairs, whose portrait might be looking down on us if we were meeting in person, flew 35 missions over Japan as a side gunner in a B29 Super Fortress. On two separate occasions, his plane was so severely damaged he never would have made it back — except for the fact he could do an emergency landing at Iwo Jima. The blood of Americans is mixed with the blood of Pacific Islanders in the soil and seas of Oceania.

Last month, 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.<sup>51</sup>

To avoid the next war, we will have to learn that again.

Chairman Bera, Ranking Member Chabot, and other members of the subcommittee, thank you for all your work toward accomplishing this goal, and for inviting me to testify today.

<sup>50</sup> Rob Brown, "The Solomon Islanders who saved JFK," *BBC* (UK), August 6, 2014. (<https://www.bbc.com/news/magazine-28644830>)

<sup>51</sup> Carnegie Endowment, "Islands in Geopolitics," *YouTube*, September 19, 2021. (<https://www.youtube.com/watch?v=ZbegDXWLHXA>)



Mr. BERA. Thank you, Ms. Paskal, and thank all the witnesses for their testimony. I will now recognize members for 5 minutes each, pursuant to House rules. All time yielded is for the purposes of questioning our witnesses.

Because of the virtual format of this hearing, I will recognize members by committee seniority, alternating between Democrats and Republicans. If you miss your turn, please let our staff know and we will circle back to you.

If you seek recognition, you must unmute your microphone and address the chair verbally. And before I start recognizing myself, I'm going to ask for unanimous consent for Representative Ed Case to participate in this hearing and that he will be yielded 5 minutes for the purposes of questioning our witnesses after committee members have their opportunity to question any witnesses.

Hearing no objection, so let it be stated.

Let me start my questions and maybe I'll ask Mr. Loi initially. You touched on having a forward-looking agenda, and I couldn't agree with you more.

You know, certainly, recognizing the Pacific Islands and islands of Oceania for their assets and the challenges that their people face and making sure they're not caught between what I think Ambassador Cefkin said, two elephants, two big nations—that this is not the United States or China, but it is about the people in the region, about them getting COFA completed and so forth.

If you were to prioritize some of those agenda items, you know, where should our focus as the subcommittee but also Congress be?

Mr. LOI. Thank you, Chairman.

Well, you know, first off, you know, I think there definitely does need to be more resources. Diplomacy and engagement is a contact sport. We have to be present.

We have to have missions and diplomatic presence in the countries that we do not, and Ambassador Cefkin, you know, represented, I think, five of them from Fiji, and COVID has prevented us from really representing ourselves in those States as well as Solomon Islands, which is covered under Papua New Guinea.

So I think presence is important, which, obviously, requires resources and staffing. Consistency is really important. And yes, it was notable that President Biden participated virtually in the in the PIF Leaders meeting.

Had the meeting been in person, though, I'm not sure who would have made it, and part of our challenge is that we're not consistent. Our participation varies. When I was working at the state Department, we were able to get Secretary Clinton to go.

I know the Secretary of Interior went during the Trump administration. But it tends to vary and that has follow-on effects in terms of the ability to follow through.

And then, you know, I guess, last, we have to have a multifaceted approach. It cannot just be security. It has to be economic. It has to be people to people. It has to leverage the many strengths that we possess that, frankly, China does not possess.

And we frequently give short shrift to some of those soft power initiatives. I think Ambassador Cefkin mentioned the Peace Corps. These are things that are not easily replicated, but they're typically the first things that are cut.

And then last, I would say, you know, while climate change is a politically divisive issue, it's not an issue that is debated in the Pacific Islands because they see it and feel it every day, and if we're not able to address their number-one concern, we lose credibility.

And so we have to find a way to short circuit kind of the debates that we know are going to continue to happen in the United States but somehow ensure that we are assisting our Pacific Island friends and partners in ways that are meaningful to them.

And, you know, that will take, obviously, you know, political courage and discipline, and maybe I'll just leave it at that.

Mr. BERA. Great. And I know, playing on that, that we have some great champions in Congress, starting with Congressman Case, who was going to lead us on a CODEL prepandemic, which, you know, as we come out of this pandemic, I know he's certainly thinking about it. I'm thinking about it.

And he's got champions like Congresswoman Katie Porter, who also I believe is having a hearing on resolving some of the issues with COFA and, you know, remnant nuclear testing issues in the region and has been a champion there.

Maybe, Ambassador Cefkin, you'd like to play off of that a little bit and maybe contrast with how China's approaching the region and how we should approach it.

[Audio malfunction.]

Mr. BERA. I'm not sure we have got a great connection.

Ms. CEFKIN. I, certainly, would—

Mr. BERA. Actually, I do not think we have got a great connection so maybe we'll move on.

Ms. CEFKIN [continuing]. And I would note that China has—their other forms of engagement really been—

[Audio malfunction.]

Mr. BERA. I think we're losing her.

Mr. DAYANT, do you want to—

Mr. DAYANT. Yes, Chairman Bera, very rapidly. So I think, look, what China does in the Pacific focuses a lot on big infrastructure projects, big-ticket projects, and those are the ones that are making the headlines in the news and, clearly, you know, like, the Pacific needs development support and needs infrastructure.

So, like, the U.S. could actually focus on other things like, you know, they could try—could try to complement Australia's support, complement other like-minded countries—like-minded development partners in the region such as, at the moment, for instance, vaccine diplomacy is something.

You know, helping the countries to get enough stocks of vaccines but also, like, in helping Pacific countries and the population of the Pacific to get the jabs in their hand—in their arms, because at the moment, there's a huge vaccine hesitancy in the region, especially in Malaysia, and having a proper information campaign could be something that would be helpful.

Mr. BERA. Great. I notice I'm out of time. So let me go and recognize my good friend, the ranking member, Mr. Chabot from Ohio, for 5 minutes.

Mr. CHABOT. Thank you, Mr. Chairman, and Ms. Paskal, I'll begin with you.

There's no question, and I think you pointed this out in your opening statement, that China has designs on the Pacific Island and we need to be very concerned about that, as well as a whole lot of other things with respect to China.

Could you discuss the likely consequences if we do not engage more effectively with the region, particularly the islands that are under discussion today, and give the PRC, essentially, a free hand in the region? Could you—could you discuss that?

Ms. PASKAL. Yes. Thank you for the question.

So there's several different ways of looking at it. One is strategic. Of course, strategically, it would be disastrous.

Any military confrontation that is going to happen in Asia would require the U.S. to have access through the region, and that's not just sort of ships, but it's subs, it's the underwater cables, it's satellites, all that stuff, and China knows that.

And as it positions itself throughout the Pacific, it's positioning itself to be able to cutoff all of those abilities, to cutoff the logistics, supplies, and the infrastructure needed for the U.S. to be a force for security and stability in the region.

At the same time, the consequences for the people of the Pacific shouldn't be underestimated. There are different sorts of ways that China interacts. Infrastructure is one of them.

But there's also once China gets a hold of a government, it tends to use its influence to try to lower visa restrictions for Chinese to arrive in the country, and they tend to arrive in and stay a very short period of time, and in the process they bring in often drugs, prostitution, and gambling that's very, very destructive for the local population.

So the first case of human trafficking in Tonga was a Chinese woman who brought in other Chinese women to serve as prostitutes in Tonga. Very disruptive for the local population and it, of course, uses those prostitutes to gain influence over the customers through various other means as well.

So this is totally socially corrosive at the same time as being strategically detrimental to the U.S. position. In every single way this is bad for the people of the region and for anybody who cares about a free and open Indo-Pacific.

Mr. CHABOT. Thank you. And talking about our engagement, the United States engagement in the region, when the Solomon Islands switched recognition from Taipei to Beijing, the United States did not even have an embassy in the Solomon Islands and I think this really does exemplify a far too lackadaisical approach over the years to the region. Could you discuss that and how should the U.S. engage more effectively and in a sustained way in the Pacific Island region?

Ms. PASKAL. Mr. Loi is absolutely correct and his written recommendations are excellent about having to be there. You need to show up. And there is this issue of—that's going to have to be re-considered about partners.

We can't—the Solomon Islands situation and the Kiribati situation showed, unfortunately, that Australia and New Zealand are perhaps not as on top of the situation as we had hoped and perhaps could use a little bit more collaboration with some other partners in order to make sure that things like that do not happen.

I think the U.S. was taken by surprise by how far down the road the Solomons was and, in fact, I heard that the Solomons before had even considered offering basing rates to the U.S. and that opportunity was lost as well.

So we need to be there. The U.S. needs to be there. It needs to be listening very carefully and it needs to be making decisions based on its own interests and not necessarily, in some cases, the economic interests as some of its partners, unfortunately.

New Zealand, in particular, is very problematic in Polynesia, where some of its economic interest—short-term economic interests—seem to be undermining the security interests of the entire region.

Mr. CHABOT. Thank you.

Ms. PASKAL. So there is there—yes, there's no substitute for being there.

Mr. CHABOT. Thank you. I've got about a minute left and I wanted to get one more area in to you here. Could you discuss the threats posed by potential Chinese military bases or dual-use facilities in the Pacific Islands and what such facilities would mean for U.S. national security?

And also could you discuss Palau's request to host a U.S. military base and the advantages that that would bring to U.S. force posture in the region?

Ms. PASKAL. Yes. The Palau base would be very important for the people of Palau. First of all, it would bring in important revenue, but it would also make them feel much more secure.

They're one of the few countries that still recognizes Taiwan and there's enormous pressure on them to try to shift. So it would be a statement that the current president of Palau, President Whipps, could use to show, look, the U.S. is with us. They're behind us. It would also—given its location, it's very, very strategic and very helpfully located. I'm not quite sure why that offer hasn't been taken up.

As the Chinese goes out with these dual-use facilities that are built in part through the Belt and Road, they're enabling an ability not just to position themselves but also to deny access. So these are—again, these go through satellites, underwater cables, surface, air, subsea.

They are looking at what happened in World War Two and they're not making the same mistakes Japan made. They're grabbing the islands while they can in a political warfare way before they shift to kinetic warfare, if needed.

Mr. CHABOT. Thank you very much. I yield back, Mr. Chairman.

Mr. BERA. Great. Thank you, Mr. Chabot. Let me now recognize my good friend, the gentlelady from Nevada, Ms. Titus.

Ms. TITUS. Thank you very much, Mr. Chairman. You know, a lot of the emphasis has been on our relationship with this area and these islands along the defense lines and security lines.

I'd like to shift just a little bit over to the nuclear legacy—you know, our testing in Bikini and Enewetakwe. Some of the damage that was done back in the late 1940's or 1950's still remains a problem.

Would this not help our relations with that part of the world if we included in some of our negotiations or some of our assistance

funding to help with the radiation and the problems that remain as a result of that.

Anybody?

Ms. PASKAL. Yes, it would help.

[Laughter.]

Ms. TITUS. Well, how should we do that? I agree, I think it's yes. That's why I asked the question. But how can we pursue that or what will be the response to it? Maybe you all could give me a little help here as I make this case.

Mr. DAYANT. If I may.

Ms. TITUS. Please.

Mr. DAYANT. So yes, I went to the Marshall Islands 2 years ago, actually, and I remember that the Dome—so, like, the Runit Dome where the United States has put some of, like, its nuclear—not waste, but, like, you know, like, the tools that were used to, like, do the nuclear testing and, like, completely, you know, did it underground, this is a big legacy for the United States.

It is, like, very negatively seen in the Marshall Islands. The U.S. says that, and sends every year, like, a controller that goes and checks the dome to see the, like, how sustainable it is.

Unfortunately, it is cracking. The population is a bit worried. But these experts say that the radioactivity is actually not—we shouldn't be so fearful of it.

Now, I know that if the local population asked for one thing and one thing only, it would be, like, to get rid of this dome that is, actually, you know, that is hanging over their head, really. And so, like, if the United States could do something more—you know, something that would show that, you know, you want to clear this area, that would be actually something very, very welcome in the region.

Ms. TITUS. I know we have moved the islanders off. We moved them back. We had to move them off again. I represent Nevada so I'm kind of familiar with some of those same issues in our state that you're experiencing double time there. So I think we ought to always keep that on our agenda as we look at our relations.

Mr. DAYANT. Oh, look, you're completely right. I mean, I am—I'm French and living in Australia, about to become an Australian as well. And so, like, as a Frenchman, you know, like, my country has done a lot of nuclear testing in the Pacific, especially in Polynesia, and this has been, you know—like, this has been an ongoing process.

Like, the healing process with the French Polynesian people between—and the French government is, like, a very complex one. Not that long ago, President Macron apologized for the testing and there's, like, a compensation scheme that covers, you know, like, the health treatment that people who are victims of cancer or leukemia are facing.

And the French government as kind of—you know, we tried for a long time to get rid of this issue by not talking about it, but really now it's coming back on the surface. And so this is something that the French government is trying to deal with and I think actually having a look at what the French government is doing now would be a good first thing to look at in the U.S.



You know, like maybe trying, you know, like doing, trying to establish a conversation with the French government to see how they dealt with the situation to see if you could do something similar and in Runit.

Ms. TITUS. Thank you. Let's look at that, Mr. Chairman.

Just briefly before I go, another area I think we can work on is the rising sea levels and climate change, and how we collaborate with maybe Japan and Australia to help with that issue of climate change.

Thank you, Mr. Chairman. I think my time is up. I yield back.

Mr. BERA. Thank you, Ms. Titus.

Let me now recognize my good friend, the gentlelady from Missouri, Mrs. Wagner, for 5 minutes.

Mrs. WAGNER. I thank you, Mr. Chairman, and I thank you to our witnesses for their time and, certainly, their service. For decades, the Pacific Islands have played a central role in developing U.S. capabilities and extending our ability to protect rule of law and freedom of navigation.

Strong relations with Pacific Island nations remain the backbone of U.S. security in the Indo-Pacific. Increasingly, the Pacific Islands are on the front lines of a Sino-U.S. rivalry as China attempts to erode support for Taiwan and pushed the borders of its spheres of influence out to the so-called second island chain, a line that passes through the Marshall Islands, Guam, and Palau.

China does not share our vision for a free and open Indo-Pacific. It seeks to intimidate and entrap and coerce these countries into increasing China's prestige and furthering its agenda.

As one of the co-chairs of the Pacific Island Caucus, I am very proud to support the special relationship that the United States shares with the Marshall Islands, Micronesia, and Palau.

The United States must continue to stand together with the Freely Associated States in defense of our common interests. I'm extremely concerned about China's investment plans for Kiribati.

Two years ago, the PRC used its economic clout to induce Kiribati to cut ties with Taiwan and instead to recognize Beijing. And today, China plans to use its influence to revive a World War Two era airstrip on a Kiribati island that would threaten critical sea lanes between Hawaii and Australia and New Zealand.

Ms. Paskal, what are the implications of this development for U.S. and allied security and how should the United States proceed in order to prevent China from militarizing these important islands?

Ms. PASKAL. Thank you, Representative Wagner. That's a very good question, and that island, Canton, is a critical location, as you mentioned.

The U.S. actually has a treaty with Kiribati that is supposed to prevent the militarization of that island by any country other than the U.S. The U.S. has a sort of—can go back to it but Kiribati is, technically, supposed to ask the U.S. if anybody else is going to use it as a military airstrip.

Mrs. WAGNER. Have they done so? Have they done so?

Ms. PASKAL. Well—

Mrs. WAGNER. Because their association with Beijing and the revival of this new World War Two airstrip would say that treaty is not being followed.

Ms. PASKAL. So as often happens in these cases, apparently, the Chinese just want to build it for, you know, tourism or something.

Mrs. WAGNER. Oh, right.

Ms. PASKAL. I do not know. Scuba diving off the coast of Canton. But it's a very good example of how there are a lot of arrows in the U.S.' quiver that aren't being used, and if there—if there was a larger team that could look at these entry points into the Pacific treaties, old treaties, and through these relationships and things, then we—you'd have a better idea of what could be done. But that's a very good clear example of that.

Mrs. WAGNER. Well, it is, and more has got to be done. More generally, China is seeking to build military—what I'll call dual-use infrastructure throughout the Pacific Island region such as piers that can accommodate Chinese navy ships.

Ms. Paskal, what are China's dual-use infrastructure plans for the region and what would these facilities mean for our defense?

Ms. PASKAL. So there's—because of China's comprehensive national power approach, there are very few pieces of major investments by China that they do not think has a strategic element for their benefit.

So it's—you can't disaggregate. It's all combined into this comprehensive national push, this ability to be able to control the other country, and it may not be as overt as a port. It may be funding the scholarship of one of—

Mrs. WAGNER. Right.

Ms. PASKAL [continuing]. Children of one of the leaders and then, you know, taping them when they're on, you know, having a good time in Beijing.

Mrs. WAGNER. I'm running out of time.

Ms. PASKAL. Sorry.

Mrs. WAGNER. I'm running out of time. Let me just say, Compacts of Free Association between the United States and the Marshall Islands, Micronesia, and Palau set out the terms of our unique relationship with these States.

The agreements prevent our adversaries from exploiting a huge swath of the Pacific Ocean and guarantee the U.S. foothold from which to protect its interests.

You probably will not have time, but Ambassador Cefkin, to what degree does China seek to undermine relations between the U.S. and the Freely Associated States and do PRC influence operations in the Pacific Islands region threaten renegotiation of compacts?

Mr. BERA. I know the gentlelady's time has expired a little bit. But, Dr. Cefkin, if you can give a brief answer that would be great.

Ms. CEFKIN. Very briefly, I will say that, first and foremost, what motivates the Pacific Island nations in their relations is their need for, really, the infrastructure support—the development support.

And in the case of Kiribati, that is my, you know, firm belief, and I've heard Kiribati's officials say the same, that they're really looking for infrastructure development on the Outer Islands and economic development.

And so we want to match China. That, really, is an area we have to put more resources, and I think there's some very promising models that we have, you know, embarked on in joint partnerships with Australia, New Zealand, Japan.

We're doing underwater cable in Palau and an electric grid in Papua New Guinea, and those are the kind of projects that, I think, can, you know, start to elevate our partnership.

Mrs. WAGNER. I appreciate that. I appreciate that. I appreciate the chair's indulgence. But these are all things that we have got to really engage in in a more comprehensive and strategic manner.

So I thank you all, and I yield back.

Mr. BERA. Great. Thank you, Mrs. Wagner.

Let me now recognize my good friend, the gentleman from Michigan, Mr. Levin, for 5 minutes.

Mr. LEVIN. Thank you so much, Mr. Chairman, for the great job you're doing covering so many important issues on this subcommittee and your partnership with Mr. Chabot.

Sea levels continue to rise due to climate change and, unfortunately, even if we move to a carbon-free economy radically faster, this phenomenon will accelerate for years to come, possibly submerging parts of or even entire Pacific Island nations.

In addition to the threat of sea level rise poses to people and their livelihoods, it can shrink the maritime claims of Pacific nations when certain land features become uninhabitable.

Ambassador Cefkin, as the former Ambassador to the Republic of Fiji, the Republic of Kiribati, the Republic of Narau, the Kingdom of Tonga and Tuvalu, can you describe in more detail exactly what rising sea levels mean practically for people living on these islands, and how can the U.S. support Pacific Island nations in safeguarding their livelihoods and national infrastructure from the threats of rising sea levels?

Ms. CEFKIN. Thank you, Congressman. I'm very happy to address that issue, and I saw it firsthand in all my travels. I'd say that it's very important.

As I mentioned, that the effects include one very destructive impact is saltwater intrusion, which makes already scarce arable land less able to support growth of any crops and also threatens water supplies.

So what is really important and one thing that we really emphasized in my time in the South Pacific was what we were doing to help them build resilience, adaptation. Our AID programs were focused, really, almost entirely on that issue.

And we did a lot and we leveraged it, you know, for our public diplomacy very effectively, but there really is, you know, a very great need, you know, for more funding, more financing, I think, through USAID, through international instruments such as the Adaptation Fund and Green Climate Fund that really is going to help them develop more resilience.

I mean, examples of some of the projects were building storm shelters, very strong medical clinics that could withstand storms that were also—could double as shelters, helping them alleviate flooding coming from tidal flooding and even inland in some of these countries so that they could continue to grow their crops and have their livelihoods and be safe.

One project we had was in cooperation with Habitat. It was in a village called Vunisavisavi in the village—the island of Vanua Levu and Fiji where we worked with Habitat to build strong homes further away from the coastline, and those homes sheltered those villagers during Cyclone Winston.

But there are a lot of villages that are facing relocation in Fiji and the other Pacific Island nations, and that is a very, very emotional issue for them, having to move their homes—not just their homes, but their ties to their ancestors who are buried there. And I heard one woman say she would die before she would move from that location.

So it's a very emotional issue. But the more we can do in terms of our funding and our work together in policy fora to help them address that issue, the stronger our ties and our friendship and our partnership will be.

Mr. LEVIN. Well, thank you. And I think you can tell from this panel that there's really bipartisan support for us to do more, and so I look forward personally to working with you on that.

Let me try to get one more question in. We touched on it a little bit earlier. But, you know, the Freely Associated States and in particular the Marshall Islands still experience radiation exposure from our cold war nuclear tests and continued storage of nuclear materials.

What should the U.S. do to prevent future harm to the Marshallese from our nuclear materials stored on these islands and what solutions are there to protect people from radiation exposure? And, of course, this interacts with my previous question, and I'll open this up to any of the panelists who want to try to give a quick answer.

Mr. LOI. Congressman, the short of it is it's a critical—an issue of critical importance to the Marshallese and we can't ignore it, right.

I mean, I think one of my favorite sayings from Colin Powell was, you know, bad news doesn't get better with time. And so this is not an issue that's just going to disappear on its own.

Whether we can match the expectations of what the Marshallese expect is a different question. But much like we're dealing with dioxin in Vietnam, we do need to, you know, kind of address the issue up front, get the experts talking and figure out what we can do. So it does need to be an issue on the agenda.

Mr. LEVIN. All right. With that, I guess my time is expired, Mr. Chairman. Thank you very much.

Mr. BERA. Great. Thanks, Mr. Levin.

Let me now recognize my good friend, the gentleman from Kentucky, Mr. Barr, for 5 minutes of questioning.

Mr. BARR. Great. Thank you so much, Mr. Chairman. I appreciate your leadership in holding this hearing. I appreciate the testimony from our witnesses.

And I also applaud our chairman for his engagement in a bipartisan way on the Blue Pacific Act and the Honoring OCEANIA Act, and I'd love to talk to the chairman about those pieces of legislation, see if I can be helpful to you on those and I want to turn to Ms. Paskal and her testimony.

And you do a great job, Ms. Paskal, in your written testimony toward the end where you get into granular detail on specific recommendations.

And so in reference to the Blue Pacific Act and the Honoring OCEANIA Act and the previous administration's more active engagement of the Pacific Islands, can you give us a little bit more detail on the top priorities?

So if we were to pass legislation on Oceania and the Pacific Islands, what would be the absolute top key priorities for us to further engage those islands?

I appreciate your testimony that we need to be comprehensive in our approach and not be, you know, focused exclusively on China. But let's face it, that's the big issue.

So how can we—what would you say are the top three, four, or five pieces of engagement that we need to be focused on?

Ms. PASKAL. Thank you, Representative Barr. That's the key question, and the legislation is in place and it's there and the money seems to be floating around. The problem is that it isn't being targeted in a very specific way.

And one element is what Mr. Loi brought up, which is that there isn't a comprehensive team within the U.S. that's looking at how to engage. So if you've got a pool of money for infrastructure, it may go into a whole bunch of different things that do not aggregate into something that actually helps the people of the region and create those bonds.

So one is, as he said, you put people there. But the other is, and this hasn't really been brought up before, a lot of these countries have very small ministries of foreign affairs. So they might have five or six people dealing with everything from cop to defense to everything else, and they do not know how the U.S. works.

So Palau tried to get around this recently by putting in place a national security coordinator so they would have a designated person to talk to the security establishment in the U.S. and create those bonds.

Similar initiatives would be very helpful across the countries of the Pacific where you help them understand—you have how the U.S. works, how the U.S. systems work, and how to put in place individuals that can be that consistent point of contact for the U.S. going in so that the lines of communication are very entrenched.

I would also, as we're building out the Quad, make sure that India is included in a lot of these issues, including with the funding for some of these projects because, as mentioned, for infrastructure, we're looking mostly now at Japan, Australia, and New Zealand.

They're very expensive infrastructures. So what you end up with, for example, is Japan will build a hospital in Tonga and it'll be staffed by Chinese doctors. Through the Quad, you can bring in the lower cost Indian components that can help bolster that on-the-ground engagement that reinforce the Quad and reenforce the free Indo-Pacific as a whole.

So those would be kind of two of the things that I would prioritize. One is making sure they know how to understand and talk to the U.S., and the second is bring in this other element of India, which can go into the sectors of the economy where China is currently filling in order to give them another viable option.

Mr. BARR. OK. Any other—just the same question briefly to any of our other witnesses. What would be the top recommendation in any kind of Oceania engagement legislation?

I mean, I like the Peace Corps idea, you know, but—and soft power. But what about DFC? Where can DFC counter Chinese economic influence?

Mr. LOI. I mean, Congressman, absolutely anything on infrastructure, I think, is important. I mean, we do need to be able to offer an alternative to what China is offering. Other pieces of engagement that have been really popular beyond this Peace Corps are the Coast Guard ship rider program that Ambassador Cefkin mentioned.

You know, most of the Pacific Islands do not have militaries, right, so the military-to-military piece can be a bit more difficult. And then I think the other piece of it is ensuring that there is a stream of funding that can't be disrupted on a year-to-year basis.

Mr. DAYANT. Yes. I'm sorry. If I could add to this.

So yes, I agree completely with Mr. Loi on any type of, you know, Pacific Island maritime patrol that the U.S. would lead.

But also I think it's important for the U.S. to look beyond the COFA States. I mean, when you look at the aid that the U.S. gives to the Pacific, 85 percent is directed to the Compacts—the COFA States and I think it's—

Ms. CEFKIN. And if I may just also mention one other program that's very promising is the state Partnership Program. When I was in the Pacific we had a state partnership with the Nevada National Guard with Tonga and that was hugely beneficial to our relationship and to both our countries.

It's now, I'm happy to say, been expanded to Fiji and Wisconsin Guard has taken on a partnership with PNG. But that's another place where you can have sustained engagement that is really advantageous. So that's another area, I think, to explore expanding.

Mr. BARR. Well, I'm proud to represent the Kentucky National Guard, and I would say that the our guardsmen would not object to going to the South Pacific for a few—for a tour.

[Laughter.]

Mr. BARR. Thank you all for your testimony. I yield back.

Mr. BERA. Thank you, Mr. Barr.

Let me now recognize my good friend, the gentlelady from Pennsylvania, Ms. Houlahan, for 5 minutes.

Ms. HOULAHAN. Thank you, Mr. Chair. And I second that from the great Commonwealth of Pennsylvania an interest definitely in our National Guard and a state partnership.

My questions today are a follow-on to questions that I asked in a 2019 HVAC hearing on a similar subject of the Pacific Islands, and maybe I could see if a couple years later if we get some additional insight.

For Ms. Paskal, I want—there were questions that I have. We have had a lot of conversation about China and the influence of China in the region.

What is the United States doing to promote regional partnerships that would counter Chinese influence? If you could help us with that.

And also, how are our trade investment and relationships in the Freely Associated States compared with China at this point in time?

Ms. PASKAL. Thank you very much. There's not a lot going on, especially now since the Pacific Island Forum kind of fragmented, which is why it may be a very nice opportunity actually to create a new regional structure especially within Micronesia, and that can be done in part right now.

As the Ambassador knows, Kiribati and Nauru, which are Micronesian States, are affiliated to Fiji but if they were shifted up to Majuro, then that would really help consolidate the region and enable the people of Micronesia to become a much more cohesive whole in terms of access to education and health care and those sorts of things.

So there's a lot of work to be done on that first part of your question.

Apart from that, I would—I do not actually know how many of the mechanisms within the U.S. Government work. I know that on the ground what you're seeing is because China completely distorts economics for—because it is part of comprehensive national power and so it uses a completely different calculation for what is a good investment or not, it is very difficult to compete with them unless you educate the local population about what's happening and expose corruption.

So if you create a level playing field where American companies can compete with Chinese companies, then it would involve working with the local press. In fact, as has happened in Australia, where a lot of dodgy dealings were uncovered and it really affected China's position in Australia, to help in the Pacific Island countries.

So they target through the three warfares. They target the media. They target lawfare and they target psychological, and that gives a lot less room for the U.S. to operate.

So there would need to be push back in those three areas first in order to create the space for the U.S. to be able to come in and compete and give them a viable option economically in the face of these distorted Chinese economics.

Ms. HOULAHAN. That's really actually fascinating. I'd love to followup offline with you on some ideas in that area.

My second question is somewhat related and it has to do with the fact that several of you all have brought up the Peace Corps and other sorts of educational partnerships, as well for the Ambassador.

How can we advance our U.S. educational exchanges and how can we further our relationships with our allies? Do we need more funding for this or perhaps specific programming for this maybe in the STEM field? I'm particularly passionate about STEM.

And you've noted in your testimony that China has a hundred training grants per year to the Pacific Islanders. Obviously, we, as you said, have a handful. What should we do to remain competitive in this space besides adding more grants? And, first, would start with the Ambassador, but I know many of you might have something to add to that.

Ms. CEFKIN. Congresswoman, yes, indeed, it is a question of funding. We really have excellent programs. In addition to Fulbright, there's the Humphrey Fellowship. Let me also mention the International Visitor Program, which brings aspiring leaders from these countries to the United States for exchanges.

And to give you one concrete example, a former, now, sadly, deceased Prime Minister of Tonga Pohiva, he was actually transformed by doing one of these study grants and really rose to the very top levels of his government.

So it is a question of funding and the resources, the people, to implement it.

If I could maybe just add one very brief comment to your last question, which is to note that the U.S. has long supported Pacific regionalism, and I do think we need to be a little bit cautious that we have more to gain from Pacific solidarity than from encouraging fragmentation.

We are a founding member of the Pacific community, and I know that even those countries that have the relations with Taiwan, as I say, you know, are nervous about the growing tensions between us and China.

So I do think that it's in our interest to, you know, view the Pacific as a whole and work with the Pacific as a whole, notwithstanding the fact we, of course, have a special responsibility with the Compact countries.

Ms. HOULAHAN. And I have run out of time, unfortunately, but would love if you all have anything to add to the record on either of those questions to ask that you submit that for the record.

And with that, Mr. Chair, I yield back.

Mr. BERA. Great. Thanks, Ms. Houlahan.

And I notice we have been joined by Congresswoman Katie Porter. So let me ask unanimous consent for Representative Porter to participate in this hearing and that she'll be yielded 5 minutes for the purposes of questioning our witnesses after committee members have had the opportunity to question any witnesses.

And not hearing any objections, let it be stated.

Let me now recognize my good friend from the great state of California, the gentlelady, Ms. Kim.

Ms. KIM OF CALIFORNIA. Thank you, Chairman Bera, from the great state of California.

I'd also like to thank Ranking Members Chabot.

The Pacific Islands are incredibly important to the U.S. economic and strategic interest in promoting security and prosperity in the Indo-Pacific. The Freely Associated States are particularly important for the United States, including Palau, the Marshall Islands, and Micronesia and serve as crucial forward operating bases for U.S. military assets to balance against threats in the Pacific.

The Compacts of Free Association is crucial to maintain this competitive edge in the region. But renegotiations to renew this critical compact ahead of its expiration in 2024 have stalled under the Biden administration.

In June, I joined the letter to President Biden urging the immediate renegotiation of COFA to support the Freely Associated States and I would urge him again today to make this compact renewal a priority for his Indo-Pacific agenda.



With China leveraging its Belt and Road Initiative and malign influence through the economic pressure, the United States is rapidly falling behind on maintaining a presence in Pacific Island nations.

Ms. Paskal, can you provide insight on how the United States is countering the Belt and Road Initiative and other CCP influence operations in the Pacific Islands, especially through agencies like the Development Finance Corporation?

Ms. PASKAL. Thank you very much for your question, Representative Kim.

There have been a lot of things announced and a few things have showed up on the ground, and there have been some collaborative projects—as mentioned, the undersea cable project.

But there hasn't really been anything transformational. And also, as was mentioned, you know, that is how China lures a government into flipping. That is what happened with Kiribati.

They came to Kiribatis with, you know, we're going to give you the planes that you want and all that sort of stuff, instead of what has been happening a lot in terms of social reengineering.

So you'd get consultants coming from Australia or New Zealand wanting to talk about very important issues like gender rights, and the Chinese would say, we're going to give you planes instead. And then the government would say, well, planes are going to get me reelected but gender rights are going to cause me some problems domestically so I'm going to take the planes.

So the scale of the way that China has comprehended the political dynamics of the people in the region, and I would say these are very smart leaders. If you look at FSM, for example, FSM, in the last 130 years, belonged to Spain, then Germany, then Japan, then the United States, and finally became independent.

They've seen a lot of political disruptions, and they know how to play big countries off of each other. So they know what they need to do to try to get themselves reelected. So we need to really listen to them and work with them as equals in terms of what they need in order to, as politicians, get themselves reelected and so far, that really isn't happening.

Ms. KIM OF CALIFORNIA. Thank you, Ms. Paskal.

You know, I would like to ask you about the instability in the Pacific Islands Forum. Could you briefly explain how the United States has attempted to stabilize the situation and whether any outside actors have tried to exploit the situation for their own gain?

Ms. PASKAL. OK. So I would say that the biggest actor actually has been New Zealand with support from Australia and from France via French Polynesia. For those who do not know, what happened there was a leadership contest in—for the Pacific Island Forum, and there were two contestants.

One was from the Marshall Islands, Ambassador Zackios, an excellent candidate who is current Ambassador in D.C., and from a country that recognizes Taiwan, and the other, Henry Puna, who is from the Cook Islands, affiliated to New Zealand.

And the vote—the choice came down to one vote difference, and we know that New Zealand, Australia, and French Polynesia all voted for Puna. And the Micronesians had said, if you do not let

us run this for once, we're going to leave, and they've slowly been leaving.

So they were very clear for over a year that they felt marginalized in the organization, and as a result of the vote, they felt like they had no choice but to leave because they weren't being represented within the organization.

And there are a lot—you know, if Australia or New Zealand or French Polynesia had flipped their vote, there would be no problem now in the Pacific Island Forum. They all knew what they were doing when they made that vote, or else they have very bad intelligence.

In both cases, that's a real problem for the U.S. The result was five countries, including three that are in free association with the U.S., were cut free. So that is why the Micronesian countries are now thinking, OK, we're going to go back to the way it was before.

There will be a South Pacific bloc and there'll be a Micronesia bloc, and the Micronesia bloc can become more cohesive and we can deal with our challenges more directly instead of via Canberra or Wellington as an intermediary with Washington.

Which is why this is actually now an interesting opening for Washington to interact directly with the countries of Micronesia.

Mr. BERA. Great. The gentlelady's time has expired. Thank you, Ms. Kim.

Ms. KIM OF CALIFORNIA. Thank you very much.

Mr. BERA. I do not see Congressman Sherman on camera so let me go ahead and recognize my good friend, the Congresswoman from North Carolina, Ms. Manning.

Mr. SHERMAN. I'm on camera, am I not, Mr. Chairman? Can you hear me and see me? I have indicated video.

Mr. BERA. We can hear you but we can't see you.

Mr. SHERMAN. I'm on camera but please wait for a second here.

Mr. BERA. OK.

Mr. SHERMAN. There we go.

Mr. BERA. Mr. Sherman, we'll come back to you after Ms. Manning.

Ms. MANNING. Thank you, Chairman Bera, and Ranking Member Chabot, for holding this important hearing. Thank you to our witnesses for being with us today. I look forward to working with members of the committee on ways we can reinvigorate our presence and key alliances in the region.

My first question is for Mr. Loi. You noted the need to renew our ties to the region as memory of World War Two fades among the younger generations of Pacific Islanders and, most importantly, among Americans.

In light of that as well as all the critical issues facing our country and the countries around the world whose crises grab the headlines every day, how can we convince the American public that this area requires attention and how can we improve the level of understanding and strategic thinking about this region?

Mr. LOI. It's a great question, Congresswoman.

I mean, look, my written statement wasn't meant to, certainly, diminish the history and the ties. I mean, I'm a Navy veteran. I've been to many of these islands when I was in government service. It's incredibly important.

But we can't allow that to be kind of the foundation of our relationship and take it for granted in ways that we believe it's going to kind of just automatically sell the value and importance of relationship with the United States. And so, you know, we have to be able to work hard to win over the next generation.

And I think, you know, that's part of it, but, you know, as I said, you know, earlier, it is about presence. It's about, you know, as Ms. Paskal said, we're not going to learn and we're not going to listen unless we're there and we're hearing it and we have relationships.

And then that feeds back into the United States. Look, we have a fairly large population of Pacific Islanders in the United States. I mean, I would say to them as fellow citizens, right, you need to also voice your concerns and interests and you have to participate in our system and you have to what you can to make sure that those issues are elevated.

But, look, the average American citizen is very distracted, understandably so. You know, whether or not they're going to be able to appreciate the importance in the broader strategic and security, you know, aspects of relations in the Pacific, it's difficult, right.

I mean, I think that's something that all of us can do. Hopefully, that's something that you raise with your constituents when you get questions about why are we giving aid to places like this.

Certainly, the arguments are pretty clear if you pay—even if you're following the issues. But it is difficult. It's always been difficult to explain to, you know, the average American why it's important for us to spend resources here. And I do not have a magic bullet for that other than we have to communicate both as leaders but then also, I think, the communities in question and those who have interests in the region can't take it for granted and they, too, have to be vocal.

Ms. MANNING. Thank you.

Ms. Paskal, do you want to comment on that?

Ms. PASKAL. Yes. I think that, you know, we're thinking about it a lot in terms of aid. There is a lot of economic potential in the region and the countries in the region would like to—would like to just earn a living, like everybody else.

And so there's some things that actually can be done in terms of trade facilitation that would make their economies a lot more stable, and part of that would involve protecting them from predatory Chinese practices that make entire sectors of their economy unviable.

Like what's happening, potentially, with online gambling in Palau could potentially turn Palau into a major Chinese criminal organization hub.

So with participation of FBI or DEA or other organizations like that it might be a lot easier to give them the space they need to develop to become more stable so that we do not actually have to, you know, turn to constituents and say we need to send them tons of money all the time.

We can help them to become more economically stable on their own, which is fundamentally what they want and that goes back to the other question about training.

Just very quickly, in order to give them an option that isn't China, it does have to be the U.S. So for training, for example, it

might make a lot of sense to facilitate training, again, in India. So training a doctor in India is a lot less expensive than training a doctor in the U.S.

So as part of the Quad structure bringing India in where appropriate for supporting these economies.

Sorry. Thank you.

Ms. MANNING. Thank you very much.

Very quickly, Mr. Dayant, you talked about the economic followup from COVID-19 including gender-based violence. How can the U.S. help these countries address the regions' high rates of violence against women?

Mr. DAYANT. Thank you very much, Madam Manning.

I think, look, the United States can't absorb all the problems the Pacific has. But like as Mr. Loi said, like, you know, showing up and kind of interacting with people, creating a people-to-people connection and then, like, trying to educate and, like, share, like, the practices that the United States have, like, across the Pacific would be one way of, like, you know, showing the way. And I think Mr. Loi has just, like, mentioned it very, very clearly.

Like, if the United States was to have, like, a big air base in the Pacific, of showing up, developing your own Ambassador to the Solomon Islands and in some other places we actually have a great step and responsive step—

Ms. MANNING. Thank you. My time has expired. I yield back.

Mr. BERA. Great. Let me know—I can see my good friend from the great state of California, the gentleman, Mr. Sherman, for 5 minutes of questioning.

Mr. SHERMAN. Thank you, Mr. Chairman. Whether being visible is an improvement or not, I'll leave to the in the eye of the beholder. Being from Los Angeles, I understand that "Game of Thrones" was perhaps the most entertaining video and that's why we're all looking forward to the prequel.

I think for many people watching this hearing, this is the most exciting hearing ever and people do not have to look forward to the prequel. I want to alert those who are watching that the prequel has already been made.

It was on September 26th, 2019, when our subcommittee had a hearing that when I was chair and Chairman Bera was there we had a hearing along with the House Natural Resources Subcommittee on sustaining the U.S. Pacific insular relations.

So for those who are watching, after you're done with this, just as you ended "Game of Thrones," the prequel is awaiting you online.

I would like our witnesses to go through the list of the independent States of the—that we're concerned with here and just, very quickly, give—a grade may be too flippant but just an indication of where each stands in terms of transparency, rule of law, democracy, and free press.

I'll ask just one witness, whoever speaks up most quickly to go through the list and see how confident we are on those issues.

Don't all speak at once.

Mr. DAYANT. Right. Well, I'll start.

Look, I'm not going to—that's a very good question, Mr. Sherman. Thank you very much. I thank you for, like, this little information on, you know, the feature you were mentioning.

So, yes. Look, freedom of press, you're right, is an issue in some nations of the Pacific. Actually, some journalists in the Pacific or, like, the people in the Pacific sometimes rely on the information that we have in Australia to actually get to know what's happening in the Pacific.

I would not—you know, like, I can't give you a ranking of what is the most in France and what is the most—

Mr. SHERMAN. Excuse me. I mean, there could be some reliance on out of area publications just because these countries are very small and they may not have a robust and sophisticated news operation. When I say freedom of the press, I do not mean in terms of, you know, do they have a New York Times.

I'm sure, occasionally, the New York Times on any particular day may have the best article on what's happening in the Pacific. They do a very good job when they do cover it.

But in terms of freedom of the press and human rights, what would you say is the biggest issue in—among the Pacific Islands?

Mr. DAYANT. I think—for what I understand, like, Fiji is a complicated place sometimes to talk about what's happening in government. Papua New Guinea difficult for, like, a lack of resources. Like, all the Pacific nations have actually different reasons fueling this lack of transparency in someplace or another.

I do not know if my fellow commentators want to talk about this issue.

Ms. PASKAL. Representative, you bring up a very helpful point, which is that metrics that we tend to use in the rest of the world tend to fall apart when you look at the Pacific Islands because the populations are so small.

So I could probably name all of the journalists in Tonga, for example. And if one of them decides to go out to lunch with the Chinese Ambassador then the situation has changed dramatically overnight.

Mr. SHERMAN. That's—I've gone to lunch with the Chinese Ambassador as have quite a number of American journalists. If you told me that one-sixth of the journalists in the country was in jail, that would be—that would be a problem.

Let me go on to another issue. A couple years ago, it came to my attention that the Marshall Islands was considering a crypto currency. Is that still the case?

Mr. LOI. Congressman, I'm sorry. I do not know the answer that question. I'm not able to answer.

Mr. SHERMAN. Well, if they had gone through it within a robust way, you would probably know.

Ms. PASKAL. Representative Sherman, another issue, which is also about the freedom of the press, in the Pacific Islands what's tended to happen is social media has tended to take over for information transfer.

So it's very heavily used. Many people do not—they will not get a newspaper. They might get the radio. But they'll definitely use Facebook, which has been heavily used by China for influence operations.

So the entire media environment—

Mr. SHERMAN. The other side of freedom of the press. When the information is free some of it is false.

What about democracy following the rule of law holding elections and what do you see—

Ms. PASKAL. So I would be very concerned at the moment about the Solomon Islands. There's a case—because of the switch to China, there's the—Premier of Malaita Province, Daniel Suidani, who is recently quite ill, and the central government essentially tried to block his access to medical care outside of the country and, eventually, Taiwan stepped in and provided medical care for him.

And then there were rumors they were going to try him for treason for going—just for going to Taiwan for medical care, and now they're trying to get rid of him.

So I would, personally, be very concerned about the Solomon Island. At the moment, the people of Malaita back him quite strongly.

It's a country that has had civil unrest in the past. In the past, the Australians went in with a peacekeeping force. This time, given the current trajectory of the current government, I wouldn't be surprised if they asked—if something happened if they asked Chinese peacekeepers to come in instead.

So the Solomon Islands is something I'd keep on your radar.

Mr. SHERMAN. And so we do have a conflict between Australia and China if, God forbid, something like that were to happen. I believe my time has expired. I yield back.

Mr. BERA. Thank you, Mr. Sherman.

Let me now have recognize my good friend—he's really been a champion on issues with the Pacific Islands, the Congressman from Hawaii, Mr. Ed Case.

Mr. CASE. Thank you very much, Mr. Chair, Ranking Member. I really appreciate your allowing me to be a part of this critical hearing.

I think as we have all recognized, just recognizing the Pacific Islands and showing up even in a virtual hearing like this is critical to our presence in the Pacific Islands, and I really am grateful for your partnership and founding and maintaining the congressional Pacific Islands Caucus, which you—both of you are co-chairs of and as well as in introducing and forwarding the major bills that we're pursuing from honoring Oceania to the Blue Pacific Act, which are both moving at this point and I think are responsive to many of the concerns that our witnesses have raised here.

So all of that is a good solid start. But a lot of work still to be done, obviously.

I want to go back to the Pacific Islands Forum, because I guess my big question is, are we just going to just let it go? We, collectively, by the way. I mean, not our country. But all of us that care about the Pacific Islands and care about the future of the Pacific Islands.

Of course, I think and believe we would all agree that the regional cooperation and coordination and, as we say in Hawaii, ohana, family, the regional family of the Pacific Islands is forwarded by an organization. The Pacific Island Forum has served that purpose.

And so I hope we would all agree that the risk to the forum posed right now is not a good thing and would be taken advantage of by adversaries. And yet, I think I hear a little bit of a disagreement among our panelists as to whether we should just let it go or continue to work to try to hold it together.

So, Ambassador, are you still able to comment on that? Is it too late for the four or do we need to consider alternative approaches with the forum?

And I agree with your comments, by the way. I do not personally want to see it replaced by, you know, three subregional forums, kind of subforums, although I guess they might have some advantages, but not in replacement for an overall forum style approach. Ambassador Cefkin, are you available? Otherwise, I will go to Ms. Paskal. What's your view of it?

Ms. PASKAL. Thank you. I—

Mr. CASE. I think your view—you seem to have a little bit more pessimistic view and I want to flesh that out a little bit.

Ms. PASKAL. Yes, and I should be clear. I'm not saying abandon the forum. I'm saying that, you know, it's looking like the forum is becoming what it was essentially, originally, which was the South Pacific Forum. So it would be the countries of Melanesia and Polynesia, and then Micronesia and separate.

So it's not saying get rid of the forum. But there are pan-regional organizations like the SPC or SPREP, for example, that do knit the countries together.

What we're talking about mostly is kind of a political cohesion in terms of things like, for example, China. And I think that the operational realities of Micronesia are very, very different than those in the South Pacific.

So there is an argument to be made that you can strengthen the family by giving different members of the family more control over their own say.

The voice, as we saw with the vote in the Marshall Islands, we speak to anybody who's sitting in one of those embassies in Washington.

They feel like they never got their voice heard and if they do not get their voice heard, we do not know what their problems are, if we do not know what their problems are we can't help them resolve it.

Australia and New Zealand were acting as an intermediary for that messaging. So I think that, you know, that might make sense for Melanesia and Polynesia, but in terms of Micronesia, where there are the Freely Associated States and Guam and Saipan, I mean, you know, they let New Caledonia and French Polynesia in but they did not let, you know, American Samoa in.

You know, so I think that there is an argument to be made that actually the region becomes stronger if you've got that political grouping division. But then with things like training and collaboration and stuff that goes through SPC or it goes through SPREET.

Mr. CASE. OK. Mr. Loi, do you have a view on this?

Mr. LOI. Well, I do not think we should let it sit. But, you know, it would take some nuance in terms of how we engage.

And, you know, part of it is we're not a member in the way that we can influence from within in a direct fashion. So it's indirect.

And what it would take for us is to work closely with, you know, other parts of the region to try to help them realize that when they're divided like this that they all lower the their volume of their voice and that they should work together.

This would take a process and it would take a lot of face to face. That's very difficult with COVID right now. But I agree with you, we should not just set aside. We should try to actively get back together.

Mr. CASE. Well, we're not a member, but it seems to me we have been awfully passive about it and that's the distinction.

I mean, we cannot be a member. We can respect the decisions of the Pacific Islands on how to work through the forum-related issues.

But we, obviously, have an interest in a regional organization that works and my concern is that sometimes we have been too passive on trying to get—trying to work with everybody to see whether there's a way out of this as opposed to just letting the forum fall apart.

So that's, perhaps, my concern there. Anyway, my time has expired. I really appreciate it. Again, Chairman, Ranking Member, and all of our witnesses that I've worked with very well already in terms of the guidance, this has been a great hearing.

Mr. BERA. Great. Thank you, Mr. Case.

Let me now recognize my good friend, who's also been a champion on, you know, asking for a special envoy, getting issues with COFA resolved as well as legacy issues from nuclear testing, the gentlelady from the great state of California, Ms. Porter, is recognized for 5 minutes.

Ms. PORTER. Thank you very much. Thank you, Chair Bera, and other members of the committee, for allowing me to participate today. I'm very grateful.

Mr. LOI, as you know, the Compacts of Free Association with Palau, Marshall Islands, and Micronesia are going to expire in the next few years, and those agreements are the foundation of a special relationship between our countries and they give the U.S. military control over a huge area of the Pacific.

In your testimony, you say, quote, "The U.S. Government engages most effectively when it does so with a clear strategic policy implemented through a broad, coordinated interagency approach and guided by focused coordination from the National Security Council," end quote.

By my count, there are 14 different agencies that have important programs in the Freely Associated States. Is there an administration appointee on the National Security Council whose job is to coordinate these agencies for talks to extend the Compacts of Free Association?

Mr. LOI. There is. I mean, it falls under the East Asia Directorate. As I also mentioned in my written testimony, there had been a director with Pacific Islands responsibilities in the Trump administration. Those responsibilities have been folded in under a director who has other geographic responsibilities.

Ms. PORTER. So there's not a dedicated person specifically for the Pacific Islands and COFA?

Mr. LOI. That's my understanding, correct.



Ms. PORTER. Do you think it would help to have a specific person?

Mr. LOI. I think it could help, yes. I think any time you have somebody whose singular focus is a particular area it's—you know, it's harder for them to get distracted by what's happening, say, in Southeast Asia and elsewhere.

And you do need that coordination. As you said, you've got 14 agencies that have equities in the Pacific. You know, you do not go to a negotiating session prepared unless you have somebody that's coordinated all that in advance.

And I'm not close enough now to know, you know, whether that is or is not the case, but it can be difficult.

Ms. CEFKIN. But I would also like to endorse that view that it is in our interest.

Ms. PORTER. To have someone. I mean, I think the Compact talks are not progressing very well. To take just one example, a few weeks ago, the speaker of the Marshallese legislature said that they will not approve a new compact that doesn't address the remaining outstanding issues related to U.S. nuclear tests. To your knowledge, Mr. Loi, is the state Department discussing the nuclear issue with the Marshallese?

Mr. LOI. I'm afraid I do not know.

Ms. PORTER. You do not know. And so what I've seen from my end is the state Department continues to suggest that these issues relating to the nuclear legacy are off the table.

And I'm chairing the hearing tomorrow on the U.S. nuclear legacy in my role on oversight and investigations on the Natural Resources Committee exactly because it's not clear to me that this is not holding up the negotiation, rather than moving it forward despite the incredible importance of COFA.

You know, the Biden administration's priorities—you know, countering China, yes, rebuilding alliances, yes, by funding climate change, yes, racial justice, yes, restoring the U.S. global standing around the world, yes—those are the Biden administration's priorities.

Are those priorities, in your opinion, represented in the Freely Associated States and extending the Compact?

Mr. LOI. You know, I hope they are. You know, I mean, I've been away from these issues of government now for 5 years. So a lot of my information is anecdotal and secondhand.

So I can't tell you with any degree of specificity, I'm afraid, Congresswoman.

Ms. PORTER. It just seems to me that when we look at those priorities I just listed, there are very, very few opportunities that the Biden-Harris administration has to address that many priorities in a kind of singular negotiation and moment, and that they ought to be appointing.

You know, follow through and appointing a designated person with responsibility just for this, and they ought to take your advice, Mr. Loi, and run this process through the National Security Council so that it has the full attention of all of the relevant parties so we can make real progress in the COFA negotiations.

Thank you for allowing me to testify, and I yield back to questions. Sorry. I yield back.

Mr. BERA. Thank you, Congresswoman. And, again, thank you for your leadership on these issues and having an important hearing on the issue of COFA and legacy issues tomorrow.

With that, it looks like everyone's had a chance to ask questions. I'll go ahead and make a few closing comments, and then turn to my colleague, Mr. Chabot, if he has any closing comments.

But I do think there are some really important takeaways from this hearing. Obviously, the importance of the relationship between the United States as well as our like-valued allies in the region, recognizing the unique challenges that I think each of the witnesses really highlighted.

But the first step is showing up, being present, engaging in dialog and listening to the unique issues in the region and addressing those issues not as part of some great power competition but as the unique issues of the people that live there, and working with the countries.

You know, my conversations with some of the leaders of the Pacific Islands is that they want us there but they also—they want us physically there as well.

And we do not have to do this alone. You know, we should work with our like-valued allies and other Pacific nations like New Zealand, Australia, Japan. You know, elevate the Quad, as one of the witnesses said. Engaging India to help address some of these needs.

I think there's huge opportunities for us and, you know, I look forward to working with my colleagues in Congress in a bipartisan way as well as the administration, and I do look forward to that long overdue CODEL for Members of Congress to go visit some of the island nations and, you know, hopefully, with the—hopefully the last phase of this pandemic we can start to travel to the region again and visit those nations.

And with that, let me recognize my good friend, the ranking member, Mr. Chabot, for any closing comments you might have.

Mr. CHABOT. Thank you, Mr. Chairman. I'll be very brief.

I think this has really been an excellent hearing on a very important issue, and I think it's been brought up a number of times that the U.S. really does have deep ties to the Pacific Islands.

And as the Indo-Pacific becomes increasingly important, those islands, the Pacific Islands, will continue to be critical to U.S. interests in the broader region.

In listening to the testimony and the questions, one thing stands out even more clearly in my mind, and that's that the U.S. needs to become much more engaged with this region.

In many ways, China is way, way more engaged with a number of these island nations than we are and we really need to step up our game and we need to do it fast because this is all happening very quickly.

And so I look forward to working with you, Chairman Bera and Mr. Case, and all the other members, and this panel, I thought, was really superb. I thought Ms. Paskal was particularly persuasive here.

Now, she was our witness but even if that wasn't the case, I really thought she did a tremendous job in setting up why the islands

are so important, you know, the first set of islands, the second, the third.

And it goes both ways. It's critical for us countering China. I do not want to say keeping them in a box, but keeping them for what is their ultimate goal, which is to be the hegemon in that region and then throughout the Pacific and probably the world.

But it's also for countering them. It's important, because they want to come out and Taiwan, as we all know, is right up there, No. 1 in their eyes.

So in many ways, this is a great hearing. Kind of scary, especially when you consider Taiwan. But it's very important that we pay a lot more attention to the Pacific Islands than we traditionally have.

And I want to thank you for raising the awareness of that, Mr. Chairman, and I yield back.

Mr. BERA. Great. Thank you, Mr. Chabot.

As all the witnesses and folks that are watching this hearing can tell, this is not a partisan issue. I think Democrats and Republicans, all of us as Members of Congress, view the issue in the same way and view the importance of the region.

So with that, I want to thank our witnesses and the members who participated in this very important virtual hearing.

And with that, the hearing is adjourned and a virtual gavel is banged. Thank you.

[Whereupon, at 12:18 p.m., the committee was adjourned.]

APPENDIX

**SUBCOMMITTEE HEARING NOTICE  
COMMITTEE ON FOREIGN AFFAIRS  
U.S. HOUSE OF REPRESENTATIVES  
WASHINGTON, DC 20515-6128**

**Subcommittee on Asia, the Pacific, Central Asia, and Nonproliferation**

**Ami Bera (D-CA), Chair**

October 18, 2021

**TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS**

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held virtually by the Subcommittee on Asia, the Pacific, Central Asia, and Nonproliferation via Cisco WebEx (and available by live webcast on the Committee website at <https://foreignaffairs.house.gov/>):

**DATE:** Wednesday, October 20, 2021

**TIME:** 10:00 a.m., EDT

**SUBJECT:** The Strategic Importance of the Pacific Islands

**WITNESS:** The Honorable Judith Beth Cefkin  
Former U.S. Ambassador to the Republic of Fiji, the Republic of Kiribati,  
the Republic of Nauru, the Kingdom of Tonga, and Tuvalu

Mr. James Loi  
Former Deputy Assistant Secretary  
Bureau of East Asian & Pacific Affairs  
U.S. Department of State

Mr. Alexandre Dayant  
Research Fellow  
Pacific Islands Program  
Lowy Institute

Ms. Cleo Paskal  
Non-Resident Senior Fellow  
Foundation for Defense of Democracies

**By Direction of the Chair**

To fill out this form online: Either use the tab key to travel through each field or mouse click each line or within blue box. Type in information.

COMMITTEE ON FOREIGN AFFAIRS

Note: Red boxes with red type will NOT print.

MINUTES OF SUBCOMMITTEE ON Asia, the Pacific, and Nonproliferation HEARING

Day Wednesday Date October 20, 2021 Room Cisco Webex

Starting Time 10:12am ET Ending Time 12:18pm ET

Recesses 1 ( 10:12am ET to 10:30am ET ) ( \_\_\_ to \_\_\_ ) ( \_\_\_ to \_\_\_ ) ( \_\_\_ to \_\_\_ ) ( \_\_\_ to \_\_\_ )

Presiding Member(s)  
Chairman Ami Bera

Check all of the following that apply:

Open Session       Electronically Recorded (taped)   
Executive (closed) Session       Stenographic Record   
Televised

To select a box, mouse click it, or tab to it and use the enter key to select. Another click on the same box will deselect it.

TITLE OF HEARING:  
The Strategic Importance of the Pacific Islands

SUBCOMMITTEE MEMBERS PRESENT:  
Chairman Bera, Ranking Member Chabot, Rep. Sherman, Rep. Titus, Rep. Levin, Rep. Houlahan, Rep. A. Kim, Rep. Connolly, Rep. Lieu, Rep. Spanberger, Rep. Manning, Rep. Perry, Rep. Wagner, Rep. Buck, Rep. Green, Rep. Barr, Rep. Y. Kim

NON-SUBCOMMITTEE MEMBERS PRESENT: (Mark with an \* if they are not members of full committee.)  
Rep. Case, Rep. Porter

HEARING WITNESSES: Same as meeting notice attached? Yes  No   
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: (List any statements submitted for the record.)  
SFR - Bera (4)

TIME SCHEDULED TO RECONVENE \_\_\_\_\_  
or  
TIME ADJOURNED \_\_\_\_\_

*Ami Bera*

Subcommittee Staff Associate

Clear Form

Note: If listing additional witnesses not included on hearing notice, be sure to include title, agency, etc.

WHEN COMPLETED: Please print for subcommittee staff director's signature and make at least one copy of the signed form. A signed copy is to be included with the hearing/markup transcript when ready for printing along with a copy of the final meeting notice (both will go into the appendix). The signed original, with a copy of the final meeting notice attached, goes to full committee. An electronic copy of this PDF file may be saved to your hearing folder, if desired.

**HOUSE COMMITTEE ON FOREIGN AFFAIRS**  
*SUBCOMMITTEE ON ASIA, THE PACIFIC, CENTRAL ASIA, AND NONPROLIFERATION*  
 ATTENDANCE

<i>PRESENT</i>	<i>MEMBER</i>
X	Ami Bera, CA
X	Brad Sherman, CA
X	Dina Titus, NV
X	Andy Levin, MI
X	Chrissy Houlahan, PA
X	Andy Kim, NJ
X	Gerald E. Connolly, VA
X	Ted Lieu, CA
X	Abigail Spanberger, VA
X	Kathy Manning, NC

<i>PRESENT</i>	<i>MEMBER</i>
X	Steve Chabot, OH
X	Scott Perry, PA
X	Ann Wagner, MO
X	Ken Buck, CO
	Tim Burchett, TN
X	Mark Green, TN
X	Andy Barr, KY
X	Young Kim, CA

TESTIMONY OF SUSAIA

**TESTIMONY OF AMBASSADOR AKILLINO H. SUSAIA  
FEDERATED STATES OF MICRONESIA**

House Committee on Foreign Affairs  
Subcommittee on Asia, the Pacific,  
Central Asia, and Nonproliferation

Hearing on the Strategic Importance of the Pacific Islands

October 20, 2021  
Washington, DC

On behalf of the Federated States of Micronesia (FSM), I am pleased to provide the following statement for the record of the House Foreign Affairs Subcommittee on Asia, the Pacific, Central Asia, and Nonproliferation. I would like to thank Subcommittee Chairman Ami Bera (D-CA) and Ranking Member Steve Chabot (R-OH), as well as Chairman Meeks (D-NY) and Ranking Member McCaul (R-TX), and other Members of the Foreign Affairs Committee for convening this important hearing. Both the hearing and the subject of it could not have been at a better timing.

The U.S. and the FSM have a longstanding strategic partnership that reflects the common values of our two countries, including our commitment to promoting sovereignty, the rule of law, democracy, and regional security.

In 1986, the FSM and the U.S. entered into a Compact of Free

Association. The 1986 Compact was renewed and amended with the entry into force of the 2003 Amended Compact of Free Association, which remains in effect today.

These agreements have served both of our governments extremely well as the bedrock of security in much of the Pacific. These agreements fulfill important strategic objectives for both countries. Since the first Compact entered into force, the FSM has continuously granted the U.S. security and defense rights in the territory of the FSM, which constitutes a large section of the Pacific Ocean of key strategic importance to the U.S. This includes the right of the U.S. military to operate in the FSM, and to deny foreign militaries access to or use of FSM's territory. This defense partnership is vital to securing and maintaining peace and prosperity in the Indo-Pacific region.

Among other things, FSM citizens have proudly served in the U.S. military for decades and continue to volunteer to serve in the U.S. military at per capita rates higher than most of the United States. Some of those men and women have paid the ultimate sacrifice in Iraq and Afghanistan. Many FSM citizens who are veterans of the U.S. military are living in the U.S. and pursuing opportunities here, while many others have returned home to Micronesia to use newly acquired skills to help in our nation building efforts.



The Federated States of Micronesia is fully committed to its relationship with the U.S., which contributes to the strength and prosperity of both our countries. We are well aware of the U.S. Government's increased attention to security in the Indo-Pacific region and the steps it has announced to work more closely with the Freely Associated States. We look forward to being a part of this enhanced effort to promote a free and open Indo-Pacific and to advance our defense partnership even further.

Through the 2003 Amended Compact, the U.S. committed to provide certain key financial assistance through FY 2023, a date that is rapidly approaching. This financial assistance includes sector grants supporting areas such as health, education, infrastructure, and the environment, as well as annual contributions to the Compact Trust Fund. The Compact Trust Fund was created to help lead the FSM to long-term budgetary self-reliance. But the corpus of this Trust Funds has not grown adequately to meet this objective, a matter now under discussion with the United States. The U.S. also supports the FSM education sector through annual Supplemental Education Grants, and many U.S. federal agencies provide key programs and services in the FSM.

A large number of provisions in U.S. law relating to assistance to the FSM

will lapse unless extended. These need to be addressed in negotiations between our nations that have begun and will take time to address. We are hoping for a successful conclusion to these ongoing negotiations and are hoping for approval of the resulting agreement by the United States Congress, with mandatory funding for our assistance as in the current agreement, long ahead of the end of FY 2023.

We want to briefly address two issues of mutual importance to our two countries that we know are of concern to the Committee: The challenges presented by climate change and the COVID-19 pandemic.

The science is clear that human induced climate change is threatening the existence of people and their low-lying small island homes, especially those in the Pacific region. Food, water and finite resources are being devastated by slow onset events (e.g., salinization, sea level rise, biodiversity loss, ocean acidification, desertification, land and forest degradation, etc.) and sudden onset events (e.g., droughts, floods, king tides, typhoons, storm surges, heatwaves, etc.) which are ravaging the fragile economy, social and environmental systems.

After its declaring sovereignty in 1986 and its emergence on the world stage in 1991, the FSM has stepped to the forefront of those vulnerable nations calling

for a prompt, rapid and effective global response to combat climate change and address its impacts. Since then, the FSM has been an active player in a wide array of international environmental negotiations, bringing innovative proposals and collaborating globally with countries and scientists to generate solutions.

Addressing climate change and weather-related disaster events is not just an environmental issue, but a key development issue for FSM.

Since the signing of the 2003 Amended Compact, the impacts of climate change for the FSM have manifested themselves to an unprecedented degree. The increase in adverse climate impacts, new and evolving scientific information, and the widespread risks that climate change poses to the people of the FSM, every sector of the economy, terrestrial and marine biodiversity, and the inhabitability of the country requires long-term multilateral cooperation to address the climate crisis.

The FSM increasingly looks to the US, its closest friend and partner, for support and enhanced partnership on climate matters, both within the four corners of the Compact assistance and otherwise. The goals and components of the next period in the US-FSM Compact relationship are at risk if they do not envisage the

next 20 years within the greater climate change context.

Aside from the science available from experts such as the Inter-governmental Panel on Climate Change (IPCC) presented in its most recent IPCC report, as a small island nation we live the experience ourselves. There is a saying in the islands in as far as climate change, that we are the science ourselves, at the forefront of natural calamities and disasters.

As with many nations in the Pacific devastated by climate change impacts and disasters, the FSM has a combination of adaptation and mitigation activities implemented by the FSM Department of Environment, Climate Change and Emergency Management (DECCEM). DECCEM's adaptation activities are designed to decrease the vulnerability of the nation to the impacts of climate change. The FSM's resources are limited, and we are in great need of assistance in this area. We are hoping that the U.S. will provide both leadership internationally and assistance bilaterally to help us through this crisis.

As to COVID-19, the FSM is grateful to the United States for the support and assistance it has provided to ensure FSM remains a COVID-free country. To date, the FSM has received assistance from the United States on vaccinations and

other assistance, including equipment and economic aid, addressing various unemployment issues. The generosity of the United States has been crucial in our efforts to combat the epidemic and keep our people safe and healthy.

The FSM continues to be COVID-19 free until today, though the efforts to maintain a COVID-19 free status has come with a huge cost to the country. The current efforts focus primarily on prevention, in ensuring the country keeps the virus out at bay. This requires all travelers arriving into the country to undergo pre-quarantine in Guam and post-quarantine at home upon arrival. And while the pandemic has demonstrated that the FSM can isolate itself from the world in order to prevent the COVID-19 from entering its shores, the impacts of isolation cannot be ignored especially for a vulnerable small island developing country.

The FSM healthcare infrastructure is inadequate to manage complicated cases of COVID-19 and to deal with disasters of high magnitude such as a pandemic. The pandemic shows that the FSM healthcare system is so fragile that if there is a community wide transmission, the entire nation will be greatly affected with human loss and financial calamity.

\* \* \* \*

On behalf of the Federated States of Micronesia, I am pleased to provide this statement for the record. We appreciate the opportunity and would be pleased to provide any additional information that could be of help to the Committee. Thank you for holding this hearing on this important topic.

## TESTIMONY OF KYOTA



Statement of His Excellency Hersey Kyota  
 Ambassador from the Republic of Palau  
 for the U.S. House of Representatives Committee on Foreign Affairs  
 Subcommittee on Asia, the Pacific, Central Asia, and Nonproliferation  
 October 20, 2021 Hearing on the Strategic Importance of the Pacific Islands

Mr. Chairman and Distinguished Members,  
 Thank you for this hearing to focus on the strategic importance of the Pacific islands that are not United States areas.

I represent one of three adjacent sovereign nations that are states in free association with the U.S. We occupy an expanse of the Pacific as large as the 48 contiguous U.S. States that spans the ocean from Hawaii to the Philippines and Indonesia.

Palau is the westernmost and covers an area almost as large as Texas, including coveted shipping lanes.

We were formerly parts of a territory that the U.S. administered in trust for the United Nations. It was the only U.N. trust territory that was designated as "Strategic."

The trusteeship required the U.S. to develop the territory into a self-governing status, thought to mean independence (if not U.S. statehood). The U.S., however, did not want to lose strategic control of islands for which it shed a terrible amount of blood during World War Two and that continued to be essential to its security. So, it granted substantial financial assistance and extended domestic programs to develop reliance on your government. It, then, promoted the rare status of nationhood in free association with another nation.

After U.S. liberation in the War and a half a century of U.S. administration, Palauans developed a great appreciation for the U.S., its people, values, democracy, and lifestyle. So, when President Reagan advocated a Compact of Free Association, pledging, "You will always be family to us," we agreed -- once imperative unmet needs were met.

Under this association, the U.S. can exercise two of the most fundamental elements of Palau's national sovereignty for U.S. security reasons: ultimate decision-making on access to our waters, airspace, and land by other nations and on our interactions with other nations. This is why senior U.S. military officials call Palau "part of the homeland."

The military is installing an advance warning radar system for the U.S. in Palau, planning extension of our runways, and exploring port facilities.

I must note that we have also often been among the only nations to vote with the U.S. in the U.N. and other international fora on some votes and that our young men and women enlist in your Armed Forces at rates that the Pentagon says are higher than most U.S. States. On a personal note, my daughter retired a year ago after twenty years of active duty in the U.S. Air

Force and my son is now in his eighteenth year of active duty in the U.S. Army and looking forward to retiring in two years. I am very proud of their services.

Additionally, we are a steadfast ally of Taiwan. Our diplomatic relations began in December 1999 and our relationship continues to grow stronger each year.

The Compact requires our governments to periodically reconsider the relationship. In specific, this mandates consideration of and action on the operating requirements of the Government of Palau and the islands' development. The next review is due to be completed in 2024.

The Compact also established a trust fund that is intended to replace annual financial assistance. It cannot be relied upon to do so, however, according to the U.S. Government Accountability Office; the Graduate School USA for the U.S. Department of the Interior, which conveys the financial assistance; and the Asian Development Bank.

If the U.S. is to have the extraordinary strategic rights it enjoys in Palau indefinitely -- as it wants, it must ensure that the essential needs of the people of Palau are met.

By contrast, in recent years, Palau has been subjected to what the U.S. Indo-Pacific Commander testified to the U.S. Congress' Armed Services Committees in 2019 has been "the pernicious use of Beijing's economic leverage." This can be exercised through investment, contracting, technology, and tourism -- a pillar of our economy.

As loyal to the U.S. as Palauans are, it is having a political impact in our democracy.

Later in 2019, President Trump met with our president and, then, Secretary Pompeo met with our vice president and announced an early start to review negotiations. Follow-up, however, has been left to the State and Interior Departments offices that handle day-to-day matters.

Officials up to Secretary Blinken of this U.S. Administration also consider an agreement to be "a priority" but are just starting to focus on the process and issues. Meanwhile, the State and Interior offices lack the authority needed to do the job.

Because of this, they still have not been able to answer a question put to them by this Committee and the Natural Resources Committee in a hearing more than two years ago, the first question asked by the Chair of the Senate Energy and Natural Resources Committee in a hearing months before: Have you identified a source of funding for the extension?

This is a critical question: Almost all Compact funding provided the three freely associated states has been on a guaranteed basis. Guarantees are essential in agreements for periods as long as 20 years -- and require an identified source of funding.

The U.S. and Palau reached an agreement after the first periodic review of the relationship in 2010. It was not approved by Congress for seven years although there was no controversy regarding the agreement. The delay was caused by the U.S. Executive branch not identifying a source of funding. Finally, the Senate Defense Appropriations Subcommittee did in 2017. For seven years, Palau was deprived of the full financial benefits negotiated under the new Review Agreement. No one desires to see the same thing repeated in 2024.



The original compacts with all three freely associated states were successfully negotiated by Personal Representatives of Presidents of the U.S. They operated under National Security Council Directives that provided for the cooperation of all Departments and agencies that had programs at issue. The State and Interior officials lack this and, consequently, have not been able to obtain adequate attention or cooperation from budget officials and some agencies.

This has been reflected in offers of less assistance and fewer programs -- although we are told that we are more strategically important than ever. It has also been reflected in an unwillingness to even discuss or seek decisions on anything beyond what was offered.

Officials who handle day-to-day matters may also find it difficult to reconsider the overall nature and development of the relationship as required by the Compact. In any case, the State and Interior office efforts are not what the Compact requires . . . and this has strategic implications for the U.S.

Thank you.

TESTIMONY OF ZACKIOS



**EMBASSY OF THE REPUBLIC OF THE MARSHALL ISLANDS**

2433 Massachusetts Avenue, N.W.,  
Washington, D.C. 20008

Tel. # (202) 234-5414 \* Fax # (202) 232-3236 \* E-mail: info@rmiembassyus.org

**Statement of His Excellency Gerald M. Zackios,  
Ambassador of the Republic of the Marshall Islands  
to the U.S. House of Representatives Committee on Foreign Affairs  
Subcommittee on Asia, the Pacific, Central Asia, and Nonproliferation  
Hearing on "Strategic Importance of the Pacific Islands  
October 20, 2021**

Chairman Bera and Distinguished Members,

On behalf of His Excellency President David Kabua, thank you for convening this hearing on the "*Strategic Importance of the Pacific Islands.*"

The Marshall Islands lie just southwest of Hawaii. *Under our free association with the United States, the U.S. can deny other nations access to waters, airspace, and land that are nearly as large as the United States east of the Mississippi River. This area includes shipping lanes that other nations covet.*

The United States has a deep historical relationship with the Republic of the Marshall Islands, the Micronesian Region in the north Pacific, and the wider Pacific Islands and Oceania region. Collectively, our nations share common values with the United States, as democracies which value fundamental freedoms and core human rights principles. But we are also defined by fragility, and a range of difficult environmental and development challenges. We are diverse and unique, and this deserves careful attention and understanding to avoid more generic approaches. While we may be small in population, our collective territory and ocean area zones are vast - our combined zones are over two times the size of the continental US.

At a time of increasing geopolitical competition, the Republic of the Marshall Islands urges that the United States use this window to urgently upscale close direct engagement at bilateral levels, with the Micronesian region, and with the collective wider Pacific Islands setting. While the United States has a range of close partners in the Indo-Pacific, with many shared interests, these cannot be considered as substitute for the critical opportunity for direct engagement on a nation-to-nation basis, including on vital issues of security and resilience. Further, meaningful engagement should be defined not only on words and speeches, but also upon a clear framework of action items and deliverables, arrived at through mutual dialogue. The basis of meaningful and lasting partnership must directly address underlying persistent fragility, to help us all move our core indicators and help build secure, free and independent democratic island nations which can independently voice and advance our own interests, and to stand apart from those nations who might seek to have us trade our core values for easy inducement.

#### **The Path Forward Builds upon a Legacy Friendship**

The historical relationship between the Marshall Islands and the United States extends back to the important presence of American Missionaries in the 19th century, whose visits helped to influence our contemporary society and culture. The liberation of our islands by American soldiers during World War II remains a defining moment. Indeed, many Marshallese risked, and sometimes lost, their own lives in serving as scouts for the American military. In the Pacific, friendship is a truly lasting institution, and in the Marshall Islands we continue to celebrate the liberation undertaken by the United States.

The United States served as the administering authority of the United Nations Strategic Trust Territory of the Pacific Islands. During this strategic trust, the US used our islands to conduct 67 large scale thermo nuclear atmospheric weapons

tests on Enewetak and Bikini Atolls. These tests not only resulted in regional, global concern for nuclear weapons detonations, but also brought devastating and lasting impacts upon our people, land and water which remain a contemporary challenge.

During the height of the Cold War, we undertook long and at times challenging negotiations with the United States to end our Trusteeship and transition into the free and independent nations of the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau. As the US ultimately faced UN pressure to develop the territory into sovereign nations, it extended US Federal programs to deepen our ties and suggested free association.

These negotiations gave us uniquely close relationships with successive US administrations and key elected officials on Capitol Hill, many of whom are not only giants of US political history, but had also served as soldiers throughout the Pacific. The story of the smallest nations in the world negotiating with the most powerful has defined our modern political identity.

As we entered independence, and achieved Compacts of Free Association with the United States, we have taken to heart the assurance of US President Ronald Reagan that “you will always be family to us.” These Compact agreements afford the United States defense and security responsibility, including the right to exclude any other military force from our land, waters, and airspace. The Marshall Islands hosts a key US Army Garrison at Kwajalein Atoll. This facility includes the Ronald Reagan Ballistic Missile Defense Test Site, which the Joint Chiefs of Staff have described as “the world’s premier range and test site for intercontinental ballistic missiles and space operations.”

The Compact also provides the opportunity for Marshallese to live and work in the United States, and is the cornerstone of substantial international assistance for our government and people, including in areas of health, education and

infrastructure. Marshallese citizens join all branches of the US Armed Forces at greater numbers than most US States.

We remain consistently one of the United States' strongest allies in the United Nations. As small nations, we hold close with the United States before the international community, even when doing so is not always easy or popular. Because for us, friendship is a lasting legacy.

### **Security Challenges and Fragility**

Fragility is the baseline, in different ways, within our country and throughout the Pacific. Our nation struggles to make progress on core social development indicators. Despite some recent progress in the fisheries sector, our national economy is woefully underdeveloped. Unless improvements are made, we have been repeatedly warned that our Compact Trust Fund has no buffer against global economic shocks, and thus risks severe setbacks in the very areas where we need vital improvement. Our neighbors in the Micronesian region and throughout the Pacific islands region face similar situations - very high rates of aid dependency or foreign debt, a host of severe social and economic development challenges, and social or ethnic tensions have acute hotspots throughout the Pacific, which have been the source of past conflict or violence. We have stark challenges in building environmental resilience, both in relation to localized pollution and impacts such as climate-driven sea-level rise.

In summary, the Marshall Islands, the Micronesian Region, and the wider Pacific islands setting are in and of ourselves facing clear and evident security risks. We suggest that increased geopolitical competition risks a rapid acceleration of this fragility baseline in both traditional and non-traditional security definitions. Without stronger national resilience, there is persistent vulnerability to external influences that undermine the core of democratic principles and threaten a free and open Indo-Pacific region.

**Opportunities for Direct, Strengthened and Focused Security Partnership**

Challenges are also opportunities, in particular for a direct, focused and sharply enhanced US presence with the Pacific. We cannot only rely upon the current regional approach which seems more focused on distant declarations, policy integration or trade expansion. Instead, we need the US' sustained and direct presence, alongside groupings of its allies, to squarely address security dimensions, and to work with us as equal partners in delivering to our peoples a free and open Indo-Pacific not just in words, but in visible realities which strengthen our democracies.

The Compacts of Free Association are under negotiation between the US and the Freely Associated States. While these negotiations focus on economic provisions, they must also address a range of other issues, including unresolved nuclear testing impacts, environmental resilience, US programmatic engagement and other measures which help to build resilience, address fragility, and strengthen mutual partnership. While we hope to approach these negotiations as allies pursuing mutual goals, to date these negotiations have not progressed towards a clear endpoint.

The Marshall Islands, indeed, the whole Pacific and all small island nations around the world, have for decades spared no effort in multilateral climate change negotiations to "punch well above our weight" in bringing the largest nations to the table. We welcome the recent US political focus and diplomacy. But many of our largest challenges are in preparing our nations and peoples to face some range of already inevitable impacts, and to boost environmental resilience. Practical efforts are needed to address very complex vulnerability challenges.

We like to think of ourselves as large ocean nations, not just small island states. Our oceans hold both a wealth of resources and rich biodiversity. While we host nearly half of the world's commercial tuna stocks, this industry remains dominated by foreign fishing interests, some of whom have shown a persistent disregard for fair play through disruptive subsidies, and human rights onboard vessels. Majuro in the Marshall Islands is the world's busiest tuna port, and we are followed by our neighbors. Illegal Unreported and Unregulated fishing remains a persistent security threat to our waters. Our common multilateral framework- the Western and Central Pacific Fisheries Commission - requires the agreement of both ourselves and foreign fishing partners, including the US and others, who are also global superpowers. This is a particularly acute point for enhanced political and policy cooperation, and we urge a security lens be applied to our oceans and fisheries opportunities. We have put forward the world's largest certified sustainable purse seine tuna fishery, but our capacity to ensure fishing partners follow the rule of law remains a challenge both at port and sea. If we see our most valuable commercial resource threatened or diminished, our future generations will face an even greater challenge.

US ship rider agreements, joint enforcement exercises and other capacity-building activities have been welcome areas of engagement, but by no means have yet accomplished the goal of more sustainable and secure waters. We have changed global tuna markets to fish our waters on our terms, but we often remain passive participants in hosting a large-scale foreign presence. Our aspirations are to fish our own waters, and we would welcome active investment partnership in the fisheries sector, and capacity-building by the US, and other democratic allies, to build mutual goals of our economic resilience and more secure waters.

The effects of Covid-19 and the global pandemic are at evident levels within both our nation, Micronesia region and the wider Pacific Islands. Communicable diseases and public health generally have long been risk factors. US assistance

in providing vaccine supplies to the Freely Associated States, including the Marshall Islands, is appreciated and have been vital in helping our nations to achieve sharply reduced risk. US vaccine assistance elsewhere in the Pacific has also been important, including within current and recent regional crisis points. Within Micronesia and throughout much of the wider Pacific, strict border closures helped to stave off risks which would have otherwise crippled us. But as these border measures remain in place, our societies and economies also remain isolated, and full recovery from these economic impacts, as well as eventual reopening, will continue to prove a shared challenge.

### **Structuring a Stronger Political and Strategic Engagement**

We value settings where the US engages alongside its traditional partners and allies. As we work to strengthen political structures and dialogue within the Micronesian region, we also could consider the Quadrilateral Security Dialogue (between the US, Japan, India and Australia) to be an important avenue for future direct engagement with the Micronesian region on achieving a free and open Indo-Pacific. The Joint Committee Meeting between the Marshall Islands and the United States offers a platform to address not only operational issues, but larger defense and security policy questions directly in our waters and those around us. But doing so may require that decision-makers be present at the table, exactly as specified in the Compact. We have long welcomed frequent engagement between the US and the wider Pacific Islands at political leadership levels. We welcome the resumption of the Pacific Islands Leaders Conference. But these meetings should be structured, with working-level preparation, to go well beyond photo opportunities or media statements, and into focused dialogue on clearly defined deliverables and follow-up to help address security and resilience demanded by our situation.

As foreign nations, we cannot decide where the US' own strategic interests rest. But as close allies and friends, we have the clear conviction that there is an



urgent need for the US to be a direct partner, to boost clear dialogue to the level of deliverables which build resilience and a stronger security environment, as the Marshall Islands, as the Micronesian region, and with the wider Pacific Islands setting. Not since World War II have we been more in need of direct US leadership.

## VANUATA STATEMENT

**Vanuatu Statement**

Vanuatu is an archipelago located in the South Pacific with a population of around 300,000 people. The country attained its independence in July 1980 from the United Kingdom and France. The economy of Vanuatu relies heavily on tourism. Other important areas of the economy are the agriculture and industry sectors; however, the latter plays a smaller role but is a growing sector. Vanuatu graduated from the least developed country status (LDCs) in December 2020 after recording an impressive performance in its human and economic development. The GDP per capita currently stands at around USD2,783. Despite its graduation, Vanuatu remains the most vulnerable country to natural disasters in the world as confirmed by the recent World Risk Report.

Vanuatu's LDC graduation was coincided with category 5 hurricane, Harold, and the COVID-19. As it stands, there are no recent COVID-19 Cases. This stems mainly from the early closure of its borders. However, despite no COVID-19 cases, the economy has suffered as the tourism industry took a nosedive resulting in high unemployment. As a result, the Government, using mostly its fiscal resources, introduced two stimulus packages, one at the beginning of the pandemic and the other one recently. This stimulus package was aimed to rekindle the economy and to protect the wellbeing of its population. Furthermore, the Government has been able to vaccinate its population against COVID-19; however, the vaccination rate is only 10% and is currently ramping up its efforts to vaccinate the whole population. The Government sourced most from its vaccines through the UN COVAX facility as well as vaccines donated by Australia, China, and New Zealand. Japan is currently planning to support Vanuatu in its vaccination efforts in the future.

As stated above, COVID-19 has posed uncertainty to Vanuatu's growth prospects, and this will continue for some time until the world fully recovers from the pandemic. Apart from this, the climate challenges remain one of the biggest threats to its development. With climate change, Vanuatu has now faced frequent and severe natural disasters especially hurricanes which on average removes about 10-60% of its GDP annually. The Government's focus is now on building resilience of its economy. This comes at a greater financing cost.

Vanuatu's demography is young with annual average population growth rate of 2.3%. Around 70% of the population resides in the rural areas. With this young population, the Vanuatu Government is facing challenges with youth employment and to provide essential services to its population. The youth employment is relieved by the overseas employment schemes especially the New Zealand Regional Services Employment (RSE) and the Australian Seasonal Workers Scheme (SWS). The number of Vanuatu workers in Australia and New Zealand are the largest compared to other seasonal workers from the Pacific region.

The Vanuatu Government in recent years adopted the National Sustainable Development Plan (NSDP) which incorporates the UN Sustainable Development Goals (SDGs). The NSDP remains the blueprint for its development. So far, the Government is focusing on major infrastructure projects, and these are financed mainly by its domestic resources as well as bilateral funds (Australia, China and New Zealand) and from multilateral institutions such as the World Bank and the Asian Development Bank. In the past, the United States (US) has also provided one-off infrastructure funds via the Millennium Corporation Challenge Fund (MCC). The Government has also adopted an ambitious National Determined Contribution (NDC) which outlined its plan to achieve net zero carbon emissions by 2050. This plan was submitted to the United Nations Framework Convention on Climate Change (UNFCCC) and it is hoped that adequate resources will be mobilized to implement this plan.

The domestic resources to finance Vanuatu's sustainable development is inadequate and as result, Vanuatu relies on its bilateral and multilateral development partners. So far, the biggest bilateral partners of Vanuatu are Australia followed by China, New Zealand, and Japan. Australia and New Zealand's development assistance are centered around governance, security,

education, and health. Other players also played an important role such as the US Peace Corps which helps implement initiatives that improve the livelihood of rural communities. China and Japan focused mainly on major infrastructure projects such as wharves and roads. To date, China's investment in infrastructure is largest followed by Japan. The multilateral players are mainly the European Union (EU), World Bank, Asian Development Bank (ADB) and the United Nations (UN). The international financial institutions focused mainly on infrastructure and the EU on the Agricultural and Fisheries sectors.

The US development assistance in the last decade to Vanuatu is limited compared to other bilateral partners; however, despite this, Vanuatu was the first and only recipient of the MCC fund in the Pacific and continues to benefit from the services of the Peace Corp Volunteers and the Ship Writers Agreement which focused on illegal fishing in the region. The US through the USAID has also channeled funds to NGO to finance various development projects. Vanuatu has also benefited from infrastructure investments financed by the World Bank in which the US is a major financial contributor. Vanuatu agricultural exports to US is growing and is poised for further growth in the near term.

With the current geopolitical challenges in the Pacific region, Vanuatu welcomes increasing US engagement in the Pacific including Vanuatu. US as a Pacific State has long history of engagement in the region, and this is natural given its similar democratic values. For the foreseeable future, the US should continue to increase its focus in the region. This will be complimented by its allies which already has a strong presence in Vanuatu. The areas that the US can play a major role in Vanuatu are as follows:

1. Establish a diplomatic mission. This is important given that its presence will make the US understand better Vanuatu's development challenges and how international politics is currently shaping the national development and political landscape. This presence will only further deepen the relationship between Vanuatu and the US.
2. Scale-up its development assistance especially in the areas of infrastructure, climate change adaptation and mitigation, education, and health. The role of US development

financial institutions in providing affordable finance will also be crucial. There is an opportunity to collaborate to finance the NSDP and NDC.

3. To assist with the COVID-19 recovery, it is important that at the bilateral level the US provides vaccines to our region. So far, Vanuatu has requested US to provide vaccines.
4. Continue with the current mode of assistance especially the Peace Corp Volunteers Scheme, the Ship Writers Agreement and engagement with the civil society.
5. Facilitate or encourage US private sector investments in the Pacific including Vanuatu – this could be a challenge given the small population in the region; however, there are great opportunities in the tourism, agriculture, ICT and telecommunications industry.
6. Ensure that Vanuatu continues to export its agricultural products to US. As highlighted above, this is already happening and is poised for increased growth.
7. The US authorities should continue to meet with the Pacific leaders annually either at the margins of the UN General Assembly or other separate forums. This is important for the Pacific leaders to understand the US role in the Indo-Pacific region and how the Pacific could benefit from it. It is also an important occasion for the leaders to discuss their concerns and challenges about their sustainable challenges and how US can work together with the Pacific countries to address these challenges.

At the multilateral level, the US can help the Pacific states including Vanuatu in the following areas:

1. Provide a global moral leadership on climate change and human rights. The US decision to rejoin the Paris Agreement is welcomed and its current ambitious efforts to address climate change is commendable. However, more is required on this front and the US can play a crucial leadership role on convincing the G20 members to reduce their carbon emissions and also to increase their financial support to the UN Green Climate Fund (GCF).
2. Revisit the current international financial architecture so that it can be able to provide the necessary support to vulnerable countries such as the Pacific countries to finance their sustainable development. So far, the majority of these countries are middle income and they find it difficult to access affordable finance. The current focus of Multilateral Development Institutions (MDBs) on GDP per capita as one of the major criteria to

provide finance should be revisited and considerations should be given to a vulnerability criterion. The multi-dimensional vulnerability index (MVI) currently being discussed at the UN should be considered and US can play an important role to ensure that it is implemented.

As alluded earlier, given our shared democratic values, Vanuatu welcomes the increasing role of US in the Pacific region and would like to see that this engagement is further enhanced in the future. So far, some progress has already been made but more needs to be done.

