

**PEACE THROUGH STRENGTH: THE  
STRATEGIC IMPORTANCE OF THE  
PACIFIC ISLANDS TO U.S.-LED  
GLOBAL SECURITY**

---

---

**OVERSIGHT FIELD HEARING**

BEFORE THE

COMMITTEE ON NATURAL RESOURCES  
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

---

Thursday, August 24, 2023, in Tamuning, Guam

---

**Serial No. 118-57**

---

Printed for the use of the Committee on Natural Resources



Available via the World Wide Web: <http://www.govinfo.gov>

or

Committee address: <http://naturalresources.house.gov>

---

U.S. GOVERNMENT PUBLISHING OFFICE

53-236 PDF

WASHINGTON : 2023

COMMITTEE ON NATURAL RESOURCES

BRUCE WESTERMAN, AR, *Chairman*  
DOUG LAMBORN, CO, *Vice Chairman*  
RAÚL M. GRIJALVA, AZ, *Ranking Member*

Doug Lamborn, CO	Grace F. Napolitano, CA
Robert J. Wittman, VA	Gregorio Kilili Camacho Sablan, CNMI
Tom McClintock, CA	Jared Huffman, CA
Paul Gosar, AZ	Ruben Gallego, AZ
Garret Graves, LA	Joe Neguse, CO
Aumua Amata C. Radewagen, AS	Mike Levin, CA
Doug LaMalfa, CA	Katie Porter, CA
Daniel Webster, FL	Teresa Leger Fernández, NM
Jennifer González-Colón, PR	Melanie A. Stansbury, NM
Russ Fulcher, ID	Mary Sattler Peltola, AK
Pete Stauber, MN	Alexandria Ocasio-Cortez, NY
John R. Curtis, UT	Kevin Mullin, CA
Tom Tiffany, WI	Val T. Hoyle, OR
Jerry Carl, AL	Sydney Kamlager-Dove, CA
Matt Rosendale, MT	Seth Magaziner, RI
Lauren Boebert, CO	Nydia M. Velázquez, NY
Cliff Bentz, OR	Ed Case, HI
Jen Kiggans, VA	Debbie Dingell, MI
Jim Moylan, GU	Susie Lee, NV
Wesley P. Hunt, TX	
Mike Collins, GA	
Anna Paulina Luna, FL	
John Duarte, CA	
Harriet M. Hageman, WY	

Vivian Moeglein, *Staff Director*  
Tom Connally, *Chief Counsel*  
Lora Snyder, *Democratic Staff Director*  
<http://naturalresources.house.gov>

## CONTENTS

---

	Page
Hearing held on Thursday, August 24, 2023 .....	1
Statement of Members:	
Westerman, Hon. Bruce, a Representative in Congress from the State of Arkansas .....	2
Leger Fernández, Hon. Teresa, a Representative in Congress from the State of New Mexico .....	3
Statement of Witnesses:	
Guerrero, Hon. Lourdes “Lou” Leon, Governor of Guam, Hagatna, Guam .	5
Prepared statement of .....	6
Questions submitted for the record .....	7
Palacios, Hon. Arnold I., Governor of the Commonwealth of Northern Mariana Islands, Saipan, MP .....	9
Prepared statement of .....	11
Questions submitted for the record .....	16
Udoi, Hon. Kaleb, Jr., Minister of Finance, Republic of Palau, Koror, Palau .....	21
Prepared statement of .....	22
Questions submitted for the record .....	24
Cantero, Hon. Ricky, Acting Secretary, Department of Foreign Affairs, Federated States of Micronesia, Pohnpei State, FM .....	24
Prepared statement of .....	26
Questions submitted for the record .....	27
Ading, Hon. Jack, Minister of Foreign Affairs and Trade, Republic of the Marshall Islands, Majuro, MH .....	29
Prepared statement of .....	30
Questions submitted for the record .....	33
Barnes, Hon. Tina, Vice Speaker, Guam Legislature, Hagatna, Guam .....	49
Prepared statement of .....	51
Questions submitted for the record .....	52
Sgambelluri, Irene, World War II Survivor, Talofoto, Guam .....	53
Prepared statement of .....	54
Questions submitted for the record .....	55
Additional Materials Submitted for the Record:	
Submissions for the Record by Representative Westerman	
Brigadier General Roderick R. Leon Guerrero (Retired), Letter to Chairman Westerman, dated August 22, 2023 .....	64
Lemanu P.S. Mauga, Governor, American Samoa, Statement for the Record .....	67
Western Pacific Regional Fishery Management Council, “Waning US Influence and Impacts to Major US Pacific Tuna Fisheries within the Western and Central Pacific Ocean (WCPO): A Call for a US Government Strategic Plan” .....	69
Submissions for the Record by Vice Speaker Barnes, Guam	
“Transshipment on Guam” by S. Luo, P. Wang, C.M. Bhojwani, L. Tumaneng, and J. Ji, Jr. ....	83



**OVERSIGHT FIELD HEARING ON PEACE  
THROUGH STRENGTH: THE STRATEGIC  
IMPORTANCE OF THE PACIFIC ISLANDS TO  
U.S.-LED GLOBAL SECURITY**

---

**Thursday, August 24, 2023  
U.S. House of Representatives  
Committee on Natural Resources  
Tamuning, Guam**

---

The Committee met, pursuant to notice, at 10:03 a.m. ChST, at the Hilton Hotel, 202 Hilton Road Tumon Bay, Tamuning, Guam, Hon. Bruce Westerman [Chairman of the Committee] presiding.

Present: Representatives Westerman, Lamborn, Radewagen, Tiffany, Moylan, Hageman, Leger Fernández, Stansbury, and Sablan.

The CHAIRMAN. The Committee on Natural Resources will come to order. I would like to welcome everyone to the Hilton Hotel here in the heart of Guam for this timely hearing on the importance of the U.S. Pacific Territories and the Freely Associated States to the United States' ability to counter the PRC's malign influence and maintain our nation's strategic interest in the region.

Before we begin our official business, we will begin the hearing with the U.S. National Anthem sung by Master Sergeant Jack Larimer from Joint Region Marianas.

Sergeant, let's all stand and we will do the National Anthem.

[National Anthem sung.]

The CHAIRMAN. Thank you, you may be seated. Thank you, Sergeant, for singing the national anthem, and thank you to everyone for being here today.

Without objection, the Chair is authorized to declare recess of the Committee at any time. This Committee is meeting today to hear testimony on Peace Through Strength: The Strategic Importance of the Pacific Islands to U.S.-led Global Security.

Under Committee Rule 4(f), any oral opening statements at hearings are limited to the Chairman and the Ranking Minority Member, therefore, I ask unanimous consent that all other Members' opening statements be made prior to the hearing record if they are submitted in accordance with Committee Rule 3(o). Without objection, so ordered.

I also want to make everyone on the panel, the Members and the witnesses, aware that there is a 3-second delay, I am told, with the microphone, so when you push the button, give a few moments to let the system get queued up before you begin speaking.

I will now recognize myself for an opening statement.

**STATEMENT OF THE HON. BRUCE WESTERMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARKANSAS**

The CHAIRMAN. Hafa Adai and good morning. It is, again, a pleasure to be here. Thank you, Governor, for hosting us in Guam. Today, the House Committee on Natural Resources has the great privilege of convening this hearing on this beautiful island of Guam in the heart of the Pacific. I would like to thank the People of Guam for the hospitality that you have exhibited to our entire Congressional Delegation. It is truly an honor to be with you here today and to be joined by so many of my colleagues. The warm reception we have received reflects the beauty of this island and its people.

I also want to thank members of Guam's local government who are with us, or who are taking time to be with the Delegation and meet with us while we are on the island.

I would especially like to thank my friend and Congressman, Jim Moylan, for the invitation to visit the island and to hold this hearing, and most importantly, for his tireless work on the Committee on Natural Resources on behalf of the People of Guam.

Lastly, I would like to acknowledge the bipartisan group of Members of Congress who have joined us for this historic hearing and thank each of them for being here. There are incredible demands on our time and our participation in the hearing demonstrates the importance and the critical nature of our discussion.

We are here today at a pivotal point in our nation's history. Less than 2,000 miles away lies a threat to America and our allies. The Peoples' Republic of China, under the tyranny of the Chinese communist party, not only seeks to challenge American leadership, but is aggressively working to undermine the democratic values and institutions that we cherish. We are a freedom-loving people in America, and above all, we must never forget that it is freedom that unites us.

It is freedom.

And as we had some meetings earlier this morning and I heard folks talk about the history of Guam and the way that people here cherish freedom and love freedom and they have seen that freedom challenged in the past, that I know that it is truly an American thing that we, above all else, put freedom first, and we are willing to make sacrifices, and there have been many sacrifices made in the past to protect that freedom. And I have no doubt that if we move forward, we will take the necessary steps and make the necessary sacrifices so that people can love and enjoy freedom.

It is important to explain that when we refer to the PRC, we are referring to China's ruling communist party. There is a distinct difference between the PRC's leadership and the many Chinese citizens who long for that same freedom that we as Americans enjoy.

The recent PRC state-sponsored hacking campaigns in Guam targeted critical U.S. infrastructure systems and demonstrate that Guam is not only a target for Chinese aggression, but is also on the front lines on the fight against this threat.

Beijing is fully aware of the strategic importance of Guam to the United States and it is testing boundaries by simulating attacks on the island. Guam's importance to our nation's history cannot be overstated, and it has bravely faced foreign threats before. The tragedy and sacrifice made by the people of this island in World War II is not forgotten, as Guam celebrated Liberation Day last month. Our fight today is reserved freedom across the U.S. territories and for all U.S. allies in the Pacific.

Like the empire of Japan once did, the PRC aims to dominate the Pacific and island people. While modern threats may look slightly different and include political and informational warfare, the underlying motives of domination and aggression remain. The PRC continues its nefarious activities by using its resources to exert influence in the U.S. territories and the Freely Associated States.

The United States will swiftly address and counter the PRC's maligned activity in the Pacific region. Congress has a responsibility to meet this challenge head on and to protect our shared American interests. It is for this very reason that the Members of this Congressional Delegation are here today. This hearing will spotlight the PRC's maligned activity in the U.S. territories and the Freely Associated States, and examine how the United States will stand united against these threats, both on the continental part of our country and our partners in the Pacific.

Again, I want to thank the witnesses for their participation in this important hearing, and I look forward to your testimony.

I yield back my time and I will now recognize the Acting Ranking Member of the Committee today, Ms. Leger Fernández, from the great state of New Mexico.

**STATEMENT OF THE HON. TERESA LEGER FERNÁNDEZ, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW MEXICO**

Ms. LEGER FERNÁNDEZ. Thank you so very much, Mr. Chairman. And I truly want to thank each of our witnesses who have come here today because it is the role of Congress to truly listen because if we do not listen to the voices that come from the people of America, from the people who are experts, because you live this reality on these islands with the threat of China ever so close. And it is our job to listen to those so that we can then take your voices back to the people's House and determine a policy that is in many ways written by you and your concerns.

So, I am very grateful to the Chairman for pulling this bipartisan visit together to the region. I am very grateful and advanced to have what we have already learned on this visit, both about military issues, but also about what it means to be one Guam, what it means to be American in this island and in this great, beautiful Pacific.

And we know that we must not say "the U.S." as though it is something over here, but when we are talking about the territories that are part of the U.S., it is "us," the United States, that there is no us and them in this region, it is an "us." So, I am very thankful for that.

The witnesses are so impressive. Governor Guerrero, Governor Palacios, I hope I said that right, as well as Minister Ading, Minister Udui Jr., and Acting Secretary Cantero.

It is actually my first visit to Guam, which might be some of the others. I come from a state that is in the middle of the country. It has no water around it, so whenever I see this much water, I get so very happy. And we recognize the four decades that the United States has maintained a special relationship with the Freely Associated States, the Federated States of Micronesia, and the Republic of the Marshall Islands, as well as the Republic of Palau.

And the Compact of Free Association, as we have been listening to them in this Committee over the last many months, recognize the importance of continuing that relationship into the future, and as my colleagues have said, I do not think that there is any doubt that all of us don't recognize that importance. We are unified in a bipartisan manner across these issues, and our need in this visit is to once again listen to you tell us why it is so important so that we can then go back and convince our colleagues, and I don't think they will need that much convincing. I think you all have done a good job, and history has done the job of telling us why this is important and why this region is, in this moment, as important as it is.

The Biden administration and the Presidential Envoy for COFA Negotiations, Ambassador Joseph Yun, are really being commended for securing these new compact agreements with FSM and Palau in May, and while negotiations have not been completely concluded with the RMI, we expect that they will be soon. Approving the proposal to review the financial provisions of the Compact of Free Association with FSM, Palau, and the RMI will continue our engagement with the FA and diminish the risk of China filling the vacuum in the region.

We have heard that our people are scared of China because these are smaller islands and these are places where the threat could be easily carried out, so we will continue that and we will continue to make sure that the point of the spear, as it has been pointed out, continues to be strong and aimed accurately.

In conclusion, I want to once again thank you, Mr. Chairman, for scheduling this hearing today. I want to thank the panelists for pointing out that it is not just militarily, but it is also the link that will honor the sacred that it is, the waters, the sea and all those beautiful creatures of Earth and of God that we have been given to protect those, to protect the environment, even as we protect the people and the security of each of the islands and of the United States.

Muchos gracias. Thank you so very much.

Mr. Chairman, I yield back.

The CHAIRMAN. Thank you, Representative Leger Fernández. Now I will introduce our witnesses on our first panel. We will be having two panels today, and first off someone who obviously needs no introduction here, but the Honorable Lourdes "Lou" Leon Guerrero, Governor of Guam from Hagatna, Guam; the Honorable Arnold I. Palacios, Governor of the Commonwealth of the Northern Mariana Islands from Saipan, Mariana Islands; the Honorable



Kaleb Udui, Jr., Minister of Finance, Republic of Palau; the Honorable Ricky Cantero, Acting Secretary, Department of Foreign Affairs, Federated States of Micronesia, Pohnpei, Federated States of Micronesia; and the Honorable Jack Ading, Minister of Foreign Affairs and Trade, Republic of the Marshall Islands, Majuro, Republic of Marshall Islands.

Let me remind the witnesses that under Committee Rules, they must limit their oral statement to 5 minutes, but their entire statement will appear in the hearing record.

To begin your testimony, please press the “on” button. Remember, there is a 3-second delay. We do use timing lights. When you begin, the light will turn green. At the end of 5 minutes, the light will turn red, and I will ask you to please complete your statement. I will also allow witnesses on the panel to testify before Member questioning.

The Chair now recognizes Governor Leon Guerrero for 5 minutes.

**STATEMENT OF THE HON. LOURDES “LOU” LEON GUERRERO,  
GOVERNOR OF GUAM, HAGATNA, GUAM**

Governor GUERRERO. Chairman Westerman, Ranking Member Fernández, and members of the House Committee on Natural Resources, Hafa Adai, welcome to Guam and thank you for flying so far to meet us here.

I would like to emphasize the vital importance of Guam and other Pacific Islands in U.S.-led global security. Throughout history, Guam has played a crucial role due to its strategic location sitting at the crossroads of Pacific powers. With its protected harbor and competitively large landmass, Guam serves as a critical hub for air and sea travel connecting China, southeast Asia, Japan, and North America.

This positioning has made Guam pivotal in major American conflicts, contributing to peace and shared prosperity in the Pacific. However, in recent times, China’s increasing influence in the region has raised serious threatening and real concerns. China’s efforts to expand its reach to other Pacific Island countries through infrastructure projects, political maneuvering and socioeconomic coercion have repercussions for the Pacific Islands, including Guam.

China’s intentions indicate a potential threat to regional stability, an attempt to exert control over the region concealed in otherwise benign diplomatic agreements.

Security in the Pacific means a viable and robust economy. Security in the Pacific means an educated workforce, a quality healthcare system, reliable infrastructure, resiliency of the community, and digital modernization. Security in the Pacific and the stable trade with Asia that follows it resonates far beyond the Pacific.

Nearly 95 percent of America’s potential customers live outside U.S. borders. 29 percent of U.S. exports of goods are sent to Asia, and this region represents over \$2 trillion in trading goods with the United States in 2022. Moreover, the supply chain that sustains our daily lives, from food to electronics, rely on a secure Pacific.

Given these circumstances, the question before us is simple: Who should shape the rules of future trade in the Indo-Pacific? If the

United States does not engage actively, China will, writing a future that will never put Americans first. To prevent this, I support bipartisan efforts to enhance U.S. engagement in the region and support efforts to bolster the security of Guam, other key territories and our allies and partners in the Indo-Pacific. This ensures the ability to drive prosperity in a free and open Indo-Pacific, especially for developing democracies in the Pacific.

I also urge the Committee to create policies that allow Pacific Island countries to tap into American innovation and entrepreneurship to address perennial challenges.

Furthermore, I ask Congress to recognize that our actions in the Pacific reflect the values we share: peace, prosperity, and a free democracy. I thank the Senate for including Guam in RECA legislation, and I ask the House for their support. By ensuring fair treatment of COFA citizens and investing in Guam's infrastructure and workforce development, the United States demonstrates its commitment to collaboration. Initiative, like a Guam-only visa program, COFA cost reimbursement, H2-B visa program, and funding for a new hospital showcase America as a reliable partner, capable of cooperation and competition.

In closing, I thank you, Chairman Westerman, and this Committee for the opportunity to address this crucial issue. Let us work together to preserve peace, win prosperity, and expand opportunity in the Indo-Pacific region.

Si Yu'us Ma'ase [Thank you].

[The prepared statement of Governor Leon Guerrero follows:]

PREPARED STATEMENT OF THE HONORABLE LOURDES A. LEON GUERRERO, GOVERNOR OF GUAM, GOVERNMENT OF GUAM

Chairman Westerman, Ranking Member Grijalva, and distinguished Members of the House Committee on Natural Resources, *hafa adai!* Welcome to Guam.

Mr. Chairman, by air travel, you are approximately 7,447 miles away from your home state of Arkansas and a similar distance from the nation's capitol in Washington, DC. Like each of your colleagues, the circumstances that bring you here are an equal blend of history, present circumstance, and a future still waiting to be written. History tells us that from 1521 to the present day, Guam has been, and continues to be, a linchpin of every Pacific Power.

The reasons for this are simple. On the axis that crosses 5,000 miles of the Pacific between Hawai'i and Asia, Guam is the only island with a protected harbor and sufficient land for major airports. Guam is also the largest landfall for communications, shipping, and military installations on the nearly 3,000-mile north axis from Japan to Papua New Guinea and Australia.

This geography means that Guam has access by air and sea to China and Southeast Asia to the west, Hawai'i and North America to the east, and Japan to the north.

For these reasons, Guam has played a unique and pivotal role in nearly every major American conflict in the late 20th and early 21st centuries. As a result of American engagement in the Marianas and the larger Pacific region, the United States won an unparalleled period of peace, economic trade, and shared prosperity in the Pacific. Yet, as time passed and other priorities drew America's watchful eye away from Pacific Island Countries, China emerged.

Offering massive infrastructure packages, awarding what some have called predatory debt, and dispensing travel and training to certain Pacific Island Countries (PICs) personnel—China, in the present day, has shown a commitment to its goals. But what are they?

Its first goal is to increase its popularity in the Pacific region and gain support for pro-Chinese policies at the United Nations. China's second goal: its proposed China-Pacific Island Countries Common Development Vision and the China-Pacific Island Countries Five Year Action Plan on Common Development (2022–2026).

Put simply, because Guam can project power throughout the Indo-Pacific region, China is working to project equal power onto Guam and its sister islands. This has brought with it specific consequences for the People of Guam. Yes, Guam has always been considered the tip of the American Spear in the Pacific. Some have said that the deployment of missile defense systems throughout Guam now makes it a first strike community in the eyes of China.

Mr. Chairman, I know it's hard for some Americans to understand why any of this matters to their way of life. After all, Guam and the Pacific Islands are thousands of miles away.

This is the best way I've heard it explained. Nearly 95% of America's potential customers live outside U.S. borders. 29% of U.S. exports of goods are sent to Asia, and this region represents over two trillion dollars in trade in goods with the United States in 2022. That trade, the lives and livelihoods that depend on it. The supply chain, the food on supermarket shelves, or chips in our computers and mobile phones—all if it relies on a secure Pacific.

Knowing that, who should write the rules of U.S. trade with the Indo-Pacific? If we choose not to, China surely will. This is why I support the bipartisan effort to increase U.S. engagement throughout the region and invest in the security of Guam and other vital U.S. territories. It is why I join other island leaders in seeking economic and infrastructure support for the Pacific's developing democracies.

And it is why I ask the members of this Committee to adopt policies and create programs that partner with PICs allowing them to engage American innovation and entrepreneurship in solving the problems we face.

From talking and listening to many Pacific Island leaders over the years, it is clear that we want to grow our own economies and create job and business opportunities that can help turn the corner on why so many of our people have left our islands.

To combat the impacts of climate change and illegal, unregulated, unreported fishing we need technology, we need financial expertise, we need trained workers, and new businesses if we are to secure the hard to access funds for climate change infrastructure and ocean resource monitoring. The U.S. Congress could develop or strengthen an existing incentive pathway for American businesses to help Pacific governments create and implement the mitigation and adaptation projects that will allow islanders to return and flourish at home. Furthermore, we must continue to build regional resilience in health security, climate adaptation and mitigation efforts, and energy security.

Finally, I respectfully ask that Congress recognize that American values are constantly on display throughout the Pacific. How it treats one Pacific island is seen and felt by all Pacific islands.

By ensuring fair treatment of COFA citizens and investing in Guam's infrastructure, the U.S. demonstrates its commitment to collaboration. Initiatives like a Guam-only visa program, COFA cost reimbursement, and debt forgiveness showcase America as a reliable partner capable of cooperation and competition. In short the Compact renewal must be reflective of a whole of government approach and the U.S. Congress' commitment to recognize the importance of our Pacific islands.

In closing, I thank Chairman Westerman and this Committee for the opportunity to address this crucial issue. Let us work together to preserve peace, win prosperity, and expand opportunity in the Indo-Pacific region.

---

QUESTIONS SUBMITTED FOR THE RECORD TO THE HONORABLE LOURDES A. LEON  
GUERRERO, GOVERNOR OF GUAM

### **Questions Submitted by Representative Westerman**

*Question 1. Guam has and continues to be strategically important for not only U.S. security, but also peace and stability in the Indo-Pacific.*

*What do you see as Guam's role in maintaining peace and stability in the region? Are there areas that you believe Guam could play a greater role in U.S. national security strategy and engagement with the Indo-Pacific?*

Answer. Guam possesses the potential to assume a more significant role in the United States National Security Strategy and its active involvement in the Indo-Pacific Region. Peace and stability in the region is a critical priority for our people, given our experiences during World War II. Our administration has consistently been deeply engaged in dialogue at the highest echelons of military leadership at

the Pentagon, Indo-Pacific Command, and the Joint Region Marianas, as well as meeting with congressional delegates from the House and Senate Armed Services Committees, underscoring the critical nature of national security within this region. Within our team, we have committed individuals who grasp this importance and remain actively involved in deliberations concerning strategy, policy, and cultivating relationships to advance and safeguard U.S. interests in Guam and the Indo-Pacific. Guam has a unique opportunity to play a more significant role as a U.S. Territory and be home to one of the largest and fastest-growing U.S. military contingencies in the Pacific region by engaging in all discussions regarding the Pacific. More notably, Guam should participate in the most recent legislation passed in the NDAA to establish a Regional Security Council. Given the pacing threat of China in the region and recent infiltrations to our cyber security network, Guam must be part of all security concerns and U.S. initiatives in the Pacific.

*Question 2. We are deeply concerned about the issue of People's Republic of China (PRC) nationals illegally entering Guam from the Commonwealth of Northern Mariana Islands. It has been reported that 27 PRC nationals have been caught attempting to enter Guam from CNMI in the month of June alone.*

*What are you and your team doing to address this issue? Has it been determined what these individuals were aiming to do once in Guam?*

Answer. The Guam Customs and Quarantine Agency (GCQA) has assigned officers to our main ports of entry, where they conduct roving surveillance of Guam's shorelines. I have established a multi-agency task force that reports vessel movements between the CNMI and Guam. This task force is dedicated to the issue of illegal entry of Chinese nationals and continues to meet to assess and maintain awareness of this concerning situation. The illegal entry individuals were charged with violations of local and federal statutes. These individuals have stated they made the trip to Guam to continue the pursuit of asylum and employment. Additionally, we have enlisted support of the public to report suspicious activities observed around Guam's reefs and beaches.

*Question 3. I think it is fair to say that we are all deeply troubled by reports of the PRC creating so-called "Guam-killer" missiles and simulating attacks on U.S. bases on Guam. It has been argued that U.S. military presence in Guam makes the island a target for our adversaries.*

*Can you explain to us how it is important for Guam to continue to play a strategic role in U.S. policy in the Indo-Pacific and why you believe that the U.S. military presence on the island is important for Guam's security long-term?*

Answer. The U.S. military presence in Guam is strategically vital to the security of our island and the Indo-Pacific region. The PRC and other malign actors pose a significant threat to our security, prosperity, and freedoms. Therefore, the U.S. military must continue to have a strong presence in Guam long-term. However, any additional military growth must be balanced and closely coordinated with the government of Guam and the people of Guam. Any growth on the island comes with both challenges and opportunities, and it is critical that all parties take a "Whole of Government" approach to ensure that the benefits to Guam outweigh the costs.

*Question 4. The reports of the PRC government launching cyberattacks against U.S. military bases in Guam is unacceptable and alarming. This is a direct threat to our homeland and the American people. This is also a direct threat to stability in the Indo-Pacific and U.S. capacity to deter PRC aggression in the region. It appears these attacks were conducted through what is called the "living off-the-land" technique. This involves PRC nationals living on the island and infiltrating Guam's local networks.*

*What are you and the team doing to address this threat? Can you share with us some of the work being done with federal agencies to prevent future attacks? Why is this threat not only a threat for the military, but also a threat for the residents of Guam?*

Answer. Being prepared and ready is key. I am working with all critical infrastructure agencies to establish and strengthen their cyber security plans. I have just approved our islandwide cybersecurity plan, and various agency plans will align up this plan. I have also elevated cybersecurity discussions with the highest levels of the Pentagon, the U.S. Department of Homeland Security's Cybersecurity and Infrastructure Security Agency (DHS CISA), and other federal partners to address this concern. My Homeland Security Advisor is engaged with DHS CISA to identify resources and/or funding to support our cyber security priorities. These threats from

the PRC put critical infrastructure that the residents of Guam rely on at risk, including telecommunications, healthcare information, financial systems, and critical government websites.

---

The CHAIRMAN. Thank you, Governor Guerrero.  
We will now move on to our next witness. I want to recognize Governor Palacios for 5 minutes. You are recognized.

**STATEMENT OF THE HON. ARNOLD I. PALACIOS, GOVERNOR  
OF THE COMMONWEALTH OF NORTHERN MARIANA  
ISLANDS, SAIPAN, MP**

Governor PALACIOS. Thank you, Mr. Chairman. Hafa Adai, Tiroow Faischo [Hello and how are you] Chairman Westerman, distinguished members of the House Committee on Natural Resources. To my fellow islanders on the Committee, Congressman Sablan, Congressman Moylan and Congressman Radewagen, welcome back. Welcome back to the Marianas. Thank you for inviting me to speak with you today about some of the critical issues that are impacting our regions.

Today's hearing is a testament to the significance and urgency of the role of the Pacific Islands in global geopolitics. That you have traveled thousands of miles to conduct this oversight hearing indicates that you indeed recognize the strategic value of these Pacific Islands in securing peace and freedom in our nation and the world.

It is in the interest of national and global security for the U.S. Government to protect and fortify the Pacific territories and allies in the Freely Associated States against the growing threat of Chinese Communist Party.

America's security architecture in the Pacific is not only founded in military defense, but also in the pillars of economic, social, and political stability in the region. It is based upon the economic prosperity, the health of people and eco-systems, and the rule of law. It is rooted in genuine trustworthy relationships and shared commitments backed by actions to a free and open Indo-Pacific.

As such, I am happy that the United States is at last close to completing the negotiation to renew all the Compact of Free Association Agreements.

The U.S. territories of the Northern Marianas, Guam, and American Samoa firmly anchor America's position in the Pacific, and together with the Freely Associated States, create a vast corridor of peace and security that spans nearly 3 million square miles and connects to the seas of the other island nations.

Recognizing the strategic importance of America's territories and allies in Micronesia, the CCP moves aggressively to fill perceived voids in America's assistance, and to capitalize on social and economic vulnerabilities of the Pacific Island communities.

We see these aggressively in massive investments in infrastructure and economic development. We see it in land grabs and fishery expansion. We see it in unauthorized research vessels lurking around our undersea fiber optic cables. We see it in organized crimes, public corruption, and political interference. There is a strategic edge in all these activities, and it stabilizes the island

communities and cuts against America's influence and security in the region.

In the Northern Marianas, during times of economic hardships and vulnerability, we too have turned to Chinese investment for solutions. In fact, for almost 40 years now, the Peoples' Republic of China has had a firm foothold in our islands, Chinese investors who are always conveniently there when we needed them, offering new industries and revenue sources that directly or indirectly advance the interest of the PRC in the Marianas.

From the 1980s to early 2000, we had a garment industry, primarily Chinese owned, with more than 30 factories in the island of Saipan. Of course, there were many human rights and labor violations associated with the industry during those years. When the garment industry shut down, the Commonwealth lost a major source of revenue and drastic measures had a deeply destabilizing effect on our islands. To make up for the loss, we turned to Chinese tourism, and also to Chinese casino gaming.

Prior to the COVID-19 pandemic, tourists from PRC comprised approximately 40 percent of all visitors arriving in the Marianas. The casino in Saipan had peaked billions of dollars in rolling chips, volumes generated from just 16 VIP tables.

So, for a brief period, Chinese tourism and gambling revenue propped up the Commonwealth government and the economy, but this was short lived and had, unfortunately, consequences.

Today, Chinese tourism dried up and the casino was shut down. The Commonwealth economy continues to struggle, and the government and our people are in deep fiscal distress. These are the conditions that makes the Commonwealth, again, acutely vulnerable to CCP exploitation.

Shortly after I was inaugurated as governor this year, I announced the position of my administration, that we would pivot away from the Commonwealth's over-reliance of Chinese investment, and seek to strengthen our relationship with Federal partners and allies in the region.

I worry about the instability of the Chinese markets in light of the shifting geopolitical currents. I also worry about the Commonwealth's potential exposure to national security concerns. Of course, not everyone was pleased with this position. We are taking a lot of hits for it, both economically and politically.

And to this day, we are continually asked to open up to Chinese investment once again. That same kind of pressure ripples across the Pacific in various ways. Whatever form this pressure takes, it is always erosive to America's influence and security in the region.

To strengthen the security architecture in the Pacific and to bolster our defense against CCP threats, the United States must expand its engagement in all of the island jurisdictions, and increase support for economic and social development for our communities.

I offer the following recommendation: I ask that Congress revisit the provision of the covenant between the United States and the Northern Marianas, especially our Section 702, which provides direct financial and other assistance for the Commonwealth government and the islands for government operations, capital improvements, and economic development.

Secondly, we are currently facing a workforce shortage that threatens the CNMI's economic recovery. And while we fully appreciate the Federal Government's considerable financial assistance for infrastructure improvements, we will not be able to carry these projects in a timely manner because of the labor challenges we face.

I, therefore, ask for your urgent congressional support for legislation to repeal, or at least delay, the implementation of the touchback provision for the Commonwealth-only transitional program, which would require a significant portion of our workforce to exit the Commonwealth for an indefinite period while they wait for new permits to be processed.

The touchback provision, as probably all of you know, is going to take effect next month and could not come at a worst time for us. Many businesses in the CNMI will be adversely impacted, and therefore, our economy too.

Relative to this, I ask your support for Congressman Sablan's H.R. 560, the Population Stabilization Act, which aims to shore up the eroding population on workforce in the Northern Marianas—

The CHAIRMAN. Governor, I am going interrupt. I am going to ask you to wrap up your testimony. Again, I will remind the witnesses that your written testimony is part of the record, but try to keep your oral statements to 5 minutes. If you want to just quickly wrap up, I will afford you that.

Governor PALACIOS. Thank you. I have emphasized many of these points before in testimonies in the U.S. Senate Committee on Energy and Natural Resources, and before the IGIA in February, and in conversations that I had with my military and political leaders, the stability of America's territories and allies in Micronesia are inseparable from national security and peace in the region.

Help us. Help us help ourselves so we can be stronger partners in bolstering national security and ensuring that the Pacific remains a haven of peace, prosperity, and freedom. Thank you, si yu'us ma'ase, ghilissow [thank you] for inviting me to testify before you today, and for coming all this way to have this field hearing. May God bless the Northern Marianas, all the Pacific Islands, and may God bless America.

[The prepared statement of Governor Palacios follows:]

PREPARED STATEMENT OF GOVERNOR ARNOLD I. PALACIOS, COMMONWEALTH OF THE  
NORTHERN MARIANA ISLANDS

Hafa Adai and Tiroow, Chairman Westerman and distinguished members of the House Committee on Natural Resources. To my fellow islanders on the committee, Congressman Sablan, Congressman Moylan, and Congresswoman Radewagen—welcome back to the Marianas.

Thank you for inviting me to speak with you on some of the critical issues that are impacting our region. Today's hearing is a testament to the significance and urgency of the role of the Pacific Islands in global geopolitics. That you have traveled thousands of miles to conduct this oversight hearing indicates that you indeed recognize the strategic value of the Pacific islands to securing peace and freedom in our nation and the world.

And I am here to ask Congress to do more.

It is in the interests of national and global security for the United States government to protect and fortify its Pacific territories and allies of the Freely Associated States of Micronesia (FAS) against the growing threat of the Chinese Communist Party (CCP). America's security architecture in the Pacific is not only founded upon

military defense; it is also built on and inseparable from the pillars of economic, social, and political stability in the region. It is based upon the rule of law and the resilience of democratic institutions. It is rooted in economic prosperity and the health of people and ecosystems. It hinges upon genuine, trustworthy relationships and shared commitments, backed by action, to a free and open Indo-Pacific.

#### **Interwoven, historic connections**

In the Marianas, we are Americans. We are also Micronesians. The social, cultural, political, and economic ties that weave together the islands of Micronesia, from Palau to the Marshalls, date back to ancient times. These connections survived colonization from different nations, natural disasters, and war. For centuries, the peoples of Micronesia have traveled back and forth across the broad expanse of the Pacific, stopping in the islands to live, work, trade, study, marry, and raise families.

Since the beginning of the 20th century, the islands of Micronesia have been strategically important on the global stage, particularly in the midst of conflict and competition between superpowers. Our relationship with the United States was forged in war, in the bloody battles of World War II, and refined in peace, when the islands of Micronesia were administered by the U.S. under the United Nations Trust Territory of the Pacific, from 1947 through 1994.

It was during the Trust Territory era that each of the jurisdictions would freely determine their political status and their paths to self-sufficiency and the economic and social advancement of their citizens. The island of Saipan in the Northern Marianas was the center of many political negotiations, and served as the seat for the Trust Territory administration's headquarters. It was also the birthplace of the Congress of Micronesia.

Ultimately, each of our jurisdictions chose democratic forms of government, and a close relationship with the United States. In the Northern Marianas, we decided against becoming a sovereign nation to become American citizens, members of the American family. We chose to become a commonwealth in political union with the United States, and we negotiated the terms of this special relationship in a document we know today as the Covenant.<sup>1</sup>

The Covenant was approved by the people of the Northern Marianas in 1975, and ratified by the U.S. Congress and signed into law in 1976. It guarantees the right of local self-government for the people of the Northern Marianas, and provides the United States with complete authority and responsibility over foreign affairs and defense. The Covenant also requires the United States government to assist the government of the Northern Marianas in its efforts to achieve a higher standard of living for its people and to develop the economic resources needed to meet the responsibilities of local self-government.

Our brothers and sisters in Micronesia opted for independence—Palau and the Marshall Islands became republics, and the jurisdictions of Kosrae, Pohnpei, Chuuk, and Yap formed the Federated States of Micronesia. They retained their national sovereignty and control over foreign and domestic affairs, and negotiated special relationships with the United States defined in each of the Compacts of Free Association. The Compacts provide significant economic assistance for the island nations, as well as the right of FAS citizens to reside and work in the United States as lawful non-immigrants. The Compacts also grant the United States full authority and responsibility over national security and defense, including the right to deny military access for other countries to the land, sea, and airspace of the Compact nations.

#### **America's corridor of peace and security in the Pacific**

There is no agreement between the United States and any other nation that is quite like the Compacts of Free Association. The Freely Associated States of Micronesia are among America's closest allies on earth, and our nation's most strategically important partners in the Indo-Pacific. The U.S. territories of the Pacific firmly anchor America's position in the region, and together with the Freely Associated States create a vast corridor of peace and security that spans nearly three million square miles and connects to the seas of other allied nations.

The Pacific territories and the Freely Associated States form a critical line of defense against America's adversaries in the region. It is in America's national security interests to fortify this line of defense by expanding engagement in the region and support for the territories and Compact nations.

The United States is more than a nation with borders on the North American continent. It is also a Pacific nation, and on U.S. soil everywhere in the Pacific we

<sup>1</sup>U.S. Public Law 94-241, 48 U.S.C. §§ 1801-1805, The Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America.



experience CCP aggression on multiple fronts. We see it in massive investments in infrastructure and economic development. We see it in land grabs and fisheries expansions. We see it in unauthorized research vessels and divers lurking around our undersea fiber optic cables. We see it in organized crime, public corruption, and political interference. There is a strategic edge in all of the CCP's activities, and it destabilizes island communities and cuts against America's influence and security in the region.

### **Rising influence of the CCP in Micronesia**

Across the Pacific and over the course of decades, the CCP's influence has grown, particularly through economic aid, commerce, and infrastructure. There are signs seemingly everywhere of "friendship projects" sponsored by the People's Republic of China (PRC) in the islands. The CCP moves both quickly and methodically to fill perceived voids in American assistance and to capitalize on the social and economic vulnerabilities of Pacific Island communities.

In the Northern Marianas, during times of economic hardship and vulnerability, we have also turned to Chinese investment for solutions. Chinese investors were always conveniently there when we needed them, offering almost irresistible opportunities for new industries and revenue sources that also directly or indirectly advanced the interests of the PRC in the Marianas.

From the 1980s through the early 2000s, we opened our doors to the garment industry. More than 30 factories, predominantly Chinese-owned, set up operations throughout the 47-square mile island of Saipan to assemble garments for export to the continental United States. Tens of thousands of people were brought in, many from the PRC, to work in these factories. The factories began to close after global trade rules changed in 2005, stripping the commonwealth of competitive advantages it had through tariff-free and quota-free access to U.S. markets. In 2008, with the passage of U.S. Public Law 110-229, the commonwealth lost local control over immigration after years of well-documented human rights and labor violations. Many of these abuses were associated with the garment industry. The last factory shut down in 2009.

With the closure of the garment industry, the commonwealth lost a major source of revenue.<sup>2</sup> Drastic austerity measures followed, and had a deeply destabilizing effect on the people and economy of the Marianas. To make up for the loss, we turned once again to Chinese investment. We turned to Chinese tourism, capitalizing on the commonwealth's approved destination status with China and special visa-free access to Chinese tourists that was granted during the transition to federal immigration control.<sup>3</sup> We turned to Chinese gambling, legalizing casino gaming on Saipan even after the venture previously failed on Tinian. An exclusive license was nevertheless awarded to a Chinese casino operation that has been mired in litigation and criminal investigation practically from the start.

Prior to the Covid-19 pandemic, tourists from the PRC comprised approximately 40 percent of all visitor arrivals in the Northern Marianas.<sup>4</sup> The Chinese casino on Saipan at its peak raked in billions of U.S. dollars in monthly rolling chip volumes from just 16 VIP tables, outdoing even the glitziest casinos in Macau. The casino also provided jobs and contracts for U.S. residents and substantial revenues for public services. For a brief period, Chinese tourism and gambling revenues unsustainably propped up the commonwealth's government and economy. But this short-lived recovery was fraught with controversy—from human trafficking to birth tourism, labor abuse, money laundering, and public corruption.

Since the pandemic, Chinese tourism to the Marianas has all but dried up, and the Saipan casino has closed. The commonwealth was fortunate to have received over a billion dollars in federal assistance during the pandemic years to shore up our economy and sustain essential public services. This aid was a lifeline, but unfortunately, to our shame and dismay, much of it was squandered by my predecessor. My administration continues to work with our federal partners to track where those funds may have been illegally or improperly spent, and how much can be recovered.

The Northern Marianas economy continues to struggle, and the government remains in deep fiscal distress. These are conditions that make the commonwealth

<sup>2</sup>In 1998, the garment industry contributed approximately \$52 million, or 22 percent, of the Northern Marianas government's \$234 million budget. "Northern Mariana Islands: Garment and Tourist Industries Play a Dominant Role in the Commonwealth's Economy." U.S. General Accounting Office, Report to Congressional Committees. February 2000.

<sup>3</sup>Since November 2009, PRC nationals have been allowed to enter the Northern Marianas as tourists visa-free, under the discretionary parole authority of the Secretary of Homeland Security.

<sup>4</sup>Marianas Visitors Authority, Annual Reports for Fiscal Year 2018 and Fiscal Year 2019.

acutely vulnerable to CCP exploitation. When I came into this office, I announced the position of my administration that we would pivot away from the commonwealth's overreliance on Chinese investment, and seek to strengthen our relationships with our federal partners and allies in the region. I worried about the instability of the Chinese markets in light of shifting geopolitical currents. I also worried about the commonwealth's potential exposure to national security concerns.

Not everyone was pleased with this position. We are taking the hits for it, both economically and politically. To this day, certain influential business interests in the community continue to ask me as well as members of the commonwealth legislature to open up to Chinese investment once again. That same kind of pressure ripples across the Pacific in various ways—to sell fishing rights or accept Chinese investment in public infrastructure, for example, or enter partnerships with PRC law enforcement, or lower visa requirements for Chinese tourists and workers. Whatever form this pressure takes, it is always erosive to America's influence and security in the region.

### **Supporting the Compacts, and strengthening America's engagement in the Pacific**

I am happy to see that the United States is at last close to completing negotiations to renew all of the Compacts of Free Association. But I urge Congress and all of our federal partners in the region to exercise more timeliness and a sense of urgency in negotiating such critical agreements with the Freely Associated States. The appearance of reluctance or foot-dragging by the United States directly undermines national security interests, and reinforces the perception of the PRC as a more reliable partner and a bigger economic player in the region. These perceptions only become more pronounced with heightened economic, social, and political vulnerabilities in the islands.

The U.S. can strengthen its security architecture in the Pacific by expanding engagement with all of the island jurisdictions, both the territories and the Compact nations, and increasing support for the economic and social development of these communities. Safety, security, and prosperity should not be mere aspirations but tangible realities for all in the Pacific. Stable, democratic island communities are able to meet the obligations of self-government and provide for the wellbeing of their citizens. And they make stronger partners with the United States in advancing the goals of national security and ensuring a free and peaceful Indo-Pacific region.

In the Northern Marianas, we support the Compacts, and we welcome our brothers and sisters from the Freely Associated States. We extend to them the same hospitality and respect when they come to our islands as they do when we go to theirs. We are, after all, members of the Micronesian family.

We know there are costs associated with the broad array of public services that are afforded to citizens of the Freely Associated States who migrate to the United States to live, work, study, or seek healthcare. For the U.S. territories and Hawaii, Congress has appropriated what is known as "Compact Impact Funds" to help defray these costs and at least partially reimburse local governments for the health, educational, social, or public safety services provided to FAS citizens and their families. Since 2004, through Public Law 108-188, Congress has authorized \$30 million in annual Compact Impact grants distributed to the Northern Marianas, Guam, American Samoa, and Hawaii. That authorization expires in Fiscal Year 2023.

The Northern Marianas share of those funds has always been considerably small at approximately \$1.7 million a year, and almost certainly far short of actual expenditures for services rendered. Fully and accurately accounting for FAS residents and associated public expenditures is challenging, however. The American Community Survey does not cover the territories, and so we rely on the decennial census and population estimates drawn from that data.

Moreover, in the Northern Marianas, our agencies and social service organizations do not use a consistent definition to capture the FAS populations they serve. They also do not use a consistent methodology for determining expenditures that can be attributed to services provided to FAS residents.

I think that part of our difficulty in tracking such data lies in our discomfort with putting a number on costs associated with the presence of our Micronesian brothers and sisters in the Marianas. To be frank, I dislike the term, "Compact Impact." The connotation is negative, and it understandably makes people bristle. It brushes over the reciprocal nature of the relationship between the United States and the Compact nations. It also erases the close ties that bind island communities across the Pacific. And it fails to adequately acknowledge the shared contributions of all of the island jurisdictions to the defense of our nation and freedom and security in the Indo-Pacific region.

I suggest that we stop calling it Compact Impact. Let's call it "Compact Support." And let's not only rename it, but reframe its purpose beyond merely "defraying costs" and "mitigating impacts." The economic aid provided in the Compacts of Free Association is a crucial element in America's security architecture in the Pacific. Compact Support funds are also key to enabling America's Pacific Islands to build up and expand our defenses against CCP ambitions. Compact Support funds can help fortify vulnerable island communities by providing the means to achieve economic, social, and political stability and shore up financially distressed governments.

**The Northern Marianas should be America's diplomatic center in Micronesia**

Reciprocity and mutual aid are bedrock Pacific values, and islanders place great stock in cultivating long-term, mutually beneficial relationships. With our deeply rooted cultural and historical ties and close friendships in the region, the Northern Marianas can and should be America's bridge to strengthen relationships with our Pacific neighbors, and facilitate multifaceted defenses to counter CCP aggression, from economic development and law enforcement capacity building, to learning exchanges, national security networks, and think tanks.

The Department of Defense maintains a strong presence in Micronesia, particularly through Guam. So, too, should the State Department, and I propose that the U.S. base for diplomatic engagement with the nations of Micronesia and all of Oceania should be headquartered in the Northern Marianas. Formally establishing the Northern Marianas as the U.S. center for diplomacy in Micronesia can open pathways for enduring relationships and deeper engagement with our brothers and sisters in the Pacific.

I urge Congress to support initiatives that reinforce America's position as a strong and trusted partner in the Pacific. To bolster our defenses against CCP threats in our region, we need a robust network of national security advisors across the territories and Freely Associated States. These networks can play a critical support role for territorial governors and Micronesian heads of state, and deliver capacity building to help island communities effectively respond to difficult and destabilizing problems, from illegal, unreported, and unregulated (IUU) fishing to organized crime and money laundering. Complementary to this effort is the bipartisan H.R. 5001, which I support, and which would place special advisors for insular areas in every executive department of the federal government, and help ensure that the needs and concerns of island communities are carefully considered in federal decision-making.

**Stability in the Pacific is key to national and global security**

The social, economic, and political stability of America's territories and allies in the Pacific cannot be separated from national security interests and peace in the region. As the commonwealth pivots to closer relationships with our federal partners and allies in the Pacific, I see many ways that Congress can support territorial stability and therefore national security.

In previous forums, I have called upon Congress and the Biden administration to help us build our law enforcement capacity with federal partners, strengthen our financial accountability systems, and secure parity in key federal programs that serve our most vulnerable citizens, like Medicaid and Nutrition Assistance. These asks are still very much relevant and remain ongoing endeavors.

We also need Congress to recognize the unique challenges we face in the islands, and to make changes to federal policies that hinder our economic and social development. In the Northern Marianas, our recovery from several major typhoon disasters and the pandemic has been slowed by federal policies that have created roadblocks in procurement and instability in the workforce. With respect to our procurement challenges, we understand and appreciate the goals of the Build America, Buy America (BABA) Act to strengthen American industries and national security, and deliver good-paying jobs. In the Pacific Islands, however, this policy becomes untenable when it makes the sourcing of equipment and supplies extremely cost-prohibitive and when it is exceedingly difficult for small island territories to compete with bigger states in procurement.

Thankfully, several federal agencies have recognized the extraordinary hardship that BABA requirements impose on small island communities, and have moved to grant BABA waivers for the Pacific territories. Each federal agency must go through a rather lengthy process to grant these waivers, however, and every day of delay in an important infrastructure project costs us dearly. A blanket BABA waiver from Congress across the federal family would efficiently resolve the issue, and allow the

territories to access closer markets with allied nations so that our projects can move forward.

With respect to our workforce challenges, nearly all of our infrastructure and recovery projects are slowed by worker shortages, and the Northern Marianas has seen significant population declines over the past 20 years.<sup>5</sup> To shore up the commonwealth's eroding population and workforce, I urge Congress to pass Representative Gregorio Kilili Sablan's H.R. 560, the Northern Mariana Islands Population Stabilization Act, which would provide stability and permanent residency in the Marianas for an estimated 1,600 long-term foreign workers. I also ask for congressional support to repeal or at the very least delay implementation of the touchback provision in the Commonwealth-Only Transitional Worker (CW) program, which requires a significant portion of our workforce to exit the commonwealth for an indefinite period while they wait for permit renewals to be processed.

The touchback provision goes into effect for many CW workers next month, and the disruption that would be created by a mass exodus of workers could not come at a worse time. Businesses large and small, and workers across the commonwealth, are deeply anxious. The touchback requirement will only cause further instability in already-uncertain times, and we need Congress to urgently and expeditiously change this federal policy.

#### **American engagement ensures a free and peaceful Indo-Pacific**

America's national security interests are interwoven with the needs of the territories and the Freely Associated States for support and stability, just as the island communities of Micronesia are interwoven with each other. American engagement and assistance to the region are vital for both national and global security, strengthening partnerships of mutual benefit and supporting the advancement of Pacific Island communities.

Again and again, the CCP has demonstrated its capacity to exploit the vulnerabilities of the islands in order to amplify the presence and power of the PRC and undercut American influence and security in our region. The CCP fully recognizes the strategic importance of America's territories and allies in Micronesia. To counter CCP aggression, America must stand as a beacon of shared commitment and respect, and deliver on its promises to take care of its citizens and friends. Congress can do more to support the Pacific Islands and protect national security by recognizing our unique challenges, expanding engagement and direct assistance, and making changes in federal policies that impair our development.

I have emphasized many of these points before in testimonies before the U.S. Senate Committee on Energy and Natural Resources and the Interagency Group on Insular Areas in February, and in conversations I have had with military and political leaders. Help us help ourselves, so we are stronger partners in bolstering national security and ensuring that the Pacific remains a haven of peace, prosperity, and freedom.

Si Yu'us Ma'ase, Ghilisow, and Thank You for inviting me to testify before you today, and for coming all this way for this important field hearing. I invite the members of this committee to visit us in the Northern Marianas as well, so you can enjoy our hospitality and beautiful islands and see for yourselves the unique opportunities and challenges that we face.

May God bless the Northern Marianas and all the Pacific Islands. May God bless the United States of America.

---

QUESTIONS SUBMITTED FOR THE RECORD TO THE HON. ARNOLD PALACIOS,  
GOVERNOR, COMMONWEALTH OF NORTHERN MARIANA ISLANDS

#### **Questions Submitted by Representative Westerman**

*Question 1. What are you and your administration doing to diversify CNMI's economy and become less reliant on the People's Republic of China?*

Answer. As I indicated in my written testimony submitted to the U.S. House of Representatives—Natural Resources Committee, I announced the position in the first few weeks of my administration that we would pivot away from the Commonwealth's overreliance on Chinese investment.

Of course, this was not an entirely popular decision with some sectors of the community. We continue to take hits for it, both economically and politically. To this

<sup>5</sup>U.S. Census data show that the Northern Marianas population has declined by nearly 32 percent from 69,221 in 2000 to 47,329 in 2020.

day, we are continuously pressured and asked to open up to Chinese investment once again or to actively pursue activities that would restart and expand Chinese tourism to the CNMI.

Nonetheless, we remain steadfast in our commitment to diversifying our economy by strengthening relationships, seeking investments, and expanding tourism from Japan, Korea, and other U.S. allies in the region:

### Japan

Because of the historic, economic, and strategic significance of Japan to the CNMI, one of the first initiatives I pursued as Governor was to personally engage government leaders from key Japanese government agencies, airline executives, and senior executives of some of the largest tour agencies to discuss how we can expand the tourism source market from that country.

In addition to increasing flight service, we also discussed the possibility of launching new, direct flight routes from Haneda Airport. Flying from Haneda would be more convenient for many Japanese residents because that airport is located in the metropolitan area of Tokyo. Current flights to the CNMI fly out of the Narita Airport, which is located approximately two hours from Tokyo and whose distance from Tokyo may present barriers and inconveniences. We also sought the assistance of the U.S. Embassy to assist in this effort.

The meetings we had in Japan included the following organizations and companies:

Organization	Representatives in Attendance
U.S. Embassy in Japan	1. Mr. Alan Turley, Counselor for Commercial Affairs
Japan Association of Travel Agents (JATA), whose membership includes 1,100 travel agencies	1. President of JATA, Mr. Tadashi Shimura
Japan's Ministry of Defense	1. Minister of Defense, Yasukazu Hamada
Japan's Ministry of Land, Infrastructure, Transportation and Tourism (MLIT)	1. Vice Minister of MLIT, Nishida Shoji
Japan Airport Terminal Co., Ltd. (Operates and manages Haneda Airport)	1. Executive Vice President, Hisayasu Suzuki
Japan's Ministry of Economy, Trade and Industry (ETI)	1. Deputy Minister of ETI, Mr. Shinichi Nakatani
H.I.S. (Travel and Tour Agency)	1. Osamu Yamaguchi, General Manager, Leisure Travel Sales Division Overseas Travel Department, Micronesia/Indonesia/Philippines/South Pacific/Indian Ocean Section 2. Shingo Mizushima, Manager, Beach Tour Planning Team and Packaged Tour Sales Group
Rakuten (Travel and Tour Agency)	1. Futoshi Habaya, General Manager, Airline Sales and Package Tour Dept. 2. Dhimant Thakker, Vice General Manager, Airlines Sales and Package Tour Dept 3. Masamichi Takayasu, Vice General Manager, International Sales Department 4. Karin Ide, International Airlines Sales and Package Tour Group 5. Aya Tojo, Manager, International Airlines Sales and Package Tours 6. Richard Gustafson, DFS Group Managing Director for Japan, Korea, and Mid Pacific
JTB (Travel and Tour Agency)	1. Junichiro Takahashi, President of Tasi Tours and T.P. Micronesia (Guam) 2. Masaki Yoshida, General Manager, JTB 3. Sabumi Ito, Manager, Planning and Purchasing Section

Organization	Representatives in Attendance
United Airlines	<ol style="list-style-type: none"> <li>1. Toru Takahashi, Managing Director, Japan and Micronesia Sales United Airlines</li> <li>2. Hieaki Takahashi, Manager, Online Sales and Business Development</li> <li>3. Hiroshi Hamada, Sales Manager (Japan)</li> <li>4. Koji Nagata, Director of Asia/Pacific Communications</li> </ol>
Skymark Airlines	<ol style="list-style-type: none"> <li>1. Hayao Hora, President and Executive Officer</li> <li>2. Manabu Motohashi, Senior Managing Director and Executive Officer, Corporate Planning, Sales</li> <li>3. Tetsuya Okuno, General Manager, Corporate Planning Department</li> </ol>

### South Korea

At this time, the Korean tourism market makes up the largest source market for the CNMI. Thus, it was important that we continue to grow this market and to learn how we can further enhance the CNMI as a compelling destination for Korean tourists. To do this, I traveled with representatives from the Marianas Visitors Authority to Seoul, Korea, where we also had positive discussions with top government leaders and senior executives from Korean airlines and tour agencies.

During the meeting with Jeju Airlines, the company's executives announced that it would restart direct routes from Busan, Korea, to the CNMI (prior to this all Saipan bound flights originated from Seoul). Of course, this was welcome and excellent news, and I expressed my appreciation and offered support to sustain the additional route past the peak summer season.

Our meetings in Korea included the following:

Organization	Representatives in Attendance
U.S. Embassy in South Korea	<ol style="list-style-type: none"> <li>1. Ambassador Philip S. Goldberg</li> <li>2. Michael Kim, Commercial Officer</li> <li>3. Jessica Son, Senior Commercial Specialist</li> </ol>
South Korea Ministry of Land, Infrastructure and Tourism	<ol style="list-style-type: none"> <li>1. Eo Myeong-so, Vice Minister for Transport</li> <li>2. Kim Namyun, Director, International Air Transport Division</li> <li>3. Kim Jinhee, Deputy Director, International Air Transport Division</li> <li>4. Kim JaeHyeong, Assistant Director, International Air Transport Division</li> <li>5. Song Jee-un, Interpreter, International Air Transport Division</li> </ol>
Jeju Air	<ol style="list-style-type: none"> <li>1. Kim, E-Bae, CEO</li> <li>2. Jung, Kaepil, Director, Commercial Division</li> <li>3. Joo, Sangho, Team Leader, Sales and Marketing</li> <li>4. Mo, Miyoung, Manager, Sales and Marketing</li> </ol>
T'way Airlines	<ol style="list-style-type: none"> <li>1. Jeong, Hong Geun, President, CEO</li> <li>2. Kim, Hyung Yi, Executive Managing Director</li> <li>3. Park, Kibae, Team Leader</li> </ol>
Asiana Airlines	<ol style="list-style-type: none"> <li>1. Doo, SungGuk, Executive Vice President, Passenger Business</li> <li>2. Seon, WanSeong, Senior Vice President, Sales Strategy</li> <li>3. Moon, YouSang, Team Leader, Sales Strategy 1</li> <li>4. Yoon, Seokmin, Team Leader, Sales Strategy</li> <li>5. Kim, Sangwon, Team Leader, Revenue Management</li> <li>6. Son, SangSeok, Manager, Sales Strategy 1</li> <li>7. Cho, Sujin, Manager, Marketing</li> </ol>
Mode Tour (Travel and Tour Agency)	<ol style="list-style-type: none"> <li>1. You, In Tae, President</li> <li>2. Cho, Jaewang, Director of Product Headquarters</li> <li>3. Chung, Heeyoung, Senior General Manager</li> <li>4. Yeon, Chimo, General Manager</li> </ol>
Yellow Balloon (Travel and Tour Agency)	<ol style="list-style-type: none"> <li>1. Kim, Jin Kook, CEO, President</li> <li>2. Kim, Sungtae, Director</li> <li>3. Han, Ye Rim, General Manager</li> <li>4. Ju, Shin Ah, Team Manager</li> </ol>

Organization	Representatives in Attendance
Hana Tour	1. Song, Misun, CEO 2. Kim, Chang Hun, Head of Division 3. Kim, Jaewoon, Head of Department 4. Le, Jinju, Team Leader

### Engaging other Direct Investment from other Countries

Representatives from my administration continue to invite and engage foreign direct investment from other countries. As part of this overall effort to diversify our economy, I led a small delegation to the SelectUSA Investment Summit back in May. The Summit, organized by the U.S. Department of Commerce, is the leading event in the United States for FDI promotion, connecting investors, companies, economic development organizations (EDOs) and industry experts to elevate investment in the states and territories by vetted foreign countries.

This past year's event was the U.S. Department of Commerce's largest investment summit to date, with record levels of participation from over 4,900 attendees from 83 international markets and 55 states and territories. The CNMI hosted a booth on the exhibit floor where our team spoke with potential investors from numerous countries representing different industries.

It was also the first time the Summit featured a panel composed entirely of governors from all the U.S. insular areas who talked about potential investment opportunities. The event also afforded me the opportunity to participate in the following:

1. U.S. Department of Commerce's Secretary Gina M. Raimondo roundtable discussion which featured a conversation on the role CHIPS is playing to help build the U.S. semiconductor ecosystem across the country and how states are driving implementation, competitiveness, and local impact through incentives. The governors' roundtable discussion demonstrated the impact of federal, state, and local government partnerships to drive innovation to improve America's competitiveness and attract investment to build the U.S. semiconductor ecosystem—leveraging SelectUSA as a critical mechanism to do so.
2. Reception for Taiwanese investors organized and hosted by Taiwan representative Bi-khim Hsiao of the Taipei Economic and Cultural Office (TECRO)
3. Reception for Japanese investors organized by the Japan External Trade Organization (JETRO)
4. Reception for Indian investors organized by the Indian ambassador to the U.S.
5. Reception for Japanese investors organized by the Japan ambassador to the U.S.

### Moving Forward

Despite these efforts itemized above, we know that the economic challenges that face the Commonwealth may become more severe without significant federal government financial assistance. When I testified last month before the Natural Resources Committee, I mentioned that the CNMI is facing financial conditions that make our commonwealth *again* acutely vulnerable to Chinese Communist Party exploitation.

I also echoed this message when I testified before the U.S. Senate Committee on Energy and Natural Resources in February and top level federal officials at the meeting of the Intergovernmental Group on Insular Affairs. I explained the path we are forging to fiscal, economic, and social stability in the Commonwealth. I acknowledged the rapidly shifting geopolitical sands affecting our entire Pacific region. I also emphasized the vital role the Marianas plays in the security of our nation and America's position in our region.

I sought technical assistance in auditing the Commonwealth's federal and local accounts, and expanding our capacity for tax collections and enforcement. I asked for support in breaking bottlenecks in federal review processes to allow hundreds of millions of dollars in federally funded infrastructure projects to move forward. I urged for the passage of key legislative initiatives, including Congressman Kili Sablan's H.R. 560, the Population Stabilization Act, as well as amendments to the U.S. Workforce Act to repeal the touchback provision.

Here at home, our administration has been focused on identifying ways to streamline government processes, reduce costs, and improve the service experience and

responsiveness of government. I have directed our regulatory agencies to track and report on turnaround times for permit reviews and decisions so that doing business in the CNMI is easier and more efficient.

We are exploring ways the Commonwealth can be a regional hub for targeted educational programs—such as in the areas of healthcare and English language training. The Commonwealth can also be a regional hub for shipping, using our Covenant and key federal policies to our advantage. And as we move closer to completion of a renewable energy feasibility study and a strategic energy plan for the Marianas in the next few months, the Commonwealth can become a leader in the region in transitioning to clean, renewable energy that will lower the cost of business and benefit all ratepayers.

I will continue to update you and the members of the Natural Resources Committee about our progress to diversify our economy and build economic sustainability. In the meantime, I continue to ask for your urgent support, especially for the requests I listed in my written testimony.

*Question 2. We are deeply concerned about the issue of People's Republic of China (PRC) nationals illegally entering Guam from the Commonwealth of Northern Mariana Islands. It has been reported that 27 PRC nationals have been caught attempting to enter Guam from CNMI in the month of June alone.*

*What are you and your team doing to address this issue? Has it been determined what these individuals were aiming to do once in Guam?*

Answer. The CNMI continues to be very concerned and seriously considers violations against any applicable U.S. laws that prohibit human smuggling or human trafficking. We are working with enforcement representatives and policy makers from federal agencies and the Government of Guam to see how we can address and eliminate unauthorized entries of PRC nationals into Guam from the CNMI.

There is a need to strengthen federal enforcement efforts to help curb these entries, as the resources and legal authority by the Guam and CNMI governments are limited. To expand the dialogue and collaboration with federal enforcement agencies, we recently met with the following representatives from the U.S. Department of Homeland Security to help align local and federal activities to address illegal entries into Guam:

1. Daniel Delgado, Director, Border and Immigration Policy
2. Patrick Madaj, Regional Affairs Specialist, Indo-Pacific Affairs Office of Strategy, Policy, and Plans
3. John F. Tobon, Special Agent in Charge, Homeland Security Investigations
4. John Duenas, Assistant Special Agent in Charge, Homeland Security Investigations
5. Valentina C. Seeley, OPE (A) Assistant Deputy Director, Office of Partnership and Engagement (OPE), Immigration and Customs Enforcement (ICE)
6. Moises Becerra, Field Office Director, ICE—Enforcement and Removal Operations (ERO)
7. Orestes Cruz, Deputy Field Office Director, ICE—Enforcement and Removal Operations (ERO)
8. Joseph Joh, Assistant Director/Sr. Adviser, USCIS and ICE/Immigration, OLA (listen-mode)
9. Kim Johnson, Deputy Director, Office of Intergovernmental Affairs
10. Cedric McMinn, Associate Director, Office of Intergovernmental Affairs

As these conversations advance, I will provide regular updates, when requested, to the Committee on Natural Resources on our activities and progress.

Again, thank you for allowing me to provide this additional information about the challenges and opportunities that we face in the CNMI. If you have any additional questions, please let us know.

---

The CHAIRMAN. Thank you, Governor.

I will now recognize Minister Udui, Jr., for 5 minutes of testimony. You are recognized.



**STATEMENT OF THE HON. KALEB UDUI, JR., MINISTER OF  
FINANCE, REPUBLIC OF PALAU, KOROR, PALAU**

Minister UDUI. Thank you. Mr. Chairman, distinguished Members, it is an honor to be here from Palau. President Whipps would be here as he was in the Committee's Task Force hearing last month, but he has a long-standing commitment to host more than 20 members of the national legislatures of Japan and Taiwan today, so he has approved my statement submitted in writing and he looks forward to meeting with you in Palau.

The Compact of Free Association between our nations is somewhat unique. It provides the United States can use any land it needs for defense. This is why a top U.S. military commander has called Palau part of the homeland. We are the western-most jurisdiction in which the United States has exclusive strategic rights. Our land, sea, and airspace the size of Texas, borders Asia and includes shipping lanes critical to China. It is also where Chinese vessels have been without authorization.

The United States is now putting its closest-to-Asia earliest-warning radars and extending a runway in Palau. It is also considering other facilities. There appears to have been a Chinese effort to derail one of the radars through a proposal to locate a hotel and casino next door. That proposal was not only more attractive to the local community, but it played the fears that U.S. military facilities will make Palau a target as it was in World War II.

President Whipps and I want Palau and the United States to be inextricably linked, and Palau to continue to stand firmly with Taiwan. Continuation, however, cannot be taken for granted. China has worked to undermine our relationship and has made inroads.

Another unique aspect of our Compact is that it requires periodic joint reviews of the relationship and Palau's needs with the U.S. commitment to act on the conclusions.

The first review agreement in 2010, however, was not approved by Congress for 8 years, only because of a dispute between the U.S. executives and Congress on how to pay for it. China took advantage of the impasse, began to subject Palau to economic carrots and sticks to shift our alliances. Tourism is our largest industry.

During the U.S. impasse, China quickly ramped up tourist visits from a handful to two-thirds of the 160,000 tourists a year. It bought hotel rooms far in advance, crowding out visitors from other nations, then it said it would cut off the flow if we didn't shift. We didn't shift and it did cut off those flows. COVID hit right after. The two blows shrank our economy 30 percent in just 5 years, causing real pain for our people and eliminating budget surpluses.

China has offered to send us as many tourists as we can accommodate and establish a huge new industry in Palau, but again, only if we shift alliances. Tourism from other nations is coming back, but slowly. We are working to develop these markets and get more flights, but are limited by a runway so short that only smaller jets can use it, larger ones have a maximum of a 70 percent passenger load.

We are also working to develop other industries. Meanwhile, most private sector investment in Palau is from China. Some of our people, including some of our most important leaders, are tempted

by its offers. They see China as the best opportunity for the private sector growth that we want.

The United States does not have a command economy, but it has the Compact and the agreement produced by the second review. Enacting the legislation for it by the agreed date of September 30, or as soon as possible this year, is the most effective way to counter China and maintain U.S. strategic interests.

The agreement has already been approved by Palau's Congress. After the experience of the 2010 agreement, a significant delay in the new agreement will give those in Palau who see a future with China, or who have Chinese connections, an opportunity to sow doubt about the United States. A long enough delay would be another opportunity for China to affect our economy and people.

Thank you for the opportunity to speak today.

[The prepared statement of Minister Udui follows:]

PREPARED STATEMENT OF THE HONORABLE KALEB UDUI, JR., MINISTER OF FINANCE  
OF PALAU ON BEHALF OF PRESIDENT SURANGEL S. WHIPPS, JR.

I am pleased to represent President Whipps. He would be here himself—as he was for the Committee's Indo-Pacific Task Force hearing last month—but he has a long-standing commitment to host more than 20 Members of the national legislatures of Japan and Taiwan today. So, he has asked me to say that he looks forward to meeting you in Palau tomorrow.

To understand Palau's role in the ability of the United States to counter China and maintain U.S. strategic interests in the region, one must understand the relationship between the U.S. and Palau, including its background; Palau's economic and budgetary situation; and China's recent actions.

The relationship began after bloody battles with the Pacific enemy in World War Two that decimated Palau but were the final step to retaking the then U.S. territory of the Philippines.

Later, the United Nations entrusted Palau and the other Pacific islands that Japan had governed to the U.S. as one of 11 territories to develop into a self-governing status.

This "trust territory" was the only one designated as a "Strategic" territory. The designation enabled the U.S. to deny other nations access to a region larger than the 48 contiguous States of the U.S., including the region's seas and airspace.

In Palau's case, the area is the size of Texas, borders the Philippines and Indonesia, and includes critical shipping lanes. It the jurisdiction closest to Asia over which the U.S. has strategic control.

The U.S. sought to preserve this with financial and domestic programs assistance and a U.S. territorial status.

Palauans wanted a level of self-government not possible under such a status, but had grown to admire and feel a deep kinship with the U.S.

The solution was national sovereignty but in free association with the U.S. The U.S. has no closer relationship with any other nation. President Reagan, in urging acceptance, said, "You will always be family to us."

The Compact of Free Association continued the ability of the U.S. to deny forces of other nations access and granted the U.S. land it needs for defense and Palau agreement to refrain from interactions with other nations that the U.S. says would compromise security. These factors prompted a top U.S. military commander to call Palau part of "the homeland."

The arrangement is vital to a free and open Indo-Pacific.

The U.S. is now putting its closest-to-Asia earliest-warning radars and extending a runway in Palau. It is also considering other air and sea port facilities.

We are committed to having the facilities that the U.S. military needs in Palau, but the runway on the island of Peleliu and the radars, one of which is on the island of Angaur, have caused concern in Palau, and there may have been a Chinese effort to derail the Angaur radar.

Peleliu and Angaur were the sites of major World War Two battles that devastated those islands. The concern is that these new military facilities, especially the radars, would make Palau a first 'bullseye' for a missile attack. When the plans for the Angaur radar were announced, there was opposition asserting that there

were already plans for a Chinese hotel and casino next door, a much more attractive development for the community.

The Compact also provided financial assistance for 15 years, primarily through a Trust Fund that was to last for 50 years—but which your government and mine now agree was inadequate; a number of domestic programs; and free access to the U.S. for our small population.

It also, however, recognized that adjustments and further assistance would be needed over time. So, it required periodic joint reviews of the relationship as well as Palau's needs, with a U.S. commitment to act on the conclusions. I serve as Palau's Chief Negotiator for the second review, the 30th Anniversary Review.

An Agreement has been reached with the U.S. Executive branch, which has submitted a legislative package for it to the U.S. Congress for enactment. It was negotiated to take effect October 1st.

President Whipps strongly supports it, and it has been approved by Palau's Congress.

The legislation would not only improve the relationship for the next 20 years; it would enable the relationship to continue afterwards for as long as both governments want. It would do this by providing a basis for financial and programs assistance continuing after 20 years if both governments agree. It would repurpose the Trust Fund for needs that would otherwise not be met.

Palau and the U.S. are 'joined at the hip.' Palau also recognizes Taiwan's right to exist and stands firmly behind Taiwan.

Continuation of the relationship, however, be taken for granted. The majority of Palauans want to maintain our current alliances, but China has worked to change this and has made inroads with some people.

The 15th Anniversary Review reached agreement in 2010, but its legislation was not enacted for eight years, solely due to an impasse between the U.S. Executive and Congress on how to pay for it.

China took advantage of the impasse. Palau continues to be subjected to China's substantial economic 'carrots and sticks' to shift Palau's alliances.

Tourism is our largest industry. During the U.S. impasse, China quickly ramped up tourist visits from a handful to two-thirds of 160,000 a year. It bought hotel rooms far in advance, crowding out visitors from other nations. Then it said it would cut off the flow if we did not shift. We didn't, and it carried through on its threat.

Just before COVID, China offered to send as many tourists as we could accommodate and establish a huge new industry in Palau, but again only if we shift alliances.

The pandemic hit right after the Chinese body blow to our economy. The combination shrank the economy 30% in just five years, causing real pain for our people and eliminating budget surpluses.

Palau then became the only U.S.-affiliated jurisdiction to not receive COVID revenue loss grants. The Federal government gave grants to States, territories, Tribes, and municipalities. The Asian Development Bank gave grants to the other two freely associated states.

The ADB only offered us loans because of the previous level of our economy. We have had to cut our budget, improve revenues, and borrow more than is desirable to continue basic government operations.

Tourism is coming back, but more slowly than the ADB and other economists projected.

We are working to open other markets and get more flights but are limited by a runway so short that only narrow body jets can use it—and use it at a maximum of 70% passenger loads.

We are also working to develop other industries.

Meanwhile, most of the private sector investment in Palau is from China. Palau is only five hours away from Beijing.

Some of our people, including some of our most important leaders, are tempted by Chinese offers. They see China as the best opportunity for the private sector growth we want.

The U.S. does not have a command economy, but it has the Compact and the 30th Anniversary Review package. Enacting it by September 30th or as soon as possible thereafter is the most effective way to counter China and maintain U.S. strategic interests in the region.

After the experience of the 2010 Agreement not being approved by the U.S. Congress until 2018, a significant delay in the approval of the current agreement will give those in Palau who see a future with China and those with Chinese connections an opportunity to sow doubt about the U.S.' interest in our islands. Obviously, if the delay is long enough, there will be another opportunity for China to affect our economy and people.

The Agreement's funding is also essential for keeping Palauans in Palau instead of moving to the U.S., where they can earn more. When they leave, they often have to be replaced by people from other nations who do not feel the same identification with the U.S. that most Palauans feel.

Putting the Agreement's provisions into effect and letting the State Department bureaucracy take the lead from there, however, will not be sufficient over time. Some at State have wanted to treat us like nations that exercise all of their sovereignty and do not have Federal domestic programs, etc. We have a different status and a uniquely closer relationship with the U.S.

When the Compact was initially approved by the U.S. Congress, your Committee insisted on a separate Office of Freely Associated State Affairs at State and a meaningfully functioning Interagency Group. The Office was established administratively but closed some years later.

This time, your Committee should lead the Congress in re-establishing the Office—but by law—with coordinators appointed by the Secretaries of Defense and the Interior and reporting to the NSC through a senior-level Interagency Group.

---

QUESTIONS SUBMITTED FOR THE RECORD TO THE HON. KALEB UDUI JR., MINISTER  
OF FINANCE, REPUBLIC OF PALAU

**The Honorable Kaleb Udui Jr. did not submit responses to the Committee by the appropriate deadline for inclusion in the printed record.**

**Questions Submitted by Representative Westerman**

*Question 1. The People's Republic of China (PRC) has been seeking to increase its influence in the Freely Associated States and other Pacific nations by offering economic assistance and PRC led infrastructure projects. We have seen that in certain instances that assistance from the PRC has had corrosive effects on democratic institutions and economies within countries have accepted this assistance from the PRC.*

*Can you describe how the U.S. economic assistance provided under the Compacts have had positive benefits for Palau?*

*Question 2. I am encouraged by the reports that the U.S. Department of Defense (DoD) will build an Over-The-Horizon Radar facility in Palau. This facility will be key to increasing U.S. capacity to detect and respond to threats in the region.*

*What benefits will this facility and increased U.S. DoD engagement have for Palau?*

*Question 3. What is your government currently doing to increase resiliency and capacity to push back against PRC's attempts to expand its influence and exert leverage within Palau?*

---

The CHAIRMAN. Thank you to the gentleman for your testimony. I now recognize Acting Secretary Cantero for 5 minutes. You are recognized for your testimony.

**STATEMENT OF THE HON. RICKY CANTERO, ACTING  
SECRETARY, DEPARTMENT OF FOREIGN AFFAIRS,  
FEDERATED STATES OF MICRONESIA, POHNPEI STATE, FM**

Mr. CANTERO. Thank you. Chairman Westerman, Ranking Member Teresa Leger Fernández, members of the House on Natural Resources Committee, thank you for convening this hearing today and for the opportunity to testify before you today.

My name is Ricky Francisco Cantero, I am the FSM Assistant Secretary of Foreign Affairs. I have had the distinct honor to serve my country in its foreign service for the last 24 years. On behalf of President Simina, I have the honor to share my government's

perspectives on the long-standing U.S.-FSM partnership, including ways to strengthen our collaboration.

I begin by confirming the FSM's firm commitment to fulfill all of its Compact obligations, including those related to security and defense.

The FSM, of course, follows closely the changing dynamics of competition in the Indo-Pacific region. The FSM is committed to doing its part to cooperate with the United States to ensure that our region, our people, live in a safe and secure environment, as enshrined in our Compact.

The security and defense interests of the United States are the security and defense interests of the FSM. The ever-increasing enlistment of our citizens to serve in the U.S. Armed Forces and those that have paid the ultimate sacrifice is living testimony to this creed.

Our relationship with the United States predates the establishment of the FSM as a sovereign country, and dates back to the period immediately following the second World War.

When we became a sovereign country in 1986, we gave the United States strategic rights of denial over a vast portion of the Western Pacific Ocean, with the United States retaining responsibility for the security and defense of the FSM. This arrangement continues. This responsibility includes the right to foreclose military access of other countries to defend the FSM and its people from military threats, and the right to establish and use military areas and facilities in the FSM on agreed terms.

These steps all provide the United States with access to our sovereign territory to protect shared security interests in the region. The security and defense elements of the Compact has no termination date. The FSM is committed to playing a vital role in supporting the U.S. security presence in the Pacific and the United States' effort to combat for aggression in the region.

Through our prescribed joint committee meeting, for example, the FSM continues to work with the U.S. military in identifying ways of strengthening and enriching bilateral security engagements on their Compact.

The FSM conducts its own foreign policy in foreign relations in ways that are very consistent with the terms of the amended Compact. The FSM maintains the United States as its primary partner, while also having diplomatic relations with over 90 countries throughout the region and around the world.

Additionally, the FSM and United States belong to many of the same international organizations, including the United Nations where the voting practices of the two nations are aligned and remain very, very consistent.

The FSM ties with the United States are strong, ongoing, and permanent. Beyond Congress' consideration of the pending Compact legislation to extend expiring economic assistance provisions until 2043, there are numerous other opportunities to enhance our collaboration.

The FSM welcomes strengthening joint activities with the U.S. Department of Defense which, among others, include military construction projects in the FSM. For many years, the Department of

Defense deployed Civic Action Teams in the FSM to support the initiatives on our islands.

Knowing that the CAT program lapsed in 2003, the FSM is pleased to see U.S. congressional efforts advocating for its restoration.

Similarly, the FSM fully supports ongoing efforts that we hope will lead to restoring the U.S. Peace Corps program in the FSM, an essential program in direct support of people-to-people engagements. These kinds of initiatives are very important to strengthening and enriching our existing ties with the United States.

We look forward to working with the Committee on ways to enhance our enduring partnership with the United States. We hope the U.S. Congress approves the Compact legislation expeditiously to usher in the next chapter of the enduring FSM-U.S. Compact partnership.

Mr. Chairman, I thank you for this opportunity to testify and I look forward to answering questions. Thank you so much.

[The prepared statement of Mr. Cantero follows:]

PREPARED STATEMENT OF MR. RICKY F. CANTERO, ACTING SECRETARY, DEPARTMENT OF FOREIGN AFFAIRS, FEDERATED STATES OF MICRONESIA

Thank you for convening this hearing today and for providing me the opportunity to testify before you this morning. As permanent custodians of this vast oceanic region, we are pleased to welcome you to our peaceful part of the world.

My name is Ricky Francisco Cantero. I am first a long-time public servant for the FSM—proudly serving my country as the Deputy Secretary of Foreign Affairs and, in the context of today's hearing, as the Acting Secretary of Foreign Affairs. I have had the distinct honor in serving my country in the field of diplomacy for the last 24 years.

On behalf of President Wesley Simina, I have the honor to share my government's perspectives on the long-standing U.S.-FSM partnership, perspectives on opportunities to strengthen collaboration between our two sovereign nations and, perhaps, to share perspectives on the ongoing and progressive military cooperation that exists between our two governments.

Towards this end, I proudly submit to this Committee FSM's firm and concrete commitment in fulfilling its Compact Treaty obligations—obligations that are necessary to support the advancement of the United States' military readiness in our region.

Indeed, the FSM is not oblivious to the rapid changing dynamics of geo-strategic competitions that, not only lingers, but continues to spread throughout the INDO-PACIFIC region. Being surrounded by the world's most consequential relationships, behooves both our sovereign countries to reflect on regional challenges of mutual interests. In doing so, I submit the strong commitment of the FSM in performing its part to ensuring that our region and our people live in an environment that is safe—an environment that is secured. Whether bilateral, regional or global, the FSM has and will continue to stand ready to support security and defense interests of the United States. Your Interest is Our Interest; Your Protection is our Protection; Our Home is Your Home. The ever-increasing enlistment of our citizens to serve in the US Armed Forces and those that have paid the ultimate sacrifice is a strong testimony to this creed.

The FSM is dedicated to its strategic partnership with the United States, which has always been our most steadfast and consequential ally. The FSM and U.S. relationship predates the establishment of the FSM as a sovereign country.

The origins of this relationship are based on strategic defense interests following World War II, when the U.S. administered the Trust Territory of the Pacific Islands, a region that includes the present day-FSM. Our Compact Treaty with the U.S. reflects both the FSM's emergence as a sovereign nation in 1986 and our unwavering commitment to the U.S. and the peace and security of the region. Under the Compact Treaty, the U.S. has been granted strategic rights of denial over a vast portion of the western Pacific Ocean and the U.S. Government retains responsibility for security and defense matters in or relating to the FSM.

This responsibility includes, among others, the obligation to defend the FSM and its people from third-party military threats, the option to foreclose access to military personnel from other countries, and the right to establish and use military areas and facilities in the FSM, on agreed terms. The FSM provides the U.S. with access to our sovereign territory to protect shared security interests in the region. The security and defense elements of the Compact Treaty are also core pillars of our enduring relationship—core pillars that DO NOT have a termination date.

As the U.S. Administration recently articulated, “*the Compacts of Free Association agreements form the bedrock of America’s broader strategic interests and engagements in the Indo-Pacific, are key to the national security of the United States, and underpin our important bilateral relations with these partner nations.*”

The FSM is proud to play a vital role in supporting the U.S. security presence in the Pacific region and the United States’ efforts to combat foreign aggression in the region. Through our prescribed annual Joint Committee Meeting, the FSM continues to work collaboratively with the US military in identifying ways of strengthening and enriching bilateral security engagements, under the overall Title III spectrum of security and defense. Among many other initiatives, this also includes FSM’s Treaty commitment to provision our precious and limited land to support interests of the US military to establish military defense sites on our soil.

The FSM conducts its own foreign relations in ways that are very consistent with the terms of the Amended Compact Treaty. The FSM maintains the U.S. as its primary partner while also having diplomatic relations with over 90 countries throughout the region and around the world—thus, providing true testimony to our constitutional creed of extending to all nations what we seek: *Peace, Friendship and Cooperation, and Love in our Common Humanity.*

Additionally, the FSM and U.S. belong to many of the same international organizations, including the United Nations, where voting practices of the two nations are aligned and remain extremely consistent.

The FSM remains firmly dedicated to its strategic partnership with the U.S. and looks forward to the continuation of this dedication far into the future, through the renewal of economic assistance during the next 20-year Compact period.

The FSM and U.S. ties are strong, ongoing and will always persevere. Beyond Congress’ consideration of the Compact renewal legislation to extend expiring provisions for 2023 to 2043, there are also limitless opportunities for enhanced collaboration at all levels.

The FSM welcomes intensification of joint activities with the Department of Defense which, among many others, includes planned military construction projects in the FSM. For many years, the Department of Defense deployed Civilian Action Teams (CATs) in the FSM to support civil engineering initiatives on our islands.

Noting that the CAT program was lapsed in 2003, the FSM is pleased to see recent U.S. congressional efforts advocating for its restoration. Similarly, the FSM fully supports ongoing efforts to restore the U.S. Peace Corps program in the FSM—an essential program in direct support of people-to-people engagements. Among many others, Mr. Chairman, these are few initiatives that very important to strengthening and enriching our existing ties with the U.S.

We look forward to working with the Committee on ways to enhance our enduring partnership with the U.S. and on efforts to advance the Compact legislation, expeditiously; And, to bring into existence a new chapter in the FSM/US Treaty partnership.

Thank you again for the opportunity to testify and I look forward to answering a few questions.

---

QUESTIONS SUBMITTED FOR THE RECORD TO THE HON. RICKY CANTERO, ACTING  
SECRETARY OF FOREIGN AFFAIRS, FEDERATED STATES OF MICRONESIA

**Questions Submitted by Representative Westerman**

*Question 1. The People’s Republic of China (PRC) has been seeking to increase its influence in the Freely Associated States and other Pacific nations by offering economic assistance and PRC led infrastructure projects. We have seen that in certain instances that assistance from the PRC has had corrosive effects on democratic institutions and economies within countries have accepted this assistance from the PRC.*

*Can you describe how the U.S. economic assistance provided under the Compacts have had positive benefits for the Federated States of Micronesia?*

Answer. The FSM is grateful for the unwavering economic support provided by the United States under our Compacts of Free Association first entered into force in 1986. The United States is far and away our primary partner. U.S. support is critical to the FSM's economic development and progress toward self-sufficiency. Our strategic and economic relationships with the United States are central to our Nation.

The majority of the financial assistance being offered by the U.S. are in seven sectors the two countries have identified together as essential to our continued growth and future self-sufficiency: education, health care, public infrastructure, environment, public sector capacity building, private sector development, and enhanced reporting and accountability. U.S. assistance under these sector grants has, for example, helped us provide educational opportunities for FSM children, provide medical care in our hospitals, and develop and repair our infrastructure, including our roads, ports and bridges.

Beyond this grant assistance, numerous U.S. federal agencies provide programs and services in the FSM, including the Federal Aviation Administration, National Oceanic and Atmospheric Administration, U.S. Postal Service, Small Business Administration, Departments of Agriculture, Defense, Education, Health and Human Services, Interior, Homeland Security, and State. The Bank of the FSM, which has been FDIC-insured since 1986, is essential for our banking and economic sector. We have relied on USPS service to our government since World War II and do not have the capacity or funding to replace USPS. The FSM is highly vulnerable to natural disasters and relies on U.S. support for preparedness and recovery. U.S. assistance also helps build FSM's resilience on environmental and climate issues. These are all essential for our Nation and our people. The U.S. also provides other programs and services that we cannot provide on our own, such as judicial training for our court systems.

At this stage in our development, roughly half of key government services in the four FSM states are funded by the U.S. through the Compact. A funding lapse at the end of September 2023 of these sector grants and other support would create an unprecedented economic and political crisis for our country and our people, and would have a destabilizing effect on the region as a whole. The consequences for our Nation would be catastrophic.

The FSM receives support from many international supporters, including the EU and countries in the region (China, Japan, and Australia, etc.). While China has periodically provided infrastructure support to the FSM, this support has been minor compared to the broad infrastructure, economic development and other assistance we have received from the United States. We are fully transparent with the United States about assistance we receive from the PRC and all other countries. The FSM is grateful to the United States for its crucial economic support as our primary economic and strategic partner.

*Question 2. What is your government currently doing to increase resiliency and capacity to push back against PRC's attempts to expand its influence and exert leverage within the FSM?*

Answer. Under the U.S.-FSM Compact of Free Association, the U.S. Government has full authority and responsible for security and defense matters in or relating to the FSM. This responsibility includes the obligation to defend the FSM from attack, the option to foreclose access to military personnel from third countries, and the right to establish and use military areas and facilities in the FSM on agreed terms. These reciprocal commitments do not have any termination date.

The FSM is committed to playing a vital role in supporting the U.S. security presence in the Pacific region and the United States' efforts to combat foreign aggression in the region. Through our prescribed annual Joint Committee Meeting, for example, the FSM continues to work with the U.S. military in identifying ways of strengthening and enriching bilateral security engagements, under the Compact. The U.S. Embassy in the FSM includes a U.S. military attaché in constant communication and coordination with our government. U.S. military personnel frequently visit and stay in the FSM. Most recently, the U.S. Department of Defense expressed an interest in using Yap State's airport and seaport facilities for U.S. military operations when needed. We welcome the U.S. decision to undertake these kinds of improvements and projects throughout the FSM to facilitate capacity for U.S. military operations and humanitarian response. This fall, about 100 U.S. Marines will spread out across Yap, Chuuk, Pohnpei, & Kosrae for small scale construction, medical, communications, and community engagement projects. We welcome these and any future opportunities to enhance cooperation with the U.S. military under the Compact.



The FSM conducts its own foreign relations in ways that are consistent with our commitments under the Compact. We have diplomatic relations with over ninety countries throughout the region and around the world, including the PRC. In this connection, we are very conscious of the PRC's efforts to expand its influence and leverage in all Pacific countries, including ours. Our sweeping partnership with the United States—both strategic and economic—provides us resources and wherewithal that many other developing countries lack when approached by the PRC. Our infrastructure assistance from the PRC (consisting of periodic construction projects) is dwarfed by the vast and crucial assistance provided by the United States in infrastructure and the other six sectors covered by our Compact, including health and education. We have never taken loans from the PRC and do not engage with the PRC on any strategic or defense issues.

One ongoing concern of the FSM is in the control of our waters, which is essential to our economy and for which we are particularly grateful for U.S. support. The FSM appreciates the long-standing cooperation between the United States on illegal, unreported and unregulated (IUU) fishing in its waters. The FSM appreciates the support it has received from the U.S. Coast Guard on these issues and values its cooperation with the Coast Guard in the shiprider program. The assistance we received is helpful to all illegal fishing activity, including nationals of China or other countries who seek to fish in our waters.

---

The CHAIRMAN. Thank you, Secretary Cantero.  
I now recognize Minister Ading for 5 minutes.

**STATEMENT OF THE HON. JACK ADING, MINISTER OF  
FOREIGN AFFAIRS AND TRADE, REPUBLIC OF THE  
MARSHALL ISLANDS, MAJURO, MH**

Minister ADING. Thank you, Chairman Westerman [Speaking in Marshallese]. Mr. Chairman and distinguished members, thank you for inviting President Kabua or a designee to this important hearing. It is extremely time consuming to travel here and back from Marshall Islands, so I am representing my President. President Kabua and his cabinet look forward to meeting with you next week.

Under the Free Association between our nations, the RMI allows the United States to deny access to forces of other nations to an area west of Hawaii, as big as Alaska, California, and Florida combined; refrain from interactions with other nations that the United States says would comprise security; and hosts what the Joint Chiefs of Staff say is the world's premiere range for testing ICPMs and supporting military space operations.

Kwajalein is where the military perfected its missile strike to be so precise that a shot can hit a single house thousands of miles away. RMI is also a staunch ally of Taiwan.

During the U.S. administration of our islands, we also served U.S. strategic interests worldwide by the United States using our islands for most of all of its atmospheric nuclear bomb tests. The United States perfected its nuclear weapon in our islands. It also sent radioactive waste from tests in Nevada to our islands. The detonations in our islands were equivalent to 1.7 Hiroshi bombs every day for 12 years. The radioactive iodine was 42 times that in Nevada and 150 times that from Chernobyl.

The U.S. Senate has just passed legislation to expand the Radiation Exposure Compensation Act to cover the health problems from the Marshall test, but only for residents of Guam.

At the same time, the United States recognized that only 4 of our 29 atolls were affected. Before the United States' biggest bomb test

ever, U.S. officials learned that winds would blow radioactive to inhabited Rongelap. They went ahead anyway. About 70 percent of the children under 10 developed thyroid tumors. Several women from Rongelap gave birth to babies without spines. Other babies were stillborn or born without limbs on the atoll that the United States has not recognized they were contaminated.

The people of Bikini, where I am from, Rongelap, and Utrik were forced to leave their islands, but resettled based on U.S. assurance it was safe, only to find out years later that no local food could be safely consumed due to high levels of radiation.

Some of the islands of Bikini, Enewetok, and many others remain unsafe for habitation today.

The United States administers us in trust for the UN.

When the Security Council expressed concern about plans to test in Enewetok, President Truman wrote, and I quote, "The Enewetokese will be accorded all rights which are the normal constitutional rights of the citizens under the Constitution but will be dealt with as wards of the United States for whom this country has special responsibilities."

The settlement for the Marshallese, many of whom have been exiled from home for most the century, is a fraction of the billion paid to compensate Americans who lived hundreds of miles from the Nevada test. The sad fact is that the United States has fallen far short treating us equally, fairly, and consistently with the Compact.

The RMI highly values our Free Association and want it to continue. Unresolved problems from the nuclear test and radioactive waste is a serious irritant in our relations and has the potential for being exploited by China.

The Compact Agreement would not solve the issue, but it would be an important step in doing so.

Thank you [Speaking in Marshallese].

[The prepared statement of Minister Ading follows:]

PREPARED STATEMENT OF THE HONORABLE JACK ADING, MINISTER OF FOREIGN AFFAIRS AND TRADE OF THE MARSHALL ISLANDS

Thank you for inviting President Kabua to testify or send a designee to the Committee's hearing in Guam on the importance of U.S. territories and the Freely Associated States to the United States' ability to counter China's malign influence and maintain U.S. strategic interests. It is extremely time-consuming to travel from the Marshall Islands to Guam and back, primarily because of limited flights, but this hearing is of the highest importance to the Marshall Islands. So, I have the honor of representing the President, who looks forward to meeting with you in a few days.

We can only speak regarding the role of the Republic of the Marshall Islands (RMI), of course, and the issues in our islands that undermine U.S. interests and create vulnerabilities to China.

The role starts with the RMI having a relationship with the U.S. that is much closer than any that which the U.S. has with nations with which it is not freely associated.

A Compact of Free Association, subsidiary agreements, and U.S. laws that amended and added to the Compact define the relationship. More fundamentally, however, the relationship is based on shared values and the great extent to which these were developed during four decades of U.S. administration of our islands.

Under the relationship, the RMI—

- Allows the U.S. to deny access of forces of other nations to an area west of Hawaii that is as large as Alaska, California, and Florida combined;

- Refrains from interactions with other nations that the U.S. says would compromise security; and
- Hosts what the U.S. military Joint Chiefs of Staff have categorized as the world's premiere range for testing Inter-continental Ballistic Missiles and supporting the military's new space operations at Kwajalein Atoll. This is where the U.S. military perfected its missile strikes to be so precise that shots can hit a single house from thousands of miles away and where the U.S. military continues to develop its ICMB shot capabilities.

Additionally, the RMI generally votes with the U.S. in the United Nations.

Also—and perhaps most importantly—enlistment rates in the U.S. military from the RMI are higher than from any State, although the U.S. has not yet provided for standard care of veterans if they come back to the RMI. Many, therefore, do not, depriving the RMI of talent it needs.

Further, the RMI is a staunch and enduring ally of Taiwan, which is important to countering China's malign influence and maintaining U.S. strategic interests in the region.

The RMI highly values its relationship with the U.S. and wants to strengthen it so that it can continue.

During U.S. territorial administration of the Marshall Islands, two of the most important roles that our islands had and continue to have in preserving U.S. strategic interests worldwide and countering Chinese influence in the Pacific were initiated by the U.S.

The first was most of the atmospheric testing of nuclear bombs that the U.S. has conducted. The U.S. perfected its nuclear weapons capability in our islands.

In the process and after, however, even more of all of the radioactive waste that U.S. produced in atmospheric nuclear bomb tests than the waste from tests in the Marshall Islands was left in the RMI—making populated and what had been populated atolls even more unsafe, because the U.S. shipped in radioactive waste from weapons testing in Nevada when it administered our islands.

Fallout from the testing; the radioactive waste; inadequate and irresponsible efforts to bury the waste and not sufficiently cleaning up waste—which generated terrible health problems for people and made populated and what had been populated atolls unsafe; a lack of health care; and the U.S. not fulfilling its obligations in connection with the testing created the paramount issue that the Marshall Islands has with the U.S. and could undermine the relationship. I will explain this major and multi-faceted issue further later in my statement.

The second role that the RMI serves in maintaining U.S. strategic interests around the world and countering malign Chinese influence in the region is the major U.S. military facility that the RMI hosts on Kwajalein, which you are scheduled to visit when you reach the RMI. The ICBM testing has also created problems in the RMI, but we continue to host the base in keeping with the RMI's commitments to the U.S.

Regarding Chinese efforts to get the RMI to shift its alliances, one example relates to the second largest portion of our private sector and a major contribution to the RMI's economy and budgets. This is the RMI being one of the three largest ship registries in the world. China charges vessels flying our flag significantly more to dock at its ports than it charges the other two.

Another effort has tried to financially shift the positions of RMI leaders on the RMI's alliances.

The RMI, however, is now concluding negotiations with the U.S. on financial and Federal programs assistance needed to enable the relationship to continue and counter Chinese efforts that could undermine it.

This assistance is vital to the RMI. It is urgently needed as of October 1st since most crucial assistance is due to expire September 30th.

It is provided for in legislation that the U.S. Executive branch has submitted for congressional approval and emphasized the need for in anticipation of underlying agreements. The representatives of the presidents of the RMI and the U.S. are working to conclude these agreements before Congress goes back into session.

The precursors to the negotiations included meetings with our president requested by President Trump in the Oval Office and with Secretary of State Pompeo. The importance of the talks has also been highlighted by statements and actions of President Biden.

The U.S. initiated the negotiations just over three years ago, but the talks really started to become productive at the end of 2021 with the engagement of senior U.S. National Security Council staff and the March 2022 appointment of a presidential envoy on top of much lower-level departmental officials.

When the U.S. initiated the negotiations, it asked the RMI to identify its priorities. From the first, President Kabua and the people of the RMI emphasized justice related to unresolved issues from the U.S. nuclear weapons legacy as being of the highest priority.

Another was challenges related to rising seas, which threaten the existence of a nation with no elevation higher than two meters. As U.S. strategic control over the area of the RMI is based on our land borders, this is also a national security threat for the U.S.

Other priorities included the living conditions of the people who work at the Kwajalein base but live elsewhere on the atoll and impacts on nearby islands as well as financial and Federal program needs.

The biggest issue dividing our nations, which has the potential for being exploited by China and undermining U.S. strategic interests in the RMI, consists of serious, unresolved problems lingering from the U.S. nuclear weapons legacy.

I know that the purpose of this hearing is to discuss China's malign influence in the region and in our islands and preserving U.S. strategic interests, but the Committee should understand the context of these issues and how not adequately addressing RMI issues lends itself to increasing that malign influence and undermining U.S. interests.

Americans are an exceedingly decent and generous people. I am certain that most would be shocked and embarrassed if they were to learn about the history and legacy of the nuclear testing program while we were governed by the U.S.

In appointing the U.S. as trustee for the Marshall Islands, the U.N. gave the U.S. the responsibility to protect us and promote our well-being.

When plans for nuclear bomb testing at Enewetak Atoll began to be implemented, the U.N. Security Council expressed concern. It was told by President Truman that, "The Enewetakese will be accorded all rights which are the normal constitutional rights of the citizens under the Constitution but will be dealt with as wards of the United States for whom this country has special responsibilities."

This was a promise that was never kept, as the people of Enewetak languished in impoverished exile for 33 years in the previously uninhabited atoll of Ujelang, the most remote atoll in the Marshall Islands. It was inconsistent with America's role as trustee to desecrate our homeland by massive nuclear explosions for 12 years, exposing us to deadly, horrific health and environmental hazards that we were never warned about—and that continue to affect us to this day.

The nuclear detonations in the Marshall Islands had an explosive yield equivalent to roughly 1.7 Hiroshima-sized bombs per day over the entire 12 years of testing. In terms of radioactive iodine alone, 6.3 billion curies of iodine-131 were released during the U.S. nuclear testing program—42 times greater than in all of the atmospheric testing in Nevada, 150 times greater than released by the Chernobyl breach, and 8,500 times greater than released from Atomic Energy Commission operations at Hanford, Washington.

Preparing for a 1954 test at Bikini Atoll—one that would result in the largest U.S. nuclear detonation ever—U.S. military officials learned that a change in wind patterns threatened to bring fallout to inhabited Rongelap and Utrik atolls, including others that had not been evacuated. They went ahead with the test anyway without warning the islanders, who were blanketed in radioactive fallout and had no idea what it was or that it was dangerous.

Almost 70 percent of the children on Rongelap Atoll who were under 10 years old at the time of the blast eventually developed thyroid tumors. And many women from several atolls, Rongelap and Utrik for example, later gave birth to babies who resembled jellyfish and peeled grapes, incidents similar to mothers in Utah who were downwind from the Nevada test site. Some died at birth or after a few hours of life. Many other women had miscarriages.

The people of Rongelap, Utrik and others from the Marshall Islands, did indeed become human guinea pigs under a secret radiation study of their bodies, code named "Project 4.1." And these studies were done without their consent or knowledge.

The people of Bikini, Enewetak, Rongelap and Utrik were forced to leave their islands. And were exiled from their atolls and eventually returned home based on U.S. assurances that it was safe—only to find out years later that radiation levels were too high, and no local food could be consumed. Some of the islands of both Bikini and Enewetak were completely vaporized. Many others remain unsafe for human habitation today—and will be for as long as anyone can imagine. Today, people of Bikini and Rongelap cannot return to their atolls due to high radiation contamination of their land, food, and environment.

The damage to our environment and our health caused by the U.S. nuclear testing program are not just a part of our history: They continue to plague us even today.

For example, the people of Enewetak have lived in the shadow of a massive nuclear waste dump for over four decades. That waste dump, known as Runit Dome, contains 110,000 cubic yards of radioactive waste gathered from around the atoll decades after the nuclear weapons tests. The waste includes tons of plutonium-239 with a radioactive half-life of 24,100 years.

The U.S. Department of Energy admits that radioactive material is leaking from Runit Dome into Enewetak's lagoon, but we were told not to worry because the radioactive material already in the lagoon dwarfs the amount of radioactive material buried under Runit Dome. We need the U.S. to tell us: What are the health risks of living on the shores of a lagoon with a larger amount of radioactive material than the infamous Runit Dome nuclear waste dump?

The settlement for the Marshallese, many of whom are still exiled from their home islands nearly three-quarters of a century after the nuclear testing program began, is a tiny fraction of the billions of dollars that have been paid to compensate Americans living downwind—some several hundred miles downwind—of the Nevada Test Site under the Radiation Exposure Compensation Act (RECA). This disparity shows that the U.S. has fallen far short of the ideal of equality in our case.

The U.S. Senate has passed legislation that would expand RECA eligibility for compensation from the Marshall Islands nuclear tests but only to residents of Guam. We applaud this action and the realization that U.S. atmospheric nuclear testing in the Marshall Islands had consequences beyond the Four Atolls that the U.S. has recognized. The imitation to the four atolls in the RMI is belied by overwhelming scientific, radiological and health evidence and consequences to the contrary.

All of this provides opportunity for the PRC to create mischief in our relationship and numerous attempts to undermine the very close relationship that my country enjoys with Taiwan. This isn't necessary, and while we will work to complete our negotiations with the U.S. to extend the Compact, we must remember that the nuclear issue must be addressed to restore the confidence of the Marshallese people in the United States.

---

QUESTIONS SUBMITTED FOR THE RECORD TO THE HON. JACK ADING, MINISTER OF  
FOREIGN AFFAIRS AND TRADE, REPUBLIC OF THE MARSHALL ISLANDS

**The Honorable Jack Ading did not submit responses to the Committee by the appropriate deadline for inclusion in the printed record.**

#### **Questions Submitted by Representative Westerman**

*Question 1. The People's Republic of China (PRC) has been seeking to increase its influence in the Freely Associated States and other Pacific nations by offering economic assistance and PRC led infrastructure projects. We have seen that in certain instances that assistance from the PRC has had corrosive effects on democratic institutions and economies within countries have accepted this assistance from the PRC.*

*Can you describe how the U.S. economic assistance provided under the Compacts have had positive benefits for the Republic of the Marshall Islands?*

*Question 2. What is your government currently doing to increase resiliency and capacity to push back against PRC's attempts to expand its influence and exert leverage within the RMI?*

---

The CHAIRMAN. Thank you, Minister Ading, and thank you to all of the witnesses for your testimony.

Minister Ading, I do have a large Marshallese population in my home state of Arkansas and really enjoy getting to interact with those folks when I am back home.

That concludes our witness testimony. We are now going to move to our Member questions. Each Member will be recognized for 5 minutes, and we are going to start with the gentleman from Colorado. Mr. Lamborn, you are recognized for 5 minutes.

Mr. LAMBORN. I want to thank Chairman Westerman and also the leadership of my colleague on the House Armed Services Committee, Congressman Jim Moylan. Representative Moylan is a tireless advocate for Guam in Congress.

Hafa Adai to all of the distinguished panelists and all of the members of the audience, and thank you for being part of today's Natural Resources Committee oversight hearing.

As some of the panelists have noted, we have traveled thousands of miles to show our support of the strategic value of the Pacific Islands in protecting U.S. interests and human rights, in general, and free trade in the Indo-Pacific region.

As a beacon for democracy and a strategically important counter to Beijing, the United States needs to increase its support of our Pacific Island territories and our treaty partners.

Governor Guerrero, I am going to ask my first question to you. In your testimony, you note the Chinese Communist Party's intent to project power onto Guam and her sister islands, and you described that very well. We have all recently become aware of the CCP's cyber-attack on telecommunication systems in Guam via their Volt Typhoon actor. Can you describe any other malicious tactics that you have witnessed that the CCP has undertaken to challenge U.S. military interest in this entire region.

Governor GUERRERO. Thank you very much, Congressman. I have not witnessed anything, nor have I had any official reports about Chinese attacks. There have been, I think, reports in the paper and in articles, but not anything officially written to me. But be that as it may, we do understand and recognize this great threat of our cyber security.

During the typhoon, we witnessed and experienced a shutdown of communications. Our radio stations were not on, our telecommunications were not on, we had no means of communicating with each other. That was the feeling of paralysis for me, and it was a very scary feeling because I could not even talk to my frontliners or my frontline defense people, or even communicate with my family, and just think about what that means in terms of life, in general.

So, we very much experienced what I think could happen if there is a big Chinese cyber security attack. Can you imagine if our airport and our Port Authority is paralyzed because of those attacks? We would not be able to survive.

And although we have not had a real experience of that through China's cyber security attack, we experienced it during the typhoon and after the typhoon.

So, what we are doing, as a government, is we are creating a cyber security island wide emergency plan, and we are working with very key stakeholders in business and public sectors. We have directed our government agencies, specifically, to establish their cyber security plan which will filter up toward our island-wide security—

Mr. LAMBORN. Thank you, I appreciate that, and I am going to have to ask another question before my time runs out. I appreciate that answer, though. There are so many things that we could point to that the Chinese Communist Party is doing to suppress other people when they don't get their way. The suppression of human

rights and political rights in Hong Kong against what they had promised that they would do when the U.K. withdrew, a genocide against the weaker population in western China, theft of intellectual property, debt diplomacy, and then there is illegal fishing. What experience do any of the other witnesses here have of illegal fishing in your territorial and sovereign waters.

Mr. CANTERO. Thank you, Congressman. With respect to your question, Congressman, the FSM appreciates the long-standing cooperation with the United States on any and all illegal, unreported, and unregulated fishing in its waters. For example, the FSM appreciates the support it has received from the U.S. Coast Guard on these issues and values its cooperation with the U.S. Coast Guard in the new Expanded Shiprider Program. The assistance we receive is helpful to all illegal fishing activities.

In a nutshell, the support that we get from your side, especially from the U.S. Coast Guard, is very, very critical. We just went through an annual joint committee meeting with your military. We do it on an annual basis and we review the defense strategic posturing in this region, and one of the issues that we always, always discuss is how do we counter illegal fishing, and that is one of the primary reasons we agreed to the Expanded Shiprider Agreement.

Mr. LAMBORN. Excellent. Thank you so much.

Mr. Chairman, I yield back.

The CHAIRMAN. The gentleman yields back.

The Chair now recognizes the gentleman from the Northern Marianas. Mr. Sablan, you are recognized for 5 minutes.

Mr. SABLAN. Thank you very much, Mr. Chairman. And I will say I am very grateful that you and our colleagues have taken the time to come out here. I know it is a big chunk of your August break, but thank you very much. Welcome to our witnesses, good morning, para todos hamyu [good morning to you all].

Governor Palacios, I am going to sort of stick with you for now, sir. You mentioned Covenant 702. We, obviously, have a problem with our workforce. Construction is a major issue with us. How much in projects do you estimate are not moving because of—

Governor PALACIOS. As of today, we have an estimate, that I know of, of over a half billion dollars already approved.

Mr. SABLAN. And that requires just a technical change in some of the legislation, but it is important that we get these things moving. You mentioned an issue of touchback. How many businesses are affected this year by this touchback issue.

Governor PALACIOS. I can assure you that there are over 60 percent, maybe more, of our businesses, all the hotels, all the construction companies. So, all the projects are going to be impacted.

Mr. SABLAN. And the Covenant Section 702, it was a really wonderful section in the beginning, even had capital improvement funds and everything. We had a little money up front for operations. What do you want Congress to do?

Governor PALACIOS. Consider not necessarily changing where we are at today regarding the Covenant 702, but consider putting aside another \$10 to \$20 million just to set aside for operations of our government in case we run into problems again. That is where

we are at today, and, thankfully, there is a clause in the agreement and that gives us a little bit of flexibility today.

Mr. SABLAN. Governor, thank you very much. Because, look, some of you who know me well enough know that I have been quiet about the Northern Marianas' relationship with the Peoples' Republic of China. I have been quiet about that for a while. We had a trade with China, but I am now concerned that there have been some things that have happened here in our region, for example, not necessarily the people of China, but of course the government, CCP and PRC, and concerned enough that I have actually taken a stance and said, look, I will join this task force and work with trying to also get our Micronesian brothers and sisters fairly treated.

Thank you to the Minister and the Secretary.

Mr. Ading, it is nice to see you again, sir. Governor Guerrero.

Mr. Udui, do you have anything more to add? I think I have time, right? No, I don't.

The CHAIRMAN. You have time.

Mr. SABLAN. Oh, yes? Minister, do you have anything you would like to say? Don't worry, these people know, sir, that we are family and that as family, you and I are allowed to talk about them behind their back.

[Laughter.]

Minister UDUI. Not to say that I would do that, but thank you for the opportunity to add. And I think the realities are evident when you are able to visit our islands yourself and see firsthand what exactly we are dealing with.

To Congressman Lamborn's question on fishing, Palau has closed off our waters to commercial fishing because it is just too impossible to regulate. And we appreciate the United States' help in patrolling our waters and to counter intrusions, unauthorized access that survey our undersea fiber optic cables.

But the other point, Congressman Sablan, is that this is not something that happens periodically, it happens every day, and it happens at different levels. We have a Federal system, it happens at the state levels and with our state legislatures, as well as our state executive officials, are approached almost every day. So, it is something that we have to be mindful of and address as part of the routine order of business every day. Thank you.

Mr. SABLAN. Thank you. My time is over.

The CHAIRMAN. The Chair now recognizes the gentlelady from American Samoa. Ms. Radewagen, you are recognized for 5 minutes.

Mrs. RADEWAGEN. Talofa. Let me first thank my Chairman, Mr. Westerman, for appointing me to serve as Chair of the House Natural Resources Committee's bipartisan Task Force on the Indo-Pacific. Thanks also to Chairwoman Hageman.

As a prelude to today's proceedings, we conducted a task force hearing in July on PRC, COFA, and the territories with the valued support and leadership of task force Co-Chair, Kilili Sablan. This hearing truly is a homecoming for me, having lived here and graduated from the University of Guam, but this hearing is also about the Marshall Islands where my family lived for years when my father was appointed head of Government under the administra-



tion of President Eisenhower and Interior Secretary Seaton in the darkest days of the Cold War.

And at that time, the shadowy world of creeping communist totalitarianism was nightmarishly illuminated by ominously, frightful, over-the-horizon flashes emanating from 67 nuclear weapon tests in the Marshalls. And shortly before my father was sent to take first steps to restore a post-nuclear testing civil order, which literally included his own footsteps across atomic bomb craters on his inspection at Bikini and Enewetok.

And we meet here in the southern-most of the Mariana Islands to hear from the Governor of the northern-most of the Mariana Islands where my family lived for 12 years while my father represented President Kennedy and Secretary of the Interior Udall in relations with the Northern Marianas, Marshall Islands, Palau, Yap, Pohnpei, Chuuk, and Kosrae.

So, I join this homecoming with my father's spirit close in my heart and in my mind, aware that much of it was in the Cold War era under the UN trusteeship. Guam and the CNMI formed the western-most of America's homeland at the doorstep of Asia in the time zone adjacent to Tokyo's.

We are here as a Committee because Guam and CNMI truly are the northern keystones in architecture of what, since 1945, has been mostly a free and open Pacific.

In this new era, America's allies in Palau, FSM, and RMI formed the integrated superstructure of regional security and peace. Once as a child mentored by my father and other leaders of the Pacific nations who so often sat at our dinner table, and now as an elected leader in this region, I understand in a very profound way how and why the UN trusteeship, our Compact of Free Association, stood, for decades, against soviet imperialism as a threat to democracy and post-colonial free enterprise under rule of law.

Now we are facing the threat of the once concealed but now overt velvet-gloved hand of PRC ambitions that hides the iron fist of PRC totalitarian communist imperialism.

Thus, we come here under Chairman Westerman's leadership to regroup and confront together the PRC's threat to the freedom of the blue continent that stretches across the Indo-Pacific region.

Of course, the American homeland also reaches deep into the Southern Pacific where American Samoa's alignment with the United States is foundational to a free and open regional order, and I have the honor of serving first and foremost my own people in my family's true homeland where my father was elected and served with both great dedication and success as governor.

So, it is in that spirit of homecoming that I want to commend each of my fellow Pacific Islanders who are witnesses today. In addition to your oral testimony, I urge my colleagues to study your written statements for the record. We gather here in the Pacific way, but you have spoken your truth here today boldly.

In that same spirit, my question to each witness is based on the powerful statement written by the governor of the CNMI that exposes PRC methods and tactics to opportunistically exploit our needs and weaknesses.

Let me say that when I run out of time, and I am about to, I am going to ask each of these witnesses to please submit the

answers for the record, please. We can learn from Governor Palacios how PRC uses illegal influence in a democracy to corrupt and destroy democracy.

PRC invests in free enterprise with political warfare instead of profit motives to destroy free enterprise. Without naming names or specific economic sectors or institutions that are under attack, please tell us if you are aware of PRC political warfare tactics going on today in your islands. Is it getting worse year by year? Are your government's becoming more effective in restoring the rule of law.

And finally, again, without revealing specific cases, is U.S. law enforcement and U.S. Department of Justice cooperating in any criminal investigations you are pursuing.

I have 35 seconds. Perhaps one witness could answer, and the others submit it for the record? Thank you, Mr. Chairman.

Governor PALACIOS. Thank you, Congresswoman. Yes, we will do that. I will further submit also a written response to your questions. Yes, we see it. We absolutely see it. With the geopolitical stance shifting in the Indo-Pacific region, we saw what was going on. Luckily, when the pandemic closed down our economy and all the flights coming to the Northern Marianas, that was sort of a blessing because we have almost half of our tourism industry, our visitors were coming in from PRC. Over 200,000 tourists in 2019. That is significant.

Mrs. RADEWAGEN. Thank you, Governor, and I will look forward to getting the rest of your written answers in the near future. Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. Thank you, Representative Radewagen, and thank you for your leadership on the Task Force, and for your, obviously, vast knowledge of the region. It is a real benefit to have you serving on the Committee.

I now recognize the gentleman from Wisconsin.

Mr. Tiffany, you are recognized for 5 minutes.

Mr. TIFFANY. Thank you, Mr. Chairman.

Mr. Cantero, in March of this year, President Panuelo wrote a letter stating how the CCP is waging political warfare in the Federated States. And by the way, it was a very methodical, detailed letter that the President wrote, and I hope you have had a chance to read it, all of you, because I have read it twice. Very methodical, very detailed. Have things changed since that letter, Mr. Cantero.

Mr. CANTERO. Thank you, Congressman Tiffany for your question. I think the great thing about that letter is that it provided some highlights, it provided some allegations of challenges, it provided some input to the FSM government, and particularly, the current administration, things that we can take home and see how we can improve.

At the same time, I have every confidence that our internal good governance process is more than suitable to weed out if something is happening and identify those and provide some rectification to it.

Mr. TIFFANY. So, the FSM government has duly noted the letter and is aware that we need to be cautious in dealing with the PRC?

Mr. CANTERO. We are fully aware of the content of the letter, and like I was saying, the highlights provided will give us the impetus to make things better for us.

Mr. TIFFANY. Thank you. Governor Palacios, does earth tourism continue in the CNMI.

Governor PALACIOS. Not to the extent that it was 4 or 5 years ago. Very recently, I was alerted by our Commonwealth Healthcare Corporation, our hospital, that there was a little tick, just a marginal tick, and I asked that they continue to monitor that. Right now, we don't have any direct flights in from China. Chinese tourists were coming in through Korea. They go from Hong Kong or other points, to Korea, but the number of tourists now coming to Saipan has almost dwindled to nothing. So, over a thousand Chinese tourists in the last month, the number of tourists that are coming in, at this point, no, that is not a major point of concern for us, but we will be continuing to monitor that, and we will—

Mr. TIFFANY. Is it your Government's actions that have limited that number compared to what it was a few years ago.

Governor PALACIOS. Well, it was, and we had asked all our tour groups, charter flights to continue to monitor it with our CBP.

Mr. TIFFANY. Thank you for doing that. And Mr. Chairman, I would just highlight, this is one of many loopholes in our immigration system that is not solving our workforce challenge. We hear about the workforce challenges, and while we have millions of people coming into the mainland of America, the lower 48 states, we have so many loopholes like this that are allowing illegal immigration to fester in our country, and it still remains a major challenge because it is not solving the workforce challenge how we are handling it currently in America.

Mr. Udui, if you could take just a couple seconds, what happens if Palau succumbs to this diplomacy that has been going on with the PRC? Or is Palau making sure that you don't—

The CHAIRMAN. We will stand in recess.

[Pause.]

The CHAIRMAN. The Committee will come to order, and the gentleman is recognized to finish your question.

Mr. TIFFANY. Let me restate my question. Have you seen any instances of the PRC trying to bribe government officials?

Minister UDUI. Thank you, Congressman. I would say that there are clear influences toward our government officials in the form of trips or invitations for trips, sponsored trips to Beijing, for instance, and to dinners and some of these even in countries where we later found out the connections to organized crime or to the CCP with the help of U.S. officials to identify these individuals.

As I said, it is a daily affair, and some of it we can see, some of it we try to stop, and we appreciate the U.S. law enforcement assistance to help us address those challenges.

Mr. TIFFANY. Mr. Chair, may I make a brief closing here?

The CHAIRMAN. Be very brief.

Mr. TIFFANY. Thank you. First of all, this is terrific, we have been doing these hearings since this Congress convened back in January across America, and it is such a privilege to be here in the island of Guam to do this also because this is the exact response that the House of Representatives Committee has been getting

across America where we have packed houses that people attend where they can address us, rather than having to go to Washington, DC.

I want to thank all of you who are supporting Taiwan. Thank you so much for that. It is time to end our "One China" policy, the misguided "One China" policy that was not in place in 1979.

And Mr. Chairman, to this end, if you look at a map that is in our hand-out today from the Congressional Research Service, it lists Taiwan, or the map depicts Taiwan, as being part of Communist China. That is not the case.

Taiwan is a separate country. It has never been held by the mainland and it is time for us to do our part in Congress to also recognize Taiwan as we go forward. I yield back.

The CHAIRMAN. The Chair now recognizes the gentlelady from New Mexico. Ms. Stansbury, you are recognized for 5 minutes.

Ms. STANSBURY. Thank you, Mr. Chairman, and good morning. I want to just start by saying thank you to our governors and to our ministers, and I know we have many distinguished guests who are here in the audience with us.

Hafa Adai, thank you so much for hosting us in Guam and in the islands, and I also want to extend my thanks to our three island Representatives who are representing American Samoa, the Mariana Islands, and Guam with us, and who have helped to bring us here today.

I am Melanie Stansbury, and I am the Congresswoman for New Mexico's 1st Congressional District, and New Mexico has many, many ties to Guam and to our island, and especially through the service of our military. I do want to just take a moment because I know many, many members of our island communities have been active duty military and veterans who have served in the U.S. military, and I want to say thank you for your service, and thank you for your commitment.

Mr. Chairman, I am especially grateful for this opportunity to be here. I think we have heard a lot this morning about the strategic importance of our relationships with our territories and our Freely Associated States, but I think some of the conversation this morning has also pointed to not only the strategic military importance for the United States, but also because our territories are Americans and our relationships with our sovereign nation states are also important to us because we care about the well-being of the people of the islands and all island communities.

So, our commitment here is not only military and diplomatic, but also the common well-being of our communities and our commitment to the island people of the South Pacific, so I wanted to make sure that we said that.

New Mexico's interest in these issues may seem a little off the beaten track, but my district is the district where Kirtland Air Force Base and Sandia National Labs reside, which play a critical role in helping to support our military missions here in the South Pacific, along with many of our bases and our national laboratories. So, we not only have a relationship with our cultural ties and our military ties, but also indirectly being engaged in the South Pacific here in these communities.

And we have a shared commitment to the safety and well-being of our service members and of our communities, and that is why I, myself, and I know Madam Ranking Member who is also here from New Mexico, part of why we wanted to be here is to affirm to you all our commitment to getting these compacts to our Freely Associated States renewed, authorized by Congress, and making sure that we appropriate the dollars that have been committed to by the Biden administration through those negotiations that have been held with your nations, and we are here to make that commitment to you and to fight in Congress to make sure that we get those through the process, and I think it is really important to affirm that here in this forum.

But I do want to take a few moments to hear, Governor Guerrero, we had a moment before we came here to this hearing to talk about the threats the Chinese influence in the region play, and I was particularly struck by some of the comments that you made about the threats to freedom, democracy, and ways of life, and I wonder if you could share a little bit more about that, especially for the public, about why it is so important that we affirm American commitments here in the South Pacific.

Governor GUERRERO. Thank you very much. Just briefly, our history as Guam has been an experience of war, which dates back to the 1600s when Magellan came and invaded and occupied our island, and as a result, we saw a decrease in our race from 150,000 to 8,000. But as a resilient community, we became resilient once again.

We saw the Japanese occupation. So, our people have witnessed and experienced direct atrocities of war, and as a result of that, we do not want to go back in that direction. We saw the atrocities of our women being raped, our children forced into labor. We had to witness beheading of our loved ones, and that is very traumatic and very, I think, significant in terms of our great desire to once again be prepared to defend our island and our people. And that is why I think our island is very much committed to working with our partners, our Federal partners, our military partners, because we do not want that to happen. And as I have always said, we do not want to be under Chinese rule, which can possibly happen if we do not pay attention to this part of our island and if the United States does not give us the resources and the protection to not just protect our island, but this part of the Indo-Pacific region.

Ms. STANSBURY. Thank you, Governor. And I want to say, once again, thank you for all of you traveling here, for your commitment and your relationship to the United States. And I, unfortunately, am out of time, but I do want to reconfirm that we are here to fight for and make sure that we make good on our commitments. Thank you.

The CHAIRMAN. The gentlelady yields back. The Chair now recognizes the gentleman from Guam. Mr. Moylan, you are recognized for 5 minutes.

Mr. MOYLAN. Thank you, Mr. Chairman. Thank you to the panel. I appreciate your time and effort coming and explaining to us, and thank you to my colleagues for being here with us today, and also our audience.

My questions are directed to Governor Leon Guerrero. Last fall, you began an important process of seeking membership in the Pacific Island Forum for Guam. Can you speak on how Guam's membership in the Pacific Islands Development Forum would strengthen democracy in the Pacific.

Governor GUERRERO. Thank you very much, Congressman, for that question. In this part of the world, Guam is part of the North Pacific, but we are also part of the whole Pacific. And as you realize, the Pacific Island Forum is a very strong formidable voice that represents the concerns and the challenges and the initiatives that we, as an island community, move forward together. Our membership into the Pacific Island Forum is going to be very beneficial for both the islands and also from a democracy and freedom standpoint.

We have been applying for associate membership and the PIF delegation has been out here. We have spoken to them, and they are very impressed with what they feel will be a strong input to the other islands. We could contribute ideas and initiatives, innovation, creative ways of dealing with how to be a stronger economy, how to educate people, how to keep our workforce developed, how to address challenges and barriers of climates that we see in the islands. Also, how we can all work together to have digital modernization throughout because it is very key to communicate.

So, my passion in being a member of that is to be a member of that, to be part of this whole Pacific Island Nations, and to be able to contribute to the betterment of all of our Pacific Island brothers and sisters, so we can learn from them too what their challenge is so we can, again, deliberate, discuss, and debate ideas in a very official capacity.

Mr. MOYLAN. Thank you, Governor. My next question, we both work to eliminate the housing shortage that affects the people of our island. Between the military buildup and the influx of COFA migrants, demand would only increase further, squeezing our residents. For the benefit of the Committee, could you share some of the solutions you have been working on to address the housing shortages.

Governor GUERRERO. Yes, thank you very much.

We have been working very closely with, of course, our realtors here in how we can increase inventory of housing, not just ownership housing, but apartment and rentals. We have also been working very closely, for the Committee's information, with HUD and how HUD can help us with lower cost housing and how HUD can help us with more tax credits to be able to afford construction development of housing. We are working very closely with our own government agencies to see how we can develop lands that we own maybe through the Chamorro Land Trust, or even Ancestral Land Trust, and have a developed affordable housing there where we can bring in developers to help us and we can provide the infrastructure for them. We are working very closely, again, with our Federal partners to see how we can take advantage of grants and opportunities through financing for lower income houses. It is a big concern for us, especially in light of the increased population we will be having with the military buildup. We have also been working with the military to see how they can increase their inventory in

their own bases so that they wouldn't have to take options out in the civilian community because that does impact the cost of rental and ownership.

Construction is another high cost of labor and homes, so we are working, again, to see how we can bring in more workers to help us with our construction opportunities. Supplies is another big cost also.

Mr. MOYLAN. Thank you, Governor. About a minute left, just a final question. Can you speak on how the University of Guam can serve as a vehicle to further U.S. soft and hard power goals in the Pacific.

Governor GUERRERO. Yes. The University of Guam is the pre-eminent high learning institution here in Guam, and since its inception, there have been numerous graduates that they have graduated that went into leadership opportunities like elected officials, business entrepreneurs, and so forth, and the UOG has been very influential in providing that education opportunity throughout the regions also, as many of our COFA citizens have come to Guam for higher education, and so training, I think, is a very key thing in terms of when we look at soft power. Educating ourselves to the ability that we can improve our lives and our livelihood is so powerful, and that is the importance, I think, of having our University of Guam within this region.

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

The CHAIRMAN. The gentleman's time is expired. The Chair now recognizes the gentlelady from Wyoming, who is also the Subcommittee Chair on Indian and Insular Affairs.

Ms. HAGEMAN, you are recognized for 5 minutes.

Ms. HAGEMAN. Thank you. And I am very honored to serve as the Chairman of the Subcommittee on Indian and Insular Affairs. And I want everyone to understand that this isn't the only hearing that we have held on the particular issues that we have been addressing today.

The issues that we have discussed, the relationship with our territories, as well as the other islands in the entire region has been at the forefront of our interest throughout the last 8 months, as we have been in Congress. We have held several hearings in Washington, DC talking about the importance of where you are located, and not only your importance to the security and the geopolitical interest of the United States of America, but to the world at large, because of the risk that we all recognize are posed by China and the communist party that runs that country.

Minister Udui, since taking office, President Whipps has reported publicly, on numerous occasions, where Chinese ships violate Palau's Exclusive Economic Zones or EEZ. Some of these violations are Chinese surveying activities. In one recent incident, a Chinese vessel conducted questionable maneuvers over your undersea fiber optic cables. When it comes to the surveying, does Palau have mineral or energy potential off its waters that China may desire to sustain its massive economic and military buildup.

Minister UDUI. Thank you, Congresswoman. And yes, you are correct, we believe there are undersea minerals that would be of value economically, and they are surveying the cable, this is very evident from the tracking that we see and the requests that they

officially make to enter our waters, but the vessels that we see are not made for research, they are made for other purposes. We also see that they are taking steps to name ridges in our waters, we suspect, for future claim to take possession of some of our northern waters.

Ms. HAGEMAN. Those are highly concerning developments. Through your role as the Finance Minister, are you able to detail for the Committee the significance of these cables for Palau's commerce and what a Chinese threat to these cables would mean for your country.

Minister UDUI. The cables are very significant to us. Recently, new infrastructure that has really changed the opportunities that are available to Palau for economic growth, we have sought to take advantage of these opportunities and looking at more opportunities in e-commerce, digital government, and other new industries. This is something that we recently found is something that we don't want to lose, as we had a disruption in a cable recently, about a week's worth of interruption, and we were unable to restore full service using satellite backup.

So, it is very important that we do have that additional cable that is being installed right now, and we hope that that will provide the resiliency that we could rely on to attract further investment to our island.

Ms. HAGEMAN. That is good to hear. President Whipps has also talked about those encroachments as part of a possible retaliation from China for Palau's recognition of Taiwan.

Minister Udui, have you or President Whipps identified any other adverse treatment from China based upon your recognition of Taiwan?

Minister UDUI. I think, in my experience and some of the discussions I have had, are the subtle influences that they try to exert politically, and that is many of the improvements we are trying to make for our people are being resisted locally, often without a good explanation as to why some of our politicians are not in favor of some of these initiatives, such as a minimum wage, and we think that there is a resistance to see improvements that our President is proposing.

Ms. HAGEMAN. And I would note, for anyone who is watching, and this is certainly a sentiment I will bring back to my colleagues in Congress as we consider the Compact renewals, that when we discuss Chinese political warfare, there are clearcut examples of China using these tactics to achieve one of its main political goals, which is eliminating Taiwan's diplomatic space.

And, again, I want to assure the folks who are here and the people who have been so gracious to undergo our questioning and visit with us today about these important issues, that you are not forgotten, that the people in Congress really do recognize the important role that you play and that the citizens out here and the islands play in protecting world peace.

So, the messages that we have heard today, I think, are very important. We will all be taking them back with us when we go back to Washington, DC, but I want you to know that you are being heard, loud and clear. Thank you so much. I yield back.



The CHAIRMAN. The gentlelady yields back. The Chair now recognizes the Acting Ranking Member of the Committee. Ms. Leger Fernández, you are recognized for 5 minutes.

Ms. LEGER FERNÁNDEZ. Thank you, once again, Chairman, and thank you, once again, our panel of witnesses, as well as all of those who are tuned in and all of those who have joined us today to listen and to participate in this hearing.

Something that I have been hearing the last couple of days that we have been in the area is that it is the role of the United States, and it is the role of the leadership of the islands with whom we are meeting and traveling through today, to protect not just the bases, right? That would be the wrong approach, but it must also be to protect the places, to protect the people, to protect the reefs and the culture, and this need of participating with the United States. I am a Latina, so we love it when familia just gets really big, you can always incorporate more and more into that, and what you need do is provide both the protection of those you love, but also the security of those you love.

I want to touch on the issues around the comments with regards to protecting the reefs, the air, the land, and the culture, because I know that there are amazing things that have been done. We will visit Palau and see how they have protected your reefs and we can't take our own sunscreen, we have to use yours, which I think is a great idea, but also, we heard yesterday about the seahorses that your Representative used to play with in the oceans off of this island and how some of them were no longer there.

Could you talk a little bit more about the importance of protecting the beauty that nature has provided us, even while we are developing both commercial development as well as military development, and how that is working and what should we be doing differently? What advice would you give Congress and this administration to do differently.

Maybe I will start with you, Honorable Udui, and see if Governor Guerrero wants to add to that, as well, since we are here.

Minister UDUI. Thank you for the chance to talk about our environment. We believe we work very closely with our environment, protecting the source of life for us. It is a small resource and we can't afford to lose it. It is something that, over thousands of years, Palauans culturally have developed a system for, so we continue to use those systems to protect the reefs, which is so important for in-shore fisheries and livelihoods of people without which they would suffer absolute poverty.

So, it is important for us to continue to look at our resources as something that we need to preserve. It is also a great source of our economy. We have restricted harvesting of certain resources in order to highlight those as economic resources for tourism. Rather than to harvest one fish, that one fish can bring in millions of dollars in tourist visits to the country.

So, we have taken this approach in integrating environmental protection and care into national policy.

Ms. LEGER FERNÁNDEZ. Thank you. Governor.

Governor GUERRERO. I certainly agree that as an island, we have very limited resources, and the wealth of our people is in our culture, our land, our people, in protecting the environment, and so

forth. Our reef also has barriers. They are defense against tsunamis and storms and so forth, so we need to even be extra careful about protecting our reefs because it is actually the security of our lives.

Also, marine life is very rich and can be used for sustaining of livelihood, and so forth. It is very crucial. I think your policies with, for example, the NEPA regulations have been so very influential in adhering and having Federal projects and the military adhere to those regulations and for the influence of protecting our resources, our culture, and so forth. So, that is what I think—

Ms. LEGER FERNÁNDEZ. Thank you for pointing that out. Also, that was good to understand that in this instance, the NEPA process has been useful.

As I close, I just do want to recognize, and we heard testimony with regards to the impact from nuclear testing. I come from a state where we exploded the very first nuclear bomb. When you go to see Oppenheimer, I think it is one of those things we need to recognize, that there was also fallout and downwinders, and those who mined the uranium.

So, for that, do know that I will continue to raise those issues because it is only fair that those who have sacrificed for our national security also receive recognition and compensation for it as well. Thank you very much.

Mr. Chairman, I yield back.

The CHAIRMAN. The gentlelady yields back.

I now recognize myself for 5 minutes of questioning. And, again, thank you to the witnesses. And the theme I have heard today is a sense of pride in this area, love for this culture, love for the nature and the beauty of what surrounds you.

Also, I grew up a fisherman and how can you come to the islands and not talk about fishing. It has already been discussed some, wish I had more time to spend here and maybe partake in some of that. But thinking about fishing, and Mr. Udui, you brought this up a little bit about how the Chinese don't really respect fishing conservation and how they have abused that, but also, I know that as a fisherman, if I want to catch a fish, the thing I want to do is put a very enticing bait on that hook and I want to get it in front of that fish and I want to make it irresistible. But unbeknownst to the fish, there is always a hook. There is always a hook that is going to take them out of the water, and probably to their demise if I take them home and have them for dinner with my family.

But I see the Chinese Communist Party on a fishing expedition. I see them dangling bait out to people and saying, here is something you must have, and we see what that means. You talked about the hotels, how they booked hotels and then they canceled them and said, well, if you will agree with us, then we will ensure you have tourists coming back.

These economic incentives that they provide through their Belt and Road Initiative often seem very appealing, but there is always a hook. And I want to give all the panel an opportunity to talk about how we convey the message to the public that there is a hook, that these aren't just goodwill gestures from the Chinese Communist Party.

And, also, what does it look like to have a real partnership, both economic and strategic partnership, and what message can we take back, as Members of Congress, to develop that partnership from our end. Governor Guerrero, I will start with you, and we will just go down the line.

Governor GUERRERO. I think the message that you should take back is those Chinese threats are very real here to our island. And how you convey that could be through the stories that we have told. I think it is very important also that we continue the strong relationship with our Federal partners, our U.S. partners, and in that way encourage more support this way toward workforce development, education, and so forth because that is how we are going to be securing and defensive in this part of the world.

The CHAIRMAN. Thank you. Governor Palacios.

Governor PALACIOS. Thank you, Mr. Chairman.

Mr. Chairman, we see it on a daily basis. We see those hooks and those baits being dangled every day. As I have stated, a lot of our economies are driven by Chinese investments. How do we address that? I think the Federal agencies need to become more involved, not just in regulations, but become more involved in the economic developments of our island countries, not just in Guam, not just in the Northern Marianas and Micronesia, but across the Pacific.

Many times, we have policies that were put on us, but no guidance. We really need to ask our Federal agencies to provide guidance and the over-arching policies of our Federal Government, including those policies that were set into statute by Congress.

The CHAIRMAN. Thank you. Mr. Udui.

Minister UDUI. Thank you, Chairman Westerman, and I want to thank many of your members of your Committee for all the support that you have provided us in the process of negotiations. Part of it resulting in the appointment of Ambassador Yun. I appreciate the support that helped move our negotiations along. Regarding the fishing analogy and the hook, I think our challenge is getting our people to realize that we need to look for long-term sustainability rather than short-term gains, and this is something that I think during our negotiations the United States was very receptive to, and the agreement reflects that.

I think what has helped us is having that relationship with the United States and having standards that determine how we review decisions. I think it is also about looking at sustainability and how diversification can be part of that sustainability and the impact of the Chinese tourism strategy in not just reserving rooms but buying rooms, even though there were no tourists to occupy those rooms, eliminating the opportunity for our other tourist segments, and we learned diversification is important to tourism during the economic financial crisis and the SARS fears in the region before. We worked very hard to structure our tourism so that it is diversified with many different countries, visitors.

And in the course of 2 years, the Chinese were able to push back on that strategy and weaken us further, making it harder for us to recover post-pandemic.

The CHAIRMAN. Thank you. Mr. Cantero.

Mr. CANTERO. Thank you. I think the unique thing about the group here is my country is the only country that has diplomatic recognition with China.

We have had that for the last 30 years, but I want to confirm that irrespective, even if it is a hundred years, it is nowhere near in comparison to the value that we give to our relationship with the United States, not even close. To our people, to our country, the United States will always be, that relationship, No. 1.

And in saying that, I also want to just reaffirm our commitment to security in this region. Irrespective of that relationship, we are committed to making sure that we work with the United States and everything and anything that has to do with security and defense, that commitment is firm and is really, really strong.

On our side, we have our own internal rules of engagement with that relationship, and I think it is spinning, we submit that we do not engage with them on anything and everything that has to do with security discussions. If it is raised, we drop it completely. We do the same for loans. If it is raised, we drop it completely. These are just parameters that we put in place just to give us some good oversight. So, it has been quite helpful in my view.

But I guess the strongest message that we can convey to that relationship, that side, is perhaps support in passage of the Compact. Passage of that, in my view, displays the true relationship that exists between FSM, the United States, and of course our brothers and sisters here. That is just my take on it, but the messaging, I think, is really, really important at the regional level, especially at the regional level. I think whether we like it or not, the Compact itself serves as a standard of testament of commitment of the United States in the region, and our commitment to you.

I think whether we like it or not, Pacific Island countries also look at the Compact as a way to ask themselves, if it works then the commitment is there. So, there is a sense of evaluation, I think, that is the way they see us from their perspective. That is my take on it, but thank you so much for your invitation to be here.

The CHAIRMAN. Thank you. And Mr. Ading, we will close with your response.

Minister ADING. Thank you, Chairman Westerman. Before I respond to your question, I just want to say thank you for hosting our citizens in your state and providing them with opportunities, jobs, education, health. The Marshallese community in Arkansas is the biggest Marshallese community in the United States, and thank you for supporting our citizens.

I have no doubt that there are IUU fishing activities in RMI, in our waters, and we are trying our best with the resources that we have to try to curtail these kinds of activities. And with the partnership from the United States, we appreciate that very much. We have our sea patrol divisions that does surveillance of our water, and also, we have the maritime authority doing the same.

We do have two fishing businesses in RMI, licensed businesses, I should say, and we do export tuna for canning, so that helps our economy. I can provide you with more detailed information, Mr. Chairman, in writing. I just need to talk to the right person first and then respond to you.

The CHAIRMAN. Thank you. And, again, thank you to our witnesses. The members of the Committee may have some additional questions for you, and we will ask you to respond to those in writing. That will conclude our first panel. We are going to take a short recess while we change out for the second panel. The Committee will stand in recess until call of the Chair, and I anticipate that is going to be at 12 sharp.

[Recess.]

The CHAIRMAN. The Committee will come to order. We will now begin our second panel and I will introduce our witnesses. For our second panel, we have the Honorable Tina Barnes, Vice Speaker of the Guam Legislature from Hagatna, Guam; and Ms. Irene Sgambelluri, World War II survivor from Talofofo, Guam.

Let me remind the witnesses that under Committee Rules, they must limit their oral statements to 5 minutes, but their entire statement will be included in the hearing record.

When you begin your testimony, the light will turn green and when you have 1 minute left, the light will turn yellow. At the end of 5 minutes, the light will turn red, and I will ask you to please complete your statement. I will also allow all witnesses on the panel to testify before Member questioning.

I thank the witnesses for being here, and I recognize Vice Speaker Barnes for 5 minutes. You are recognized.

**STATEMENT OF THE HON. TINA BARNES, VICE SPEAKER,  
GUAM LEGISLATURE, HAGATNA, GUAM**

Ms. BARNES. Chairman Westerman, Committee members and distinguished Pacific leaders, I am Tina Muña Barnes, Vice Speaker of the 38th Guam Legislature. As the longest serving member of the legislature and a daughter of Guam, I extend a warm welcome and express gratitude for your visit to understand our challenges firsthand.

My testimony today is based on my personal experience from my travels throughout the region. As a former national athlete and now a policy maker for Guam, I have witnessed the thrives of China's soft power diplomacy in our region, from airports to critical infrastructure, to government landmarks, and people-to-people exchanges, China has made it a point to make known their presence, open checkbooks, and influence right here in our backyard.

I am the granddaughter of Col. Juan Muna, whom the Guam Army Guard headquarters is named after. He organized the Guam Militia, a volunteer force of Chamorros who risked their lives to fight alongside the Americans during World War II.

My late husband is a U.S. Air Force veteran who spent his final days fighting for his life in Arizona navigating bureaucracy that is the Department of Veterans Affairs. My son is an Air Force veteran, and my grandson-in-law is deployed with the Army. While I may not be able to vote for my loved ones' Commander in Chief, I understand duty.

This same sense of patriotism and duty is shared by many on Guam. I am not a defense expert, but I share with you some ideas on how the United States can bolster our capabilities in this region.

First and foremost, we need to come to an understanding that while Guam is a territory of the United States, we are home to about 160,000 Americans, both sons and daughters of Guam who serve our country, as well as your constituents stationed on Guam protecting democracy and promoting peace.

Despite the nearly \$600 billion passed by Congress for infrastructure, our power infrastructure remains damaged from Super typhoon Mawar, causing daily outages. We are a vital defense point, but lack proper resource allocation.

Esteemed Members, I understand that some of you serve on the committees that have oversight on justice and immigration. I come before you today, cognizant of the issues you face at the southern border.

Considering our small Pacific community population decline, we lack skilled laborers and the growing DOD presence compete for a limited workforce. I urge support for more workers, especially for projects outside the fence to tackle unaffordable housing and other infrastructure challenges.

Many of you remember the problems caused by COVID-19 on our supply chains. During this time, I noticed an uptick in loading cargo planes from China landing on Guam to refuel.

During the pandemic, when traditional supply chains were disrupted, Guam's strategic location posed as a solution to the supply chain issues. I passed legislation creating the Transshipment Task Force to study the success of such an industry on Guam. Today, that study has been funded by U.S. EDA and is currently being conducted, and based on my research and conversations with U.S. Commerce, there needs to be some policy changes to make this happen.

Imagine a world where China decides to cut off the United States from their exports. This would leave us and our allies in the Pacific in limbo. Utilizing the deepest port in the West Pacific right here on Guam would not only strengthen the American supply chain, but create American jobs, boosting the American economy. I hope to be able to count on your support to make this a reality.

More importantly, especially with the growing challenges in our region, when DOD assets needs critical supplies to maintain force readiness, making Guam a regional hub for transshipment and trade would make for a better equipped military.

But this can't be done piecemeal. This would require a collective approach at examining our infrastructure, strategically investing in our island the needs of the civilian population in Guam, while reaping the added benefits of equipping the best war fighters in the world.

Guam is the hub of the Pacific, and one way to demonstrate this is the jurisdiction of Coast Guard Sector Guam led by Capt. Simmons and his predecessor, Capt Chase. I had the opportunity to learn exactly what they do for Guam and the region. The men and women of the Coast Guard pride themselves on being a force for good, and results speak for themselves. Having a jurisdiction of almost 2,000,000 square miles, Sector Guam ensures that all those who sail our waters are responsible maritime partners.

As you may know, most of commerce in the Pacific comes through Guam. With their insight and genuine desire to curb illicit

shipping, we passed legislation to implement a digital manifest wherein Coast Guard intelligence can begin conducting their assessment on every container coming into Guam, regardless of their final destination in the Pacific. This has been one of the major deterrents for curbing illegal shipments in our homes.

Not only does Sector Guam provide a critical source of protecting our maritime ports, a vital hub supporting commercial defense interest in the Pacific, but the impact that the Coast Guard has on the region is something the entire blue continent takes to heart.

Whether it be preventing boats with immigrants of our enemies from entering Guam and other neighbors illegally, or our countless successful critical search and rescue operations, I urge each and every one of you here today to continue furthering their capabilities here on Guam.

The robust partnerships that the Coast Guard has brought to the region is evident in the regular successes we see right here.

I thank you for your time and look forward for your continued partnership. God bless Guam, God bless our troops, and God bless America. Si yu'us ma'ase [thank you].

[The prepared statement of Ms. Barnes follows:]

PREPARED STATEMENT OF TINA ROSE MUÑA BARNES, VICE SPEAKER,  
37TH GUAM LEGISLATURE

Chairman Westerman, Committee Members, and distinguished Pacific leaders, I'm Tina Muña Barnes, Vice Speaker of the 37th Guam Legislature. As the longest-serving member of the Legislature, and a daughter of Guam, I extend a warm welcome and express gratitude for your visit to understand our challenges firsthand.

My testimony today is based on my personal experience from my travels throughout the region. As a former national athlete and now a policy maker for Guam, I've witnessed the rise of China's Soft Power diplomacy in our region. From airports to critical infrastructure, to government landmarks, and people-to-people exchanges, China has made it a point to make known their presence, open checkbooks, and influence, right here in our backyard.

I am the granddaughter of Colonel Juan Muña, whom the Guam Army Guard Headquarters is named after. He organized the Guam Militia, a voluntary force of Chamorros who risked their lives to fight alongside the Americans during World War II. My late husband is a United States Air Force Veteran, who spent his final days fighting for his life in Arizona navigating the bureaucracy that is the Department of Veterans Affairs. My son is an Air Force Veteran, and my grandson in law is deployed with the Army. While I may not be able to vote for my loved ones' Commander in Chief, I understand duty. This same sense of patriotism and duty is shared by many on Guam. I am not a defense expert, but I share with you some ideas on how the United States can bolster our capabilities in the region.

First and foremost, we need to come to an understanding that while Guam is a territory of the United States, we are home to about 160,000 Americans—both sons and daughters of Guam who serve our country, as well as your constituents stationed on Guam protecting democracy and promoting peace. Despite the nearly \$600 billion passed by Congress for infrastructure, our power infrastructure remains damaged from Super typhoon Mawar, causing daily outages. We're a vital defense point—but lack proper resource allocation.

Esteemed members, I understand that some of you also serve on Committees that have oversight on Justice and Immigration. I come before you today cognizant of the issues you face at the southern border. Considering our small Pacific community's population decline, we lack skilled laborers and the growing DOD presence competes for a limited workforce. I urge support for more workers, especially for projects outside the fence, to tackle unaffordable housing and other infrastructure challenges.

Many of you remember the problems caused by COVID-19 on our supply chains. During this time, I noticed an uptick in loaded cargo planes from China landing on Guam to refuel. During the pandemic, when traditional supply chains were disrupted, Guam's strategic location posed as a solution to the supply chain issues. I passed legislation creating the Transshipment Task Force to study the success of such an industry on Guam.

Today, that study has been funded by the US EDA and is currently being conducted. Based on my research and conversations with US Commerce, there needs to be some policy changes to make this happen!

Imagine a world where China decides to cut off the US from their exports—this would leave us and our allies in the Pacific in limbo. Utilizing the deepest port in the West Pacific right here on Guam, would not only strengthen the American supply chain but create American jobs boosting the American economy. I hope to be able to count on your support to make this a reality. More importantly, especially with the growing challenges in our region, when DOD assets need critical supply to maintain force readiness, making Guam a regional hub for transshipment and trade would make for a better equipped military.

But this can't be done piecemeal. This would require a collective approach at examining our infrastructure, strategically investing in our island—the needs of the civilian population in Guam, while reaping the added benefit of equipping the best warfighters in the world.

Guam is the hub of the Pacific, and one way to demonstrate this is the jurisdiction of Coast Guard Sector Guam. Led by Captain Simmons, and his predecessor Captain Chase, I had the opportunity to learn exactly what they do for Guam and the region. The men and women of the Coast Guard pride themselves on being a “force for good” and the results speak for themselves.

Having a jurisdiction of almost 2 million square miles, Sector Guam ensures that all those who sail in our waters are responsible maritime partners. As you may know most of commerce into the Pacific comes through Guam. With their insights and genuine desire to curb illicit shipments, we passed legislation to implement a digital manifest, wherein Coast Guard intelligence can begin conducting their assessments on every container coming into Guam, regardless of their final destination in the Pacific. This has been one major deterrent for curbing illegal shipments to our homes.

Not only does Sector Guam provide a critical resource in protecting our maritime port, a vital hub supporting commercial and defense interests in the Pacific, but the impact that the Coast Guard has on the region is something that the entire Blue Continent takes to heart. Whether it be preventing boats with immigrants of our enemies from entering Guam and our neighbors illegally, or the countless successful critical search and rescue operations, I urge each one of you here today to consider furthering their capabilities here in Guam. The robust partnerships that the Coast Guard has brought to the region is evident in the regular successes we see right here before us.

I thank you for your time and look forward to the continued partnership. God Bless Guam, God Bless our Troops, and God Bless America. Si Yu'us Ma'ase!

---

QUESTIONS SUBMITTED FOR THE RECORD TO THE HON. TINA MUÑA BARNES, VICE  
SPEAKER, GUAM

**The Honorable Tina Muña Barnes did not submit responses to the Committee by the appropriate deadline for inclusion in the printed record.**

**Questions Submitted by Representative Westerman**

*Question 1. Given the fact that the U.S. is just opened the new Marine Corps Base Camp Blaz in Guam, can you speak on the economic and security benefits of continued U.S. military development in Guam?*

---

The CHAIRMAN. Thank you, Ms. Barnes.

The Chair now recognizes Ms. Sgambelluri for 5 minutes. You are recognized, ma'am.



**STATEMENT OF IRENE SGAMBELLURI, WORLD WAR II  
SURVIVOR, TALOFOFO, GUAM**

Ms. SGAMBELLURI. Good morning and Hafa Adai. Members of Congress, leaders from the Pacific and dignitaries, thank you for coming to Guam for this important hearing to discuss the concerns our island has regarding the rising tensions with the Peoples' Republic of China.

My name is Irene Ploke Sgambelluri and I am 92 years old.

[Applause.]

I am testifying before you today as a daughter of a World War II veteran, mother, grandmother, great grandmother, and World War II survivor. I love my island and I believe that this is the most beautiful place in the world, not only because of the natural beauty, but also because of what it represents. Guam is the center of American values in the middle of the Pacific Ocean.

I am proud to testify before you today in this field hearing to signify the importance our island has in our nation. Almost 80 years ago, I lived through the worst conflict our island has faced, World War II. I was just 10 years old. On December 8, 1941, the feast of Guam's patron saint, Santa Marian Kamalen, the imperial Japanese military began attacking and invading our island.

In the early days of the war, my father, John F. Ploke, a U.S. Navy Pharmacist Mate First Class was captured and was a prisoner of war in Japan. I never had a chance to say goodbye and I feared I would never see him again. War ripped my family apart and took away every aspect of life I had known up until that point.

During the day, my siblings and I were forced to attend Japanese school, where learning the Japanese language was mandatory. In the morning, students would face the sun, bowing to the emperor, and then exercise. My brother, sister, and I were physically assaulted in school. They would pull my hair, drag me, and hit me because I am an American. When we were not in classes, we were required to work in the field under the hot and scorching sun. We were deprived of food and water for hours.

Shortly after Liberation Day, my father returned from Japan. I was overcome with emotion to see that he had survived and that our family was reunited. He had suffered immensely, and I hardly recognized him. He brought back with him a black book with the names of American prisoners of war who were imprisoned with him. I have this book today and I am proud to have this as a lasting memory of my family.

The war was the most difficult and painful period of my life, and this is coming from someone with cancer.

While I have told my stories many times, I still find these memories agonizing. While I was one of the lucky ones to survive, I nearly lost my family, my home, and the life I knew.

History cannot repeat itself. In other words, Guam should never be the focal point of a violent and brutal conflict in the Pacific. Nobody should ever have to endure what I went through. I would not wish that pain and despair on any worse enemy. I cannot let that happen to my grandchildren, great grandchildren, and the people of this island.

Japan attacked us because of our strategic and important location in the Pacific. With control of Guam, Japan could control

the Pacific. China sees the importance of the Pacific Islands, as well. However, we will not let them have control over Guam and the Pacific region. No way.

[Applause.]

I will forever be thankful to the United States when they liberated our island 79 years ago on July 21, 1944.

I was just 13 years old, and I was proud and happy to see service members land on Asan beach. To me, their presence signified more than just the end of the Japanese occupation in Guam, it signifies liberty, democracy, and freedom.

These American values have been forged in our culture here in Guam, and we are proud to be where America's day begins. The United States needs to take every possible action to ensure that these values remain a part of our lives, no matter what.

The Federal Government has supported Guam for as long as I can remember. You cannot give up on us now. If there is ever a time to support the island, it is now. With your commitment to protecting Guam, I can sleep at night knowing my community, family, and friends are protected by the full faith of our Armed Forces and government.

Un Dangkulu na si yu'us ma'ase [a big thank you], thank you very much for having me this morning and allowing me to share with you my story and the trust I have in the United States of America. God bless you, God bless the United States of America, and God bless Guam.

[Applause.]

The Chairman. Thank you, ma'am.

Ms. SGAMBELLURI. If you have any questions for me, please, refer them to Congressman James Moylan.

[Laughter.]

Ms. SGAMBELLURI. I will answer them at a later date in writing, which will be submitted into the record.

Thank you ever, ever so much.

[Applause.]

Ms. SGAMBELLURI. God bless you all, coming from a 92-year-old lady.

[The prepared statement of Ms. Sgambelluri follows:]

PREPARED STATEMENT OF IRENE SGAMBELLURI

Hafa Adai, Members of Congress, leaders from the Pacific, and dignitaries: Thank you for coming to Guam for this important hearing to discuss the concerns our island has regarding the rising tensions with the People's Republic of China.

My name is Irene Sgambelluri, and I am 92 years old. I am testifying before you today as a daughter of a World War II veteran, mother, grandmother, great-grandmother, and World War II Survivor.

I love my island and I believe that this is the most beautiful place in the world, not only because of its natural beauty, but also because of what it represents. Guam is the center of American values in the middle of the Pacific Ocean. I am proud to testify before you today in this field hearing to signify the importance our island has in our nation.

Almost 80 years ago, I lived through the worst conflict our island has faced: World War II. I was just 10 years old when on December 8, 1941, the feast of Guam's Patron Saint, Santa Marian Kamalen, the Imperial Japanese military began attacking and invading our island.

In the early days of the War, my father was captured and was a Prisoner of War in Japan. I never had a chance to say goodbye and I feared I would never see him again. War ripped my family apart and took away every aspect of life I had knew up until that point.

During the day, my siblings and I were forced to attend Japanese school, where learning the Japanese language was mandatory. In the morning, student would face the sun, bow to the emperor, and then exercise. My brother and I were physically assaulted in school; they would pull my hair, drag me, and hit me.

When we were not in classes, we were required to work in the fields under the hot and scorching sun. We were deprived of food and water for hours.

Shortly after Liberation Day, my father returned from Japan. I was overcome with emotion to see that he had survived and that our family was reunited. He had suffered immensely, and I had hardly recognized him. He brought back with him a black book filled with the names of American Prisoners of War who were imprisoned with him. I have this book today and am proud to have this as a lasting memory of my family.

The War was the most difficult and painful period of my life, and this is coming from someone with cancer. While I have told my story many times, I still find these memories agonizing. While I was one of the lucky ones to survive, I nearly lost my family, my home & the life I knew.

History cannot repeat itself. In other words, Guam should never be the focal point of a violent and brutal conflict in the Pacific. Nobody should ever have to endure what I went through. I would not wish that pain and despair on my worst enemy. I cannot let this happen to my grandchildren, great-grandchildren, and the people of this island.

Japan attacked us because of our strategic and important location in the Pacific. With control of Guam, Japan could control the Pacific. China sees the importance of pacific islands as well; however, we will not let them have control over Guam and the Pacific region.

I will forever be thankful to the United States. When they liberated our island 79 years ago on July 21, 1944, I was just 13 years old. I was proud and happy to see servicemembers land on Asan Beach. To me, their presence signified more than just the end of the Japanese occupation in Guam. It signified liberty, democracy, and freedom.

These American values have been forged in our culture here in Guam and we are proud to be where America's day begins. The United States needs to take every possible action to ensure that these values remain a part of our lives no matter what.

The federal government has supported Guam for as long as I can remember. You cannot give up on us now. If there is ever a time to support the island, it is now. With your commitment to protecting Guam, I can sleep at night knowing my community, family, and friends are protected by the full faith of our armed forces and government.

Un Dangkulu na si yu'us ma'ase, thank you very much, for having me this morning and allowing me to share with you my story and the trust I have in the United States.

God Bless you, God bless the United States of America, and God Bless Guam.

---

QUESTIONS SUBMITTED FOR THE RECORD TO MS. IRENE SGAMBELLURI, WORLD WAR II SURVIVOR

**Ms. Sgambelluri did not submit responses to the Committee by the appropriate deadline for inclusion in the printed record.**

#### **Questions Submitted by Representative Westerman**

*Question 1. When comparing what you saw and felt when the Empire of Japan invaded and occupied Guam, and what you are seeing and feeling today from the People's Republic of China's increasing activities in the island, what is the same? What is different?*

*Question 2. Do you believe that your experiences of your generation are still felt and remembered in Guam today? If not, what should be done to help preserve and remind future generations on the importance of protecting the homeland and the horrors that come with failing to protect it?*

---

The CHAIRMAN. Thank you, ma'am. The Chair will now recognize Members for questions. I want to first start with the gentleman from Colorado. Mr. Lamborn, you are recognized for 5 minutes.

Mr. LAMBORN. Mr. Chairman, I found that very touching from both of the witnesses. I appreciate you being here. For the sake of time, I will submit my questions for the written record and yield back to the Chairman.

The CHAIRMAN. The gentleman yields back. The Chair now recognizes the gentleman from the Northern Marianas. Mr. Sablan, you are recognized.

Mr. SABLAN. Thank you very much, Mr. Chairman. Saina, si yu'us ma'ase, gracias ni un gasta tiempo'mu pa un [thank you for your time]. Thank you for coming here and sharing with us the horrible experience of war that you went through. My 92-year-old mom and I had an argument the other day and now I have to call her and apologize. Geez. But thank you for being here.

Vice Speaker, I do have just a couple of questions for you, but first, happy birthday. I understand it is your birthday today.

Ms. BARNES. Si yu'us ma'ase [thank you].

Mr. SABLAN. Of course, Guam, my district and across the nation we face similar challenges. What can Congress do to best help Guam? In your opinion, if given an opportunity, what would you ask for.

Ms. BARNES. Si yu'us ma'ase [thank you], thank you, Congressman, and to the panel members here. If I had to answer that right now, I would say a permanent authority to bring the H2-B labor here, a financial partnership with our power, water, and wastewater utilities, and I would be remiss if I didn't include an expanded and fully staffed Veterans clinic, because we here on Guam, per capita, have the highest enlistment rate, and our veterans are here in the thousands and thousands. And if we could have a fully staffed veterans clinic, that would help us.

Si yu'us ma'ase put enao na question-mu [thank you for that question], Congressman.

Mr. SABLAN. Thank you, and I yield back.

The CHAIRMAN. The gentleman yields back. The Chair recognizes the gentlelady from American Samoa, Ms. Radewagen.

Mrs. RADEWAGEN. I want to welcome and thank the panel for appearing today. Both of your statements have been very touching, and I don't have any questions at this time, but I will submit something later for you to answer for the record. Mrs. Sgambelluri, you are amazing.

Ms. SGAMBELLURI. Thank you.

Mrs. RADEWAGEN. Thank you very much for your insights, and, of course, Vice Speaker Barnes, si yu'us ma'ase [thank you] to both of you.

Ms. BARNES. Buen prubechu [you are welcome].

Mrs. RADEWAGEN. I yield back, Mr. Chairman.

The CHAIRMAN. The gentlelady yields back. The Chair recognizes the gentleman from Wisconsin, Mr. Tiffany.

Mr. TIFFANY. Thank you, Mr. Chairman. I am very surprised, having a mother that is about to turn 92 years old here in the month of September, that Mr. Sablan is arguing with his mother these days.

The CHAIRMAN. The gentleman will suspend. The Committee will be in recess.

[Pause.]

The CHAIRMAN. The Committee will come to order. The gentleman is recognized. Mr. Tiffany.

Mr. TIFFANY. Thank you very much, Mr. Chairman. I love those words that they had on their signs, peace, diplomacy. That is what the United States of America has always stood for, and you see it here with the testimony that we are hearing today and the messages that we have been receiving here over the last couple days. We stand with respect with all of you. We don't seek to use underhanded means and things like that to try to gain authority. We have always tried to be above-board in the United States of America. We are imperfect, but we have always done it from a position of respect, and that is why we come here today before all of you, is with respect for what you have to say, and that is the message we will take back to the American people.

I just want to ask Ms. Sgambelluri, do you have any lessons, ma'am, do you have any lessons for the 21st century that we should remember as a result of your experience from the 20th century.

Ms. SGAMBELLURI. You have to repeat it because sometimes I have poor hearing. When you are 92 years old, you don't expect miracles. I am sorry, can you repeat the sentence again, sir.

Mr. TIFFANY. Do you want to repeat the question to her?

Ms. BARNES. Yes.

Mr. TIFFANY. What lessons should we remember now?

Ms. SGAMBELLURI. All I am going to share is that for everyone to love each other, take care of your family, be kind and always support the United States of America, and don't let any other enemy come to be involved in our island.

We don't want that to happen, especially China.

Mr. TIFFANY. I just want to highlight one word that Ms. Sgambelluri used in her testimony, and that was the term liberty. It is one of the most beautiful words that we have in the English language. And if you go back to our founding documents, you will oftentimes see that our founders have used the term liberty as they use the term freedom, and there really is a distinction because to me, liberty means freedom, but it also means responsibility for your actions and that is something that we have always done in the United States of America.

As I said earlier, we are imperfect, but we usually take responsibility for our actions if we are imperfect at any time.

And I just want to highlight, based on my question there, that we are deciding right now, in the 21st century, and that is why I am so grateful for all of you standing together and standing with the United States of America and why we are here with you, as Americans, that we stand with you also.

We are deciding right now whether the 21st century is going to be an American century, just like the 20th century was, with our values, or is this going to be a PRC century.

And we have no quarrel, as the Chairman said earlier, with the Chinese people, but we do have a disagreement with their government. And we are deciding now, as we speak, are we going to hold those values, are we going to have a strong foreign policy, are we going to have a strong economy where we become more responsible with our spending at the Federal level, which has led to the

inflation we have, are we going to be energy independent here in America? Are we going to continue to have uncontrolled immigration at our borders.

Those things are all weakening America, and a weak foreign policy is certainly something we don't want to have. And I can tell you, that is why we are here, that is why we are here in Guam today, is to emphasize to you that we believe in a strong America, and we are going to take that message back, that you all want to be partners in that as we go forward.

So, let's make the 21st century also a great century, a great American century that emphasizes peace and prosperity throughout the world here in the blue Pacific.

We really look forward to working with all of you, and I yield back, Mr. Chairman.

The CHAIRMAN. The gentleman yields back. The Chair recognizes the gentlelady from New Mexico.

Ms. Stansbury, you are recognized for 5 minutes.

Ms. STANSBURY. Thank you, Mr. Chairman. And I also want to say thank you to Madam Speaker and happy birthday, Madam Speaker, as well as to Ms. Sgambelluri. Thank you so much for being here and sharing your story once again. Also, with honoring us with the opportunity to hear and to also honor your experiences. And hearing the pain, it is difficult to hear, but we are grateful that you were willing to share your story again in this public forum.

And one of the things I was reflecting on as I was listening to you share your story, is the shared history that New Mexicans have with the People of Guam, because New Mexico is a home of many, many veterans who served in World War II, and in particular, over 900 members of the New Mexico National Guard who were captured at Bataan, and 900 of our New Mexicans who were forced into POW camps, and many of them never returned.

And Congresswoman Leger Fernández and I were actually talking about many of our veterans the other day, and how many people we grew up with, because of the pain and the horrors that they experienced, never spoke about it ever again, but we know their stories and we know the losses.

So, for us, as New Mexicans, our history is inextricably tied with the people of Guam and the people who served in our great military here in the South Pacific. So, I wanted to just honor that and share that history, as well.

I was struck, in particular, I wrote down the comment that you made, Ms. Sgambelluri, that Guam and our island nations are the center of American values and the center of the Pacific Ocean, and also that you noted that those values are liberty, democracy, and freedom.

And I think like other Members on the panel today, that is really why we are here. It is not just to address the strategic and military concerns that we have and economic concerns we have with the PRC, but to really celebrate and uphold our shared values as Americans, and as allies in the region.

So, I want to thank everyone who came out to be a part of this. We have heard a lot this morning from various panelists, but I think it is important to really take a moment to talk about what

we are seeing as the PRC's interventions and why they are so concerning to us, and the ways in which the PRC is trying to project power in the region and why that undermines our shared values of democracy. The ways in which the PRC is undermining strategic and economic interest in the area, is trying to reshape narratives in the region, and even to retell history to align with their own diplomatic and economic interests and the ways in which this threatens the stability and values of democracy in the region. And we heard on the last panel why it is engrained, and I think Ms. Sgambelluri, your story really reflects that painful history, that we know what happens if we let democracy slip away.

So, Mr. Chairman, I just want to say one more time, thank you so much for helping to bring the Committee and our Task Force here. This is such important testimony, and thank you, again, to our witnesses for sharing your stories.

Ms. SGAMBELLURI. Thank you.

Ms. STANSBURY. I yield back.

The CHAIRMAN. The Chair now recognizes the gentleman from Guam. Mr. Moylan, you are recognized for 5 minutes.

Mr. MOYLAN. Thank you, Mr. Chair. Madam Vice Speaker, of course, happy birthday, and also to your twin sister as well.

Ms. BARNES. Thank you.

Mr. MOYLAN. I want to thank you for highlighting the need for the expanded Coast Guard assets in Guam and within the region. Of course, this is an issue I have been tracking for future legislative and administrative actions, and I believe it is an issue we can work together on moving forward. Could you please elaborate for the Committee why this issue is so important for the people of Guam and for the Indo-Pacific region.

Ms. BARNES. I think, Congressman, with the collaboration and support of Uncle Sam to this part of the region, as we look at peace through strength, and as we look at these threats that are coming our way, and knowing that we are American Asian or Asian America, I think the collaboration with Uncle Sam making sure that the peace through strength is imbedded and engrained in here through the protections, through the authorization of bringing resources to us. It is who we are when Uncle Sam owned us or bought us in 1898 from the Spaniards, and it is because of that that we continue to believe in the true liberties of democracy today and the protections of our waters, and the protection of our military personnel coming to our islands and making sure that those protections are here.

I think that with strength and helping us within this blue continent and protecting our borders is most key, and I think that is why we need to have Uncle Sam here in this region.

Mr. MOYLAN. Thank you. Just one more quick question for you, Madam Vice Speaker. Could you speak on the benefits of granting SSI benefits to both Guamanians and FAS migrants.

Ms. BARNES. I think as Americans, parity should be shared, and what is given with the folks in the national level should be shared here. You talked about one America, you talked about not us versus them, you talked about us as one family, and I think that when benefits are provided to one, they should be provided for all who call America a part of their family.

Mr. MOYLAN. Thank you. And for my final question, Mrs. Sgambelluri, thank you for your testimony.

Could you please talk a little about the position you think Guam would be put in if we did not have the U.S. military presence like we do now.

Ms. SGAMBELLURI. I have lived through a conflict in Guam before and it was the scariest time of my life. I am worried that this will happen again if Guam is not given the proper attention by the U.S. military.

Mr. MOYLAN. Thank you, Mrs. Sgambelluri, that was well said. I really appreciate and thank you for sharing with us here today.

Ms. SGAMBELLURI. Thank you, Congressman.

Mr. MOYLAN. Mr. Chairman, I yield back.

The CHAIRMAN. The gentleman yields back. The Chair recognizes the gentlelady from Wyoming.

Ms. Hageman, you are recognized for 5 minutes.

Ms. HAGEMAN. Thank you. And, again, it is so wonderful to be here. Earlier this summer, as the Chairman of the Subcommittee on Indian and Insular Affairs, I was invited to speak at the ceremony for the 79th anniversary of the liberation of Guam in Washington, DC, and it was a fabulous ceremony. I am learning more about your culture, I have really enjoyed getting to know your Congressional Representative. He has done an excellent job of representing your interests and being your voice back in Washington.

And Mrs. Sgambelluri, listening to you talk about what it meant when you saw those soldiers landing on Guam 79 years ago, and you said that this represented for you, liberty, democracy, and freedom.

And I do think those are the words what the United States has always aspired to be, not only for all of us who are Americans, but for others around the world, as we have liberated other areas, as well, as we have gone through the scourge of things like World War I and World War II.

And now we are facing what has been referred to several times today as an existential threat, and we know what that existential threat is, it is the PRC, it is the Chinese Communist Party, and they have made no bones about what their intent is.

In fact, they have been in South Africa most recently talking about their efforts to displace, really, what for so many of us is embodied in those words, the liberty, democracy, and freedom. And all we need to look at is what has happened in Hong Kong over the last couple of years, the response to COVID-19, the reaction to that particular situation. And we can see what the future would be if they ascend, and we descend.

So, again, that is why we are here and that is why we have been focusing on this issue for the last several months, pretty much since the beginning of the 118th Congress, as a Committee, as the Natural Resource Committee, and as the Subcommittee as well.

One of the things that has been a great concern to me is related to the PRC's illegal, unreported, and unregulated fishing or the IUU practices in the vicinity of Pacific Island countries.

And Ms. Barnes, just very quickly, I would like to ask you a couple of questions about the impact that that has had on Guam and



will continue to have. These actions show that the PRC not only disrespects the sovereignty of these islands, but it is a significant national and international security threat.

How has the PRC's IUU fishing impacted the economy of Guam and the likelihood of your citizens?

Ms. BARNES. When you take away from the livelihood of the community, you take away the very vital strength for them to survive. That threat is real, and we need the support coming from Uncle Sam.

I want to share with you, not too long ago, the 35th Guam Legislature Speaker, I did receive a call from the Ambassador of China saying that I should advocate for a "One China" plan. And I said, way above my pay grade, this is not right, we are Americans and that we are here peacefully. And if this is a threat, then I think that you have really asked something way above my pay grade.

But in all fairness to that, as you see that coming here and you see what is happening with what they can do without the support from Uncle Sam, we will then have what Auntie Irene Sgambelluri is so afraid to happen to our children, our grandchildren, our great grandchildren, and that is peace and democracy. So, we can't allow that to happen.

Ms. HAGEMAN. Well, I agree with you, and I can assure you that every one of the people on this panel will be taking that message back to Washington, DC describing the interests of Guam and the surrounding islands, and why they are so important, not only to all of us, as American citizens, but again, to freedom around the world.

Do you have any suggestions on how the United States can increase cooperation and coordination to address these unlawful activities from the PRC?

Ms. BARNES. I think a full collaboration with our brothers and sisters of the blue continent is very key and important. I think, as we come together as one big, blue continent and having over 212 million miles, I think we have a big block of people who believe in freedom and democracy, and it starts with bringing all of us together and sharing in the principles, the values, the equipment, and the resources that it needs to protect the freedoms that we have today. That pure collaboration is needed.

Ms. HAGEMAN. I just want to say how inspiring it is to sit here and listen to the folks from Guam describe their patriotism and what they are fighting for and what their vision of the future is, and I want to thank you from the bottom of my heart to be able to participate in this. With that, I yield back.

The CHAIRMAN. The gentlelady yields back. The Chair now recognizes the Ranking Member, Ms. Leger Fernández, for 5 minutes.

Ms. LEGER FERNÁNDEZ. Thank you so much, Chairman. Mrs. Sgambelluri, what powerful words you shared with us, what a powerful story you shared with us. And the fact that you are sharing the story which you, yourself, said hurts every single time you have to say it. That describes the love that you have for your Guam, the love that you have for the United States of America, the love that you have for peace, freedom, and liberty, and I thank you

so very much for sharing that love with us today. It was beautiful and it touched us.

Ms. SGAMBELLURI. Thank you ever so much. God bless you all.

Ms. LEGER FERNÁNDEZ. And God bless you as well. I wanted to really thank you, Madam Vice Speaker, and formerly Speaker, for sharing the importance of treating equal as equal, so that if you are an American citizen who resides in Guam, that you will receive the same treatment as an American citizen residing in New Mexico. And I think that that was very important for us to realize that, especially given the high participation and the patriotism that the people of Guam show in serving.

Can you talk a little bit more about the importance of having reliable VA services and medical services here in Guam.

Ms. BARNES. Thank you very much, Congresswoman Fernández. We are thousands and thousands of miles away where expertise and specialties of medical need and what have you, mentalists, are needed. We are so far away and with the little resources that we have here, we have to travel and spend so much money. Don't have to go far. I said earlier my husband had a very rare lung disease and needed a transplant, and the specialty is not here. We have great doctors here, but we do not have that specialty and we had to pay, and having to go through the bureaucracy of not just the paper pushing, but the literally telling the story over, and over, and over again, the veterans here will tell you, they don't know who else to turn to. We have non-profit organizations to help fill out forms, to help get from one Federal agency to another, sometimes to no avail. We need better collaboration. We need a veteran clinic that is fully staffed. We need workers that can help our veteran families here because we believe in freedom and we believe in protecting who we are as Americans, and yet a lot of times we feel that when needing the help back, that support is not provided to us.

Ms. LEGER FERNÁNDEZ. Right. And I think it is important that when we say the words "thank you for your service," that we must back up those words with providing you with the services that you have earned and deserve. Because if we are going to say the words, mean it when you pass legislation, when you pass appropriations, to fund the VA at that level.

I wanted to ask a little bit, to the extent you might be aware of it, the Biden administration released the first ever strategy for the Pacific Island Partnership. What have you seen, and what do you think is important with regards to that partnership and how it may work and influence what is happening here.

Ms. BARNES. I think it is very important. In order for it to work, you need to engage with our islands. And inclusive of our island brothers and sisters, I think with the partnership and the plan, in order for it to be successful, it has to be shared across everywhere that is America. And this administration has taken that point, I think, that the awareness needs to come out, that the program needs to be here, but more importantly, we need to be able to acquire and to be able to be included in everything that is being given through that plan should be shared also with us here in this region.

Ms. LEGER FERNÁNDEZ. OK, thank you so very much. And with that, Mr. Chairman, I yield back. I thank both of you for your testimony and for making real for us in our hearts and in our minds what you are facing here in Guam.

Ms. SGAMBELLURI. Thank you.

The CHAIRMAN. The gentlelady yields back. I recognize myself for questions, and instead of questions, I just want to say a great big thank you, Ms. Sgambelluri.

Ms. SGAMBELLURI. Thank you.

The CHAIRMAN. I can tell you that getting to come here and hear your testimony in person made the whole trip worthwhile, and it made running for Congress and serving and doing the job that we do worthwhile just to have that reminder, that reminder of how precious freedom is, how we should never, ever forget.

I had a chance to look briefly at the book that your father wrote those names in, and I thought how he thought we could never forget these people that made sacrifices and the freedom that we have was bought with blood and sacrifice. Thank you so much for reminding us of that today.

Ms. SGAMBELLURI. And I am thankful that I am an American.

[Applause.]

The CHAIRMAN. And Ms. Barnes, thank you for your service and for the same passion that we see from both of you. A passion for what we have and where we have come from, and a passion for where we are going. As I think about December 7, 1941 and December 8, 1941, I often think not about those days, but maybe 10 years before that. And if those Members of Congress that were serving in the 1930s could go back, what would they have done different that could have possibly avoided what we saw through the second world war?

And I think that is something that we, as leaders, we have to ask ourselves today, is what can we do to maybe prevent another atrocity like happened back then. And, personally, I think that we do seek peace through strength, that we have to project strength and resolve. And Ms. Barnes, it is up to you, and me, and the others at this table now to make those decisions.

What do you think we can do as Guam, as Americans, as Congress, to strengthen our position here, to show that resolve and to hopefully avoid something like we have had to experience in the past? What are the main things that you are looking for from Congress where you want to partner with us to make that happen?

Ms. BARNES. I think presence is key, resources is key, collaboration is key, and most importantly, making sure that what America gets, Guam and the islands of the blue continent get.

The CHAIRMAN. Thank you. And with that, it will conclude our testimony and our questions. The Committee may have some additional questions for the witnesses, and we will ask you to respond to those in writing. Under Committee Rule 3, members of the Committee must submit questions to the Committee Clerk by 5 p.m. on Tuesday, August 29, 2023. The hearing record will be held open for 10 business days for these responses.

Again, thank you to our witnesses. If there is no further business, without objection, the Committee stands adjourned.

[Whereupon, at 12:53 p.m., the Committee was adjourned.]

[ADDITIONAL MATERIALS SUBMITTED FOR THE RECORD]

**Submissions for the Record by Rep. Westerman**

August 22, 2023

Hon. Bruce Westerman, Chairman  
Committee on Natural Resources  
1324 Longworth House Office Building  
Washington, DC 20515

Hafa Adai Congressman Bruce Westerman:

Thank you for the invitation to speak in this Oversight Field Hearing entitled “Peace through Strength: The Strategic Importance of the Pacific Islands to U.S.-Led Global Security”. I am in favor of actions that lead to the safety and protection of Guam, an island that I call home.

Guam is the “Tip of the Spear” when it comes to the Defense of the United States. As with any spear, it must be hard, sharp at the edge, and in capable hands against foreign adversaries. In the worst case, missile launched from Asia can reach Guam in as little as 15 minutes. Distances and regular airline flight time from Guam to the following location are as follows:

- Philippines: 2,492.21 km (2.73 hours)
- Japan: 2,613.57 km (2.86 hours)
- Taiwan: 2,752.82 km (3.02 hours)
- South Korea: 3,021.88 km (3.31 hours)
- Continental USA: 11,562.54 km (12.67 hours)

These distances and time emphasize the strategic importance of Guam. In the event of a crisis in this region, getting the right resources in a timely manner is critical. Guam is the closest part of the United States to Asia.

Guam has two major military installations, a third currently being built and one minor installation that continues to grow. Andersen Air Force Base, Guam, the 36th Wing mission is to project airpower, expand combat capability, and strengthen partnerships from the forward edge of the Indo-Pacific. Naval Base Guam is a consolidated Navy installation with several components across the island. The base provides critical logistics support to the U.S. Pacific Fleet and is the only installation in the region that can be used for berthing, ship operations and maintenance, refueling, and ordnance handling. Camp Blas, a U.S. Marine Base is currently under construction and is projected to have approximately 5,000 Marines and their families being relocated from Japan to Guam by 2025. These installations place Guam as a viable military missile target by nations that may become hostile to the United States. The minor installation is the Barrigada Readiness Center that houses the Guam National Guard. The multimillion-dollar complex is fairly new, in comparison to Navy and Air Force Base, as the nation relies on the Guard and Reserve as an operational reserve unit vice a strategic reserve.

As of September 30, 2021, Department of Defense controlled 62,695 acres (97.96 square miles) of land or approximately 46% (This percentage is different from what is published to the general public of one quarter (1/4) to one third (1/3) of the island depending on the source of information). While a large percentage is controlled by the military, many servicemembers and their families that are stationed here live outside these installations. The estimated 21,700 military personnel and their families is part of Guam’s population of approximately 154,000, most of which are residents and citizens of the United States.

The United States has a duty and a responsibility to ensure the safety of its people against all enemies, foreign and domestic. In 2013, North Korean President, Kim Jong Un, threatened Guam with nuclear missiles. The THAAD (Terminal High Altitude Air Defense) missile system was not on Guam until after the threat subsided. The only protection against any Intercontinental Ballistic Missiles (ICBM) during this threat were Aegis equipped ships in the area. We were fortunate to have the THAAD permanently assigned to Guam prior to the next North Korean Missile Threat in 2017.

But North Korea is not the only threat to the stability of this region. Nations have opposing claims over water rights and islands. Threats to freedom of sea navigation and the threats against Taiwan bring the possibility of conflict in this region. Conflicts may not be limited to direct intervention but also economic bans, political tensions, and cyber-attack. The United States has an interest in maintaining stability in this region, whether it is due to economic inter-dependency such as and not limited to specialized microchips from Taiwan or agreements with partner nations to come to each other's aide in any type of attack.

A question brought forth to this committee is, will the US be reactive, such as when we brought the THAAD to Guam after the 2013 North Korean Missile Threat concluded with North Korea deciding when to end the threat. Or will the United States take proactive measures to protect its citizens here in Guam against possible future armed conflict. The proposed action to deploy and operate a comprehensive, persistent, 360-degree Enhanced Integrated Air and Missile Defense (EIAMD) system to defend the entire island of Guam against the rapidly evolving threats of advanced cruise, ballistic, and hypersonic missile attacks from regional adversaries, seems on face value, a good plan.

But, just like any plans, it must be thoroughly researched, subject matter experts on both sides given the opportunity to speak, and concerns mitigated. The U.S. military does a great job in planning for buildup projects inside the gates. As their infrastructure grows, the U.S. Military needs to realize the bigger impact they will have on the island. The COVID pandemic flu is a good example of the local government working with the U.S. Military to develop a joint operational plan to address the pandemic. The same thing needs to happen as the U.S. Military builds the MDA on Guam. For example, will road networks be built up at the cost of the project rather than the local community paying for roads damaged by increased traffic to include more heavy equipment. If roads are upgraded, secondary effects should be mitigated such as flooding on lands next to the roads. With the proposed system, all concerns to the infrastructure should be mitigated, not at the expense of the local government but part of the program's cost.

There are concerns highlighted from the Congressional Research Service on the topic Navy Aegis Ballistic Missile Defense (BMD) Program: Background and Issues for Congress, updated on April 20, 2023. Mentioned in this paper include:

1. Missile Defense Agency (MDA) continues to omit the military services' operations and sustainment costs from the program life-cycle cost estimates . . . . By omitting these costs, MDA limits decision-makers' insight into the full financial commitments needed for affordability and funding determinations.
2. MDA continues to adjust program baselines without clear traceability over time. MDA also forgoes recurrent comparisons to the original baseline. Such adjustments and omissions impede decision-makers' awareness of each program's cost performance and total system cost.
3. Vice Adm. Jon Hill said that Aegis has been integrated to operate with the Terminal High Altitude Area Defense system, and THAAD has been integrated with the Patriot missile defense system, but MDA hasn't integrated all the regional defense systems with homeland defense systems.

Potential Cost Cutting Measures:

1. Congress should consider mandating the integration of the Guam National Guard into the Missile Defense plan of Guam. An example of how the integration could help cut cost is when the Guam Guard was activated to provide a security unit for the THAAD mission. For a couple of years, the U.S. Army rotated a company size unit into and out of Guam. The unit provide security for the THAAD. Guam Guard asked for the security mission and completed a cost analysis. To get the mission, Guam Guard demonstrated to the U.S. Army they could save over \$1 million dollars every year in transportation cost if Soldiers who lived on Guam, could complete the security mission. Today, Soldiers from the Guam Guard have been doing the security mission for the THAAD unit for several years.
2. In addition to providing security, the Guam Guard provided personnel and finance support and extended family programs support such as Marriage Encounters for Soldiers and their spouses in the THAAD unit.

3. At one point in time, the Guam Guard had an active Signal Detachment. The signal unit was assisting the active-duty signal unit in Guam. When the U.S. Army was downsizing, the Guam National Guard lost the signal unit. If given a signal unit, Guam Guard can provide much needed signal capabilities to MDA.

Finally, the island of Guam has a need for a Missile Defense System and must be used as a last resort! The people on the island of Guam have suffered much during World War 2 and Guam does not need to suffer another attack. To spare the island of Guam and other Pacific Islands in the region, the United States Government must ratchet down the tension with other countries in the region and place more emphasis in improving diplomatic relations. A quote from Ulysses S. Grant can best express my sentiments. "Although a Soldier, by profession, I have never felt any sort of fondness for war, and I never advocated it, except as a means for peace."

In conclusion, while I support actions that will make Guam and this region a safer place to live in, I recommend improving diplomatic relations, mitigate and address missile defense concerns and answers to questions given by individual citizens and to Congress. I encourage MDA to work closely with National Guard Bureau and the Guam National Guard to determine where they can help reduce cost to the U.S. taxpayers by working as an integrated team on Guam.

Sincerely,

RODERICK LEON GUERRERO,  
*Brigadier General, U.S. Army (Retired)*

---

**Statement for the Record**

**Lemanu P. S. Mauga**  
**Office of the Governor**  
**American Samoa Government**

Honorable Chairman and members of the House Committee on Natural Resources, it is a pleasure to be before you today to discuss the strategic importance of the Pacific Islands to the global security efforts led by the United States. We all know that the Pacific Islands occupy a very large strategic area. Strategic issues like food security, fishing rights, international trade, strategic communication lines, and the free flow of ideas should set the Pacific Islands and their people at the forefront of the discussion of global security.

As Governor of the U.S. Territory of American Samoa, I speak today with particular pride about the strategic importance and opportunities of the islands I call home. While every Pacific Island and the people of those islands should be considered strategically important in the push for global security, today I seek to demonstrate American Samoa's importance to the global security efforts. I hope that I can impress upon you how American Samoa is uniquely positioned to strategically enhance these efforts and how the U.S. can support us in doing so.

As we all know, a wholistic strategy for global security requires engagement on many fronts. From defense and security initiatives to economic development to cultural engagement, the opportunities to bolster global security through American Samoa are nearly limitless. As America's only South Pacific territory, we are uniquely positioned in geography, culture, and regional interactivity to become a hub for growing strategic engagement.

With the appropriate and sufficient allocation of resources, American Samoa can become the go-to regional partner of our Pacific Island neighbors for healthcare, economic development, education, and jobs. For instance, as I am sure you all know, American Samoa is blessed to have one of the world's largest and deepest natural harbors. The opportunities that stem from this harbor alone makes our Territory strategically important for global security. With adequate development it can become a place of regional engagement benefiting everyone in the region and helping stave off outside influence. An increased U.S. Coast Guard presence would be a perfect fit in our harbor to, among other things, monitor and deter illegal fishing activities. In doing so, the U.S. demonstrates its commitment to sustainable economic development of not just American Samoa but our regional partners and allies alike. When we enhance food security and protect mutual resources that sustain ourselves and our neighbors, global security is strengthened.

Additionally, development of a more robust industry-leading shipyard within this strategic natural resource would not only support Coast Guard needs but also allow American Samoa to provide our Pacific Island neighbors with a place where they could obtain much needed shipyard services. Again, being able to exploit such a resource for the benefit of everyone in the region leads to stronger global security. There is no need to turn to others who may not have our best interest at heart if these resources are available from those who do. Consider how much more effective American Samoa could be in the global security push if we were also provided with resources needed to do this through healthcare, education, and economic development.

These are just a few of the numerous ways that American Samoa can play a vital role in helping secure global security. Sometimes, just being a good neighbor is enough to stave off negative foreign influences. We are not naive enough to think that this is all it takes, but these are the types of building block initiatives that bolster the strategically necessary relationships between the U.S. and our brothers and sisters in the Pacific Island nations. They are so critically important in the effort for global security. These are the very real, practical needs that when we help meet them, we shore up holes in our global security efforts at the ground level.

Please understand that the people of American Samoa share blood, culture, heritage, and history with so many of the people in these other Pacific Island nations. Many scholars point to Samoa as the mother of Polynesia. We know the history of how Samoan missionaries have spread Christianity across the Pacific. We know the history of the Samoans that traveled extensively around the Pacific, including those sent to Micronesia. American Samoa has a historical connection to all regions of the Pacific and these are the ties—the relationships—that bring American Samoa closer to all of the island nations of the Pacific. It allows our leaders to connect and understand each other on a level that only exists when there is a shared and mutual respect of a common culture.

We also know of the involvement of the U.S. throughout history in the Pacific. Engagement through the Peace Corps brought the U.S. closer to the Pacific region.

It was one of the best strategies implemented by the U.S. Because of this engagement in the 1960s and 70s, most if not all leaders of the Pacific today were taught and trained by the Peace Corps. This engendered good will toward the U.S. that has lasted for decades.

But we also know of the absence of the U.S. in the Pacific in recent decades. This is what has led to the void that allowed foreign nations like China to find and develop opportunities to further their national interest through engagement with our Pacific neighbors. Make no mistake, when the U.S. neglects the Pacific, China and other foreign powers will move in and offer the support to our Pacific nation neighbors.

With this in mind, please note that American Samoa has the highest U.S. military enlistment rate and highest casualty rate per capita of any state or Territory. We are a very patriotic community that revels in its relationship with the United States. There is no independence movement, and protests against the U.S. are non-existent. We are here today imploring you, the leaders of the U.S., to help us become the South Pacific hub from which U.S. engagement reaches out to our brothers, sisters, friends, and allies in these most strategically important Pacific Island nations. It is how we continue to win the hearts and minds of the people and the strategic support of their leaders.

Thank you for your time and consideration. I welcome further discussions about how American Samoa can play a key role in supporting the U.S.-led global security efforts among these strategically important Pacific Island nations.

---



## Western Pacific Regional Fishery Management Council

### Waning US Influence and Impacts to Major US Pacific Tuna Fisheries within the Western and Central Pacific Ocean (WCPO): A Call for a US Government Strategic Plan

#### Summary

For the small island developing States across the Pacific, fishery resources—particularly tuna—are often the greatest, if not the only, natural resource available to support their national development. As a result, engagement in the fisheries sector is seen by the Pacific Island States as a litmus test for the commitment of other States to support their development aspirations. The engagement of the United States in tuna fisheries across the Pacific has declined significantly in recent years. This is due to a variety of factors, including competition from highly subsidized fleets from China and other Asian nations; exemptions granted to other fleets (but not US vessels) from strict conservation and management measures under international management regimes; positions and policies of certain Pacific Island States that are wholly adverse to US interests (including by States receiving significant amounts of US economic assistance); and the lack of any concerted US strategy to combat these factors in favor of US interests.

The diminishing role of US fisheries in the Pacific has a range of adverse consequences including 1) economic consequences for the state of Hawaii and the US Pacific Territories of American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands; 2) waning US political and economic influence throughout the region; 3) weakening national security in the face of China's growing influence and presence across the Pacific; 4) conservation consequences for the species impacted by fisheries in the region, including protected and endangered species of marine mammals, sea turtles, and sea birds; 5) weakening of regional governance and rule of law; among others.

The greatest beneficiary of diminished US engagement and influence is China. China is actively implementing a specific set of policies, programs, and investments to expand its influence throughout the Pacific specifically focusing on the fisheries sector, recognizing that the Pacific Island States see their development aspirations tied as closely to the fisheries sector as the Middle East is to oil. If the United States is to effectively stem China's rise as a regional power across the Pacific, it must develop a more holistic, high-level strategy to reinforce and reinvigorate the US posture in the Pacific, using fisheries as the influential conduit. Such a strategy requires coordination across multiple federal departments and agencies, including the Departments of State, Interior, Commerce, Defense, and Homeland Security.

#### I. Overview of Competing Interests in the Pacific

In post-war years, the United States maintained a strategic geopolitical position among Pacific nations, much of which was brought about through foreign assistance and economic development in Pacific Islands. This strategic position helped advance the mutual interests between the US and those of Pacific Islands and Oceania nations, particularly with respect to national security which extended to fishery interests. Many of these Pacific Islands where the US had physical presence included its overseas possessions—which were to become US Territories (American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands, CNMI) and the Freely Associated States (Federated States of Micronesia, Republic of the Marshall Islands, and Palau). Since the Compact of Free Association in 1986, the United States has provided economic assistance through trust funds, defense, and other services or benefits to Freely Associated States (approximately \$270 million in 2020 obligations<sup>1</sup>). The Freely Associated States prove to be critical in negotiating fishery policy in the Pacific, as discussed in following sections. The United States also contributes foreign aid elsewhere throughout the Pacific, such as \$2 billion of its global \$51 billion 2020 aid obligations to be disbursed throughout Oceania and East Asia.<sup>1</sup>

While the US maintains a pivotal role with respect to foreign aid distribution and global security, the US seldom has its fishery interests supported the Pacific, which should serve as a litmus test for how the US is unable to advance its interests in the Pacific in a time when it needs to counter the influence of competing countries. Such an interest includes having a US catch limit for bigeye tuna commensurate with current capacity. Advancement of US fisheries interests in the Pacific are often stymied through disagreements with beneficiaries of US aid. US fisheries also

<sup>1</sup> USAID Foreign Assistance Data Dashboard, <https://foreignassistance.gov/>

operate with inherent disadvantage relative to other competing nations, most of which are also industrialized and are vying for influence in the Pacific. Many of these competing fishing nations rely significantly on subsidies, much of which are deemed ‘harmful’ towards sustainability which include capacity enhancing or fuel subsidies, whereas the majority of US fisheries subsidies were deemed ‘beneficial’ because they enhance conservation, research, and management.<sup>2</sup> 55% of global fishery subsidies originate from Asia, including China which invested the greatest amount in fishery subsidies—\$7.3 billion in 2018, of which 91–95% are deemed ‘harmful’.<sup>1</sup> This contrast may be apparent whereas the registry and fishery participation of Chinese flagged tuna vessels in the Pacific has increased dramatically over the last two decades.<sup>3</sup> The World Trade Organization vowed to move towards reducing harmful fisheries subsidies; however progress on this front has been delayed as of November 2021 with draft negotiation text still in circulation.<sup>4</sup>

China has contributed an unknown portion of its global 2020 contribution of \$4.8 billion in foreign aid to the Pacific region—to countries such as Kiribati, Solomon Islands, Papua New Guinea, and others that are supported by the United States as well. Policy analysts warn that much of this aid, as part of China’s *Belt and Road Initiative*, could lead to ‘debt-trap diplomacy’—a practice of issuing monetary or infrastructure assets in another country that cannot be reciprocated or repaid, thus creating leverage on that nation out of repercussion of having those assets seized. China’s presence in the Pacific challenges the posture of US (and of other nations) influence. Such a presence and revisionist approaches to erode alliances and partnerships have been noted by the US Navy and the *Tri-Service Maritime Strategy* as detrimental to US naval advantages and potentially degrading to free and open international order.<sup>5</sup> Recently in Kiribati and the Solomon Islands, China supplanted Taiwanese influence, restored, and strengthened diplomatic relations. In Kiribati, China drafted plans to develop a large airstrip and infrastructure that could be used for military purposes, which is of concern for US national security. Chinese influence for fishing access in Kiribati is purported to have driven a decision towards opening the world’s second largest marine protected area—the Phoenix Island Protected Area—adjacent to the EEZs of US Pacific Remote Island Areas (PRIAS).

Other Asian distant water fishing nations or entities (ADWFN), such as Korea, Japan, and Taiwan compete with the US through foreign aid, much of which is intended to influence fisheries specifically. For example, Japan’s Ministry of Foreign Affairs reported that Japan had provided \$172 million in grants to Federated States of Micronesia and \$233 million to Palau from 1980 to 2016, plus numerous other contributions and infrastructure projects to Pacific Island nations. The Japan Trust Fund and the Chinese Taipei Trust Fund contribute significant funds for fisheries development within the Western and Central Pacific Fisheries Commission (WCPFC).<sup>6</sup> Aid by ADWFN may be conditional on support for donor nations’ fisheries in international fora and negotiations. Fisheries are the economic common denominator and the largest shared commodity among all communities in the Pacific, including the ADWFN and the US alike.

## II. Overview of the Western and Central Pacific Fisheries Commission

Roughly 60% of the world’s tuna supply, including the majority of US-caught tuna, is under international management of the Western and Central Pacific Fisheries Commission (WCPFC), a regional fishery management organization (RFMO) that includes waters under US jurisdictions around Hawaii and the US Pacific Territories. The WCPFC was established by the international treaty, Convention on the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean. The treaty was ratified in June 2004, based off the 1995 U.N. Fish Stocks Agreement. The WCPFC serves the purpose *to ensure, through effective management, the long-term conservation and sustainable use of highly migratory fish stocks in the western and central Pacific*. This is achieved through a consensus-based approach to adopt resolutions and conservation and management measures (CMMs) for which members agree to abide.

The WCPFC, like other tuna RFMOs, assesses and reviews stocks through a scientific committee on an annual basis. The major tuna RFMOs manage the

<sup>2</sup>Sumaila, U.R., N. Ebrahim, A. Schuhbauer, et al. (2019). Updated estimates and analysis of global fisheries subsidies. *Marine Policy*, Vol. 109

<sup>3</sup>*Attachment—Informational Paper: The Rise of China in Pacific Tuna Fisheries*

<sup>4</sup>Godfrey, M. “WTO fishing subsidies agreement draft text sent to trade ministers, raising hopes of deal” *Seafood Source* November 29, 2021

<sup>5</sup>US Navy. 2020. “Advantage at Sea Prevailing with Integrated All-Domain Naval Power.”

<sup>6</sup><https://www.wcpfc.int/implementation-article-30-convention>

principal species which include tropical tunas (yellowfin tuna, bigeye tuna, skipjack tuna) and albacore stocks. The WCPFC is the only tuna RFMO for whereas these species are not overfished nor experiencing overfishing (Figure 1).

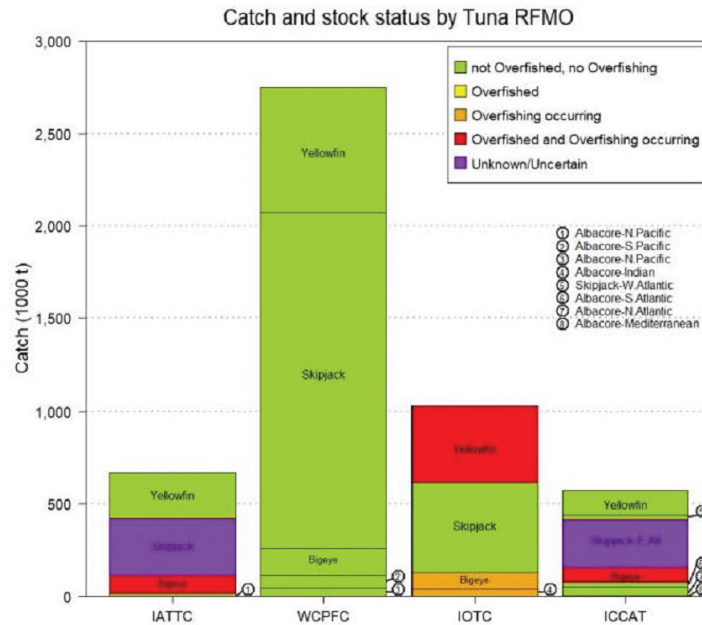


Figure 1—Comparison of catch volume and stock status between the WCPFC and other RFMOs: International Commission for the Conservation of Atlantic Tunas (ICCAT), Indian Ocean Tuna Commission (IOTC), and the Inter-American Tropical Tuna Commission (IATTC).<sup>7</sup>

Conservation and management is to be consistent with Articles of the WCPFC Convention Text, which include objectives and guidelines from incorporating principles related to best available science, precautionary approach, governance, WCPFC functions, compliance, enforcement, monitoring, cooperation with other organizations, and other guidelines. One of the most important and unique considerations of conservation and management within the WCPFC is the recognition of special requirements of small island developing states (SIDS) through reducing or preventing ‘disproportionate burdens’ that may affect them. SIDS may have inherent economic and political disadvantages relative to larger nations such as the US, Australia, New Zealand, or ADWFN; and SIDS may be more reliant on its marine resources within their jurisdictions (inside their respective EEZs). WCPFC members are to be cognizant that shared fishery resources managed under the WCPFC are highly migratory, and thus these resources move among and outside national jurisdictions, often into the high seas where SIDS may not have the capacity to access them. The US Participating Territories are also entitled to the same considerations and privileges as SIDS. American Samoa also has a special consideration the WCPFC must consider, in that it does not have direct high seas access from its own EEZ. There are salient concerns among WCPFC members that non-compliance to CCMs and threats from illegal, unreported, and unregulated (IUU) fisheries on the high seas disproportionately impact SIDS and Participating Territories. Cooperation with developing states, such as the SIDS, to combat IUU fisheries, promote safety at sea, and strengthen compliance are notable priorities of the US Coast Guard in its 2021 implementation plan.<sup>8</sup>

<sup>7</sup>Hare, et al. 2020. The western and central Pacific tuna fishery: 2019 overview and status of stocks. SPC Ocean Fisheries Programme. Noumea, New Caledonia, 2020.

<sup>8</sup>US Coast Guard. 2021. “Illegal, Unreported, and Unregulated Fishing Strategic Outlook and Implementation Plan”.

While the US has its own delegation to the WCPFC, each US Participating Territory is also recognized participant to the Commission, such that they may have their own delegation and thus attend and speak at Commission meetings on their own behalf. Having separate delegations consisting of the US and the three US Participating Territories also underscores the importance of the territories in negotiating mutual interests in the WCPFC and the need for US federal agencies work closely and in coordination with the US Participating Territories, particularly with improving relations with Pacific Island nations that may share cultural and economic commonalities.

### III. US Pacific Tuna Fisheries Operating in WCPO and their Hardships

US Pacific Tuna Fisheries in the WCPO include the Hawaii-based longline fishery, the American Samoa longline fishery, and the US purse seine fishery. The Hawaii longline fishery is a limited-entry two-sector fishery (capped at 164 vessels) that targets bigeye tuna and swordfish, operating predominantly on the high seas around the Hawaiian archipelago. The American Samoa longline fishery targets albacore, but fishes exclusively in the US EEZ around American Samoa. Both the Hawaii and the American Samoa fisheries operate using vessels less than half the size of competing foreign longline vessels with fewer crew, do not transship, and far exceed all mandatory observer coverage requirements.<sup>9</sup> Many regard the Hawaii and American Samoa longline fisheries as the gold standard with respect to compliance and monitoring within the WCPFC. The US purse seine fishery operates almost exclusively in waters between 10°S and 10°N, targeting skipjack tuna that supplies canneries in American Samoa and throughout the Pacific.

#### *Hawaii Longline Fishery*

The Hawaii longline fishery is recognized as a ‘fresh fish’ fishery, in that it packs bigeye tuna on ice for the purpose of consumption as poke and sashimi to supply the US market and Hawaii locally. The fishery is the most important domestically managed tuna fishery in the United States, supplying nearly 60% of the ex-vessel revenue of US-landed tuna fisheries, excluding canned tuna, and is the leading domestic US supplier of swordfish. The fishery contributes over \$105 million annually<sup>10</sup> in ex-vessel dockside revenue to Hawaii alone and is a significant component to the Hawaii economy, local culture, and food security. The Hawaii longline fishery has additional value in supporting thousands of jobs and supplying the local restaurant industry and vast tourism industry.

Despite the national importance that the Hawaii fishery has in the geopolitical footprint of the US in the Pacific, the US has been unable to negotiate a fair US longline catch limit for bigeye tuna that is representative of fleet capacity, historical production, and demand. At present the US has a longline bigeye tuna catch limit of 3,554 mt, which is the lowest catch limit for six countries with specified catch limits.<sup>11,12</sup>

At the 18th Regular Session of the WCPFC (WCPFC18) in December 2021, the US proposed increasing the US longline bigeye tuna catch limit by 3,000 mt, based on the rationale that a significant portion of catch remains unutilized by other members and such an increase would not undermine conservation objectives. The WCPFC Science Committee noted that the ‘temperate region’, which includes the region where the Hawaii fishery exclusively operates has some of the lowest levels of regional depletion and offered scientific advice with the goal to increase bigeye fishery yields but reduce any further impacts on the spawning biomass in the tropical regions.<sup>13</sup> The delegations of the US and US Participating Territories also submitted analyses further demonstrating that increases in US fishing privileges do not create disproportionate burdens for SIDS and may have positive benefits for SIDS and Participating Territories.<sup>14</sup> Despite scientific support and demonstrable evidence that an increase of US longline bigeye tuna catch would pose no conservation

<sup>9</sup> *Attachment—Uneven Playing Field for U.S. Longline Fleet within the Western and Central Pacific Ocean (WCPO)*

<sup>10</sup> Data from: WPRFMC Stock Assessment and Evaluation Reports, <https://www.wpcouncil.org/annual-reports/>

<sup>11</sup> *Attachment—Annual Western and Central Pacific Bigeye Tuna Longline Catch Limits Adopted by the Western and Central Pacific Fisheries Commission (WCPFC)*.

<sup>12</sup> WCPFC CMM 2021-01 Conservation and Management Measure for bigeye, yellowfin and skipjack tuna in the Western and Central Pacific Ocean

<sup>13</sup> WCPO Bigeye Tuna Stock Status and Management Advice, <https://www.wcpfc.int/doc/01/bigeye-tuna>

<sup>14</sup> Assessments under CMM 2013-06 for Proposed and Potential Provisions of a New Conservation and Management Measure for the Tropical Tuna Stocks, 18th Regular Session of WCPFC, WCPFC18-2021-TTM-DP09

risk or hardship to other members, the US was rebuked and was placed into a defense posture at WCPFC18. As a result, the US is to retain its catch limit through 2023.

#### *American Samoa Longline Fishery*

The American Samoa longline fishery has declined in participation and fishery performance since 2007, declining from over 5,000 mt catch to under 1,200 mt in 2020. In 2007, the ratio of Chinese to US catch South Pacific albacore was approximately 1:1. Since that time, Chinese catches of South Pacific albacore are over 20 times that of the US. In 2018, the WCPFC adopted an interim target reference point to increase biomass with the goal to increase biomass and resulting catch-per-unit effort (CPUE). WCPFC members have suggested a reduction in fishing effort in the South Pacific targeting the stock, noting that the stock has gradually declined and CPUE has declined even greater. Despite all of this, the stock is not overfished, nor experiencing overfishing. However, regional depletion in waters around American Samoa is the highest in a region comprised mostly of EEZs of Pacific Island States.<sup>15</sup> There is little to no chance of an interim target reference point for the stock being reached under status quo levels of catch and effort.<sup>15</sup> Therefore, there was a need for WCPFC18 to possibly revise the CMM 2015-02 for South Pacific albacore to encompass the entire stock distribution and develop harvest strategies. Unfortunately, the WCPFC18 made no progress on reducing catches towards a biomass target and instead was fixated on reducing catches on the high seas, while substantive level of catches are extracted from areas inside EEZs around American Samoa. Meanwhile, fishery performance and profitability for the American Samoa fishery continues to decline due to increasing disproportionate burden, despite being entitled to special consideration as a SIDS.

#### *US Purse Seine Fishery*

From 2018–2020 the US purse seine fishery caught and landed an annual average of 202,415 mt of tuna, of which on average of 78,879 was offloaded in American Samoa<sup>16</sup> to supply the local StarKist cannery in Pago Pago. Viability of the only remaining cannery is existential for the American Samoa economy and directly tied to the success of all American Samoa fisheries—including the American Samoa longline fishery. GDP of American Samoa dropped 18.2% from 2007 to 2019,<sup>17</sup> following closure of a cannery in Pago Pago. The remaining StarKist cannery needs assurance of product supply to maintain business. US purse seiners have been offloading on average of 39% of catch among all US-flagged vessels in Pago Pago from 2016–2020.<sup>13</sup> From 2005–2007, 76% of those vessels were offloading in Pago Pago.<sup>13</sup> While total tonnage has been relatively consistent, there is room to expand and increase the amount of product from US vessels offloading in Pago Pago as the amount of fish from US vessels offloading in foreign ports has increased.

However, from 2018 to 2021, the US purse seine fleet declined from 34 vessels to 13 vessels, considerably lower than the peak of US purse seine operations with 60 vessels in previous decades. Many of these vessels re-flagged from the US to avoid perceived stringent restrictions on allowable fishing effort on the high seas, access fees for US vessels under the South Pacific Tuna Treaty, and FAD closures. At WCPFC18, the US proposed recognizing US-flagged purse seine vessels that operate out of American Samoa as being eligible to benefits of SIDS. The idea was rebuffed and no progress was made to recognize these vessels.

The inability for the US to progress and advance its interests in the WCPFC will undoubtedly have negative consequences—not only on the economies of Hawaii and the US Pacific Territories, but also for conservation and management of marine resources. When US fisheries cannot contribute adequately to meet demands, they supplanted by foreign fisheries that do not have regulatory equivalencies to the Magnuson-Stevens Act, Endangered Species Act, Marine Mammal Protection Act, National Environmental Protection Act, and other applicable laws to that US fisheries are beholden to. Supplanting US fisheries would likely lead to higher catches of sea turtles, mammals, birds, sharks, and other species in loosely regulated foreign fisheries. These fisheries are often not as well monitored and do not have the level of monitoring and surveillance as US fisheries. Diminishing the relevance of US fisheries in the Pacific also diminishes the political capital of the US to advance conservation and management measures that benefit marine life.

<sup>15</sup> Reference Document for South Pacific Albacore for the Review of CMM 2015-02 and Development of Harvest Strategies under CMM 2014-06, 18th Regular Session of WCPFC, WCPFC18-2021-18

<sup>16</sup> Data provided by NMFS Pacific Islands Regional Office, Honolulu, HI

<sup>17</sup> Government Accountability Office, <https://www.gao.gov/products/gao-20-467>

#### IV. Dynamic Political Landscape in the WCPFC

The WCPFC political landscape is driven by blocs of likeminded participating members, either linked by geographical, cultural, or economic commonalities. The US is often dismissed by delegations at the WCPFC, likely due to animus towards the US that may be residual from unrelated or past disagreements. With Pacific Islands, the animus is likely predicated on the notion that the interests of Pacific Islands are counter to those of the US and the lack of progress (or perceived willingness) by the US to find common ground with those nations. In contrast, ADWFN, despite cultural or political differences, tend to find themselves in mutual agreement among one another with respect to conservation and management negotiations.

Most Pacific Island nations are generally unified by their membership to the Pacific Islands Forum Fisheries Agency (FFA). FFA members generally support interventions and negotiations by other FFA members. Eight Pacific Island nations comprise the Parties to the Nauru Agreement (PNA), which have specific interests regarding fishery management in the highly productive waters around the Equator.

To ameliorate any perceived or substantiated disproportionate burdens for SIDS in negotiating conservation and management, the FFA and PNA often promote a rationale to balance fishing effort and/or catch between waters within SIDS jurisdiction and waters on the high seas. Presumably, WCPFC members would utilize high seas waters or within their own jurisdiction at no access cost, but would access another nation's jurisdiction (such SIDS) at an associated cost. This rationale is referred to as 'zone based management'. US fisheries do not have access to most of the US EEZs in the WCPFC Convention areas due to establishment of Marine National Monuments and other closures, hence access to the high seas is important for the US. Zone based management is integrated in the WCPFC tropical tunas CMM through implementation of a vessel day scheme (VDS). Within the VDS, WCPFC members are limited to purse seine effort on the high seas, balanced with effort limits within member EEZs. WCPFC members are also subjected to seasonal restrictions on the use of fish aggregating devices (FADS) on the high seas and within EEZs. SIDS may declare registered vessels exempt from seasonal FAD closures on an annual basis.

This privilege of FAD exemptions for SIDS often comes with debate at the WCPFC, out of concern that these exemptions undermine conservation precaution for bigeye tuna without due diligence of scientific review or may be misused by partnering distant water nations. In 2020, nearly one third of purse seine vessels in the WCPFC had declared exemptions from FAD closures, including 14 Chinese-flagged purse seiners operating through agreements with Kiribati.<sup>18</sup> Meanwhile, US-flagged purse seiners are subjected to FAD closures, effort limits on the high seas, and may not have incentive to remain in the WCPFC Convention Area through the year in order to supply the American Samoa cannery.

Freely Associated States comprise three of the eight members of the PNA, which render the opportunity for the US and US Participating Territories to work towards mutual goals with these nations through the Compact of Free Association (COFA) and the Micronesia Island Forum. Through COFA, the US contributed ~\$170 million in 2019 to Free Associated States within a 20 year trust fund of \$3.5 billion. While the US does not presently identify closely with any group of WCPFC members, which can make it difficult to garner support or open dialogues that could be beneficial, Guam and CNMI are members of the Micronesia Island Forum. External to the WCPFC, the Micronesia Island Forum is an organization *which plans for, and enhances, the quality of life throughout its member states while preserving each states diverse culture*. Improving the relationship with the Freely Associated States can be critical to improving the positions of the US and the US Participating Territories and may reduce the overall animus towards the US.

#### V. A Path Forward and Need for a Strategic Plan

The diminishing role of US fisheries in the Pacific can have dire consequences on US food production for the Pacific Islands and local economies. This may be indicative of waning US geopolitical influence in the region, while the present is a point in time that strengthening US positions within the Pacific is critical to countering the influences of global competitors such as China. Congressional members have demonstrated interest on this issue with proposed legislation referred to House

<sup>18</sup>WCPFC Circular 2020/08, 3 August 2020: Notifications Relevant to Footnote 1 of CMM 2018-01

Foreign Affairs<sup>19</sup> and Senate Foreign Relations<sup>20</sup> Committees. The US Navy, US Coast Guard, and the Tri-Services Maritime Strategy identify threats to US influence and its sustained national security advantages<sup>5,8</sup> that could very well be resulting in part to inaction of US agencies to advance US fisheries in international fora. A more holistic, high-level strategy is needed to strengthen US interests in the Pacific, using fisheries as the influential conduit. Such a strategy requires coordination across multiple federal departments and agencies, including the Departments of State, Interior, Commerce, Defense, and Homeland Security.

A task force consisting of representatives from agencies within these federal departments need to design a roadmap for calculated actions each agency must take within a timeline in the next two years consistent with the current Administration. This task force may need to plan workshops and in-country visits. For example, Council had requested NOAA-NMFS to develop a workshop on zone-based longline management for WCPFC fisheries with cooperation with the Pacific Islands Forum Fisheries Agency. This task force could glean steps needed to assuage any disagreement or unrelated issues taken by Pacific Island countries. This may require numerous meetings of US Pacific Island stakeholders with decision makers in Washington DC. The end result must lead to increased US agency integration in the Pacific which will improve the US posture in the Pacific so it may achieve its goals for increased economic development, food security, and national security.

---

<sup>19</sup>H.R. 2967—BLUE Pacific Act. Introduced May 4, 2021 to the 117th Congress, 2021–2022.

<sup>20</sup>S. 1774—Honoring OCEANIA Act. Introduced May 20, 2021 to the 117th Congress, 2021–2022.

## ATTACHMENTS

**Informational Paper: The Rise of China in Pacific Tuna Fisheries**  
**February 2017**

**I. Introduction**<sup>1</sup>

China has experienced substantial growth of its fishing industry since the late 1970s with catches increasing from about 5 million tons to over 60 million tons. Historically, China's marine fisheries production was eclipsed by freshwater fisheries production and disrupted by political events such as the mid-1960s Cultural Revolution. In 2013, China's total fishery production reached 61.7 million tons, representing over one-third of the world's total fishery production. China's enormous fishing industry is supported by the world's largest fishing fleet, with nearly 200,000 marine (sea-going) fishing vessels and 2,460 distant-water (i.e., fishing on the high seas beyond China's EEZ) fishing vessels that fish on the high seas beyond China's EEZ.

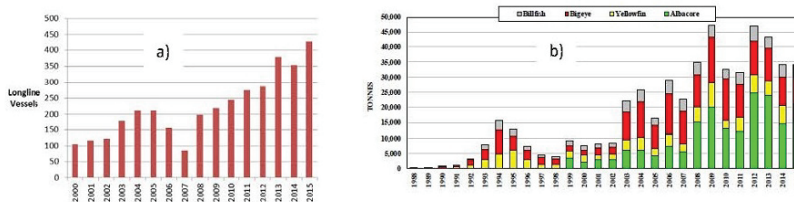
Apart from being the biggest fishery producer, China has also been being the world's leading exporter of fishery products since 2002. In 2013, China grossed USD 11.6 billion surplus from its external fishery trade.

**II. China's Tuna Fisheries in the Pacific Ocean**

Since 2000, there has been rapid growth in Chinese longline and purse seine fisheries operating in the Pacific Ocean targeting tuna.

*Longline Fisheries*

Chinese longline vessels target bigeye, yellowfin, and albacore tuna, and operate in both the high seas and national waters of Pacific Island countries. Significant increases in both number of vessels and catch have been observed since 2000 (Figures 1). In 2015, 429 Chinese-flagged longline vessels operated in the Western & Central Pacific Ocean (WCPO), catching over 35,000 mt of tuna and billfish. A significant component of the Chinese longline fleet is capable of landing ice-chilled and super-frozen tuna for various markets including sashimi (e.g. bigeye) and cannery (e.g. albacore). Chinese large scale longline vessels also operate in the Eastern Pacific Ocean (EPO), with observed increased catches since 2000 (Figure 3).

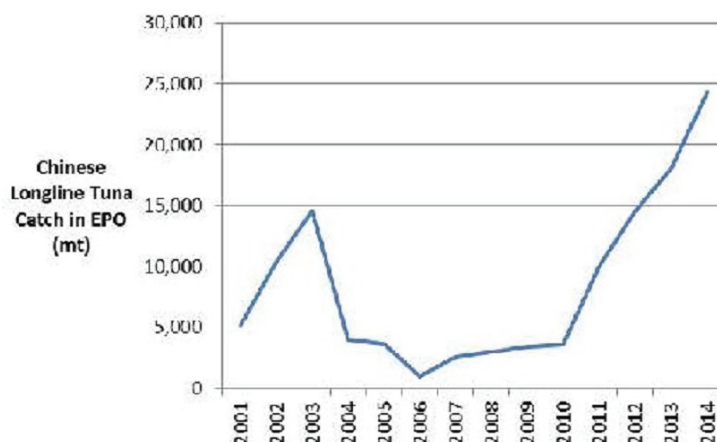


**Figure 1: a) Number of active Chinese-flagged longline vessels operating in the WCPO; b) WCPO catch of tuna by Chinese longline vessels**

Source: WCPFC 2016.

<sup>1</sup>This introductory section on China and its fisheries is freely adapted from a paper by Zhang Hongzhou (2015).

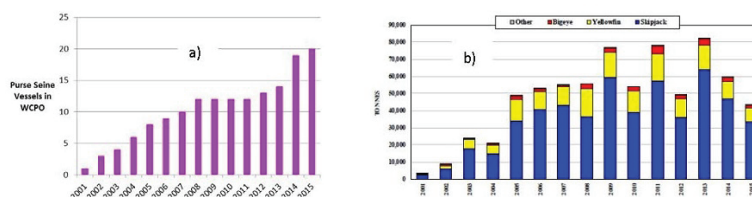




**Figure 2: EPO catch of tuna by Chinese-flagged longline vessels**  
Source: IATTC 2015.

#### *Purse seine Fisheries*

China has a growing purse seine fishery. In 2000, there were no Chinese flagged seiners operating in the WCPO, now there are 20. The WCPO catch of Chinese-flagged purse seine vessels in 2015 was 43, 236 metric tons. China's emergence in purse seine fishing has been coupled with significant investments in onshore processing facilities under development in Papua New Guinea, Federated States of Micronesia, Fiji, Marshall Islands, and Kiribati. Onshore investments are typically coupled to fishing access agreements to the EEZs of certain Pacific Island countries.



**Figure 3: a) Number of Chinese-flagged purse vessels operating in the WCPO; b) WCPO catch of tuna by Chinese purse seine vessels**

Source: WCPFC 2016.

### III. Chinese Government Subsidies<sup>2</sup>

China subsidizes its distant water tuna fleets to levels unmatched globally. In its 11th five-year plan (2006–2011), China's central government's 'going global' strategy was emphasized, as it announced that it intended to actively support domestic enterprises abroad. Part of this strategy includes a set of incentives and subsidies to continue expanding its distant water fleet. These include subsidies on fuel, vessel construction, preferential tax treatment and payment for access to other nation's EEZs (Table 1).

<sup>2</sup>The following section on China's subsidies for its fishing industry is freely adapted from paper by J. Ilakini and R. Imo of the Forum Fisheries Agency (2014).

**Table 1: Tax incentives and Direct Subsidies by the Chinese government to its distant water fleets**

Tax Incentives	Direct subsidies to the fishing industry
<ul style="list-style-type: none"> <li>• Corporate tax relief</li> <li>• Tax incentives to shipyards</li> <li>• Tariff cuts on imported equipment</li> <li>• Accelerated depreciation</li> </ul>	<ul style="list-style-type: none"> <li>• Fishery research, development and exploration and technology transfer</li> <li>• Fuel offsets</li> <li>• Access fees</li> <li>• Favorable industry loan rates</li> </ul>

Source: Ilakini and Imo 2014.

The extent and magnitude of the subsidies and other support given by the Chinese government to its DWF sector is significant and likely to provide the Chinese DWF with significant cost advantage over unsubsidized fleets. The extent of Chinese subsidies and tax incentives appears to be growing under each five-year plan. Operators of other fleets operating in the WCPO longline fishery feel that they may soon be rendered economically unviable due to their cost disadvantage.

#### **IV. Influence in Western and Central Pacific**

It is no coincidence that China's rapid growth in fisheries also coincided with its growing influence in Oceania. Since the early 2000s, China has been an aggressive player in Oceania in search of natural gas, minerals, fish, and other raw materials. China provides hundreds of millions of dollars in foreign aid to governments of Pacific small island developing states. In many cases, the aid includes infrastructure projects, which are constructed by Chinese firms employing non-local Chinese workers. There are numerous articles that describe China's increased interest in Oceania and its mounting influence over Pacific Island countries. See the following reference list for further reading.

#### **V. Competition with US fisheries**

Chinese longline vessels are supplying the same US markets that are supplied by US longline fleets operating out of Hawaii and American Samoa. Chinese vessels are also competing for fish on the same fishing grounds, often fishing side by side with Hawaii longline vessels on the high seas adjacent to the US EEZ around Hawaii.

#### **VI. Conclusion**

China's rapid growth in Pacific tuna fisheries since 2000 has served to overcapitalize fisheries and has led to stock declines in bigeye and albacore fisheries. Significant government subsidies for Chinese vessels lessen the impact of reduced catch rates, which allow Chinese vessels to outcompete fleets of other nations including the United States. The expansion of China into Pacific tuna fishing is undermining US influence in the region, and exacerbating our seafood trade deficit through the influx of Chinese caught tuna supplied to US markets.

#### **References**

- Hongzhou, Zhang. 2015. China's Fishing Industry: Current Status, Government Policies, and Future Prospects: a paper for the China as a "Maritime Power" Conference. July 28–29, 2015, CNA Conference Facility, Arlington, Virginia. 34 pages.
- Ilakini, J. and R. Imo. 2014. Fisheries subsidies and incentives provided by the Peoples Republic of China to the its distant water fishing industry. Prepared for the Forum Fisheries Agency. Honiara, Solomon Islands. 8 pages.
- IATTC. 2015. The fishery for tunas and billfish in the Eastern Pacific Ocean, 2015. Seventh Meeting of the Scientific Advisory Committee of the Inter-American Tropical Tuna Commission. May 9–13, 2016. La Jolla, California. 50 pages.
- WCPCF. 2016. Tuna Fishery Yearbook, 2015. Western and Central Pacific Fisheries Commission. Pohnpei, FSM. 149 pages.

**Further reading**

1. Feizkhah, E. 2001. How to win friends . . . Beijing is courting tiny Pacific nations. *Time International*. 157:22. 34 pgs.
2. Henderson, J. and B. Reilly. 2003. Dragon in Paradise. *China's Rising Star in Oceania*. *The National Interest*. 72. 94–104.
3. Tamara Renee Shie. 2007. Rising Chinese Influence in the South Pacific. *Asian Survey*. 47:2. 322.
4. Leitner, B. 2007. China's third wave, part II. The sinicizing of the South Pacific. *Asia Times*. April 18, 2007.
5. Wesley-Smith, T. 2007. China in Oceania. *New forces in Pacific Politics*. Honolulu. East-West Center. 14 pgs.
6. Lum, T. and B. Vaughn. 2007. The Southwest Pacific. US interests and China's growing Influence. *CRS Report for Congress*. 5 pgs.
7. Crocombe, R. 2007. *Asia in the Pacific Islands: replacing the west*. University of the South Pacific. 135 pgs.

***Uneven Playing Field for U.S. Longline Fleet within the Western and Central Pacific Ocean (WCPO)***

Issues	US Fleets	Competing Foreign Fleets
<b>WCPO Bigeye Tuna Longline Catch Limits in metric tons (mt)<sup>1</sup></b>	3,554 mt (lowest of nations with specified limits)	Japan: 17,765 mt; Korea: 13,942 mt; Chinese Taipei: 10,481 mt; China: 8,724 mt; Indonesia: 5,889 mt; Small Island Developing States: no limits
<b>Longline Fleet Size and Capacity Limits in WCPFC (September 2020)<sup>2</sup></b>	Hawaii-based: 145 longliners active, capped at 164 American Samoa-9 active, capped at 60	Japan: 420; Korea: 118; Chinese Taipei: 618; China: 506; Indonesia: 0.
<b>WCPO Average Longline Vessel Size (Tonnage, mt)<sup>2</sup></b>	82 mt	Japan: 182 mt; Korea: 410 mt; Chinese Taipei: 127 mt; China: 384 mt; Vanuatu: 454 mt; Average International Vessel: 221 mt
<b>WCPO Average Longline Vessel Crew Size<sup>2</sup></b>	6 crew	Japan: 15; Korea: 25; Chinese Taipei: 15; China: 19; Vanuatu: 24; Average International Vessel: 16 crew
<b>National Fishery Subsidies<sup>3</sup> ('Beneficial' subsidies in parentheses). Values in USD<sup>3</sup></b>	\$3.4B (\$2.2B in "beneficial" subsidies); \$21M/yr Tuna Treaty,	China: \$7.3B (\$434M); EU: \$3.8B (\$1.5B); Korea: \$3.2B (\$1.5B); Japan: \$2.8B (\$534M); Chinese Taipei: \$787M (\$69M). Chinese subsidies deemed to be 91-95% 'harmful'
<b>Reported 2019 Longline Fishery Observer Coverage<sup>5</sup> (minimum requirement is 5% in international waters)</b>	<b>By effort (hooks fished):</b> 18% <b>By trip:</b> 22.9% (deep-set), 100% (shallow-set)	<b>By effort (hooks fished):</b> China: 2.1%; Japan: 2.7%; Korea: 3%; Chinese Taipei: 7.4%; Indonesia: 0% <b>By days fished in international waters:</b> China: 5.3%; Japan: 6%; Korea: 11%; Chinese Taipei: 5.5%; Indonesia: N/A
<b>Reported 2019 WCPO Longline Transshipment Events<sup>5</sup></b>	None	China: 299, Japan: 249, Korea: 129, Chinese Taipei: 1,015
<b>Reported 2019 WCPO Longline Transshipment of Bigeye Tuna (mt)<sup>5</sup></b>	None	China: 6,339 mt, Japan: 187 mt, Korea: 8,357 mt, Chinese Taipei: 7,646 mt
<b>Import/Export of Tuna Products to/from United States in 2019 (in mt and USD)<sup>6</sup></b>	<b>Export Tuna:</b> 2,805mt, valued \$13.3 M <b>Export Bigeye tuna:</b> 64 mt, \$491K	<b>Import Tuna:</b> 282,777 mt, valued \$1.875B China: 3,025 mt; Korea: 2,304 mt; Japan: 1,371 mt; Chinese Taipei: 1,555 mt; Indonesia: 30,674 mt; Thailand: 105,514 mt; Vietnam: 39,155 mt; Philippines: 13,017 mt <b>Import Bigeye tuna:</b> 4,974 mt, \$35.5M

<sup>1</sup>WCPFC CMM-2018-01 Conservation and Management Measure for Tropical Tunas, Western and Central Pacific Fisheries Commission (WCPFC), [www.wcpfc.int](http://www.wcpfc.int)

<sup>2</sup>WCPFC Record of Fishing Vessel Registry, September 2020, [www.wcpfc.int](http://www.wcpfc.int)

<sup>3</sup>Sumaila, U.R., N. Ebrahim, A. Schuhbauer, D. Skerrett, Y. Li, H. S. Kim, T. G. Mallory, V.W.L. Lam, D. Pauly. (2019). *Updated estimates and analysis of global fisheries subsidies*. Marine Policy, Vol. 109

<sup>4</sup>16<sup>th</sup> Regular Session of the WCPFC Compliance Monitoring Report, December 2019, [www.wcpfc.int](http://www.wcpfc.int)

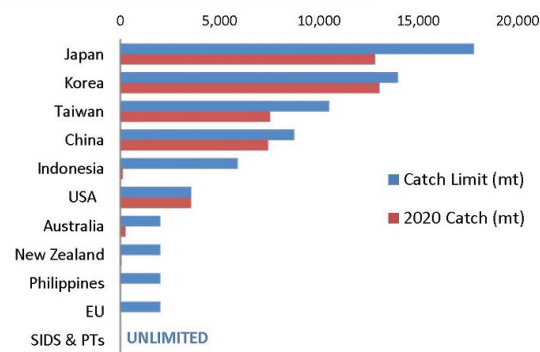
<sup>5</sup>16<sup>th</sup> Session of Technical and Compliance Committee of the WCPFC, September 2020, [www.wcpfc.int](http://www.wcpfc.int)

<sup>6</sup>NOAA Fisheries Foreign Fisheries Trade Data <https://www.fisheries.noaa.gov/national/sustainable-fisheries/foreign-fishery-trade-data>

**Annual Western and Central Pacific Bigeye Tuna Longline Catch Limits  
Adopted by the Western and Central Pacific Fisheries Commission (WCPFC).**

Catch Limit Allocations Adopted in 2018 (renewed in 2020, 2021) expiring at the end of 2023

Member States	2020 Catch (mt)	Catch limit (mt)
Japan	12,791	17,765
Korea	13,011	13,942
Chinese Taipei	7,519	10,481
China	7,416	8,724
Indonesia	122	5,889
USA	3,548	3,554
Australia	283	2000
New Zealand	50	2000
Philippines	0*	2000
European Union	30	2000
Small Island Developing States and Participating Territories	N/A	No Limit

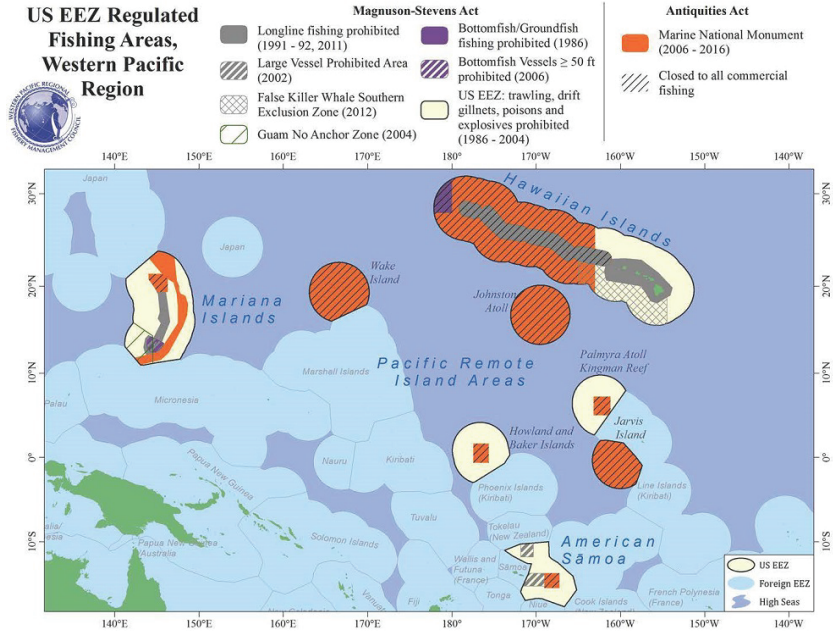


**WCPFC Members:** Australia, China, Canada, Cook Islands, European Union, Federated States of Micronesia, Fiji, France, Indonesia, Japan, Kiribati, Republic of Korea, Republic of Marshall Islands, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Philippines, Samoa, Solomon Islands, Chinese Taipei, Tonga, Tuvalu, United States of America, Vanuatu.

**Participating Territories (PTs):** American Samoa, Commonwealth of the Northern Mariana Islands, French Polynesia, Guam, New Caledonia, Tokelau, Wallis and Futuna

**Cooperating Non-member(s):** Ecuador, El Salvador, Liberia, Mexico, Panama, Thailand, Vietnam.

**SIDS:** WCPFC Members deemed "small island developing states"





## Submission for the Record by Vice Speaker Barnes from Guam

### TRANSSHIPMENT ON GUAM

By

Sissie Luo, Emory University

Patrick Wang, St. Mary's College of California

Chirag M. Bhojwani, Director of Policy and Communications, Office of Vice Speaker Barnes

Laurie Tumaneng, Chief of Staff, Office of Vice Speaker Barnes

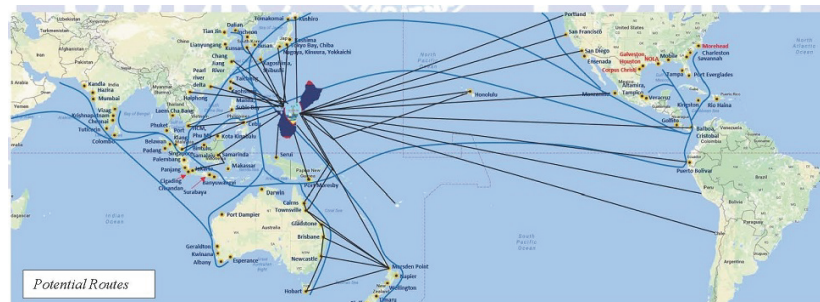
Dr. James Ji, Jr., PPI Advisor, Assistant Professor, University of Guam

#### Introduction:

The people of Guam are resilient. Having overcome world wars, centuries of colonization by three foreign oppressors, natural disasters, tragedies, as well as global pandemics—the people of Guam have been able to unite and rebuild. To address the economic devastation caused by COVID, the Guam Legislature recently passed Bill 2-36, which was signed by Governor Lourdes A. Leon Guerrero as Public Law 36-23 on May 12, 2021. Based on reports by global stakeholders, in order to withstand future economic disruptions, a policy response is needed to address supply chain vulnerabilities in a post-COVID era.

#### Guam's Capacity to serve as a Transshipment Hub

Guam's economy is primarily driven by three sectors—tourism, government spending, and defense spending. Guam's economy was thriving prior to the pandemic. However, COVID-19 has caused the economies and supply chains in Asia and the Pacific to suffer immensely. According to a white paper written by the Guam Chamber of Commerce titled *Proposed Economic Diversification Initiatives for Guam*, the contraction of production and consumption led to a “slowdown in maritime trade, reducing shipping demand and port traffic and turnover.” The proposed transshipment solution demands a coordinated regional response to ensure the smooth operation of global supply chains and the health and safety of shipping-related personnel. According to former Governor Carl Gutierrez, Bill 2-36 (LS) will close critical gaps in Guam's economic recovery.<sup>1</sup> This solution urges the participation of both governmental and private stakeholders to efficiently sell and gain rapid access to consumers within the Asian market.



According to the U.S. Department of Homeland Security, the maritime transportation system (MTS) is the “economic lifeblood of the global economy.” Moreover, Guam has the unique capacity of receiving more shipments in comparison to other ports in the Pacific. A notable advantage of the commercial port is its convenient access to the Antonio B. Won Pat International Airport, allowing major airlines to fly to cities in the mainland from Guam. Furthermore, the Port Authority of Guam has the ability to move containerized, break-bulk, and fresh fish cargo. Not only

<sup>1</sup> Gutierrez, Carl T.C. “Support for Bill 2-36 (LS), ‘Relative to Developing a Plan to Implement a Transshipment Industry Through the Creation of a Transshipment Task Force.’” Received by the Office of Vice Speaker Tina Rose Muña Barnes on 22 April 2021.

does Guam have easy access to manufacturing hubs in the Asia-Pacific supply chain, but its strategic location also allows the United States to secure the defense of the nation and protect its allies. Furthermore, Public Law 35-105 has enabled the Guam Customs and Quarantine Agency to efficiently improve its procedures through automation and update its manifest requirements. This will contribute to Guam's post-COVID recovery by transporting goods into the mainland at faster rates. Public Law 35-105 will also improve operational and cost efficiencies while digitization and automation ensure maritime transportation remains uninterrupted.

Notably, the COVID-19 pandemic has negatively impacted Guam's shipping and port sector. For example, the United Nations Economic and Social Commission for Asia and the Pacific report, published on September 30, 2020, indicated that "any significant disruption to the MTS can have devastating implications for the global supply chain, as well as America's National Security. Thus, maritime elements of the global supply chain are considered by Homeland Security to be critical assets and systems that must be protected."<sup>2</sup>

The transshipment task force can play an active role in reactivating the MTS. Additionally, Public Law 36-23 encourages the U.S. to maximize the potential of Jose D. Leon Guerrero Commercial Port and A.B. Won Pat Airport to protect the MTS from vulnerabilities caused by the pandemic. Public Law 36-23 would further diversify the economy and assist in Guam's post-COVID recovery by increasing the production and sale of Guam-made goods; creating thousands of new jobs; injecting the financial industry with much needed liquidity, credit, savings, and assets; producing new revenue streams; and controlling reverse logistics costs. It would also support a sustainable initiative of green packaging and contribute to efficient delivery systems.

#### **Regional Benefits:**

With tourism at a standstill, Guam is presented with an opportunity to rebuild an even stronger economy, capitalizing on new industries that have not been tapped. One such opportunity is to return to our roots and utilize Guam as a transshipment hub. According to a recent report by the International Finance Corporation (IFC), logistics can contribute greatly to a country's productivity and economic development. In fact, the cost of logistics as a percentage of GDP can be up to 25 percent in some developing economies. Investment and increased efficiency in the logistics and transshipment sector can boost competitiveness and stimulate economic growth in emerging markets.<sup>3</sup>

However, the global economy was greatly impacted due to logistical challenges as a result of COVID-19.<sup>4</sup> Supply chain disruptions have made a dramatic impact on competitiveness, economic growth, and job creation. When ports in China closed in response to the spread of COVID-19, a backlog of containers was created—impacting the production and movement of automotive, electronic, pharmaceutical, medical equipment and supplies, and consumer goods. While the IFC is unable to put an exact dollar amount on the losses as a result of port shutdowns, it is predicted that the economic recession will produce a second demand shock in the various industries that have been impacted. Companies of a smaller scale simply do not have the flexibility nor the resources to afford a backup plan. Companies of a larger scale, such as DHL, have declared their contracts *force majeure* because of unforeseeable circumstances that prevent someone from fulfilling a contract—essentially deeming all existing contracts null and void. The impact of this declaration has had a spill-over effect on ports, workers, landlords, and suppliers across the world.

These sentiments were reinforced by the United Nations Economic and Social Commission for Asia Pacific (UNESCAP). In their report, UNESCAP translated these challenges to represent the repercussions in the Asia Pacific Region.<sup>5</sup> For many of the smaller Pacific Island nations, one ship a week may be all that services the population—limiting the amount of food and supplies that are available for the local population. Not only is the ability to survive jeopardized but exports of raw material and agriculture are discontinued, cutting off economic activity for these small populations.

<sup>2</sup>United Nations ESCAP. COVID-19 and Its Impact on Shipping and Port Sector in Asia and the Pacific. Tech. Washington, DC: United Nations, 2020. Print.

<sup>3</sup>International Finance Corporation. The Impact of COVID-19 on Logistics. Tech. Washington, DC: World Bank Group, 2020. Print.

<sup>4</sup>International Finance Corporation. The Impact of COVID-19 on Logistics. Tech. Washington, DC: World Bank Group, 2020. Print.

<sup>5</sup>United Nations ESCAP. (2020). Transport and trade connectivity in the age of pandemics U.N. solutions for contactless, seamless and collaborative transport and trade. *COVID-19 AND ITS IMPACT ON SHIPPING AND PORT SECTOR IN ASIA AND THE PACIFIC*.



Both the IFC and UNESCAP agree that a plan is needed to avoid the same economic devastation in the next pandemic. Lessons from this disaster serve as a guidebook for the future. These recommendations include an increased hybrid air and sea cargo capability, restructuring of the global supply chain to be further spread out, and expansion of digital services within the shipping industry. Guam has recently updated its decades-old law requiring a physical manifest of each cargo ship—the first step to modernizing its procedures at the port.

As stated in the Guam Business Opportunities Report, Guam offers attractive business opportunities for private sector firms from various industries.<sup>6</sup> The island benefits from a duty-free exemption for goods entering the continental U.S. Additionally, Guam laws already allow for tax rebates and exemptions for investors who choose to invest in Guam. With these tax benefits, as well as the protection of the U.S. Military and the political stability that it brings with it, Guam has a chance at tapping into this new industry. Furthermore, Guam is home to the largest deep-water port in the Asia Pacific, which is ranked 55th in the world for its military and economic importance and handles, on average, about two million tons of cargo a year. “*Port Strong*” is more than a motto for the Port Authority of Guam—it is a testament to the capabilities of the *CHamoru* people.

Guam can take advantage of its geographical location to serve as a technology hub to return to a state of pre-COVID prosperity. With nearly every industry shifting its services online, this has created congestion in the existing technological infrastructure. When a consumer accesses data virtually, such requests travel in submerged submarine fiber optic cables to the respective servers where information is stored. With a global demand to access information on-demand, the island’s location as a bridge between the east and the west makes Guam a favorable candidate as a global tech hub. Creating a technology-hub in the Guam and Mariana Islands archipelago will render lucrative employment for our people.

**Conclusion:**

Transshipment provides a significant improvement for the people of Guam and its economy. Guam’s geographical and political-strategic location within the Asia Pacific represents a vital component to not only U.S. military logistics and operations but also an active role in serving as a manufacturing hub in the Asian market. While the challenges caused by the pandemic have created a need to establish Guam as a strategic hub for shipping for the area, the island is positioned for export-import businesses to capitalize on the benefits and import duties for U.S.-flag jurisdictions. The cost of living on Guam would be lowered as Guam acts as an intermediary location for the shipment of goods while at the same time improving the livelihoods and economic prosperity of the entire region.




---

<sup>6</sup>Kulik, N. & Maruska, K. (2007). Guam Business Opportunities Report. Prepared for the United States Department of the Interior Office of Insular Affairs.