

[Cleo Paskal](#)

President Panuelo gives extraordinary detail on PRC political warfare in FSM and the terms of the offer to switch from Beijing to Taipei. "I am acutely aware that informing you all of this presents risks to my personal safety; the safety of my family; and the safety of the staff I rely on to support me in this work."

After the recent elections, President Panualo has only two months left in the job. They will be crucial for the region, and beyond. Some excerpts from his letter.

It is on this basis that Political Warfare and Grey Zone activity occur within our borders; China is seeking to ensure that, in the event of a war in our Blue Pacific Continent between themselves and Taiwan, that the FSM is, at best, aligned with the PRC (China) instead of the United States and, at worst, that the FSM chooses to "abstain" altogether.

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

[W]hen Vice President Palik visited Kosrae, he was received by our friends Da Yang Seafoods. Our friends at Da Yang have a private plane, and they arrived in Kosrae (along with several senior FSM government officials) on a private plane. Our friends told the Vice President that they can provide him private and personal transportation to anywhere he likes at any time, even Hawaii, for example; he only need ask.

[I]t is not a coincidence that the common thread behind the Chuuk State succession movement, the Pohnpei Political Status Commission and, to a lesser extent, Yap independence movement, include money from the PRC and whispers of PRC support. (That doesn't mean that persons yearning for secession are beholden to China, of course - but, rather, that Chinese support has a habit of following those who would support such secession).

At worst in the short-term, it means we sell our country and our sovereignty for temporary personal benefit. At worst in the long-term, it means we are, ourselves, active participants in allowing a possible war to occur in our region, and very likely our own islands and our neighbours on Guam and Hawaii, where we ourselves will be indirectly responsible for the Micronesian lives lost.

In February 2023, I met with the Honourable Joseph Wu, Foreign Minister of Taiwan.

[For what happened next, read the letter.]



The President
Talikir, Tohnppei federatedStates ofMicronesia

March 9, 2023

T.H. Wesley W. Simina Speaker,
FSM Congress

T.H. Reed B. Oliver
Governor, Pohnpei State Government

T.H. Marvin T. Yamaguchi Speaker,
Pohnpei Legislature

T.H. Alexander R. Narruhn
Governor, Chuuk State Government

T.H. Arno H. Kony
President, Chuuk House of Senate

T.H. Lester Danny Mersai
Speaker, Chuuk House of Representatives

T.H. Charles Chieng
Governor, Yap State Government

T.H. Nicholas Figirlaarwon
Speaker, Yap State Legislature

T.H. Tulensa W. Palik
Governor, Kosrae State Government

T.H. Semeon Phillip
Speaker, Kosrae State Legislature

My Dearest Speaker Simina & Members of the 22nd FSM Congress, Governors of our FSM States,
and Leadership of our FSM State Legislatures,

At the outset, I bring you warmest greetings from your capital of this Paradise in Our Backyards,
Palikir, the Federated States of Micronesia. I wish you all the greatest of health, and hope that my
letter finds you well.



Speaker Simina: as you know, prior to the election I spoke with you about preparing a letter to you in the interest of administrative transition. I write to you today to discuss a topic of significant importance to our country and under that framework of transition. Now that our elections have concluded, I have reflected that there will be a new administration to take the reins of leadership and continue the important work of taking actions today for our Nation's prosperity tomorrow. I have publicly committed towards a peaceful transition of power. That commitment remains firm and unshakeable, and I further commit through this letter a promise that, prior to the new administration taking power on May 1 Ith, 2023, I will write to you all on several matters of importance and within the purview of your Executive Branch.

Many of these matters I will begin briefing you on will be domestic in nature, and will serve as briefings prior to our State & National Leadership Conference in April, 2023. By necessity, however, some of these matters will also be on foreign affairs and foreign policy—inclusive, for example, of the FSM's current role as Chair of the Pacific Islands Conference of Leaders (which is comprised of twenty Pacific Island jurisdictions); as Chair of the Micronesian Presidents Summit (the political organ of all the five sovereign Micronesia Presidents); the status of the Micronesian Islands Forum (the political organ of four sovereign Micronesian countries, each FSM State, Guam, and the CNMI); the conclusion of negotiations on the Compact of Free Association; and more. It is on that latter-topic of our foreign affairs and foreign policy that I seek your kind attention today.

Our foreign policy is often distilled into the following two points. The first—the FSM is a friend to all, and an enemy to none. The second—the FSM extends to all peoples and nations that which we seek: peace, friendship, cooperation, and love in our common humanity. Over the course of my administration, I have sought to uphold this foreign policy, which is elegant in its simplicity and inspirational in its decency.

There is, however, a weakness—a vulnerability, if you will—in our foreign policy as described above, my dear Speaker and Leaders. Our foreign policy assumes that those we encounter have good intentions and mean us well, and that other countries are either friends we haven't yet met or friends we've established meaningful partnerships with. I should emphasize that, on the whole, this is the right attitude for us to take, as it is noble in heart. But it also presents an opening that, if not watched for, and if not managed, could allow the sovereignty that we jealously guard to chip away before our own eyes.

I believe that our values are presently being used against us, as Micronesians, and against our national interest, by persons who would, and who do, seek to use us so as to achieve a larger objective of their own. The object of my letter, then, this briefing, is to describe what we are seeing and what we know; to show how what we know and what we are seeing is a problem for our country; and, then, to offer a proposal for our collective consideration.



I would first like to begin by discussing what we are seeing in the context of our country, but to do so requires defining a couple of terms, as they are likely to be new to many of us. The terms are "Political Warfare" and "Grey Zone."

Political Warfare is the use of all means at a nation's command, short of war, to achieve its objectives. Political Warfare can include overt activity (e.g. political alliances, economic measures, public propaganda) and covert activity (e.g. secret support to friendly elements, bribery, psychological warfare, and blackmail), including cyber-attacks by taking advantage of any system vulnerabilities. Many of these activities operate in the "Grey Zone."

Grey Zone activities are defined by being below the threshold for a nation to respond to with force, and are otherwise difficult to handle by "normal" means. Grey Zone activity is, collectively, a blurry set of activities that can be hard to distinguish from "normal" until it is too late, with an element of rule-breaking and with the aim of achieving a strategic objective. Grey Zone conflicts involve the purposeful pursuit of political objectives through carefully designed operations; a measured, possibly prolonged, movement towards these objectives (rather than seeking decisive results within a specific period); acting to remain below key escalatory thresholds so as to avoid war until the "right time"; and the use of all the instruments of national power, particularly nonmilitary and non-kinetic tools.

Simply put, we are witnessing Political Warfare in our country. We are witnessing Grey Zone activity in our country. Over the course of my administration, the scope has increased, as has the depth, as has the gravity.

I appreciate, my dear Speaker and Leaders, that these are astounding suggestions. They are precisely the sort of suggestions that require—demand, even—an explanation. I will now provide numerous examples of this but, before I do, it is worth taking this moment to emphasize an essential piece of information.

It is a matter of intelligence, gleaned from the now public PRC whitepaper, that President Xi Jinping has instructed the People's Liberation Army to be prepared for an invasion of Taiwan by 2027. We do not know that the PRC will invade at that time, or any other time; but we do know that the PRC intends to be prepared for the invasion by that time. We further know that the FSM has a key role to play in either the prevention of such a conflict, or participation in allowing it to occur. It is on this basis that Political Warfare and Grey Zone activity occur within our borders; China is seeking to ensure that, in the event of a war in our Blue Pacific Continent between themselves and Taiwan, that the FSM is, at best, aligned with the PRC (China) instead of the United States, and, at worst, that the FSM chooses to "abstain" altogether.

Now that we have defined Political Warfare and Grey Zone activity, let's review examples of this as it occurs within the FSM.



One example is with regards to the conduct of "research vessel" activity in our ocean territory and Exclusive Economic Zone. You may recall having heard about an alleged weather balloon over the United States of America earlier this year; while it is plausible the balloon did record some basic weather data, such as temperature and windspeed, it is known that the balloon was used for the conduct of espionage on U.S. territory, security installations, and assets. That same basic premise is what we have seen in the FSM, only on our seas instead of in our air, and with ships instead of balloons. The weather balloon in the United States was a disguise for espionage; research vessels in our ocean territory are likewise disguised to hide espionage. We are aware of PRC activity in our Exclusive Economic Zone whose purpose includes mapping our maritime territory for potential resources, and mapping our territory for submarine travel-paths. We are aware of PRC activity in our Exclusive Economic Zone whose purpose includes communicating with other PRC assets so as to help ensure that, in the event a missile—or group of missiles—ever needed to land a strike on the U.S. Territory of Guam that they would be successful in doing so. When we sent our own patrol boats to our own Exclusive Economic Zone to check on PRC research vessel activity, the PRC sent a warning for us to stay away.

That is why I initiated a total moratorium on PRC research vessel activity in the FSM.

One example is with regards to a proposed Memorandum of Understanding on "Deepening the Blue Economy." Allegedly framed to support our mutual efforts in the work of Blue Prosperity Micronesia and the resulting Marine Spatial Plan for the FSM, the MOU as designed included a number of serious red flags. Amongst these red flags included that the FSM would open the door for the PRC to begin acquiring control over our Nation's fiber optic cables (i.e. our telecommunications infrastructure) as well as our ports. Both our fiber optic cables and our ports are strategic assets whose integrity is necessary for our continued sovereignty. To be clear: the entire reason the East Micronesia Cable Project, for example, is funded by the United States, Australia, and Japan, is because of the importance of secure telecommunications infrastructure free from potential compromise.

I had advised our Cabinet that we would deny the Deepening the Blue Economy MOU in June of 2022. The issue was brought up again by the PRC-side, and in December 2022 I learned that we were mere hours from its signing. I put a halt to that MOU, and formalized, in writing, our permanent rejection of it. The evening that I relayed our rejection of the MOU, Ambassador Huang Zheng had his farewell dinner with Secretary Kandhi Elieisar. The Ambassador suggested to the Secretary that he ought to sign the MOU anyway, and that my knowing about it—in my capacity as Head of State and Head of Government—was not necessary. To say it again: the same Ambassador who relentlessly shouts that the PRC does not interfere in the governance of other countries was himself actively attempting to interfere in our country's governance, so as to accomplish his mandate beneficial to the PRC but not to the FSM. (It may not be surprising that the PRC Special Envoy, Qian Bo, pushed this MOU again during his recent visit to our country.)



One example is with regards to the proposed replacement for Ambassador Huang, Mr. Wu Wei. Mr. Wu is the Deputy Director General for the Department of External Security Affairs at the Ministry of Foreign Affairs. While his curriculum vitae included this information, it failed to include any amplifying information—such as his duties in that capacity; his work experience in previous capacities; or his educational background, such as what university he went to and what he majored in. When pressed for such amplifying information, the PRC Embassy provided little, describing that Mr. Wu's focus was on terrorism. It was through our own investigatory work that we learned of Mr. Wu's work experience as it relates to the use of clandestine PRC police offices, i.e., secret police, seen in countries such as Canada and Australia.

We understand that Mr. Wu would, upon his arrival, be given the mission of preparing the FSM to shift away from its partnerships with traditional allies such as the U.S., Japan, and Australia. We know that Mr. Wu would expand PRC security activity, awareness, and interest in the FSM. I know that one element of my duty as President is to protect our country, and so knowing that: our ultimate aim is, if possible, to prevent war; and, if impossible, to mitigate its impacts on our own country and on our own people. So, I declined the Ambassador-designate his position. I instructed the Department of Foreign Affairs to inform the PRC that we expect their Ambassador to focus on technical and economic cooperation, and no further than that. As of the time of this letter, the PRC has not responded—formally or informally—to that rejection, though they have spoken with some of our senior officials and elected leaders to note that they're simply awaiting the new President to take power so Mr. Wu can become the Ambassador of China to the FSM.

A common theme that the next several examples include is that the word "no" is scarcely, if ever, taken as the final word. On approximately six occasions within six months, it has been brought to my attention that the PRC would like to utilize charter flights—allegedly so as to bring in the necessary workers to complete various projects, such as the National Convention Center. On each occasion I have made it clear the answer is "no"—it is essential, rather, that these workers arrive via international commercial carriers such as United Airlines. The response is often the same; getting to the FSM via United means that their workers require U.S. visas, and the paperwork to acquire them is allegedly laborious and time-consuming. Maybe that is true; but what is also true is that having persons arrive in our country via Guam or Hawaii gives each of us a layer of added protection. It is a matter of public information that the PRC has used prisoners and other forms of servant-labor in projects through ChinaAID; and it is further the case that the FSM is not equipped with the necessary detection and screening tools and capacity to discern if a particular incoming person is, say, truly an engineer, or someone else altogether.

That itself isn't a small matter, either. You can imagine my surprise when I was followed this past July in Fiji during the Pacific Islands Forum by two Chinese men; my further surprise when it was determined that they worked for the Chinese Embassy in Suva; my even further surprise when it was discovered that one of them was a PLA intelligence officer; and my continued surprise when



I learned that I had multiple Cabinet and staff who had met him before, and in the FSM. To be clear: I have had direct threats against my personal safety from PRC officials acting in an official capacity.

Perhaps of even greater interest, when it comes to that question of who comes into our country and what do they want, is as it relates to China's new Special Envoy for the Pacific, Qian Bo. Ambassador Qian was formerly the Chinese Ambassador to Fiji—and by extension was the one responsible for authorizing the two Chinese to follow me in Suva, and to observe U.S. Vice President Kamala Harris' address at the Pacific Islands Forum despite their lack of accreditation to be in the room at the time. It is not a coincidence that China chose Ambassador Qian to be the Special Envoy, nor is it a coincidence that the FSM was the first country the Ambassador was chosen to visit. (Is it a coincidence that our own Executive Branch failed to provide me information in time so as to allow me to gestate on whether or not to approve the visit in the first place? We'll come back to this later in this briefing).

Ambassador Qian also would have been present during the 2nd China-PICS Political Dialogue. That itself is noteworthy insofar as that was the public meeting where the FSM Government found itself represented not by myself or a Cabinet member or even a member of our Foreign Service—indeed, not by anyone in our Government at all but, rather, a private citizen named Mr. Duhlen Soumwei. I said to the PRC that we would not have formal representation at the meeting, and the PRC went to the extent of taking one of our citizens and then publicly having that citizen formally represent us. To say it again: China has established a precedent of taking our private citizens in multilateral meetings to formally represent our country without our Government's awareness or approval thereof.

If the above is shocking or concerning, bear with me as I provide another example. In October of 2021 the FSM joined the first China-PICS Foreign Ministers Meeting. It was clear from the outset that something was awry; I noticed, for example, that the draft remarks for our Secretary's delivery included frequent requests and references to proposals that nobody in our country had discussed beforehand. For example, it was suggested that the Secretary request a Free Trade Agreement with China. A Free Trade Agreement, on its face, isn't necessarily a bad idea (nor a good idea); but it certainly wasn't something that we had discussed internally in any form or fashion. I instructed that our remarks focus on asking China to work with the United States in combatting Climate Change.

Towards the conclusion of the first China-PICS Foreign Ministers Meeting, it became clear that the proposed Joint Communiqué was laced with several problematic layers of statements that we as, as nation, had not agreed to. For example, there were references towards establishing a multitude of offices that our Government wasn't aware of, some of which could seem benign or harmless (such as the Disaster-Risk Reduction Cooperation Center, which opened this February 22nd, 2023—and whose formal functions continue to elude me despite the FSM flag flying at the



opening ceremonies). Regardless, the FSM requested that countries receive more time to review the Joint Communique before it went out. We were not alone in this, I should add—former Prime Minister Josaia Voreqe Bainimarama of Fiji said the same, as did Premier Dalton Tagelagi of Niue. Instead, however, our requests were unheeded, and China immediately published the Joint Communique inclusive of remarks, which were false, that the FSM and the other Pacific Island Countries had agreed to it, which, in our case, we hadn't; and that first China-PICS Foreign Ministers Meeting was of course later cited to be the foundation for the second China-PICS Foreign Ministers Meeting. That theme continues: the FSM says "no", and our sovereignty is disrespected with the PRC saying we have achieved a consensus when we have not.

I should emphasize that instances of Political Warfare and Grey Zone activity in the FSM need not be focused strictly on the most exciting geopolitical affairs. Malign or harmful influence can also be, and often is, banal, i.e., boring and unexciting. While I would be foolish to not explicitly recall China's suggestions in February 2020 that the novel coronavirus wasn't dangerous and so the FSM should open its borders to Chinese citizens and workers, including the frequent calls to my personal phone number from Ambassador Huang at the time, the example I wish to cite now is regarding COVID-19 vaccines.

You will recall that it was January 31st, 2020, when the FSM refused entry to any person coming from a country that had one or more positive cases of COVID-19 (then described as the novel coronavirus) and that, for practical purposes, we referenced Guam and Hawaii as being separate from the rest of the United States. We closed our borders because we had good intelligence indicating a temporary, yet striking, societal collapse, inclusive of massive amounts of human suffering. The panacea or cure we needed was the COVID-19 vaccine.

The FSM received its first doses of COVID-19 vaccines in December 2020 (even prior to the U.S. State of Hawaii, in fact), and we received more than enough vaccine for every person in the country. Scientific evidence suggested that the Moderna and Pfizer vaccines were superior to all others, followed by the Johnson & Johnson vaccine. The various Chinese vaccines e.g. Sinopharm and Sinovac were, by contrast, not particularly effective in comparison. Considering that our country already had arguably the healthiest supply of vaccines of any jurisdiction in the world; that the vaccines we possessed were the most effective available; and the danger that community spread still posed to our communities at the time; the FSM National Government chose to only allow our citizens to use those three vaccines. It was a medical decision, based on science and with the intent of protecting our population. That wasn't good enough for China.

China was on a quest for countries around the world to approve its vaccines, even though they weren't particularly effective. In the FSM's context, we explicitly told them about a half a dozen times—or, at least, that would be how many times I instructed my Cabinet to relay such instructions—and, yet, the issue kept appearing in COVID-19 Task Force meetings.



On October 14th, 2021, I relayed the final instruction that the FSM will not accept the Chinese vaccines. "Let's be clear," I said, "Foreign Affairs will prepare a letter to say 'no' to the China vaccines. Our answer should be very clear that, while we appreciate the offer, the answer is no because we have more than enough vaccines." In November, 2021—after the Secretary of Health and the Secretary of Foreign Affairs and myself had changed cellphone numbers due to incessant calls from Ambassador Huang—the FSM signed an agreement that we accept the Chinese vaccines. We included various stipulations, such as that they were to be used only for citizens of China in the FSM; but that wasn't what China wanted. What China wanted was for the FSM to be on the list of countries they could publicly promote as having accepted their vaccines. China got exactly what it wanted.

Another example is in December of 2021. During approximately the same timeframe that the Western & Central Pacific Fisheries Commission (i.e. the Tuna Commission) was having its annual meetings, China invited Pacific Island Countries to join a virtual meeting to come up with an outcomes document called the Guangzhou Consensus. At the Tuna Commission meetings, China was noteworthy for being the principal actor in rejecting a consensus from being reached on a core issue: should vessels that engage in illegal fishing be forever identified as IUU vessels? China's suggestion was "no"—no they shouldn't be. But one of the key outcomes of the Guangzhou Consensus (which itself was a successor to the first China-PICS Foreign Ministers Meeting whose outcome documents our country didn't approve before publication) is that China would work with the Tuna Commission to tackle IUU fishing. This is in addition, of course, to the "establishment of an intergovernmental multilateral fisheries consultation mechanism as a supplement to the existing mechanism."

I can recall, at the time, the advice of our Cabinet. "The agreement is sufficiently broad and vague," they said; "the agreement is not legally binding," they said. But with China, to be broad and to be vague is a threat—not a success. And just because something is not technically legally binding doesn't mean you won't find yourself beholden to it. One must merely look at Djibouti, which thought itself the recipient of a new port that quickly became a PLA Navy base; Zambia, which has seen China take ownership of its public utility systems; Uganda, which has seen China take ownership of its only airport—for both commercial and military uses; Ethiopia, which has seen China take ownership of its mass transportation system; Sri Lanka, which has seen China take ownership of its key ports. If these locations seem so foreign to us, I'll remind you that they too began with documentation very similar to the Deepening the Blue Economy MOU I rejected in December 2022. We maintain our sovereignty, so far, out of vigilance—not for any other reason.

That's one of the many reasons I rejected the Common Development Vision, which was the core outcomes document of the 2nd China-PICS Foreign Ministers Meeting. I have already written extensively on that document to our brothers and sisters in the Pacific Islands Forum. While I attach to this briefing a copy of that letter for your information, some of the core concepts included China wanting to possess ownership of our ocean resources, and to create a Marine Spatial Plan



for its own uses such as for deep-sea mining; control of our fiber optic cables and other telecommunications infrastructure, which would allow them to read our emails and listen to our phone-calls; to possess ownership of our immigration and border control processes, for the use of biodata collection and observation; and to create sweeping security agreements with our country and our region.

All of this, taken together, is part of how China intends to form a "new type of international relations" with itself as the hegemonic power and the current rules-based international order as a forgotten relic. That's a direct quote, I should emphasize—a "new type of international relations"—and an explicit goal on behalf of China from the Common Development Vision.

By this point, my dear Speaker and Leaders, I can only imagine that I have provided enough examples to demonstrate my core message for my first main idea: the FSM is an unwilling target of PRC-sponsored Political Warfare and Grey Zone activity.

Those who desire more examples, and more detail, are invited to reach out to me; we will schedule a briefing. In my love and unquestionable patriotism for the Federated States of Micronesia, I have made it a point to ensure that no stone is unturned in ensuring that the Office of the President is provided with reliable and complete information, and that I receive information from as many credible sources as possible. That includes, my dear Speaker and Leaders, our Nation's own Information & Intelligence Service (IIS), which I created by Executive Order, and which I intend, and hence recommend, that we institutionalize beyond my administration through appropriate legislation. Awareness of this Service's existence is provided as information to other Leaders, and extensive discussion on how it can be useful for the next administration is, I hope, a topic of discussion between myself and the four At-Large Senators-Elect who are equally eligible to become the next President and Vice President.

Now let us discuss more why Political Warfare is a problem for our country.

One of the reasons that China's Political Warfare is successful in so many arenas is that we are bribed to be complicit, and bribed to be silent. That's a heavy word, but it is an accurate description regardless. What else do you call it when an elected official is given an envelope filled with money after a meal at the PRC Embassy or after an inauguration? What else do you call it when a senior official is discretely given a smartphone after visiting Beijing? What else do you call it when a senior official explicitly asks Chinese diplomats for televisions and other "gifts"? What else do you call it when an elected official receives a container filled with plants and other items? What else do you call it when an elected official receives a check for a public project that our National Treasury has no record of and no means of accounting for?



This isn't rare. This happens all the time, and to most of us—not just some of us. It is at this point that I relay, simply as a point of information, that 39 out of 50 Members of Parliament in Solomon Islands received payments from China prior to their vote on postponing elections that were otherwise scheduled for this year. Have you personally received a bribe from the PRC? If the answer is "no", you are in the minority. That is why I am submitting proposed legislation on money laundering, disclosure, and integrity requirements for Congress' review, and also why I encourage passage of many floating legislation including the Freedom of Information Act.

You likely would ask for, and certainly deserve, a concise example of bribery—or attempted bribery. Shortly after Vice President Palik took office in his former capacity as a Senator, he was invited to the Chinese Embassy for a dinner with other Members of Congress. The Vice President was asked by Ambassador Huang if he could sit up front, with other Senators, and also to accept an envelope filled with money; Vice President Palik refused, telling the Ambassador to never offer him a bribe again, and upon doing so was advised by Ambassador Huang something close to the effect of "You could be President someday" as the rationale for the special treatment.

This past October 2022, when Vice President Palik visited Kosrae, he was received by our friends at Da Yang Seafoods. Our friends at Da Yang have a private plane, and they arrived in Kosrae (along with several senior FSM Government officials) on that private plane. Our friends told the Vice President that they can provide him private and personal transportation to anywhere he likes at any time, even Hawaii, for example; he need only ask.

In our context in the FSM, with the Vice President's story as the singular exception, I will refuse to name names, but it is not out of courtesy; it is to keep the emphasis on the problem, and what the problem is, and how the problem festers, instead of naming or shaming any particular person or group of people. Senior officials and elected officials across the whole of our National and State Governments receive offers of gifts as a means to curry favor. The practical impact of this is that some senior officials and elected officials take actions that are contrary to the FSM's national interest, but are consistent with the PRC's national interest.

I want to be clear that I am professing to you—those who will succeed my administration, and likely continue to remain in political power at the National or State level—that if your administration is like mine, you will have Cabinet who record bilateral meetings and transmit those recordings to China. You will have Cabinet and/or senior officials tell the Chinese Ambassador "I will help you if you help me" behind your back. You will have Cabinet accept gifts, such as envelopes filled with money, and alcohol. You will have Cabinet attend meetings with foreign officials—sometimes officials from countries the FSM doesn't recognize, or doesn't recognize yet—without your knowledge. It isn't going to be just one of them, and what one will tell you in public versus what they will tell you in private—or behind your back—may prove to be very different things. It is here that I wish to emphasize that not all of the political appointees I have been recently removing from office have engaged in these activities.



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

At best, it means I find out about a visit by the man (Ambassador Qian Bo) who would have instructed staff to follow me at the Pacific Islands Forum in Suva less than 48 hours before its occurrence, despite our Government having to know about it, and prepare for it, weeks prior, and only for the man to advocate for initiatives I've rejected (i.e. the Deepening the Blue Economy MOU) and to call such rejections a totally agreed-upon consensus (i.e. the 2nd China-PICS Foreign Ministers Meeting). At worst in the short-term, it means we sell our country and our sovereignty for temporary personal benefit. At worst in the long-term, it means we are, ourselves, active participants in allowing a possible war to occur in our region, and very likely our own islands and our neighbors on Guam and Hawaii, where we ourselves will be indirectly responsible for the Micronesian lives lost. After all, this isn't about the United States or Japan or Australia or any other country—but it must be about our own Micronesian citizens, and the fact that Guam by itself, and Hawaii by itself, each have Micronesian populations larger than Yap and Kosrae combined and, together, have a Micronesian population larger than Pohnpei. In other words: this is about upholding our duty to our FSM Constitution, to which we swear allegiance to, including our duty to protect the security and sovereignty of our own country and our own people.

My dear Speaker & Leaders,

Prior to giving my State of the Nation address, I can recall two of my Cabinet recommending that we don't explicitly point out our rejection of the Common Development Vision (though references to condemning Trump for his fascist insurrection, or severing relations with Russia for their invasion of Ukraine, were "fine"). The reason they recommended against this was simple: "We are asking for money from China."

I am tempted to say that if our national interest, if our sovereignty, and if our principles can be traded away for temporary amounts of silver and gold—then we have failed in our duty to our people. But it does raise a good point, an essential point in fact in our world of politics and governance: isn't money all that really matters?

I don't say this as a joke; I think it is a truth that I cannot ignore, that you cannot ignore, and that we collectively cannot ignore. Money is power. Money is freedom. Money is influence. (If money wasn't important to us, we wouldn't be seeing officials getting bribed in the first place.) I cannot think of any elected official, me included, who hasn't been perpetually concerned about money—including how our country can obtain it, and how our country can ensure it is used for our nation's



benefit. I can scarcely think of elected officials who don't seek additional home ownership in places like Hawaii, Guam, and Portland, or operate multiple businesses; I am of course a businessman myself. Money matters, and if I am to make the argument that our country is the target of Political Warfare so as to prepare our country and region to align ourselves with China prior to their invasion of Taiwan, I must also make the argument that our country can obtain a better deal without China. (If an invasion of Taiwan seems unlikely, did we not feel the same about the invasion of Ukraine?—and in this case, we know about PRC' s whitepaper to be ready to invade by 2027). I am clearly aware that I must make the argument not only in terms of preventing war and saving lives, but in terms of how we can fill the gap that would occur if we were to turn off the flow of money from China.

And that—my dear Speaker and Leaders—is what I have done on our behalf, and for our collective discussion. In February 2023, I met with the Honorable Joseph Wu, Foreign Minister of Taiwan, to solicit from Taiwan what their potential assistance to the FSM could look like if we switched diplomatic relations to supporting them instead of China, and what benefits we can get if we don't switch relations formally but do explore initializing a Taipei Economic & Cultural Representative Office (TECRO).

Let's begin with what we can do without diplomatic relations. This March, 2023, I've invited a team from the Taiwan International Development Cooperation Fund (ICDF) to conduct a technical mission in the FSM to determine, among other matters, how Taiwan can assist with agricultural programming, such as tackling food security issues and establishing food co-ops. We are exploring a Memorandum of Understanding between Taiwan and the FSM as it relates to medical referrals, wherein our citizens can receive a higher quality of care than other jurisdictions and for less cost. (This is the same setup that Palau and the Marshall Islands enjoy). We are also exploring job training and scholarships for our students, and also flights from Taiwan to Guam and the FSM. I relayed to Foreign Minister Wu that this is acceptable for the short and immediate term i.e. prior to the conclusion of my administration.

Of course, at the top of any FSM official's agenda is the status of our sovereign FSM Trust Fund. I was transparent with Foreign Minister Wu; we project we need an injection of approximately \$50,000,000 to meet our future needs. We can and will receive this, over a three-year period, if and when we establish diplomatic relations with Taiwan. Meanwhile, we would also receive an annual \$15,000,000 assistance package which we could divide however we wish (meaning, by extension, we could also simply send this assistance directly to our FSM States like we do with assistance from the Compact of Free Association). This would have immediate and long-term impacts on State Governments' capacity to implement programming for their residents.



Additionally, Taiwan assures me that they will simply "pick-up" any and all projects that China is currently undertaking. The National Convention Center in Palikir? Taiwan will finish it. The Kosrae State Government Complex and the Pohnpei State Government Complex? Taiwan will finish them (using Micronesian labor and Micronesian businesses, unlike China, inclusive of job training for our laborers). The gyms in Satowan and Udot? Taiwan will finish them—and so forth.

All of this assistance, of course, would be on top of the greatly added layers of security and protection that come with our country distancing itself from the PRC, which has demonstrated a keen capability to undermine our sovereignty, rejects our values, and uses our elected and senior officials for their own purposes.

To say it again, my Speaker and Leaders: We can play an essential role in preventing a war in our region; we can save the lives of our own Micronesian citizens; we can strengthen our sovereignty and independence; and we can do it while having our country at large benefit financially.

My dear Speaker and Leaders,

I love the Federated States of Micronesia, this nation, my nation, your nation, our nation, too much to not inform each of you about these important topics, and to warn you of the kinds of threats and opportunities that face us. I am acutely aware that informing you all of this presents risks to my personal safety; the safety of my family; and the safety of the staff I rely on to support me in this work. I inform you regardless of these risks, because the sovereignty of our nation, the prosperity of our nation, and the peace and stability of our nation, are more important. Indeed, they are the solemn duty of literally each and every single one of us who took the oath of office to protect our Constitution and our country.

I appreciate that this first briefing is lengthy—but I trust that you've found its information essential, and its proposals worth our collective consideration. I look forward to our further discussions on this topic, and over the next two months I will prepare additional briefings for your digestion on other items of interest and importance to this beloved Paradise in Our Backyards, the Federated States of Micronesia.

Thank you, and God Bless the Federated States of Micronesia.

Sincerely,

A handwritten signature in blue ink, appearing to read "David W. Panuelo", with a large, stylized flourish extending to the right.

David W. Panuelo
President