

# Micronesia's President Writes Bombshell Letter on China's 'Political Warfare'

Outgoing President David Panuelo released a lengthy letter detailing Beijing's efforts to bribe and bully Micronesian leaders – and exploring the possibility of recognizing Taiwan instead.

By [Cleo Paskal](#)

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David Panuelo, the president of the Federated States of Micronesia (FSM) has written a letter to FSM leaders providing extraordinary details on Beijing's political warfare and grey zone activity in the country – and outlining a potential agreement to switch FSM's diplomatic recognition from China to Taiwan.

Panuelo has a track record among world leaders of being exceptionally astute, open, and direct in his analysis of China's behavior and actions.

In the past year, he has written two other highly influential letters. On March 30, 2022, he [wrote](#) to Solomon Islands Prime Minister Manasseh Sogavare expressing concern over the China-Solomon Islands security deal. On May 20, 2022, he [wrote](#) another to Pacific Islands leaders about the implications of then-Chinese Foreign Minister Wang Yi's trip through the Pacific Islands, which may have swayed fellow Pacific Island leaders to reject the regional trade and security agreement Wang was pushing.

This latest [letter](#) is likely to be his most consequential of all. On March 7, FSM held [elections](#) and, as a result, Panuelo has just two months left in his term. For reasons he explains in his letter, he clearly intends to try to use the time to safeguard his nation from what he sees as threats emanating from Beijing.

He writes that a core threat to FSM is China's stated intention to invade Taiwan. "The FSM has a key role to play in either the prevention of such a conflict, or participation in allowing it to occur," Panuelo explains. "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."

He then details some of the extensive political warfare conducted against FSM. Three examples:

- "We understand that [China's choice for ambassador to FSM] 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 declined the Ambassador-designate his position...they're simply awaiting the new President to take power so Mr. Wu can become the Ambassador of China to the FSM."
- "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.”

- “[China’s newly appointed Envoy for the Pacific Islands Ambassador Qian Bo] 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.”

Panuelo also mentions that China had sent ocean vessels into the FSM’s Exclusive Economic Zone “whose purpose includes mapping our maritime territory for potential resources.” He adds, “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.”

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Pandemic response was a particular focus for Beijing. On January 31, 2020, FSM refused entry to any person coming from a country that had one or more positive cases of COVID-19. According to Panuelo, Beijing

wasn't pleased and let him know it: he recalls "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."

Another sensitive spot was Chinese vaccines: "On October 14th, 2021, I relayed the final instruction that the FSM will not except the Chinese vaccines. 'Let's be clear,' I said, 'Foreign Affairs will prepare a letter to say "no" to the Chinese vaccines. Our answer should be very clear that, while we appreciate the offer, the answer is no because we have more than enough vaccines.'"

However Panuelo was being undermined from within his own government: "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 that they could publicly promote as having accepted their vaccines. China got exactly what it wanted."

Overall, much of the activity he outlined fits into a "theme": "the FSM says 'no', and our sovereignty is disrespected, with the PRC saying we have achieved a consensus when we have not."

Panuelo is clear as to why he thinks that was the case: "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 meal at the PRC Embassy or after an inauguration? ... 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?”

He offers specific examples, including: “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 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.”

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

He then described the outcomes of this corrosion of the body politic. “So, what does it really look like when so much of our Government’s senior officials and elected officials choose to advance their own personal interest in lieu of the national interest? After all, it is not a coincidence that the common thread behind the Chuuk State 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).”

The results, he writes, are potentially catastrophic: “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.”

This has led him to actively look for alternatives: “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.... 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.”

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In a move that will make him one of the world’s biggest targets for Beijing, Panuelo explains that he sees Taiwan as this alternative. “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 would look like if we switch 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)...

“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 will 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).”

“Additionally, Taiwan assures me that they will simply ‘pick-up’ any and all projects that China is currently undertaking...using Micronesian labor and Micronesian businesses, unlike China, inclusive of job training for laborers.”

On top of all the financial assistance, Panuelo sees the option of recognizing Taiwan as providing “greatly added layers of security and protection that comes with our country distancing itself from the PRC, which has demonstrated a keen capacity to undermine our sovereignty, reject our values, and use our elected and senior officials for their purposes.”

Given the highly sensitive nature of the letter, toward the end he writes: “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.”

With his third letter, Panuelo is planting a flag in the sand – a brave attempt to reclaim FSM’s sovereignty. What happens next may shape the future of China’s engagement with the Pacific Islands – and the world.

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