

**DISCUSSION DRAFT ON H.J. RES. _____,
“COMPACT OF FREE ASSOCIATION
AMENDMENTS ACT OF 2023”**

LEGISLATIVE HEARING

BEFORE THE

SUBCOMMITTEE ON INDIAN AND INSULAR AFFAIRS

OF THE

COMMITTEE ON NATURAL RESOURCES

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

Thursday, October 19, 2023

Serial No. 118-71

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

53-882 PDF

WASHINGTON : 2024

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**LEGISLATIVE HEARING ON DISCUSSION DRAFT ON
H.J. RES. ____, TO APPROVE THE 2023 AGREEMENT TO
AMEND THE U.S.-FSM COMPACT, AND RELATED AGREE-
MENTS, BETWEEN THE GOVERNMENT OF THE UNITED
STATES OF AMERICA AND THE GOVERNMENT OF THE
FEDERATED STATES OF MICRONESIA, [THE 2023 AGREE-
MENT TO AMEND THE U.S.-RMI COMPACT], AND CERTAIN
RELATED AGREEMENTS BETWEEN THE GOVERNMENT OF
THE UNITED STATES OF AMERICA AND THE GOVERNMENT
OF THE REPUBLIC OF THE MARSHALL ISLANDS, AND THE
2023 U.S.-PALAU COMPACT REVIEW AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF THE REPUBLIC OF PALAU [AND
CERTAIN RELATED AGREEMENTS], TO APPROPRIATE FUNDS
TO CARRY OUT THE AGREEMENTS, AND FOR OTHER PUR-
POSES, “COMPACT OF FREE ASSOCIATION AMENDMENTS
ACT OF 2023”**

**Thursday, October 19, 2023
U.S. House of Representatives
Subcommittee on Indian and Insular Affairs
Committee on Natural Resources
Washington, DC**

The Subcommittee met, pursuant to notice, at 3:04 p.m., in Room 1324, Longworth House Office Building, Hon. Harriet Hageman [Chairwoman of the Subcommittee] presiding.

Present: Representatives Hageman, Radewagen, LaMalfa, González-Colón, Moylan, Westerman; Leger Fernández, Sablan, Velázquez, Case, and Grijalva.

Also present: Representative Dunn.

Ms. HAGEMAN. The Subcommittee on Indian and Insular Affairs will come to order.

Without objection, the Chair is authorized to declare a recess of the Subcommittee at any time.

The Subcommittee is meeting today to hear testimony on a discussion draft of the “Compact of Free Association Amendments Act of 2023.”

Under Committee Rule 4(f), any oral opening statements at hearings are limited to the Chairman and the Ranking Minority Member. I therefore ask unanimous consent that all other Members’ opening statements be made part of the hearing record if they are submitted in accordance with Committee Rule 3(o).

Without objection, it is so ordered.

I ask unanimous consent that the gentleman from Florida, Mr. Dunn, be allowed to sit and participate in today’s hearing.

Without objection, it is so ordered.

I will now recognize myself for an opening statement.

STATEMENT OF THE HON. HARRIET M. HAGEMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WYOMING

Ms. HAGEMAN. Today, the Subcommittee is meeting to consider a discussion draft of the Compact of Free Association Amendment Act of 2023. This legislation aims to renew the economic provisions of the Compact of Free Association between the United States and with the Republic of Palau, Republic of the Marshall Islands, and the Federated States of Micronesia, known collectively as the FAS. The bill would do this by approving the agreement signed between the United States and the three FAS countries, continuing the mutually beneficial relationship that the United States has with the FAS.

First and foremost, I offer congratulations to Ambassador Yun and the U.S. COFA negotiation team on signing the agreements with the RMI earlier this week. That is fantastic news. Thank you for your hard work.

Ambassador YUN. Thank you, ma'am.

Ms. HAGEMAN. Ambassador Yun, we know this was not an easy task, and that you have personally decided to extend your term as Special Envoy to ensure the completion of these agreements.

Through the COFA agreements, the United States and the FAS have a special relationship that is unlike any other. In return for U.S. economic assistance and access to U.S. Federal programs, the United States has exclusive rights to build military bases and installations in the FAS, and has the right to strategically deny any foreign military from entering FAS waters, including our adversaries.

These extraordinary defense and security rights are more important today than ever before. We are in perilous times in which the Chinese Communist Party seeks to displace U.S. leadership and to dominate the Indo-Pacific. The CCP fully understands the strategic importance of the FAS for the United States, and the CCP has waged information, political, and economic warfare against the FAS in an attempt to undermine U.S. interests.

The Compact of Free Association Amendments Act of 2023 would protect U.S. national security and interests by ensuring that the FAS remain economically resilient and can push back against PRC influence for the next 20 years. This legislation would help the United States maintain a position of strength for the decades to come.

Beyond the security benefits, the United States has had a long history of partnership with the three FAS countries. I had the privilege of joining my colleagues on a CODEL to these countries, and have personally met with the FAS leaders and citizens. It was abundantly clear from these meetings that the people of the FAS are increasingly concerned about PRC influence, and want continued close partnership with the United States. It is our responsibility today to ensure we continue and strengthen this partnership for the years to come. This conversation and this discussion draft is a start.

This bill touches virtually every committee in the House. This not only reflects the importance of the COFA agreements, but also the special nature of the United States' relationship with the FAS.

As such, nearly every committee has equities in the discussion draft we are going to be reviewing today. We are actively working with relevant committees on several provisions within this discussion draft, and we are making sure with them that the items within their particular jurisdiction are not impacted.

The House Natural Resources Committee has and continues to work in a bipartisan and bicameral manner with our House and Senate colleagues. In doing so, we are trying to be unified and show just how important these relationships are. It is imperative that we work together to preserve the important relationship that the United States has with the FAS, while protecting U.S. interests and countering Chinese Communist Party influence.

I want to thank all our witnesses for appearing before the Subcommittee today, and I look forward to a robust discussion on this important issue.

The Chair now recognizes the Ranking Minority Member for any statement.

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

Ms. LEGER FERNÁNDEZ. Thank you so much, Madam Chair, and it is wonderful to be here to have the necessary hearing to move the Compact of Free Association Act of 2023 into law.

It has been a long but instructive journey to get us to this point. It began with both a hearing in this Subcommittee, but also the formation of the bipartisan Indo-Pacific Task Force. And that journey took us 8,000 miles with the first-ever Congressional Delegation to visit all three of the Freely Associated States located in what I have now learned is indeed the “blue continent” of the Indo-Pacific.

And I really want to thank and commend my friend, Chairman Westerman, for his skillful stewardship of both this issue and this journey. It was your foresight in planning and executing a CODEL that provided the invaluable opportunity for nine Members of Congress to travel to the islands, to travel to the nations to see for ourselves the true nature of our almost eight decades-long relationship.

I often talk about the need to get dirt on my boots to truly understand an issue. I want to be at the place to see, to feel, to understand, to listen. And in this case we did that. We got sand in our toes. Our 10-day trip was not without challenges. But because of your commitment to visit all three Freely Associated States, we made it through last-minute schedule changes, things that we did not expect to have, but we made sure that we were flexible, and flexibility is indeed the key to victory. And we had that with regards to our ability to be in every single nation.

And it was really key because we had the objective to meet with our friends and allies on the islands where they live, the islands that they cherish and protect. We saw amazing conservation efforts, as well as the security challenges posted by China and other nations who encroach on their territorial waters. I know that my colleagues and I on both sides of the aisle came away with a deeper appreciation of the relationship that has developed between

us and the people of the Freely Associated States. We saw how their leaders and citizens share our values of democracy and freedom, values that protect us from the pressures from the People's Republic of China's efforts to drive a wedge between the United States and the Freely Associated States.

We also witnessed the invaluable assistance of our different Federal agencies, such as the USDA, but also the U.S. Coast Guard, in providing help to the islands as they police their Exclusive Economic Zone waters against illegal, unreported, and unregulated fishing. With the help of the Coast Guard, the islands are able to monitor an area of the Pacific encompassing hundreds of miles, and rapidly respond to stop vessels illegally fishing in their waters. They need more help because it is a huge blue continent. But these efforts also assist the United States. Some of those Chinese trawlers are not just fishing for food, they are illegal fishing and also fishing for security information, and they pose a security threat.

Finally, I want to commend you, Ambassador Yun, and your team for your determination to finish the job of getting all three FAS agreements signed and submitted to Congress before leaving for your next challenge. We expressed our concern to you when you announced that you would be leaving your post on September 30, before the Marshall Islands agreements were concluded, but you went above and beyond, and you finished the job.

This picture, I love looking at it, the signing. It does indeed tell us 1,000 words about the more than 1,000 words that are in that agreement, and for that you deserve all of our thanks and appreciation. Now, it is Congress' turn to act and pass these agreements which are critical to the economies and security of both our nations. We must act without delay.

In closing, I believe we must heed your words, Ambassador, to not "take the goodwill generated from our historic bonds of friendship with these countries for granted at a time of increasing competition from the People's Republic of China and other countries to exert greater influence in the FAS and Pacific region more broadly." We heard over and over again from our allies stories of how China would exploit any delay in the United States' signing of the agreement. We have a bipartisan understanding that we will not give China an opening to gain influence or strategic advantage in this area. If that is the case, then we must recognize that these agreements are essential to our national security, and pass them.

America is indeed a Pacific nation, and these investments are incredibly reasonable, given the importance of the Pacific and our existing assets in the area and the need to protect them.

Thank you, and I look forward to hearing both of your testimonies.

Ms. HAGEMAN. Thank you. The Chair will now recognize Chairman Westerman for his opening statement.

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

Mr. WESTERMAN. Thank you, Madam Chair, and thank you to the witnesses for being here today.

I really want to start by thanking Ranking Member Grijalva. He and I attended a security briefing in the SCIF, and as we were leaving that, we decided right then and there that this was an issue of major importance, that we would tackle this in a bipartisan manner, and it has been nothing but a bipartisan effort.

And Ms. Leger Fernández, it was great to have you as co-lead on the trip that we made. I agree with your assessment of that.

I also want to thank the members of this Committee and our colleagues across the other committees of jurisdiction for their hard work and contributions to the development of the discussion draft of the Compact of Free Association Amendment Act of 2023.

I especially, again, want to thank the members of the Indo-Pacific Task Force, Chair Radewagen, and Co-Chair Sablan for all they have accomplished these past 5 months.

We are at an important time in which we are renewing the Compact of Free Association with the three FAS nations: the Republic of Palau, the Federated States of Micronesia, and the Republic of Marshall Islands. The opportunity that we have here today is to be able to reflect on the strong relationships between the United States and the FAS nations. And I will say, at least from this Committee's standpoint, I believe that we have a very strong, united friendship and pathway forward with our good friends in the Indo-Pacific region.

We have the opportunity to build on the success of our alliances and stand up together against the threats posed by the Chinese Communist Party. We also have the opportunity to preserve the interests of the American people and Pacific Islanders alike, including defending our shared values of freedom and democracy.

This Congress, the House Committee on Natural Resources has prioritized the work of renewing the COFAs. The Committee has held four hearings examining the importance of the Pacific Islands and the COFA agreements. We also established the bipartisan Indo-Pacific Task Force, with a goal of preserving the important partnerships we have with these Pacific Island nations and countering the PRC influence.

And also I want to take a moment to recognize my friend, Mr. Moylan, for his work on the Indo-Pacific Task Force, and on this issue, and for hosting us in Guam for our field hearing that we did there.

In addition, as has been mentioned, we did do that historic bipartisan Congressional Delegation. We stopped in all three FAS areas. And on the trip we met and listened to the people and the leaders of the FAS. We saw firsthand the strength of the United States and the Freely Associated States' partnership, and the ways in which the PRC is attempting to spread its oppressive and malign influence. Leading the trip was an important reminder of the need to preserve our special relationships and to work with our partners to protect our mutual values of democracy, freedom, and self-determination.

As Ms. Leger Fernández mentioned, we traveled many miles, over 8,000 miles, and accomplished a great deal. And we have come to another milestone today. But the job still is yet to be finished. With the signing of the related agreements, it is now up to Congress to approve and enact the agreements.

The discussion draft before us today would enact the recently-signed agreements and provide the citizens of the FAS with access to U.S. Federal programs and services. The draft legislation includes provisions to strengthen U.S. interagency coordination by establishing an interagency working group. This working group would ensure the relevant U.S. agencies, including the Departments of the Interior, State, and Defense are engaged in communication with each other on policy and recommendations related to the implementation of the COFAs.

The bill also includes oversight and accountability measures to ensure that the COFA agreements are implemented in a responsible manner.

The discussion draft impacts the jurisdiction of almost every committee in the House, and we have been working tirelessly with those outside committees to ensure the text contains sound policies that we can all support. While we have made tremendous progress with these outside committees, there are provisions that are still pending approval, and I am committed to continuing to work with outside committees to reach a resolution on the outstanding provisions.

Today's hearing is an important step in our regular order process. Thank you again to the witnesses for being here. I look forward to hearing your testimony and to our discussion.

And before I yield back, I want to especially commend Ambassador Yun for your work to reach agreements with the three FAS nations. And many people may not know, but I know you had intended to leave the State Department at the end of September, but remained on to secure an agreement with the Republic of Marshall Islands, which occurred just days ago. Congratulations on that. Thank you for all your efforts, service, and continued work to see these agreements approved.

I yield back.

Ms. HAGEMAN. Thank you, Mr. Chairman. The Chair now recognizes the Ranking Member, Mr. Grijalva.

STATEMENT OF THE HON. RAÚL M. GRIJALVA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARIZONA

Mr. GRIJALVA. Thank you, Madam Chair. I will just associate myself with the comments that the Chair and Ranking Member and Chair Westerman have made regarding the importance, the urgency, and the work that has gone into it, thanking the appropriate people in the task force and, of course, the Ambassador.

I think the issues left before us, as the Chairman outlined, is expediting the other committees to finish their part of the work and expediting this whole process. I think we are in a really important phase.

And to the task force and the Chair's congratulations, it is a good product. And thank you again, Mr. Ambassador.

And maybe, if Westerman becomes Speaker, we can move this thing really quick onto the Floor.

[Laughter.]

Mr. GRIJALVA. I yield back.

Ms. HAGEMAN. Thank you. I will now introduce the witnesses: The Honorable Joseph Y. Yun, Special Presidential Envoy for Compact Negotiations, United States of America, Washington, DC; and The Honorable Carmen Cantor, Assistant Secretary, Office of Insular and International Affairs, U.S. Department of the Interior, Washington, DC.

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

To begin your testimony, please press the “talk” button on the microphone.

We use timing lights. When you begin, the light will turn green. When you have 1 minute left, the light will turn yellow. At the end of the 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.

The Chair now recognizes Ambassador Joseph Yun for 5 minutes.

STATEMENT OF THE HON. JOSEPH Y. YUN, SPECIAL PRESIDENTIAL ENVOY FOR COMPACT NEGOTIATIONS, UNITED STATES OF AMERICA, WASHINGTON, DC

Ambassador YUN. Thank you very much, Chairman Hageman, Ranking Member Fernández, Chairman Westerman. Thank you for having me today.

I am really grateful for the strong support shown by this Subcommittee. Your visit to FAS countries that you mentioned could not have come at a better time. It worked out ideally, and it really helped us to reach the end. It was instrumental, I would say, nine members going to FAS. I cannot recall a visit of that magnitude clearly showing the importance of FAS to our own security.

The United States and FAS share deep ties forged in history. During World War II, the islands that encompass what are today the FAS saw some of the fiercest fighting in the Pacific theater. After the war the United Nations assigned the United States as the administering authority over the trust territories of what now is FSM, RMI, and Palau. And when they became their own sovereign nations, these three countries chose to maintain their close bonds with the United States through the compacts.

From the World War II era through the Cold War and its end to the present day, while the security environment and threats have changed, what has not changed is the United States’ commitment to the FAS, as demonstrated by the compacts. Underpinned by the compacts, our partnership with the FAS have formed a bedrock of U.S.-Pacific cooperation for nearly four decades. These agreements underscore both the enduring ties between our people and the vital U.S. national security interests at play in the Pacific.

Collectively, these three countries form a strategic bridge stretching from Hawaii to the Philippines, an area that is geographically larger than the continental United States. Under the compacts, the United States has full authority and responsibility for defense and security matters in and relating to the Freely Associated States. This investment is key to maintaining the stability and prosperity of our closest Pacific Island neighbors and partners.

To that end, I am proud of the work of our team to conclude negotiations and finalize agreements that would extend the compact-related U.S. economic assistance for the FAS for another 20 years. On May 22, Finance Minister Kaleb Udoi of Palau and I signed the 2023 Palau Compact Review Agreement during the U.S. Pacific Islands Forum Leaders Dialogue in Port Moresby. And one day later, our charge d'affaires, Alissa Bibbs, signed three of the four compact-related agreements with FSM chief negotiator Leo Falcam in Micronesia. And a few weeks ago, I also signed the final agreement for Micronesia, which is, of course, the Federal Programs and Services Agreement.

And earlier this week in Honolulu on October 16, I and RMI Foreign Minister Jack Adding signed three agreements: an agreement to amend our 2003 amended compact, a new trust fund agreement, and a new fiscal procedures agreement. Getting to this point, I believe, is an enduring demonstration of U.S. commitment to the RMI.

And I would especially like to thank Congresswoman Radewagen for all her help during these negotiations. Thank you, ma'am.

While these signings served as key milestones, the role of Congress in approving and providing authority and appropriations to implement these agreements is essential. To that end, we applaud Congress for signaling their support, especially this Committee's strong support for the FAS under the current continuing resolution.

And we similarly welcome the work that is being done now to introduce the Compact of Free Association Amendment Act of 2023. This legislation would allow the United States to maintain its status as the partner of choice among the FAS and in decades to come.

I look forward to discussing all these items with you so that you can approve the new Act as soon as possible.

Thank you, ma'am.

[The prepared statement of Ambassador Yun follows:]

PREPARED STATEMENT OF JOSEPH YUN, SPECIAL PRESIDENTIAL ENVOY FOR
COMPACT NEGOTIATIONS
ON PROPOSED COMPACT OF FREE ASSOCIATION AMENDMENTS ACT OF 2023

Chairwoman Hageman, Ranking Member Leger Fernandez, distinguished members of the Subcommittee: thank you for this opportunity to testify before you today. I am grateful for the bipartisan approach of this subcommittee regarding the Compacts of Free Association (COFA) with the Freely Associated States (FAS)—the Federated States of Micronesia (FSM), the Republic of the Marshall Islands (RMI), and the Republic of Palau—and understand that leaders in both chambers of Congress plan to introduce COFA-related legislation.

The United States and the FAS share deep ties forged in history. During World War II, the islands that encompass what are today the FAS saw some of the fiercest fighting in the Pacific Theater. After the war, the United Nations assigned the

United States as the administering authority over the Trust Territory of the Pacific Islands, which included what would become the FSM, RMI, and Palau. And in becoming sovereign nations, these three countries chose to maintain their close bonds with the United States through the Compacts.

From the post-WWII era, through the Cold War and its end, to the present day, the adversaries and threats associated with this region for the United States have changed. What's remained consistent is the U.S. commitment to the FAS, as demonstrated by the Compacts.

Underpinned by the Compacts, our partnerships with the FAS have formed a bedrock of U.S.-Pacific cooperation for nearly four decades. These agreements underscore both the enduring ties between our people and the vital U.S. national security interests at play in the Pacific; collectively, these three countries form a strategic bridge stretching from Hawai'i to the Philippines, an area that is geographically larger than the continental United States. Under the Compacts, the United States has full authority and responsibility for defense and security matters in and relating to the FAS. This investment is key to maintaining the stability and prosperity of our closest Pacific Island neighbors and partners.

The Compacts are at the core of the U.S. commitment to advancing a Pacific that is free and open. In its Pacific Partnership Strategy, the Biden Administration highlighted the importance of these agreements to broader U.S. engagement in the region, and why it has been critically important to successfully complete negotiations on the Compact-related agreements with the FSM, RMI, and Palau. To that end, I am proud of the tireless work of our team to conclude negotiations and finalize agreements that would extend Compact-related U.S. economic assistance for the FAS for another 20 years. On May 22, Finance Minister Kaleb Udui of Palau and I signed the 2023 Palau Compact Review Agreement during the U.S.-Pacific Islands Forum Leaders Dialogue in Port Moresby and, one day later, Charge d'affaires Alissa Bibbs signed three of the four Compact-related agreements with FSM Chief Negotiator Leo Falcam in Palikir. We signed the final agreement with FSM, the 2023 Federal Programs and Services Agreement, on September 28; our ability to work cooperatively on these agreements is a further reaffirmation of the close and continuing U.S.-Micronesia partnership. And earlier this week in Honolulu, the United States and the RMI signed three agreements: an agreement to amend our 2003 Amended Compact, a new Trust Fund Agreement, and a new Fiscal Procedures Agreement; getting to this point is a demonstration of the enduring U.S. commitment to the RMI. Negotiations continue with both the RMI and Palau on new Federal Programs and Services Agreements.

While these signings served as key milestones, the role of Congress in, as applicable, approving and providing authority and appropriations to implement these well-negotiated and mutually supported Compact-related agreements is essential. To that end, we applaud Congress for signaling their support for the FAS under the current Continuing Resolution, and similarly welcome the planned introduction of the Compact of Free Association Amendments Act of 2023. This legislation would allow the United States to maintain its status as the partner of choice among the FAS in the decades to come.

At a time when the strategic competitors of the United States seek to portray us as an unreliable partner in the Pacific, our enduring partnerships with the FAS—underpinned by the Compacts—serve as a compelling, tangible counterpoint. But these historic bonds should not be taken for granted, something that our adversaries are well aware of. This investment is key to ensuring that the goodwill generated by decades of kinship between the United States and the FAS will continue to grow in the future.

With that, I look forward to discussing this important legislation with you. Thank you.

QUESTIONS SUBMITTED FOR THE RECORD TO THE HON. JOSEPH YUN, SPECIAL
PRESIDENTIAL ENVOY FOR COMPACT NEGOTIATIONS

The Honorable Joseph Yun 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 most significant benefit of the COFA agreements for the U.S. is that the U.S. gains extraordinary and exclusive security rights from the FAS. However, these rights do not expire and so it is not immediately clear as to why U.S. economic assistance to the FAS is necessary.

Can you explain to us how exactly U.S. economic assistance is critical to U.S. interests and ensures our ability to exercise our security rights?

Question 2. Section 8(i) establishes a Unit for the FAS in the Bureau of East Asian and Pacific Affairs of the Department of State.

What is the importance of establishing this Unit? How will it improve COFA implementation?

2a) Do you believe this will help strengthen U.S. diplomatic presence in the FAS and address the concerns about the lack of engagement?

Question 3. This discussion draft would require U.S. members of the FSM's and RMI's joint economic committees and the joint trust fund committees to have a strong background in finance and accounting. It also places five-year term limits on the U.S. members. There are similar provisions for U.S. members of Palau's Economic Advisory Group.

How will this improve U.S. Government oversight on the implementation of the Compacts and help the FAS improve their economic growth and resiliency?

Questions Submitted by Representative Dunn

Question 1. There were three agreements signed on October 16th between US and Marshalls on the financial and services aspects of the Compacts of Free Association. In the "Agreement Between the Government of the Republic of the Marshall Islands and the Government of the United States of America Regarding the Compact Trust Fund," Article 17, Section 2(b) there is reference to: Such dividends shall be paid in equal amounts on a per capita basis to all Eligible Recipients on at least a quarterly basis." Does this mean there is the option for a universal basic income for Marshall Islanders, paid out of a trust fund largely funded up by the taxpayers of the United States? If so, what is the rationale? What is the size of the endowments? Who is responsible for directing the spending? How is it decided what the endowment money is spent on?

Question 2. Does the U.S. have a political competition plan for the Pacific?

Question 3. How do the agreements help the FAS fight corruption?

In one recent case two people who came from China and took Marshallese citizenship under opaque circumstances were found guilty in the U.S. of bribing Marshallese officials. One was deported back to the Marshalls. Will the U.S. provide the case details necessary for the Marshall Islands Attorney General to decide if he wishes to prosecute them and the officials they bribed? Does the U.S. intend to deport the other guilty party back to Marshalls as well once his time is served in the U.S.? How does this help U.S. and Marshallese security?

Ms. HAGEMAN. Thank you, Mr. Ambassador. And the Chair now recognizes Assistant Secretary Carmen Cantor for 5 minutes.

**STATEMENT OF THE HON. CARMEN CANTOR, ASSISTANT
SECRETARY, OFFICE OF INSULAR AND INTERNATIONAL
AFFAIRS, U.S. DEPARTMENT OF THE INTERIOR,
WASHINGTON, DC**

Ms. CANTOR. Thank you, Chair, Ranking Member, Chairman Westerman, and distinguished members of the Subcommittee. The Department of the Interior welcomes the opportunity to join Congress today to continue our recognition of the importance of the Federated States of Micronesia (FSM), the Republic of the Marshall Islands (RMI), and the Republic of Palau, (collectively, the Freely Associated States, or FAS), to U.S. national interests in the Indo-Pacific. These jurisdictions have held this importance for more than 75 years.

I am happy to be here and to support enactment of implementing legislation for the compact agreements recently reached with these important partners.

Several months ago, the Administration submitted a legislative proposal, the Compact of Free Association Amendments Act of 2023, to the Congress. The proposal contains funding and related provisions necessary to implement agreements related to the Compact of Free Association that the United States negotiated with FSM and Palau.

Moreover, earlier this week, the United States successfully concluded negotiations with RMI and signed agreements based on economic assistance levels already included in our legislative proposal.

The proposal also includes important provisions that, while not related to the agreements themselves, are nonetheless essential to our relationships with these countries. Enactment of this legislative package will deepen our relationships with the FAS, and serve as a clear signal of the United States' commitment to achieving and maintaining a free and secure Indo-Pacific region.

As you may know, Interior carries out responsibilities to the U.S. territories of Guam, the Northern Mariana Islands, and American Samoa, as well as the Freely Associated States. These FAS communities serve in the U.S. military at among the highest rates per capita, and they live, work, and pay taxes throughout the United States. For the past 35 years, the compacts have been a foreign policy, national security, and people-to-people success story.

As we continue to conclude this effort, I want to highlight in particular two provisions in the Administration's proposal that are also included in the current draft which address long-standing challenges for FAS citizens.

First, the proposal includes language that will restore eligibility for key Federal public benefit programs for FAS individuals while they are lawfully present in the United States: an important, long-term solution to the financial impacts of these communities on U.S. state and territorial governments. Restoring access to Federal public benefits will not only have a significant positive impact on these families, it also will allow the Federal Government to rightfully share in covering a significant portion of the financial burden currently placed on state and territorial governments for hosting these small but unique communities without a significant additional administrative burden.

Further, the benefits and compensation from the Federal Government will follow the individuals from the FAS in whichever state or territory within the United States they choose to live.

Second, the proposal also includes language that will provide U.S. military veterans residing in the FAS with improved access to the Department of Veteran Affairs benefits they have earned and rightfully deserve for their service. These brave FAS citizens who have chosen to return home after their service, face challenges to receiving their full benefits, including access to medical care, when residing in their Pacific Islands.

These provisions will remove restrictions that currently impede the Secretary of Veterans Affairs from offering medical care to these veterans. Both of these provisions have bipartisan, bicameral counterparts in the current Congress.

As I have noted in previous testimony, the United States and the three FAS agreed on packages that will provide approximately \$6.5 billion in economic assistance to the FAS over the next 20 years.

Under the leadership of the White House, led by Special Presidential Envoy Yun, my team and I have worked tirelessly with colleagues from across the U.S. Government and our counterparts in the FAS to negotiate the terms of these agreements, particularly the accountability and oversight provisions of the Fiscal Procedures Agreement with the FSM and the RMI; the Compact Trust Fund Agreements with the FSM and RMI; and the Compact Review Agreement with Palau. As a result of that work, the negotiated terms and procedures governing both financial assistance and the Compact Trust Fund maintain strong U.S. oversight over every taxpayer dollar being proposed. At the same time, we have carved out room to accommodate FSM, Palau, and RMI requests for more autonomy and flexibility.

With the successful conclusion of most compact-related agreements behind us, Interior urges Congress to act swiftly to approve implementing legislation, and appropriate the funding necessary for these well-negotiated compact provisions. As I have said before, let us follow through on our work for both the American people and people in the FAS, and secure a bipartisan success that attests to the U.S. commitment to the Pacific, and to remaining the preferred partner for our friends and cousins in the Pacific Islands.

Chair, Ranking Member, Chair, thank you so much. This concludes my statement, and I am happy to answer any questions you may have.

[The prepared statement of Ms. Cantor follows:]

PREPARED STATEMENT OF CARMEN G. CANTOR, ASSISTANT SECRETARY FOR INSULAR AND INTERNATIONAL AFFAIRS

ON PROPOSED COMPACT OF FREE ASSOCIATION AMENDMENTS ACT OF 2023

Chair Hageman, Ranking Member Leger Fernandez, and distinguished members of the Subcommittee the Department of the Interior (Department) welcomes the opportunity to join Congress today to continue our recognition of the importance of the Federated States of Micronesia (FSM), the Republic of the Marshall Islands (RMI), and the Republic of Palau (collectively, the freely associated states or FAS) to U.S. national interests in the Indo-Pacific; these jurisdictions have held this importance for more than 75 years. I am happy to be here and to support enactment of implementing legislation for the Compact agreements recently reached with these important partners.

Several months ago, on June 16th, the Administration submitted a legislative proposal, the Compact of Free Association Amendments Act of 2023, to the Congress. The proposal contains funding and related provisions necessary to implement agreements related to the Compacts of Free Association (COFAs) that the United States negotiated with FSM and Palau. Moreover, earlier this week, the United States successfully concluded negotiations with RMI and signed agreements based on economic assistance levels already included in our legislative proposal. The legislative proposal also includes important provisions that, while not related to the agreements themselves, are nonetheless essential to our relationships with these countries. Enactment of this legislative package would deepen our relationships with the FAS over the coming decades and serve as a clear signal of the United States' commitment to achieving and maintaining a free and secure Indo-Pacific region. The Administration's COFA proposal also includes \$634 million over the next 20 years to ensure the continued provision of US postal service to the FAS, which was a key FAS request during negotiations.

The Department carries out responsibilities to the U.S. Territories of Guam, the Northern Mariana Islands, and American Samoa, as well as the strategically vital freely associated states. These FAS communities serve in the U.S. military at among the highest rates per capita, and they live, work, and pay taxes throughout the United States. For the past 35 years, the Compacts have been a foreign policy, national security, and people-to-people success story.

As we continue to expeditiously conclude this effort, I want to highlight in particular two provisions in the Administration's proposal that are also included in the current draft of the Committee's legislation, which address long-standing challenges for FAS citizens. First, the proposal includes language that would restore eligibility for key Federal public benefit programs for FAS individuals while they are lawfully present in the United States—an important long-term solution to the financial impacts of these communities on U.S. state and territorial governments. Restoring access to federal public benefits would not only have a significant positive impact on these families; it also would allow the federal government to rightfully share in covering a significant portion of the financial burden currently placed on state and territorial governments for hosting these small, but unique, communities without a significant additional administrative burden. Further, the benefits and compensation from the federal government would follow the individuals from the FAS in whichever state or territory within the United States they choose to live.

Second, the proposal also includes language that would provide U.S. military veterans residing in the FAS with improved access to the Department of Veterans Affairs benefits they have earned and rightfully deserve for their service. As mentioned above, FAS citizens serve in the U.S. military at among the highest rates per capita. However, the brave FAS citizens who have chosen to return home after their service face disproportionate challenges to receiving their full benefits, including access to medical care, when residing in their Pacific islands. These provisions would remove various restrictions that currently impede the Secretary of Veterans Affairs from offering medical care to these veterans.

Both of these provisions have bipartisan, bicameral counterparts in the current Congress.

As I have noted in previous testimony, the United States and the three FAS agreed on packages that would provide approximately \$6.5 billion in economic assistance to the FAS over the next 20 years, which includes \$3.3 billion in assistance to the FSM, \$889 million in assistance to Palau, and just over \$2.3 billion in assistance to the RMI.

Under the leadership of the White House, led by Special Presidential Envoy Yun, my team and I have worked tirelessly with colleagues from across the United States Government and our counterparts in the FAS to negotiate the robust terms of these agreements, particularly the accountability and oversight provisions in the Fiscal Procedures Agreements with the FSM and the RMI; the Compact Trust Fund Agreements with the FSM and the RMI; and the Compact Review Agreement, including its appendices, with Palau.

As a result of that work, the negotiated terms and procedures governing both financial assistance and the Compact trust funds maintain strong U.S. oversight over every taxpayer dollar being proposed. At the same time, we have carved out room to accommodate FSM, Palau, and RMI requests for more autonomy and flexibility in framing the annual budget proposals for the effective expenditure of economic assistance.

With the successful conclusion of most Compact-related agreements with all three countries behind us, the Department of the Interior urges Congress to act swiftly to approve implementing legislation and appropriate the funding necessary for these well-negotiated Compact provisions. As I have said before, let us follow through on

our work for both the American people and people in the FAS and secure a bipartisan success that attests to the United States' commitment to the Pacific and to remaining the preferred partner for our friends and cousins in the Pacific Islands.

Chair Hageman, Ranking Member Leger Fernandez, this concludes my statement and I am happy to answer any questions that you may have.

QUESTIONS SUBMITTED FOR THE RECORD TO THE HON. CARMEN CANTOR, ASSISTANT SECRETARY FOR INSULAR AND INTERNATIONAL AFFAIRS, U.S. DEPARTMENT OF THE INTERIOR

The Honorable Carmen Cantor did not submit responses to the Committee by the appropriate deadline for inclusion in the printed record.

Questions Submitted by Representative Westerman

Question 1. How will the Department of the Interior work to improve coordination with the Department of State and the Department of Defense while making sure that the Department of the Interior's internal processes are not negatively impacted?

Question 2. This legislation would require the Secretary of the Interior to submit to Congress a report that includes a compilation of the COFA agreements within 180 days of enactment.

Can you commit to making sure that these reports are delivered to Congress in a timely manner and to the appropriate Congressional committees as Assistant Secretary?

Question 3. Outward migration is a major problem for the FAS as many FAS citizens choose to move to the U.S. in search of better opportunities. This has negatively impacted the economies and workforce of these countries.

How do the COFA agreements help to address this issue?

Question 4. This legislation would extend eligibility to U.S. federal programs and services to Palau. Palau would get access to the same programs and services provided to the FSM and the RMI.

Why do you believe this is necessary?

4a) Would you say this reflects the growing strength of U.S.-Palau relations?

Question 5. Under Section 10 (c) of the Compacts of Free Association Amendments Act of 2023, there would be a total of \$11 million going to judicial training during the Compact period.

Can you please articulate the importance of judicial training in the FAS?

5a) Can you provide some specific examples of how investing in Judicial Training helps strengthen FAS resiliency to PRC coercion and malign activity?

Question 6. This legislation would require the Secretary of the Interior to send to Congress reports conducted by the various joint economic committees, joint trust fund committees, and the Economic Advisory Group.

Can you commit to making sure that these reports are delivered to Congress in a timely manner and to the appropriate Congressional committees as Assistant Secretary?

Question 7. This discussion draft would require U.S. members of the FSM's and RMI's joint economic committees and the joint trust fund committees to have a strong background in finance and accounting. It also places five-year term limits on the U.S. members. There are similar provisions for U.S. members of Palau's Economic Advisory Group.

How will this improve U.S. government oversight on the implementation of the Compacts and help the FAS improve their economic growth and resiliency?

Ms. HAGEMAN. Thank you very much. The Chair will now recognize the Members for 5 minutes for their questions, and I am going to start with Chairman Westerman.

Mr. WESTERMAN. Thank you, Chair Hageman. Again, thank you to the witnesses.

Assistant Secretary Cantor, the discussion draft increases the role of the Department of State and Department of Defense in compact implementation and oversight. The intent behind this is to ensure greater engagement from these agencies and the U.S. Government in carrying out the COFA agreements.

However, it does not mean that the Department of the Interior should see this as a reduction of their responsibilities. We expect the Department of the Interior to remain engaged on COFA implementation. Can you commit to us that the Department of the Interior will remain engaged on COFA, and not take a back seat during inter-agency coordination?

Ms. CANTOR. Yes, sir.

Mr. WESTERMAN. Is there any language in the draft that you think needs to be changed to make sure that the Department of the Interior is fully engaged, or are there any concerns where you see this may weaken your position in implementing the COFAs?

Ms. CANTOR. Sir, I don't believe so.

Mr. WESTERMAN. Have you looked at that? "I don't believe so" is not the reassuring answer that I wanted to hear.

Ms. CANTOR. I have no concerns whatsoever. Our team has been working very closely with Ambassador Yun and the State Department team to ensure that, specifically, the oversight and accountability provisions that we are responsible for administering the economic assistance, they are there. So, I have absolutely no concerns, sir.

Mr. WESTERMAN. Much better answer.

[Laughter.]

Mr. WESTERMAN. The Compact of Free Association Amendments Act of 2023 would establish the interagency Group on Freely Associated States. The group would be co-chaired by the Secretary of State and the Secretary of the Interior. The group would be responsible for coordinating the development and implementation of executive branch policies relating to the FAS. It would also provide policy guidance, recommendations, and oversight to Federal agencies and departments on implementation of the compacts.

And this is to both Ambassador Yun and the Assistant Secretary: Can you explain to us how this will improve the current process of compact implementation?

Ambassador YUN. Chairman Westerman, I do think this group can be very, very important. But having worked in bureaucracy for a long time, it depends on a number of factors.

I think the first factor is, let's be realistic. The Secretaries are not going to chair this. They will be there as designated persons. So, the designated persons must be of senior enough rank to do this. To do that, I do think that more emphasis is needed from the committees and from Congress that this interagency group must have senior personnel present. I think that is the key thing. So, I do think, ultimately, how much this group does will depend on the seniority of the actual group meeting.

Maybe because I am so close to retirement, I am being too honest?

[Laughter.]

Mr. WESTERMAN. How do the COFA agreements make sure that the economic assistance going to the FAS and their trust funds are well managed and spent in a responsible manner?

Ambassador YUN. That crucially depends, again, on implementation and how the Trust Fund Committee itself works.

The United States manages the Trust Fund Committee. So, again, this is largely up to the Interior Department and State Department to manage that process. The agreement states very clearly how much they can spend. We are not going to have the mistakes of the past, where management was given over. If you remember, the Bikini Trust fund now has become virtually nothing. So, we control how much is spent.

We will also control through the Trust Fund Committee where it will be spent. So, it depends very much on implementation, and it depends very much on the smooth working of the Trust Committee between RMI or FAS countries and us. So, again, there is plenty of congressional oversight there.

I think for those factors, it is all about implementation. And in the negotiations, what we have done our best is to leave the structure, control how much they spend, and we control at the end how they spend it. But the process is going to be done smooth, working between the Trust Committee members of FAS and U.S. Trust Committee members.

Mr. WESTERMAN. Thank you.

I yield back.

Ms. HAGEMAN. Thank you. The Chair now recognizes Mr. Sablan.

Mr. SABLAN. Thank you very much. I am going to read my statement and submit my questions for the record. I wish I could stay, but I am not feeling well. But this is too important for me to walk away from.

Ambassador Yun and Assistant Secretary Cantor, thank you for testifying today. I would like to also welcome many of those in the audience, the Ambassador from Palau, I hope I don't miss the Ambassador from RMI, the Republic of the Marshall Islands. It is very rare that we see Senate staffers here, but they are also very welcome to the House any time.

[Laughter.]

Mr. SABLAN. Thank you, Ambassador, especially for your hard work, for the hard work of you and your teams in the successful negotiations with our three Pacific allies, our friends and neighbors, my brothers and sisters, the Freely Associated States. I know this was no easy task.

I especially want to commend you, Ambassador Yun, for your expertise and professionalism since your appointment in March 2022. I have heard nothing but good things about you from the Freely Associated State officials, and that you have always treated them with the utmost respect. The White House could not have selected a more capable person to lead these delicate negotiations.

We all know how important renewing the compacts are to the United States. I applaud Chairman Westerman for leading a Congressional CODEL through Micronesia in August. Seven stops

in 10 days, sir. At least you get to know what it takes me to go home and back every month.

[Laughter.]

Mr. SABLAN. It is 2½ days for me.

It provided many Members a clear picture of the need to preserve the compacts, support our allies, and maintain U.S. influence in the region. And I know for a fact that some of the Members in that trip actually came back having very positive thoughts about this thing.

It was also good to see prorated funding and extensions of authorized Federal programs and services in the recently-enacted continuing resolution, but time is again running out. We cannot keep operating like this. So, I look forward to working with my colleagues here in Congress and have the renewals of the Compact of Free Association enacted quickly and finally enacted into law. I wish I could promise you that we will do it this year. I hope so, but maybe when Mr. Westerman becomes Speaker we really can get this through, because he really does support this, this whole effort.

Jim, thank you for your hospitality in Guam, as well. And in Micronesia all of us got gifts. Each individual Member got gifts. I tried to bribe one of my colleagues into buying a shell in Palau, but then no, I don't think so, because I wouldn't know if it was brown or green turtle.

[Laughter.]

Mr. SABLAN. But really, thank you very much.

I will submit my questions for the record.

Ms. LEGER FERNÁNDEZ. Would the gentleman yield?

Mr. SABLAN. Yes.

Ms. LEGER FERNÁNDEZ. Before your time is up, I just want to also make sure that we thank you while you are still here.

As Co-Chair of the Indo-Pacific Task Force, we need to recognize the important work that the co-chairs did, and that our colleagues from the islands did. Thank you very much to our good friend. And we became even better friends, Madam Radewagen and Representatives Moylan and Sablan. The work you did in pulling us aside and making sure that we understood what was at stake and some of the nuances that we might not have known if you hadn't been there to educate us while we were on the plane, where we were taking those hours and hours. So, I want to thank you very much.

Co-Chair Sablan, thank you very much. Co-Chair Radewagen and Mr. Moylan, thank you so very much.

Mr. SABLAN. Yes, thank you. I take my time back. Reclaiming my time, again I apologize that I need to leave. I really thank you.

Ms. HAGEMAN. Thank you. I now recognize myself for 5 minutes of questioning.

And this is to be directed to both of you and perhaps, Mr. Ambassador, you can answer first. In terms of accountability, do any of the FAS governments qualify as low-risk auditees?

Ambassador YUN. We will get an answer to you on that, I am not sure myself at the moment, but we will look into it.

Ms. HAGEMAN. What about you, Ms. Cantor, do you know the answer to that question?

Ms. CANTOR. Ma'am, I don't know the answer, but we will get you an answer.

Ms. HAGEMAN. Wonderful, thank you. Do you know how the Administration intends to work to ensure that the FAS remain committed and held accountable to their requirements and deadlines?

Again, Mr. Ambassador, do you know how they will ensure accountability?

Ambassador YUN. There are many provisions. Accountability has been, in fact, our biggest effort, our No. 1 effort, to make it more efficient. So, on some things like reporting requirement we have reduced them to make sure they are on time.

I think the item they complained about is there are too many reports and too frequent reports. So, on some reports from quarterly, we will go down to semi-annual. On other accountability issues, again, we will have regular audits. So, I do believe the standard of accountability has not suffered; we have made it more efficient.

Ms. HAGEMAN. Ms. Cantor, do you have anything to add to that?

Ms. CANTOR. Ma'am, other than what Ambassador Yun said, we really worked with these three countries to ensure that we were listening to them and we made the process more efficient. Like he said, less reporting, but more oversight and accountability provisions.

Ms. HAGEMAN. OK. The United States has previously established an intra-agency group on Freely Associated State affairs through an executive order in 1986. However, it appears that this group became defunct in the early 2000s.

Ms. Cantor, can you commit to making sure that your office understands that if the interagency group on Freely Associated States is established under this legislation, that we would expect that the group would actually convene and carry out its responsibilities until Congress no longer deems it necessary?

Ms. CANTOR. Yes, I commit.

Ms. HAGEMAN. OK. Ambassador Yun, this discussion draft significantly increases the Department of State's equities in COFA implementation. Why do you believe this is necessary?

Ambassador YUN. I do think there has been, over the past two decades, erosion of some diplomatic oversight and engagement with the Pacific. The Biden administration has tried to change that. The results are obvious. There have been two Pacific summits: one last year, one this year. In addition, we have opened a number of missions in the Pacific and, of course, the higher-level engagement in compact.

I think for that momentum to be sustained, that political and diplomatic level, I certainly would see the language that you put in the compact amendment to create an office for FAS as entirely appropriate. There was an office of FAS some 40 years ago, but that disappeared after about 10 years or so. So, for you to have language there, I think, is a good step.

Ms. HAGEMAN. Mr. Ambassador, in your negotiations did the FAS raise any concerns about the Department of State's lack of engagement and U.S. diplomatic presence?

Ambassador YUN. FAS have raised that on more than one occasion. I do think, with your support, and also with renewed interest for the Pacific, with the State Department certainly, I don't think Interior Department is, I mean certainly the implementation has been going well, but I think at a diplomatic level further attention is called for. Thank you.

Ms. HAGEMAN. OK. The funding going to the RMI has been divided up into several categories of funding. While several of these are a continuation from the 2003 compact with the RMI, there are several new categories such as Kwajalein Atoll Master Plan. Can you provide any detail on what these new categories are, and why they are necessary?

Ambassador YUN. I think members of the Subcommittee who went to Ebeye would recognize very well the infrastructure update that is needed in Ebeye, which is just essentially a causeway away from Kwajalein. Most of the labor force who work in Kwajalein come from Ebeye, yet that area is tremendously overcrowded, lack of power facilities, lack of roadways, and so on. So, a big chunk of our money will go to updating, upgrading infrastructure around Kwajalein. That is a new element in our funding.

The second new element I would say is the help we will give through the new trust fund. We call it extraordinary needs. Traditionally, compact has supported the following sectors: education, health, infrastructure, and environment. But there is a need. Because a lot of farms have been inundated with saltwater, a lot of other especially isolated islands, so we will be giving through the new trust fund these isolated areas, small islands that need more help.

So, those two are, I would say, major new areas for RMI.

Ms. HAGEMAN. OK, thank you. The Chair now recognizes the Ranking Member.

Ms. LEGER FERNÁNDEZ. Thank you so very much for your testimony and the questions that you have already answered today. You are giving us new insights.

And in your testimony and in the agreements, we see that there are ways in which we are strengthening the relationship by opening up and making sure that those residents who are here are able to utilize the full Federal services. As an example, one of the items that the United States negotiated and accepted is the extension of the Head Start program to the FSM and RMI, as is the case with Palau. I am a proud Head Start baby myself, so I know the benefits that this program can bring to both families and communities.

Using that as an example, can you talk about what it would mean if the extension of Head Start were excluded from the final bill?

Ambassador YUN. Essentially, there are two groups of support we give them, taking education as an example. One assistance we give is education sector assistance. This will give the RMI government, for example, ability to pay teachers, build schools, provide books, and so on.

The one that we provide directly, Head Start is an example, is for individuals. So, these are two different baskets of education programs.

So, when we set up our own language, we made sure that you recognize these two different groups, that they are not double counting. One is for, essentially, education sector that would go to the government to build schools, pay teachers, and so on. The other is a program that they are eligible for. Head start is another one. I would say another one we saw is with individuals with disability.

It is confusing when you get into these details, but we need to be careful we don't kind of open up or end one program while thinking that the other program covers it. I am happy to work with Members and staff to make sure we continue to provide for FAS what they desperately need. Education is key to these countries becoming self-sustaining.

I emphasize that point because at the moment there seems to be some confusion in the language that was drafted for the 2023 Act.

Ms. LEGER FERNÁNDEZ. Thank you, Ambassador, and that is why I wanted to make sure we addressed that, so that there was an understanding of the importance of both aspects of that.

In our visit, we met with a lot of the veterans, and the veterans were very key. And we know that when they serve, they are not serving in a capacity that is limited. They are as exposed to every danger as their colleagues who might come from New Mexico, or Colorado, or anywhere else. So, I think that the importance of making sure we are extending the veteran services to them where they live is important.

I want to thank you for doing that. I don't know if you want to speak any more to that issue. I think you addressed it in your testimony. Or is there anything else?

I did want to just ask, in general, because we are looking at these. We have all heard, I think, a general sense of support for what we are doing. What happens if we don't pass the compact amendments? Share with us the consequences if we fail to act.

Ambassador YUN. I think the worst thing is the credibility of the United States would be very badly damaged. I do think that compact FAS are the foundational element of our relations with the Pacific. This is the northern half, the half that is closest to us. This is the second island chain for China. So, the message and the signals we are sending that we are there to compete with China, if we cannot secure this traditional, most foundational ally of the United States, I think our credibility would be very, very badly damaged.

Ms. LEGER FERNÁNDEZ. Thank you. And I believe that when we were on the islands and saw their military importance in World War II, and recognizing that the threats and the security are different but at the same time not, and I think that that was one of the benefits of being there and having the meetings.

With that, I yield back. Thank you, Madam Chair.

Ms. HAGEMAN. Thank you. The Chair now recognizes Mrs. Radewagen.

Mrs. RADEWAGEN. Talofa. Talofa lava. We are grateful to Chairman Westerman for stewardship of COFA renewal so far, and to you, Chairwoman Hageman, for bringing us together today in such a timely way, now that we have full COFA renewal agreement packages for all three Freely Associated States.

During the final signing proceedings with the RMI in Honolulu, I was struck by Special Presidential Envoy Yun's remark that he never doubted RMI's commitment to strengthening the COFA alliance. Certainly, I would join Ambassador Yun's assessment as to all three COFA partner governments.

But now, we did not get this done before expiration, so we are under continuing resolution provisional funding measures that do not strengthen the alliance in a sustainable way. Without undue delay, we can and should exercise oversight and move the agreements forward to passage by the earliest and most expeditious path. It is now that legislators and our governments need to show commitment to strengthening our alliances by approving COFA renewal agreements in an orderly but concerted effort.

There is much in these agreements that is ambiguous, subject to further interpretation and discretion of the parties. Congress can and should prescribe boundaries on interpretation and discretion of the parties, as may be determined to best serve the national interests of both the United States and its partners. In that regard, there are a few questions I would like to ask for the record, and many others that I intend to submit in writing.

Madam Secretary, as you know, along with these Compacts of Free Association, the Biden administration considers American Samoa to be a cornerstone of its U.S. national security policy for the Indo-Pacific. To that end, I was honored that Chairman Westerman appointed me Chairman of this Subcommittee's Indo-Pacific Task Force, and that Chairman McCaul designated me Vice Chairman of his Foreign Affairs Subcommittee on the Indo-Pacific.

In furtherance of these designations, and in furtherance of my responsibility both to my constituency and to American Samoa's role in national security, I am working on legislative provisions to remove Congress from mandatory consideration of changes to our local constitution, since, if needed, Congress already has that power under the U.S. Constitution, and another measure to ease the path to U.S. citizenship for U.S. nationals who already owe permanent allegiance to the United States.

Both matters may seem small and have no budgetary implications, but they have wide support of our local leadership and the people, and would send a strong, positive message to both Samoans and others in the region who very closely watch what the United States does in its territories and Freely Associated States.

May I say that, subject to specific language, would the Administration support small, non-controversial changes, or at least in the case of citizenship?

If you need OMB approval first, I hope you will give them a positive recommendation.

Ms. CANTOR. The question is about the citizenship or the constitutional amendments?

Mrs. RADEWAGEN. The question is about what I just asked you.

Ms. CANTOR. OK. If I understood it correctly, I want to re-emphasize we do understand how important American Samoa is to our national security, as well. I have had the opportunity to visit and meet with you and Governor Lemanu.

Regarding the constitutional amendments, you sent me a letter back in late 2020, which I responded to. And after I reviewed the

bill with the attorneys at the Department of the Interior, we found that the text was in good order, that the text would accomplish the stated purpose for which it was proposed, which is the repeal of 48 U.S.C. 1662. We did not identify any deficiencies or anomalies in the bill language as you, the sponsor, had proposed. We will be happy to provide updated guidance and technical assistance, should you choose to offer a similar measure this Congress.

Regarding citizenship, we want to thank you for raising this issue. We would be happy to review any draft legislation and provide technical assistance similar to what we provided on H.R. 9350 last Congress.

Mrs. RADEWAGEN. Thank you, Madam Secretary, my time is short.

Part three of the RMI agreement, paragraph 4, states that amendments thereunder do not affect the agreement referred to in section 462(a) of the 2003 RMI COFA, which is more commonly referred to as section 177 Nuclear Testing Claims Settlement, and which causes me to ask if this provision recognizes that section 177 agreement remains fully in effect and under its article 13 does not expire or terminate except by agreement and approval of the RMI, and that the terms of the settlement can be amended by mutual agreement, that the United States has a legal duty to consult on the ongoing implementation of the agreement at any time requested, and that, in addition to any past or present measures under the settlement, it can be amended to provide additional programs and activities as may be mutually agreed, consistent with 177(b) of the compact.

Ambassador YUN. Yes, Representative Radewagen. We completely believe section 177 remains in effect.

Mrs. RADEWAGEN. Thank you. I do have other questions. I am very out of time.

Thank you, Chairwoman Hageman, I yield back. I will submit the rest of my questions for the record.

Ms. HAGEMAN. Thank you. The Chair now recognizes Mr. Case.

Mr. CASE. Thank you, Madam Chair.

First of all, Ambassadors, your teams, our partners from our three compact countries here, incredible congratulations. Great job. Difficult, but productive and successful negotiations. And I was privileged, of course, to join you all in Honolulu just a few days ago, as a matter of fact, for the signatures on the RMI agreements. And the spirit there was indicated that friends work out their differences. So, this is a very good day.

However, I hate to rain on the parade, because I have an issue that I have been talking about for 5 years that needs to be resolved, and that is the treatment of our compact residents in the United States. And, as you know, one of the rights under the compact agreements is that citizens of the compact countries can come to live and work in our country as if they are green card holders, functional green card holders. Yet, because of what is now termed an oversight, they are not eligible for the same Federal programs, or have not been. As a result, the responsibilities for addressing those residents' needs has fallen to the states.

A GAO report in 2020 found that three jurisdictions: the CNMI, Guam, and Hawaii, have borne \$3.2 billion of costs in the period

2004 to 2018 to take care, as they should, of our compact residents when the Federal Government did not. For 2017 alone, that figure was \$338 million. And that is simply unacceptable.

We took care of part of this a few years ago by the Federal Government reclaiming its responsibility under Medicaid. But if you do the math on it, that leaves a bill of some \$278 million to those jurisdictions that would be borne by those jurisdictions if we do not correct this now.

And we know that this is going to continue as an issue, because we know that compact resident migration to the United States is not only going to increase, but the locations in which they live and work is going to increase. So, this burden is going to grow. And it is fundamentally unfair for the Federal Government to ask the states to take on this responsibility disproportionately.

And this state, the state I represent, is not willing to do that anymore. We have been good partners on this for years and years, but it needs to be corrected now. And for me, this is a conditional issue. It is very, very regrettably, an issue on which my vote depends for the approval of these compacts. And I don't think this is much different from my colleagues in other like-minded states. I don't say that lightly.

And, fortunately, I believe that the Administration understands this and has, in fact, in the submission of the compacts, in the budget sent to Congress earlier this year, included as a fundamental part of this the Compact Impact Fairness Act, which has been introduced on both sides of Congress and on both sides of the aisle to take care of this issue once and for all.

So, that is a long way of asking a very direct question to Ms. Cantor: Does the Administration continue to regard the Compact Impact Fairness Act as an integral part of your submissions to Congress as part of approval of the compacts, as re-negotiated?

Ms. CANTOR. Yes. The answer is yes, sir.

You introduced this legislation, and as you know, 50 percent of all the COFA migrants are now in the mainland. And it is fair for all the states to be able to provide the services that they deserve.

Mr. CASE. And Ambassador Yun, this was obviously not a direct part, but we have talked about this at great length. Do you agree with that position?

Ambassador YUN. I completely agree with that position. And also, thank you, Representative Case, for coming to the signing ceremony. It meant a great deal to us and to RMI. Thank you.

Mr. CASE. OK. Well, to my colleagues on the Committee, I appreciate this being in the discussion draft. This needs to be in the discussion draft as it comes out of this Committee. If it is, I will have absolutely no hesitation in supporting this all the way. But we need to see this one through, because this is important, this is a matter of fairness. This is part of our country's obligations in fulfillment of its treaty obligations. Thank you.

Mr. LAMALFA [presiding]. Thank you, Mr. Case. I will now recognize Mrs. González-Colón for 5 minutes.

Mrs. GONZÁLEZ-COLÓN. Thank you, Mr. Chair. I first want to recognize Mr. Ambassador and Secretary Cantor for being here, and the rest of the people who are our guests today in this hearing room, but I really believe that we need to recognize the leadership

of Chairman Westerman, Congresswoman Radewagen, Congressman Moylan, and Congressman Sablan in the effort to make this happen.

I really believe that this is a good resolution. This is actually a good policy for the United States in making a safe presence of the United States in the Pacific area.

Having said that, I just have a few questions. They are not really questions. They are just yes-or-no answers.

And I first want to recognize Ambassador for your leadership, as well, making this happen after 20 years. I think this is something both sides of the aisle should celebrate as we pass this resolution.

I would like to begin with basic questions, just to help our constituents better understand our relationship with the Freely Associated States and the importance of today's topic. I had an opportunity to visit some of the islands of the Pacific in a former CODEL, and I know the hard work of members of this Committee in those islands, just the traveling time. It is something to admire.

Ambassador Yun, in an April 2023 interview at the Hudson Institute, you explained that the Marshall Islands, Palau, and the Federated States of Micronesia have signed a Compact of Free Association and also enjoy today, in your words, complete independence. You also noted that the relations are handled through the Department of State because the Freely Associated States are foreign and completely sovereign countries.

Just to confirm, the Freely Associated States are three independent nations, and they are each their own country, each a sovereign republic. Is that correct?

Ambassador YUN. Correct.

Mrs. GONZÁLEZ-COLÓN. OK. Consistent with that status, are people born in the Freely Associated States of the United States U.S. citizens or nationals?

Ambassador YUN. Neither, they are their own citizens.

Mrs. GONZÁLEZ-COLÓN. Under the terms of the Freely Associated agreements, compact citizens can migrate and work in the United States but they are not U.S. citizens or nationals.

Ambassador YUN. Right.

Mrs. GONZÁLEZ-COLÓN. Correct. Can the Compacts of Free Association be terminated either by mutual agreement or unilaterally, in accordance with the compact terms?

Ambassador YUN. Yes.

Mrs. GONZÁLEZ-COLÓN. Yes. In fact, I remember in March of last year, the Department of the Interior testified before the Senate, and I quote, "under the compacts, both the United States and the FAS individually retain the right to full independence, and that includes an unencumbered ability to terminate the free association status defined by the compacts, and the termination may be done by mutual agreement or each nation may do so unilaterally or by mutual agreement."

So, if free association agreements are terminated, will Palau, the Marshall Islands, and the Micronesia remain independent sovereign nations? They do not go back to being a UN trust territory administered by the United States, correct?

Ambassador YUN. Correct.

Mrs. GONZÁLEZ-COLÓN. OK. I want to say thank you. And the purpose behind these questions was just to highlight the reality that, at the end of the day, despite our compact agreement, the Freely Associated States are independent nations, that if we in the United States fail to remain engaged and do not renew our economic agreement with them, there will be nothing in the way to stop communist China from approaching and trying to increase its influence in these countries, as they have done that elsewhere in the Pacific region.

And that is why today this draft bill to approve the recently-negotiated COFA economic agreements for the next 20 years is so important. And that is the reason I do favor that agreement, and the importance of this Committee on having this hearing.

Now, turning my questions to the draft legislation, Ambassador, what will be the impact of not authorizing the \$634 million funding for the U.S. Postal Service?

Ambassador YUN. The U.S. Postal Service will be cut off. They don't have their own postal service.

Mrs. GONZÁLEZ-COLÓN. And has the USPS indicated that they will no longer provide postal service if those funds are not included in the legislation?

Ambassador YUN. Yes.

Mrs. GONZÁLEZ-COLÓN. OK. Ambassador Yun, we know that completing negotiations with the RMI was not an easy task, particularly because of the nuclear settlement issue. We would like to commend you once again for this accomplishment. And my question would be, can you elaborate to us as how you got over that impasse with the RMI, and did the total funding change?

Ambassador YUN. Well, as I mentioned previously, how we got over it is that we put in, essentially, that new trust fund could be used in small islands, including those islands that have been affected by nuclear tests. So, we did not limit it to those islands, but we put in specific language that it could be used on that.

I would say that it was very much in United States' interest to preserve section 177, and we did that in the agreement. So, it really was a compromise that I think they were, in the end, happy to reach, as well.

Mrs. GONZÁLEZ-COLÓN. Thank you, Ambassador. My time expired, and I commend you for that leadership, as well.

Ambassador YUN. Thank you, ma'am.

Mrs. GONZÁLEZ-COLÓN. I yield back.

Mr. LAMALFA. Thank you. Let's now recognize Ranking Member Grijalva for 5 minutes.

Mr. GRIJALVA. Thank you, Mr. Chairman.

Ambassador, again thanks for your willingness to postpone your retirement to finish and try to complete the negotiations. Now, the ball is in our court. And, as such, the obvious is just to expedite the enacting of these agreements, No. 1.

I think No. 2, and that goes to some of the other questions that have been asked, I think the agreements are a very important declaration of good faith. And I think they are also an important declaration of trust. But beyond what is in the agreement, from your perspective now that you are retiring and you don't care what you say, which is really a good thing, from your perspective

through this process that you have been through, what else can we do as a country and as a Congress to ensure the success of the efforts of the negotiations and its implementation?

And I appreciate the points that were already made about raising the status in the State Department of the responsibility for these agreements, and for the relationship with FAS and having an office with some level of status. I think it is important that the working group, like you said, be represented there with staff assigned that also have status and profile within the agency and within the Department, but more importantly, within the Administration, what else could be prescriptive, but also what else builds to that ensures the success of these agreements with the FAS States beyond what is there?

It is about relationship to build it, strategic importance, we all hear that. But I think there is more to do in terms of building a relationship that has lasted this long and, quite frankly, many times with the United States taking it for granted. And now that the United States is in a position to need that relationship to be strong, positive, and trusting, as it has been in the past, what can we do to make sure that, beyond what is in the agreement or what is in the agreement that can be pursued?

Ambassador YUN. Thank you very much. I do think your visit in August was tremendously important. And they want to see, essentially, our own Congress Representatives, as well as high-level administration officials engaging. So, engagement is critically important.

I do think with this new compact, especially, we are giving them adequate resources. So, resources is no longer a question. The issue they really want addressed and given some prominence is, of course, climate change because this area suffers from climate change like no other area. As I mentioned RMI, the highest point is 12 feet. I do understand that climate issues are very political in Congress, but I do think, ultimately, we have to help them through the crisis that is coming, which is climate. It is already there in some part.

So, if I was to put in order: high-level engagement, because only through high-level engagement do they believe, and it is probably right, they are going to get more traction and attention from Washington; second, the issue most important to them is climate. So, we have to figure out how we can help them on the climate side.

Thank you sir.

Mr. GRIJALVA. Thank you.

I yield back, Mr. Chairman.

Mr. LAMALFA. Thank you, Mr. Grijalva. Let me now recognize Mr. Moylan for 5 minutes.

Mr. MOYLAN. Thank you, Mr. Chairman, and I appreciate the Committee is holding this hearing today. I know that for many of my colleagues outside this Committee the word COFA is meaningless. But to my constituents it means everything. The Freely Associated States are our neighbors, and many of them make their first stop in the United States when they land in Guam.

My constituents also know all too well that these agreements are essential to ensuring a free and open Pacific. My constituents also

believe that the Compact Impact funding is critical to ensuring host regions can adequately address the needs of the migrant community.

Mr. Chairman, I ask unanimous consent to insert into the record from the Acting Governor, Josh Tenorio, and Senate Minority Leader Frank Blas regarding the importance of the COFA agreements and the Compact Impact. A copy of a report from the Governor titled, "Impact of the COFAs on Guam FY 2004 to FY 2020," as well as pages out of the 2020 GAO report that enumerate the cost of hosting compact migrants between Fiscal Years 1986 and 2017.

Mr. LAMALFA. Without objection.

[The information follows:]

OFFICE OF THE GOVERNOR OF GUAM

October 18, 2023

Hon. Harriet Hageman, Chair
Subcommittee on Indian and Insular Affairs
House Committee on Natural Resources
1324 Longworth House Office Building
Washington, DC 20515

Re: Testimony for the Draft House Joint Resolution on COFA Amendments Act of 2023

Dear Chair Hageman and Committee Members:

I submit this testimony to comment on the discussion draft on the House Joint Resolution relative to the "Compact of Free Association Amendments Act of 2023." While the Compacts of Free Association (COFA) have played a vital role in fostering a strong partnership between the United States and the Freely Associated States (FAS), Guam has concerns with specific proposals included in the draft Joint Resolution, namely the Compact Impact Fairness Act (CIFA). CIFA alone cannot adequately reduce the cost that COFA migrants have on our host communities. While participation in more federal programs reduces the strain on our local public service systems, this does not directly compensate host governments for the costs we incur in ensuring FAS migrants are welcomed into a safe society that can address their needs. There are several local services and projects that rely on Compact Impact funding that CIFA just cannot cover.

Moreover, CIFA will create disparities in the provision of benefits for U.S. citizens residing in the U.S. Territories by denying eligibility from certain federal programs while extending eligibility to non-U.S. citizens from the FAS. This situation will adversely impact our community, creating inequities that are discriminatory, which should be deeply concerning for this Committee. It is imperative that Congress work to *truly* uphold the principles of fairness. Guam's governors, legislators, and congressional delegates, from both Republican and Democratic parties, have advocated for equitable treatment in federal programs for Guam's residents, including eligibility under the Supplemental Security Income program. Thus, on behalf of the people of Guam, I ask the Congress to amend the proposed COFAs to provide equitable access to critical federal programs for all U.S. citizens, regardless of their geographical location.

Another concern that must be noted and addressed is the absence of an authorization in the current draft of the proposed COFAs for annual appropriations of \$30 million and \$6 million in discretionary funds for host communities, which were included in the prior 2003 COFA Agreements. While these negotiations are geared toward the FAS, it is vital that Congress and the Biden Administration work to ensure host states and territories are fairly compensated for the public services they provide for FAS migrants through Compact Impact funding.

Historically, Guam received up to \$16 million out of the annual \$30 million appropriation split amongst the affected jurisdictions for defraying costs incurred by increased demands placed on educational, public safety, and social infrastructure services from FAS citizens migrating to the island. In 2017, the last year for which

the government of Guam submitted Compact Impact costs to the U.S. Department of Interior, the total costs for services to FAS citizens was \$147 million.

If Compact Impact funds were to be removed, Guam would be at the biggest disadvantage, being home to the largest per capita number of FAS migrants and receiving the greatest share of Compact Impact funding. While the \$30 million in mandatory spending and \$6 million in discretionary spending is nowhere near the real amount host states and territories spend on FAS migrants, it is a source of funding that host governments heavily rely on. Compact Impact funding is used in several programs that support our FAS brothers and sisters.

Guam has been relying on nearly \$6 million annually to pay for the financing and maintenance of several public schools constructed in villages with the highest populations of FAS migrants. If these funds were to be taken away, Guam may not be able to provide the quality and level of services we already provide to FAS migrants; any local service that relies on the Compact Impact funds would then become a burden to our local government. The federal Compact Impact money we receive is beneficial and makes a difference in how our local government operates. Without Compact Impact funding, I fear that Guam will not be able to provide the necessary resources to migrants they have relied on for a long time.

As you can see, the amount received by Guam was severely deficient in helping our government cover Compact Impact costs. I must express my disappointment in the U.S. Department of Interior that it did not provide the funds for these needs in the executive budget. This is a departure from prior practice. I must now rely on the U.S. Congress to provide equity for the People of Guam. While we certainly welcome our regional brothers and sisters from the FAS, promises from the federal government to help host communities cover Compact Impact costs have gone unfulfilled.

For the above reasons, I ask Congress to identify, authorize, and include a dedicated funding source for Compact Impact funding in the amended agreements to help reduce the financial burden on the government of Guam. I also ask Congress to support Congressman Moylan's amendment to H.R. 4821 to provide critical Compact Impact funding for Guam to cover costs for this fiscal year until a viable and acceptable solution is provided.

Senseromente,

JOSHUA F. TENORIO,
Acting Governor of Guam

37th Guam Legislature
Office of Senator Frank F. Blas Jr.

April 24, 2023

Honorable Lourdes A. Leon Guerrero
I Maga'Hagan Guahan
Office of the Governor
Ricardo J. Bordallo Governor's Complex
Adelup, Guam 96910

Re: Discontinuance of Compact Impact Funding

Dear Governor Leon Guerrero,

Buenas yan Hafa Adai! The Biden Administration has submitted their Fiscal Year 2024 Budget proposal to Congress that does not include Compact Impact funding for areas impacted like Guam and also discontinues the smaller discretionary supplement that had been available to us as well. The justification for the discontinuance was to work towards allowing Compact migrants to become eligible for key Federal social safety net programs while residing in the United States as a long-term solution to the financial impacts on state and territorial governments. This is a major blow for us.

For many years, former Senator Carlotta Leon Guerrero and then I have been critical and worked many avenues to address the perennial shortage in the Federal Government's reimbursement of our Compact Impact expenditures. Now with the Biden Administration's proposal to completely eliminate any reimbursement and discretionary funding opportunity, this places the burden of the migrant services

squarely and entirely on our laps. Although minimal when compared to what are actual annual costs are, the \$12 Million to \$16 Million that Guam had gotten annually helped to defray the costs being incurred to provide health, educational, social, and public safety services to Compact migrants. Furthermore, a major portion of the annual reimbursement was pledged toward the payment of the lease-backs for Adacao Elementary School, Liguán Elementary School, Astumbo Middle School, and Okkodo High School.

In a report published by the Department of Interior's Office of Insular Affairs entitled "Budget Justifications and Performance Information Fiscal Year 2024 (<https://www.doi.gov/sites/doi.gov/files/fy2024-oia-greenbook.pdf-508.pdf>), it provides that the Biden Administration's FY2024 request for Compact Impact Assistance and Compact Impact Discretionary Funding are both Zero. The FY2023 appropriations were Thirty Million Dollars (\$30,000,000) for the cost assistance and Six Million Dollars (\$6,000,000) for the discretionary funding.

I acknowledge that the monies received from the two programs are used at the discretion of the Governor. However, in years past, the money was allocated not just for the school lease payments, but also to pay for much needed programs and services that would have otherwise been funded by local money. Now with the absence of these funds, any obligations tied to them will be a burden on an already strained General Fund, of which has never received full relief and reimbursement for the actual impact costs.

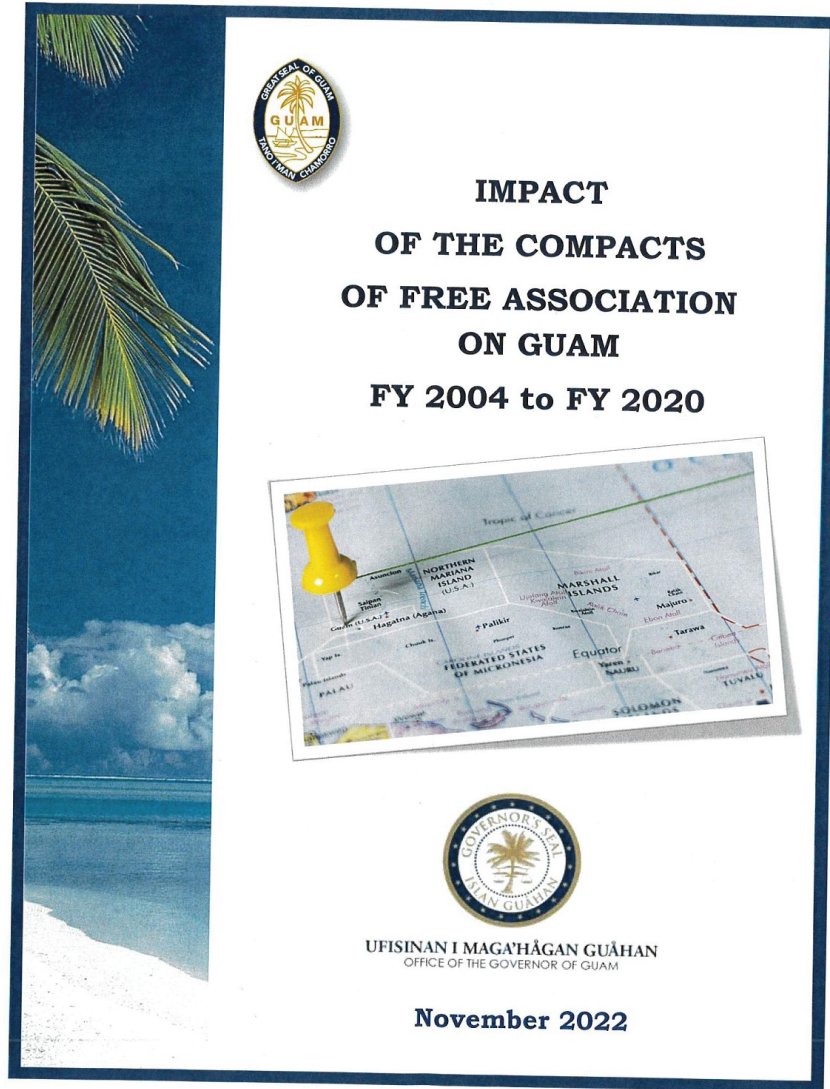
The loss of this funding comes at a very inopportune time as our island is struggling to recover from the devastating economic effects of the COVID-19 pandemic. Complicated even further by rising costs, increasing crime, a flailing healthcare system, and deteriorating conditions in our schools, the money could have helped in addressing these issues, most especially with the services provided to Compact migrants.

While the Biden Administration has stated that re-implementation of the funding will be visited after the Compact negotiations are completed, it is discerning to see that President Biden has ignored the challenges that jurisdictions with significant migrant populations such as ours continue to have in fulfilling *their* promise of educational advancement, gainful employment, and necessary healthcare. The negotiation process should not have negated the reimbursement for or the financial assistance to continue to provide "promised" services to Compact migrants. While the funding was being provided to defray costs associated with the expiring agreement between the United States and the Freely Associated States, it is not an item included in their negotiations and should not be contingent on the agreement, unless it fails and results in the return of the migrants to their countries. Furthermore, the statement that the re-implementation will be visited provides no assurance that the funding will be reinstated or that it will even be considered. As such, it is apparent that any communications that your administration should have had with this President and his administration concerning this matter has either fallen on deaf ears or discounted as being relevant or important.

Please appreciate the fact that I have gone to great lengths to temper my disappointment and ire in both the Biden administration's decision and your administration's acceptance of the decision to discontinue the funding. At a time when we are being depended upon to shoulder the brunt of the national defense interests in the Indo-Pacific region and being ignored in our desire to improve our political relationship with the United States, this decision flies in the face of your assertion of an engaged and encouraging relationship with the President and his administration. I pray that the President's decision to cut this funding that we need is just as concerning and disappointing to you as it is to me. And if so, I pledge to work with you towards getting it restored as well with other matters that could adversely affect the welfare of our people.

Respectfully,

FRANK F. BLAS, JR.,
Senator



The full file can be viewed on the Committee Repository at:
<https://docs.house.gov/meetings/II/II24/20231019/116439/HHRG-118-II24-20231019-SD005.pdf>

Appendix V: Compact Impact Costs Reported by Hawaii, Guam, and the Commonwealth of the Northern Mariana Islands

Since 1986, Hawaii, Guam, and the Commonwealth of the Northern Mariana Islands (CNMI) have submitted to the Department of the Interior (Interior) intermittent compact impact reports and other documents that include descriptions of, and estimated costs for, education, health, public safety, and social services that local government agencies provided to compact migrants. Hawaii and Guam have submitted compact impact reports, which are available on Interior's Office of Insular Affairs' website.⁸⁸ The CNMI has not submitted a compact impact report since fiscal year 2003 but reports compact impact costs to Interior in the CNMI's annual plan for the use of compact impact grants. Table 14 shows the estimated costs that these affected jurisdictions reported to Interior or provided to us for 1986 through 2018.

Table 14: Estimated Compact Impact Costs Reported by Hawaii, Guam, and the CNMI, 1986-2018

Dollars (in millions)				
Year	Hawaii	Guam	CNMI	Total
1986-1995	23.4	60.6	43,7-71.7*	127.7-155.7
1996	6.4	16.1	11.0	33.5
1997	12.2	19.1	13.7	45.0
1998	12.4	19.1	15.1	46.6
1999	14.1	18.9	12.3	45.3
2000	17.5	24.5	9.2	51.2
2001	21.5	23.4	4.6	49.5
2002	30.4	23.3	4.6	58.3
2003	47.4	30.9	4.2	82.5
2004	55.3	33.2	10.0	98.5
2005	66.9	33.6	10.3	110.8
2006	81.0	43.3	9.7	134.0
2007	90.8	46.5	8.6	145.9
2008	101.0	56.0	8.2	165.2
2009	118.8	64.0	4.0	186.8
2010	114.9	71.8	4.7	191.4
2011	113.9	99.6	2.8	216.3
2012	130.3	99.6	5.9	235.8
2013	144.8	115.5	8.3	268.6
2014	163.3	130.0	12.3	305.6

⁸⁸Department of the Interior, Office of Insular Affairs, "Compact Impact Reports," accessed January 13, 2020, <https://www.doi.gov/oiia/reports/Compact-Impact-Reports>.

Dollars (in millions)				
Year	Hawaii	Guam	CNMI	Total
2015	145.1	136.8	5.9	287.8
2016	140.2	140.2	7.7	288.1
2017	183.9	147.3	7.3	338.5
2018	197.8	Not reported	9.6	207.6
Total	2,833.3	1,453.3	234.0-262.0	3,720.6-3,748.6

Source: GAO analysis of compact impact reporting, grant proposals, and documents from the governments of Hawaii, Guam, and the Commonwealth of the Northern Mariana Islands (CNMI). GAO-20-491

Notes: Amounts shown are rounded and unadjusted for inflation.

Not all local government agencies in affected jurisdictions reported compact impact every year, although costs may have been incurred.

*The CNMI's range of estimated costs for 1986 through 1995 was provided in a 2000 CNMI congressional testimony.

Mr. MOYLAN. Thank you, Mr. Chairman.

As you read in these letters, every appendage of Guam's government is firmly in support of these COFA agreements and CIFA's provisions.

And we also agree about the importance of Compact Impact, and ensuring that Guamanians can access SSI.

Secretary Cantor, the Biden administration has styled itself as a champion for the little guy, and claims to be sincerely listening to

the people of the territories. My question is, given that the Governor of Guam, the Guam legislature, both major political parties, and I have also made clear that we feel the continuation of Compact Impact Funds is necessary to offset the cost of hosting COFA migrants, why has the Biden administration decided to end this program?

Ms. CANTOR. Delegate Moylan, thank you so much for that question.

The Compact Impact program was one that was approved 20 years ago by the U.S. Congress, and it was scheduled to sunset in 2023. The Biden administration has decided that because we have compact migrants in almost every state in the nation, and like I mentioned before, 50 percent of them are in the mainland, it was more equitable to have a vehicle that can provide them the services and the benefits that they don't have.

I realize that Guam, up until this past Fiscal Year, was receiving \$15 million in Compact Impact assistance. Again, this was a decision that was made 20 years ago. And in previous conversations that we have had with you and with the Government of Guam, we have expressed our intention to work very closely with you if the Congress decides to come up with more money to address the Compact Impact issue in Guam and the other territories.

But for now, CIFA is the vehicle that the Administration has decided to use.

Mr. MOYLAN. Thank you, Assistant Secretary Cantor, and I have to disagree. Based on the reports that we submitted into the record, this is important. We did do a hard study, and I thank you very much for what you have done, but it needs to be included. I needed the Administration to back the territories and the host nations, but that is not coming from the Administration. But I understand your explanation.

Ceasing the Compact Impact payments to Guam will be an offset including COFA migrants to various benefit programs under CIFA. But let me go into my next question.

Secretary Cantor, in your testimony, you say that CIFA's benefits will follow COFA migrants in whichever state or territory they live in. The question is, how would you like me to explain to my constituents why non-citizens are receiving Federal benefit programs that they, as U.S. citizens, are unable to access?

Ms. CANTOR. Once again, thank you so much, Delegate Moylan, for that question.

Yes, you are right. The new CIFA legislation will follow the migrants wherever they reside. It doesn't have an expiration date, and it will basically provide assistance to the state and territories that, to date, have stepped in to provide assistance in the absence of Federal aid.

Like I mentioned before, not all COFA migrants are just in Guam, Hawaii, and CNMI. They are all over the United States.

Mr. MOYLAN. Thank you, Secretary. I am sorry, we are almost out of time, and I just want to again stress that United States property where U.S. citizens live do not receive SSI. And I think that is very discouraging. And this has to change.

I am out of time. Thank you, Mr. Chairman.

Mr. LAMALFA. Thank you, Mr. Moylan. I will recognize myself for 5 minutes.

Indeed, I am grateful for our witnesses being here today, for their time, and also the way this compact has come together for all those who had a hand in it. Indeed, it is extremely important that we keep our commitment to the Freely Associated States, and keep our word, but also how incredibly important the relationship with the Freely Associated States is for preventing undue influence from the Chinese Communist Party and others in that region. So, I am glad we can be successful in keeping this commitment.

For Secretary Cantor, just briefly, I wanted to clarify for my own use the role the Department of the Interior versus how much did the Department of State and the Department of Defense have in crafting and working in this area. What is the split on that? Is it primarily Interior or is it State or Defense? Is it all pretty equal?

Ms. CANTOR. I don't know the percentages, but what we do at the Department of the Interior is implement in all the grant assistance, which is, as you know, millions of dollars. But we work very closely with the State Department and, of course, with the Department of Defense.

Mr. LAMALFA. OK. So, is this encouraging more and more collaboration, better teamwork, so to speak, with all three agencies to be successful here?

Ms. CANTOR. Yes, sir.

Mr. LAMALFA. So, it is a good team.

Ms. CANTOR. Yes, it is a team effort.

Mr. LAMALFA. OK, I appreciate that.

Mr. Moylan, I would yield my remaining time to you if you would like it.

Mr. MOYLAN. Thank you, Mr. Chairman.

Secretary Cantor, in your written testimony, you touched on expanded benefits for veterans in the FAS. Do you happen to know where these veterans often go for their medical care?

Ms. CANTOR. From my experience, when I was a U.S. Ambassador to the Federated States of Micronesia, I do know that many of these veterans will go to Hawaii most of the time. Some of them will go to Guam.

Mr. MOYLAN. That is correct, Guam's CBOC and our Guam Memorial Hospital. And in that line, do you agree that building a larger VA presence on Guam would better serve veterans in the FAS, rather than asking them to wait in long lines on Guam or to fly the thousands of miles to Hawaii for adequate care?

Ms. CANTOR. Sir, I do agree that it is very challenging for the veterans to have to pay their own way to go to either Hawaii or Guam, or whatever jurisdiction they choose to receive their medical care in. This is why we are very happy to see that, if this legislation is enacted and implemented, it will provide the Secretary of Veteran Affairs with the flexibilities that he needs to provide the services that these individuals need, which is basically telehealth and pharmaceuticals.

Mr. MOYLAN. OK. And Secretary Cantor, these agreements we are proposing here will cost \$355 million a year in mandatory spending, and will require us to cut mandatory spending to fit these outlays in. Given how important both you and Ambassador

Yun have said these agreements are to the Administration, why hasn't the Biden administration made any attempts at identifying mandatory spending that should be cut for these outlays?

Ms. CANTOR. Delegate, we have talked repeatedly about how important these agreements are to our national security, and we believe that because of that, it has to be mandatory spending. These countries are vital to our national security. And, therefore, it is important that we pass this legislation and continue this collaboration and partnership that we have with them.

Mr. MOYLAN. Thank you. Also, Secretary Cantor, in a letter I submitted today from Guam Senator Frank Blas, he talks about how Compact Impact Funds are used to pay the leases on public schools in the villages with high populations of COFA migrants. If your plan is successful and the Compact Impact is eliminated, will the Department of the Interior commit to working with the Government of Guam to find alternate sources of Federal funding to keep these schools open?

Ms. CANTOR. Delegate, we are committed to work with the Government of Guam. We want to address these issues in a coordinated way.

I don't know if you are aware that we have an interagency group that meets every year to address the issues of the territories, and this will be a good topic to bring up during that conversation.

But, again, yes, we can talk about how we can do this together.

Mr. MOYLAN. Thank you, Secretary Cantor.

I yield back. Thank you, Mr. Chairman.

Mr. LAMALFA. You are welcome. Let me recognize Mr. Dunn for 5 minutes.

Dr. DUNN. Thank you very much, Mr. Chairman. Thank you especially for allowing me the opportunity to waive on to this Committee today. This Subcommittee is conducting extremely important work, and I appreciate the opportunity to be part of this conversation.

We are all here to discuss the Compacts of Free Association, also known as COFA. I am sure that we all agree on how essential these agreements are. Not only does COFA rightly honor the past sacrifices made by Americans and Pacific Islanders as they fought together for freedom in World War II, it also ensures our shared goal of a free Indo-Pacific in the future. Renewing the agreements reaffirms our commitments to our allies and deters future aggression. We share bonds of blood, family, and values, and the compacts should reinforce that.

I had the privilege of serving in the Pacific Islands as an Army surgeon. I provided care in many of these nations. Meeting people under those circumstances you get to know them, and they are a very, very good bunch of people. I enjoyed them immensely.

As a member of the Select Committee on the Chinese Communist Party, I am especially concerned with the CCP's continuing advancement in the region and what it means for the people of the region and for the United States security, security of the entire Indo-Pacific.

I am aware this Committee recently traveled to U.S. Pacific territories and also the Freely Associated States, and I am sure you saw the CCP is launching a new kind of attack there, and that is

sort of a political warfare, if you will. The effects on the ground are very real, include economic and political dependency, as well as social undermining and destruction.

We saw in the South Pacific, where we were visiting, it was on full display, as well, I think in the Northern Pacific, including even the Freely Associated States. These islands are just as valuable strategically to China as they were to Japan in World War II.

[Slide.]

Dr. DUNN. There is a map on the screen I would like to refer you to. The red is the Exclusive Economic Zones of the Pacific Island nations; those are the ones that recognize Beijing. And the green ones are the ones that recognize Taiwan. You will notice that there is a great deal more red than green. There used to be far more green on that map. It serves as a function, because of our control over the Exclusive Economic Zones, as a control of travel across the South and Central Pacific.

Think of it, if you will, as a fence. The CCP is working overtime to make sure the Pacific Island nations depend on them. And in Beijing, first comes the economic outreach, then the political influence, and finally control by Beijing. I think this map clearly illustrates how the CCP has infiltrated our friends, our allies in the Pacific, and that is a scary picture to me. It has been bothering me in my sleep for months.

Two of the four countries that are still green on that map are COFA states. Both have elections coming up, and Beijing is working nonstop to affect those elections with bribes, economic leverage, and corruption. They want to get rid of the green states. The CCP counts on U.S. complacency. They want to use the COFA nations as an armed force outpost to project military defense of their empire and enlarge their empire, and indeed, their hegemony over the entire Pacific.

China opposes alliances and treaties among the free nations of the world because it fears these alliances. It fears that our COFAs will be successful. And I hope that we will collectively analyze China's political warfare and their lack of respect for the rule of law, rule of human rights, and sovereign rights of nations. It is clear that their intentions are absolutely intentional, well-funded, and, sadly, they are becoming rather successful.

President David Panuelo wrote multiple letters from the FSM laying out in detail the PRC's comprehensive, pernicious political warfare against his nation, and an article on them entitled, "Micronesia's President Writes Bombshell Letters on China's Political Warfare." I would like to enter these into the record, if no objection.

Mr. LAMALFA. Without objection.

[The information follows:]

*The President
Palikir, Pohnpei
Federated States of Micronesia*

March 30, 2022

Dear Prime Minister Manasseh Sogavare,

Greetings from the Federated States of Micronesia! At the outset, I wish to emphasize my deepest respect to you, your office, and the People & Government of Solomon Islands, and on behalf of the People & Government of the Federated States of Micronesia, to express our collective well wishes for your People's health and prosperity. Allow me to also emphasize at the outset that our Nation's broader foreign policy outlook—that we are a friend to all, and an enemy to none—is consistent with that of Solomon Islands.

Mr. Prime Minister, I write to you today as a fellow Pacific Islander and friend, and to humbly offer our Government's perspective regarding a topic I'm sure you've been hearing ceaselessly about; that is, your Government's forthcoming security agreement with the People's Republic of China.

The Federated States of Micronesia has grave security concerns about this proposed agreement because this agreement is entirely novel and unprecedented. Therefore, before you sign such an agreement, I would like to describe to you our own relationship with China, and what I fear the larger countries are privately preparing for.

The Federated States of Micronesia has had diplomatic relations with the People's Republic of China since September 11th, 1989. We call our relationship the FSM-China Great Friendship. We have no loans with China, only grants; and the Chinese do not ask us to take loans. China always offers development assistance, but never insists on what development assistance might look like; when we ask for a ship, like the Hapilmohol-2, we get a ship, and when we ask for a Government Complex, like the Chuuk State Government's campus, we get a Government Complex. Needless to say, economic and technical cooperation with China has been beneficial for our country and our People, and I am sure Solomon Islands is benefiting from a similar experience. The People & Government of China are a friend to the People & Government of the Federated States of Micronesia.

That said, you and I are both aware—and I think you'd agree that it can be plainly seen—that the U.S. and China are increasingly at odds with one another. This presents an issue—because the Federated States of Micronesia is a friend to the People & Government of China, but we are also a sincere friend, even an ally, of the People & Government of the United States of America.

Our ideal scenario in the Federated States of Micronesia is that China and the U.S., as well as Australia, Japan, New Zealand, and so many others, become friends with one another. Wouldn't it be wonderful if they could look past their fears and grievances and embrace each other as friends? Wouldn't it be terrific if they could see that the troubles of our times, such as Climate Change, require all of them working in concert instead of against each other?

That ideal scenario is my dream, and I share it through my addresses at the United Nations General Assembly and through media interviews, through Press Releases, and through casual conversation with the diplomatic corps based in our country. But a dreamer must also be practical, and in practice the countries we call friends are increasingly not acting very friendly with each other.

My fear is that we—the Pacific Islands—would be at the epicenter of a future confrontation between these major powers. It's not an impossible fear; it has happened before. Both the Federated States of Micronesia and Solomon Islands were the battlegrounds during World War II. I am confident that neither of us wishes to see a conflict of that scope or scale ever again, and most particularly in our own backyards, and most especially as we can see—from Russia's invasion of Ukraine—that the bigger countries will choose violence if they think it serves their interests, and without regard necessarily to our interests, such as our interest to not become collateral damage.

I imagine the following hypothetical scenario. The Federated States of Micronesia is currently negotiating its Compact of Free Association with the United States of America; meanwhile, China and Solomon Islands establish a close security partnership. The security partnership is a resounding success; Solomon Islands is wealthier from China's business investments, such as in the extractive resources sector; and Solomon Islands is secured from internal and external threats. But China fears the

U.S. fortress to its east, and Australia fears the Chinese fortress to its north. What happens next?

I ask you, Prime Minister: is it within the realm of plausibility that, as more Pacific Islands seek security arrangements with larger countries, that we could see a sovereign and peaceful Pacific become fragmented, and become tools for these larger countries' spheres of power and influence? And is it plausible that, once the spheres have been carved out, that our concerns about Climate Change—today's problem—would manifest into all-too-real concerns about a war in our backyards, with our people, our islands, as the playground for children playing as adults? Isn't it plausible that our islands could become collateral damage once again, such as we saw occur in Guadalcanal in your country, and Chuuk in my country, during World War II?

I would maintain that this possibility is all too plausible; and that compels me, despite my country's long friendship with China and our even longer enduring partnership with the United States, to appeal to you most respectfully to give your deepest consideration to the longer-range consequences for the entire Pacific Region, if not the entire world, that could well flow from a decision to host the establishment of a military presence by China in your country.

If any part of what I have written has given you pause, however briefly, then please feel empowered to reach out to me, and to the Pacific Islands Forum at large. As much as your bilateral security arrangement may be strictly a matter between your country and the People's Republic of China, its existence would absolutely affect all countries who call the Blue Pacific their home. The Federated States of Micronesia cannot endorse or agree if your decision is to proceed with a security relationship with the People's Republic of China, because of its far-reaching and grave security implications for our harmonious and peaceful Blue Pacific Continent.

Thank you, Prime Minister, for your kind attention to my lengthy letter. I say again for posterity that the People & Government of the Federated States of Micronesia extend to you peace, friendship, cooperation, and love in our common humanity, and pledge that it is our goal that our two countries shall always share this friendship with each other as fellow brothers and sisters of the Pacific.

Sincerely,

DAVID W. PANUELO,
President

*The President
Palikir, Pohnpei
Federated States of Micronesia*

May 20, 2022

T.H. Lemanu Peleti Mauga Governor, American Samoa	T.H. Scott John Morrison Prime Minister, Australia
T.H. Mark Brown Prime Minister, Cook Islands	T.H. Josia Voreqe Bainimarama Republic of Fiji
H.E. Winfred Edouard Tereori Fritch President, French Polynesia	T.H. Lourdes Aflague Leon Guerrero Governor, U.S. Territory of Guam
T.H. David Yutaka Ige Governor, State of Hawai'i	H.E. Taneti Maamau President, Republic of Kiribati
H.E. Lionel Rouwen Aingimea President, Republic of Nauru	H.E. Louis Mapou President, New Caledonia
T.H. Jacinda Ardern Prime Minister, New Zealand	T.H. Dalton Emani Tagelagi Premier, Niue
T.H. Ralph DLG Torres Governor, CNMI	H.E. Surangel S. Whipps Jr. President, Republic of Palau
T.H. James Marape Prime Minister, Papua New Guinea	H.E. David Kabua President, Rep. of Marshall Islands
T.H. Afioga Fiaame Naomi Mata'afa Prime Minister, Samoa	T.H. Manasseh Damukana Sogavare Prime Minister, Solomon Islands
T.H. Siaosi 'Ofakivahafolau Savaleni Prime Minister, Kingdom of Tonga	T.H. Kausea Natano Prime Minister, Republic of Tuvalu
T.H. Bob Loughman Weibur Prime Minister, Republic of Vanuatu	T.H. Henry Tuakeu Puna Sec-Gen, Pacific Islands Forum

My dear Pacific Brothers & Sisters,

I bring you warmest greetings from the Paradise in Our Backyards, the Federated States of Micronesia. At the outset, I wish to emphasize my deepest respect to you, your office, and to your Government and People. The People and Government of the Federated States of Micronesia collectively wish for your People's good health and prosperity, and extends to you all that which we seek: peace, friendship, cooperation, and love in our common humanity.

My dear Pacific Brothers & Sisters I am writing to you today—the Head of Government of each member of the Pacific Islands Forum, the Micronesian Presidents Summit, and the Pacific Island Conference of Leaders—as there is a topic of truly regional importance I wish to bring to your attention. I respectfully and humbly solicit your kind attention to what I wish to share with you, which I believe is the single-most game-changing proposed agreement in the Pacific in any of our lifetimes.

Before continuing further, I should begin by confirming why I feel obligated to write to you all on this topic and in this manner. The foreign policy of the Federated States of Micronesia is to be a friend to all, and an enemy to none. We believe that Climate Change represents the single-most existential security risk to our islands, and that geopolitics at large threaten to take away the focus from the greatest challenge of our times. Additionally, my country is the only sovereign Pacific Island Country in the world that has both a Great Friendship with the People's Republic of China as well as an Enduring Partnership, demonstrated by our Compact of Free Association with the United States of America. We have ceaselessly advocated for joint China-U.S. cooperation on tackling Climate Change; and we have ceaselessly

advocated for joint China-U.S. promotion of peace and harmony in our Blue Pacific Continent. My country's unique context, I believe, compels me to speak. Where yesterday I condemned the former U.S. President for his January 6th, 2021, insurrection effort, today I feel obligated to warn you all of what I foresee coming from China tomorrow.

On or around April 12th, 2022, I was informed by our Department of Foreign Affairs of a forthcoming meeting to be held on May 30th, 2022, between the People's Republic of China and the ten Pacific Island Countries it has diplomatic relations with, formally titled the 2nd PRC-PICS Foreign Ministers Meeting. It is noteworthy that, for many Pacific Island Countries, the Foreign Minister is also the Prime Minister. It is also noteworthy that the meeting would conclude with the Foreign Minister of China, the Honorable Wang Yi, visiting each country that has diplomatic relations with China. The meeting, to be jointly hosted by the Republic of Fiji, would conclude with the adoption of two documents, which I have appended to my letter for the benefit of Pacific Islands who do not have diplomatic relations with China, such as the Republic of Tuvalu and others.

One of these documents, the China-Pacific Island Countries Common Development Vision, essentially amounts to a pre-written and pre-determined Joint Communique or outcomes document of the meeting, and the other is a five-year plan for implementing the outcomes into action.

The language of these documents is a sign that China has faithfully done its homework, as the choice of words are, on their face and at first glance, attractive to many of us—perhaps all of us. They speak of democracy and equity and freedom and justice, and compare and contrast these ideas with concepts that we, as Pacific Islands, would want to align ourselves with, such as sustainable development, tackling Climate Change, and economic growth. Where the problems arise are in the details, and the details suggest that China is seeking to do exactly what I warned of in my September 2020 address at the United Nations General Assembly: to acquire access and control of our region, with the result being the fracturing of regional peace, security, and stability, all while in the name of accomplishing precisely that task.

Brothers and Sisters,

If you have not already, it is worth reviewing the attached documents before reading the rest of my letter. Presuming that you are familiar with their contents, I shall summarize some of them.

The China-Pacific Island Countries Common Development Vision seeks to fundamentally alter what used to be bilateral relations with China into multilateral relations, which it accomplishes by referring to all of the Pacific countries with diplomatic relations with China as “one side” while, in the same breath, describing how every country is equal, regardless of size.

The Common Development Vision then seeks to ensure Chinese control of “traditional and non-traditional security” of our islands, including through law enforcement training, supplying, and joint enforcement efforts, which can be used for the protection of Chinese assets and citizens. It suggests “cooperation on network governance and cybersecurity” and “equal emphasis on development and security,” and that there shall be “economic development and protection of national security and public interests.”

The Common Development Vision seeks to ensure Chinese influence in Government through “collaborative” policy planning and political exchanges, including diplomatic training, in addition to an increase in Chinese media relationships in the Pacific, and the construction of Confucius Institutes. It describes Chinese-influenced policies and legislation with the explicit intention to align the Belt & Road Initiative (a Chinese strategy) with the 2050 Strategy for the Blue Pacific Continent (a Pacific strategy).

The Common Development Vision seeks Chinese control and ownership of our communications infrastructure, as well as customs and quarantine infrastructure (hence the terms “smart customs” and “smart quarantine” in the text), for the purpose of biodata collection and mass surveillance of those residing in, entering, and leaving our islands, ostensibly to occur in part through cybersecurity partnership.

The Common Development Vision seeks Chinese economic control of our collective fisheries and extractive resource sectors, including through free trade agreements, marine spatial planning, deep-sea mining, and extensive public and private sector loan-taking through the Belt & Road Initiative via the Asian Infrastructure Investment Bank. The Common Development Vision explicitly seeks to undermine the international rules-based order by developing a “new form of international relations featuring mutual respect, equity, justice, and win-win cooperation,” and China seeks to do this vis-à-vis “upholding multilateralism and the purposes and principles of the UN Charter” to its benefit.

While some elements of the Common Development Vision are not necessarily malign in intent, concerns become heightened with the right information. As an example, China correctly describes upholding the United Nations Framework Convention on Climate Change as the “primary channel for [Climate] negotiations,” and to jointly promote the full and effective implementation of the Paris Agreement. Notably, however, China’s Paris Agreement pledges do not describe when China expects to reach peak CO2 emissions, the level at which their emissions would peak, or how long they would plateau before starting to drop. China has committed to reaching carbon neutrality in 2060, which is beyond the actionable remaining lifetimes of most contemporary adults, including myself and each of us in receipt of this letter, and so a promise whose makers cannot be held to account for if it doesn’t come to pass.

My dear Pacific Brothers & Sisters,

I asked every member of my Cabinet, as well as my Nation’s diplomatic corps, what they thought of China’s proposed agreement—which, though not legally binding, is demonstrative of China’s intention to shift Pacific allegiances in their direction.

My Cabinet recommend to me “serious caution” regarding China developing a marine spatial plan on behalf of the Pacific, and that the “vision for a China-PICS free trade area is disingenuous.” It is suggested that the “FSM should maintain its own bilateral agenda for development and engagement with China,” and that we should “make sure nothing gives China the idea that they can do anything (marine research, security arrangement, business investment in the FSM) at their will and at any time.” It is suggested to me that “it is high time for the FSM to begin resisting” the initiatives within these documents, which are “in support of China’s hidden agenda.” It was noted that “we should be cautious to let China get their feet too far into our Nation.”

My dear Pacific Brothers & Sisters,

Before I describe what I believe China’s overall long-term agenda is, and how my country will respond to the proposed 2nd PRC-PICS Foreign Ministers Meeting and its outcome documents, I wish to offer a few points of information that I am aware of.

I am aware that the bulk of Chinese research vessel activity in the FSM has followed our Nation’s fiber optic cable infrastructures, just as I am aware that the proposed language in this agreement opens our countries up to having our phone calls and emails intercepted and overheard. I am aware of Chinese unilateral patrols in the Mekong River in Asia, just as I am aware of China’s continued militarization of the South China Sea despite the arbitral tribunal under the UN Convention of the Law of the Sea concluding that China’s rights over the maritime area has no lawful effect. I am aware that, in February, China’s Consul General in Osaka said on Twitter, regarding Russia’s invasion of Ukraine, that “the biggest lesson of what has happened in Ukraine is that a weak country must obey a strong country. A challenge will lead to a disastrous result,” just as I am aware that the proposed outcomes documents we’ve received describes that we “recognize that all countries, regardless of their size, strength and wealth, are equals,” even though what would otherwise be bilateral agreements are being unilaterally developed by China to become multilateral in their nature.

My dear Pacific Brothers & Sisters,

On the 100th birthday of the Chinese Communist Party (CCP) last year, China said “Solving the Taiwan question and realizing the complete reunification of the motherland are the unswerving historical tasks of the CCP and the common aspiration of all Chinese People. All sons and daughters of China, including compatriots on both sides of the Taiwan Strait, must work together and move forward in solidarity, resolutely smashing any ‘Taiwan Independence’ plots.”

In the 19th Party Congress in 2017, China reaffirmed six of the nine principles that their country has held since the 16th Party Congress in 2002, with “placing hopes on the Taiwan people as a force to help bring about unification” exempted from those reaffirmed principles. In 2018, China said that Taiwan would face “the punishment of history” for any attempts at separatism. In 2019, China said “We make no promise to renounce the use of force and reserve the option of taking all necessary means.”

China has often publicly described its intention to ensure CCP control of what is otherwise a *de facto* independent Taiwan.

My dear Pacific Brothers & Sisters,

We are all acutely aware of the renewed and increasing intensity of competition for access and influence in our Pacific Region. These activities and efforts have resulted in varying levels of benefit for our communities, but they also potentially

threaten to fracture long-standing alliances within our Pacific Family, and could become counterproductive to our collective desire for regional solidarity, security, stability, and the hard-won efforts, often through sweat and blood, in achieving sovereignty for our respective island nations.

What we are seeing with the proposed 2nd PRC-PICs Foreign Ministers Meeting and its accompanying outcome documents are an intent to shift those of us with diplomatic relations with China very close into Beijing's orbit, intrinsically tying the whole of our economies and societies to them. The practical impacts, however, of Chinese control over our communications infrastructure, our ocean territory and the resources within them, and our security space, aside from impacts on our sovereignty, is that it increases the chances of China getting into conflict with Australia, Japan, the United States, and New Zealand, on the day when Beijing decides to invade Taiwan.

To be clear, that's China's long-term goal: to take Taiwan. Peacefully, if possible; through war, if necessary.

It is here that I should re-emphasize that the Common Development Vision contains the line: "Pacific Island Countries reaffirmed that they abide by the One-China principle and stressed the importance of upholding the principle of non-interference of internal affairs in international relations." Because China considers the otherwise *de facto* independent Taiwan a part of itself, then it follows that an invasion of Taiwan is not a matter of our concern.

This is demonstrably false, however. Any war in the Indo-Pacific would be our concern, to include that a war for Taiwan is equivalent to a war between China and the United States. Whoever wins in such a conflict, we will once again be the collateral damage as we become stuck in the crossfire of the bigger countries who ought to be benevolent hegemony for our Pacific Region and for humanity as a whole. This very plausible, realistic, and terrifying scenario I describe is made all the more sobering as we continue to see the ongoing events in Ukraine, where an authoritarian government, Russia—which bestowed upon itself a mandate to take what it views to be its historical lands—engages in a brutal and unjustified war against a country that has already achieved sovereignty, and practices democracy and the rule of law.

My dear Pacific Brothers & Sisters,

The Common Development Vision stemming from the 2nd PRC-PICs Foreign Ministers Meeting is a smokescreen for a larger agenda. Despite our ceaseless and accurate howls that Climate Change represents the single-most existential security threat to our islands, the Common Development Vision threatens to bring a new Cold War era at best, and a World War at worst.

The Federated States of Micronesia will attend the 2nd PRC-PICs Foreign Ministers Meeting, and our country will reject the Common Development Vision and five-year plan on the premise that we believe the proposed agreement needlessly heightens geopolitical tensions, and that the agreement threatens regional stability and security, including both my country's Great Friendship with China and my country's Enduring Partnership with the United States. The only way for the Federated States of Micronesia to maintain our Great Friendship with China is if our relationship with them is exclusively focused on economic and technical cooperation. I intend to maintain our Great Friendship, while also remaining committed to a Free & Open Indo-Pacific, which I believe is essential for the Blue Pacific Continent's stability. Despite being offered attractive economic assistance from China now, including donations into our sovereign Trust Fund, our Pacific well-being, security, peace and harmony, and our values and principals and sovereignty, are treasures with greater value than any amount of silver and gold.

Geopolitics like these are the kind of game where the only winning move is not to play. My hope, my dear Pacific Brothers & Sisters, is that by informing you of these developments, and of our country's intended course of action, we can collectively take the steps necessary to prevent any intensified conflict, and possible breakout of war, from ever happening in the first place.

I conclude my lengthy letter by acknowledging that I am cognizant that some of our historical partners need to show up more often, with more sincerity, and, to quote another dear brother and Pacific leader, His Excellency Surangel S. Whipps Jr., "to care about us for real and not for a day." I believe that Australia needs to take Climate Change more seriously and urgently. I believe that the United States should have a diplomatic presence in all sovereign Pacific Island Countries, and step-up its assistance to all islands, to include its own states and territories in the Pacific.

However, it is my view that the shortcomings of our allies are not a justification for condemning the leaders who succeed us in having to accept a war that we failed

to recognize was coming and failed to prevent from occurring. We can only reassert the rightful focus on Climate Change as our region's most existential security threat by taking every single possible action to promote peace and harmony across our Blue Pacific Continent.

Thank you, my dear Pacific Brothers & Sisters, for your kind attention to my lengthy letter. I say again, with honesty and humility, and the hope that our islands remain friends to all and enemies to none forevermore, that the People & Government of the Federated States of Micronesia extend to you peace, friendship, cooperation, and love in our common humanity.

Sincerely,

DAVID W. PANUELO,
President

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 Panuelo 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
Palikir, Pohnpei
Federated States of Micronesia*

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 toward 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 11, 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 toward 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 non-military 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 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 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 toward 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 22, 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 Communiqué 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 Communiqué 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 31, 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 14, 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 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, a to 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 this 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,

DAVID W. PANUELO,
President

**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
March 10, 2023

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."

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.”

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.

Dr. DUNN. Thank you. This was a cry for help. And because of the aggressive nature of this intervention in his nation, he is actually working to flip their recognition back to Taiwan from Beijing.

I have other questions for the record, and I will extend those to you, Mr. Ambassador, if I may.

But please know that there are those of us who understand how important your work is out there and how important these nations are to our alliance.

With that, Mr. Chairman, I yield back.

Mr. LAMALFA. Thank you again, Mr. Dunn.

Witnesses, thank you again for your time and travel, and for your testimony and effort here today, as well as members of our Committee for their participation and their questions.

If the members of the Committee have further questions for our witnesses, 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, October 24. The hearing record will be held open for 10 business days for those responses.

Again, we appreciate it. If there is no further business, without objection, the Committee stands adjourned.

[Whereupon, at 4:34 p.m., the Subcommittee was adjourned.]

