

**Committee on Natural Resources Subcommittee on Indian and Insular Affairs Oversight
Hearing
1324 Longworth House Office Building March 5, 2025
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“Examining the Office of Insular Affairs’ Role in Fostering Prosperity in the Pacific Territories and Addressing External Threats to Peace and Security.”

<https://naturalresources.house.gov/calendar/eventsingle.aspx?EventID=416942>

Replies by Cleo Paskal

Questions from Rep. Westerman

1. The CNMI’s fiscal condition is worsening. Its tourism industry is not rebounding to pre-Covid levels, it is struggling to pay its mandatory pension payments, and it is facing significant financial management challenges. How can the United States government best support the CNMI in pursuing market-based solutions to these challenges?

Currently the economic ground in CNMI is choked with the binding weeds of years of mismanagement and likely corruption. For healthy economic roots to grow, critical first steps are thorough investigations and, if warranted, prosecutions around past transfers of large amounts of federal funds, the PRC-linked casinos and other large scale money flows that continue to affect the economic health of CNMI and its reputation as a safe place for investment.

Governor Palacios has repeatedly asked for help from the FBI, Treasury and other relevant agencies in cleaning up CNMI – including asking for a resident District Attorney. It would also help to have a permanent FBI field office in Guam with a satellite office in CNMI to help track and prosecute illegal activity moving through the territories. Currently the closest FBI field office is in Honolulu – an eight-hour flight away from Guam.

This ‘weeding’ of the economic environment will be painful, but it is necessary for anything healthy to grow.

Once that’s done, it will be easier to attract investment, and diversify away from sectors artificially emphasized by outside actors for their own interests. For example, it is likely Japanese investors have been discouraged from staying engaged because of the (at the least) perception of the role of Chinese influence in CNMI.

As for specific market-based opportunities, once the ground is healthy, there are a range of options suggested in my written testimony, and deep local expertise in viable paths forward.

Some will require policy changes (such as exemption from cabotage), others will require investigation (for example how the privileged position of United Airlines limits growth) and others will need new ways of looking at existing investments (for example building out Northern

Marianas College (NMC) into a regional educational hub to bring in students from across the region and FAS). It might make sense to support an economic development research institute at NMC to research options outside the vested interests currently driving the discussions.

a. *In what ways have the People's Republic of China (PRC) and North Korea contributed to the CNMI's economic deterioration?*

Chinese business interests – which can be regarded in many cases as an extension of the Chinese state as being given permission to take capital out of China is a political decision – have been appearing periodically since CNMI joined the U.S. They consistently present themselves as a panacea to bring prosperity to CNMI – indeed as the only option. Rather, they have mostly temporarily enriched a select number of locals and other Chinese. Consider the garment industry of the 1980s, and the subsequent casino-linked operations – including on Tinian and Saipan.

One is hard pressed to note any lasting economic or social benefit from these Chinese business schemes. Perhaps the most lasting outcomes are enormous, empty, dilapidated buildings (including the largest building in the capital, Garapan, that is built over a former grave site and resulted in the callous displacement of human remains) and a reputation for corruption and illegal activities that discourages others from investing in CNMI.

The ‘sales’ phase of these projects can involve lavish donations, including to CNMI coffers that can create a dependency on the allure of ‘Chinese money’ that squeezes out efforts to diversify the economy and leads to a sort of ‘mental strait jacket’ that prevents other initiatives to develop other sources of economic progress.

And in the process it creates a pro-China constituency in CNMI -- that tends to see rivals as enemies – and creates rifts in local society.

As mentioned, there are reports that Chinese interests have pushed out Japanese and Korean tourism sector investors as well. This has the effect of closing off or narrowing potential markets and employment sources – along with the ripple effects hotels have on the local economy and employment with businesses supplying the hospitality industry.

The Chinese Communist Party would prefer there to be no economic development in CNMI other than economic development that is dependent on China. China and its proxies will actively sabotage other pathways to development unless they are stopped. They want the narrative to be “China is the only way” and will destroy or sabotage viable alternatives to support that narrative.

This has been going on a long time. As reported by Grant Newsham in *Winning Without Fighting: Chinese and Russian Political Warfare Campaigns and How the West Can Prevail Volume II: Case Studies* (Center for Strategic and Budgetary Assessments, 2019, https://csbaonline.org/uploads/documents/Winning_Without_Fighting_Annex_Final2.pdf):

In 2014, Chinese-owned casino company Best Sunshine opened in Saipan, a small island with a population of 50,000, promising multi-billion-dollar investments. For the island, the timing was seemingly fortuitous. Its economy was in the

doldrums, and its government finances were on the verge of collapse. Amidst rumors of bribes, Best Sunshine was approved for business. Along with this company came a timely contribution to the public pension fund and to Saipan's utilities company. In addition, Chinese nationals migrated to the island, began leasing and buying property, and started other businesses. This, combined with visa-free entry for Chinese tourists, created a rapid growth Chinese presence that didn't exist a few years prior. This surge has generated a segment of the local population and political class that views the People's Republic of China (PRC) presence as a strong positive. As a result, anything that threatens to upset that relationship, such as U.S. military bases, is viewed as a problem.

The casino is rapidly becoming a tool of political influence, with reports that the casino developers have funded several candidates in the 2018 elections. Saipan's governor also announced a \$20.8 million special funding measure described as being generated by casino tax payments. The money appeared right before the election and included \$3.5 million for CNMI retiree fund member bonuses and a \$150,000 grant for the Marianas Political Status Commission, a body created solely to decide how to become independent from the United States.

2. *What problems will Illegal, Unregulated, and Unreported fishing cause the Pacific territories if left unaddressed?*

One particular problem is environmental. There is no reason the Pacific territories can't find themselves like eastern Canada when the fisheries collapsed. This destroys local livelihoods, food security and one of the potential economic pillars of the Pacific territories – as well as depriving national governments of income from the fisheries.

IUU fishing and attendant lawlessness also ties in to corruption of local officials and related organized crime activities can tear local societies apart – including through human and drug trafficking.

This contributes to a demoralization on the part of honest officials and people who are trying run a proper government and manage national resources – but have to watch IUU take place while being unable to do anything about it.

Additionally, China often uses its 'fishing fleet' as a dual use weapon, using it for illegal, coercive, aggressive and deceptive activities, as seen in the Philippines, in order to advance Beijing's strategic interests.

3. *There has been an exponential rise in the number of PRC nationals entering Guam illegally. How exactly are these PRC nationals illegally entering Guam?*

A large number come illegally from CNMI, mostly by boat. The island of Rota (CNMI) is less than 40 miles from Guam. Chinese nationals can enter CNMI legally easier than anywhere else in the United States. But they are not supposed to leave CNMI. At least in the hundreds, but likely much more, they travel to Guam illegally from CNMII. If the situation is like human

smuggling by sea elsewhere – say, southern Florida and southern California – only a fraction of smuggling efforts are detected

a. How does this threaten Guam?

It provides vulnerable people for use by criminal networks (including drug and human trafficking) which undermines the rule of law and civil administration in Guam.

Additionally, Chinese nationals can be resources for Chinese intelligence services (indeed, they are obligated to be under China's 2017 National Intelligence Law). This is a serious security risk. A March 2025 Facebook post from the Commander of 36th Wing, Andersen Air Force Base, Guam read (https://www.facebook.com/story.php?story_fbid=122251726886028170&id=61550845118589&rdid=YHKivAoc9xnMyokN):

We've had some significant upticks in number of attempted incursions on to our Air Base by citizens from non-allied Nations...especially when we are hosting major exercises. I know weird right? My team reports that with the installation of these new signs we can become more intrusive as we search these people trying to gain access.

Between you and me, the excuses we get from these people as they try to get through our gates are pretty weak. Defender, "Where are you trying to go on Andersen?" Interloper, "To the dog park." Defender, "You don't have a dog bro!" Alright China...Bring it! 'Murica!

This gives an indication of intent on the part of China, and concern on the part of U.S. forces in Guam. Combined with PRC-linked cyberattacks on its critical infrastructure, one has to be concerned about China having a locally-based network that can be activated at will to advance China's strategic goals. Even a few such people, say, using small armed drones could wreak havoc on U.S. military aircraft at Andersen Air Force Base and other critical installations on Guam.

a. Should addressing these threats while fostering economic prosperity be a priority for the U.S.-CNMI Section 902 consultations?

Yes. As described above, unless the illegal, coercive, aggressive and deceptive Chinese activity is blocked to the maximum extent, economic prosperity becomes very difficult. Governor Palacios has repeatedly asked for assistance in cleaning up corruption and investigating past waste, fraud and abuse. Providing the needed economic support going forward, while ensuring the economic environment is rid of noxious elements would result in the necessary blocking and building to get to something sustainable.

4. Have there been any malign political efforts by the PRC in the Pacific territories? If so, please elaborate.

Yes, there have been, for at least the last thirty years and in every corner of the Pacific – including U.S. territories, the Freely Associated States, and other independent nations.

As one example, the President of Federated States of Micronesia, David Panuelo wrote in his March 9, 2023, letter:

“Senior officials and elected officials across the whole of our National and State Governments receive offers of gifts [from China] 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 ... So, what does it really look like when so [many] 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 secession movement, the Pohnpei Political Status Commission and, to a lesser extent, Yap independence movement, include money from the PRC and whispers of PRC support.”

I have detailed many, many other specific examples in my articles and Congressional testimonies, including in:

- *Protecting the Corridor of Freedom to America’s Asian Border* (Journal of Indo-Pacific Affairs, July, 2024, <https://www.airuniversity.af.edu/JIPA/Display/Article/3821582/protecting-the-corridor-of-freedom-to-americas-asian-border/>)
- *Island-Hopping with Chinese Characteristics—What the PRC Is Doing in the Pacific Islands, Why It Matters, and Why the Time Has Come to “Block and Build”* (Naval War College Review, Autumn, 2023, <https://digital-commons.usnwc.edu/cgi/viewcontent.cgi?article=8381&context=nwc-review>)
- Testimony for U.S. – China Economic and Security Review Commission, 20 March 2025. https://www.uscc.gov/sites/default/files/2025-03/Cleo_Paskal_Testimony.pdf
- Testimony for House Natural Resources Subcommittee on Indian and Insular Affairs, 14 June 2023. https://naturalresources.house.gov/uploadedfiles/testimony_paskal.pdf
- Testimony for House Natural Resources Subcommittee on Indian and Insular Affairs, 16 May 2023. https://naturalresources.house.gov/uploadedfiles/testimony_paskal.pdf

China’s influence efforts follow a predictable pattern of commercial presence leading to political influence (almost invariably facilitated with bribery and other emoluments), with the intention of displacing the United States and Western nations from the region. The final step in the pattern is a desired military presence.

a. What are the short-term and long-term threats this presents to the Pacific territories?

The short-term threats are shifts in once solidly pro-Western societies to at best societies riven by pro-West, pro-PRC factions, and even an element seeking to sever any links to the United States and the West. This obviously makes US policy and strategic interests in the region far more

problematic. Pacific island support at international organizations becomes even harder to obtain – while the PRC benefits.

The PRC is able to use ‘success’ in one place as a springboard to influence efforts and subversion in other locations.

If you think of the Pacific map as a game board, you’ll see more Chinese ‘markers’ on the board and fewer ‘US / Western markers.’

It will become impossible for US (and allies and partners) to do any ‘building’ – much less ‘blocking’ -- as they are frozen out.

Long-term we could find ourselves without any real friends in the region – and having to struggle to maintain a military (and even political) presence in peacetime – and having to fight for our presence in the region in wartime. We’ve taken for granted having free-access from the United States to the western edge of the Pacific. The bill for our lassitude towards Chinese influence efforts in the region may come due sooner than imagined.

5. Your written testimony highlighted the several federal agencies that play a role in ensuring the prosperity and security of the Pacific territories. How would robust coordination and organization of these federal agencies benefit the Pacific territories?

It is essential to truly deliver security and prosperity. Some specific recommendations:

- **Raise Pacific Hemispheric defense to the National Security Council (NSC) level.** It is essential to ensure that clearing the Pacific of as much Chinese illegal, coercive aggressive and deceptive (ICAD) activity as possible and promoting economic and social resilience is a priority at the National Security Council so that all the tools of state can be deployed. At least part of that can be accomplished through the U.S. Department of the Interior’s leadership mandate regarding the U.S. Pacific territories and the Compact states. They are America’s western border and should be included as part of the hemispheric defense approach being adopted by the Trump administration.
- **Expand the role of Interior Secretary Doug Burgum on the NSC.** Due to his position as head of the National Energy Council, Secretary Burgum is on the NSC. Interior is also responsible for the U.S. territories and the Compact states. Expand his role to include overseeing and coordinating their defense and reinforcement.
- **Revitalize the Interagency Group on the U.S. Compact states,** which is co-chaired by the secretaries of the interior and state.
- **Set up a special investigative interagency unit to uncover strategic corruption and prosecute criminal networks that operate across the region.** This could focus initially on the U.S. territories and Compact states. Under the Compacts of Free Association, Washington has an “obligation to defend the Marshall Islands and the Federated States of Micronesia [and Palau] and their peoples from attack or threats.” One would think the

deliberate attempts at economic destruction count as a threat. At this point, a few good investigators and aggressive lawyers from outside the region might provide them with more security than any number of F-35s. And it could ensure the F-35s (or their pilots) don't get sabotaged on the runway if the time ever comes that they are needed. Currently, given the degree of involvement of Chinese organized crime and the tight-knit nature of Pacific islands societies, there is difficulty going after the 'big fish.' If this isn't done, it will be very hard to get anything else to work over the long run. The region is not equipped to investigate and counter this scale and complexity of penetration on its own. Currently, across the region, there is little downside to selling out to China and significant economic and social downsides for those who take a stand — including, as seen in the Solomon Islands, risks to livelihood and life. The corruption is destroying the rule of law, breaking up families, and becoming a conduit for illegal drugs, human trafficking, and more. It also creates a pervasive atmosphere of fear in these tight-knit societies. It would also make sense for the U.S. military to assist on some of the investigations. The Department of Defense has the largest American presence on the ground in the Compact states, and it knows and possibly values the region the most. As an example, the attorney general of Palau is consistently looking for lawyers. Perhaps look at using military reservists?

Questions from Rep. King-Hinds

1. *In your testimony before the Committee, you provided that the CNMI was once a territory of the Soviet Union. Specifically, you stated: “For CNMI it was Japan and the Soviets”. Living in the CNMI and spending my life studying CNMI history, I have never heard of the CNMI being a territory of the Soviet Union. Can you please provide your sources for such a claim? If this was a mistake, what other claims in your testimony built on your current understanding of the CNMI require additional review?*

This is a mischaracterization of my testimony. At no point did I say CNMI was a territory of the Soviet Union because, of course, it was not.

My full quote is “The three U.S. Pacific territories are deeply experienced at geopolitics. All became part of the U.S. as a result of wars or strategic contests. Today we will mostly talk about China and North Korea. 127 years ago, for Guam, it was Spain. Then, for American Samoa, it was Germany and Britain. For CNMI, it was Japan and the Soviets.”

The context for American Samoa and CNMI becoming part of the United States was, as mentioned in the full quote, “wars or strategic contests”. In the case of American Samoa, the rivalries in the region were between the U.S., Germany and Britain. In the case of CNMI, first there was the war with Japan, but then it was the strategic contest between the U.S. and the Soviet Union (the Cold War) that drove policy makers in the U.S. to work with leaders in Micronesia to create the Covenant that led to CNMI becoming part of the U.S. For a sense of how central concern over the Soviet Union was during that period, please see: <https://www.c-span.org/program/public-affairs-event/pacific-island-issues/94623>

2. *Your testimony made several recommendations that seek to reshape the economy of the CNMI. Please expand on your experience conducting tourism market research, economic development policy analysis, or investment assessments in the CNMI that would justify these proposals. If you have not personally conducted these analyses, who are the experts in the region that assist you in providing these recommendations?*

I covered travel and the travel industry professionally for over two decades, including weekly columns for the National Post, presenting and producing shows for the British Broadcasting Corporation (radio) and writing for a wide range of publications from Lonely Planet to Conde Nast Traveller. My journalism has won over a dozen international awards, including Best Overall (twice) from the North American Travel Journalists Association.

One of my areas of focus is countries with relatively small populations. For example, I produced a six-part series for BBC World Service on the unique character of small polities, including economics, politics, justice, and environmental issues.

This work crosses over into policy research. For example, I was Guest Curator and Editor of an East-West Center (D.C.) series on Oceania and led *Le Pôle de Recherches sur l’Océanie – The Oceania Research Project*, a multi-year research project based at the Centre d’études et de

recherches internationales de l'Université de Montréal (CÉRIUM). I was also an Associate Fellow at Chatham House (Royal Institute of International Affairs) for over a decade-and-a-half, and was research lead on a multi-year Chatham House project looking at strategic shifts in the Indo-Pacific, including Oceania.

I am currently leading a research project looking at how to increase security and prosperity in the U.S. Freely Associated States (FAS), Guam and CNMI. For this project I have spent most of the last three years focused on the region, including multiple trips to CNMI, Guam and the FAS, where I've learned from a wide range of local experts. A priority is to amplify the knowledge of those from the region so that decision makers elsewhere can hear first-hand of concerns. As a result, some of those interviews have been made public through articles, reports and events. Here, for example, is a public event held with Governor Arnold Palacios of CNMI.
<https://www.fdd.org/events/2024/02/22/strengthening-americas-asian-border-a-discussion-with-northern-marianas-governor-arnold-palacios/>

All that said, given the questions from Rep. King-Hinds, it seems as though the main area of disagreement is if CNMI should become more reliant on tourism from China. In that context, it is not solely expertise in “tourism market research, economic development policy analysis, or investment assessments” that is relevant, but an understanding of Chinese political warfare, including strategic corruption, patterns of Chinese tourism/investment weaponization and a general understanding of China’s systematic use of illegal, coercive, aggressive and deceptive (ICAD) behavior to create deliberate social disintegration and economic dependency in target locations.

This is also something I have worked on extensively in my research. For a better understanding of these issues, I would recommend:

Prof. Kerry Gershaneck’s *Political Warfare : Strategies for Combating China’s Plan to "Win Without Fighting"* (Marine Corps University Press, 2020), available for free here:
https://www.usmcu.edu/Portals/218/Political%20Warfare_web.pdf

To see some of the approach described from a Chinese point of view, please see *Unrestricted Warfare* by two People’s Liberation Army Air Force Colonels, Qiao Liang and Wang Xiangsui (PLA Literature and Arts Publishing House, 1999), available for free here:
<https://www.c4i.org/unrestricted.pdf>

Specific to the way China weaponizes tourism and investment in Micronesia, here is a public event with President Surangel Whipp Jr. of Palau in which he describes the economic attacks on his country:

<https://www.fdd.org/events/2023/07/17/the-united-states-and-palaus-strategic-partnership-a-conversation-with-president-surangel-s-whipps-jr/>

To understand how Chinese ‘unrestricted warfare’ affects democracy and economic sustainability elsewhere in Micronesia, here is a public talk by former President David Panuelo of the Federated States of Micronesia. Also at this location are three letters he wrote detailing

China's operations in his country, and his thoughts on the implications for the region (including CNMI).

<https://www.fdd.org/events/2023/12/01/chinas-pacific-coercion-a-conversation-with-former-president-of-micronesia-david-panuelo/>

- 3. In your testimony, you stated that the lifting of cabotage restrictions would “greatly increase the chances of increases in Japanese tourism.” I am very interested in the market research and economic analysis you have conducted to support this claim. Given that Guam, which already receives direct flights from Japanese carriers, remains 34.4% below pre-pandemic Japanese arrival numbers this fiscal year to date, and considering the high value of the U.S. dollar and rising travel costs, what is your estimated projection of additional Japanese tourists to the CNMI if cabotage restrictions were eliminated? Additionally, what airlines have you consulted that have expressed interest or made commitments to providing direct air service to the CNMI should cabotage restrictions be lifted?*

A wide range of leaders in CNMI have mentioned how lifting cabotage restrictions would help, including with the Japanese market. For example, here is Rep. King-Hinds, from a 7 March 2025 article in *Marianas Variety* entitled ‘King-Hinds, Moylan push for air cabotage reform to improve travel access for NMI, Guam’: “H.R. 1536 would introduce much-needed airline competition by allowing specified carriers from Japan, South Korea, and the Philippines to operate flights between our islands and another U.S. point. This is a common-sense solution that would expand travel options, lower costs, and improve connectivity between the territories and the mainland U.S.”

https://www.mvariety.com/news/local/king-hinds-moylan-push-for-air-cabotage-reform-to-improve-travel-access-for-nmi-guam/article_867d4c68-fa7e-11ef-8ff5-0740094ce02e.html

- 4. You stated that the CNMI can successfully compete for Chinese tourism with destinations like Los Angeles. However, in 2017, the Marianas Visitors Authority commissioned a study, *Tourism Development in the U.S. Commonwealth of the Northern Mariana Islands*, conducted by the international tourism consultancy Horwath HTL, which found that requiring visas for Chinese tourists would result in a decline of up to 80% in arrivals from that market. Please provide your economic analysis or market research that contradicts this report and supports your assertion that the CNMI could remain competitive under a visa requirement. Additionally, what projections do you have regarding the impact of such a policy on the CNMI's tourism revenue, employment, and overall economic stability?*

Again, this is a mischaracterization of my testimony. I did not state CNMI can successfully compete for Chinese tourism with destinations like Los Angeles. The exchange from the hearing was:

Rep King-Hinds on Chinese tourists: “if it’s good for California, why is it not good for the Commonwealth?”

My comment later in the hearing: “If you are Chinese coming into California you need a visa and, as you’ve said, Chinese tourism in California is just fine so why would it affect Chinese tourism to CNMI?”

The point was Chinese tourists going to California require a visa and yet, as Rep. King-Hinds states, California still gets tourists from China. So why would requiring a visa affect tourists going to CNMI?

The study referenced by Rep. King-Hinds is eight years old, pre-pandemic, pre-typhoon and was done at a time that likely included (since then closed) casino-related tourism. Times have changed substantially, as evidenced by the fact that, even without requiring visas, tourism from China has collapsed.

5. *Your testimony highlights PRC influence but does not prove that Chinese tourism in the CNMI poses a national security threat. Has any national security agency confirmed to you that Chinese tourists under EVS-TAP are a direct risk?*

Asking “Has any national security agency confirmed to you” implies a relationship I do not have with national security agencies. As a Member of Congress, Rep. King-Hinds has privileged access to national security agencies and so can ask directly. However, wording is important. The question above is extremely narrow. To understand the real risk to the people of CNMI, some sample questions Rep. King-Hinds might want to ask national security agencies are:

- Are Chinese entering CNMI under EVS-TAP vetted to the same standard as Chinese entering the rest of the United States?
 - If not, does that discrepancy increase the risk of negative consequences for the CNMI and the rest of the United States?
- How many people who come in on EVS-TAP overstay?
 - How does that compare to Chinese who come in to the rest of the United States with a visa?
- Are Chinese coming in on EVS-TAP illegally going to other parts of the United States?
- What crimes are being committed by Chinese who enter the CNMI on EVS-TAP visas?

The issue isn’t Chinese tourists *per se*, it is entry of Chinese who are vetted to a lower standard than those who enter in the rest of the United States. This lower threshold is logically likely to attract (among the many legitimate Chinese tourists) those who look for more lax entry requirements because they might not meet normal visa verification standards.

From my written testimony:

In CNMI, from 2009, PRC nationals have been allowed to enter CNMI without visas as required in the rest of the United States. According to CNMI Gov. Arnold Palacios’ August 2023 congressional testimony, due to the need for economic development: “We turned to Chinese gambling, legalizing casino gaming on Saipan even after the venture previously failed on Tinian. An exclusive license was nevertheless awarded to a Chinese casino operation that has been mired in litigation and criminal investigation practically from the

start ... The Chinese casino on Saipan at its peak raked in billions of US dollars in monthly rolling chip volumes from just 16 VIP tables, outdoing even the glitziest casinos in Macau.”

This boosted the economy but also, according to Palacios, “was fraught with controversy — from human trafficking to birth tourism, labour abuse, money laundering, and public corruption.”

Chinese have been found traveling illegally to Guam by boat (and roaming on military installations), using the U.S. postal service to distribute illegal drugs, selling illegal drugs, and buying U.S. driver’s licenses. There is no similar link to such extensive criminal activity with any other single nationality in CNMI.

The EVS-TAP is new and so extensive data is not yet available, however it is still a lower standard for entry and the same logic applies. The reason that those promoting more tourism from China laud it for (easier entry for Chinese short-term visitors to CNMI than to the rest of the U.S.) is the same reason it causes concern. Don’t the people of CNMI deserve the same protections from those who want less scrutiny than have all other Americans?

6. *If illegal entry is the concern, wouldn’t enhanced enforcement—like EVS-TAP—be a more effective and economically responsible solution than banning travelers?*

The concern is not illegal entry, nor do I propose banning Chinese tourists. As explained above, the concern is entry of Chinese who are vetted to a lower standard than those who enter in the rest of the United States. This lower threshold is logically likely to attract (among the many legitimate tourists) those who look for more lax entry requirements because they might not meet normal visa verification standards.

7. *In your written testimony, you stated, “The Department of Homeland Security should require all tourists entering CNMI to have the same visas as tourists entering the rest of the United States.” However, when asked about this proposal, it appeared that you revised your position. Given that visitors from Japan and South Korea currently enter the CNMI visa-free, on what basis are you proposing to restrict their access by requiring them to obtain the same visas as tourists entering the rest of the United States? Assuming that your written testimony reflects your actual position, how does restricting access to all tourists to the CNMI—further collapsing the only existing industry—benefit American interests in the region?*

This is another mischaracterization that was addressed directly during the hearing. The relevant parts of the exchange are:

Rep King-Hinds on Chinese tourists: “if it’s good for California, why is it not good for the Commonwealth”

Later, Rep. King-Hinds said to me: “In your testimony you propose requiring visas for tourists including Japan and South Korea.”

My reply: “I’m sorry, no, I don’t. I think that people coming into any part of the United States should have the same entry points... If you are Chinese coming into California you need a visa and as you’ve said Chinese tourism in California is just fine so why would it affect Chinese tourism to CNMI?”

I was clear that I did not think Japanese or South Korean tourists needed a visa (“no, I don’t”). By the ‘same entry points’ I meant those coming from a given country should enter into the United States in a uniform manner no matter what part of the U.S. they enter.

My position seems to have been widely understood, except by Rep. King-Hinds. On the 19 March 2025 *Good Morning Marianas* show, Rep. King-Hinds appeared as a guest and brought this up. The host, Brad Ruzsala clearly understood my meaning and tried to clarify for Rep. King-Hinds, as can be seen here: <https://www.youtube.com/watch?v=WF4-ryMQ10c>

8. *The Office of the U.S. Trade Representative estimates that the value of trade between the United States and China was \$582.4 billion in 2024, including \$143.5 billion in U.S. exports to China. Tourism is the CNMI’s only export industry, and its primary markets include China. Based on your testimony, are you suggesting that the United States should cease all trade with China across all industries and in all Congressional districts to protect against foreign influence? If not, why would you propose that the CNMI alone be restricted from engaging in commercially viable trading opportunities while every other U.S. jurisdiction continues to benefit from trade with China? If trade with China is a security risk, should the U.S. halt subsidizing all industries who trade with the country?*

This is a conflation of one section of the tourism sector (Chinese tourists to CNMI who are not vetted to the same standard as Chinese tourists to the rest of the United States) and trade as a whole. My testimony was about the first, not the second. Also worth noting is that China is not now one of CNMI’s “primary markets”. In spite of not having reached the caps on direct flights from China, having the ability to have charter flights from China and there still being no visa requirements, Chinese tourism to CNMI in February 2025 was 1,684 arrivals compared to 11,126 arrivals from South Korea.

As for my position on trade with China, it aligns closely with the Presidential Action *America First Investment Policy* (February 2025). <https://www.whitehouse.gov/presidential-actions/2025/02/america-first-investment-policy/>

9. *Above all, before engaging in economic policy discussions regarding the complexities of operating in the CNMI, can you provide your commitment to gain a deeper understanding of the challenges the CNMI is facing and the historical context of the region you are researching? Given the significant implications of your recommendations, will you take the time to engage directly with local leaders, businesses, and residents to ensure that any policy proposals you advocate for are informed by the realities on the ground?*

It is a great pleasure and privilege to learn from the elders, experts and others in CNMI. They are the ones who informed and shaped the recommendations in my written testimony and I am

grateful to them for the time they take to educate me. For example, the recommendation for a ferry from Guam to Rota came out of meetings on Rota with the Mayor's office.

I am keenly aware the people of CNMI often feel they don't have a voice in Washington – and sometimes even find it difficult to express themselves freely in CNMI for fear of vested lobbies coming after them (and possibly their families) in what is a tight-knot society. I take seriously my responsibility to ensure their vision for the future isn't mitigated and distorted by special interests.

10. Do you believe the PRC, and possibly even North Korea, have helped contribute to the CNMI's economic deterioration? Please explain your position.

Over the decades, as Governor Palacios put it in his 2023 Congressional testimony: “Chinese investors were always conveniently there when we needed them, offering almost irresistible opportunities for new industries and revenue sources that also directly or indirectly advanced the interests of the PRC in the Marianas.”

For decades, each simple Chinese ‘one-stop shop’ economic panacea to CNMI's economic woes has created destabilizing booms and busts, including the garment sector, gambling and tourism. None has lasted. At this moment, when Chinese tourism is at a low anyway, there is a window to diversify not just in terms of tourism markets, but in terms of sectors (see some recommendations below).

In Rep. King-Hinds discussion on *Good Morning Marianas* referenced above, she mentions that building up Chinese tourism will take time. Also, she said, things like getting the ferry from Guam to Rota will take time. So why not work on it all now? With effort and creativity, and a willingness to bring in more local expertise while leveraging interest in Washington, new pathways can be built. For example, a concern Rep. King-Hinds raised about the Rota ferry was the state of the wharf. Perhaps she can work with the U.S. military to see if it can assist to construct something suitable? More public discussions along these lines might bring to the fore new options rather than just the same old destabilizing booms and busts of the past.

As Rep. King-Hinds said during the hearing; “I agree with everything that everyone has said on this panel – we are on the same team. and we agreed that we must all do our part to address these threats.”

11. Would it be fair to say that the Office of Insular Affairs should make it a priority to find ways to help the CNMI address these economic challenges?

It is the responsibility of the Office of Insular Affairs to do that for CNMI and all the other jurisdictions under its remit.

12. Do you have any recommendations for how OIA, or the U.S. government more broadly, can help the CNMI address its economic challenges?

Yes, they are included in my written testimony, CNMI relevant ones are below.

The basic framework is a “Block and Build” approach in which Chinese behavior that is illegal, coercive, aggressive, and deceptive (ICAD — as Philippines General Romeo Brawner calls it) is blocked while simultaneously building domestic, economic, and legal security. Given the advanced state of PRC ICAD activity, especially in Guam and CNMI, one must assume that any major projects designed to provide economic, political, or security independence (build), especially ones that make them less reliant on China, will be targeted by PRC agents and slowed down through a range of tactics. Unless that targeting is blocked, it will be hard to build. Given the goals of the PRC, its ICAD activity should be countered and attacked with the same focus and vigor that is directed toward preparing for future kinetic warfare. The PRC has made its trajectory clear. Failing to address Chinese aggression in America’s Pacific homeland now will make the likely eventual confrontation with the PRC more difficult and more costly.

This is a whole-of-government effort. However, the U.S. Department of the Interior’s mandate regarding the territories and the FAS gives it a leadership position. Interior Secretary Doug Burgum has a seat on the National Security Council (NSC) due to his position as head of the National Energy Council. Perhaps, this NSC role could be expanded to oversee and coordinate the defense and reinforcement of the Pacific territories and the FAS — America’s Western border — as part of the hemispheric defense approach being adopted by the Trump administration.

That approach could function to focus and reinforce efforts of the Office of Insular Affairs (OIA). For example, OIA has a field agent in each territory; however, their role is vague. Instead, OIA field agents could play a greater block and build role by coordinating locally with other departments and with Washington — including the interagency — and informing, via Secretary Burgum’s office, the NSC. Historically, OIA has been “low key”— at best, reactive in times of crises. With more coordination and information flows, and direction from Secretary Burgum, the chances of getting ahead of issues improve. Some suggestions on how to do that at a more tactical level are below.

Block

A key entry point for PRC ICAD is corruption. The territories (and the FAS) are not equipped to investigate and counter this scale and complexity of penetration on their own. The U.S. territories (and the FAS) urgently need assistance to investigate and prosecute illegal activities, in particular, strategic corruption. Currently, there is little downside for local elites and others to sell out to the PRC and significant economic and social downsides for those who take a stand. There is a pervasive atmosphere of fear in these tight-knit societies, so investigators and prosecutors would ideally come in from outside the region. At this point, a few good investigators and aggressive lawyers might provide the territories (and the FAS) with more security than any number of F-35s.

OIA could focus on technical assistance programs designed to counter corruption, waste, fraud, and abuse. It could also coordinate with other relevant government departments. There is a lot to work with. For example, the Federal Bureau of Investigation has an enormous amount of data taken from the Saipan offices of the Hong Kong-based casino operator Imperial Pacific

International during their searches in relation to illegal activities. It is perplexing why no major changes have been made.

Other departments have a role to play as well, ideally, in coordination with Interior. For example, Interior and the Department of Defense could develop a clear reporting mechanism for ICAD activity. Once the scope is determined, others could be included through the interagency process to counter, including in the FAS.

Regardless, for any defense plan to be effective, the Department of Defense would need to include countering ICAD in its plans for assessing and countering threats in the territories (and the FAS). Counters could include the Department of Defense substantially increasing the appropriate U.S. military presence in the territories — including deploying reservists who can help with combating strategic corruption — and, in particular, establish a permanent Coast Guard presence in American Samoa. This isn't about numbers; this is about the right people for the job at hand.

Other sample blocking actions that could be encouraged and/or coordinated through Interior:

- The Department of Homeland Security should require all tourists entering CNMI to have the same visas as tourists entering the rest of the United States.
- Immigration and Customs Enforcement could publish records showing the numbers of foreigners entering CNMI and Guam without exiting when their visas expire.
- As recommended by Gov. Leon Guerrero, the territories could be supported in setting up national security coordinators/councils — and perhaps a regional council — to better advise and coordinate, including on countering ICAD threats. There are examples of PRC criminals who enter Palau using CNMI IDs. Fragmentation of the security environment benefits this sort of transnational criminality.
- In keeping with the America First Investment Policy and as proposed by Alexander Gray: “Departments of Commerce, Treasury, Labor and appropriate regulatory bodies must pay particular attention to proposed projects and investments from foreign entities in U.S. Pacific territories.” Also: “Given the scale of PRC operations in the Western Pacific, an additional [FBI] field office on Guam and satellite offices, appropriately manned, in CNMI and American Samoa would support both defensive efforts but also assist in wider-regional intelligence and counterintelligence operations with Pacific Islands partners.” The FAS could also coordinate with that office.

Build

At the same time, proper attention should be paid to finding ways to keep the territories economically and socially healthy. This requires ground-level assessments, which perhaps could be facilitated by OIA field agents.

One example of a ‘small’ thing that would make a big build difference is a waiver from cabotage. Currently, only American carriers can fly between U.S. destinations. That has resulted in United having an effective monopoly on the Saipan to Guam route, and resulting airfares are some of the highest per mile in the world — with a 40-minute round trip flight costing around

\$580. This has put severe constraints on CNMI's ability to diversify tourism and develop alternative business, and it raises healthcare and education costs. Waiving cabotage would mean, for example, that a Japanese carrier could fly Tokyo-Saipan-Guam, lowering costs and opening up new markets. Indeed, United's role in the region as a whole deserves serious attention.

Other sample build actions:

- Removing bureaucratic barriers to accelerate federally funded programs (including around FEMA support post-disasters) and implementing centralized tracking and oversight of these programs.
- Establishing a center, possibly at the Northern Marianas College, that works with the elders and local practitioners to research and educate on the political evolution of the region, including the Japanese era through the Trust Territory and onto the establishment of CNMI and the FAS. This is necessary so that narratives aren't hijacked by malign external actors, the region rebuilds its bonds, and those from Interior, State, Defense, and others who work in the area get an understanding of the unique nature of the region.
- Prioritizing the establishment of a ferry service between Guam and Rota to bring in military tourists and improve connectivity. This can offer travel options and growth to the people of Rota while forestalling the allure of PRC investment in a location so close to Guam.

Fundamentally, the goal of all of this is to ensure (A) there is a risk for those who take Chinese money to sell out their country, and (B) the people the people of the American territories are given incentives to help them prosper without ever-present illegal, coercive, aggressive, and deceptive activity by the PRC.

As it is now, communities of American nationals and citizens are being destroyed, families divided and populations are riven by fear. They deserve better.

Questions from Rep. Radewagen

1. *Ms. Paskal, you have discussed the growing influence of China in the region, and point to unlocking the potential of the American Samoa fishery as a key way to push back against Chinese influence. The Biden administration had initiated a rulemaking to expand the Pacific Remote Island National Monument (PRMNM), which would prohibit fishing in bountiful waters within the U.S. Economic Exclusion Zone. Can you discuss how prohibiting fishing access within the U.S. EEZ would put the American Samoa fishery at a disadvantage and thus help foreign competitors?*

IUU fisheries will not be deterred by such prohibitions, and currently there is little capacity to protect much of these waters. It would be better if there was a U.S. commercial fleet fishing sustainably in areas that can support it not only for the benefit of U.S. commercial interests, but to add incentive and capacity for oversight in these strategically important locations.

2. *Ms. Paskal, you have discussed Illegal, Unreported, and Unregulated (IUU) fishing practices from countries such as China. Can you discuss how supporting U.S. fisheries such as American Samoa is vital to pushing back on IUU fishing practices from foreign competitors in the region?*

Not only would supporting U.S. fisheries incentivize more security on the seas, as described above - and ideally through a permanent Coast Guard station in American Samoa - it would increase security and prosperity onshore by supporting the vital economic engine of the cannery in American Samoa.

3. *The number of U.S.-flagged vessels based in American Samoa has been on a steep decline. Since 2015, the number of U.S. flag tuna fishing vessels, operating in the Western Pacific has fallen by over 65 percent. This is due to American Samoa ineligibility for Small Island Developing State (SIDS) status due to its status as an American territory. This puts U.S.-flagged ships operating in American Samoa at a competitive disadvantage compared to others SIDS. Can you discuss the importance of allowing vessels based in Pacific territories to operate on an equal playing field as foreign competitors?*

The technical aspect of this question is outside my area but, in general, there needs to be an understanding within the U.S. government that the operating realities in American Samoa are substantially different from the rest of the United States and, in some cases, especially those that would increase overall U.S. security – including human security - exceptions and adjustments should be made.