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U.S.-China Economic and Security Review Commission

Crossroads of Competition: China in Southeast Asia and the Pacific Islands

Panel II: China's Military and Security Footprint in Southeast Asia and the Pacific Islands

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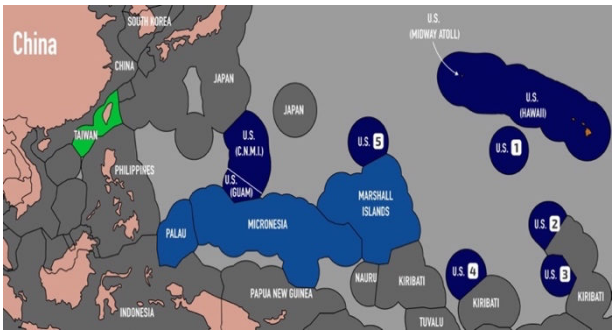
Chair Price, Vice Chair Schriver, and distinguished members of the Commission, on behalf of the Foundation for Defense of Democracies (FDD), thank you for the opportunity to testify.

China's attempt to gain influence, if not control, in the Pacific islands is a few decades old — relatively recent by strategic standards. However, the effort made to accomplish that goal is deep, broad, and relentless. To understand why this is such a high priority for Beijing, it helps to first look at what the region means for the United States.

Often, the U.S. Pacific strategic focus is on the First and Second Island Chains. There are major U.S. defense installations along the chains (including in Guam) and U.S. Treaty allies (including Japan and the Philippines) to fight alongside should it be needed. Less attention is paid to ensuring the United States can get across the vast expanse of the central Pacific to reach the chains. This is in part because of a set of unique agreements between the United States and three Pacific island countries (Palau, Federated States of Micronesia and Republic of Marshall Islands) called the Compacts of Free Association (COFA) that, among other things, afford the United States broad defense and security rights and responsibilities as well as strategic denial to keep out other countries' militaries.

These agreements were borne of the bloody experience of World War II. Japan had been in control of that same area from 1914 to 1944. Japanese control over the central Pacific meant that, in spite of U.S. possession of Guam and the Philippines, Japan could still hit Pearl Harbor and make it very difficult for the United States to get back across the Pacific. Having learned the cost of letting a hostile power set up in the middle of the Pacific, the Compacts were agreed upon. This has given some planners a sense of complacency that the middle of the Pacific is 'secure.'



China, having also learned from the experiences of Japan and the United States in World War II, is using a range of activities, including many that are illegal, coercive, aggressive, and deceptive (ICAD), to erode the U.S. position in the central Pacific and to expand influence in the Pacific as a whole, so that it can be in a position to control this 'geographical pivot' and launch from there.

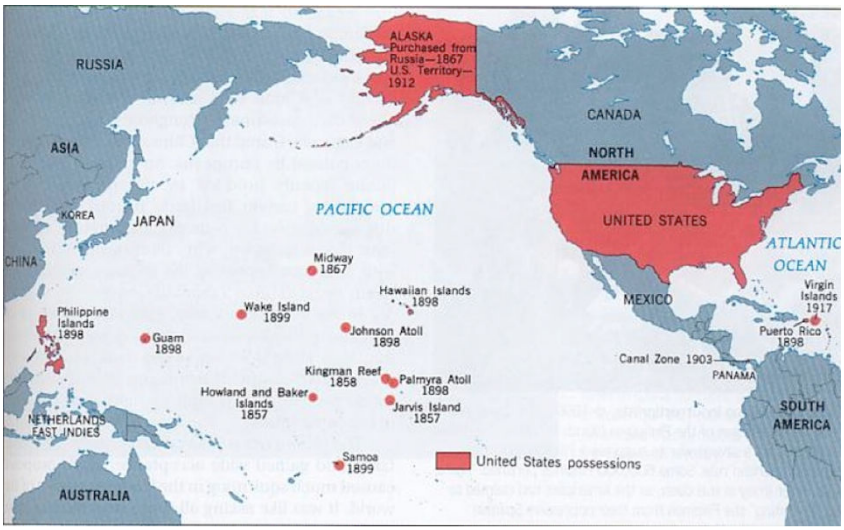
Chinese activities in many of the Pacific island countries (PICs) have been economically and politically destabilizing and have undermined the rule of law. Ensuring that the people of the PICs can build their economies and democracies under sovereign control, and so be a part of a free and open Indo-Pacific, will require a "block and build" approach in which Chinese ICAD activity is blocked (including via investigations and prosecutions of strategic corruption) and local economies and rule of law are built up in locally adapted ways, making them secure and sustainable over the long term.

The Pacific: America's Geographical Pivot of History

American strategic thought still contains deep strains of Eurocentrism — literally. Most maps used in the United States have Europe at the center, with the dominant ocean being the Atlantic. Academic courses on strategy will linger over Halford Mackinder's 1904 'Heartland'[1] theory — that the Eurasian landmass is the geographical pivot of history and control there determines the direction of the world. Maybe if one is European. But America's geographical pivot has, for over a century at least, been the Pacific.

Looking back at American strategic thought about the Pacific shows that with advances in naval power, it was clear to American strategists and leaders by at least the end of the 19th century that if a hostile power controlled the Pacific, the United States wasn't safe. This resulted in some of the grandest naval expeditions mounted by the United States, and misreading the Pacific map led to some of the highest military casualties America has suffered. Understanding some of that thinking is essential for understanding what the United States got right, what it got wrong, and what China is trying to do.

The United States explored and expanded into the Pacific Ocean in fits and starts. The first great foray was the U.S. Exploring Expedition (1838-1842), made up of six ships and 346 men — one of the largest voyages of discovery of the era. According to the Smithsonian, which subsequently became home to many of the samples the Expedition brought back, "Besides establishing a stronger diplomatic presence throughout the Pacific, the Expedition sought to provide much-needed charts to American whalers, sealers, and China traders. Decades before America surveyed and mapped its own interior, this government-sponsored voyage of discovery would enable a new, determined nation to take its first tentative steps toward becoming an economic world power."[2]



Being in the Pacific was key to that goal. Once California was admitted as a state (1850), Alaska was purchased (1867), and the transcontinental railway was completed (1869), the United States was on the Pacific. Over time, smaller strategically or economically important islands in the Pacific were taken or deals were made with local leaders, as with the 1878 treaty in

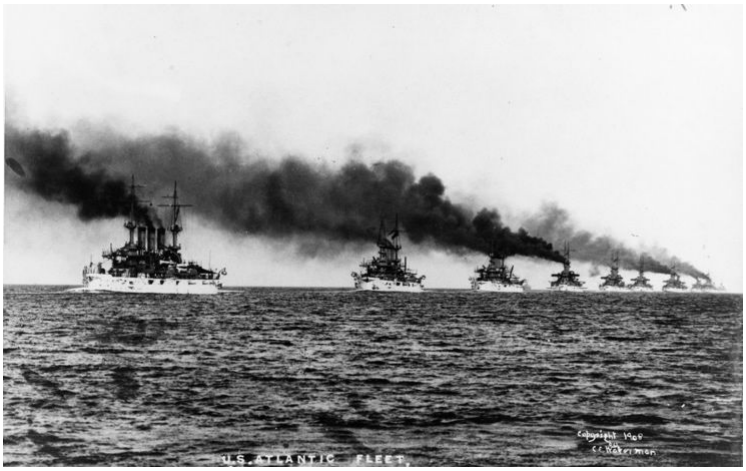
[1] H.J Mackinder, "The Geographical Pivot of History (1904)," *The Geographical Journal*, December 7, 2004. (https://www.jstor.org/stable/3451460)
[2] Nathaniel Philbrick, "The Scientific Legacy of the U.S. Exploring Expedition," *Smithsonian Libraries*, accessed March 13, 2025. (https://www.sil.si.edu/DigitalCollections/usexex/learn/Philbrick.htm)

which the chiefs in what is now American Samoa gave the United States the right to set up a naval station on Pago Pago harbor. Then, in 1898, repeated attempts to take a major piece of the Pacific were successful with the annexation of Hawaii.

That year marked another turning point, the Spanish-American War. According to American naval officer and strategist Alfred Thayer Mahan in his 1900 book *The Problem of Asia and its Effects Upon International Politics*:[3]

> [T]he expansionists themselves, up to the war with Spain, were dominated by the purely defensive ideas inherited from the earlier days of our national existence. The Antilles, Cuba, the Isthmus, and Hawaii were up to that time simply outposts — positions — where it was increasingly evident that influences might be established dangerous to the United States as she then was. Such influences must be forestalled; if not by immediate action, at least by a definite policy.
>
> It was to such a state of mind that the war with Spain came ... Habit had familiarized men's minds with the idea of national power spreading beyond the bounds of this continent, and with the reasons that made it advisable, if not imperative. [There was] no serious difficulty of acceptance, so far as concerned the annexation of the Philippines — the widest sweep, in space, of our national extension.
>
> The war with Spain has been but one of several events, nearly simultaneous, which have compelled mankind to fix their attention upon eastern Asia, and to realize that conditions there have so changed as to compel a readjustment of ideas, as well as of national policies and affiliations. Nothing is more calculated to impress the mind with the seriousness of the impending problems than the known fact that Japan, which less than four years ago notified our government of her disinclination to our annexation of Hawaii, now with satisfaction sees us in possession of the Philippines.

The Spanish-American War gave the United States not only the Philippines but Guam as well.



The United States declined to take other Pacific islands that had belonged to Spain, and Spain promptly sold them to Germany (a move that 43 years later cost the United States dearly). By the time Theodore Roosevelt became president in 1901, the United States spanned the Pacific.

Roosevelt wanted to ensure that the world, and Americans, understood the United States was part of the Pacific. He sent the "Great White Fleet" around the world (1907-1909). It consisted of sixteen

[3] Alfred Thayer Mahan, *The Problem of Asia and its Effect Upon International Policies* (Boston: Little, Brown, and Company, 1900). (https://archive.org/stream/problemasiaandi04mahagoog/problemasiaandi04mahagoog_djvu.txt)

new battleships, painted white with gilded scrollwork on their bows, crewed by thousands of sailors and, at times, escorted by destroyers and auxiliary ships.[4] The fleet did an extensive tour of the Pacific, including Australia, New Zealand, China, and Japan, and stopping at new parts of the American Pacific, including Hawaii, Pago Pago, and the Philippines.

In his autobiography, Roosevelt wrote:[5]

> In my own judgment the most important service that I rendered to peace was the voyage of the battle fleet round the world. I had become convinced that for many reasons it was essential that we should have it clearly understood, by our own people especially, but also by other peoples, that the Pacific was as much our home waters as the Atlantic.

A subtext to the voyage was concerns over the intent of Imperial Japan. In an echo of the debate over current freedom of navigation exercises, some tried to dissuade Roosevelt, saying the fleet would 'provoke' Japan. His reply:[6]

> I said that I did not believe Japan would so regard it because Japan knew my sincere friendship and admiration for her and realized that we could not as a Nation have any intention of attacking her; and that if there were any such feeling on the part of Japan as was alleged that very fact rendered it imperative that that fleet should go … I believed that Japan would feel as friendly in the matter as we did; but that if my expectations had proved mistaken, it would have been proof positive that we were going to be attacked anyhow[.]

Roosevelt's focus on the Pacific also led him to strongly support the actions that resulted in the construction of the Panama Canal (opened in 1914). By the outbreak of World War I, the United States had substantial territories on both sides of the Pacific, a way to get from the Atlantic to the Pacific more easily, and Hawaii and well-located refueling and watering ports to support distant Pacific logistics, for example, Pago Pago. It seemed, in the terms of Mahan, that dangerous influences could be forestalled.

Then, during World War I, Imperial Japan took control of Germany's Pacific Island possessions. After the war, the League of Nations formalized the takeover by granting Tokyo the Japanese Mandate — oversight of a massive swath of the central Pacific consisting of what is now Palau, the Federated States of Micronesia (FSM), the Republic of the Marshall Islands (RMI), and the Commonwealth of Northern Marianas Islands (CNMI).

For three decades, Japan colonized the region, seeing it as part of Japan for the long term. It built schools, clinics, and businesses. Men and women moved from Japan (including Okinawa) to the islands of the mandate. Koror, in what is now Palau, was the civilian headquarters of the mandate and, at times during the interwar years, there were more Japanese in Koror than

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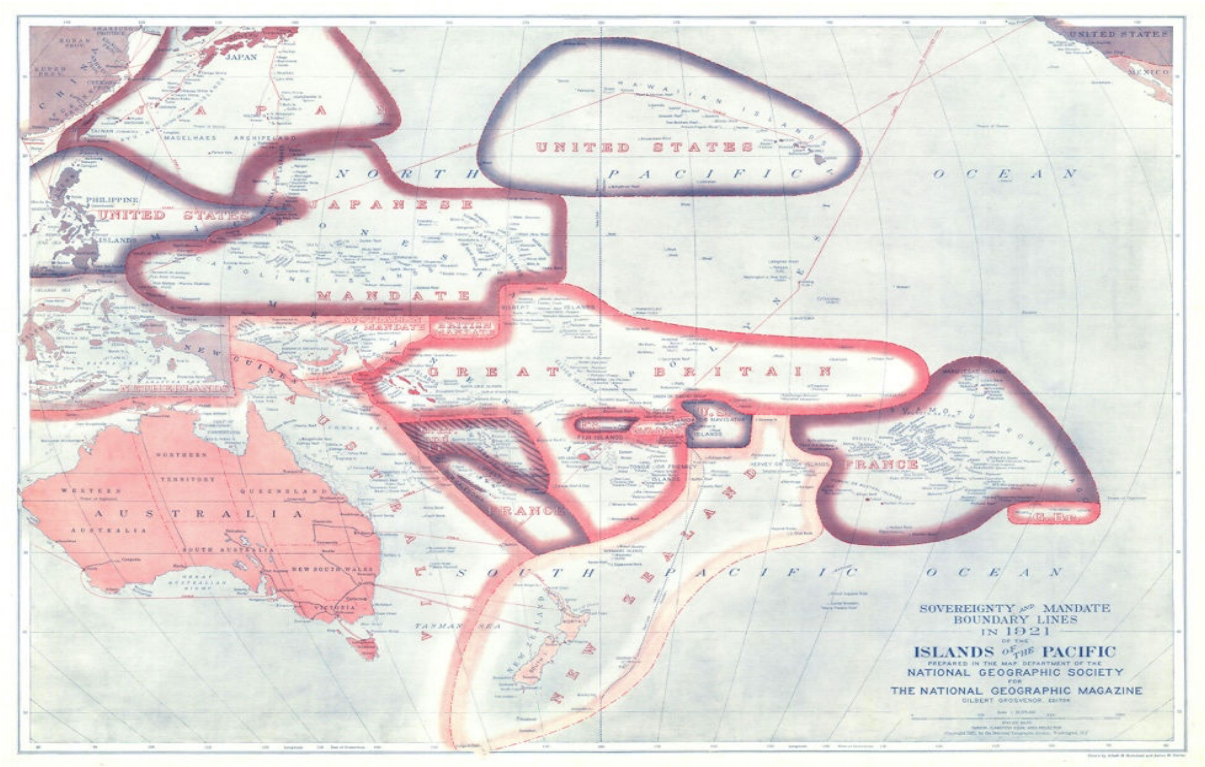
[4] "The Great White Fleet," *Naval History and Heritage Command*, accessed March 13, 2025. (https://www.history.navy.mil/research/histories/ship-histories/the-great-white-fleet.html)
[5] Theodore Roosevelt, *Theodore Roosevelt: An Autobiography* (New York: Charles Scribner's Sons, 1920). (https://www.gutenberg.org/cache/epub/3335/pg3335-images.html)
[6] Ibid.

Palauans. The Palauan language still has many Japanese loanwords and, owing to intermarriage, Japanese ancestry and surnames are still common across the region.

While the Japanese build-up had a strong civilian component, especially at the beginning, it didn't take long for concerns to arise. In the interwar period, the Japanese Mandate area was largely closed to outsiders. One American who got in was Major Earl "Pete" Ellis (United States Marine Corps). In 1921, he wrote *Advanced Base Operations in Micronesia*,[7] describing the likely need to fight Imperial Japan in the Pacific and the strategies and tactics required to win. He wrote:

> Japan is a World Power, and her army and navy will doubtless be up to date as to training and materiel. Considering our consistent policy of non-aggression, she will probably initiate the war; which will indicate that, in her own mind, she believes that, considering her natural defensive position, she has sufficient military strength to defeat our fleet.

Pete Ellis died in Koror, where Japanese officials had him under watch,[8] in 1923.



Throughout the 1920s and 1930s, in what we would now call civil-military fusion, Japan put great effort into establishing ports, airfields, and other infrastructure with dual-use capabilities.

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[7] Earl Hancock "Pete" Ellis, "*FMFRP 12-45, Naval Bases: Location, Resources, Denial, and Security. Advanced Base Operations in Micronesia,*" July 23, 1921. (https://archive.org/details/earl-h-pete-ellis-navy-marine/book/mode/2up)

[8] 21st Century Ellis: *Operational Art and Strategic Prophecy for the Modern Era*, Edited by B.A. Friedman. Naval Institute Press. 2015.

On Saipan, for example, a local business said it was clearing ground for a baseball field when, in fact, it was working on an airplane runway. It also put in extensive defensive fortifications and communications systems and built-up resource extraction, refining, and exporting processes.

The United States also moved, albeit in a small way, to consolidate toeholds in the region. In 1936, to clarify U.S. sovereignty over Jarvis, Baker, and Howland Islands, President Franklin Roosevelt issued an executive order[9] placing them under the jurisdiction of the secretary of the interior.

However, there were serious gaps in U.S. strategic thinking. As Lt. Col. Thomas McCabe wrote:[10] "[The United States] implicitly made two assumptions. The first assumption was that if war came, it would primarily be in the western Pacific. Second, Hawaii was now a rear area and therefore secure. On 7 December 1941, the Japanese Navy showed these assumptions were wrong."

The United States had underestimated the importance of the central Pacific. By the time Japan attacked Pearl Harbor on December 7, 1941, with the intention of pushing the United States out of the Pacific, it was already prepared and dug in across the mandate. Japan attacked the Philippines and Guam a few hours later. There was little the United States could do to defend these territories.

Imperial Japan also went after the Aleutians, having understood, as "father of the Air Force" Billy Mitchell told Congress in 1935, that Alaska (a key part of the Pacific) was of core strategic importance — effectively part of America's Pacific geographic pivot of history.[11]

In a foreshadowing of thinking today, the United States had focused on the Pacific coasts and had taken the center for granted. It was a costly mistake. As a result, to be within striking distance of mainland Japan, the United States had to bypass the most heavily fortified islands of the mandate and "island hop" south and west to be in a position where it could keep supply lines open to Australia and New Zealand and head north to the Japanese Mandate in the central Pacific.

Liberating the region from Imperial Japan resulted in some of the most brutal fighting of the war. Countless locals suffered and died, islands were devastated, and the enormous military casualties in battles such as Guadalcanal (Solomon Islands), Tarawa (Kiribati), Peleliu (Palau), Truk (now Chuuk, Federated States of Micronesia), Kwajalein (Marshall Islands), Saipan (Commonwealth of Northern Mariana Islands), Guam, and others shaped generations. By the time the war ended, around 100,000 Americans had died in the Pacific.

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[9] Executive Order 7368, "Placing Certain Islands in the Pacific Ocean Under the Control and Jurisdiction of the Secretary of the Interior," May 13, 1936. (https://www.presidency.ucsb.edu/documents/executive-order-7368-placing-certain-islands-the-pacific-ocean-under-the-control-and)

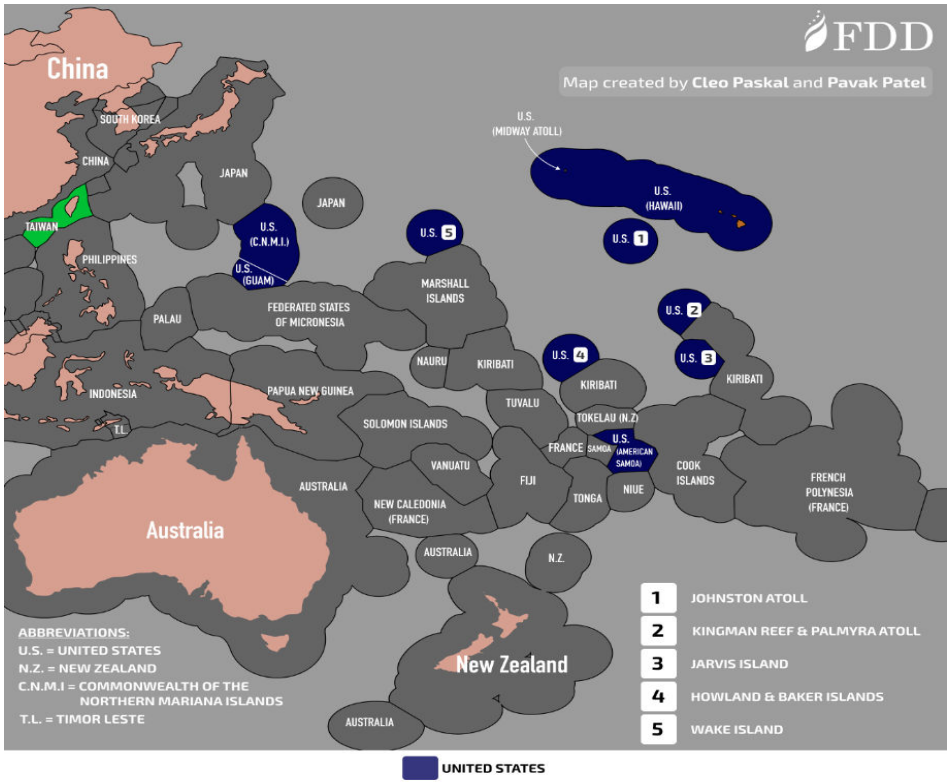
[10] Lt. Col. Thomas McCabe (Ret.), "China Could Attack Pearl Harbor—and the West Coast," *Proceedings: U.S. Naval Institute*, March 1, 2025. (https://www.usni.org/magazines/proceedings/2025/march/china-could-attack-pearl-harbor-and-west-coast)

[11] Larry Gedney, "Billy Mitchell: Alaska Pioneer," *Alaska Science Forum*, January 13, 1986. (https://www.gi.alaska.edu/alaska-science-forum/billy-mitchell-alaska-pioneer)

After the massive losses and destruction of the war, the United States was not keen to let anyone else be in a position to strike the United States from the Pacific. The United Nations Security Council gave the area of the central Pacific that had been the Japanese Mandate to the United States for administration as the world's only Strategic Trust Territory.[12]

By the 1960s, decolonization movements were gaining traction across the region. The United States wanted to resolve the legal status of the Trust Territory nations while still ensuring the central Pacific couldn't be used again to hit Americans, including in Guam.

So, the United States established the Congress of Micronesia on Saipan, with the first meeting in 1965, consisting of delegates from across the Trust Territory.[13] The core of it was that the United States didn't want colonies, and it didn't want Mahan's dangerous influences in the center of the Pacific where it could hit the United States. Meanwhile, the people of the region didn't want a continuation of colonization.



In the end, the people of what is now the Commonwealth of Northern Mariana Islands (CNMI) voted for a "covenant" with the United States — joining it in 1986. What are now Palau, the Federated States of Micronesia, and the Republic of Marshall Islands (RMI) became independent countries but each signed a Compact of Free Association (COFA) with the United States.[14]

[12] "UN Trusteeship Council Documentation," *Dag Hammarskjold Library*, accessed March 13, 2025. (https://research.un.org/en/docs/tc/documents)

[13] Norman Meller, *The Congress of Micronesia: Development of the Legislative Process in the Trust Territory of the Pacific Islands* (Honolulu: University of Hawai'i Press, 2019).

[14] Compact of Free Association Act of 1985, Pub. L. 99-239 (99th Congress), 99 Stat. 1770, codified as amended at 48 U.S.C. §1681, (https://www.congress.gov/99/statute/STATUTE-99/STATUTE-99-Pg1770.pdf); and Trust Territory of the Pacific Islands, Pub. L. 99-658 (99th Congress), 100 Stat. 3672, codified as amended at 48 U.S.C §1681. (https://www.congress.gov/99/statute/STATUTE-100/STATUTE-100-Pg3672.pdf); William Chapman, "In Palau, Even God Is Said to Oppose Micronesian Unity," *The New York Times*, July 16, 1978.

The COFAs are a unique agreement that allows the people of the Compact states to live and work in the United States freely, serve in the U.S. military (which they do at very high rates) and the United States provides a wide range of federal services and financial support to their governments. The Compacts also read: "The Government of the United States has full authority and responsibility for security and defense matters in or relating to the Marshall Islands and the Federated States of Micronesia [and Palau]."[15] They also afford the United States strategic denial, meaning the United States can veto the granting of military access to other nations.

Essentially, the goal is to have Compact states that are independent, supported and defended by the United States, and that don't become a risk to the United States. When the agreements were being finalized, in 1984, President Ronald Reagan said: [16] "The United States of America is part of the Pacific. There's Hawaii, American Samoa, Guam, and the soon-to-be commonwealth status of the Northern Mariana Islands and our special relationship with the Federated States of Micronesia and the Republics of the Marshall Islands and Palau. It is my hope that our administration will be remembered as helping the people of the Pacific Basin achieve their hopes and aspirations, and that together, we will bring a pacific, tranquil future to the region."

Today, the leaders of the region understand their importance. As CNMI Governor Arnold Palacios said in 2023:[17] "The U.S. territories of the Northern Marianas, Guam, and American Samoa firmly anchor America's position in the Pacific, and together with the Freely Associated States, create a vast corridor of peace and security that spans nearly three million square miles and connects to the seas of other allied nations."

While the Pacific islands as a whole are strategically important, for the United States, the U.S. territories and Compact states are the core of America's geographical pivot of history. The United States doesn't need to control it; it just needs to be able to deny access to those intent on using the pivot to hit the United States. In the process, all free countries benefit as the region is kept free of aggressive, exclusionary powers. This is the basis for a free and open Indo-Pacific.

The problem is the structure designed to do that during the Cold War, the Compacts, assumed the primary dangerous influences would be kinetic and were therefore focused on keeping hostile militaries out of the region. But there is a new dangerous influence in the region, and it uses different tactics and strategies.

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https://www.washingtonpost.com/archive/politics/1978/07/17/in-palau-even-god-is-said-to-oppose-micronesian-unity/f85347c8-d7cc-4680-bfe4-7371975bd349)

[15] Compact of Free Association Act of 1985. Pub. L. 99-239 (99th Congress), 99 Stat. 1770, codified as amended at 48 USC §1681. (https://www.congress.gov/99/statute/STATUTE-99/STATUTE-99-Pg1770.pdf); Trust Territory of the Pacific Islands. Pub. L. 99-658 (99th Congress), 100 Stat. 3672, codified as amended at 48 USC §1681. (https://www.congress.gov/99/statute/STATUTE-100/STATUTE-100-Pg3672.pdf)

[16] Ronald Reagan, "Written Responses to Questions Submitted by Pacific Magazine on United States Policy in the Pacific Island Region," *Ronald Reagan Presidential Library*, May 4, 1984. (https://www.reaganlibrary.gov/archives/speech/written-responses-questions-submitted-pacific-magazine-united-states-policy-pacific)

[17] Gov. Arnold I. Palacios, "*Peace Through Strength: The Strategic Importance of the Pacific Islands to U.S.-led Global Security*," *Testimony before the U.S House Committee on Natural Resources*, August 24, 2023. (https://governor.gov.mp/news/oral-testimony-of-governor-arnold-i-palacios-commonwealth-of-the-northern-mariana-islands)

China Makes a Move on the Geographical Pivot

China wants to be in a position to reshape the world to its own liking, including being able to take the territory of other countries without effective opposition. It has been pursuing its goals in ways General Romeo Brawner, chief of staff of the Philippines Armed Forces, describes as illegal, coercive, aggressive, and deceptive — known by its initials ICAD.[18]

China knows as long as the core of the Pacific geographical pivot — the U.S. territories and the Compact states — remain outside Beijing's control, there will be limits on its aggression, expansion, and ambitions, including with Taiwan. Conversely, if Beijing can push out the United States, Washington's ability to reach the First and Second Island Chain, and treaty allies Japan, the Philippines, South Korea, and Thailand (and Australia, New Zealand, France, Tonga, and others in the Southern Pacific) becomes much more restricted. Perhaps fatally so. If this map sounds familiar, there is a reason.

The People's Liberation Army (PLA) has studied the Pacific War. It's unlikely to be accidental that when the People's Republic of China (PRC) gains a foothold in a Pacific nation, it tries to acquire locations that were strategic in World War II, such as Tulagi in the Solomon Islands[19] or Kanton in Kiribati.[20] According to Dr. Toshi Yoshihara's *Chinese Lesson from the Pacific War: Implications for PLA Warfighting*: "The Pacific War covered a geographic expanse that roughly overlaps with areas where the PLA would likely fight in the coming years. China's Rocket Force now boasts long-range missiles that can reach Guam, while its diplomats are attempting to secure access across the Pacific Islands, the bloody battlegrounds of the Pacific War." It is trying to grab the pivot that was so important for both Japan and the United States just over 80 years ago.

One of China's top diplomats, Wang Yi, visited the region in 2022. Despite it being during COVID, when many PICs had closed their border, restrictions were lifted, and the Chinese delegation was let into eight countries in the region. The agreements they were proposing gave insight into China's thinking on how to gain influence, if not control, in as many PICs as possible. The two main regional agreement documents being floated were *China-Pacific Island Countries Common Development Vision* and *China-Pacific Island Countries Five-Year Action Plan on Common Development (2022-2026)*.

Elements of the *Vision*[21] and *Plan*[22] included cooperation on law enforcement, customs, inspections, quarantine, network governance, cybersecurity, laboratory construction used for fingerprint testing, supporting airlines to operate flights between China and Pacific island

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[18] Bill Gertz, "China's gray-zone operations 'illegal, coercive, aggressive, deceptive,' Paparo says," *The Washington Times*, May 6, 2024. (https://www.washingtontimes.com/news/2024/may/6/chinas-gray-zone-operations-illegal-coercive-aggre)
[19] Damien Cave, "Chinese Lease of Entire Island Is Deemed Illegal in Solomons," *The New York Times*, October 24, 2019. (https://www.nytimes.com/2019/10/24/world/australia/solomon-islands-china-tulagi.html)
[20] Thomas Newdick and Joseph Trevithick, "China Wants to Revive a Strategically Located Airfield Deep in The Pacific: Report," *The War Zone*, May 6, 2021. (https://www.twz.com/40471/china-wants-to-revive-a-strategically-located-military-airfield-deep-in-pacific-report)
[21] @CleoPaskal, *X*, May 26, 2022. (https://twitter.com/CleoPaskal/status/1529867665992474626)
[22] @CleoPaskal, *X*, May 26, 2022. (https://twitter.com/CleoPaskal/status/1529849187071926273)

countries, the possibility of a China-Pacific Island Countries Free Trade Area, thousands of government scholarships, establishing a "China-Pacific Island Countries Disaster Management Cooperation Mechanism" (including a prepositioned "China-Pacific Island Countries Reserve of Emergency Supplies"), and support for drugs, electronics, and digital forensics.

Combined, the *Vision* and *Plan* were a blueprint for control over key elements of sovereign countries. For example, it would put the PRC in a position to move people and supplies (including military prepositioning) with limited external oversight and to direct or subvert investigation and prosecution operations, stymying the rule of law and attempts to counter illegal Chinese activities that can lead to bribery and coercion.

Then FSM President David Panuelo wrote about the *Vision* and *Plan*: "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."[23]

It is regularly reported that Wang's 'failure' to get countries to sign on to the two documents was a setback for China. However, China operates differently, and it is unlikely Beijing thought that was a possibility.[24] Otherwise, Wang would have held his group meeting with the PIC foreign ministers at the end of his trip — after he had a chance to speak to more of them individually — rather than in the middle. Also, at the time, four of the countries in the region recognized Taiwan. Those signing up to Beijing's vision would have been striking a blow-by-proxy against their neighbors. It is not the way things are usually done in the Pacific.

China would know that. It has a half-dozen think tanks dedicated to studying the region, has trained hundreds (if not thousands by now) of Pacific island bureaucrats, and has generational, focused intelligence on key leaders and their families. Within the PICs that recognize China, it has large footprints — often including the largest embassy in the country, staffed with people who speak the local language — financial relationships between Chinese nationals and key business leaders, friendly members of the media, and control over large sections of the retail sector, including in the relatively remote areas. There is also the widespread use of Chinese organized crime as an 'auxiliary,' as has been seen in Hong Kong.[25]

What Wang was likely doing by floating the deal was drawing out those who oppose China to enable them to be isolated and targeted and seeing who was willing to be compliant so they could be built up and rewarded. Panuelo, who so strongly objected to the agreements, was not reelected.

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[23] Former President of Micronesia David W. Panuelo, "To FSM leaders," *Letter to the 22nd FSM Congress, FSM Governors, and leadership of FSM state legislatures*, March 9, 2023. (https://www.fdd.org/wp-content/uploads/2023/11/President-Panuelo-Letter-9-March-2023-to-FSM-leaders-on-PRC-political-warfare.pdf)
[24] Cleo Paskal, "Is Anyone Listening to the Pacific Islands?" *The Diplomat*, July 1, 2022. (https://magazine.thediplomat.com/2022-07/is-anyone-listening-to-the-pacific-islands)
[25] Federico Varese and Rebecca WY Wong, "Resurgent Triads? Democratic Mobilization and Organized Crime in Hong Kong," *Journal of Criminology*, March 17, 2017. (https://journals.sagepub.com/doi/abs/10.1177/0004865817698191)

Additionally, while the multilateral *Vision* and *Plan* went unsigned, Wang did sign a series of bilateral deals, some of which echoed elements of the *Vision*, in most of the countries he visited.[26] Some were formalizations or expansions of existing areas of cooperation, but some were new, such as agreements on fingerprint laboratories for Samoa and Tonga.

Some elements of the *Vision* and *Plan* are now in place, and they demonstrate how fundamentally different Beijing's vision is for the future of the region — one in which Beijing's rules take precedence rather than the rule of law. The degree to which rights and democracy have been eroded in the Solomon Islands under PRC pressure is a case in point, with those opposed to increased PRC influence in the country being targeted — including one elected member of a provincial legislature having his elected seat taken away for not recognizing China's definition of the One China Policy.[27]

Which gets to the core of it. It suits China's narrative to present this as an era and area that is China versus the United States. However, this is fundamentally a battle of systems — a free and open Indo-Pacific in which the United States takes the lead but the model benefits everyone or a Chinese lake where Beijing has a direct veto over elections and anything else it decides it wants.

To accomplish its goals, China uses a range of methods, including public and private loans, bribery, blackmail, coercion, investment, and influence. This has included attempts at breaking a country into pieces if seen as advantageous. (This is consistent with China's unrestricted and "disintegration" warfare.[28]) According to Panuelo, China has supported separatist movements in the FSM to advance its interests: "It is not a coincidence that the common thread behind the Chuuk State secession movement, the Pohnpei Political Status Commission and, to a lesser extent, the Yap independence movement, include money from the PRC and whispers of PRC support."[29]

Former Yap Governor Henry Falan said China created a "boxing ring" in Yap, "pitting leaders against leaders and citizens against citizens with proposals for large commercial developments that will overwhelm us … We are now left with internal bullying, corruption, and no accountability by a faction among our leaders who are influenced and backed by foreigners."[30]

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[26] "China's whirlwind Pacific tour a slight success with several bilateral agreements signed," *RNZ* (New Zealand), June 4, 2022. (https://www.rnz.co.nz/international/pacific-news/468464/china-s-whirlwind-pacific-tour-a-slightsuccess-with-several-bilateral-agreements-signed)

[27] Cleo Paskal, "Daniel Suidani's arrest in the Solomons proves CCP is scared," *The Sunday Guardian* (India), October 13, 2024. (https://sundayguardianlive.com/investigation/daniel-suidanis-arrest-in-the-solomons-proves-ccp-is-scared)

[28] U.S. House Committee on Oversight and Accountability, Majority Staff, "CCP Political Warfare: Federal Agencies Urgently Need a Government-Wide Strategy," October 24, 2024. (https://oversight.house.gov/wp-content/uploads/2024/10/CCP-Report-10.24.24.pdf)

[29] Former President of Micronesia David W. Panuelo, "To FSM leaders," *Letter to the 22nd FSM Congress, FSM Governors, and leadership of FSM state legislatures*, March 9, 2023. (https://www.fdd.org/wp-content/uploads/2023/11/President-Panuelo-Letter-9-March-2023-to-FSM-leaders-on-PRC-political-warfare.pdf)

[30] "Former Yap governor: China is a bad influence," *Pacific Island Times*, July 21, 2022, (https://www.mvariety.com/news/former-yap-governor-china-is-a-bad-influence/article_d367a4b8-07f3-11ed-9ec8-1bfefe5c3c13.html)

Often, the Chinese approach is not just dual use but triple use, or 'braided,' with three mutually reinforcing strands: commercial, strategic, and criminal elements.[31] Chinese organized crime is often a part of the 'China experience' in the Pacific islands. They bribe, enforce, smuggle, blackmail, and more. While largely free to make their own money and develop their own networks, Chinese criminals do so with the understanding that they must be useful to Beijing when required.[32] As per China's 2017 National Intelligence Law, every Chinese citizen and organization is legally obligated to support the government's intelligence operations.[33]

How successful have China's efforts been? Let's take two metrics, Taiwan recognition and signing on to the Belt and Road Initiative — both high priorities for Beijing.

Getting countries to de-recognize Taiwan is a high priority for China, not only for diplomatic reasons but also because Chinese embassies and consulates can act as forward operating locations for covert activities.[34] Not having an embassy in-country hampers Chinese ICAD efforts. Over the last decade, China has cut the number of PICs that recognize Taiwan from six to three.

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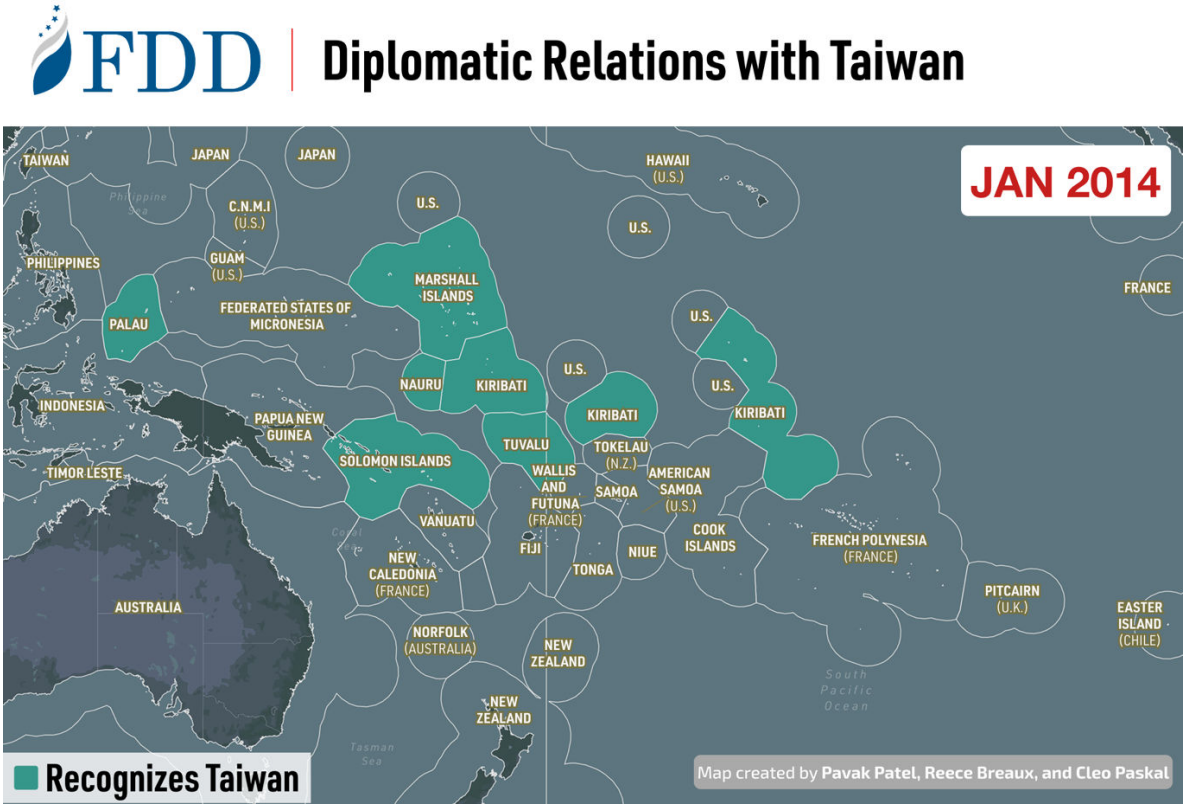
[31] Cleo Paskal, "How the Compacts of Free Association Support U.S. Interests and Counter the PRC's Influence," *Testimony before the House Natural Resources Committee Subcommittee on Indian and Insular Affairs*, June 14, 2023. (https://naturalresources.house.gov/uploadedfiles/testimony_paskal.pdf)

[32] Bernadette Carreon, Aubrey Belford, and Martin Young, "Pacific Gambit: Inside the Chinese Communist Party and Triad Push into Palau," *Organized Crime and Corruption Reporting Project*, December 12, 2022. (https://www.occrp.org/en/investigation/pacific-gambit-inside-the-chinese-communist-party-and-triad-push-into-palau)

[33] PRC National Intelligence Law (as amended in 2018), trans. China Law Translate, June 27, 2017. (https://www.chinalawtranslate.com/en/national-intelligence-law-of-the-p-r-c-2017)

[34] Tom Winter and Carol E. Lee, "Chinese consulate in Houston was hot spot for spying, say U.S. officials," *NBC News*, July 22, 2020. (https://www.nbcnews.com/politics/national-security/chinese-consulate-houston-was-hotspot-spying-say-u-s-officials-n1234634)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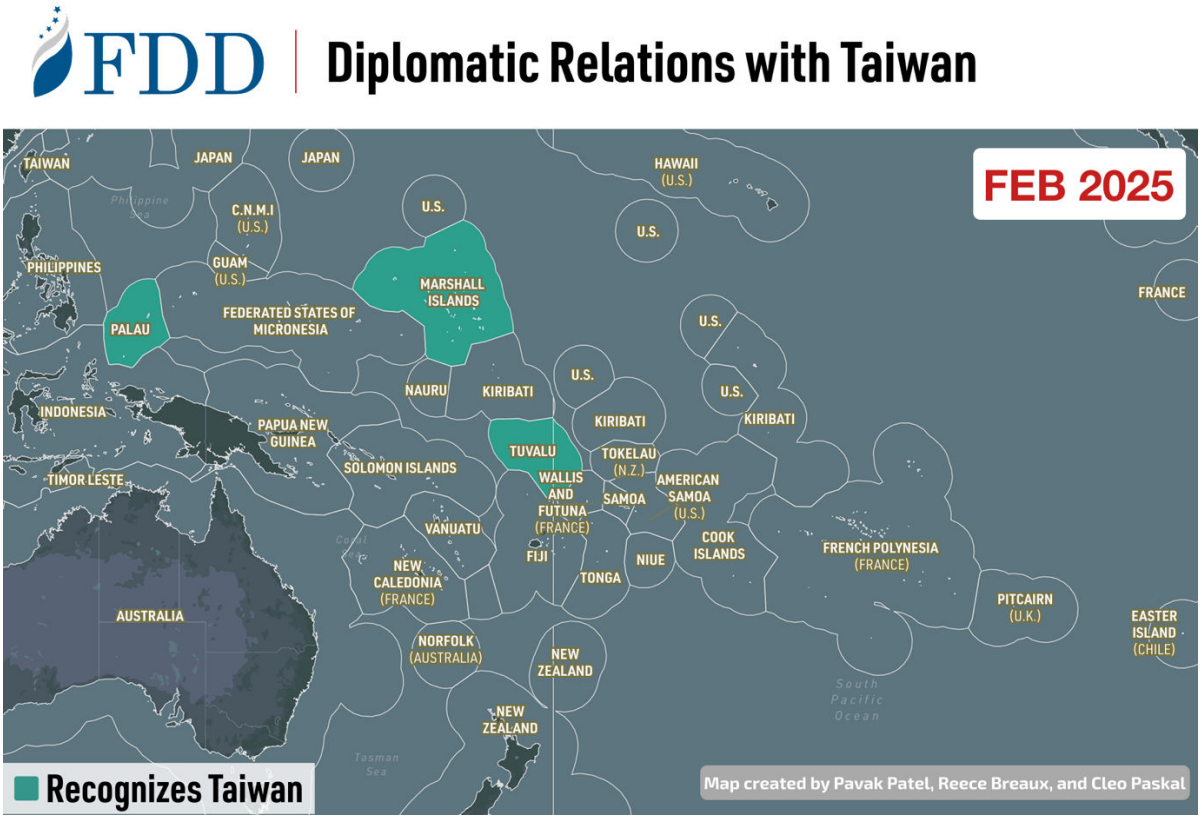
Map created by Pavak Patel, Reece Breaux, and Cleo Paskal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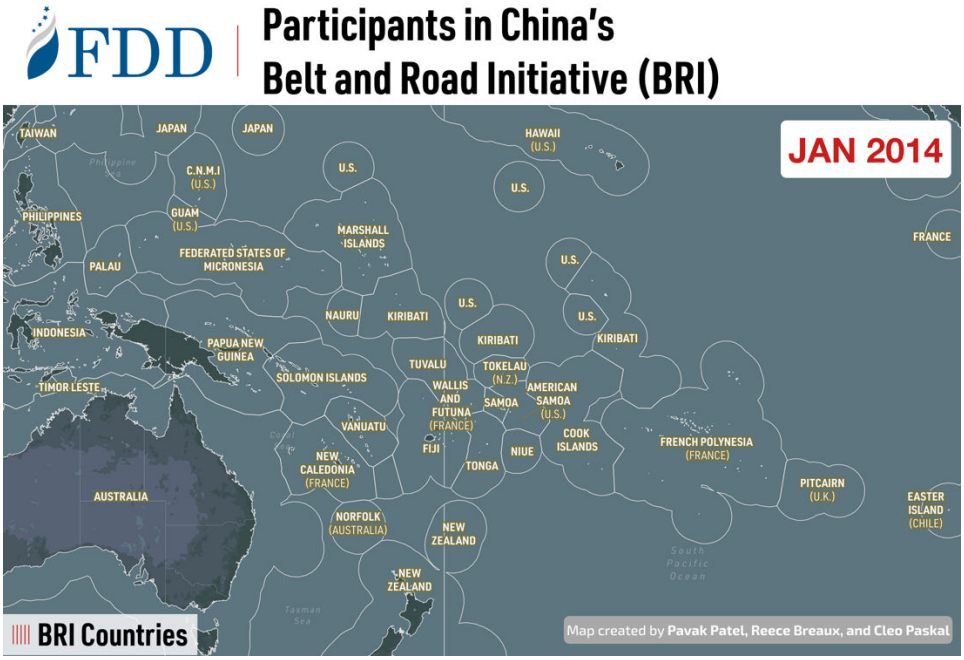
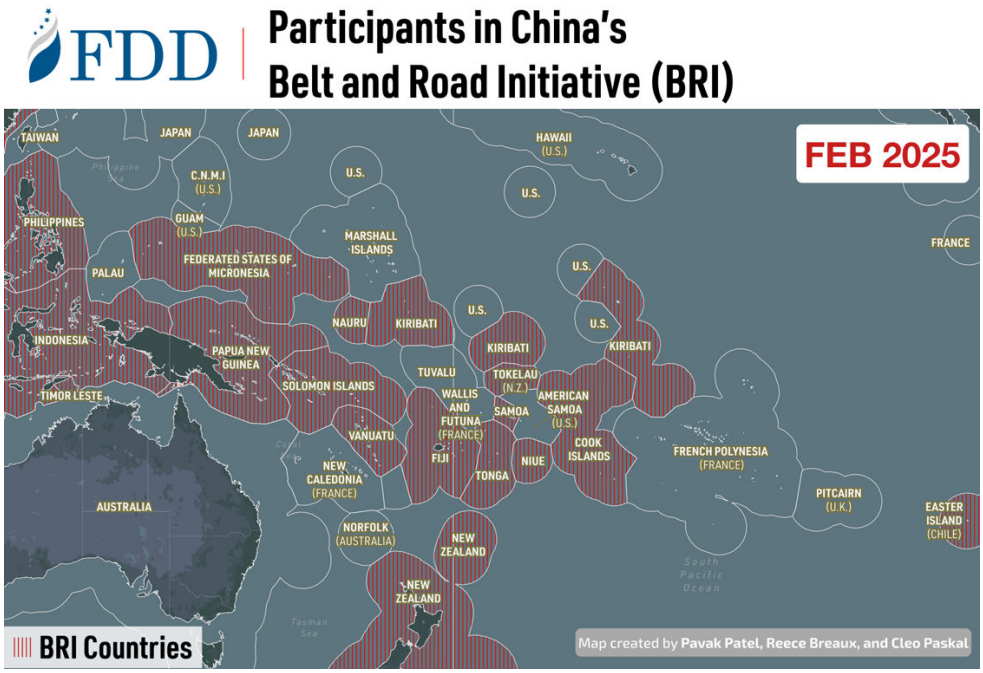
Recognizes Taiwan
Map created by Pavak Patel, Reece Breaux, and Cleo Paskal

Another priority for Beijing is getting countries to sign onto the Belt and Road Initiative (BRI). This isn't just about infrastructure that is possibly dual use, or creating debt, it's also about what can be thought of as Beijing's other, unstated, BRI — a Bribery and Repression Initiative. What's actually being exported from China with the Belt and Road Initiative is a way of doing business that metastasizes the Chinese system of corruption and coercion. And it is spreading.





Target: The Heartland of the Geographical Pivot — U.S. Territories and Compact States

While the PICs as a whole are important to China because of their importance to the United States and their ability to deter and even counter Chinese aggression, the U.S. territories (in particular CNMI and Guam) and the Compact states are the main targets of China-linked ICAD attacks.[35] Note that two of the three (Palau and the Marshall Islands) still recognize Taiwan and aren't part of the BRI. Those are layers of ICAD protection Beijing is working hard to erode.

Some examples:

In the **Marshall Islands**, a Compact state that recognizes Taiwan and has a major U.S. military base, two Chinese individuals secured Marshall Islands passports and, according to the U.S. government, launched "a multi-year scheme that included establishing a nongovernmental organization and allegedly bribing officials in the Republic of the Marshall Islands with the intention of establishing a semi-autonomous region, akin to Hong Kong, in the U.S.-defended Marshall Islands."[36] Given that part of the operation involved activities in Hong Kong that included members of the Marshall Islands government, it is unlikely the Chinese government wasn't aware of the plan and at least let it proceed.

That attempt came within one vote of succeeding in the Marshall Islands legislature. The couple involved were charged in New York and pleaded guilty to bribery. The United States deported them back to the Marshall Islands, where they were walking free, able to reestablish their linkages with local elites.[37]

In **Palau**, another Compact state that recognizes Taiwan, China worked to build up Palau's dependence on Chinese tourism. In 2008, there were 634 Chinese tourists in Palau, less than 1 percent of all tourists. By 2015, it was more than 91,000, or around 54 percent.[38] Then, in 2017, Chinese tourists stopped coming and it was made clear that, unless Palau switched from Taiwan to China, the tourists wouldn't return. The country didn't buckle. This devastated the economy and left empty and crumbling Chinese-leased real estate and developments across the country — the pause in travel caused by COVID allowed time for a reevaluation and a refocusing on other markets. However, the economic and physical scars remain. Illegal Chinese activity is also making a comeback, with recent deportations of Chinese involved in, at the least, illegal gambling. The two Chinese/Marshallese who were found guilty of bribing Marshallese officials in the events described above tried to enter Palau in February 2025 and were refused entry.

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[35] Cleo Paskal, "How the Compacts of Free Association Support U.S. Interests and Counter the PRC's Influence," *Testimony before U.S. House Natural Resources Committee, Indo-Pacific Task Force*, June 14, 2023. (https://naturalresources.house.gov/uploadedfiles/testimony_paskal.pdf)

[36] U.S. Immigration and Customs Enforcement, Press Release, "ERO New York City removes noncitizen aggravated felon to the Marshall Islands," April 27, 2023. (https://www.ice.gov/news/releases/ero-new-york-city-removes-noncitizen-aggravated-felon-marshall-islands)

[37] Ibid.

[38] Kate Lyons, "'Palau against China!': the tiny island standing up to a giant," *The Guardian* (UK), September 7, 2018. (https://www.theguardian.com/global-development/2018/sep/08/palau-against-china-the-tiny-island-defying-the-worlds-biggest-country)

Palau has also been subject to cyberattacks that seem to track back to China, including one that happened on the day Palau and the United States were celebrating the renewal of parts of the Compact, leading Jay Anson, chief information security officer of Palau's Ministry of Finance, to say, "Our analysis was that this was a hit against the Palau government but also the ability of the U.S. to provide security for Palau, and in this case, cybersecurity."[39]

There have also been incursions into Palauan waters by Chinese 'research vessels' that linger over its subsea cables and Chinese organized crime operations that tie back to influential Palauans.[40]

In the **Federated States of Micronesia**, then President Panuelo wrote that one of the tactics is bribery: "we are bribed to be complicit, and bribed to be silent … 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."[41]

FSM is the only one of the three Compact states that recognizes China. Panuelo writes: "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."[42]

This is likely China's ultimate goal for all the PICs, with the highest priority being in the Compact states and the U.S. territories.

The U.S. Territory of **CNMI** has had Chinese-linked casinos with myriad legal issues,[43] including Chinese individuals who used the U.S. postal service to distribute illegal drugs, sold illegal drugs, and illegally bought U.S. identification documents.[44] Two suspects involved in a recent murder in Palau were ethnic Chinese carrying CNMI identifications. There is no similar link to such extensive criminal activity with any other single nationality in CNMI.

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[39] Jonathan Greig, "An attack on the reputation of Palau': officials question who was really behind ransomware incident," *The Record*, April 4, 2024. (https://therecord.media/palau-attack-who-was-behind-china-us)
[40] Bernadette Carreon, Aubrey Belford, and Martin Young, "Pacific Gambit: Inside the Chinese Communist Party and Triad Push into Palau," *Organized Crime and Corruption Reporting Project*, December 12, 2022. (https://www.occrp.org/en/investigation/pacific-gambit-inside-the-chinese-communist-party-and-triad-push-into-palau)
[41] Former President of Micronesia David W. Panuelo, "To FSM leaders," *Letter to the 22nd FSM Congress, FSM Governors, and leadership of FSM state legislatures*, March 9, 2023. (https://www.fdd.org/wp-content/uploads/2023/11/President-Panuelo-Letter-9-March-2023-to-FSM-leaders-on-PRC-political-warfare.pdf)
[42] Ibid.
[43] Mathew Campbell and Daniela Wei, "Human Smuggling, Money Laundering Probes Surround Saipan Casino," *Bloomberg*, April 9, 2017. (https://www.bloomberg.com/news/articles/2017-04-10/human-smuggling-money-laundering-probes-surround-saipan-casino?sref=3OIZCXOE)
[44] Alex Wilson, "Chinese citizens use Northern Marianas as illegal pathway to Guam, authorities say," *Stars and Stripes*, February 27, 2024. (https://www.stripes.com/theaters/asia_pacific/2024-02-26/guam-china-illegal-entry-northern-marianas-13130497.html); "CNMI Customs confiscate $700K 'ice' at post office," *Islands Business* (Fiji), March 23, 2022. (https://islandsbusiness.com/news-break/cnmi-largest-drug-haul-in-five-years); U.S. Attorney's Office, Districts of Guam and the Northern Mariana Islands, News Release, "Chinese Illegals: CNMI DMV Chief Convicted of License Fraud," December 18, 2023. (https://www.justice.gov/usao-gu/pr/bureau-motor-vehicle-chief-and-prc-citizen-sentenced-federal-prison-cnmi-drivers-license)

CNMI allows Chinese to enter the territory short term without a visa. They are not supposed to leave CNMI, but Chinese are traveling illegally to Guam by boat, with some being found on military installations. Thirty members of Congress wrote[45] to then DHS Secretary Alejandro Mayorkas expressing concern about the "loophole." As of March 2025, Chinese still do not need a visa for short-term visits to CNMI.

Guam has been subject to China-tied cyber hacks[46] of its critical infrastructure. Additionally, Guam's delegate to Congress, James Moylan, wrote about Chinese nationals in January 2025: "From those associated with cartels in distributing drugs, to making the selling of drugs as part of their (migrant) payments to illegally enter through our shores, to those in question being spotted inside military installations near key defense assets, we have some serious issues here. This includes the safety of our people, and potential national security breaches."[47]

Where Is This Heading?

Amb. Amatlain Elizabeth Kabua, the permanent representative of the Marshall Islands to the United Nations, said that when the Compacts were originally negotiated with the United States: "Many in the U.S. Congress and government had fought in the Pacific during World War Two — they knew who we were, where we were, and why we were important."[1]

Today, it's the Chinese who know. In fact, they seem to know — and have learned from — U.S. Pacific history more than many in the United States. They know they need the 'Heartland' and have deployed relentless ICAD activities across the region to 'sinoform' the geographical pivot.[48] The goal isn't hidden. In 2008 then Commander of United States Pacific Command, Adm. Timothy Keating, said a senior Chinese official suggested to him: "You take Hawaii east. We'll take Hawaii west."[49]

It's a choice Teddy Roosevelt would have recognized. In his 1913 autobiography, Roosevelt wrote:

> If [America] is content to abandon Hawaii and the Panama Canal, to cease to talk of the Monroe Doctrine, and to admit the right of any European or Asiatic power to dictate what immigrants shall be sent to and received in America, and whether or not they shall be allowed to become citizens and hold land—why, of course, if America is content to have nothing to say on any of these matters and to keep silent in the presence of armed

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[45] Letter to U.S. Department of Homeland Security Secretary Alejandro Mayorkas, November 30, 2023. (https://dunn.house.gov/_cache/files/a/7/a7be6e9c-aa2c-4c5b-844f-0f9477022930/5C3DD18E5C7728487178D0D0CFACAAAD.20231130152328384.pdf)

[46] Andy Greenberg and Lily Hay Newman, "China Hacks US Critical Networks in Guam, Raising Cyberwar Fears," *Wired*, May 24, 2023. (https://www.wired.com/story/china-volt-typhoon-hack-us-critical-infrastructure)

[47] Haidee Eugenio Gilbert, "DHS's Noem: Critical to secure Guam borders from unlawful Chinese entry," *Pacific Daily News*, February 24, 2025. (https://www.guampdn.com/news/dhss-noem-critical-to-secure-guam-borders-from-unlawful-chinese-entry/article_2eb780f0-efef-11ef-ab07-83483e10ebf6.html)

[48] Cleo Paskal, "How the Compacts of Free Association Support U.S. Interests and Counter the PRC's Influence," *Testimony before the House Natural Resources Committee, Indo-Pacific Task Force*, June 14, 2023. (https://www.fdd.org/wp-content/uploads/2023/06/06-14-23-Paskal-Written-Testimony.pdf)

[49] Donna Miles, "China Requires Close Eye as It Expands Influence, Capability," *American Forces Press Service*, March 12, 2008. (https://www.dvidshub.net/news/17315/china-requires-close-eye-expands-influence-capability)

> outsiders, then it can abandon its navy and agree to arbitrate all questions of all kinds with every foreign power. In such event it can afford to pass its spare time in one continuous round of universal peace celebrations, and of smug self-satisfaction in having earned the derision of all the virile peoples of mankind.

For the last 80 years, the Pacific heartland has mostly been a model of a free and open Indo-Pacific, benefitting countries across the world — a peace bought in blood and crafted with patience and intelligence by American and Pacific island leaders. The status quo will not persist unless it is defended. The dangerous influences have taken root.

Pacific islanders are deeply experienced at geopolitics. They have gone through centuries of colonization, had their beaches and jungles soaked in the blood of passing militaries, had islands destroyed in world-changing weapons testing, and fought complex legal, political, and sometimes physical battles for their own independence. If you are from Yap, your great-grandfather's second language may have been Spanish, your grandfather's German, your father's Japanese, and now, you speak English. And perhaps now you are wondering if your kids should learn Mandarin. They know they live in the geographical pivot of history. What happens next is up to us.

Recommendation: Block and Build

The starting assumptions for the recommendations are:

1. China operates not in a zero-sum game but in a negative game. It will allow itself to lose if the other side loses more. This is implicit in its concept of relative Comprehensive National Power.[50]
2. China doesn't want target countries to be economically self-sustaining. It wants to shift countries (or to be more precise, decision-makers) from relationships based on goodwill to support to dependency. That is easier to do if there are few economic options. (An example of this is China's attempt to damage Palau's economy by building up and then crashing its tourism sector.)
3. This is a high-priority geographical zone for China, and it has a lot of people on the ground, and in China, actively thinking about how to advance Chinese interests.

Given those assumptions, U.S. activities that are designed to help build sustained and sustainable economic and social resilience will likely be seen as a threat by Beijing and be targeted by Chinese ICAD activity. It is likely that any major project designed to give Pacific islands economic or political independence, especially one that will make them less reliant on China, will be targeted for, at least, 'slow down' by Chinese agents through a variety of unrestricted warfare tactics, ranging from bureaucratic stalling to unfair competition, from information warfare to lawfare, from cyberattacks to sabotage.

As such, the overall structure of the recommendations is a "block and build" approach.

[50] Cleo Paskal, "The Strategic Importance of the Pacific Islands," *Testimony before the House Foreign Affairs Commitee, Subcommittee on Asia, the Pacific, Central Asia, and Nonproliferation*, October 20, 2021. (https://docs.house.gov/meetings/FA/FA05/20211020/114157/HHRG-117-FA05-Wstate-PaskalC-20211020.pdf)

This means "blocking" those dangerous influences (including ICAD activities) while "building" economic and social resilience. Unless that targeting is "blocked," projects will be very hard to "build." At the same time, blocking Chinese ICAD activities alone will not work. The region is still hurting economically, and if there is only blocking but no building, social disruptions caused by increasing desperation could open up new pathways for China that will be extremely difficult to block.

It is like kinetic warfare. To make headway, one has to both attack and defend. Sit in a bunker and just defend, and you will never get anywhere; attack without cover, and you will not last long. The same is true for countering Chinese ICAD warfare. While attacking the problems (economic development, access to health care, and others), you have to defend against those who see your activity as a threat. China treats this as war; the United States should take it no less seriously.

Recommendations

1. **President Trump could visit a Compact State** (Palau, the Marshall Islands, the Federated States of Micronesia). No sitting U.S. president has visited any of these three countries so deeply tied to the United States — and the core part of the American geographical pivot of history. A visit would show the enduring depth and importance of the relationship — a diplomatic version of a visit by the Great White Fleet.

2. **Raise Pacific Hemispheric defense to the National Security Council (NSC) level**. Ensure that clearing the Pacific 'negative influence,' and promoting economic and social resilience as part of that, is made a Teddy Roosevelt-level 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.

3. **Expand the role of Interior Secretary Doug Burgum on the NSC.** Due to his position as head of the National Energy Council,[51] 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.

4. **Revitalize the Interagency Group on the U.S. Compact states**, which is co-chaired by the secretaries of the interior and state.

5. **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

[51] Chris Megerian and Matthew Daly, "Trump names Interior-designee Doug Burgum to head new White House council on energy," *Associated Press*, November 15, 2024. (https://apnews.com/article/donald-trump-transition-white-house-cheung-gor-f3e02df04ffece1b07a44062ee723d71)

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.[52] 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?

6. **Fully prosecute high-profile corruption cases** (the Marshall Islands case was plea bargained, meaning information of value to the people of the Marshall Islands was never made public). This would hearten honest officials and make others recalculate their cost-benefit analysis of selling out their country — and by extension, U.S. security. Ignore anyone who says "they are all corrupt" — they are either dangerously wrong, lazy, or part of the problem. The region contains myriad examples of honesty and courage in the face of vicious ICAD attacks.

7. **Put in structures to create a Micronesian zone of security, prosperity, and freedom that would knit the U.S. territories and Compact states (and maybe others) together.** This idea was brought up by Gov. Leon Guerrero of Guam[53] who recommended the territories could be supported in setting up national security coordinators/councils — and perhaps a regional council that included the Compact states and maybe eventually Nauru and Kiribati — to better advise and coordinate, including on countering ICAD threats. It builds on the successful example of Palau's National Security Coordinator (an office that should receive substantially more support from the United States). Given that the region is facing many of the same problems it would let the countries and territories learn from and reinforce each other.

8. **U.S. policies should be different in different parts of the 'Pacific islands.'** The U.S. Territories — including American Samoa — and Compact states are where Washington owes

[52] Cleo Paskal, "Australia vies with China to to turn the Solomon Islands into a police state," *The Sunday Guardian* (India), December 29, 2024. (https://sundayguardianlive.com/investigation/australia-vies-with-china-to-turn-the-solomons-into-a-police-state)
[53] Cleo Paskal, "War flashbacks in Guam as China projects power in the Pacific," *The Sunday Guardian* (India), September 17, 2023. (https://www.fdd.org/analysis/2023/09/17/war-flashbacks-in-guam-as-china-projects-power-in-the-pacific)

the most, lost the most, and needs the most. It's the heartland. Acknowledge, including through adapting structures at State, Defense, and the NSC, that the relationship between the United States and the region is unique, forged by mutual sacrifice, and essential for U.S. security. Lumping the region together under the general 'Pacific islands' category is inaccurate and insulting, given the nature of the relationship. Other PICs will understand privileging the region, and in fact, doing so might make a closer relationship with the United States seem more attractive to them.

9. **Investigate financial crime, waste, fraud, and abuse in the U.S. territories, especially CNMI.** The Governor of CNMI has repeatedly asked for the FBI, Treasury, and more to come and investigate his territory. This should include centralized tracking and oversight of federal programs. The Office of Insular Affairs should also focus on technical assistance programs designed to counter corruption, waste, fraud, and abuse.

10. **In keeping with the America First Investment Policy, attention should be paid to vetting proposed investments in the U.S. Territories from foreign entities**.

11. **Work with PICs to fill specific needs**. For example, there is no **drug-testing lab** in Palau. This means that for lab results that will hold up in court, two Palauan police officers are sent with the sample to Guam, which they then escort back. This is prohibitively expensive, and complicated by corruption within the Palau police force.[54] However, Palau's president is keen to clear up his system, as are his attorney general, national security coordinator, and others, so it's largely a matter of listening to what they need and getting it for them.

12. **Do not outsource American interests, including to partners.** Some partners have had years to solve the problems and haven't. For example, Australia has been very keen to place itself at the heart of policing in the Pacific, yet under its 'watch,' country after country has abandoned Taiwan, the rule of law has greatly deteriorated,[55] and corrupt Pacific islands officials reportedly greatly enjoy spending ill-gotten gains holidaying in Australia (Queensland is a favorite destination) where they have real estate and bank accounts. Meanwhile, the China-Australia relationship is 'normalizing.' Will Canberra risk Chinese tariffs against its businesses to investigate corruption in the Solomon Islands? Until Canberra and Wellington start serving their people and the people of the Pacific by going after the corruption that passes through their systems, they are part of the problem, not the solution, as they are effectively protecting Chinese assets.

13. **Work appropriately with a wider range of allies that are welcome in the PICs.** For example, Japan is doing excellent, if quiet, work across the region. Japan has better knowledge about, and connections in, Palau than does Australia or New Zealand. Some in the strategic community in Palau also want closer ties with the Philippines (Manila is around a

[54] Leilani Reklai, "Two Women Law Enforcement Officers Charged with Drug Trafficking," *Island Times Palau*, September 10, 2024. (https://islandtimes.org/two-women-law-enforcement-officers-charged-with-drug-trafficking)
[55] Cleo Paskal, "Australia vies with China to to turn the Solomon Islands into a police state," *The Sunday Guardian* (India), December 29, 2024. (https://sundayguardianlive.com/investigation/australia-vies-with-china-to-turn-the-solomons-into-a-police-state)

three-hour flight from Koror), Indonesia, and Vietnam given that those countries are facing similar maritime incursion challenges and are seen to be more assertive about sovereignty than other, more traditional partners. Taiwan and India also have much to offer.

14. **Move from maritime domain awareness (MDA) to maritime domain *enforcement*.** For many countries in the region, fisheries have the potential to create stabilizing economic benefits for the people. However, illegal, unreported and unregulated (IUU) fishing is rampant, as are drug smuggling, human trafficking, and more. There is a constant stream of MDA workshops and consultant-written reports but few resources devoted to action and enforcement. Locals say repeatedly, "We know about all sorts of illegal activities happening in our waters — but we do not have the capacity to do anything about it." Following the law and seizing and destroying a few of the illegal fishing boats would provide more benefit and boost morale more than a year's worth of MDA workshops. Given the dual-use nature of the Chinese fishing fleet, IUU fishing in the FAS should be viewed as a national security issue for the United States. The U.S. military should be defending the exclusive economic zones of the Compact states aggressively — and using American Samoa as a base to do the same in the southern Pacific, perhaps with a permanent Coast Guard station. But blocking is not enough on fisheries. There should be simultaneous efforts to help the territories and Compact states (and others, especially members of the South Pacific Tuna Treaty) to build their fisheries in a way that is diversified and resilient. That would be an excellent block and build effort.

15. **Establish an FBI field office on Guam and satellite offices in CNMI and American Samoa.** The Guam office can also work with the Compact states, as there seem to be criminal networks working across the territories and Compact states. Consolidating knowledge in the region would be helpful for connecting the dots.

16. **Homeland should require all those entering CNMI to have the same visas as those entering the rest of the United States.**

17. **Efforts by appropriate departments (including the private sector) should be made to lower energy and communications costs** in the territories at least, and ideally the Compact states and the PICs in general. Costs are often extortionate. In some cases, that is due to monopolies or shady practices. This is greatly hampering economic development, healthcare costs, educational opportunities, and more.

18. **Ensure those fighting for the things considered to be shared values and that are in the U.S. interest are not targeted by ICAD activity and, when appropriate, are supported.** It is inexplicable that U.S. officials passed over David Panuelo's offer for FSM to recognize Taiwan.[56] Had that happened, it would have undermined China's "inevitability" narrative about peeling off countries from Taiwan one by one ("cut a deal with us now — everyone else has — or when we make a move on Taiwan you won't get anything"). When someone is willing to make a courageous move based on democratic principles, and the United States

[56] Former President of Micronesia David W. Panuelo, "To FSM leaders," *Letter to the 22nd FSM Congress, FSM Governors, and leadership of FSM state legislatures*, March 9, 2023. (https://www.fdd.org/wp-content/uploads/2023/11/President-Panuelo-Letter-9-March-2023-to-FSM-leaders-on-PRC-political-warfare.pdf)

does not support it, it hands China another example to demonstrate why Washington should not be taken seriously.

19. **Spend military dollars in the region in ways that provide some tangible benefit to locals**.

20. **Quad members (The United States, Australia, Japan, and India) should treat Micronesia as a priority for engagement**. This could include establishing a common headquarters for humanitarian assistance and disaster relief in the region. The Quad should also hold exercises in the region, including ones that address IUU fishing operations. Bring in others, such as the Philippines and Taiwan where it makes sense.

21. **Defense should use the U.S. Army Corps of Engineers more in the region and expand the Civil Affairs Teams**, putting in more permanent, compact, and small teams led by young officers who pay attention to those around them, adapt easily, and build useful things for locals. Permanent presence is essential to avoid the ephemeral "cargo cult" effect of U.S. forces periodically showing up and then leaving or flag officers dropping by for a short visit and leaving, thinking everything is fine.

22. **The use of military contractors should be limited and supervised carefully to ensure they are not damaging trust.** Locals rarely differentiate between U.S. military contractors and the United States itself, and poor behavior by contractors reflects on the country as a whole. There have been issues with this across the region, including in Palau.

23. **Focus on improving and lowering the cost of transport in the region.** For example, work with the private sector to establish new commercial flights and ferry routes, possibly with Japanese, Filipino, or Taiwanese partners (depending on the location), that allow the people of the region easier access to one another's countries. (Currently, in Micronesia under what seems like an effective United Airlines monopoly, flights in the region are some of the most expensive per mile in the world.) Affordable transportation will facilitate the development of options for education, healthcare, and trading hubs, encouraging regional cohesion and economic development. Sample actions could include a waiver from cabotage and support for specific routes, like the establishment of a fast ferry service between Guam and Rota.

24. **Consider offering COFAs to other countries, such as Kiribati, Tuvalu, and Nauru**. Tuvalu and Nauru recently signed deals with Australia, but they were done without the consent of the population (no referendum),[57] and Australia is in no position to defend them — as was painfully seen by its flailing response to the recent Chinese naval patrol and live-fire exercises in the Tasman Sea. By claiming strategic denial when it can't deliver, Australia is putting everyone, including itself, at risk.

25. **Do all the 'should have been done already' things** that have been lingering, in some cases for decades, that will build trust and improve the chances of working together, including: **apologizing to the Marshallese** for the nuclear testing and thanking them for their sacrifice

[57] Cleo Paskal, "Australia vies with China to to turn the Solomon Islands into a police state," *The Sunday Guardian* (India), December 29, 2024. (https://sundayguardianlive.com/investigation/australia-vies-with-china-to-turn-the-solomons-into-a-police-state)

for global security; focusing on **delivering health and education**; ensuring all U.S. Embassies have **consular services** and sending 'visa camps' to PICs without an embassy; fully returning the **Peace Corps** to the region; and delivering the promised **medical services to U.S. military veterans** in the Compact states.

Note that the vast majority of these recommendations involve 'political warfare' tools (politics, economics, rule of law, transparency, etc.). While the U.S. industrial base and Navy need to be resurrected as well, at this stage, much progress can be made for the people of the region and the United States without traditional military intervention. China is fighting on a political warfare battlefield now. All it takes is fighting back. And the United States has that most splendid weapon on its side: the truth.

The PRC has made its trajectory clear — it wants to control the Pacific geographical pivot of history. And it will destroy American communities and families to do it. The question is, will the United States decolonize its mental strategic map in time and realize what Roosevelt, Ellis, Mitchell, and so many others knew: if a hostile power takes the Pacific, they've stuck a dagger into the American heartland?