

**EXAMINING THE OFFICE OF INSULAR AFFAIRS' ROLE IN FOSTERING PROSPERITY
IN THE PACIFIC TERRITORIES AND
ADDRESSING EXTERNAL THREATS
TO PEACE AND SECURITY**

OVERSIGHT HEARING

BEFORE THE

SUBCOMMITTEE ON INDIAN AND INSULAR AFFAIRS

OF THE

COMMITTEE ON NATURAL RESOURCES

U.S. HOUSE OF REPRESENTATIVES

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CONTENTS

	Page
Hearing Memo	v
Hearing held on Wednesday, March 5, 2025	1
Statement of Members:	
Hurd, Hon. Jeff, a Representative in Congress from the State of Colorado	1
Leger Fernández, Hon. Teresa, a Representative in Congress from the State of New Mexico	3
Huffman, Hon. Jared, a Representative in Congress from the State of California	4
Statement of Witnesses:	
Cheng, Dean, Senior Fellow, Potomac Institute for Policy Studies, Arlington, Virginia	6
Prepared statement of	7
Questions submitted for the record	12
Klingner, Bruce, Senior Research Fellow, The Heritage Foundation, Washington, D.C.	14
Prepared statement of	16
Questions submitted for the record	21
Bencosme, Francisco, Former China Policy Lead, U.S. Agency for International Development, Washington, D.C.	24
Prepared statement of	25
Questions submitted for the record	33
Paskal, Cleo, Non-Resident Senior Fellow, Foundation for Defense of Democracies, Washington, D.C.	34
Prepared statement of	36
Questions submitted for the record	49
Additional Materials Submitted for the Record:	
Submissions for the Record by Representative King-Hinds	
Commonwealth of the Northern Mariana Islands, Office of the Governor, Letter	70
Commonwealth of the Northern Mariana Islands, Office of the Governor, Letter	78
Prepared Statement of Governor Arnold I. Palacios of the Commonwealth of the Northern Mariana Islands	81



HOUSE COMMITTEE ON
NATURAL RESOURCES
CHAIRMAN BRUCE WESTERMAN

To: House Committee on Natural Resources Republican Members

From: Indian and Insular Affairs Subcommittee staff, Ken Degenfelder (Ken.Degenfelder@mail.house.gov), Justin Rhee (Justin.Rhee@mail.house.gov), and Ransom Fox (Ransom.Fox@mail.house.gov), x6-9725

Date: March 3, 2025

Subject: Oversight Hearing titled *“Examining the Office of Insular Affairs’ Role in Fostering Prosperity in the Pacific Territories and Addressing External Threats to Peace and Security”*

The Subcommittee on Indian and Insular Affairs will hold an oversight hearing titled *“Examining the Office of Insular Affairs’ Role in Fostering Prosperity in the Pacific Territories and Addressing External Threats to Peace and Security”* on **Wednesday, March 5, 2025, at 10 a.m. in 1324 Longworth House Office Building.**

Member offices are requested to notify Haig Kadian (Haig.Kadian@mail.house.gov) by 4:30 p.m. on Tuesday, March 4, 2025, if their member intends to participate in the hearing.

I. KEY MESSAGES

- As part of the U.S. homeland, the U.S. Pacific territories of American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands are on the frontlines against attempts by the People’s Republic of China (PRC) and the Democratic People’s Republic of Korea (DPRK) to undermine U.S. leadership and interests in the Indo-Pacific.
- The activities of the PRC under the rule of the Chinese Communist Party (CCP) and the DPRK threaten U.S. national security, particularly in the U.S. Pacific territories.
- It is imperative that the Department of the Interior’s (DOI) Office of Insular Affairs (OIA), the office charged with managing federal relations with the territories, work with the territories to address threats within its jurisdiction.
- It is critically important for national security that the U.S. government counter these activities of the PRC and the DPRK in the U.S. Pacific territories. Relevant federal agencies must coordinate to ensure the U.S. effectively counters these malign activities.
- The OIA should work with Congress to find opportunities to improve economic prosperity in the Pacific territories to meet U.S. interests in a fiscally responsible manner.

II. WITNESSES

- **Mr. Dean Cheng**, Senior Fellow, Potomac Institute for Policy Studies, Arlington, VA
- **Mr. Bruce Klingner**, Senior Research Fellow, The Heritage Foundation, Washington, D.C.

- **Ms. Cleo Paskal**, Non-Resident Senior Fellow, Foundation for Defense of Democracies, Washington, D.C.
- **Mr. Francisco Bencosme**, Former China Policy Lead, U.S. Agency for International Development, Washington, D.C. [*Minority Witness*]

III. BACKGROUND

The U.S. has a historical presence in the Indo-Pacific as well as ongoing commitments and interests that are paramount to preserving a free and open Indo-Pacific. However, American geopolitical equities in the Indo-Pacific are being challenged through malign activities by adversaries of the U.S., namely the PRC under the rule of the CCP, and the DPRK, commonly known as North Korea. These adversaries actively seek to disrupt, dismantle, and displace U.S. leadership in the region.

The U.S. maintains Compact of Free Association (COFA) agreements with three sovereign Pacific Island countries, known as the Freely Associated States (FAS): the Federated States of Micronesia (FSM), the Republic of the Marshall Islands (RMI), and the Republic of Palau. The COFA agreements form the foundation of our relationship with each FAS, establishing mutually beneficial arrangements where the U.S. offers economic assistance and security guarantees in exchange for exclusive security rights.

In addition to the COFA agreements, the U.S. is geographically part of the Indo-Pacific through the state of Hawaii and three territories: American Samoa, the Commonwealth of the Northern Mariana Islands (CNMI), and Guam. The Pacific territories are critical to the U.S. national security strategic posture in the region and have high U.S. military enlistment rates.

The DOI, through the OIA, administers, monitors, and manages federal relations with the U.S. territories in accordance with applicable law.¹ It has the same responsibility for the economic assistance and federal programs for the FAS under the COFA agreements.²

The OIA plays a leading role in supporting the economic health of the territories within its jurisdiction by administering grant programs benefiting the territories. As the Pacific territories rely heavily on U.S. federal assistance, the fiscal impact of OIA grant programs cannot be overstated. For example, in fiscal year 2024, federal funding represented approximately 34.6 percent of the budget for 28 of Guam's local agencies.³

Fostering prosperity in the territories enables them to become more self-sufficient and equips them with the resources they need to resist the malign activities of the PRC and the DPRK in their communities. The PRC, in particular, targets economically weak communities to attempt to coerce local political and business elites. Fostering prosperity in the territories improves resilience against these threats.

Additionally, the OIA plays a leading role in advocating for the Pacific territories within the federal government. OIA is the primary office working with the territories and relevant agencies such as the Departments of Defense and Homeland Security to seek solutions to the threats they face.

U.S. Territories in the Pacific

American Samoa: American Samoa is an unincorporated territory of the United States comprising islands of the eastern Samoan archipelago. American Samoa is in the Polynesian region of the south-central Pacific Ocean. It includes the six eastern Samoan islands of Tutuila, Tau, Olosega, Ofu, Aunu'u, the Swains Island, and the uninhabited Rose Atoll. The capital is Pago Pago, on Tutuila, which is the main port and commercial center of American Samoa. The elected and traditional leaders seek to preserve a customary way of life as "nationals but not citizens," which is reflected in their allegiance to the U.S., strong patriotism and a high rate of U.S. military service.⁴



Figure A: Map of American Samoa.

Source: PEACESAT

Commonwealth of the Northern Mariana Islands (CNMI): The CNMI is an unincorporated territory of the United States composed of 14 islands and islets in the western Pacific Ocean, 100 miles north of Guam. The Mariana Islands are a chain of volcanic mountain peaks and uplifted coral reefs. The principal inhabited islands in the CNMI are Saipan, Guguan, Tinian, and Rota. The northern, largely uninhabited islands include Farallon de Medinilla, Anatahan, Sariguan, Gudgeon, Alamagan, Pagan, Agrihan, Asuncion, Maug Islands, and Farallon de Pajaro.⁵

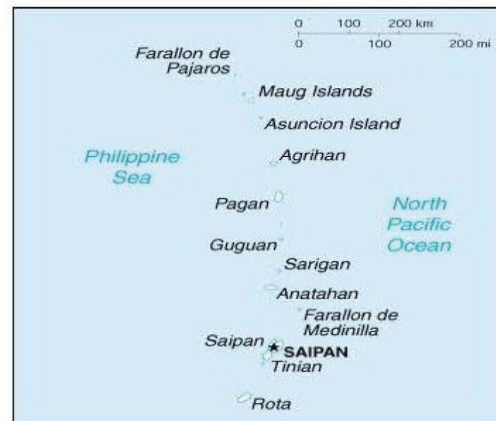


Figure B: Map of CNMI. Source:

PEACESAT

Guam: Guam is a U.S. territory in the northwest Pacific. It is the largest, most populous, and southernmost island of the Mariana Archipelago. It is governed under the Organic Act of Guam, passed by the U.S. Congress and approved by President Truman on August 1, 1950.⁶ The development of Guam into an important home for U.S. military bases after World War II profoundly changed the island's agricultural patterns, and Guam now imports most of its food.⁷ Guam has a vibrant tourism sector, drawing visitors from many Asian nations, and a robust local and regionally interconnected economy, with commerce ties to the Philippines, South Korea, and Japan. Most of Guam's population, 170,000, are of native Chamorro heritage. Guam

has been a part of the United States since the close of the Spanish-American War and today resembles the mainland United States in terms of language, business practices, and patriotic sentiments.⁸



Figure C: Map of Guam. Source: PEACESAT

Strategic Value of the U.S. Pacific Territories

The Pacific territories have been a national security priority for the U.S. since WWII. The CNMI and Guam are along the Second Island Chain, and American Samoa is along the Third Island Chain. These island chains informally represent the lines of access and egress for economic and defense purposes between the PRC and the Indo-Pacific and, thereby, the continental U.S.

In World War II, the Empire of Japan used the islands as a vital base and anchorage for its air and naval forces when launching attacks against the U.S.⁹ Given the historical context, the U.S. has a particular interest in the region's security to prevent the FAS from ever again being used as a platform or controlled region to attack the U.S. or its allies.

The U.S. holds military bases and installations in the Pacific territories that are in proximity to the PRC and the DPRK.

In Guam, Andersen Air Force Base (AAFB) and its annexes are concentrated at the island's northern end. Naval Base Guam has facilities around the island, including a naval air station, a naval base with a ship repair yard, communication centers, and a military hospital. The U.S. officially opened Marine Corps Base Camp Blaz (MCBCB) on January 25, 2023, located directly south of AAFB.¹⁰ Naval Base Guam, AAFB, and MCBCB operate under the command and support of Joint Region Marianas.

In the CNMI, the U.S. Air Force (USAF) is in the process of upgrading a World War II-era airfield, North Field, on the island of Tinian.¹¹ The USAF is restoring the runway in North Field so that it can serve as a "power projection platform."¹²

Additionally, the U.S. Coast Guard (USCG) holds an active presence in the region as USCG cutters and patrol boats tend to be better suited than U.S. Navy vessels for patrolling the waterways surrounding the U.S. Pacific territories.¹³ The USCG 14th District regularly performs maritime safety and security missions, prevents illegal unlicensed fishing, protects natural resources, and responds to emergencies in the region.¹⁴

Hacking and Spying Attempts

In May 2023, the United States National Security Agency (NSA), the Cybersecurity and Infrastructure Security Agency (CISA), and the Federal Bureau of Investigation (FBI), issued a joint Cybersecurity Advisory regarding a cluster of activity of interest associated with a PRC¹⁵ state-sponsored cyber actor.¹⁶ The actor, also called "Volt Typhoon," is a PRC-sponsored hacking group focused on espionage and information gathering.¹⁷ Volt Typhoon targeted critical infrastructure and used "built-in network administration tools" to evade detection and perform its

objectives,¹⁸ allowing them to blend in with normal Windows systems and network activities to avoid endpoint detection while triggering response products that alert the host.¹⁹ Volt Typhoon also intentionally limited the amount of activity captured in default logging configurations to further reduce the likelihood of detection.²⁰

Volt Typhoon installed the evasive computer code in telecommunications systems in Guam and other areas in the United States. The activity in Guam is noteworthy because “Guam, with its Pacific ports and vast American air base, would be a centerpiece of any American military response” to an invasion or blockade of Taiwan or American assets in the Indo-Pacific region.²¹ The PRC’s targeting of Guam takes increased importance given their ongoing efforts to gain influence over U.S. territories in the Pacific.²²

In November 2023, the DPRK launched what it claims is its first military spy satellite, which flew over and surveilled U.S. military installations in Guam.²³ Kim Jong Un, the dictator of North Korea, personally inspected images taken of Guam and expressed interest in launching “many more” spy satellites to monitor U.S. troops in the region.²⁴ The DPRK has since continued to monitor Guam and U.S. presence in the Pacific.²⁵

An area of concern particularly for the DOI is the high risk of espionage that comes with use of unmanned aerial systems (UAS), commonly known as drones, equipment or software manufactured or developed by PRC-linked companies. Companies based in or linked to the PRC are legally obligated under PRC domestic law to comply with the CCP.²⁶ As the distinctions between private sector and government become blurred in the PRC, there is increasing potential for PRC-linked drones and UAS software being vectors for spying by the CCP.

The DOI continues to include drones manufactured by Da-Jiang Innovations (DJI), a PRC company, in its UAS fleet.²⁷ DJI has faced high scrutiny as research conducted by independent cybersecurity firms revealed that DJI drones had hidden coding that allowed for access and transmittal of sensitive data without user knowledge and consent.²⁸ Another area of high concern is the DOI’s list of approved UAS software including software developed by Autel Robotics.²⁹ The Department of Defense recently listed Autel Robotics as a People’s Liberation Army (PLA) affiliated entity.³⁰

It is alarming that the Biden administration continued to allow for drones produced by PRC-linked companies in U.S. government UAS fleets despite being aware of the national security concerns. Congress should work with the Trump administration to ensure these concerns are addressed and that they do not pose a threat to the U.S. homeland, including the Pacific territories.

Missile Threats

The DPRK and the PRC actively seek advanced missile capabilities that directly threaten the security of the U.S. homeland. The Pacific territories are particularly vulnerable to these threats, given their proximity to Beijing and Pyongyang. Guam, in particular, is seen as a high-value target for the DPRK and the PRC given its strategic importance for the U.S.³¹

Guam is within range of several of the PLA ballistic and nuclear-capable missile systems, including the Dongfeng-26 (DF-26) ballistic missile, which some PRC-based media reports have dubbed as the “Guam killer” missile.³² The PLA recently increased their DF-26 ballistic missile stockpile with efforts to rapidly expand their arsenal to include 1,000 warheads by 2030.³³ In 2020, the PLA Air Force released video footage of what appears to be a simulated attack on AAFB in Guam.³⁴ The video depicts the PLA’s nuclear-capable Xi’an H-6 bombers launching a missile on a runway that seemingly mirrors the layout of AAFB.

Furthermore, the PRC conducted a test using a “dummy” intercontinental ballistic missile (ICBM) warhead³⁵ that flew over the vicinity of the Pacific territories and into the Pacific Ocean in September 2024.³⁶ ICBMs are a particular concern as these missiles are primarily designed to deliver nuclear warheads. There are also growing concerns regarding the PLA’s newest missile project, the Dongfeng-27 (DF-27), which will include a “hypersonic glide vehicle”³⁷ that allows for the missile to “evade being intercepted.”³⁸ According to a leaked Pentagon report,³⁹ the intended goal of the DF-27 is to “penetrate U.S. ballistic missile defenses”⁴⁰ and threaten the PLA’s targets, such as the Pacific territories.⁴¹

The DPRK’s missile program also poses a significant threat to the Pacific territories, as they have tested medium-range, intermediate-range, and intercontinental ballistic missiles capable of striking the islands, including the Hwasong-12 “Guam-killer” ballistic missile.⁴² It appears that the Pacific territories are high-value targets for the DPRK as U.S. military activity at AAFB in August 2017 triggered provocative threats from the DPRK.⁴³ The DPRK has also claimed to have success-

fully developed a successor to the Hwasong-12, the Hwasong-16B, that includes a hypersonic glide vehicle.⁴⁴

IUU Fishing

The PRC has increased its economic activity within the U.S. territories. In American Samoa, Guam, and CNMI, PRC Illegal, Unreported, and Unregulated (IUU) fishing has continued to impact the local economies as PRC fishing fleets illegally overfish within U.S. territorial waters.⁴⁵ The PRC “wants to access natural resources in the Pacific . . . [as] the South China Sea is practically devoid of fisheries, Chinese fishing trawlers have increasingly turned to far-flung locales to make up the difference, including off the coasts of American Samoa, CNMI, and Guam.”⁴⁶

IUU fishing by PRC fishing vessels has had a particular impact on the economy of American Samoa, as canned tuna exports account for approximately 99.5% of the total value of the island’s exports, and the tuna industry provides 83.8% of American Samoa’s private industry employment.⁴⁷ IUU fishing activities have “depleted tuna stocks within [American Samoa’s] EEZ and disrupted the local economy, even to the point of forcing a tuna cannery there, which is one of the island’s largest employers, to temporarily suspend operations due to lack of tuna availability.”⁴⁸

In 2024, the American Samoan government requested additional U.S. Coast Guard assistance in combatting IUU fishing as there are more than 540 PRC-flagged vessels reportedly active in the water around American Samoa.⁴⁹

Vulnerabilities Posed by Tourism Loopholes in the CNMI

Recently, there has been a rise in the number of PRC-nationals illegally entering into PRC nationals illegally entering Guam via the CNMI by taking advantage of a fourteen-day visa-waiver program that permits PRC nationals to enter the CNMI without first obtaining a tourist visa.⁵⁰ The importance of this issue was highlighted by a recent bicameral congressional letter to then-Secretary of Homeland Security Mayorkas to bring awareness to this matter.⁵¹ Since 2022, there have been 118 reported attempts of PRC nationals illegally entering Guam.⁵² However, these are just the illegal entries that have been caught, as hundreds of PRC nationals were said to have entered Guam successfully without being caught in the span of a couple of months alone according to a September 2023 report.⁵³

Several PRC nationals caught illegally entering Guam were identified as being potential security threats on federal watchlists.⁵⁴ As of December 20, 2024, seven PRC nationals were arrested for illegally entering Guam during a U.S. Missile Defense Agency missile interception test where a new radar was deployed.⁵⁵ Authorities confirmed that all seven “Chinese nationals arrived on the same boat”⁵⁶ from the CNMI.⁵⁷ Even more concerning, at least four of the PRC nationals were found “in the vicinity of a military installation.”⁵⁸

Furthermore, there is rising concern about the flow of fentanyl and other illicit drugs into the Pacific territories via PRC tourists.⁵⁹ For example, two PRC nationals were caught illegally possessing “over 50 grams of Methamphetamine with the intent to distribute”⁶⁰ in the CNMI.⁶¹ As recently as this year, a PRC national “came to Guam via boat”⁶² from Saipan and was arrested with the intent to sell Methamphetamine while possessing approximately 2,000 grams of the drug.⁶³ One of the cooperating defendants in the case stated that there are Chinese nationals located in the CNMI and Guam who are running a “drug distribution network”⁶⁴ in the territories.⁶⁵

The Department of Homeland Security Secretary, Kristi Noem, has recently raised concerns over illegal entry into Guam by PRC nationals and emphasized the Trump administration’s prioritization of securing U.S. borders and protecting the American people.⁶⁶

A related issue is the continued concern over “birth tourism” in the CNMI by PRC nationals, where tourists enter the CNMI for the reason of giving birth as a newborn will automatically obtain U.S. citizenship.⁶⁷ Birth tourism continues to thrive in the CNMI as the first baby born in the CNMI in 2025 was from a PRC national.⁶⁸

OIA’s Responsibilities

As the office charged with managing federal relations with the territories, the OIA is a leading player in the overall economic health of the U.S. territories. The OIA must continue to engage with the Governments of American Samoa, CNMI, and Guam to ensure that threats are addressed within its jurisdiction while working with territorial governments to promote self-sufficiency.

The OIA plays an important role in supporting the energy needs of the Pacific territories through the Energizing Insular Communities (EIC) program. This program, which received \$15.5 million in fiscal year (FY) 2025, is intended to strengthen the foundations for economic development by addressing the energy needs of the territories.⁶⁹ However, the Biden administration had repurposed this program to

serve its political objectives by prioritizing funding for renewable energy projects and electric vehicles.⁷⁰ The Biden administration's disastrous energy policies ignored the realities facing the territories and did little to help economic development in insular communities.⁷¹ The OIA must ensure the Energizing Insular Communities program supports an all-of-the-above energy approach.

The Capital Improvement Project (CIP) grants administered by the OIA are also intended to promote economic development by addressing the territories' infrastructure needs.⁷² By supporting critical infrastructure projects, the OIA has an opportunity to foster growth in the territories. CIP grants should be prioritized for critical infrastructure projects and directly promote economic development in the territories.

Furthermore, the OIA should increase coordination with agency partners and the U.S. Congress to ensure that the U.S. government is appropriately responding to attempts by the PRC and the DPRK to threaten peace and spread malign influence in the territories.

The Interagency Group on Insular Areas (IGIA), organized annually by the OIA, is among the ways in which the OIA can facilitate interagency coordination.⁷³ This annual meeting solicits information and advice from the elected leaders of the U.S. Insular Areas of Guam, American Samoa, the CNMI, and the U.S. Virgin Islands to make recommendations on the establishment or implementation of federal programs concerning the Insular Areas.⁷⁴ In 2022, the IGIA convened to discuss key issues such as economic development, energy and infrastructure, and education.⁷⁵ Agencies included in the 2022 meeting were the Departments of the Interior, Energy, Commerce, Veterans Affairs, and others.⁷⁶ While the Biden-Harris administration did not publicly release readouts for the 2023 and 2024 meetings, these meetings were mainly focused on the administration's political priorities such as the Inflation Reduction Act and climate resilience.⁷⁷ It is critical that the OIA raises the concerns and issues highlighted by the Pacific territory leaders with relevant agencies.

The OIA is also charged with regularly consulting the CNMI government on matters affecting the relationship between the federal government and the CNMI. This consultation is known as "Section 902 consultations" and is mandated under the CNMI's establishing Act.⁷⁸ The objective of these consultations is to provide an avenue for high-level discussions on the issues of immigration, labor, and U.S. national security interests between the U.S. and the CNMI.

The House Committee on Natural Resources will continue to exercise its oversight authority over the OIA to ensure the office is carrying out its responsibilities in the manner that Congress intended, that the OIA budget is fiscally responsible and that the office executes programs in a manner reflective of the interests of the American people. Critical to its purpose and role is ensuring the Pacific territories are strong partners in abating threats to peace and security in the Pacific and on the mainland.

¹ P.L. 90-497, Sec.12(a), September 11, 1968 (82 Stat. 847; 48 U.S.C. 1421a) and Executive Order 10264 of June 29, 1951, appear at 16 FR 6417, 3 CFR, 1949-1953 Comp., p. 765 and Executive Order 12572 of Nov. 3, 1986, appear at 51 FR 40401, 3 CFR, 1986 Comp., p. 239.

² Executive Order 12569 of Oct. 16, 1986, appear at 51 FR 37171, 3 CFR, 1986 Comp., p. 234.

³ Joe Taitano, "Report: Feds paid for 34.6% of 28 GovGuam agency budgets in fiscal 2024," Pacific Daily News, https://www.guampdn.com/news/report-feds-paid-for-34-6-of-28-govguam-agency-budgets-in-fiscal-2024/article_8f4a235a-b390-11e945c-b7cd690bb5d3.html.

⁴ For more information on American Samoa see "American Samoa," Encyclopedia Britannica, <https://www.britannica.com/place/American-Samoa>.

⁵ For more information on the Commonwealth of the Northern Mariana Islands (CNMI), Accessed May 14, 2023.

<https://www.coris.noaa.gov/portals/cnmi.html#:~:text=The%20principal%20inhabited%20islands%20are,Islands%2C%20and%20Farallon%20de%20Paiaro>.

⁶ P.L. 117-286.

⁷ "Challenging Residents to Grow Produced, Reduce Imported Foods," The Guam Daily Post, January 5, 2022.

https://www.postguam.com/news/local/challenging-residents-to-grow-produced-reduce-imported-foods/article_b75ea9aa-6c63-11ec-89b4-e78919e1742d.html.

⁸ For more information on Guam see "Guam," Encyclopedia Britannica, <https://www.britannica.com/place/Guam>.

⁹ Myers, Lucas, "Legacy of the Pacific War," August 2020.

https://www.wilsoncenter.org/sites/default/files/media/uploads/documents/AP_2020-08%20Legacy%20of%20the%20Pacific%20War%20-Lucas%20Mvers.pdf.

¹⁰ Rosenfeld, Maj. Diann, "Marine Corps Base Camp Blaz Holds Ribbon Cutting Ceremony for Sabánan Fadang Memorial," United States Marine Corps Flagship, January 25, 2023, <https://www.marines.mil/News/News-Display/Article/3277036/marine-corps-base-camp-blaz-holds-ribbon-cutting-ceremony-for-saban-fadang-mem/>.

¹¹ Caguranan, Mar-Vic, "Pacific island governor backs \$800m US military upgrade amid China threat," November 19, 2024, <https://www.theguardian.com/world/2024/nov/20/northern-mariana-islands-governor-finian-us-military-upgrade-plan-china-threat>.

¹² "USAF senior leaders visit Mariana Islands on ACE trip," Air Force, April 5, 2024, <https://www.af.mil/News/Article-Display/Article/3732110/usa-f-senior-leaders-visit-mariana-islands-on-ace-trip/>.

¹³ Maritime challenges and opportunities - Daniel K. Inouye Asia-Pacific ... Accessed June 7, 2023, <https://dkiapess.edu/wp-content/uploads/2022/09/Blue-Pacific-Security-11-L-Long-Turvol-McCann-Maritime-Challenges-1.pdf>.

¹⁴ "United States Coast Guard Pacific Area: Strategic Intent," United States Coast Guard, January 2016.

<https://www.pacificarea.uscg.mil/Portals/8/Documents/PACAREA%20Strategic%20Intent%20-%202016%20-%20final%20for%20release.pdf>.

¹⁵ People's Republic of China (China)

¹⁶ NAT'L SEC. AGENCY et al., *People's Republic of China State-Sponsored Cyber*

Actor Living off the Land to Evade Detection (May 24, 2023) https://media.defense.gov/2023/May/24/2003229517/-1/-1/0/CSA_Living_off_the_Land.PDF.

¹⁷ MICROSOFT THREAT INTELLIGENCE, *Volt Typhoon targets US critical infrastructure with living-off-the-land techniques* (May 24, 2023), <https://www.microsoft.com/en-us/security/blog/2023/05/24/volt-typhoon-targets-us-critical-infrastructure-with-living-off-the-land-techniques/>.

¹⁸ NAT'L SEC. AGENCY, *supra* note 55.

¹⁹ *Id.*

²⁰ *Id.*

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**OVERSIGHT HEARING ON EXAMINING THE
OFFICE OF INSULAR AFFAIRS' ROLE IN
FOSTERING PROSPERITY IN THE PACIFIC
TERRITORIES AND ADDRESSING EXTERNAL
THREATS TO PEACE AND SECURITY**

**Wednesday, March 5, 2025
U.S. House of Representatives
Subcommittee on Indian and Insular Affairs
Committee on Natural Resources
Washington, D.C.**

The Subcommittee met, pursuant to notice, at 10:08 a.m. in Room 1324, Longworth House Office Building, Hon. Jeff Hurd [Chairman of the Subcommittee] presiding.

Present: Representatives Hurd, Radewagen, LaMalfa, Walberg, Kennedy, Westerman; Leger Fernández, Hoyle, Hernández, and Huffman.

Also present: Representatives King-Hinds, and Moylan.

Mr. HURD. The Subcommittee on Indian and Insular Affairs will come to order.

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

The Subcommittee is meeting today to hear testimony for an oversight hearing entitled, "Examining the Office of Insular Affairs' Role in Fostering Prosperity in the Pacific Territories and Addressing External Threats to Peace and Security."

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

Without objection, so ordered.

I ask unanimous consent that the gentleman from Guam, Mr. Moylan, and the gentlewoman from the Commonwealth of the Northern Mariana Islands, Ms. King-Hinds, be allowed to sit and participate in today's hearing.

Without objection, so ordered.

I will now recognize myself for an opening statement.

**STATEMENT OF THE HON. JEFF HURD, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF COLORADO**

Mr. HURD. Good morning. Today's hearing topic is particularly timely as our country faces ongoing threats seeking to end the American way of life. Our adversaries seek to subvert, dismantle and replace U.S. leadership, particularly in the Indo-Pacific region.

The People's Republic of China, under the rule of the Chinese Communist Party, has waged political and information warfare in

the Indo-Pacific in an attempt to coerce political and business officials and undermine U.S. interests. Furthermore, the PRC has posed a direct challenge to U.S. national security and strategic posture by rapidly developing weapons systems designed to threaten the United States. The PRC has been directly linked with cyber attacks against U.S. Government servers and the flow of illicit narcotics in our communities.

The Democratic People's Republic of Korea, commonly known as North Korea, also seeks to undermine the U.S. and challenge U.S. leadership in the region. While having far fewer resources than the PRC, the threat that North Korea poses should not be underestimated. Under the dictatorship of Kim Jong Un, North Korea has become increasingly hostile to the U.S. and to its allies. Perceiving the U.S. as an existential threat, Kim Jong Un has pursued an aggressive nuclear weapon development program and cyber attack capabilities aimed at causing maximum harm to the United States.

The Pacific territories of American Samoa, Guam, and the Northern Mariana Islands are on the front lines against these threats by the PRC and North Korea in the Indo-Pacific. From being in range of hypersonic and ballistic missiles to espionage attempts, the Pacific territories face an increasingly hostile geopolitical environment. As such, it is critical that the relevant agencies within the U.S. Federal Government work to address these threats.

The Department of the Interior's Office of Insular Affairs, OIA, plays a key role in this endeavor, as the office charged with managing U.S. Federal relations with the insular areas. The OIA is among the primary avenues for the territories to find solutions to the threats they face with relevant Federal agencies.

The OIA also plays a leading role in supporting the economic health of the territories within its jurisdiction by administering grant programs benefiting the territories. As the Pacific territories rely heavily on U.S. Federal assistance, the fiscal impact of OIA grant programs cannot be overstated. Fostering prosperity in the territories enables the territories to not only become more self-sufficient, but also equips the territories with the resources they need to push back against the activities of the PRC and North Korea in their communities.

It is critical that the OIA increase coordination with agency partners and the U.S. Congress to ensure that the U.S. Government is appropriately responding to attempts by the PRC and North Korea to threaten peace and spread malign influence in the territories.

As we proceed with today's discussion, I want to take this moment to make it clear that when we refer to threats from China and North Korea, we are referring to the Chinese Communist Party and the North Korean Government, respectively. We recognize and firmly believe in the distinction between the totalitarian regimes in Beijing and Pyongyang, and the Chinese people and North Korean people who long for democracy and freedom from autocratic rule. In many ways, this makes the PRC and North Korea an even greater threat, as their actions are not driven by national interests but by the nefarious desires of the ruling elites. Beijing and Pyongyang have made it abundantly clear that threatening the U.S. is their priority.

I thank our witnesses for appearing before us today and look forward to their testimony.

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

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

Ms. LEGER FERNÁNDEZ. Thank you, Mr. Chairman, and I am so very happy to be here again addressing issues in the blue continent with our Freely Associated States and the islands in the Pacific. And, you know, I love the fact that the Indian and Insular Affairs Subcommittee represents the people part of the Natural Resources Committee. And it was an incredible honor to visit the Freely Associated States and Guam last year when we were reviewing the COFA agreements, which were skillfully, I think, came to a conclusion and signed.

And when we were engaged in that outreach, in those negotiations, in the visits, in the hearings, we heard over and over again about the threats that the People's Republic of China posed to our interests in the Freely Associated States and the Pacific territories. Through its Belt and Road Initiative, the PRC offers economic aid and infrastructure developments to shape political outcomes to improve perceptions. And they are doing this not because they are an incredibly generous organization, but we know that they want to destabilize the relationships between the United States and these, our most generous of allies.

And that is why it is really frustrating, when we talk about the importance of pushing back against the PRC, to look at the destruction of USAID, to understand that in a tiny office, the Office of Insular Affairs, four people were fired. You cannot say we are going to take the threat of the PRC seriously and then destroy and eliminate and weaken the tools that we have to fight their nefarious influence.

So when this wonderful trip, and I am so grateful for the Chairman, and hopefully, you will get to go on one because it was amazing, this trip that we did, and I met many of you through this whole process, we were there and they told us about that. They told us about the trawlers who were trying to just cut up the cables, right? We saw the buildings where there were big signs proclaiming China is building this for you, right?

And when we then eliminate, without congressional authority, something like USAID, which was itself doing much more quiet projects like the cable to Palau that has now been frozen, we have now stopped. I don't know if you know this, Chairman. We have stopped the construction of a cable that would connect Palau underground, key infrastructure, and key infrastructure that is also useful to us.

When you visit you will see our bases. You will see the way we depend on these to protect our airspace, to identify what is coming over. And it is so crucial to us here because these are the islands and these are our allies that are closest to China. And when we start destroying the tools, and the people, and undermining it, what are we doing?

And let me talk about the people. The Medicaid cuts that are proposed in the budget resolution would hit these territories incredibly hard. In American Samoa, 76 percent of the population qualifies for Medicaid or CHIP. In the Northern Mariana Islands, 36 percent of residents are enrolled in Medicaid or CHIP. So when we start undermining the VA, when we start undermining Medicaid, and we are not going to get \$880 billion from fraud I mean anybody who repeats that knows it is not true. There is not that much fraud there.

So it is going to affect people, and we are going to hope that we get three Republicans who stand with Democrats to say, with “Do not do this” for the many reasons, whether it is your own constituents, or recognizing that we must maintain positive relationships and we must maintain the warmth of the friendship and the warmth of the alliance that we have with the people of the territories and in the blue continent.

I look forward to your testimony today in this oversight hearing.

And Mr. Chairman, I yield back.

Mr. HURD. Thank you very much, Ranking Member Leger Fernández. The Chair now recognizes the Ranking Member of the House Natural Resources Committee, Mr. Huffman, for any statement.

Mr. Huffman.

STATEMENT OF THE HON. JARED HUFFMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. HUFFMAN. Thank you, Mr. Chairman, and I know I am sometimes a skunk at the picnic at these hearings. I don’t enjoy that. I wish it wasn’t necessary. But I am going to start off with something very positive and consensus-based.

This hearing is on a super-important subject, especially timely given the threats posed by the People’s Republic of China and North Korea to U.S. territories and Freely Associated States in the Pacific. And I will go further, Mr. Chairman. Your opening remarks were spot on. You absolutely nailed it, including the nuance about the difference between these tyrannical regimes and the people that they represent. You really captured it.

Everyone here says that we care a lot about these threats and these people. However, and here comes the skunk part, the Trump administration right now is actively undermining efforts to address these threats through a reckless, indiscriminate approach led by DOGE, people that have never spent 1 day in public service or government and have no idea what they are doing. They are taking a meat axe to the American workforce in a way that is crippling the very personnel needed to safeguard peace and security in the region.

And, you know, we heard all of this fawning applause last night from the cult section of the House chamber when Elon Musk was introduced and whenever DOGE was mentioned. But you know who else is really cheering for DOGE right now, and Elon Musk? China and North Korea. They are thrilled, just as thrilled as the cult section was last night.

The Office of Insular Affairs, which provides critical support to the U.S. Pacific Territories facing unique economic, environmental,

and geopolitical challenges, and the USAID, as the Ranking Member mentioned, are facing substantial cuts in funding and personnel to finance tax breaks for billionaires.

And we will hear our witnesses describe how the U.S. Pacific territories and Freely Associated States, because of their strategic significance, are prime targets for PRC influence operations ranging from propaganda and traditional espionage to more covert influence operations targeted at elites and public opinion.

We will also hear how the PRC is undermining relations between the territories and the U.S. Federal Government to exert corrosive influence in the territories and render them less able to defend themselves, let alone American national security interests.

But what we won't hear, I hope I am wrong, but what I think we won't hear today is Republicans from Congress standing up to what the Trump-Musk administration is doing right now to our national security interests, this dangerous, short-sighted attack on agencies that protect American interests and the U.S. territories from China and North Korea. The Trump administration has already fired more than 5,600 USAID employees and plans to eliminate a majority of U.S. development and humanitarian assistance abroad.

USAID's humanitarian and development assistance underpins our close relationships with the Federated States of Micronesia and the Republic of the Marshall Islands under the Compact of Free Association Agreement, or COFA, which, benefiting communities and families across the Pacific Islands, also find quite important, quite existential. Under COFA, USAID leads U.S. disaster response efforts, and has invested nearly \$100 million in disaster relief and reconstruction since 2008. The PRC Government capitalizes on instability and natural disasters in this vulnerable region to make inroads, and the vacuum that will be left if USAID is allowed to be sacrificed by DOGE, will give China a prime opportunity to swoop in and expand its influence.

If the Trump administration is truly serious about bolstering our Pacific territories and our Pacific island nations against Chinese threats and North Korean threats, they sure have a funny way of showing it, decapitating the one agency that projects American influence abroad through developmental assistance and soft power, which are our best tools for countering Chinese and North Korean encroachment across the Pacific. This is just a self-inflicted wound.

So it is time for my Republican colleagues to stop fawning over Elon Musk and DOGE, and start walking the walk for the stuff that they say they care about, and start protecting U.S. interests.

With that I yield back.

Mr. HURD. Thank you, Mr. Huffman. Now I will introduce the witnesses for our panel.

The first is Mr. Dean Cheng, Senior Fellow at the Potomac Institute for Policy Studies in Arlington, Virginia; next is Mr. Bruce Klingner, Senior Research Fellow at the Heritage Foundation in Washington, D.C.; next is Mr. Francisco Bencosme, former China Policy Lead at USAID here in Washington, D.C.; and last is Ms. Cleo Paskal, Non-Resident Senior Fellow at the Foundation for Defense of Democracies in Washington, D.C.

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

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

We do use timing lights. When you begin, the light will turn green. When you have 1 minute left, the light turns yellow. And at the end of 5 minutes, the light will turn red, and I will ask you then to please complete your statement.

I will also allow all witnesses on the panel to testify before Member questioning.

The Chairman now recognizes Mr. Dean Cheng for 5 minutes.

Mr. Cheng.

**STATEMENT OF DEAN CHENG, SENIOR FELLOW, POTOMAC
INSTITUTE FOR POLICY STUDIES, ARLINGTON, VIRGINIA**

Mr. CHENG. Good morning, Chairperson Hurd, Ranking Member Fernandez, representatives. My name is Dean Cheng. I am a Non-Resident Senior Fellow with the Potomac Institute for Policy Studies. My comments this morning are my own. My comments this morning are intended to provide some context for better understanding of the Chinese interest in the Central Pacific and the threat posed therein.

For the PRC and the United States, the importance of the Central Pacific region will only increase in the coming years. Taiwan and western Pacific tensions are only likely to rise. There is little sign of abatement. Growing PLA, People’s Liberation Army, capabilities will make operating in the western Pacific within what is sometimes termed the first island chain, more difficult. And indeed, in the initial phase of any conflict, U.S. forces’ ability to operate in that area is going to be extraordinarily challenging.

American resets and greater focus will only further lead to the need for expanded infrastructure in the Central Pacific as a fall-back position for U.S. security operations and efforts. Here it is notable the Chinese competition with the United States is going to intensify because, in part, China has significant resources. The PRC has the ability to undertake not simply whole-of-government, but a whole-of-society efforts, and therefore U.S. dominance in the region is going to be challenged.

China has a variety of tools at its disposal. Its foremost set of tools are, in fact, not necessarily military, but economic. These include aid, where China is the second-largest donor to the region after Australia; investments, as reflected recently in the Cook Islands, these often include tourism, deep sea mineral exploration, and shipbuilding, China has also indicated to Fiji that it intends to invest in that nation’s port facilities and shipyards; security assistance. We are fortunate at this time that China is not yet a major source of arms to the region, but that is only for the moment. It is, however, employing an interesting form of legal warfare by providing significant police training to nations such as the Solomon Islands and Fiji.

But above all the Chinese military, the PLA is increasingly able to present a very daunting portfolio of capabilities throughout the Pacific west of Hawaii, and here it is important to note that the

U.S. cannot afford to rely only on the island of Guam, if only because there is only so much physical space there, and also because of the need, if one intends to operate in the face of these growing Chinese military capabilities, to have a wider dispersal and resilience in terms of our capabilities.

A very brief survey of the kinds of growing capabilities that the PLA possesses begins with the Chinese navy, the PLA navy. It is now the world's largest fleet. It has 140 major surface combatants among its 370 ships. It has an increasingly growing range. This past week we have watched the PLA navy conduct live fire exercises in the Tasman Sea, separating Australia from New Zealand to such an extent that Australia had to issue a warning to airliners traversing the region.

Notably, the Tasman Sea is actually farther away from Chinese naval bases than Guam is, reflecting the reality that the Chinese will be able to operate in the Central Pacific, in the waters around Guam, should it choose to do so.

The Chinese navy will be operating under increasingly the cover of the PLA air force, which also has an expanding range. This has benefited from the addition of significant aerial refueling capability. The Chinese have also demonstrated the ability now to launch not only cruise missiles, but ballistic missiles from some of its types of bombers. And as worrisome, the PLA air force is now fielding the kinds of electronic support aircraft, airborne early warning and airborne command posts, that used to be primarily the purview of the United States. This reflects a recognition by the PLA that modern warfare is not simply about shooting, but it is about finding and countering an adversary's command and control.

Above all, the PLA relies upon its rocket force, the PLA Rocket Force, and on long range missiles, ballistic and cruise, for a long-range precision strike. In this regard we see the Chinese fielding a growing set of capabilities, including the DF-26 intermediate range ballistic missile, in fact replacing the previous shorter range DF-21. Both of these have carrier killer capabilities. The DF-26 apparently is specifically intended to range Guam; the DF-17 hypersonic glide vehicle and the DF-27 IRBM, which has a hypersonic glide vehicle option, again intended to be aimed at Guam.

With regards to considerations for long-term responses, then, it is essential that U.S. facilities in the western Pacific be more hardened as well as more dispersed. It is also, however, useful to recognize that while U.S. and Western governments typically do not build infrastructure, corporations do, and that with the issue of, for example, cable building, Google has been building cable networks across the Central Pacific, which does add to resilience.

My appreciation to the Committee and the Subcommittee for the opportunity to be here this morning.

[The prepared statement of Mr. Cheng follows:]

PREPARED STATEMENT OF DEAN CHENG, NON-RESIDENT FELLOW,
POTOMAC INSTITUTE FOR POLICY STUDIES

My name is Dean Cheng. I am a non-resident fellow with the Potomac Institute for Policy Studies. The views I express in this testimony are my own, and should

not be construed as representing any official position of the Potomac Institute for Policy Studies.

China's Strategic Interest in the Central Pacific

The People's Republic of China (PRC) has a growing strategic interest in the central Pacific region. This is partly rooted in the fundamentals of geography: an adversary will likely transit the central Pacific, if coming from the east, in order to strike at the PRC. That same adversary, even if relying on existing facilities closer to the Chinese littoral, will nonetheless have to rely on sea and air lines of communications that traverse the central Pacific in order to bring reinforcements and provide logistical support. Similarly, there are an array of undersea cables and space support facilities in this region that help sustain the flow of information across the Pacific. If the PRC is going to dominate the western Pacific, or seek to secure targets including Taiwan and the South China Sea, then it will likely strive to influence the central Pacific in order to strategically isolate those targets to limit interference and intervention.

One of the most important tools available to the Chinese Communist Party (CCP) leadership is the Chinese military, embodied in the Chinese People's Liberation Army (PLA). The PLA's approach to warfare is embodied in the strategy of the "active defense (*jiji fangyu*)."⁸ This concept embodies the view that the PRC will be strategically defensive, not overtly commencing a conflict but only responding with force to outside aggression, while maintaining an operationally and tactically offensive stance.

In December 2004, Hu Jintao, in his role as chairman of the Central Military Commission, gave a major speech wherein he charged the PLA with a set of "historic missions for the new phase of the new century," commonly referred to as the "new historic missions."¹ The speech provided guidance for the kinds of tasks and eventualities the PLA might be expected to apply the strategy of the active defense, i.e., what kind of wars it should be preparing for, given changes in the international strategic context, national development, and broader technological evolution.

One of the new historic missions that Hu charged to the PLA was to "provide strong strategic support for maintaining the nation's interests." While those interests center on issues of territorial integrity and national sovereignty, they now also extend to the maritime domain, outer space, and the electromagnetic spectrum and the information domain.²

For the PRC, the *maritime domain* has gained an unprecedented importance. For most of its millennia long history, China has been a classical "continental" power, mainly focused on land power. China's foremost threats were typically from the steppe people to the north. Indeed, China has only been conquered by invaders from the north, such as the Mongols and the Manchus. While the Ming dynasty developed a substantial maritime capacity, as reflected in the "treasure fleets" of Admiral Zheng He, imperial China never became dependent upon the seas. The low priority accorded maritime power at the time is symbolized in the eventual dissolution of those same fleets, along with the destruction of the associated shipyards and blueprints.³

By contrast today's PRC depends on the world's sea lanes to move energy, raw materials, and food to keep the nation running, and to transport its finished products to markets around the world. The PRC is now as much a maritime power as it is a continental one. A review of the growth of the PLAN's capabilities over the last thirty years reflects this growing emphasis on maritime power. At the time of the end of the Cold War, China's navy had some 20 destroyers, and hundreds of motor torpedo boats, only slightly more advanced than those that fought in the Solomon Islands during World War II.⁴ Today's PLAN boasts three aircraft carriers, six cruisers, over thirty destroyers comparable to the USS Arleigh Burke-class (the most advanced destroyers in the US inventory), as well as over three dozen frigates.⁵

Moreover, while China's navy was long a "brown water navy," a primarily coastal defense force mainly operating very close to China's own shores, it has now become a "blue water navy" operating much farther afield. Indeed, in the 21st century the PLAN has been operating in what the Chinese term "the far seas." Chinese naval forces have conducted exercises with the Russians in the Mediterranean and Baltic Seas.⁶ A Chinese naval task force has maintained a presence in the Gulf of Aden since 2008.⁷ In 2025, Chinese naval forces conducted live fire exercises in the Tasman Sea near Australia and New Zealand, some 5300 miles from southern Chinese naval facilities.⁸ This is even farther from Chinese shores than Guam (2300 miles).

For the PLA, the *outer space domain* has also become a likely arena for future conflict. In the PLA's view, the American way of war is heavily dependent upon space. In the first Gulf War, Operation Desert Shield/Desert Storm for example, Chinese assessments note that the U.S. brought some 70 satellites to bear against Iraq. By PLA estimates, these satellites provided the U.S. with about 90 percent of its strategic intelligence and a substantial portion of its targeting information. Space systems also carried about 70 percent of all transmitted data for allied forces.⁹ The ability to exploit space is seen as a major contributing factor to the Coalition's victory.¹⁰

That reliance has only grown in the intervening three and a half decades. Meteorological data, communications, intelligence gathering including imaging and signals intelligence, as well as weapons guidance have all involved space systems. Many UAVs require guidance from ground stations, linked by communications satellites, with positioning and navigational data provided by PNT satellites.

Meanwhile, political warfare efforts, including efforts at effecting deterrence, imposing psychological pressure, and influencing global audiences also increasingly involve information and images derived from space systems. As the United States sought to dissuade Russia from invading Ukraine, images from Maxar were circulated globally to demonstrate that Russia was indeed planning to invade.¹¹ The impact of satellite images can be significant. One Western analysis suggested that "news audiences can often ascribe a greater sense of authority and objectivity to satellite images than other kinds of photos."¹²

From the PRC perspective, the ability to successfully conduct modern wars requires the establishment of space dominance, both to guarantee freedom of action for the PLA while denying that to an adversary. To this end, the PLA has sought to develop its own space support capacity, as well as an array of capabilities to deny adversaries the ability to freely exploit space.

For the PLA, space information support operations (*kongjian xinxi zhiyuan zuozhan*) are defined as "the use of space information collection and transmission systems, space navigation systems, to provide land, sea, and air combat power with reconnaissance and surveillance, missile early warning, communications, navigation and positioning, weather, geodetic surveying," and other such information support.¹³ The PRC fields satellite constellations that can support all of these tasks.

The PRC has also been developing a variety of counter-space capabilities. These include both ground-based and co-orbital anti-satellite hard-kill systems, as well as electronic warfare jamming systems and cyber attack methods capable of interfering with normal satellite operations (commonly referred to as "soft kill" systems).¹⁴

While these systems would target adversary military systems, the Ukraine war has demonstrated not only the growing importance of space in modern conflict, but that commercial space companies will play an increasingly prominent role as well. Maxar and PlanetLabs are only two companies that have provided a wealth of images to think-tanks and media organizations striving to analyze and report on the war. Meanwhile, SpaceX's Starlink satellite Internet constellation has played a major role in supporting Ukrainian military operations. Consequently, the PLA must also consider the demands of countering commercial as well as governmental systems.

These various capabilities demonstrate the intimate linkage between the outer space and the broader *information domain*. Chinese military writings in 2001 already noted that, besides the physical elements of soldiers and weapons, combat power would be increasingly generated through both greater access to information and information exploitation to link together forces.¹⁵ Modern warfare would require information power.

Indeed, establishing space dominance is one aspect of the larger effort to establish "information dominance (*zhi xinxi quan*)," the ability to establish control of information and information flow at a particular time and within a particular space.¹⁶ It entails the ability to collect more information, manage it faster, and employ it more precisely than the adversary.¹⁷

The side that enjoys information dominance will be better able to seize and retain the initiative, and force the adversary into a reactive mode, losing the ability to influence the outcome of an engagement. This exploits a key difference between mechanized warfare of the Industrial Age, and informationized warfare of the Information Age. "Mechanized warfare focuses on physically and materially destroying an opponent, whereas informationized warfare focuses on inducing the collapse of the opponent's psychology and will."¹⁸

Information dominance is not only achieved through space activities, but also by interfering with an adversary's information infrastructure. This includes attacks against submarine cables, many of which transit the central Pacific. Palau, for example, has reported on repeated Chinese presence near submarine cables in its

waters.¹⁹ Given alleged Chinese cable-cutting in the Taiwan Straits area, the threat to central Pacific cables is likely growing.²⁰

To generate and sustain this information power, the PLA has undertaken repeated overhauls of its organization to better conduct information operations. These efforts saw, in 2024, the dissolution of the relatively new PLA Strategic Support Force, and its replacement with the Military Aerospace Force, the Information Support Force, and the Cyber/Network Space Force.

Potential Chinese Efforts Against Central Pacific Territories and States

In light of the PRC's strategic interest in denying the central Pacific to the U.S., Chinese leaders are likely to undertake a variety of actions to influence and deter states in the region, as well as to hold American territories in the area at risk.

There has already been an effort underway to expand China's economic presence in the region. In 2024, China was the second largest aid provider to the region, ahead of the United States and behind Australia.²¹ Much of this aid is in the form of loans, not grants. But, for the Pacific Island countries, who have a paucity of infrastructure, there are few choices. In the case of Vanuatu, for example, China has been willing to provide a majority of bilateral infrastructure funding.²² Moreover, as one analyst has observed, "It is easier to apply for Chinese loans because they require less paperwork and do not have the same requirements in areas such as good governance, financial reform, human rights, and democracy."²³

In addition to aid, though, the PRC also engages in trade and investment. A recent series of agreements signed by the Cook Islands' prime minister and the PRC "cover infrastructure, ship-building, tourism, agriculture, technology, education and, perhaps crucially, deep-sea mineral exploration."²⁴ Chinese tourism, meanwhile, constitutes a major source of income for states such as Fiji and the Commonwealth of the Northern Mariana Islands.²⁵

This is backed by the growing ability of the PLA to project power. As noted earlier, Chinese naval forces have conducted operations in areas such as the Tasman Sea and the Gulf of Aden that are farther from China than the Federated States of Micronesia or Guam; they can clearly therefore operate in the central Pacific. China's growing fleet of aircraft carriers, and as important its array of support ships, means that it should be expected to undertake patrols and extended visits to the region.

Chinese air force units also operate at increasing distances from the mainland. The 2024 DOD report on Chinese military capabilities notes that the most recent versions of the Chinese H-6 bomber can carry land-attack cruise missiles (LACMs). "H-6K bomber flights into the Philippine Sea demonstrate the PRC's ability to range Guam with air-launched LACMs."²⁶

In event of war, these capabilities would be supplemented by the PLA Rocket Force (PLARF). Over the past decade, the PLARF has been fielding an array of new conventional missiles that will give the CCP leadership additional options to hold both American military forces and local states at risk. This includes the DF-26 intermediate range ballistic missile and the DF-17 hypersonic glide vehicle (HGV). A new missile, the DF-27, appears to have a range that straddles the IRBM-ICBM line while carrying an HGV payload. The 2024 DOD report on China notes that "a PRC-based commentator stated that the DF-27 can be used to strike high-value targets on Guam, indicating that the DF-27 would primarily be used for regional conventional strikes during a conflict."²⁷

Such systems should be viewed in the context of the PLA's "campaign basic guiding concept," i.e., how the Chinese military thinks it will undertake campaigns. The 2006 version of the "campaign basic guiding concept" laid out the idea of "integrated operations, precision strikes to control the enemy (*zhengti zuozhan, jingda zhidi*). Precision strikes are described as those involving the use of precision munitions to attack vital targets. The goal is not only destroying key points, but also precisely controlling the course and intensity of a conflict.²⁸ It also entails disrupting the enemy's system, and not just their weapons or forces.²⁹

The emphasis on disrupting the adversary's systems makes many of the central Pacific islands, but especially Guam, a likely high priority for PRC efforts in time of crisis or conflict. U.S. bombers and tankers are regularly deployed to Andersen Air Force, allowing rapid, flexible application of massive firepower. The U.S. Navy has begun to forward deploy nuclear attack submarines to Guam.³⁰

As important, the island hosts a number space-related facilities. One of the tracking sites for the Satellite Control Network, which provides real-time command and control support to U.S. forces worldwide through satellite management, is located on the island. One of NASA's two ground facilities for its Tracking and Data Relay Satellites (TDRS) network is also located on Guam.³¹ Disruption of these facilities would help the PLA achieve information dominance. Similarly, the island is a key

landing point for a variety of undersea cables. Striking these sites would complement cable-cutting efforts to interrupt global communications and data transmission.

Finally, the U.S. Navy stores millions of pounds of munitions and high explosive at the Ordnance Annex. The tank farm at Andersen Air Force Base can hold up to 66 million gallons of fuel, making it the largest single facility in the U.S. Air Force.³² Successful attacks against these logistical hubs would crimp the ability of combat forces to sustain operations.

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QUESTIONS SUBMITTED FOR THE RECORD TO MR. DEAN CHENG, SENIOR FELLOW,
POTOMAC INSTITUTE FOR POLICY STUDIES, ARLINGTON, VA

Questions Submitted by Representative Westerman

Question 1. How is the flow of narcotics into the Pacific territories from PRC tourists and PRC criminal organizations affecting the safety of Americans on the islands?

Answer. I regret that I am not sufficiently conversant with the issue of narcotics flows into the Pacific territories from the PRC to be able to answer this question.

Question 2. The PLA’s Navy is increasing their strength and their ability to conduct operations at greater distances. What is the threat level posed by the PLA’s Navy to the Pacific territories?

2a) *How does this specifically put Americans in the Pacific territories at risk?*

Answer. The growing capabilities of the Chinese People’s Liberation Army (PLA) are detailed in the annual report by the Department of Defense to Congress “Military and Security Developments Involving the People’s Republic of China.” The latest iteration of that report, which was mandated by Congress in the FY2000 National Defense Authorization Act may be found here: <https://media.defense.gov/2024/Dec/18/2003615520/-1/-1/0/MILITARY-AND-SECURITY-DEVELOPMENTS—INVOLVING-THE-PEOPLES-REPUBLIC-OF-CHINA-2024.PDF>.

Because of the growing capabilities of the overall PLA, and not just the PLA Navy (PLAN), the ability of U.S. forces to operate within the “first island chain” stretching from Japan, through Okinawa, the Senkakus, Taiwan, and the Philippines to

the Straits of Malacca is becoming increasingly challenging. China fields a growing array of systems, including anti-ship ballistic missiles, anti-ship cruise missiles, surface and sub-surface combatants, unmanned aerial vehicles, as well as various aerial platforms, that can hold U.S. forces at risk throughout the east Asian littoral.

Consequently, U.S. military planners are increasingly looking to the “second island chain” to sustain any conflict in the INDOPACOM area of responsibility. The “second island chain” encompasses the island groupings of the central Pacific, including Guam, the Federated States of Micronesia, Yap, Palau, and the Commonwealth of the Northern Mariana Islands, and are essential as fall-back positions, as well as to provide essential logistical support and basing options. The PRC is well aware of these efforts, and is therefore taking steps, in turn, to counter American diplomatic and military efforts in this region.

Much of this effort is in the diplomatic and economic domains, including Chinese investments, outreach, offers of academic scholarships, and other means of wooing the populations of these island groupings. In addition, though, there is a steady growth in Chinese military ability to threaten the islands and their populations. China is currently developing an array of missiles, including intermediate range ballistic missiles as well as longer-ranged air-launched cruise missiles, that can strike the islands. It is also alleged that Chinese hackers are responsible for a range of cyber intrusions that have penetrated the information systems of various critical infrastructure on Guam and likely elsewhere in the region. This includes the Volt Typhoon hacking group, which is believed to be a state-sponsored PRC hacking group.¹

A physical attack against military targets on Guam or the CNMI would obviously place American citizens in jeopardy. However, an attack against critical infrastructure on Guam or the CNMI would pose an even greater threat. Whereas kinetic attacks might be solely undertaken against purely military targets (e.g., Andersen Air Force Base facilities), the Volt Typhoon hackers, for example, are targeting power and water systems which serve both military and civilian customers. Volt Typhoon activities have been identified against the Guam Power Authority, which is the only supplier of electricity to the island, supporting both military and civilian customers.² Attacking communications, water, power, and transportation systems on these islands would therefore threaten the lives of the entire population, not just those who are on military facilities.

Question 3. What problems will Illegal, Unregulated, and Unreported fishing cause the Pacific territories if left unaddressed?

Answer. Illegal, unregulated, and unreported (IUU) fishing obviously poses an environmental and economic threat to the various central Pacific island groupings, including both independent nations such as Palau and Yap, as well as the American territories of Guam and the Commonwealth of the Northern Mariana Islands. In addition, however, they also create a potential line of military risk as well.

The Chinese People’s Liberation Army Navy (PLAN) includes not only its active duty elements, which now constitutes the largest navy in the world, but also the People’s Armed Force Maritime Militia (PAFMM). The PRC fields one of the world’s largest fishing fleets, involving literally thousands of fishing boats. While most of these are only capable of operating near the PRC’s shores, the PRC does have distant water fishing (DWF) fleets capable of operating in any of the world’s oceans. While these fishing fleets largely operate for commercial and aquaculture purposes (i.e., supplying seafood to domestic and foreign customers), the PAFMM elements within them also can be called upon to support PLAN operations.

PAFMM elements have played a central role in the ‘gray zone’ activities in the South China Sea, harassing foreign vessels and helping assert Chinese maritime sovereignty claims. The USNS Impeccable incident of 2009 was undertaken in part by what would now be considered PAFMM elements.

The presence of Chinese fishing vessels undertaking IUU fishing activities in the waters around Guam and the CNMI would therefore provide the PRC with important military as well as commercial and fishing benefits. Such vessels, for example, could provide early warning to PRC military commanders of air operations from Andersen Air Force Base. Similarly, they could be undertaking oceanographic

¹ <https://www.cisa.gov/news-events/cybersecurity-advisories/aa24-038a>

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surveys, or providing cover for other vessels that are doing so. Given their past history, they may also be employed to undertake harassment of U.S. Navy vessels.

Mr. HURD. Thank you very much, Mr. Cheng. The Chair now recognizes Mr. Bruce Klingner for 5 minutes.
Mr. Klingner.

**STATEMENT OF BRUCE KLINGNER, SENIOR RESEARCH
FELLOW, THE HERITAGE FOUNDATION, WASHINGTON, D.C.**

Mr. KLINGNER. Chairman Hurd, Ranking Member Leger Fernández, and distinguished members of the Subcommittee, I thank you for the opportunity to appear before you. My comments this morning are my own.

North Korea's nuclear missile and conventional forces are a formidable threat to the United States and its forces, citizens, and bases, in the Indo-Pacific. Pyongyang's history of provocation and intimidation is a consistent indicator of the regime's intent to achieve its political objectives through the threat or execution of force.

North Korea is producing a new generation of advanced mobile missiles that, in addition to being more accurate, more mobile, and more difficult to detect and target, have an enhanced ability to evade Allied missile defenses.

In 2022, Pyongyang passed a law that lowered the threshold for its use of nuclear weapons. The new legislation codifies a decade of North Korean statements that highlighted both the defensive mission for its nuclear arsenal while concurrently threatening a pre-emptive nuclear attack in response to even perceived Allied preparations for an attack, raising the potential for stumbling into a nuclear war.

North Korea's diversified nuclear attack strategy includes, one, targeting South Korean ports and airfields to prevent the U.S. from augmenting forces during a conflict, as well as threatening South Korean leadership and military targets to coerce Seoul to surrender or abandon a counteroffensive attack on North Korea.

Two, removing Japan from the equation. Pyongyang could threaten nuclear attacks to intimidate Tokyo into rejecting the use of Japanese ports, airfields, and bases for U.S. and UN command operations against North Korea.

Three, attacking U.S. bases in Guam. North Korea could use the Hwasong-12, liquid fueled, and Hwasong-16, solid fueled, intermediate range ballistic missiles, both equipped with two variants of maneuverable warheads, to conduct theater nuclear strikes against U.S. bases in Guam to prevent the flow of forces and logistics to the Korean Peninsula. Pyongyang could also use long range ground and sea launched cruise missiles.

North Korea has repeatedly threatened to attack Guam. I provided a compilation of these threats in my written testimony. Some examples include the U.S. should not forget that the Andersen Air Force Base on Guam is within striking range of North Korea's precision strike means, and all the U.S. military bases and the operational theater in the Pacific, including Guam, will face ruin in the face of an all-out and substantial attack. In November 2023

North Korea successfully launched its first military reconnaissance satellite. Pyongyang announced the satellite surveilled Andersen Air Force Base, Apra Harbor, and other major U.S. military bases in Guam.

And four, threatening the U.S. mainland. North Korea has developed a series of ICBMs capable of attacking anywhere in the continental United States, including the Hwasong-17, the world's largest mobile missile, which may carry three or four nuclear warheads, and the Hwasong-18 and 19 solid fuel ICBMs. Pyongyang's deployment of more missiles on mobile launchers with multiple warheads risks overwhelming the limited U.S. missile defenses protecting the American homeland.

North Korea's future capabilities open dangerous doors. In a few years, North Korea could have 100 to 200 nuclear warheads, dozens of mobile ICBMs, and hundreds of improved, survivable ground-based missiles, as well as submarine launched missiles. Greater North Korean nuclear capabilities could undermine the effectiveness of existing Allied military plans. North Korea's ability to target American cities with thermonuclear weapons could inhibit U.S. responses or exacerbate growing Allied concerns about the viability of the U.S. extended deterrence guarantee.

What should the U.S. do? Affirm America's commitment to defend its allies. Washington should make absolutely clear to friend and foe alike that it will defend its allies by continually reaffirming its extended deterrence guarantee to use all necessary force, including nuclear weapons, in response to a North Korean attack.

Enhanced strategic defense of the American homeland. The U.S. should continue plans to augment the current force of 44 ground-based interceptors to 64 by fielding the next generation interceptor which has improved capabilities to better engage North Korea's advanced missiles.

Augment U.S. regional ballistic missile defense. Pyongyang's expanding missile force increases the threat to U.S. forces in the Indo-Pacific region. Washington should augment the existing THAAD missile defense system on Guam, which is a critical node in U.S. regional military plans. The United States should deploy an Aegis Ashore system on Guam while simultaneously initiating an effort to improve the system incrementally with additional sensors and shooters, and complete modernization programs for U.S. nuclear forces.

In conclusion, the United States must ensure that it can protect the American homeland and U.S. forces in the Indo-Pacific region against the growing North Korean nuclear and missile threat. Washington should coordinate with South Korea and Japan to improve comprehensive Allied missile defenses. The U.S. and its allies must also have sufficient offensive capabilities to reduce the number of North Korean missiles that are launched.

Thank you for the honor of appearing before you, and I look forward to your questions.

[The prepared statement of Mr. Klingner follows:]

PREPARED STATEMENT OF BRUCE KLINGNER, SENIOR RESEARCH FELLOW FOR
NORTHEAST ASIA, THE HERITAGE FOUNDATION

My name is Bruce Klingner. I am Senior Research Fellow in the Asian Studies Center at The Heritage Foundation. I have focused on North and South Korea for 32 years while at the Heritage Foundation and previously with the Central Intelligence Agency and Defense Intelligence Agency. The views I express in this testimony are my own and should not be construed as representing any official position of The Heritage Foundation.

North Korea's nuclear, missile, and conventional forces are a formidable threat to the United States and its forces, citizens, and bases in the Indo-Pacific. Pyongyang's history of provocation and intimidation is a consistent indicator of the regime's intent to achieve its political objectives through the threat or execution of force.

North Korean leader Kim Jong-un directed an expansive diversification of North Korea's arsenal and accelerated nuclear and missile testing. New weapons overcame the shortcomings of their predecessors and now pose a far greater threat to allied forces, including missile defense systems.

Pyongyang's continuing development of nuclear and missile programs beyond the necessary requirements for deterrence suggests that the regime strives for a true warfighting strategy. Such a development would not only further increase the military threat but also raise the potential for greater willingness to engage in ever more provocative behavior as well as coercive diplomacy.

Strategic Objectives of North Korea's Nuclear Program

The regime's nuclear weapons concurrently fulfill several domestic, foreign policy, and military objectives. Specifically, they:

- **Provide leadership legitimacy.** Kim Jong-un linked his personal prestige and legitimacy as leader to North Korea's nuclear and missile programs. Kim's gaining of *de facto* international recognition of North Korea as a nuclear weapons state is a source of national pride and perceived as achieving equal status with the United States.
- **Preserve the nation and the Kim regime.** Pyongyang justifies its nuclear weapons as guaranteed protection against the U.S. "hostile policy" of military attacks and regime change against authoritarian regimes.
- **Decouple the U.S. from its alliances.** Pyongyang's increasing ability to target the continental U.S. with nuclear weapons has aggravated South Korean and Japanese concerns about U.S. capability, resolve, and willingness to defend their countries. North Korea seeks to erode the credibility of the U.S. extended deterrence guarantee by sowing doubt that Washington would come to allies' defense once the American homeland is under nuclear threat.
- **Enhance coercive diplomacy.** Attaining an unambiguous nuclear inter-continental ballistic missile (ICBM) capability could lead North Korea to perceive that it has immunity from any international response. Pyongyang could feel emboldened to act even more belligerently and seek to intimidate the U.S. and its allies into accepting North Korean diktats.
- **Augment warfighting capability.** Nuclear weapons are the great equalizer. North Korean nuclear weapons deter allied preemptive or decapitation attacks, inhibit allied military responses to North Korean actions, and threaten the American homeland. Preemptive nuclear attacks could target U.S. forces arriving on the Korean Peninsula and allied forces preparing a counter-offensive advance into North Korea, hold allied and U.S. cities at risk, and potentially provide the means for Pyongyang to reunify the peninsula on its terms.

Pyongyang has repeatedly declared that it would never abandon its nuclear arsenal and that "only fools will entertain the delusion that we will trade our nuclear deterrent for petty economic aid."¹ The North Korean leadership has affirmed that the country's nuclear weapons "are not goods for getting U.S. dollars" and not "a political bargaining chip."² Pyongyang has declared that its nuclear arsenal provides

¹"North Korea Pledges Not to Abandon Nukes," *The Korea Herald*, February 21, 2010, <https://www.asiaone.com/News/Latest/2BNews/Asia/Story/A1Story20100221-199951.html>.

²"2013 Plenary Meeting of WPK Central Committee and 7th Session of Supreme People's Assembly," North Korean Economy Watch, April 1, 2013, <https://www.nkeconwatch.com/2013/04/01/2013-plenary-meeting-of-wpk-central-committee-and-supreme-peoples-assembly/>.

a “trusted shield”³ and “treasured sword”⁴ to support both defensive and offensive missions.

After assuming power in December 2011, Kim Jong-un directed the North Korean military to develop a new strategy to invade and occupy Seoul within three days and all of South Korea within seven days. Accomplishing this objective would necessitate early use of nuclear weapons and missiles against superior allied conventional forces.⁵ North Korea has warned that “any military conflict on the Korean Peninsula is bound to lead to an all-out [nuclear] war” that will be an “ultra-harsh war of reaction targeting the entire U.S. mainland.”⁶

Troubling Changes to North Korea’s Nuclear Doctrine. In September 2022, Pyongyang passed a law that codifies long-standing nuclear doctrine that disturbingly lowered the threshold for its use of nuclear weapons. The new legislation affirms a decade of North Korean statements that highlighted both the defensive nature of its nuclear arsenal while concurrently threatening pre-emptive nuclear attacks on the United States and its allies in response to even *perceived* preparations for an attack.

Given its poor intelligence and reconnaissance capabilities, Pyongyang might misconstrue allied actions, such as routine military exercises or response to a North Korean provocation, as a prelude to an actual attack. Pyongyang might assume the worst and rush to pre-empt the perceived pre-emption, raising the risk of inadvertently stumbling into a nuclear conflict.

North Korea’s Diversified Nuclear Attack Strategy

Pyongyang is producing a new generation of advanced mobile missiles that, in addition to being more accurate, more mobile, and more difficult to detect and target, have an enhanced ability to evade allied missile defenses. North Korea’s evolving nuclear and missile forces increasingly provide the regime with the ability to conduct a preemptive first strike, retaliatory second strike, and battlefield counter-force attacks. Pyongyang has an extensive and diversified military force to attack targets in South Korea, Japan, U.S. bases in the Pacific, and the continental United States.

Targeting South Korea. To prevent the U.S. from augmenting forces in South Korea during a conflict, North Korea could use nuclear weapons to attack South Korean ports and airfields. Pyongyang could threaten South Korean leadership and military targets with a nuclear attack to coerce Seoul to surrender or abandon a counteroffensive attack on North Korea. U.S. bases in South Korea would be high-priority targets.

The U.S. and its allies have assessed for a decade that North Korea has nuclear weapons for short-range and medium-range Scud and No-dong missiles that could target South Korea and Japan. In January 2021, Kim Jong-un declared that the regime had created “ultra-modern tactical nuclear weapons including new-type tactical rockets.”⁷

While not all North Korean missiles would have nuclear warheads, Pyongyang could saturate missile defenses with large numbers of conventionally armed missiles. North Korea has demonstrated the ability to fire a salvo of several missiles at once, which could overwhelm allied BMD systems. The regime also has deployed more capable, longer-range artillery and multiple rocket launchers to augment missile attacks.

Removing Japan from the Equation. Pyongyang could threaten nuclear attacks to intimidate Tokyo into rejecting the use of Japanese ports, airfields, and bases for U.S. and U.N. Command operations against North Korea.

³“N. Korea Says No Plans to Give up Nuclear Capabilities,” Yonhap News Agency, May 28, 2013, <https://en.yna.co.kr/view/AEN20130528008400315>.

⁴Josh Smith, “Treasured Sword: North Korea Seen as Reliant as Ever on Nuclear Arsenal as Talks Stall,” Reuters, November 13, 2018, <https://www.reuters.com/article/us-northkorea-missiles-nuclear-analysis/treasured-sword-north-korea-seen-as-reliant-as-ever-on-nuclear-arsenal-as-talks-stall-idUSKCN1N1132>

⁵Jeong Yong-soo and Ser Myo-ja, “Kim Jong-un Ordered a Plan for a 7-Day Asymmetric War: Officials,” *Korea JoongAng Daily*, January 7, 2015, <http://koreajoongangdaily.joins.com/news/article/Article.aspx?aid=2999392>.

⁶Max Fisher, “Here’s North Korea’s Official Declaration of War,” *The Washington Post*, March 30, 2013, <https://www.washingtonpost.com/news/worldviews/wp/2013/03/30/heres-north-koreas-official-declaration-of-war/>, and Yonhap News Agency, “N. Korea Threatens ‘Ultra-Harsh Action’ on U.S. Soil over Hacking Allegation,” December 21, 2014, <https://www.pri.org/stories/2014-12-21/north-korea-threatens-ultra-harsh-action-us-soil-over-hacking-allegation>.

⁷“On Report Made by Supreme Leader Kim Jong Un at Eighth Party Congress of WPK,” Korea Central News Agency, January 9, 2021, <https://kcnawatch.org/newstream/1610155111-665078257/on-report-made-by-supreme-leader-kim-jong-un-at-8th-congress-of-wpk/>.

In 2017, North Korea threatened to “reduce the U.S. mainland into ashes and darkness” and warned that “[t]he four islands of the [Japanese] archipelago should be sunken into the sea by [our] nuclear bomb . . . Japan is no longer needed to exist near us.”⁸ North Korea also identified the Japanese cities of Tokyo, Kyoto, Nagoya, Osaka, and Yokohama as targets.⁹

Attacking U.S. Bases in Guam. North Korea could use the Hwasong-12 liquid-fueled and Hwasong-16 solid-fueled intermediate-range ballistic missiles, both with two variants of maneuverable warheads, to conduct theater nuclear strikes against U.S. bases in Guam to prevent the flow of forces and logistics to the Korean Peninsula. Pyongyang could also use the Hwasal-1/2 long-range ground-launched cruise missile and Bulwhasal-3-31 sea-launched cruise missile.

Cruise missiles can fly lower than ballistic missiles and with maneuverable, less predictable trajectories to evade missile defense radars. Cruise missiles can hit their target from any direction, thereby posing difficulties for missile defense systems such as THAAD that do not have 360-degree radar coverage.

North Korea has repeatedly threatened to attack Guam:

- In October 2012, the National Defense Commission warned its strategic rocket forces can hit the continental United States and American bases in South Korea, Japan, and Guam.¹⁰
- In March 2013, the Supreme Command of the Korean People’s Army warned that “the U.S. should not forget that the Anderson Air Force Base on Guam . . . and naval bases in Japan and Okinawa . . . are within the striking range of the DPRK’s precision strike means.”¹¹
- In March 2013, North Korea put all of its artillery and rocket forces on the highest state of wartime alert, including units “assigned to strike bases of the U.S. imperialist aggressor troops in the U.S. mainland and on Hawaii and Guam and other operational zone in the Pacific.”¹² The Korea Workers Party Central Committee warned that its first strike “will blow up the U.S. bases for aggression in its mainland and in the Pacific operational theatres including Hawaii and Guam.”¹³
- In March 2016, the National Defense Commission warned of a preemptive attack and “offensive means have been deployed to put major strike targets in the operation theaters of South Korea within the firing range and the powerful nuclear strike means targeting the U.S. imperialist aggressor forces bases in the Asia-Pacific region and the U.S. mainland are always ready to fire.”¹⁴
- In April 2016, Pyongyang declared “the Korean People’s Army has long put into the range of its precision strike the U.S. bases and logistic bases for invading the DPRK, including the Anderson Air Force Base on Guam where B-52Hs are deployed and naval bases for nuclear submarines.”¹⁵
- In August 2017, the Ministry of Foreign Affairs declared that “all the U.S. military bases in the operational theater in the Pacific including Guam will

⁸Jack Kim and Kiyoshi Takenaka, “North Korea Threatens to ‘Sink’ Japan, Reduce U.S. to ‘Ashes and Darkness,’” Reuters, September 14, 2017, <https://www.reuters.com/article/us-northkorea-missiles/north-korea-threatens-to-sink-japan-reduce-u-s-to-ashes-and-darkness-idUSKCN1BP0F3>.

⁹Japan Ministry of Defense, White Paper, Defense of Japan 2017, Part I, Chapter 1, Section 2, “Korean Peninsula,” p. 60, https://warp.da.ndl.go.jp/info:ndljp/pid/11591426/www.mod.go.jp/e/publ/w-paper/pdf/2017/DOJ2017_1-2-2_web.pdf.

¹⁰“North Korea Says Its Rockets Could Hit Continental US,” *Chosun Ilbo*, October 12, 2012.

¹¹“N. Korea Warns of ‘Precision Strike’ on U.S. Bases,” CBS News, April 5, 2013, <https://www.cbsnews.com/news/n-korea-warns-of-precision-strike-on-us-bases/>.

¹²Jethro Mullen, North Korea issues new threat to U.S. bases, CNN, March 26, 2013, http://www.cnn.com/2013/03/26/world/asia/north-korea-us-threats/index.html?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+rss%2Fcdn_world+%28RSS%3A+World%29.

¹³“North-South Relations Have Been Put at State of War: Special Statement of DPRK,” Korea Central News Agency, March 30, 2013, <http://www.kcna.co.jp/item/2013/201303/news30/20130330-07ee.html>.

¹⁴“National Defense Commission, Foreign Ministry Issues Statements on Foal Eagle, Key Resolve,” NK Leadership Watch, March 6, 2016, <https://nkleadershipwatch.wordpress.com/2016/03/06/national-defense-commission-foreign-ministry-issues-statements-on-foal-eagle-key-resolve/>.

¹⁵“National Defense Commission Spokesman Issues Statement on Peninsula Security,” North Korea Leadership Watch, June 21, 2016, <https://nkleadershipwatch.wordpress.com/2016/06/21/national-defense-commission-spokesman-issues-statement-on-peninsula-security/>.

face ruin in the face of all-out and substantial attack.”¹⁶ To emphasize its threat, Pyongyang announced that it was considering “making an enveloping fire at the areas around Guam with medium-to-long-range strategic ballistic rocket Hwasong-12 in order to contain the U.S. major military bases on Guam.”¹⁷ The plan was to have the missiles impact 30–40 kilometers on either side of Guam.¹⁸

- In October 2017, North Korea renewed a threat to launch missiles toward Guam, warning that “reckless moves” by the U.S. would compel Pyongyang to take action. “We have already warned several times that we will take counteractions for self-defense, including a salvo of missiles into waters near the US territory of Guam.”¹⁹ Foreign Minister Ri Yong-ho declared that North Korea might conduct a nuclear airburst test of a hydrogen bomb over the Pacific.²⁰

In November 2023, North Korea successfully launched its first military reconnaissance satellite after two previous failures. Pyongyang announced the satellite surveilled Anderson Air Force Base, Apra Harbor and other major U.S. military bases in Guam.²¹

Threatening the U.S. Mainland. North Korea has developed a series of ICBMs capable of attacking the United States. In 2013, Kim was photographed in front of a map labelled “U.S. Mainland Strike Plan,” with missile trajectories aimed at Washington, D.C.; Indo-Pacific Command in Hawaii; San Diego (a principal homeport of the Pacific Fleet); and Barksdale Air Force Base in Louisiana (home of Air Force Global Strike command).²²

In 2017, North Korea conducted three successful tests of the Hwasong-14 (KN-20) and Hwasong-15 (KN-22) ICBMs to replace the earlier, less capable KN-08 and KN-14 ICBMs. The missiles were launched on lofted trajectories so as to not fly over Japan. Extrapolating the range indicated the missiles would be able to reach anywhere in the continental United States if launched on a regular attack trajectory.

In October 2020, Pyongyang unveiled the Hwasong-17 ICBM, the world’s largest mobile missile on a launch vehicle. This missile, larger than North Korea’s previous ICBM models, may be capable of carrying three or four nuclear warheads. In May 2023, North Korea tested the Hwasong-18 solid-fueled ICBM which can be launched more quickly than liquid-fueled ICBMs making it more difficult for the U.S. to identify and target the missile. In October 2024, Pyongyang test-launched the Hwasong-19, an even larger solid-fuel ICBM. Since North Korean solid-fuel ICBMs can already target all of the continental United States, the reason for a larger missile would be to carry multiple warheads.

Pyongyang has also revealed that it can indigenously produce mobile ICBM transporter-erector-launchers. The regime had previously been constrained in the number of ICBMs it could deploy by the small number of large logging vehicles purchased from China and converted to carry missiles. Pyongyang’s ability to deploy more missiles on mobile launchers with multiple warheads risks overwhelming the limited U.S. missile defenses of 44 Ground-Based Interceptors protecting the American homeland.

In June 2024, North Korea claimed the first successful test of multiple independently-targetable reentry vehicle (MIRV) technology using the first state engine of a solid-fuel hypersonic IRBM. Pyongyang announced that warheads were guided to

¹⁶ Clynt Ridgell, “North Korea Threatened Guam Numerous Times in the Past,” PNC [Pacific News Center], August 9, 2017, <https://www.pncguam.com/north-korea-threatened-guam-numerous-times-in-the-past/>.

¹⁷ Christine Kim and Soyoung Kim, “North Korea Says Seriously Considering Plan to Strike Guam: KCNA,” Reuters, August 8, 2017, <https://news.yahoo.com/north-korea-says-seriously-considering-plan-strike-guam-222757124.html>.

¹⁸ Jung In-hwan, “Is N.Korea Raising Peninsula Tensions in Bid for US Negotiations?” *Hankyoreh*, August 11, 2017, http://english.hani.co.kr/arti/english_edition/e_northkorea/806473.html.

¹⁹ Will Ripley, “North Korea Revives Guam Threat Ahead of US-South Korea Drills,” CNN, October 15, 2017, <https://www.cnn.com/2017/10/13/asia/north-korea-guam-threat/index.html>.

²⁰ “North Korea Ramps up Threat to Test Hydrogen Bomb over Pacific,” *The Guardian*, October 26, 2017, <https://www.theguardian.com/world/2017/oct/26/north-korea-threat-test-hydrogen-bomb-pacific>.

²¹ “Respected Comrade Kim Jong Un Visits Pyongyang General Control Center of NATA,” Korea Central News Agency, November 22, 2023, <https://kcna.watch.org/newstream/1700640563-425435469/respected-comrade-kim-jong-un-visits-pyongyang-general-control-center-of-nata/>.

²² Jeffrey Lewis, “North Korean Targeting,” Arms Control Wonk, April 8, 2013, <https://www.armscontrolwonk.com/archive/206515/north-korean-targeting/>.

three separate targets. However, it will likely require several additional tests of longer duration and higher altitude before such capability is deployed.

North Korea has not yet conducted an ICBM flight test that successfully demonstrated a reentry vehicle capability. However, the CIA has assessed that North Korea's ICBM reentry vehicles would likely perform adequately if flown on a normal trajectory to continental U.S. targets.²³

Future Capabilities Open Dangerous Doors

North Korea's continually advancing proficiencies suggest Pyongyang may be on the path to developing capabilities that go beyond deterrence to a viable offensive warfighting strategy. In a few years, North Korea could have 100–200 nuclear warheads, dozens of mobile ICBMs, and hundreds of improved, survivable short-range, medium-range, and intermediate-range missiles as well as submarine-launched missiles.

Pyongyang could feel emboldened to use nuclear threats to coerce Seoul into accepting regime demands and deter the United States from responding. Pyongyang might also assume that conditions for military action had become favorable if it believed the U.S. extended deterrence guarantee had been undermined.

Greater North Korean nuclear capabilities could undermine the effectiveness of existing allied military plans. Washington and Seoul could be deterred from implementing all phases of Operations Plan 5015, the comprehensive combined force plan for responding to large-scale hostilities with North Korea. The strategy includes options for preemptive attacks on North Korean leadership, nuclear, and missile targets as well as follow-on phases in which allied forces would enter North Korea after rebuffing initial regime attacks.

North Korea's ability to target American cities with thermonuclear weapons could inhibit U.S. responses or exacerbate growing allied concerns about the viability of the U.S. extended deterrence guarantee. South Korea and Japan have already questioned the willingness of the United States to risk its cities for theirs.

A more survivable North Korean nuclear force could create first-strike uncertainty for the United States with respect to whether it is able to target all of North Korea's nuclear weapons. The regime's ability to hold numerous American cities at risk of attack by hydrogen bombs could lead allies to perceive that Washington would not respond to North Korean actions.

What the United States Should Do

- **Affirm America's commitment to defend its allies.** North Korea is unlikely to attack South Korea or Japan as long as it perceives the U.S. commitment to its allies is beyond doubt. Washington should make absolutely clear to friend and foe alike that it will defend its allies by continually reaffirming its extended deterrence guarantee to use all necessary force, including nuclear weapons, in response to a North Korean attack. To deter North Korean attacks, Washington must maintain current levels of U.S. forces in the region until North Korean nuclear, missile, and conventional force threats have been sufficiently reduced. Washington and Seoul should maintain extensive allied conventional military exercises.
- **Enhance strategic defense of the American homeland.** North Korea's growing ICBM force with potential multiple warheads and more launchers poses problems for American homeland missile defenses. The U.S. currently has only 44 Ground-Based Interceptors. The U.S. should augment the force to 64 interceptors by fielding the Next Generation Interceptor (NGI). In addition to a necessary interceptor capacity increase, the NGI will have advanced capabilities that can address North Korea's advanced missiles more effectively.
- **Augment U.S. regional ballistic missile defense.** Pyongyang's expanding force of tactical missiles and submarine-launched ballistic missiles (SLBMs) increases the threat to U.S. forces in the Indo-Pacific region that are critical for responding to contingencies on the Korean Peninsula. Washington should assess necessary upgrades to defend U.S. forces, including augmenting the existing Terminal High Altitude Area Defense (THAAD) system on Guam, a critical node in U.S. regional military plans. The United States should deploy

²³ Ankit Panda, "US Intelligence: North Korea's ICBM Reentry Vehicles Are Likely Good Enough to Hit the Continental US," *The Diplomat*, August 12, 2017, <https://thediplomat.com/2017/08/us-intelligence-north-koreas-icbm-reentry-vehicles-are-likely-good-enough-to-hit-the-continental-us/>.

an Aegis Ashore system on Guam while simultaneously initiating an effort to improve the system incrementally with additional sensors and shooters.

- **Ensure the effectiveness of both offensive and defensive deterrence.** The United States and its allies must have the capacity not only to defend against incoming North Korean missiles, but also to reduce the number of missiles that are launched. Doing so requires comprehensive systems to monitor, identify, track, and target North Korean missiles, including mobile land-based and submarine-based versions.
- **Complete modernization programs for U.S. nuclear forces.** All components of the U.S. nuclear triad, including delivery systems and the warheads they carry, were built during the Cold War and will lose credibility due to aging effects if their replacements are not delivered on schedule. Ensuring that these modernization programs remain on track is essential for assuring allies of the U.S. commitment to extended deterrence.

Conclusion

North Korea has steadily improved both the quality and the quantity of its nuclear and missile arsenals. In recent years, Pyongyang has unveiled tactical and strategic missile systems that pose greater risk to the United States and its allies.

The United States must ensure that it can protect the American homeland and U.S. forces in the Indo-Pacific region against this growing North Korean nuclear and missile threat. To this end, Washington should coordinate with South Korea and Japan to improve comprehensive allied missile defenses. The United States and its allies must also have sufficient offensive capabilities to reduce the number of North Korean missiles that are launched.

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QUESTIONS SUBMITTED FOR THE RECORD TO MR. BRUCE KLINGNER, SENIOR
RESEARCH FELLOW, THE HERITAGE FOUNDATION, WASHINGTON D.C.

Questions Submitted by Representative Westerman

Question 1. What should the United States government, including the Department of the Interior, prioritize from a strategic standpoint to counter North Korea's threats to the Pacific territories?

Answer. The defense of Guam is critical for U.S. national security and its ability to project power in the western Pacific.

As the Heritage Foundation assessed,¹ to counter growing missile threats from North Korea and China, Guam needs a full-spectrum, permanent, 360-degree missile defense capability. While Indo-Pacific Command and the Missile Defense Agency have requested funding for improving U.S. missile defenses in the Pacific, new capabilities will take time to develop and deploy.

- The MDA requested more than \$800 million to design and build missile defense on Guam, including Lower Tier Air and Missile Defense Sensors, Patriot defenses, and an assortment of mid-range and indirect fire launchers.²
- Aegis Ashore, a missile defense capability that can track, engage, and destroy mid-course and terminal missile threats, is still years away from deployment on the island of Guam.
- An expanded Terminal High Altitude Area Defense (THAAD) systems should also be included since it provides effective defenses against ballistic missiles over a broad area and augment the existing short-range, highly effective Patriot (PAC-3) air defenses on Guam.

Since this missile defense architecture will not be complete for years, the United States should implement a near-term, ready-to-employ defense. The United States should:

- **Assign an Aegis Afloat capability to Guam** until permanent, robust missile defenses are put in place, as per INDOPACOM's request in the Pacific Deterrence Initiative (PDI).
- **Deploy an adequate counter-rocket, artillery, and mortar (C-RAM) capability to Guam** to provide added defenses against cruise missile threats. C-RAMs are short-range terminal engagement systems that resemble advanced, high-velocity, high-capacity Gatling guns. Such systems have been used effectively in overseas forward operating bases and are well suited to defend against cruise missile threats. They would be an effective augmentation for PAC-3s when it comes to smaller enemy aircraft or sea-skimming cruise missiles and drones.
- **Continue apace with the MDA's sequenced approach** that integrates Patriot point defenses and THAAD, with the ultimate goal of the MDA providing a 360-degree missile defense capability on Guam.

Question 2. Given North Korea's increased aggression in surrounding regions, how has the assessed threat to the U.S. Pacific territories changed?

Answer. In January 2021—Kim Jong-un established a 5 year strategic plan for expanding and improving North Korea's nuclear and missile forces, including the development of:

1. Tactical nuclear weapons
2. Hypersonic glide warheads
3. Missiles with multiple warheads
4. Cruise missiles
5. Reconnaissance satellites
6. A nuclear-powered submarine and underwater-launched nuclear strategic weapon
7. Solid-fuel missiles, including ICBMs

Each of these categories could pose a greater threat to the U.S. Pacific territories, particularly Guam which North Korea has repeatedly threatened by name.³ Since then, North Korea has completed or made substantial progress on each of these categories.

Tactical nuclear weapons

- In March 2023, Kim Jong-un displayed the "Hwasan-31" tactical nuclear weapon which would augment the higher yield strategic nuclear weapons revealed previously. A wall poster behind Kim indicated that the tactical

¹Robert Peters, "The Plan to Defend Guam from Missile Threats Is Years from Completion: More Investment Is Needed Now," Heritage Foundation Issue Brief No. 5336, January 9, 2024, <https://www.heritage.org/sites/default/files/2024-01/IB5336.pdf>.

²Missile Defense Agency, "Fiscal Year (FY) 2024 Budget Estimates Overview," January 2023, <https://www.mda.mil/global/documents/pdf/MDA%20FY24%20Budget%20Booklet.pdf>.

³I provided a compendium of North Korea threats to Guam in my prepared testimony.

nuclear weapons could be fitted on eight different ground-and sea-based missile systems.⁴

Hypersonic missiles with maneuverable warheads

- The Hwasong-12 liquid-fueled intermediate-range ballistic missile was first tested in 2017 and demonstrated it has sufficient range to target the Pacific territories. The Hwasong-16 solid-fueled IRBM was tested during 2022–2024 and, like the Hwasong-12, has sufficient range to target the Pacific territories and is assessed as capable of carrying nuclear warheads.
- Solid-fueled missiles, such as the Hwasong-16, are more difficult for the U.S. and its allies to identify and target since they are pre-packaged with fuel whereas liquid-fueled missiles require a lengthy fueling process out in the field, exposing them for longer periods of time to reconnaissance satellites and aircraft.
- Both the Hwasong-12 and Hwasong-16 have variants with a hypersonic wedge-shaped maneuverable glide vehicle and a hypersonic conical maneuverable warhead (Marv). The hypersonic flight path and maneuverable warheads would be more difficult for U.S. missile defense systems to intercept.

Missiles with multiple warheads

- The Hwasong-17 liquid-fueled and Hwasong-19 solid-fueled ICBMs are assessed as capable of carrying multiple nuclear warheads, though they would likely be targeted on the continental United States.
- However, in 2024, North Korea conducted the first test of a multiple independently targetable re-entry vehicle (MIRV) using the first stage of a Hwasong-16 intermediate-range ballistic missiles. Pyongyang announced that the warheads successfully targeted three separate targets and the missile also had a decoy system to make interception more difficult.
- Potentially, Hwasong-16 missiles could target the Pacific territories with multiple nuclear warheads in addition to maneuverable hypersonic warheads.

Cruise missiles (ground-and sea-launched)

- Beginning in 2021, North Korea has tested the Hwasal-1 and Hwasal-2 strategic long-range ground-launched cruise missiles with sufficient range to reach the Pacific territories. These missiles have been launched from an experimental missile submarine, a new warship and ground-based vehicles.
- In 2023, Pyongyang first tested the Bulwhasal-3-31 sea-launched cruise missile.
- The Hwasal and Bulwhasal missiles would be capable of carrying nuclear warheads.

Military reconnaissance satellite

- After several unsuccessful attempts, North Korea succeeded in 2023 in launching the Malligyong-1 reconnaissance satellite on Chollima-1 rocket. Pyongyang announced the satellite surveilled Anderson Air Force Base, Apra Harbor and other major U.S. military bases in Guam.

Nuclear-powered submarine

- In September 2023, North Korea displayed what it claimed was “a Korean-style tactical nuclear attack submarine,” however most analysts assess it is actually a diesel/electric—powered sub since it was an old Romeo submarine which had its hull lengthened. The submarine has 10
 - launch tubes—four tubes for launching submarine-launched ballistic missiles and 6 tubes for launching land-attack cruise missiles.
- In March 2025, Kim Jong-un inspected a “nuclear-powered strategic guided missile submarine” under construction. Pyongyang may have gained nuclear-propulsion technology from Moscow. The submarine is much larger than the submarine revealed in 2023 and may have 10 launch tubes for submarine-launched ballistic missiles.

Underwater attack systems

- In 2023 and 2024, North Korea tested the Haeil-1, Haeil-2, and Haeil 5-23 underwater nuclear strategic attack weapon system which can be fitted with nuclear weapons. In some tests, the system cruised for 59 hours in an oval pattern. Pyongyang claims the system can stealthily attack allied ships and create a “radioactive tsunami.”

⁴The KN-23, KN-24, KN-25, Hwasong-11D, Haeil underwater drone, the Hwasal-1 and Hwasal-2 strategic cruise missiles and an unidentified missile.

Mr. HURD. Thank you very much, Mr. Klingner, for that testimony. The Chair now recognizes Mr. Francisco Bencosme for 5 minutes.

Mr. Bencosme.

STATEMENT OF FRANCISCO BENCOSME, FORMER CHINA POLICY LEAD, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT, WASHINGTON, D.C.

Mr. BENCOSME. Thank you, Chairman Hurd, Ranking Member Leger Fernández, and members of the Subcommittee for the opportunity to testify before you today.

Earlier this year, I ended my appointment as the China Policy Lead for the USAID. And prior to that I was the deputy for the compact negotiations, which we worked closely with the Subcommittee to negotiate and ultimately pass. I have been asked to focus my remarks on the impact of closing USAID has had on the Pacific Islands for peace and security, and I will make three points.

First is that presence matters to compete with our adversaries. The United States is at risk of ceding its influence in the Pacific Islands and repeating the same mistakes we failed to learn after World War II. The PRC has stepped into our breach, and has exploited the United States's absence. In response we spent the last 6 years saying the United States would be intensifying our engagement in the region, and we did so. USAID announced it was opening its office in Suva, Fiji, and established a country representative in Papua New Guinea. We also upped our diplomacy by opening up new embassies in the region.

USAID was our ground game for strategic competition, a key alternative to China's Belt and Road Initiative. While diplomats would focus on high-level diplomacy, USAID would reach out to local communities and demonstrate American support in a tangible way. USAID programs were visible signs of U.S. leadership expanding in the Pacific Islands, oftentimes working alongside our military and diplomats. Gutting foreign assistance limits our ability to influence and address the challenges in the Pacific. The sudden U.S. withdrawal from programs in the Pacific, where we co-funded with our allies and withdrew without consulting or notifying them, leaves multiple partners and allies in the lurch. It is the United States, not the PRC, that now runs the risk of being seen as unreliable and unpredictable.

The perfect example is Taiwan. In 2019 Taiwan enjoyed six diplomatic alliances with Pacific island nations. That number went down to three in just 5 years, not only due to Taiwan's expertise on development issues, but also because it helped expand its international space. USAID established the Pacific and American Fund, a 5-year, multi-year project co-funded with Taiwan that benefited eight Pacific Island countries by providing grants on resilience, food security, access to water, health, education, and natural resource management. This was USAID's signature area of cooperation with Taiwan in the region.

While China is signing new alarming development deals with the Cook Islands, and threatening peace and stability in the Tasman Sea against our allies, Australia and New Zealand, Washington is withdrawing from the region. In the last couple of years the U.S.

started to invest in the region with an affirmative economic agenda to compete with China. For example, USAID partnered with Australia and Japan to support the development of an undersea spur cable, Palau's second, that will connect the country to the world's longest undersea cable and increase the Internet bandwidth needed to spark greater economic growth. Undersea cables are also central to strategic competition, given the potential for the cable to be used for espionage and to cut off vital nodes of communication.

Second, climate change also remains an existential threat for the Pacific. Sea level rise continues to be above the global average, and ocean heating and acidification are threatening to harm ecosystems and livelihoods. For many Pacific Island countries, this is the single greatest threat to the people of the PICs. In recent years USAID had announced multiple climate initiatives, including the Pacific Islands Climate Finance Activity to strengthen the capacity of the PICs, to increase access to and improve the management of financing and investments to support climate change mitigation.

Interconnected but also distinct is the propensity of natural disasters. The Pacific island countries are one of the most natural disaster-prone regions in the world, and the compacts designated USAID to be the main agency responsible for disaster response. With the demolition of USAID, no other U.S. agency has the authority, expertise, capacity, or resources to respond to a natural disaster in the Pacific. We are one natural disaster away from the U.S. ceding one of the places where we had a comparative advantage in the Pacific Islands.

Finally, food security also remains a challenge in the Pacific Islands as the region faces the triple burden of malnutrition combined with poverty, climate change impacts, which compounds food and malnutrition insecurity risk.

As the PRC, which has the largest deep sea fleet with 17,000 vessels, the majority of which operate in the Pacific, one factor is illegal, unreported, and unregulated fishing. USAID was working closely with NOAA to support the civilian capacity of our partners so they can at least detect and counter unreported fishing. Destroying a crucial national security tool, the trust of our allies, basically overnight has not made the United States safer, stronger, and more prosperous. It does not put America first. It puts the People's Republic of China first and our Pacific prosperity and security last. Thank you.

[The prepared statement of Mr. Bencosme follows:]

PREPARED STATEMENT OF FRANCISCO BENCOSME, FORMER CHINA POLICY LEAD,
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Thank you Chairman Hurd, Ranking Member Leger Fernández, and members of the Subcommittee for the opportunity to testify before you today and provide my views on threats to peace and security in the Pacific Islands. Earlier this year, I ended my appointment as the China Policy Lead for the U.S. Agency for International Development (USAID), where my team and I worked to align our U.S. development priorities in relation to strategic competition with the People's Republic of China. Prior to that, I worked closely with this Committee as the Deputy to the Compact of Free Association (COFA) negotiations at the Department of State, to codify \$7.1 billion in economic assistance to the Freely Associated States.

U.S. Leadership in the Pacific

The United States has unilaterally disarmed one of the three pillars of our national security tools—defense, diplomacy, and development—by dismantling the U.S. Agency for International Development, and causing irreparable damage to our standing in the Pacific.

The United States is at risk of ceding its influence in the Pacific Islands and repeating the mistakes we failed to learn after World War II. Our partners in the Pacific are calling it our “yo-yo” policy toward the region.¹ We spent the last six years saying the United States would be intensifying our engagement in the region, and we did so, only to now pull back our U.S. presence on the ground and self-sabotage our influence.² Gutting foreign assistance limits our ability to influence and address challenges in the Pacific, especially around topics such as Pacific regionalism, strategic competition, economic resilience, climate change, disaster response, and food security.

The Pacific Islands countries do not want a “militarized” competitive approach to the region and are extremely sensitive to great power competition undermining their sovereignty.³ However, in order to project power across the Pacific and have access to the skies and seas we need to win the hearts and minds of the Pacific. In the Pacific community, there is no distinction between hard power and soft power, and instead the two are intertwined. For example, in the 2018 Boe Declaration, the Pacific Community embraced a broader definition of “security inclusive of human security, humanitarian assistance, prioritizing environmental security, and regional cooperation in building resilience to disasters and climate change.”⁴ USAID was pivotal to responding to these security threats. USAID was working side by side with our diplomats and military officers to help the United States project power across the Pacific.⁵

Presence matters. USAID was the ground-game for strategic competition. While diplomats would focus in the halls of power, USAID would reach out to local communities and demonstrate American support in a tangible way. USAID announced it was opening up its office in Suva, Fiji and established a country representative in Papua New Guinea.⁶ The Department of State announced new embassies in Solomon Islands, Kiribati, Vanuatu, and Tonga. USAID programs are now frozen, and there are reports that the Trump administration will be cutting our diplomatic presence abroad as well.⁷ USAID programs were visible signs of U.S. leadership expanding in the Pacific Islands and tangibly helped build relationships with communities “for the American people.”⁸ Our support for local organizations were oftentimes the only way remote communities would see tangible presence of U.S. leadership. To take it a step further, I worry the high-profile attacks on the U.S. assistance programs by the Trump Administration might have poisoned the well so much with our partners and with local communities that it might be impossible to regain their trust and to be a reliable provider of bilateral assistance ever again. USAID’s investments in the Pacific Islands region were a critical part of the United States’ vision for a free and open Indo-Pacific that contributed to greater global security and prosperity.

In the past few years, the United States woke up to the consequences of ignoring our Pacific partners. The People’s Republic of China stepped into our breach and exploited the United States’ absence. There is no question that the United States’ national security is intrinsically tied to the security and prosperity of the broader Pacific region, and has been since the very founding of our Republic. However, with the recent actions of the Trump Administration of dismantling our foreign assistance architecture including USAID and withdrawing from the Paris Accords and the

¹The “yo-yo” comment was made to me by a senior Pacific Island official in preparation for this testimony.

²Reuters, Biden vows U.S. commitment to Pacific Islands at summit, September 29, 2022, <https://www.yahoo.com/news/bidens-pacific-strategy-heralds-engagement-130027512.html>

³Fiji Times, Waqa: Climate change single greatest threat, June 25, 2024, <https://www.fijitimes.com/fj/waqa-climate-change-single-greatest-threat/>

⁴Boe Declaration on Regional Security/Pacific Islands Forum Secretariat, September 05, 2018, <https://forumsec.org/publications/boe-declaration-regional-security>

⁵Post Courier, High Level U.S. delegation arrives in PNG Post Courier, July 15, 2024, <https://www.postcourier.com.pg/high-level-us-delegation-arrives-in-png/>

⁶U.S. Embassy Suva, USAID Highlights Pacific Expansion and Development Partnerships in Fiji U.S. Embassy in Fiji, Kiribati, Nauru, Tonga, and Tuvalu, October 12, 2022, <https://fj.usembassy.gov/usaids-highlights-pacific-expansion-and-development-partnerships-in-fiji/>

⁷ABC News, U.S. embassies instructed to prepare for staff reductions: Sources ABC News, February 12, 2025, <https://abcnews.go.com/Politics/us-embassies-instructed-prepare-staff-reductions-sources/story?id=118755936>

⁸“For the American people” refers to USAID’s motto and branding on USAID assistance.

World Health Organization, we are seen as not prioritizing the Pacific and our mutual interests for achieving regional security. As a Pacific power, the United States should demonstrate its leadership and support for our broader Pacific family and seek meaningful engagement and partnership with the Freely Associated States and the entire Pacific region.

Partners and Allies

The sudden U.S. withdrawal from programs in the Pacific where we co-funded with allies and withdrew without consulting or notifying them leaves multiple partners and allies in the lurch. It is the United States, not the PRC, that now runs the risk of being seen as unreliable. The Pacific Islands could face significant buyer's remorse for initiatives like the "Partners in the Blue Pacific".⁹ Australia, New Zealand, and Japan have co-founded multiple USAID programs in the region and now find themselves uncertain as to not only the future of specific initiatives but the U.S. commitment to the region.¹⁰ This also undermines our allies commitment to the region—as many PIC partners or recipients will wonder why they should accept in the future "latticework" forms of aid if political upheaval could paralyze support for their development needs.¹¹

Both because it is in our U.S. interest and because it offers resilience against the PRC, the United States had been bolstering Pacific regionalism—a regionalism consistent with our interests and values. The first-ever Pacific Partner Strategy elevated regionalism as a central goal stating "The Pacific Islands are stronger when regional institutions are strong. The United States will continue to support the Pacific Islands Forum (PIF), ensuring it remains at the center of the regional architecture."¹² USAID was central to supporting Pacific regionalism, for example by working with the Pacific Islands Forum Secretariat to provide funding to support the Implementation Plan for the 2050 Strategy for the Blue Pacific Continent.¹³ USAID worked hard to leverage its strong partnerships with key regional institutions, including the Pacific Islands Forum, the Secretariat of the Pacific Regional Environment Programme, and the Pacific Community to drive development progress.¹⁴ This comes as the PRC has been dividing Pacific Island countries unity, and exerting its influence at the last Forum to change the language in the official communique to remove mentions of Taiwan.¹⁵

Taiwan

Three of Taiwan's 12 remaining diplomatic allies are Pacific Island nations—the Marshall Islands, the Republic of Palau, and Tuvalu. In 2019, Taiwan enjoyed six diplomatic alliances with Pacific Island nations.¹⁶ That number went down to three in just five years. Not only due to Taiwan's expertise on development issues but also because it helped expand its international space, USAID established the Pacific

⁹ UK Statement on Establishing the Partners in the Blue Pacific (PBP): joint statement GOV.UK, June 25, 2022, <https://www.gov.uk/government/news/joint-statement-on-the-establishment-of-the-partners-in-the-blue-pacific-pbp>

¹⁰ A good example is the Palau undersea cable who's future is uncertain; The United States Partners with Australia and Japan to Expand Reliable and Secure Digital Connectivity in Palau United States Department of State; October 29, 2022, <https://2017-2021.state.gov/the-united-states-partners-with-australia-and-japan-to-expand-reliable-and-secure-digital-connectivity-in-palau/>

¹¹ Latticework refers to the Biden's Administration Indo-Pacific strategy use of the phrase; "We will pursue this through a latticework of strong and mutually reinforcing coalitions." U.S.-Indo-Pacific-Strategy.pdf, <https://bidenwhitehouse.archives.gov/wp-content/uploads/2022/02/U.S.-Indo-Pacific-Strategy.pdf>

¹² U.S. Embassy Canberra Press Release, FACT SHEET: President Biden Unveils First-Ever Pacific Partnership Strategy U.S. Embassy & Consulates in Australia, September, 22, 2022, <https://au.usembassy.gov/fact-sheet-president-biden-unveils-first-ever-pacific-partnership-strategy/>

¹³ Archived Press Release on Pacific Island, Online by Gerhard Peters and John T. Woolley, The American Presidency Project, FACT SHEET: Following Through on the U.S.-Pacific Islands Partnership 53rd Pacific Islands Forum (PIF) Leaders Meeting in Nuku'Alofa, Tonga, August 27, 2024, <https://www.presidency.ucsb.edu/documents/fact-sheet-following-through-the-us-pacific-islands-partnership-53rd-pacific-islands-forum>

¹⁴ Ibid

¹⁵ Gordon Peake, Ph.D.; Camilla Pohle; Andrew Scobell, Ph.D., At Pacific Islands Forum, Tensions Flare Over Taiwan, Geopolitics and Climate/United States Institute of Peace; September 05, 2024, <https://www.usip.org/publications/2024/09/pacific-islands-forum-tensions-flare-over-taiwan-geopolitics-and-climate>

¹⁶ Alayna Parlevliet, Support Threefold: Taiwan's Pacific Island Allies/New Perspectives on Asia/CSIS; July 17, 2024, <https://www.csis.org/blogs/new-perspectives-asia/support-threefold-taiwans-pacific-island-allies#:~:text=In%202019%2C%20Taiwan%20enjoyed%20six%20diplomatic%20alliances%20with,September%202019%2C%20four%20days%20after%20the%20Solomon%20Islands.>

American Fund, a five-multi-year project, co-funded with Taiwan, that benefited eight Pacific Island countries—including the FAS, by providing grants on community resilience, food security, access to water, health, education, good governance, and natural resources management. This was USAID's signature area of cooperation with Taiwan in the region and a key deliverable for the U.S.-Taiwan partnership dialogue.¹⁷

Strategic Competition

The People's Republic of China will take advantage of the U.S. withdrawal. The People's Republic of China's influence in the Pacific has grown substantially in the last two decades. The PRC's objectives in the region include establishing a security presence in the region, influencing the region's voting power at the United Nations, and gaining access to the region's rich natural resources such as gold, nickel, critical minerals and fish, and isolating Taiwan's remaining diplomatic partners. While Xi Jinping's signature initiative—the Belt and Road Initiative—elevates global development as a legacy initiative, President Trump seeks to dismantle the United States' own development agency.

By elevating international development and trade, the PRC established partnerships with several Pacific Island countries, notably the Solomon Islands and Kiribati. This is on top of the PRC's expansion of its Belt and Road projects into the Pacific Islands which often meant leveraging development and building of dual-use port and airport facilities, including in Vanuatu and the Solomons, and deepening dual-use agreements with the Cook Islands and Kiribati to extend its security interest in the region. These projects include visible economic projects such as ports, roads, sports facilities, government facilities, and regional conference venues. This also coincided with tourism and high-level government official visits.

According to the Lowy Institute's Pacific Aid Map, the PRC total aid spending rose to \$256 million in 2022.¹⁸ This puts the PRC as the second-largest bilateral aid donor, though still behind Australia but ahead from Japan, New Zealand, and the United States.¹⁹ According to the recent numbers, the PRC has also transitioned from a loan-infrastructure player to a grant-based donor in the Pacific.²⁰ Almost two thirds of PRC assistance to the region is now grant-based, which means less chance of inducing unsustainable debt and hewing closer to the U.S. grant-based model. Many commentators believe that PRC influence comes exclusively in the form of infrastructure deals and, while that has been a main feature of analysis for the first decade of BRI investment, the PRC has adapted and pivoted in some regions to “smaller” projects and in other sectors.²¹ Their assistance now takes the form of modular renewable energy projects, vehicle donations, agricultural equipment for farmers, cash grants to schools.²² The PRC has also flexed its humanitarian assistance via their military responding to the volcano eruption in Tonga and tsunami disaster in 2022 as well.²³ The PRC's assistance also comes in the shape of people-to-people engagements, for example, as the PRC pledged 2500 government scholarships and 3000 short-term professional trainings to Pacific candidates between 2020 and 2025. In other words, the PRC is stepping up, and the U.S. has now unilaterally abandoned the field.

Meanwhile, recent events in the South Pacific where the Chinese People's Liberation Army Navy (PLAN) launched live-fire exercises in the Tasman Sea without any warning to the Australian or New Zealand governments has sent alarm

¹⁷ American Institute of Taiwan, U.S.-Taiwan Cooperation on International Development and Humanitarian Assistance American Institute in Taiwan; November 04, 2022, <https://www.ait.org.tw/us-taiwan-cooperation-on-international-development-and-humanitarian-assistance/>

¹⁸ Alexandre Dayant, Riley Duke, Nasirra Ahsan, Roland Rajah, Hervé Lemahieu, Pacific Aid Map: 2024 Key Findings Lowy Institute Pacific Aid Map; Lowy Institute, November 19, 2024, <https://pacificaidmap.lowyinstitute.org/analysis/2024/key-findings/>

¹⁹ Ibid

²⁰ Ibid

²¹ Victor Chen, China's strategic shift to 'small but beautiful' projects/The Strategist, November 27, 2024, <https://www.aspistrategist.org.au/chinas-strategic-shift-to-small-but-beautiful-projects/>

²² Renew Econo, Australia to invest \$125m in Pacific island off-grid and community scale renewables/RenewEconomy, November 16, 2024, <https://reneweconomy.com.au/australia-to-invest-125m-in-pacific-island-off-grid-and-community-scale-renewables/>

²³ Reuters, China, West rush tsunami relief supplies to tsunami-hit Tonga/Reuters, January 26, 2022, <https://www.reuters.com/world/asia-pacific/china-west-rush-tsunami-relief-supplies-tsunami-hit-tonga-2022-01-27/>

bells across the region.²⁴ Maybe most concerning has been the muted response from Washington. At a time when our partners and allies need U.S. resolve U.S. leadership has been absent. The live-fire exercises demonstrated the PRC's power projection abilities in the South Pacific, normalize PLAN's presence, and signal to Australia and New Zealand that the PRC is flexing its naval muscles.

Deeply concerning has been the uptick of attacks by the PRC on USAID's work. Last April, I reported to my leadership that the PRC Ministry of Foreign Affairs issued a 20-page attack on USAID's work, offering up a litany of false claims about how the United States had "acted recklessly, committed numerous misdeeds and committed numerous crimes."²⁵ In 2023, Chinese and Russian state-backed media spread disinformation before the 2024 general election in the Solomon Islands.²⁶ This came as the safety of some of our partners on the ground were put at risk. The false claims suggested that USAID planned to incite riots and orchestrate "color revolutions". Many of these same talking points have recently been parroted and lobbed domestically against USAID as justifications for its dismantlement.

Economic Resilience

The United States cannot compete with the Belt and Road Initiative with nothing to offer. In the last couple of years, the United States started to invest in the region with an affirmative economic agenda for a free and open region. It is with this in mind that USAID joined the U.S.-Federal States of Micronesia Joint Economic Management Committee to offer an economic development perspective to our allies given the important role that economic security has now become a national security issue. Regionally as well USAID started to invest more on economic resilience. This included key sectors like telecommunications, supply chains, fisheries, and infrastructure where the PRC was significantly growing its presence. For example, in Palau, USAID partnered with Australia and Japan to support the development of an undersea spur cable—Palau's second—that will connect the country to the world's longest undersea cable and increase the internet bandwidth needed to spark greater economic growth.²⁷ This was administered and funded by USAID's Transaction Advisory Fund (TAF), a Trump Administration priority program in its first term, which served as a "rapid response" program to fund legal, engineering, and technical design services for strategic infrastructure projects in key sectors.²⁸ Undersea cables are also central to U.S.-PRC strategic competition—given the potential for cables to be used for espionage and to cut off vital nodes of communications.²⁹

Another key undersea cable program funded by TAF includes the East Micronesia undersea cable. This internet cable would have connected Kosrae in Micronesia, Nauru, and Tarawa in Kiribati with the existing cable in Pohnpei providing faster, higher quality, and more secure internet connectivity through a submarine cable.³⁰ This had the potential to connect 100,000 people across three Pacific Island countries for the first time.³¹ In the Marshall Islands, USAID provided technical assistance for the country to modernize its telecommunications sector. This helped expand RMI's digital connectivity to remote areas for the time and provide the entire country with more reliable, faster, and secure internet access.³²

²⁴ Anne-Marie Brady, A Shot Across the Bow: China Signals New Era of Sea Power in the Southwest Pacific, *The Diplomat*, February 28, 2025, <https://thediplomat.com/2025/02/a-shot-across-the-bow-china-signals-new-era-of-sea-power-in-the-southwest-pacific/>

²⁵ Chinese Ministry of Foreign Affairs, The Hypocrisy and Facts of the United States Foreign Aid Ministry of Foreign Affairs of the People's Republic of China, April 19, 2024, https://www.mfa.gov.cn/mfa_eng/xw/wjbxw/202405/t20240530_11344003.html

²⁶ U.S. Embassy in Papua New Guinea Press Release, Disinformation Regarding our Election Partnership with the Solomon Islands U.S. Embassy to Papua New Guinea, Solomon Islands, and Vanuatu, April 15, 2024, <https://pg.usembassy.gov/partnership-with-solomon-islands/>

²⁷ Department of State Press Release, The United States Partners with Australia and Japan to Expand Reliable and Secure Digital Connectivity in Palau United States Department of State, October 29, 2022, <https://2017-2021.state.gov/the-united-states-partners-with-australia-and-japan-to-expand-reliable-and-secure-digital-connectivity-in-palau/>

²⁸ Department of State website, Infrastructure Transaction Advisory Services United States Department of State, <https://www.state.gov/development-finance/taf>

²⁹ Joe Brock, U.S. and China wage war beneath the waves over internet cables; March 24, 2023, <https://www.reuters.com/investigates/special-report/us-china-tech-cables/>

³⁰ AIFFP, Improving digital connectivity in the Federated States of Micronesia, Kiribati and Nauru via submarine cable/The Australian Infrastructure Financing Facility for the Pacific (AIFFP), <https://www.aifffp.gov.au/investments/investment-list/improving-digital-connectivity-in-the-federated-states-of-micronesia-kiribati-and-nauru-via-submarine-cable>

³¹ Ibid

³² Marianas Business Journal, U.S. suspends foreign aid for 90 days, potentially affecting Micronesia/Marianas Business Journal, January 28, 2025, <https://mbjguam.com/us-suspends-foreign-aid-90-days-potentially-affecting-micronesia>

This included leveraging market power and private sector investment in the region. For example, USAID established a \$50 million microfinance facility for micro-, small, and medium-sized enterprises; while also launching a program to support public financial management and domestic resource mobilization; facilitate greater trade and private investment; and improve business resiliency in the Pacific Islands region.³³ USAID also helped leverage a public-private sector partnership in the fisheries sector so that Pacific Island countries can more directly benefit from the global tuna value chain. This included a partnership between USAID, the Development Finance Corporation, in partnership with the Australians in the fishery sector in the Marshall Islands.³⁴

In the Solomon Islands, USAID worked with partners at all levels to advance the country's economic competitiveness and inclusiveness, with specific emphasis on developing the agribusiness sector and improving natural resources governance.³⁵ Finally, USAID even worked hard to expand new partners like MASHAV, Israel's development agency, to the region in the form of a joint project focused on human capital development through knowledge transfer and capacity building.³⁶ This focused on community resilience, digitization, and water management throughout the Pacific.

With the dismantling of USAID, economic resilience in the region is now at greater risk from PRC predatory practices, where the PRC has used economic coercion as a weapon against Pacific Island nations in the past. President Whipps of Palau has stated the PRC weaponized tourism as a form of economic coercion as punishment for continuing to recognize Taiwan.³⁷ Supporting U.S. allies and partners economically to diversify their economies is not just a good economic strategy but also a matter of national security. Just as the United States was rising to meet the challenge posed by the PRC economically in the region—we are now withdrawing.

Climate Change

Climate change remains an existential threat for the Pacific Islands. Sea level rise continues to be above the global average and ocean heating and acidification are threatening to harm ecosystems and livelihoods.³⁸ For many Pacific Island countries this is the “single greatest threat” to the people of the PICs, as shown at the 49th Pacific Island Forum's Boe Declaration in 2018.³⁹ At the COP26 United Nations climate summit, the Tuvalu Foreign Minister, Mr. Simon Kofe delivered a speech, while standing ankle-deep in water, stating that when it comes to addressing climate change, “there really are no good guys and bad guys.”⁴⁰ This past year, the Pacific Island Forum secretary general stated very clearly “Geopolitical manoeuvring means nothing to Pacific peoples who have cyclones coming over the horizon . . . Geopolitical manoeuvring means nothing to Pacific peoples who have water lapping at their doorsteps due to sea level rise . . . Geopolitical manoeuvring means nothing to Pacific peoples who are focused on building resilience, peace and prosperity for our families, communities, nations and our region”.⁴¹

In recent years, USAID had announced the Pacific Islands Climate Finance Activity to strengthen the capacity of the Pacific Island Countries—including the FAS—to increase access to and improve management of financing and investments

³³ Australia Pacific Islands Business Council, U.S. announces initiatives to boost trade, finance in Pacific Australia Pacific Islands Business Council, May 27, 2024, <https://apibc.org.au/news/us-announces-initiatives-to-boost-trade-finance-in-pacific/>

³⁴ Relief Web, News Press Release, USAID Announces Additional Support to Pacific Island Countries Fiji/ReliefWeb, October 04, 2024, <https://reliefweb.int/report/fiji/usaaid-announces-additional-support-pacific-island-countries>

³⁵ U.S. Mission to Papua New Guinea, USAID's SCALE Project Supports Agriculture in Malaita U.S. Embassy to Papua New Guinea, Solomon Islands, and Vanuatu, December 19, 2022, <https://pg.usembassy.gov/usaids-scale-project-supports-agriculture-in-malaita/>

³⁶ Nabilah, Tech In Pacific News, Israel and USAID Launch Partnership with Fiji Tech In Pacific, August 31, 2024, <https://www.techinapacific.com/israel-and-usaid-launch-partnership-with-fiji/>

³⁷ Charlotte Graham-McClay, Associated Press, China is weaponizing lucrative tourism over his refusal to break Taiwan ties, Palau's president says/AP News, August 16, 2024, <https://apnews.com/article/palau-china-surangel-whipps-beijing-pacific-influence-045ec0a4f8e67e48d2a4adf0cbd13918>

³⁸ World Meteorological Program, Press Release, Climate change transforms Pacific Islands, August 27, 2024,

³⁹ Boe Declaration on Regional Security/Pacific Islands Forum Secretariat, September 05, 2018, <https://forumsec.org/publications/boe-declaration-regional-security>

⁴⁰ Tuvalu minister says both China, U.S. needed for climate change action/Reuters

⁴¹ Fiji Times, Waqa: Climate change single greatest threat, June 25, 2024, <https://www.fijitimes.com.fj/waqa-climate-change-single-greatest-threat/>

to support climate change mitigation and adaptation efforts.⁴² We also announced the expansion of Papua New Guinea (PN) Electrification Partnership through the Pacific Islands. This expanded energy access in the rest of the Pacific Islands through a multilateral partnership with Australia, Japan, and New Zealand—and was an example of how we leveraged small amounts of U.S. investment and multiplied it with U.S. partners and allies.⁴³ With rising sea levels, increased flooding, and stronger tropical cyclones, the Pacific Islands are on the frontlines of the climate crisis. Accurate weather forecasting is as important as ever in the light of this reality, as it gives communities time to prepare, potentially saving lives. Now this top priority for the PICs has been abandoned by the Trump Administration removing climate change vocabulary, pulling out of multilateral fora, and withdrawing support to phase this existential crisis.

Natural Disasters

The Pacific Island countries are one of the most natural disaster prone regions in the world.⁴⁴ Disaster related events are both seasonal and cyclical, with the small size, remoteness, and fragile biodiversity making them exceptionally vulnerable.⁴⁵ The Compacts, codified by this Committee, designated USAID to be the main agency responsible for disaster response to all three Freely Associated States. With the demolition of USAID, no other U.S. agency has the authority, expertise, capacity, or resources to respond to a natural disaster in the Pacific. Prior to recent events, USAID funded an existing network of warehouses with pre-positioned relief supplies and recovery materials.⁴⁶ Pre-positioning supplies has proven to be much cheaper and more efficient than bringing resources after a disaster has struck.⁴⁷ Given the extremely remote location of these islands and their outer-island populations, response planning must include preparedness, pre-positioning, and qualified and trained staff able to provide the response.⁴⁸ This emergency assistance provided life-saving shelter, WASH, and non-food items via the prepositioning.⁴⁹ Being able to have relief readily accessible and appropriate can make all the difference in a disaster life-saving response.

Further, USAID, through its partner Catholic Relief Services, strived to enhance the capacity of RMI and FSM to more effectively prepare for and manage disaster and climate-related risks by supporting locally led responses to small to medium scale disasters.⁵⁰ By introducing disaster-resilient agricultural techniques and establishing village savings and lending groups in outer-island communities to allow individuals outside of the banking system to have access to savings during family or community-wide shocks. In addition, USAID would have supported a collaborative initiative through the International Organization for Migration that brings together disaster response authorities in the Philippines and select Pacific Island nations to share best practices, strategies, and identify and address gaps in disaster preparedness and response.⁵¹ Regionally, as part of its Partners in the Blue Pacific

⁴² USAID Press Release, The United States announces more than \$10 million in additional support at the Pacific Islands Forum DevelopmentAid, August 29, 2024, <https://www.developmentaid.org/news-stream/post/184226/usa-support-at-the-pacific-islands-forum>

⁴³ Department of State Press Release, Joint Statement on the United States Papua New Guinea Strategic Partnership Dialogue, October 14, 2024, <https://2021-2025.state.gov/joint-statement-on-the-united-states-papua-new-guinea-strategic-partnership-dialogue/>

⁴⁴ United Nations Office of Coordination for Humanitarian Affairs, Pacific Islands/OCHA, <https://www.unocha.org/pacific>

⁴⁵ Robert Guild and Hanna Uusimaa, Asia Development Bank, Disaster Risk Reduction and Management in the Pacific, August 2013, <https://www.adb.org/sites/default/files/publication/30374/disaster-risk-reduction-management-pacific.pdf>

⁴⁶ Reuters, Pacific Islands to build climate disaster warehouses/Reuters, August 08, 2024, <https://www.reuters.com/world/asia-pacific/pacific-islands-build-climate-disaster-warehouses-2024-08-09/>

⁴⁷ Ibid

⁴⁸ Ibid

⁴⁹ USAID Medium Post, Preparing the Pacific Islands. 6 ways USAID is strengthening early . . . /by USAID/U.S. Agency for International Development/Medium, October 25, 2024, <https://medium.com/usaaid-2030/preparing-the-pacific-islands-aede762f0461>

⁵⁰ Testimony for Craig Hart, USAID Bureau for Asia Deputy Assistant Administrator House Committee on Foreign Affairs, Subcommittee on Indo-Pacific “Renewed U.S. Engagement in the Pacific: Assessing the importance of the Pacific Islands”, Microsoft Word WRITTEN 2023 0314 HFAC COFA Hearing for DAA Hart (1), March 23, 2023, <https://www.congress.gov/118/meeting/house/115525/witnesses/HHRG-118-FA05-Wstate-HartC-20230323.pdf>

⁵¹ USAID Press Release, The United States Announces More Than \$10 Million in Additional Support at the Pacific Islands Forum Fiji/ReliefWeb, August 28, 2024, <https://reliefweb.int/report/fiji/united-states-announces-more-10-million-additional-support-pacific-islands-forum>

initiative, the United States announced USAID assistance to bolster the Pacific Islands' ability to detect and respond to natural disasters.⁵²

USAID's three-pronged approach—to enhance emergency response systems, improve disaster preparedness, and strengthen first-responder capabilities—promoted self-reliance, enabling partner countries to lessen the impacts of natural hazards and respond more effectively to disasters, has been largely abandoned. For the first time in three decades, three tropical cyclones are ravaging through the South Pacific.⁵³ If they hit any of our Pacific partners, the United States would have no capacity to respond to the crisis if called upon. If it hits our Freely Associated States allies, the United States could potentially be in violation of the COFA agreement and the law. The United States expertise and capacity to respond to humanitarian disaster was unrivaled—it was an invaluable tool of U.S. leadership vis-a-vis the PRC—where we clearly had unparalleled advantage, now all squandered.

Food Insecurity and Illegal, Unreported, and Unregulated Fishing

Food insecurity remains a real challenge in the Pacific Islands—as the region faces the triple burden of malnutrition, combined with poverty and climate change impacts compounds food and malnutrition security risks.⁵⁴ Before the closure, USAID, in partnership with Australia and New Zealand, launched the Pacific Vision for Adapted Crops and Soils initiative which would have built more climate-resilient food systems in Pacific island countries, in partnership with the Pacific Community and New Zealand.⁵⁵ It supported regional Pacific efforts such as the Unlocking Blue Pacific Prosperity initiative to increase targeted investments in diverse, nutritious, and climate-adapted crops grown in healthy soils and sustainably managed landscapes. In partnership with the regional initiative it was also working with the private sector to diversify supply chains in the region.

USAID also ran a program called “Our Fish Our Future” initiative which partners with the University of Rhode Island to support the management of critical fisheries and ecosystems.⁵⁶ By supporting the management of critical fisheries and ecosystems, the project sought to improve food security and maintain tuna stocks, a key economic resource for the United States fishing industry, processing plants, and other American businesses downstream. American consumers eat over 1 billion pounds of canned tuna every year.

One factor in food security is illegal, unreported, and unregulated fishing (IUUF). In general, IUUF costs the global economy between \$26 and \$50 billion annually, harming local and international economies.⁵⁷ The tuna industry in the Pacific Islands, commercially generated \$22 billion in 2012 and accounts for more than 45% of state revenues in most Pacific Island countries.⁵⁸ For many Pacific Island countries IUUF poses an existential threat to their populations, where people rely on fish for 30% of their diet and more than 50% of their protein.⁵⁹

Combatting IUUF in the Pacific Islands also helps protect their national sovereignty. For example, many Pacific Islands countries do not have military capabilities to police their entire exclusive economic zones. Recent U.S. Coast Guard

⁵² Ibid

⁵³ Ben Noll, Washington Post, Three tropical cyclones churn in South Pacific all at once The Washington Post; February 25, 2025, <https://www.washingtonpost.com/weather/2025/02/25/tropical-cyclones-alfred-rae-seru-south-pacific/>

⁵⁴ FAO. 2021. Poverty, malnutrition and food security in Pacific Small Island Developing States. Bangkok with the Pacific Community and New Zealand.

⁵⁵ Archived Press Release on Pacific Island, Online by Gerhard Peters and John T. Woolley, The American Presidency Project, FACT SHEET: Following Through on the U.S.-Pacific Islands Partnership 53rd Pacific Islands Forum (PIF) Leaders Meeting in Nuku’Alofa, Tonga, August 27, 2024, <https://www.presidency.ucsb.edu/documents/fact-sheet-following-through-the-us-pacific-islands-partnership-53rd-pacific-islands-forum>

⁵⁶ University of Rhode Island Press Release, URI Coastal Resources Center lands \$15 million to help countries, communities tackle unsustainable fishing practices in Pacific Islands region Rhody Today, June 08, 2022, <https://www.uri.edu/news/2022/06/uri-coastal-resources-center-lands-15-million-to-help-countries-communities-tackle-unsustainable-fishing-practices-in-pacific-islands-region/>

⁵⁷ World Economic Forum, Pacific countries: data sharing can drive down IUU fishing/World Economic Forum, January 10, 2024, <https://www.weforum.org/stories/2024/01/davos24-pacific-countries-drive-down-illegal-fishing/>

⁵⁸ Tony Long and Amanda Nickson, Illegal Fishing Costs Pacific Islands Millions Annually in Lost Tuna Revenue, May 02, 2016, <https://www.pewtrusts.org/en/research-and-analysis/articles/2016/05/02/illegal-fishing-costs-pacific-islands-millions-annually-in-lost-tuna-revenue>

⁵⁹ Joseph Hammond, Chinese Fishing Fleet Poses Threat to Pacific Island Economies, Indo-Pacific Defense Forum, 21 Jun 2021, available at <https://ipdefenseforum.com/2021/06/chinese-fishing-fleet-poses-threat-to-pacific-island-economies/>.

ship rider agreements allow PIC country law enforcement to patrol and improve their countries' enforcement capabilities.⁶⁰

There is also a geopolitical dimension as well, as the PRC's deep sea fleet is the largest with almost 17,000 vessels, the majority of which operate in the Pacific.⁶¹ According to the Global Initiative Against Transnational Organized Crime, the PRC was ranked as the worst offender of IUU fishing.⁶² We will never be able to have enough U.S. Coast Guard fleet to compete with the PRC's fleet—however USAID and other environmental agencies have been supporting the civilian capacity of our partners so they can at least detect and counter IUUF. USAID's work in this crucial part of maritime security has now been gutted—potentially risking Pacific prosperity and security.

Conclusion

To be clear, there is nothing wrong with wanting to reform the U.S. foreign assistance architecture—in fact, it is much warranted. However, to dismantle the entire USAID system and terminate programs without so much an actual strategic review process is national security malpractice. It does not put America first. It puts the People's Republic of China first—and Pacific prosperity and security last.

The policy chosen by this Administration to bulldoze first and pick up the pieces afterwards is nothing short of disastrous, endangering U.S. security and raising serious legal and constitutional questions. Destroying a crucial national security tool, the trust of our allies, and all basically overnight, has not made the United States safer, stronger, and more prosperous.

Instead it strengthens the People's Republic of China and undermines our partnership with the Pacific Island countries. We find ourselves tremendously weaker due to mistakes of the past 6 weeks—mistakes that will take a very long time to recover from and where it may only be possible to mitigate the damage if large parts are reversed as soon as possible—and where Congress has both the power and the responsibility to act.

QUESTIONS SUBMITTED FOR THE RECORD TO FRANCISCO BENCOSME, FORMER USAID
CHINA POLICY LEAD

Mr. Bencosme did not submit responses to the Committee by the appropriate deadline for inclusion in the printed record.

Questions Submitted by Representative Huffman

Question 1. Before unelected billionaire Elon Musk's indiscriminate and callous purge of the USAID workforce, your work directly countered China's expanding influence in the Pacific by supporting our allies in the region. Can you outline some of the critical services and programs USAID has provided to our allies in the Pacific? Given USAID's significant role, how does its dismantling create vulnerabilities that China is poised to exploit?

Question 2. We have extensive documentation of the People's Republic of China's (PRC) illegal and coercive actions against Pacific Island nations—including economic pressure and cyber-attacks targeting the governments of Palau and the Marshall Islands. The Trump administration's decision to scale back the U.S. presence in the region has weakened our ability to counter these threats. How does this short-sighted retreat affect our Pacific allies' ability to resist Beijing's influence campaigns?

Mr. HURD. Thank you very much, Mr. Bencosme, for that testimony.

⁶⁰ Indo-Pacific Defense Forum Staff, Long-standing shiprider agreements boost Free and Open Indo-Pacific, protect EEZs, April 28, 2024, <https://ipdefenseforum.com/2024/04/long-standing-shiprider-agreements-boost-free-and-open-indo-pacific-protect-eezs/>

⁶¹ Ibid

⁶² Secretariat, Global Initiative Against Transnational Crime, IUU Fishing index 2021/Global Initiative, December 24, 2021, <https://globalinitiative.net/analysis/iuu-fishing-index-2021/>

I just would like to briefly note for the record that Mr. Bencosme was a political appointee in the previous administration, and had resigned prior to the start of the Trump administration.

Last, but certainly not least, I want to introduce and recognize Ms. Cleo Paskal for 5 minutes.

Ms. Paskal.

STATEMENT OF CLEO PASKAL, NON-RESIDENT SENIOR FELLOW, FOUNDATION FOR DEFENSE OF DEMOCRACIES, WASHINGTON, D.C.

Ms. PASKAL. Chairman Hurd, Ranking Member Leger Fernández, thank you.

The Pacific territories are deeply experienced at geopolitics. All became part of the United States as a result of wars or strategic contests. Today we will talk mostly about China and North Korea. One hundred and twenty-seven years ago for Guam it was Spain, then for American Samoa it was Germany and Britain, for CNMI it was Japan and the Soviets. By the 1920s, once the Japanese mandate took shape in what is now CNMI and the FAS, it was clear that if a hostile power had control of the Central Pacific, America was not safe.

Strategists talk of Mackinder's 1904 heartland theory that the Eurasian land mass is the geopolitical pivot, it comes down from the center of Russia and China, and control there determines the direction of the world. With evolutions in naval power and the battle for systems between the U.S. and China, a case can now be made that it is the Oceania heartland that determines the direction of the Indo-Pacific, if not the world.

The strategic core of Oceania is the U.S. territories and the FAS. For the last 80 years, the Oceania heartland has mostly been a model of a free and open Indo-Pacific, benefiting countries worldwide. China, however, sees things differently. It 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. We have known this for a while. In 2008, Admiral Keating said a senior Chinese official suggested to him, "You take Hawaii East; we will take Hawaii West."

China has been pursuing its goals in ways General Brawner of the Philippines describes as illegal, coercive, aggressive, and deceptive, known by its initials as ICAD. We have seen extensive and pervasive disruptive PRC ICAD behavior in Oceania. There are many examples from my colleagues, from the members themselves, and in my written testimony. China knows, as long as the pivot of the Oceania heartland is not under its control, it cannot do what it wants to do in terms of expanding its aggression and its ambitions, including with Taiwan.

So what can OIA do? Work both to block the threats while building prosperity. One won't succeed without the other. China uses the allure of commercial engagement with countries, but doesn't actually want economic engagement to lead to growth. It wants to create economic dependencies. So any attempts at building real prosperity also has to block the expected PRC ICAD attacks. DOI and its OIA are leads in the American territories.

OIA has less than 30 people, and 2 are judges in American Samoa. Currently, there is no assistant or deputy assistant secretary. It has massive responsibilities for highly strategic zone. My recommendations are structured to maximize the efficiency and build on Chairman Hurd's opening comments.

On blocking, Interior Secretary Burgum has a seat on the NSC. Perhaps this NSC role could be expanded to oversee and coordinate the defense and reinforcement of the Pacific territories and the FAS, which are America's western border, as part of the hemispheric defense approach being adopted by the Trump administration. This could be done in conjunction with the revitalization of the interagency group on the FAS, which is co-chaired by the Secretaries of the Interior and State. That could function to focus and reinforce efforts of OIA. OIA field agents could play an important 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.

A key entry point for PRC ICAD activity is corruption. OIA could focus on technical assistance programs designed to counter corruption, waste, fraud, and abuse. The Governor of CNMI has repeatedly asked for Federal investigations into illegal activities and corruption. A few good Federal investigators, perhaps even reservists, might provide the territories and the FAS with more security than any number of F-35s, and make it more likely F-35s will be able to operate from there if required.

Also helpful is the establishing an FBI field office on Guam and satellite offices in CNMI and American Samoa that can support counter-ICAD activities there and in the FAS. To better advise and coordinate, the territories could set up national security coordinators or councils. That is something Palau has done with great effect.

In keeping with the America-first investment policy, attention should be paid to proposed investments from foreign entities. Homeland should require all those entering CNMI to have the same visas as those entering the rest of the U.S.

Building requires ground-level assessments, which could be facilitated by OIA field agents. The three core areas to focus on are the costs of energy, transportation, and communications, all of which are prohibitively high in the territories.

Some examples of the small things that would make a big difference are a waiver from cabotage, the establishment of a fast ferry service between Guam and Rota, hearings on the operations of United Airlines, work to unlock the potential of American Samoa fisheries, centralized tracking and oversight of Federal programs.

The PRC has made its trajectory clear. It wants to control the Oceania heartland, and it will destroy American communities and families to do it. The goal of OIA should be to ensure that the people of the American territories can build prosperity without the community and security destruction caused by ever-present ICAD activities. As American nationals and citizens, it is the least they deserve. Thank you.

[The prepared statement of Ms. Paskal follows:]

PREPARED STATEMENT OF CLEO PASKAL, NON-RESIDENT SENIOR FELLOW,
FOUNDATION FOR DEFENSE OF DEMOCRACIES

Chairman Hurd, Ranking Member Leger Fernández, thank you for the privilege and honor of being able to testify before you today on this important topic.

The three Pacific territories covered by the Office of Insular Affairs are American Samoa, Guam, and the Commonwealth of Northern Mariana Islands (CNMI). Combined, they have a population of about 250,000. All three are experiencing a rise in external threats to peace and security, primarily due to actions linked to the People's Republic of China (PRC), exacerbated by economic stress.

This testimony details the profound importance of the territories to the rest of the United States (including their defensive role). The testimony also covers the commensurate importance to the PRC in undermining relations between the territories and the U.S. federal government in order to exert corrosive influence in the territories and render them less able to defend themselves, let alone the American mainland.

The testimony then uses a “block and build” framework (blocking illegal, coercive, aggressive, and deceptive PRC-linked activity while building economic and social resilience) to make recommendations for how to defend against PRC attacks while fostering prosperity and ensuring the American nationals and citizens of the territories can live in peace.

Pacific Territories’ Role in National Defense

All three territories (for a map, please see Annex 1) became part of the United States as a result of war or strategic concerns (for more, please see Annex 2). Since then, they have played an outsized role in the defense of the nation. Guam and CNMI make up the Mariana Islands, a north-south chain that is a core part of the Second Island Chain running from Japan through Micronesia, and form the fallback line of defense should the PRC take Taiwan. To get a sense of how close to Asia they are, the Exclusive Economic Zone of CNMI abuts that of Japan, and Guam is an eight-hour flight west of Honolulu and four hours east of Manila. American Samoa is the only part of the United States in the Southern Hemisphere, and Pago Pago harbor is one of the best ports in the Southern Pacific. It gives the United States a footprint in the heart of the Southern Pacific, a zone of increasing importance as PRC ties to Latin America grow. It is pivotal for keeping this part of the Indo-Pacific free and open.

In the words of Gov. Arnold Palacios of CNMI: ¹ “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.”

When President Ronald Reagan visited Guam in 1984, he said, “[Guam] may be nearly 9,000 miles from our nation’s capital, but it’s a real pleasure to know that we’re among fellow Americans . . . In times of crisis, few Americans have been more steadfast in the defense of our shared values and few have made more sacrifices to preserve them.”² All three territories, for example, have higher than average enlistment rates in the U.S. military.

Given their locations, they are also highly sensitive to strategic shifts, as they are on America’s frontline and at the end of long logistics lines. Currently, **Guam** is home to several key U.S. military installations, including Naval Base Guam, Andersen Air Force Base, and Camp Blaz. Guam Gov. Lourdes A. Leon Guerrero, in her August 24, 2023, congressional testimony, explained the strategic importance of Guam:

From 1521 to the present day, Guam has been, and continues to be, a linchpin of every Pacific Power. The reasons for this are simple. On the axis that crosses 5,000 miles of the Pacific between Hawai’i and Asia, Guam is the only island with a protected harbor and sufficient land for major airports. Guam is also the largest landfall for communications, shipping, and military installations on the nearly 3,000-mile north axis from Japan to Papua New Guinea and Australia . . . For these reasons, Guam has played a unique and pivotal role in nearly every major American conflict in the late 20th and early 21st centuries. As a result of American engagement in [Guam and the islands around Guam] and the larger Pacific region, the United States won an unparalleled period of peace, economic trade, and shared prosperity in the Pacific.³

The governor was concerned that that period was coming to an end, adding: “[A]s time passed and other priorities drew America’s watchful eye away from Pacific Island Countries, China emerged . . . because Guam can project power throughout

the Indo-Pacific region, China is working to project equal power onto Guam and its sister islands.”

Congresswoman Uifa’atali Aumua Amata Coleman Radewagen, representing **American Samoa**, has underlined the need for more U.S. military engagement in American Samoa, in particular the Coast Guard, saying:

We need to continue to strengthen the Coast Guard’s capabilities including total cutters, and the ability to add deployment of cutters to the Pacific . . . I continue to urge the strongest possible consideration of stationing fast cutters in American Samoa, one of the vast Pacific’s finest harbors. This would be a powerful statement of U.S. commitment to the South Pacific during a time of CCP (Chinese Communist Party) regional efforts and influence, and the Pacific concerns of Illegal, Unreported, and Unregulated Fishing.⁴

CNMI is seeing hundreds of millions of dollars of investments by the U.S. military as World War II sites, such as the North Field on Tinian, are rehabilitated and new training grounds are put in. At the February 2025 Interagency Group on Insular Affairs meeting in Washington, DC, CNMI Gov. Arnold Palacios said:

Our need to be vigilant as America’s front-line state in preserving the peace and freedom we enjoy in the Pacific as part of the American family really hit home with me about a month ago when the media reported that China had launched what was described as the ‘world’s largest amphibious attack ship’ the *Sichuan*. Amphibious vessels are something we on Saipan know something about because it was just 80 years ago last summer that American forces came ashore in amphibious vessels to bring freedom to our islands and some of our older folks who were children at that time still vividly remember the American Flag coming up on the beach. So, the launching of the world’s largest amphibious attack ship is something that makes us sit up and pay attention. After all, when I describe CNMI as America’s frontline state, I mean that literally. We are the closest American soil to mainland China. I would be exaggerating to say Shanghai is swimming distance from our northern most island but it is just 1,630 miles away and it would not take all that long for a new warship to get there.

As mentioned by leaders in American Samoa, Guam, and CNMI, a major concern is the People’s Republic of China. CNMI and Guam, along with the relationship between the United States and the Freely Associated States (FAS) (Palau, the Federated States of Micronesia (FSM), and the Republic of the Marshall Islands), ensure that the United States has a “corridor of freedom,” including freedom of deployment secured with strategic denial, through the central Pacific to the First and Second Island Chains, including treaty ally the Philippines and American bases in Japan. It functionally pushes the U.S. Pacific defense perimeter off the coast of Asia, guaranteeing the safety of Americans in Guam and CNMI and underpinning free trade for all nations across the central Pacific.

External Threats to Peace and Security

For those who have a different vision of the Pacific, this is a problem. In 2022, details of the PRC comprehensive plan to gain influence, if not control, in as many Pacific Islands as possible was seen in the texts of its proposed *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*⁵ and *Plan*⁶ included cooperation on law enforcement, customs, inspections, quarantine, network governance, cyber security, laboratory construction used for fingerprint testing, forensic autopsy, drugs, electronic and digital forensics, supporting airlines to operate air routes and flights between China and Pacific Island Countries, the possibility of a China-Pacific Island Countries Free Trade Area, thousands of government scholarships, and establishing a “China-Pacific Island Countries Disaster Management Cooperation Mechanism,” including a prepositioned “China-Pacific Island Countries Reserve of Emergency Supplies.”

Combined, the *Vision* and *Plan* are a blueprint for extraordinary control in sovereign countries. For example, it would put the PRC in a position to move people and supplies with limited external oversight and to infiltrate investigation and prosecution operations, stymying the rule of law and attempts to counter illegal PRC activities that can lead to bribery, coercion, and military prepositioning. This was clear to then FSM President David Panuelo when he 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.”⁷

Some elements of the *Vision* and *Plan* are already 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.⁸

This has been building for a while. In 2008, Adm. Timothy Keating said a senior Chinese official suggested to him: "You take Hawaii east. We'll take Hawaii west. We'll share information, and we'll save you all the trouble of deploying your naval forces west of Hawaii."⁹ For the PRC, the key to pushing the United States back to Hawaii is undermining the relationship with the territories and the Freely Associated States (FAS)—much in the same way that the Japanese Mandate (1921–1944) that covered CNMI and what are now the FAS was a problem for American forces trying to dislodge Imperial Japan.

The People's Liberation Army (PLA) has studied the Pacific War. It's unlikely to be accidental that, when the PRC gains a foothold in a Pacific nation, it tries to secure real estate that was strategic in World War II, for example, Tulagi in the Solomon Islands.¹⁰ 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's not just PRC diplomats. The CCP and its proxies use a range of methods, including public and private loans, bribery, blackmail, coercion, investment, and influence, to advance their interests. This has included outright attempts at the destruction of a country if breaking it into pieces is seen as advantageous. (This is consistent with PRC unrestricted and "disintegration" warfare.)¹¹ According to President Panuelo, the PRC has been involved in backing separatist movements in the FSM: "It is not a coincidence that the common thread behind the Chuuk State secession movement, the Pohnpei Political Status Commission and, a to lesser extent, the Yap independence movement, include money from the PRC and whispers of PRC support."¹²

Often an approach is "braided," with three mutually reinforcing strands: commercial, strategic, and criminal elements.¹³ Chinese organized crime is often a part of PRC operations 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.¹⁴ As per China's 2017 National Intelligence Law, every Chinese citizen and organization is legally obligated to support the government's intelligence operations.¹⁵

The U.S. territories (in particular CNMI and Guam) and the FAS have been targets of multi-year, broad-spectrum political warfare attacks that seek to overwhelm them and open the path for conditions more friendly to the PRC.¹⁶ As President Panuelo put it, 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."¹⁷

One of those interests, Panuelo writes, is: "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."¹⁸

In Guam or CNMI, a goal along those lines might be to make U.S. forces unwelcome or to push for independence.¹⁹ This is not to say there aren't legitimate concerns about U.S. military activity or the relationship with the federal government but that those concerns can be exploited and distorted by outside actors who don't have the best interest of locals at heart.



PRC-Linked Activity in CNMI

In CNMI, from 2009, PRC nationals have been allowed to enter CNMI without visas as required in the rest of the United States.²⁰ According to CNMI Gov. Arnold Palacios' August 2023 congressional testimony,²¹ 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.²² There is no similar link to such extensive criminal activity with any other single nationality in CNMI.

There has also been the appearance of PRC-linked businesses in strategic locations where there is little commercial justification. For example, a Chinese-linked casino opened on Tinian's dual-use harbor. Tinian has a population of around 2,000 and relatively little tourism. Unlike the previous casino on Tinian, it wasn't part of a hotel, was open irregular hours, and visibly didn't prosper. However, it opened at a time when the U.S. military was spending hundreds of millions resurfacing old airfields on the island, with at least some of that activity passing in front of the casino. It shut down in December 2024.²³

Regardless, there is continuous pressure for more access from China into CNMI, including attempts to get the Department of Transportation to lift the cap on direct flights from China to CNMI.²⁴ The argument is that the CNMI needs more tourists, specifically Chinese ones. There is a conspicuous lack of alternatives offered—for example, offering similar EVS-TAP²⁵ entry conditions to Indian tourists and business people or pushing for changes to cabotage to make things easier for the Japanese market.²⁶ The default is always China, China, China. And those who question it are attacked in the media and online,²⁷ in addition to real-world intimidation such as the slashing of car tires.

The narrative warfare is pervasive. Glen Hunter, CNMI special assistant for broadband policy development, wrote:

[G]roups and influencers in the CNMI have transitioned over the past decade to oppose military development due to concerns about environmental damage and cultural loss. However, these same influencers have readily embraced large-scale investments backed by the CCP, such as garment factories and casinos, without expressing similar concerns about potential societal, environmental, and cultural impacts on the islands. This double standard highlights a paradoxical stance where resistance is shown against U.S. military presence due to perceived negative consequences while simultaneously endorsing extensive Chinese enterprise development without similar scrutiny.²⁸

This dominance by PRC-linked pressure groups is also rumored to be a factor in dissuading investors from other countries from entering CNMI. Officials and locals have repeatedly raised concerns about PRC-linked practices destabilizing the local economy and placing undue pressure on CNMI's social cohesion.²⁹ Hunter also wrote:

"The governor's commitment to this pivot [away from Chinese tourists] is a significant setback for the CCP, limiting their ability to use the CNMI as a stepping stone to expand their influence throughout Pacific Island nations. In response, China has predictably increased its efforts to destabilize our economy, hoping to force a change in our administration's stance or if unsuccessful a change in the administration itself."³⁰

PRC-linked Activity in Guam

Guam has seen many of the activities described above, with the addition of being the target of PRC-linked cyberattacks on its critical infrastructure, a serious security concern given the role of the American bases in defending the region.³¹

It is also the target of information warfare, with a constant stream of messaging designed to create insecurity in the population that could lead to breaks with the federal government. For example, PRC media has called China's DF-26 ballistic missile the "Guam Killer,"³² feeding the narrative of those who ask why should Guam put itself at risk for the rest of the United States—especially given dissatisfaction with the nature of the relationship.

According to Guam Gov. Leon Guerrero, the counter is: "Some say that by allowing the U.S. military to base in Guam, we are making ourselves a target. That's nonsense. We are a target because of geography. And I'd much prefer the U.S. military be here than the Chinese military."³³

Debate is healthy—and American. So is transparency and more openness about funding sources for narratives in order to be helpful for an informed electorate.

PRC-linked Activity in American Samoa

At a February 13, 2025, House Foreign Affairs Committee hearing, Congresswoman Radewagen said: "In the past two weeks, independent Samoa and the Cook Islands have signed deals with the PRC. With Kiribati to the north, independent Samoa to the east, and Cook Islands to our east, my home district of American Samoa is now surrounded on three sides by China-friendly nations."³⁴

Among the specific new concerns for American Samoa is the signing of a visa waiver agreement between independent Samoa and China that will allow for an increase in unvetted arrivals next door.³⁵ Already, there is substantial PRC citizen-related crime in independent Samoa. One recent letter to the editor of the Samoa Observer captured a common sentiment:

[T]here are growing concerns about the hidden operations of Chinese nationals in various sectors. Some are allegedly secretly operating rentals, serving as agents for customs and immigration, and even acting as tax agents. There have also been rumours of Chinese nationals establishing a political presence in Samoa . . . it is becoming evident that some Chinese nationals may be arming themselves with weapons for protection. This raises concerns about the potential for further violence, and I fear that Samoa is becoming a breeding ground for criminal activity, influenced by external actors who do not have our best interests at heart.³⁶

American Samoa additionally has issues with illegal, unreported, and unregulated fishing that, given the economic potential of the fisheries, is a major concern.³⁷

What To Do? Block and Build.

The basic framework is a "Block and Build"³⁸ approach in which Chinese behavior that is illegal, coercive, aggressive, and deceptive (ICAD—as Philippines General Romeo Brawner calls it³⁹) 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.⁴⁰ 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 to selling 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.⁴¹ 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 accurate, 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.
- The State Department could raise concerns with Samoa about the visa waivers for PRC nationals affecting American Samoa.
- As recommended by Gov. Leon Guerrero,⁴² 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 Policy⁴³ 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.”⁴⁴ 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.

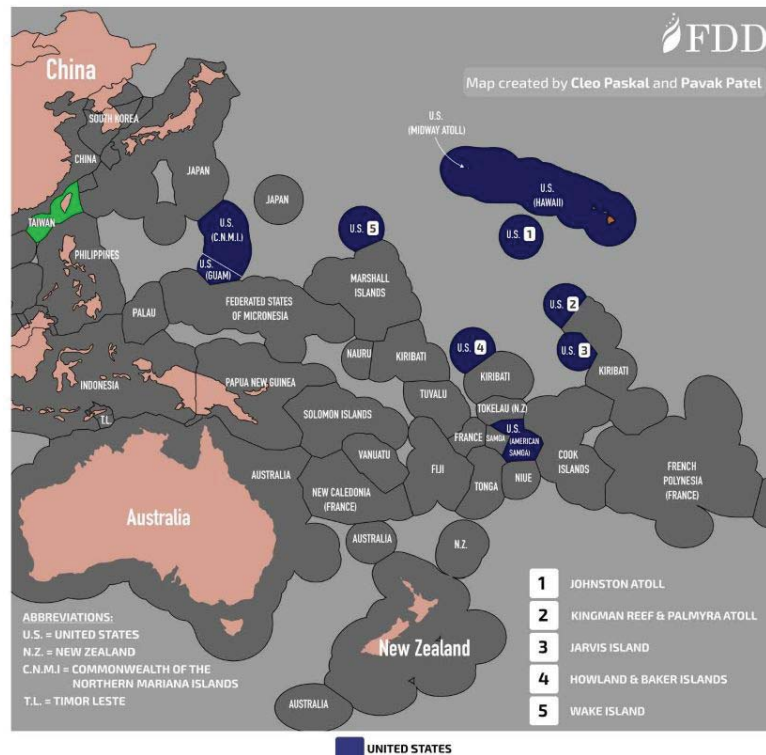
One example of a ‘small’ thing that would make a big build difference is a waiver from cabotage.⁴⁵ Currently, only American carriers can fly between U.S. destinations. That has resulted in United having an effective monopoly on the Saipan to Guam route, and resulting airfares are some of the highest 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.
- Working to unlock the potential of the American Samoan fisheries. Along with the economic growth that fisheries can offer the people of American Samoa, it would bring friendly fleets into Samoan waters, putting it in a better position to observe and defend against those in Samoan waters with ill intent.
- Prioritizing the establishment of a fast 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 that the cost/benefit analysis of taking Chinese money to sell out your country changes and that the people of the American territories are given a way to prosper without ever-present illegal, coercive, aggressive, and deceptive activity by the PRC destroying their communities, dividing their families, and making them live in fear. As American nationals and citizens, it’s the least they deserve.

ANNEX 1: Map of the Pacific Territories



ANNEX 2: A Brief Look at How American Samoa, Commonwealth of Northern Mariana Islands and Guam Came to Be Part of the United States

While there are cultural and familial links across the Pacific territories, they have different modern histories and different legal relationships with the federal government. A basic understanding of these differences is an essential starting point not only to provide acceptable and effective outcomes but also because these differences can be exploited by powers keen to sow discord within the American family, for example, over the status of Guam.

Selected Timeline of U.S. Relations With American Samoa

1872	Commander Richard W. Meade, United States Navy, agrees to a treaty with the leadership on Tutuila Island giving the United States exclusive rights to develop a naval station at Pago Pago harbor. The U.S. Senate, in an isolationist phase, refuses to ratify. The islanders consider it binding. ⁴⁶
1878	Following a visit by Ambassador Chief Mamea to the United States, the Senate ratifies the Treaty for a Naval Station in Pago Pago but passes on annexing the islands. ⁴⁷
1899	Tensions between Britain, Germany, and to a degree the United States and the Kingdom of Hawaii ⁴⁸ contribute to Samoan civil wars. Britain, Germany, and the United States sign the Tripartite Convention giving Samoan islands east of the 171st meridian (including Tutuila) to the United States and the ones to the west to Germany. ⁴⁹

Selected Timeline of U.S. Relations With American Samoa

1900	Presidential Executive Order 125-A places American Samoa under U.S. Navy jurisdiction. Formal deeds of cession of Tutuila to the United States are signed by the Matai (Chiefs), obligating the United States to preserve local cultural traditions. ⁵⁰
1904	Tui Manu'a signs a deed of cession of Manu'a to the United States. ⁵¹
1925	Swain Island is added by Congress to the boundaries of American Samoa. ⁵²
1929	The United States formally ratifies deeds of cession, authorizing the president to administer relations consistent with cultural autonomy in local affairs. ⁵³
1951	Authority of the president for relations with American Samoa is delegated to the secretary of the interior by executive order. ⁵⁴
1956	Secretary of the Department of the Interior appoints American Samoa-born Peter Tali Coleman as the territory's first Samoa governor of Samoan descent. He later also serves as the first locally elected governor. ⁵⁵

With approvals by the secretary of the interior, the 1960 locally adopted constitution was revised in 1967 and 2025 based on local self-determination.

Today, American Samoa's political status is that of an unincorporated territory of the United States, uniquely governed as authorized by congressional ratification of the deeds of cession, delegating federal authority to the president, delegated in turn to the secretary of the interior. This status is defined by a unique history in which American Samoa was never conquered, annexed, or sold by the legal mandate of colonial powers.

Instead, the islands retain a legacy of sovereign-to-sovereign mutual agreement devolving to the United States sovereignty at a national level and federal relations-based preservation of cultural autonomy and self-determination as to local affairs. Accordingly, American Samoans choose to preserve statutory 'national but not citizen' status for purposes of international travel and migration to the U.S. mainland and the option of reclassification as statutory "citizens" by individual choice. American Samoa also has petitioned the United Nations to remove it from the UN Charter Article 73 list of colonial areas.

While this status means Samoans can't, for example, vote for president, the status is generally seen favorably, as it affords them other benefits, such as protection for their own system of land management.⁵⁶ It sends an elected representative to Congress who serves, votes, and holds leadership position in the U.S. House of Representatives and committees thereof.

Selected Timeline of U.S. Relations With Guam

June 20–21, 1898	Guam had been part of the Spanish colonial empire since the 17th Century. The United States captures Guam as part of the Spanish-American War. ⁵⁷
December 10, 1898	The Treaty of Paris ends the Spanish-American War. Spain cedes Guam, along with the Philippines and Puerto Rico, to the United States. ⁵⁸
December 8–10, 1941	Within hours of the attack on Pearl Harbor, Imperial Japanese forces attacked Guam, taking it shortly after and occupying it until 1944.
July 21 to August 10, 1944	Liberation of Guam by U.S. forces.
August 1, 1950	For most of its time under the United States, Guam was administered by the U.S. Navy. On this day, President Harry Truman signs the Organic Act of Guam, designating it an unincorporated organized territory of the United States, granting statutory U.S. citizenship to its inhabitants, establishing a civilian government with a legislature and governor, and transferring federal jurisdiction to the Department of the Interior. ⁵⁹
1969	Voters in Guam reject unification with Northern Mariana Islands. ⁶⁰
1976–8	Guam is authorized to establish its own constitution. ⁶¹ A constitutional convention is held, and a draft Constitution is written.
1979	In a referendum, 82 percent of Guamanian voters reject the proposed constitution, and the territory remains subject to the 1950 Organic Act. ⁶²

Guam is an organized, unincorporated territory. Its residents are U.S. citizens but cannot vote in presidential elections. It also sends an elected representative to Congress.

Selected Timeline of U.S. Relations With Commonwealth of Northern Mariana Islands

1944	U.S. forces take Saipan and Tinian, expelling Imperial Japanese forces from the Northern Mariana Islands (NMI).
1947	United Nations Security Council establishes the “strategic” Trust Territory (which includes NMI and what are now Palau, the Federated States of Micronesia and the Republic of the Marshall Islands) and it is given to the United States to administer. ⁶³
1951	Administration of the Trust Territory (including NMI) is transferred by President Harry Truman through an executive order from the Navy to Interior. ⁶⁴
1965	Convening of the Congress of Micronesia in Saipan. ⁶⁵
1975	Referendum votes in favor of becoming a U.S. territory in political union with the United States. ⁶⁶
1976	The current “Commonwealth Covenant” is signed into law by President Gerald Ford. ⁶⁷
1986	The United States terminates the Trust Territory agreement, and CNMI residents become U.S. citizens. ⁶⁸

CNMI is an organized, unincorporated territory with commonwealth status. Its residents are U.S. citizens but cannot vote in presidential elections. It too sends an elected representative to Congress.

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QUESTIONS SUBMITTED FOR THE RECORD TO CLEO PASKAL, NON-RESIDENT SENIOR FELLOW, FOUNDATION FOR DEFENSE OF DEMOCRACIES

Questions Submitted by Representative Westerman

Question 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?

Answer. 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.

1a) In what ways have the People’s Republic of China (PRC) and North Korea contributed to the CNMI’s economic deterioration?

Answer. 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.

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

Answer. 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 to 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.

Question 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?

Answer. 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 CNMI. If the situation is like human smuggling by sea elsewhere—say, southern Florida and southern California—only a fraction of smuggling efforts are detected.

3a) How does this threaten Guam?

Answer. 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.

3b) Should addressing these threats while fostering economic prosperity be a priority for the U.S.-CNMI Section 902 consultations?

Answer. 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.

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

Answer. 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.

4a) What are the short-term and long-term threats this presents to the Pacific territories?

Answer. 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 U.S. 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 ‘U.S./ Western markers.’

It will become impossible for U.S. (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 toward Chinese influence efforts in the region may come due sooner than imagined.

Question 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?

Answer. 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 Submitted by Representative King-Hinds

Question 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?

Answer. 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>

Question 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?

Answer. 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 (CERIUM). 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-palau-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/>

Question 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?

Answer. 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-ff5-740094ce02e.html

*Question 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?*

Answer. 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.

Question 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?

Answer. 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 U.S. 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?

Question 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?

Answer. 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.

Question 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?

Answer. 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 Ruzala 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>

Question 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?

Answer. 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/>

Question 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?

Answer. 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.

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

Answer. 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.”

Question 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?

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

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

Answer. 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 Submitted by Representative Radewagen

Question 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?

Answer. 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.

Question 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?

Answer. 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.

Question 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?

Answer. 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.

Mr. HURD. Thank you, Ms. Paskal, for that testimony. The Chair will now recognize members for 5 minutes for questions, and I will begin by recognizing myself for 5 minutes.

Certainly, a number of eye-opening and sobering things we heard in that testimony. Mr. Cheng, I want to start with you. You mentioned in your opening statement that the PRC poses a multitude of threats to Pacific territories. In your opinion, which of those threats is the most pressing?

Mr. CHENG. Mr. Chairman, that, unfortunately, is a little bit like asking which child do you love the most?

I would suggest that, on the one hand, because the Chinese have more resources, they pose an economic challenge for all the reasons that my fellow panelists have noted. This is ongoing. This is every day. This is happening as we speak.

As a defense security-focused analyst, I would say, however, that should it come to a conflict, armed conflict, the PLA poses a fundamentally different threat than we have ever faced before. It is more capable. It has a deeper bench in the sense that it has up-and-running munition supply lines. It will challenge us in cyber space, it will challenge us in the physical infrastructure of information. It will challenge us in space capabilities, where the Central Pacific provides key support.

So in terms of day to day, they pose an economic and aid and diplomatic threat. But in the background, always present, is a looming and increasing military threat that is going to undermine the confidence of our allies throughout the region, both in the central and western Pacific.

Mr. HURD. Thank you, Mr. Cheng. It is multi-faceted, for sure.

A question for Ms. Paskal: How is the presence of illegal, unreported, and unregulated, or IUU, fishing by PRC fishing fleets in the Pacific territorial waters, how is that impacting the economy of these islands?

Ms. PASKAL. It is devastating, and that is combined with some policies that America has put in place, including in American Samoa, that have made it more difficult for the people of the territories to develop the economies themselves.

And I would also note that often the Chinese fleet has at least dual use, if not triple use capabilities. We can see in the Philippines the way that the fishing fleet has intimidated other navies and coast guards, but also there is often a criminal element. So it acts for smuggling, human smuggling, drug smuggling, and those sorts of things, as well.

So it is a multi-faceted, corrosive effect on the economies and the societies and the people of the American territories in the region.

Mr. HURD. So my follow-up was going to be what other threats does that IUU fishing pose to Pacific territories. It sounds like you went through some of them: smuggling, surveillance, harassment, just general economic disruption. I assume potentially military—

Ms. PASKAL. Yes.

Mr. HURD [continuing]. Quasi-military operations, as well?

Ms. PASKAL. The way that China operates, things are often braided. So it will have a commercial front. Oh, you know, we are just a commercial fishery, don't worry about it. Then it will have a strategic component to it where they just happen to be hovering over cables, for example, or surveilling other activities. And then there is always this criminal element, where there is horrific slavery on the fishing fleets. They are smuggling stuff, they are doing bad things.

So because of those commercial, strategic, and criminal elements being all braided together, one recommendation is you go after the criminality. You start charging people. You start making sure that there is a cost for doing business with the sort of ICAD activity that the Filipinos have identified, and that will weaken both their commercial argument and their strategic footprint.

Mr. HURD. Thank you, Ms. Paskal.

Mr. Klingner, can you talk a little bit about the relationship between North Korea and Japan, specifically the effectiveness of the potential nuclear threats to the country of Japan?

How effective are those in terms of impairing Japan's activities and its coordination with the United States?

Mr. KLINGNER. The U.S. has assessed for at least a decade that North Korea has nuclear weapons that could be put on missiles that could attack Japan. We have also seen North Korea has specifically threatened Japan, naming specific cities that they would annihilate if Japan were to engage in supporting the U.S. or the UN command during a conflict on the Korean Peninsula.

So a Japanese prime minister would be faced with the decision of potential attacks on his city with nuclear weapons if he allowed the U.S. and the UN command to flow forces through the region. So it would be a very dire decision by a Japanese prime minister.

Mr. HURD. Thank you very much. I yield my remaining time back, and at this time I would like to recognize the Ranking Member, Ms. Leger Fernández, for 5 minutes.

Ms. Leger Fernández.

Ms. LEGER FERNÁNDEZ. Thank you, Chairman. And I think that, as we listen to today's testimony, what is striking is our first two witnesses described in alarming detail the military threats posed by China to the United States, but that flows through this region. It is scary. You have done your job, right?

But I would also note that many of your recommendations to this Committee address issues with regards to what will our military do in response. And our House Armed Services Committee will look at that really quickly.

We then moved down the line and heard from our next two witnesses about the other aspect of how China is undermining the United States' role in this region, and specific recommendations about that.

And I loved, Ms. Paskal, your description of the turmoil of going back and forth between this country and that country and what it must feel like. We have representatives here who know and whose communities tell them what does it feel like when you are pushed and abandoned. I think you said it, Mr. Bencosme, the yo-yo effect. And so the importance of creating sort of a consistency is really key.

Would you agree, Ms. Paskal and Mr. Bencosme, that the importance of having the United States have a consistent approach and maintain its commitment not just on the military, but on the soft side, the hearts and minds?

Ms. Paskal or Mr. Bencosme, whoever wants to go first.

Mr. BENCOSME. Absolutely. China feeds and fills in the void in unpredictability and in chaos.

Ms. PASKAL. And if I may, the role of the field officers from the Office of Insular Affairs are very important for that. They live in the country. In fact, one of the best just retired in the Marshall Islands, had been there many years. And that is the permanent physical presence of somebody who listens and is in a position to be able to bridge the gap between Washington and 12 time zones away.

Ms. LEGER FERNÁNDEZ. Yes, it is a long ways away. My eyes were opened both in the travel and then in the stories that were told there. But when you have an office of about 30 and 4 are terminated, that ripple effect of the morale, and then the ripple effect of what must it feel like to be in country. We visited USDA programs. We visited USAID programs. We visited many programs where the agencies, as you describe Ms. Paskal, are working in collaboration to build that support.

And especially the Federated States of Micronesia have tended to drift closer to China. Is that correct? And Palau is under attack and their tourism is under attack. And so, we need to think about what are ways in which we need to work to strengthen that.

And Mr. Bencosme, how do we do it? And what are you worried about in this moment, where there is chaos coming out of Washington itself? How is that impacting our standing in these States and territories?

Mr. BENCOSME. It is hugely detrimental to our leadership in the region. As I mentioned, we are one natural disaster, in the midst of cyclone season, away from USAID demonstrating it can no longer respond to something that historically, and as part of our compact agreements, we are legally obligated to respond to the FAS, and where China has oftentimes used its military forces to demonstrate and fill in the vacuum in places like humanitarian assistance, undermining our credibility and standing in the region.

Ms. LEGER FERNÁNDEZ. Ms. Paskal, do you also agree that maintaining, and in fact, I think you do, because in your recommendations you say do more of this, do more of that. But would you agree that, to do that more, you actually need the people to carry it out? Does it happen without people?

Ms. PASKAL. You need the people and you need the linkage back to this town so that the people have the backing that they need to be able to deliver on. Again, it is difficult to underestimate how much effort the PRC is putting into destroying the communities across the territories, because by destroying the communities they can weaken the rule of law and it is much more easy for their ICAD activities to operate and for them to exert influence.

Ms. LEGER FERNÁNDEZ. Right, which comes back to we have a military role to play, but do you agree that USAID plays an important role there, Ms. Paskal?

Ms. PASKAL. Across the region, but we are talking about the territories kind of less, right? Obviously.

Ms. LEGER FERNÁNDEZ. All right, thank you so very much.

I have exceeded my time. I think I took 5 seconds of yours, Mr. Chairman, I apologize but I yield back.

Mr. HURD. Thank you very much, Ranking Member Leger Fernández. The Chair now recognizes the gentlewoman from American Samoa, Mrs. Radewagen.

Mrs. RADEWAGEN.

Mrs. RADEWAGEN. Talofa lava, and good morning. This is an important hearing for me, as we are talking directly about the issues my home of American Samoa faces. So I want to thank the Chairman for recognizing enhanced prosperity for American Samoa, Guam, and CNMI is vital to the success of the American model of democracy in the Indo-Pacific.

So right now my congressional district is surrounded on three sides by countries that have increasingly entered China's orbit. And in the past month, independent Samoa and the Cook Islands have signed major deals with China. And separating us from Hawaii and the rest of the United States is Kiribati, which has begun to further align with China. On top of that, Chinese fishing vessels have increasingly penetrated American Samoa's EEZ in conducting IUU fishing in the region.

To protect United States sovereignty, and it has been mentioned earlier, we must develop the economies of the Pacific territories. And to protect American Samoa's economy we need actually, a permanent U.S. Coast Guard presence to deter China in the region.

I have quite a number of questions. Most of them will be submitted for the record, but I have a couple of questions here for Ms. Cleo Paskal.

What is the current state of critical infrastructure in the Pacific territories?

And would it be correct to say that the Pacific territories have severe infrastructure needs, and that if left unaddressed, would become threats to national security?

Ms. PASKAL. That is absolutely correct. And its critical infrastructure extends to communications, for example. Just so people who haven't been there know, when I land in Guam I can't use my roaming. And if you try to turn on your phone, your charges go up incredibly high. It is everything from the ports to the airports to the cables. All of it needs a very serious reevaluation and support for improvement.

Mrs. RADEWAGEN. So Ms. Paskal, would it be fair to say that support for critical infrastructure in the Pacific territories is vital for fostering economic prosperity, and that it should be a top priority for the OIA?

Ms. PASKAL. Yes, it is a key component of both blocking ICAD activity and building prosperity.

Mrs. RADEWAGEN. The PRC has recently signed a number of economic agreements with various Pacific Island nations. For instance, Samoa has signed a visa exemption agreement with the PRC to make travel easier for their citizens. Samoa is home to many workers in American Samoa who travel across the border to work in our industries, particularly the tuna cannery. At what cost and risks do these agreements pose for these nations signing these agreements with the PRC?

Ms. PASKAL. You have recently seen incidences in Samoa, for example, Chinese national kidnaping somebody and shooting at police officers. There is increasing drug use and drug distribution. There is very limited ability, and this is something that we also see in CNMI, to deport people who are creating a problem, and so they sit there and create this kind of social destruction. It is extremely disconcerting.

And I would just flag up that reliance on Australia and New Zealand in these areas has not been effective. There have been repeated reassurances from Canberra and Wellington, "Don't worry, we have got this covered." Canberra set up this policing initiative, but we haven't seen the results on the ground. And by grabbing

that space and blocking direct American engagement, I think it has been detrimental to the people of the region.

Mrs. RADEWAGEN. Thank you, Ms. Paskal. Would you agree that these agreements come with strings attached, and that the PRC can easily use these agreements as leverage to get what it wants?

My time is short.

Ms. PASKAL. Yes. That is, in fact, the purpose of the agreements.

Mrs. RADEWAGEN. And would you also agree that it should be a priority for the U.S. Government, including OIA, to remain vigilant on the potential impacts of these agreements for U.S. national security, especially for the agreements signed with countries in close proximity to the United States?

Ms. PASKAL. Yes. They are deliberately setting up footprints close to American territories in the FAS in order to undermine them for their own strategic advantage. And by "they," I mean, of course, the Chinese Communist Party.

Mrs. RADEWAGEN. Thank you, Mr. Chairman. I yield back the balance of my time.

Mr. HURD. Thank you. The gentlewoman yields. The Chair now recognizes the Chairman of the House Natural Resources Committee, the gentleman from Arkansas, Mr. Westerman.

Mr. WESTERMAN.

Mr. WESTERMAN. Thank you, Chairman Hurd, and thank you to the witnesses for being here today.

Mr. Klingner, North Korea has been increasing its hostile rhetoric towards the Pacific territories. How do you think this rhetoric and possibly actions impact the safety of Americans on the islands?

Mr. KLINGNER. It certainly is an indication of North Korea's provocative behavior and its belligerent threats towards the region as a component of the threats against U.S. forces and citizens and allies, South Korea, Japan, as well as the American homeland. So certainly, it is trying to intimidate the U.S. and its allies to not respond to North Korean coercive behavior or aggressive action if it came to that.

Mr. WESTERMAN. Thank you.

Ms. Paskal, kind of following up on Mrs. Radewagen's questioning, the OIA does play a very critical role in fostering economic prosperity in the territories. Do you think it was fair to say that OIA funding is critical for the Pacific territories, and it is important to ensure that these funds are used in a manner to meet U.S. interests, and obviously doing that in a fiscally responsible manner?

Ms. PASKAL. It is foundational, and it would be particularly helpful if it is combined with proper oversight so there is transparency and there is trust across the board that these funds are being used properly.

Mr. WESTERMAN. And can you give any specific examples how OIA activity has positively impacted the territories?

Ms. PASKAL. There are a lot of very effective technical training programs. In my testimony I suggest expanding them out to be able to counter corruption, because corruption is undermining a lot of the other good efforts that are being made. So yes.

Mr. WESTERMAN. Maybe talk about how some of those efforts have played a role in countering the PRC's malign activities in the area.

Ms. PASKAL. You mean specific funding to something else?

Mr. WESTERMAN. Or ways that the OIA efforts have played in countering the PRC's malign efforts.

Ms. PASKAL. Well, having those knowledgeable field officers in country, and building trust and being able to convey information back and forth between Washington and the region has been essential.

Mr. WESTERMAN. All right. And again, the importance of the territories to the United States I don't think can be overstated. Can you elaborate a little bit more on how the Pacific territories are vital to U.S. national security and the economy?

Ms. PASKAL. Sure. Well, they are the United States, and those are American citizens and American nationals, and they are being repeatedly targeted with things like co-panelists talked about in terms of the Guam killer missile, for example, or attempts to undermine their societies. They are a key component of the Trump administration's concept of hemispheric defense. They are America's Western border. And as such, they are being heavily targeted by the PRC in a similar way to undermine American security as a whole that you see a vast number of very odd people coming across the southern border, for example.

Mr. WESTERMAN. Thank you. Thank you again to the witnesses for being here today.

And I yield back.

Mr. HURD. The gentleman yields. The Chair now recognizes the gentleman from California, Mr. LaMalfa.

Mr. LAMALFA.

Mr. LAMALFA. Thank you, Mr. Chairman. I appreciate it. I had a question for Mr. Cheng on the issue of the Department of the Interior and drones that they are in the possession of that have been produced by some, I would say, pretty questionable sources here. One is DJI and the software would be from Autel Robotics. Forgive me if you talked about this earlier, I was at a previous stop for a little bit.

But these are both, again, Chinese-based companies that are known to be high security threats. Autel is linked to the PRC and their military directly, and our own Pentagon has blacklisted Autel Robotics, citing this threat. So I wonder why in the world would the Department of the Interior be using a product that our own Pentagon has blacklisted as being a threatening source of, you know, tracking whatever information might be pertinent that Interior is gathering or holding.

Mr. CHENG. Congressman, I am certainly not in a position to explain the actions of the Department of the Interior.

What I would say is the following, that first it is absolutely clear that Chinese robotic companies, like most Chinese companies, are part of the comprehensive threat posed to the United States. Chinese national security law has made very clear: one, all data must be stored in the PRC; two, that data will be accessed by relevant Chinese authorities, including the Ministries of Public Security, Ministry of State Security, and the People's Liberation

Army at such time that any of those Chinese entities feel that it is incumbent or necessary to do so, there is no right to privacy, there is no restrictions, certainly no equivalent to any of the safeguards that are present in our system; third is that the Chinese have made very clear through things like Made in China 2025 that they intend to dominate the global market for robots and drones, whether it is desktop or whether it is larger, strategic-level counterparts of things like our Global Hawk system.

All that being said, the Chinese have therefore succeeded through subsidies and, honestly, through efficient production, to make drones that work that are extremely inexpensive. And if I were to make a guess, and again, I want to emphasize, I am not personally aware of how the Department of the Interior makes its decisions, I would guess that they went with a lowest-bidder strategy without necessarily considering potential implications of loss of control of data.

Mr. LAMALFA. Yes, yes, I appreciate that. I don't expect you to know the whole ins and outs of what Interior is doing. But I guess, as an overview, it seems probably a little dangerous that we would be having that Department using this type of technology that is so easily absorbing information and sending it right back to PRC, right?

Mr. CHENG. Sir, given the purview of the Department of the Interior, which goes, obviously, beyond the Office of Insular Affairs, the Department of the Interior has knowledge of vast tracts of American land where oil drilling would occur, where other natural resource exploitation would occur. The drones would almost certainly be used to survey that land, and the Chinese would therefore be aware of, one, what is being surveyed and potentially what areas would be opened for leasing and other contractual arrangements.

Recent discussions about Chinese acquisition of farmland has focused on where that farmland is, not the amount, but the location, which is often very close to sensitive and strategic sites.

Mr. LAMALFA. Right.

Mr. CHENG. I would suggest that that would include not only military, but also Department of the Interior sites.

Mr. LAMALFA. Thank you. I appreciate that complete answer.

Mr. Klingner, we have heard a lot about USAID and some of the really horrific expenditures that have been pushed through that, and the efforts of DOGE to narrow it back down to something that would be really the original mission of USAID. What would be the concerns about that, and then the possible overall effect in reduction of efforts? Some are contending that we are losing our place in the South Pacific by not having full funding of USAID as it was.

Mr. KLINGNER. My apologies, sir, but the USAID is outside of my area of responsibility and expertise. There are other colleagues at the Heritage Foundation who could respond to that much better than I.

Mr. LAMALFA. We don't have them here today. I know the Foundation has done a lot of work in that area. What do you surmise is the direction for that?

Mr. KLINGNER. The overall direction would be that contracts have been let on issues that are not in either the best interest of the United States or excessive funding has been devoted to them.

Mr. LAMALFA. Yes, OK. My time is already up.

I yield back, Mr. Chairman, thank you.

Mr. HURD. Thank you, Mr. LaMalfa. The Chair now recognizes the gentlewoman from Oregon, Ms. Hoyle.

Ms. HOYLE.

Ms. HOYLE. Thank you. I yield my time to Congresswoman Leger Fernández.

Ms. LEGER FERNÁNDEZ. Thank you very much, Congresswoman Hoyle, and thank you for attending the hearing.

And as I have mentioned to the Chair, I really look forward that we will be invited and be able to travel back and learn from our colleagues about what is happening, especially our colleagues who represent these incredibly important, I hate saying territories, but I guess that is the official word.

So a question was asked about the USAID cuts, and Mr. Klingner mentioned that it wasn't his area of expertise, but that there were those who could answer that. We actually have somebody who it is his area of expertise.

So Mr. Bencosme, would you respond to that question?

Mr. BENCOSME. Thank you so much, Congresswoman.

Every administration has the authority and power to set new priorities. And so I think what is most disturbing about these cuts is that it really takes the baby out with the bath water. You can change the direction of priorities and types of programs that USAID does, but to destroy the entire development tool, to sell our offices or my previous employees' offices to the Customs Border Patrol, to lose generations of expertise, capacity, leadership in these important capabilities has a real detrimental effect to our national security.

Ms. LEGER FERNÁNDEZ. Right. And I think what is really also important is, as Ms. Paskal noted, that the OIA is very small.

And so when you have USDA, when you have USAID, you are increasing and supplementing the Americans on the ground, building trust. And I would ask this, Mr. Klingner. Do you believe it is important that our allies feel that they can trust the United States to live up to its commitments?

Mr. KLINGNER. Very much so. That is one of the things that the U.S. should make very clear to our friends and foes, that we will abide by our treaty commitments, that our forces not only in the region, but follow-on forces would be there to hopefully deter or, if necessary, defend and defeat any attacks by North Korea or China on our allies or our strategic interests in the Indo-Pacific region.

Ms. LEGER FERNÁNDEZ. And wouldn't you agree that trust is built by actually having a history of consistency, Mr. Klingner?

Mr. KLINGNER. Very much so. We have had forces on the Korean Peninsula for 70 years. And recently the Trump administration affirmed the U.S. commitments, the ironclad commitments to defend our allies, and we saw that in, you know, President Trump's joint statement with Japanese Prime Minister Ishiba affirming our commitments to Japan.

And then also Secretary of State Rubio has affirmed and Secretary of Defense Hegseth have also affirmed our commitment to defending South Korea.

Ms. LEGER FERNÁNDEZ. Yes. And so I think that the real important thing is that when there is the yo-yo, when there is in different parts of the international stage a swinging back and forth of who we stand with and who we will not abandon, that that erodes trust. Because when you abandon one ally, when you engage in a tariff trade war with others like Canada and Mexico, you are creating a sense of distrust in the United States.

I also want to thank the questions that our Chair talked about in terms of the importance of the office of the OIA, and I hope that the Committee will support additional personnel and additional funding for what has been described as a really essential office. So I do appreciate those.

And I yield back my time to Ms. Congresswoman Hoyle, if she wants to add anything else.

Mr. HURD. Nothing else? Nothing further? OK.

Ms. HOYLE. Nothing else. I yield again.

Mr. HURD. Thank you very much, Ms. Hoyle.

The gentlewoman yields her time back. The Chair now recognizes the gentleman from Guam, Mr. Moylan, for 5 minutes.

Mr. MOYLAN.

Mr. MOYLAN. Thank you, Mr. Chairman, for this important hearing today, and thank you to the panel for all the information, professional information, that you provide. This is all very helpful, and I appreciate your time and effort.

More than a quarter of a million Americans live in Guam, CNMI, and American Samoa. For decades our islands have been critical for national security and regional stability in the Pacific. Moreover, Americans in the Pacific territories serve at a higher rate than anywhere else in our nation, me included.

Guam hosts three key bases which serve as a key logistical hub essential for the movement of personnel and supplies throughout the INDOPACOM. Additionally, Guam serves as the home port hub for submarines and supply ships, playing a crucial role in determining the rising threats from PRC and North Korea. Additionally, OIA provides essential funding for the territories and Freely Associated States, protecting our economy and national security. For Guam, these funding stems are critical for providing public service, increasing economic development, and protecting Americans in the western Pacific.

But despite this, many programs for the territories remain unfunded and have not been adjusted for years. We must work to increasing funding for OIA to deal with problems such as the invasive and stray animal control, IUU fishing, and counter narcotics operations. And over the last several years methamphetamine use has skyrocketed, creating a public health and safety crisis. And recently we have even seen fentanyl enter our shores.

We must take a nuanced approach to territorial policy-making. These issues that we have in Guam are not the same we face in our neighbors just 16 miles north. One-size-fits-all policies ignores the territory's unique situation, and we have the potential to

negatively impact our economies, education institutions, and health care systems.

And just one final statement. USAID, is not offered to the territories. This is all international-based, but it should be. And this is where we need the additional funding.

So with that said, Mr. Chairman, I have no questions, but I wish to yield the balance of my time to my friend from the Northern Marianas, Mrs. King-Hinds. Thank you, Mr. Chairman.

Mr. HURD. The gentleman yields his time to Mrs. King-Hinds.

Mrs. KING-HINDS.

Mrs. KING-HINDS. Do I still get my full 5 minutes?

Mr. HURD. Yes, ma'am, you do.

Mrs. KING-HINDS. All right, Mr. Chairman, members of the Committee, thank you for the invitation, or the privilege today of joining today's hearing.

I am the only representative from the Northern Mariana Islands, so it is my duty to speak on behalf of the Americans who live there.

I will, in short order, be introducing a bill asking Congress for a \$400 million bailout, as requested by my governor, because the CNMI is on the cusp of an economic collapse.

And Mr. Chairman, I would like to submit for the record the CNMI Governor's letter requesting bailout legislation.

Mr. HURD. Without objection.

[The information follows:]

**Commonwealth of the Northern Mariana Islands
Office of the Governor**

February 14, 2025

Hon. Kimberlyn King-Hinds
House Natural Resources Committee
1324 Longworth House Office Building
Washington, DC 20515

Dear Congresswoman King-Hinds,

I appreciate the opportunity to have met with you previously and am grateful for your attention to the issues we discussed. In our initial conversation, I respectfully mentioned the letter we sent to the Biden administration regarding our request to access the unused Pandemic Unemployment Assistance (PUA) funds (\$231 million) and the Federal Pandemic Unemployment Compensation (FPUC) funds (\$183 million) for a total balance of about \$414 million.

I am now writing to urgently request your support for legislation allowing the Commonwealth of the Northern Mariana Islands (CNMI) to retain unused Pandemic Unemployment Assistance (PUA) funds from the American Rescue Plan Act.

The downturn in tourism across the region has been exacerbated by the strength of the U.S. dollar, *making* travel to the CNMI less affordable for international visitors. Additionally, external factors such as geopolitical tensions and the global economic impacts have further complicated recovery efforts.

To address this, our administration has actively supported diversification to secure new tourist markets and fostering other industries to reduce our dependency on a single sector. However, these efforts need financial support to truly take effect.

Retaining these funds would enable us to:

- Stimulate economic recovery
- Strengthen critical public services
- Support the transition to a more resilient economy by aiding businesses and workers in both traditional and emerging sectors

Your leadership and our collective efforts are crucial for our CNMI community's recovery and sustainable future. I appreciate your attention to this urgent matter and look forward to your support.

Respectfully,

ARNOLD I. PALACIOS,
Governor

Mrs. KING-HINDS. I have been writing letters to every agency requesting to spare the CNMI from any cuts to grants or federally funded personnel, because our economy is dependent on these funds and positions for survival.

We may all be from the territories and share similar challenges, but our economic challenges are very different and unique to each of us.

Our governor just refinanced a loan to cover the remainder of this year's fiscal budget. That budget doesn't fully fund operations. The police department on the island of Rota does not have money for gas because the budget doesn't fund operations for gas. And so the cops can't patrol there. Legacy businesses like the Hyatt have shut down. Duty-free shoppers has just announced that it too will be closing shop.

Every day, when I leave here at 5:30 and the Marianas day begins, I go home at night I field phone calls from more legacy businesses who are talking about shutting their doors because we don't have enough tourists to keep the door open. Our industry is primarily driven by tourists.

The Commonwealth Ports Authority is begging for relief. Because of the current rate of tourist arrivals, it cannot sustain operations. We have Department of Defense activities that rely on the ports being fully operational for the ongoing training and construction activities critical to our national security. And this is why sometimes having these conversations are very frustrating, because too often, you know, conversations about the CNMI and the territories happen about us instead of with us from individuals who have never experienced life there. And too often discussions about national security treat our people as a liability, rather than an asset.

We, as Americans, cannot be expected to stand strong if the CNMI is economically starved into collapse, which is what is happening now. People are going hungry. And when people are going hungry, they are going to do stupid things.

This hearing is about prosperity in the Pacific and acknowledgment that prosperity does not exist there. And all I have heard since coming to Congress are proposals for more restrictions because of geopolitical tensions with China, restrictions to tourism that will only make things worse. I agree with everything that everybody has said on this panel. We are on the same team, and we agree that we must all do our part to address these threats.

Mr. HURD. Mrs. King-Hinds, Mr. Moylan's time has expired.

Mrs. KING-HINDS. OK.

Mr. HURD. But we will come back to you in just a bit. The Chair now recognizes the gentleman from Puerto Rico, Mr. Hernández for five minutes.

Mr. Hernández.

Mr. HERNÁNDEZ. Thank you, Mr. Chairman.

Ms. PASKAL, in your testimony you highlighted concerns that the PRC could influence the residents of Guam, American Samoa, and the CNMI to push for independence. A common line of attack that foreign adversaries use against U.S. territories and commonwealths is that any form of territorial status is undemocratic. Do you believe that Congress can enter into democratic relationships with its territories in the Pacific through, for example, a covenant like the Mariana Islands?

Ms. PASKAL. The beauty of the covenant is that it was widely debated within CNMI, and it was voted on by the people of CNMI. So that is a consensual relationship entered into with knowledge and dedication. And the people of CNMI are some of the most dedicated Americans I have ever met.

Mr. HERNÁNDEZ. So the answer would be yes.

Ms. PASKAL. Yes.

Mr. HERNÁNDEZ. And do you think it is legitimate for territories like American Samoa to decide on their own that it is a fair trade-off, for example, not to vote for the President of the United States, but to have their own system of land management and be able to protect that?

Ms. PASKAL. Yes. In the end of my written testimony I sort of describe how different everybody is. Of course, I didn't include Puerto Rico because it wasn't part of the remit, but they are all incredibly different. And American Samoa entered into the relationship with the U.S. as an equal negotiator, state-to-state relationship, and made their decision the way they did.

Mr. HERNÁNDEZ. Thank you, Ms. Paskal. And I completely agree, and I really hope that this Committee in the future takes all that into account. Self-determination is a two-way street, and the people of the territories and commonwealths have a right to decide their own future, and that should include any option that the people in the territories and commonwealths want to pursue in accordance to their history, their interests, and their democratic values. So I appreciate your answers.

Mr. Bencosme, we know that the U.S. has Freely Associated States, it has territories, it has commonwealths. And commonwealths are not just plain territories. From a national security perspective, are the territories and commonwealths better protected from foreign influence than the Freely Associated States?

Mr. BENCOSME. So my area of expertise is mainly on the Freely Associated States, but I should say that, you know, because of the compacts that were just recently renewed, we have been able to provide assistance which helps bolster resilience against foreign influence from adversaries like China and North Korea.

Mr. HERNÁNDEZ. And given the current political climate, would you say that the commonwealths and territories financing is more secure than the Freely Associated States under USAID?

Mr. BENCOSME. So USAID used to operate in the Freely Associated States, and we did not operate in, you know, commonwealths or any territories.

Mr. HERNÁNDEZ. Correct. But given the current political climate, do you think that financing and assistance to the Freely Associated States is under threat, given what is happening at USAID?

Mr. BENCOSME. I do. And in fact, for 2 weeks people at Interior did not know if the COFA funds were at risk because of the attacks on foreign assistance.

Mr. HERNÁNDEZ. Right. Thank you.

With that I yield back the remainder, oh, I see. Let me see. One second.

One last question I do have is it has been decades since the Organic Act and the covenant have been revised. Would it be positive for the relationships and the democratic nature of these relationships for Congress to engage with the territories and commonwealths to periodically revise and enhance these arrangements, Ms. Paskal?

Ms. PASKAL. That is a decision for the people of those locations. That is definitely beyond my remit. I am Canadian. I have no say in understandings between Americans and their government.

Mr. HERNÁNDEZ. Of course. But if they wanted to, would that be a legitimate exercise of democratic self-government?

Ms. PASKAL. Any discussion like that is legitimate. I would highly recommend at the same time that there be not operations, but there be an awareness of how outside actors will launch influence operations to try to affect those outcomes, and that can be countered very easily through transparency. So if we have a better idea of who is funding what on all sides, then it will lead to, I think, more transparent discussions on this topic.

Mr. HERNÁNDEZ. Thank you.

And I yield back.

Mr. HURD. Thank you. The gentleman's time has expired. The Chair now recognizes the gentlewoman from the Commonwealth of the Northern Mariana Islands, Mrs. King-Hinds.

Mrs. King-Hinds for 5 minutes.

Mrs. KING-HINDS. I apologize for going over, Mr. Chairman.

So as I was saying, this hearing is about prosperity in the Pacific and acknowledgment that prosperity doesn't exist here. And all I have heard since coming to Congress are proposals for restrictions because of geopolitical tensions with China, restrictions that I believe will only make things worse.

And as I have said, we are all on the same team, and we must all do our part. You know, since I have been here I have been hearing a lot about birth tourism. And let's be clear, we all agree that birth tourism is a concern. But it is also very misleading to suggest that the CNMI has been lax on the issue. We are the only jurisdiction through the covenant who has taken real action, urging Congress to amend birthright citizenship for tourists coming into the CNMI. But Congress has never acted.

Under President Trump we partnered with the White House to enhance Chinese tourist screening, creating EVS-TAP, a program delayed for 4 years under the Biden administration before finally being implemented. And today I am working to strengthen oversight of foreign investments. Yet despite all of this, I haven't heard from a single national security official, not even the Department of Defense over the last 10 years, whom I have been directly engaging with has confirmed that tourism from China itself is a threat. If it is good for California, why is it not good for the commonwealth so that we can put food on the table?

The only answer that I have been getting is that the biggest risk to national security is a collapsed CNMI economy, and that is why I am here fighting to restore tourism from all markets. They can be from Mars, for all I care. That is why I am urging Secretary Rubio to mobilize embassies in Japan, South Korea, Australia, and the Philippines to secure real support for other markets. That is why I am pushing for deregulation, expanded labor access, and economic relief, not restriction, as some of the written testimonies have suggested, but actual support that doesn't cost Federal taxpayers anything.

We can't compete with the mainland for investment or tourism. We don't have oil, we don't have labor, and we face severe geographic and economic constraints. We don't want the status quo, but one-size-fits-all Federal policies leave us with no options. It is like putting baby in a corner, you know what I mean? And that is kind of the position that I am in right now as the delegate.

And so, you know, what is the proposal? Basically, I haven't really heard a proposal. I have heard proposals for restrictions. But what are proposals basically for supporting economic opportunities in the CNMI? And so this question, then, is to Ms. Paskal.

In your testimony you proposed requiring visas for tourists, including Japan and South Korea, which are two of our other primary markets.

Ms. PASKAL. I am 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 coming in, if you are Chinese coming into California, you need a visa. And as you have said, Chinese tourism in California is just fine. Why would it affect Chinese tourism to CNMI?

And just on this point of why PRC tourism is a threat, you just ask Palau. I mean, as you said, economic collapse is your biggest threat. And the PRC deliberately used tourism to try to economically collapse Palau in order to gain strategic advantage, in this case getting them to de-recognize Taiwan.

Mrs. KING-HINDS. Thank you for pointing that out, and thank you for using Palau as an illustration of these influences, right? But what creates these opportunities for influence? Is it not economic collapse? Is it not economic vulnerability?

Ms. PASKAL. Yes, which is why you can do things. I mean, there are a bunch of recommendations. I did make recommendations. For example, look at cabotage, look at a fast ferry between Guam and Rota.

Mrs. KING-HINDS. A ferry between Guam and Rota?

Ms. PASKAL. Yes, yes. I mean, there are all sorts of little tweaks that you can do that can provide sustainable sorts of development that are beyond the tourism sector that help the people of CNMI in multiple different ways.

Mrs. KING-HINDS. So has there been an economic analysis that anybody has looked at or reviewed or suggested to show that if you completely take out the tourism industry, that that hole can be filled in order to be able to support basic government services?

Ms. PASKAL. So the idea isn't to take out the tourism sector. The idea is to isolate the sector of tourism that is incredibly unreliable, that comes and goes, that uses itself for economic leverage for

political and strategic advantage. The United States could decide tomorrow that no Chinese tourist can come into the U.S. And if CNMI has built up its tourism around Chinese tourism, it is going to be incredibly vulnerable.

Cabotage would greatly increase the chances of increases in Japanese tourism, for example.

So, you know, for those who don't know this issue, in the U.S. you can't have a foreign carrier flying between two points in the U.S. So you can't have a Japanese airline that flies to Saipan and then to Guam. If a Japanese carrier could do that, that would greatly lower costs for the people of CNMI and Guam to travel in the region and take away some of that choke hold that United has, which affects all sorts of other economic growth factors, and it would increase Japanese tourism.

Mrs. KING-HINDS. And all this based on an opinion, but not based on an actual economic analysis that assesses what the real economic underlying challenges are, like remote geography.

Ms. PASKAL. It—

Mrs. KING-HINDS. And cost of transportation.

Ms. PASKAL. Yes, so CNMI isn't actually that remote if you can unlock the transportation in the region. If you can get out of that United Airlines choke hold that that has on the region, you are actually not very far away. And you have access. Guam, for example, has all sorts of access all over the region.

And you can build up other sectors like health. You know, people from the FAS need better health care, and there could be health centers and education centers in CNMI. The college in Northern Marianas could be really built up to be a comfortable place for the people from FAS to come and study and learn more about their cousins across the region.

Mr. HURD. Mrs. King-Hinds—

Mrs. KING-HINDS. I yield my time.

Mr. HURD [continuing]. Your time has expired.

Mrs. KING-HINDS. Thanks.

Mr. HURD. Thank you very much. The Chair now recognizes the gentleman from Utah, Dr. Kennedy.

Dr. Kennedy for 5 minutes.

Dr. KENNEDY. Good morning, Mr. Chair, and thank you to you and the Ranking Member for organizing this Committee and putting this oversight to allow us, as Congress, to have greater insight into threats facing the U.S. territories and the Freely Associated States.

I am really appreciative of the witnesses for bringing yourselves all the way here to this place, as well. We are grateful to have your testimony.

I am committed to working with Congress and the Trump administration to maintain military and economic security in the Indo-Pacific, and had a question for Mr. Cheng.

In 2023 a PRC-backed hacking group called Volt Typhoon hacked telecommunications systems in Guam. These hacks attacked critical infrastructure in the island, including those used by the U.S. military bases. So in our present day is the PRC still actively attempting to launch cyber attacks against the U.S.? And if so, in what ways?

Mr. CHENG. Sir, in the wake of Volt Typhoon, various cybersecurity groups in the U.S. Government have identified at least two new Chinese-sourced attacks in just simply the typhoon series Salt Typhoon, which involved Chinese penetration of various U.S. telecoms, including Verizon and AT&T, to obtain remarkably granular data on various users. It is believed that this has included the cell phones of Vice President Vance and then President-elect Trump.

We have also seen an attack labeled Flax Typhoon, Chinese cyber attacks on Taiwanese organizations. This basically is a form of living off the land where basically, rather than introducing malware, they are using already existing tools, security systems, et cetera built into programs. Those are just simply two examples simply from a particular family of Chinese hackers.

More broadly speaking, there is no evidence that I am aware of with regards to a reduction in Chinese cyber economic espionage, Chinese hacking of various organizations around the world, not just the United States, but our allies, military, economic, et cetera. There is every reason to believe that the Chinese, if anything, have redoubled their efforts as the Chinese pursue what they term intelligencization of their military and economy, which is basically promoting the ability of machines to talk to machines going beyond the previous people talking to people and organizations talking to organizations.

Dr. KENNEDY. Thank you for that very disturbing report. I am sorry to hear that. So how do the attacks, outside of what you have said about President Trump and Vice President Vance, how are these attacks affecting our citizens that live in the territories or the citizens that live in the continental United States?

Mr. CHENG. So with regards to the citizens in the territories, it basically means that military personnel, but also civilians, politicians, police officers, potentially have their personal data being accessed. That in turn, of course, opens them up to potential recruitment as human intelligence sources pressure.

Because of the comprehensive approach that I mentioned earlier to Chairman Hurd, what that also means is that, for example, in theory, Chinese companies could use this to pressure their way into access. If Chinese criminal organizations were to access this kind of information, they too would potentially be able to exploit it.

With regards to on the mainland, my understanding is that one of the things that may have been exposed through Salt Typhoon is access to wire taps, not just legal wire taps in the sense of criminal, but potentially intelligence-oriented wiretaps authorized under FISA. That would obviously expose intelligence operations, potentially sources and methods.

Dr. KENNEDY. Thank you for that answer, as well.

So we know China is constantly undermining the United States by mistreating U.S. territories, allies, and stealing American intellectual property. That is why I introduced the United States Research Protection Act. This legislation removes ambiguity in what qualifies as a malign foreign talent program, and ensures there are no loopholes in its language that could inadvertently allow adversarial nations like China to exploit American research and technology for their own benefit.

By closing these critical loopholes, the United States Research Protection Act ensures that our technological advancements remain secure and safeguarded from foreign exploitation. It also reaffirms a commitment to protecting American taxpayers by ensuring that their investments in research and development are not used to subsidize the capabilities of our strategic competitors such as the Chinese Communist Party.

And Mr. Chair, I will thank again these witnesses for coming and testifying with us, and with that I yield back. Thank you.

Mr. HURD. The gentleman yields. Thank you very much, Dr. Kennedy. I want to also thank the witnesses for their valuable testimony and my fellow members for their questions.

The members of the Committee may have some additional questions for the witnesses, and we will ask that you respond to those in writing. Under Committee Rule 3, members of the Committee must submit questions to the Committee Clerk by 5 p.m. on Monday, March 10, 2025. The hearing record will be held open for 10 business days for these responses.

If there is no further business, without objection, the Committee stands adjourned.

[Whereupon, at 11:39 a.m., the Subcommittee was adjourned.]

[ADDITIONAL MATERIALS SUBMITTED FOR THE RECORD]

Submissions for the Record by Rep. King-Hinds**Commonwealth of the Northern Mariana Islands
Office of the Governor**

March 4, 2025

Hon. Kimberlyn King-Hinds
House Natural Resources Committee
1324 Longworth House Office Building
Washington, DC 20515

Dear Congresswoman King-Hinds,

Thank you for your March 3, 2025 letter requesting the expenditure plan for the requested repurposing of the \$414 million in un used CARES Act Pandemic Unemployment Assistance (PUA) and Federal Pandemic Unemployment Compensation (FPUC) funds.

In response to your inquiry, I have attached a breakdown of critical priorities that these funds will address:

- Economic Recovery—\$231 million
- Strengthen Public Services—\$120 million
- Public Health Priorities—\$55 million
- Community Enhancement—\$8 million

This plan includes funding for economic recovery through tourism and airline support initiatives, as well as other initiatives that would promote private sector growth. I have included restoration of revenue losses for the central government and autonomous agencies to respond to the impact of a post-pandemic recovery.

As you noted, this effort may be improbable and I understand this may be a challenging request to the U.S. Congress, however the passage of such legislation will provide urgent economic assistance to the Commonwealth at a time when economic recovery is essential to our livelihood. Your support and efforts to advance this funding flexibility through the legislative process is important and appreciated.

Sincerely,

ARNOLD I. PALACIOS,
Governor

Economic Recovery \$231 million*Tourism and Airline Support*

The Marianas tourism sector welcomes visitors from around the region and the world. Not only has it brought a resurgence of the important Japan market, but has expanded to welcome visitors from Australia, New Zealand, Singapore, and the Philippines, among others. This creates greater stability against external forces and ensures the continued viability of the economy in the long term. The Marianas Visitors Authority (MVA) is the primary agency responsible for the Marianas tourism product, funding proposed will enable MVA to engage in promoting the CNMI as a tourist destination. Funding allocated to the Marianas Visitors Authority (MVA) is to provide incentives to stimulate economic recovery through the revitalization of the tourism industry, restoration of travelers' confidence in traveling to the CNMI, and increased overall destination exposure. The MVA will be able to conduct promotional and marketing activities for target tourist markets, including locally sponsored events and improved attractions. The development of tourism products for Rota and Tinian as well as major tourist attraction centers are expected.

This funding will also enable MVA to initiate new air service investor discussions, alongside the Commonwealth Economic Development Authority (CEDA) and work collaboratively to provide the necessary information, investor material, and incentives to see the successful acquisition of new routes. The total number of tourists visiting the Marianas is directly correlated with the number of seats flying to its airports. This includes start-up incentives, promotion, and investor missions.

Commonwealth Ports Authority Support

The Commonwealth Ports Authority (CPA) plays a critical role in the CNMI's economy, facilitating the importation of goods and exports. Airport operations were disrupted in 2018 due to damages of major infrastructure following the destruction of Super Typhoon Yutu. Damages include the control tower, the domestic terminal and the jetways were all detached and twisted by the force of a Category 5 storm. Yutu's destruction was catastrophic prompting the cancellations of flights from our main source of tourism markets (Korea, Hong Kong and China). Infrastructure repairs are near completion with airports in operation. However, the COVID-19 pandemic has significantly impacted CPA's revenue streams, exacerbating existing financial challenges. This funding will provide essential support to CPA, enabling the authority to maintain operations, invest in infrastructure upgrades, provide airline incentives program and promote economic growth.

Commonwealth Ports Authority Operational Support

The CPA requires operational support to ensure the continued safety and efficiency of port operations. This funding will be utilized to cover program and operational expenses, including personnel costs, maintenance, and equipment upgrades. By providing this support, we can ensure the CPA remains operational, supporting the CNMI's economic recovery and growth.

Commonwealth Economic Development Authority (CEDA)

With the environment of significant economic uncertainty in the Marianas, business investment, development, growth, and retention are goals that require concerted effort to achieve. Funding provided to CEDA will go toward developing programs that assist entrepreneurs' access to capital to ensure the success of their businesses. Affordable and low-cost financing helps to promote greater levels of small and medium-sized businesses in the Marianas as well as support business retention.

- Support Business Retention Initiatives

The CNMI's business community has been severely impacted by the COVID-19 pandemic, with many enterprises facing significant challenges to remain operational. This funding will support business retention initiatives, providing critical assistance to struggling businesses and helping to preserve jobs.

- Utility Assistance for Businesses

Many businesses in the CNMI are struggling to pay utility bills, exacerbating their financial challenges. This funding will provide utility assistance to eligible businesses, helping to alleviate financial pressures and support business continuity.

- SBDC-Payroll Protection Program

The Small Business Development Center (SBDC) plays a vital role in supporting the CNMI's small business community. This funding will support the SBDC's Payroll Protection Program, providing critical assistance to small businesses to help them retain employees and navigate the economic challenges posed by the pandemic.

Strengthen Public Services (\$120 million)

- Restore Revenue Loss to Autonomous Agencies and Central Government

The COVID-19 pandemic has resulted in significant revenue losses for autonomous agencies and the central government. This funding will help restore these revenue losses, ensuring that essential public services can be maintained.

- Restore Lost Wages from 2020 to Current for Government Workers

Due to the government's revenue loss from its tourism economy, implementation of a reduction in work hours was necessary to mitigate the revenue shortfall while maintaining government basic operations of public services. The government implemented furloughs and those who remained experienced 20% wage reductions. This funding will help restore lost wages, recognizing the critical role government workers play in delivery of essential public services.

- Extension and Maintenance of PUA Program

The Pandemic Unemployment Assistance (PUA) program has provided critical support to individuals affected by the pandemic. This funding will support the extension and maintenance of the PUA program, ensuring that vulnerable members of the community continue to receive essential support.

Public Health Priorities (\$55 million)

Funding for utilities assistance to the Commonwealth Health Corporation, the lone hospital in the Marianas. Increasing costs of fuel and rising utility rates place a significant cost burden on the hospital to maintain current operations as it serves the population of the Marianas. Funding will also be used to maximize the Medicaid program local match requirements, enabling the Commonwealth to realize full allocation of Medicaid funds awarded to the CNMI. Lastly, the Group Health and Life Insurance Program provides health insurance to over 7,000 covered lives. Funding will ensure the continuation of this program into fiscal year 2026.

Community Enhancement Program (\$8 million)

Universal Garbage Collection: Key to this effort is the reduction in littering and the curtailment of the environmental harm caused by improper disposal of solid waste by expanding the proper means for disposing of waste at the source. Through expanding access to garbage collection services and the availability of public waste collection at the beaches and parks, community areas are attractive to tourists and residents alike.

Streamline Permitting Process: Government permitting processes are disjointed, complex, and time-consuming. This disincentivizes investment and business development at the cost of government revenues and economic growth. Funding will go toward creating an efficient and streamlined system for obtaining government permits, including the centralized location and online platform for permit application and issuance.

Enforcement of Blighted Properties: provide incentives for removal of structures considered “public nuisance”.

EXPENDITURE BREAKDOWN:**Stimulate Economic Recovery—231.0***MVA Tourism Recovery Promotional Activities—85.0*

- Promotional and Marketing activities to target tourist markets
- Development and target investment into Tourism Products in Tinian and Rota
- Development of Priority Tourism Centers

Commonwealth Ports Authority Support

- Promote and Incentivize New Air Service, Maintain current flight Routes to the Marianas—26.0
- Commonwealth Ports Authority Operational support—15.0

Commonwealth Economic Development Authority

- Support Business Retention Initiatives/ Utility assistance for Businesses—25.0
- SBDC—Payroll Protection Program—80.0

Strengthen Public Services—120.0

- Restore revenue loss to autonomous agencies and central government
- Restore lost wages from 2020 to current for government workers
- Extension and Maintenance of PUA Program

Community Enhancement Program—8.0

- Enforcement and incentive program for blighted properties
- Streamline and establish unified online permitting portal for businesses
- Require Customer Service Training for Customer-facing Staff
- Establishment of a System of Universal Garbage Collection

Address public health priorities—55.0

- Utility assistance to the Commonwealth Health Corporation
- Maximize Medicaid Local Match
- Group Health Life Insurance Program

TOTAL—414.0

PREPARED STATEMENT OF GOVERNOR ARNOLD I. PALACIOS OF THE COMMONWEALTH
OF THE NORTHERN MARIANA ISLANDS

Chairman Hurd, Ranking Member Leger Fernández, I am Governor Arnold I. Palacios, and I proudly represent my constituents in Commonwealth of the Northern Mariana Islands. I appreciate the opportunity to provide written testimony concerning the oversight hearing titled “Examining the Office of Insular Affairs’ Role in Fostering Prosperity in the Pacific Territories and Addressing External Threats to Peace and Security.” I commend your timely leadership in calling for this hearing.

The Commonwealth of the Northern Mariana Islands is a biproduct of negotiations that led to a self-governing relationship in political union with United States established through our Covenant. I am committed to working with Congress, and with the Trump Administration’s Office of Insular Affairs (OIA), to realize the commitments to achieving a progressively higher standard of living as specified in the Covenant of the CNMI with the United States, and to simultaneously address threats to peace and security.

The OIA can help foster prosperity for the CNMI through working to conclude Covenant Section 902 negotiations. Despite good intentions and progress in 2024, 902 negotiations remain unfinished and long overdue. My team is ready to reach a satisfactory conclusion with representatives from the Trump Administration, that will allow for annual funding arrangements that will stimulate economic development and meet pressing needs and recognize inflationary adjustments. I remain hopeful that 902 negotiations can resume and soon conclude with the necessary results as called for in the Covenant.

The United States’ Department of Defense (DOD) is committed to significant investments in the CNMI. Tinian Island will be home to the resurrection of three North Field runways, a new Navy port facility, and the establishment of a Marine training base. As Governor, I remain steadfast in support of the Pacific Deterrence Initiative (PDI) and these important national security investments in DOD facilities on Tinian. But these investments must be met with balanced investment in our communities outside of the DOD installations so the CNMI prospers, and we can accommodate very significant increases in personnel and resulting demands on our infrastructure.

Unfortunately, the economy of the CNMI has been drastically impacted by the drawdown of tourism from visitors from the People Republic of China (PRC). Before the pandemic hit five years ago, some 7 direct flights from PRC arrived in Saipan every week. Since then, we have lost upwards of 70% of our tourism, which has put incredible strain on our local economy. The Subcommittee needs to know that there are forces in play advocating against DOD-related investments and a turnback to PRC based tourism and investments. There are strong outside interests that are actively driving anti-US sentiments through funding of non-governmental organizations and other means to sow the seeds of distrust against the United States government, calling into question the commitment to economic development, environmental stewardship, and the protection of our local identity. In addition to these anti-us forces in play, there are pressures stemming from gang related black market activities that include illicit drugs and human trafficking operations that pray on the fragile economic circumstances.

And so, it is vitally important that the Committee on Natural Resources support the Trump Administration moving to resume and conclude the 902 process as well as working to dedicate covenant fund levels to the CNMI, and to end the practice of dividing up the Covenant Fund to support other territories. I support all of our island territories getting what we deserve, but we must honor commitments and no longer “rob Peter to pay Paul.”

Currently, my government is operating under financial support that is based off levels put into place over three decades ago. It is imperative that we resume the Section 902 process as soon as possible so that we can reach an agreement and provide financial assistance under Section 701 of the Covenant that meets current needs and considers inflationary costs of providing basic services and investments that will grow our economy.

As discussed, the Department of Defense (DOD) is making very significant investments in the CNMI, and on Tinian Island in particular, to meet the demands of the Pacific Deterrence Initiative and the Indo-Pacific Command to take on a critical set of defense priorities intended to support

U.S. strategic goals in the region. The Government of the CNMI currently lacks the fiscal, workforce, and technical capacities to accommodate the influx of significant Pentagon-related investments.

As I work closely with DOD and the Office of Local Development and Community Cooperation, as Governor, I must also deliver what is owed the CNMI regarding commitments made under the Covenant. I need your support to ensure that the CNMI can progress on each side of the military fence as the DOD ramps up investments, and the CNMI once again takes on a crucial role in the defense of the U.S. as we face a growing threat from the Chinese Communist Party.

The Covenant has tools that we must utilize; unfortunately, these have underutilized over the years. The Covenant calls for a progressively higher standard of living, but in reality, per capita income has decreased by more than 30% relative to that of the U.S. mainland. If we can conclude the 902 negotiations, and identify an appropriate level of funding, I can do my part to help address shortfalls in socioeconomic development.

In addition to the 902 process, and relative funding commitments that are made under Sections 701 and 702 of the Covenant, I respectfully ask the Subcommittee to support a request being put forward for the Governmental Accountability Office (GAO) analysis and audit of cover-over payments that are authorized under Section 703(b) of the Covenant. This important provision has never been effectively utilized.

According to Section 703(b) of the Covenant, proceeds from customs duties, and federal income taxes, and from all taxes collected under the internal revenue laws of the United States on articles produced in the CNMI or transported to the U.S., or consumed in the CNMI, and the proceeds of any other taxes or fees levied by Congress on the inhabitants of the CNMI (less self-employment and FICA taxes), shall be paid into the Treasury of the CNMI to be expended to the benefit of the people of the CNMI as our government may prescribe.

I respectfully ask for your leadership in requesting through a letter to the GAO an audit of the cover over program, what has or has not been collected and covered over, and what the CNMI may be entitled to under the Covenant. Ideally, the Government of the CNMI could receive an amount owed under Section 703 (b) that I could leverage and create an infrastructure fund that will vastly improve the socioeconomic well-being of the CNMI, provide for a much better outside the fence environment for my constituents as well as for our service members, and reinvigorate our tourism sector that has been decimated by the draw down of aviation slots from the PRC. The Covenant and its oversight clearly fall under this committee's jurisdiction, and so a request for this analysis is relevant and therefore appropriate under GAO guidelines.

Finally, there is an opportunity to reverse the draw down of PRC based tourism, but to do so through flights from allied nations in the Indo-Pacific region. Congressman Moylan (R-GU) has led this effort, which would provide for an end to cabotage restrictions in between Guam and the CNMI. This would allow for low-cost carriers to better serve our islands from Japan, Taiwan, South Korea and India, and allow our tourism-based economy to flourish by welcoming citizens from allied countries and to provide our service members more efficient services amongst our Guam and the CNMI.

Thank you for your consideration today and I hope to work with the Subcommittee and the full committee's leadership to foster prosperity and security in the CNMI and the region.

