

Chinese Strategy in the Freely Associated States and American Territories in the Pacific

Implications for the United States

Addendum

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*Chinese Strategy in the Freely Associated States and American Territories in the Pacific:
Implications for the United States*

Testimony of Derek Grossman¹
The RAND Corporation²

Addendum to Testimony before the Committee on Natural Resources
Subcommittee on Indian and Insular Affairs
U.S. House of Representatives

Submitted June 5, 2023

Following the hearing on May 16, 2023, the congressional committee sought additional information and requested answers to the questions in this document. The answers were submitted for the record.

Questions from Rep. Bruce Westerman

Question 1

In your written statement, you refer to “soft cooperation” in the form of diplomatic presence and intergovernmental engagement in the region. What other forms of soft cooperation might you cite or recommend?³

¹ The opinions and conclusions expressed in this addendum are the author’s alone and should not be interpreted as representing those of the RAND Corporation or any of the sponsors of its research.

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³ All questions are presented verbatim as they were submitted to RAND.

Answer

Soft cooperation can take many forms, so long as it is not military (i.e., hard cooperation). Before we discuss the various types of soft cooperation, it is important to briefly consider what Pacific Island countries seek from the United States. First and foremost is action on climate change as many in the region believe it is an existential challenge in the coming decades. To be sure, the Biden administration’s signing of the Inflation Reduction Act (IRA) into law in 2022, which in part tackles climate change, was a significant step. However, funding and implementing the provisions within the IRA—and doing even more, especially on unilateral carbon emission caps—will be key to building trust in the Pacific Islands region. Another form of soft cooperation is assisting Pacific Island states to counter illegal, unreported, and unregulated (IUU) fishing activities and narcotics trafficking. One of the recent security agreements between the United States and Papua New Guinea addresses precisely these challenges. A third kind of soft cooperation falls into the broad category of providing humanitarian assistance and disaster relief (HA/DR) funding, equipment, personnel, and expertise. Although HA/DR includes a set of military operations, Pacific Island nations typically do not have military counterparts—only three have militaries (Fiji, Papua New Guinea, and Tonga). Hence, intergovernmental dialogues that assist Pacific Island countries in improving their disaster preparedness and cleanup operations would be welcomed, especially those that do not require military expertise. Finally, the United States could elevate the assistance it provides to strengthen government institutions and their ability to counter China’s increasingly coercive activities throughout Oceania. Pacific Island countries are overwhelmingly small and impoverished and, thus, particularly susceptible to malign influence.

Question 2

What is strategic denial, and why is it important for the U.S.? What does it mean for the U.S. and the ongoing with competition with China if we did not have strategic denial rights?

Answer

I define *strategic denial* as the ability to prevent an adversary from achieving decisive or significant victories on the battlefield. A more commonly used term for strategic denial is “deterrence by denial.” In the specific context of potential war against China over Taiwan, the Biden administration—and Trump administration before it—has made clear that deterrence by strategic denial is Washington’s core objective. In other words, the United States will seek to provide the military equipment and expertise required to enhance U.S. allies and partners’ ability to defend themselves from attack and thwart Chinese advances—or at least give them the ability to hold out until U.S. military intervention.

During my oral remarks and in my written testimony, I discussed the need for Washington to ensure renewal of the Compacts of Free Association (COFAs) with the Freely Associated States in order to maintain uninhibited U.S. military access to the region stretching from Palau to Marshall Islands, which is the size of the continental United States. With such access, the U.S. military can leverage its position in the second island chain, along with nearby U.S. territories Commonwealth of the Northern Mariana Islands (CNMI) and Guam, to forward-deploy troops

and equipment that can assist U.S. allies and partners primarily in the first island chain in the strategic denial mission.

Question from Rep. Amata Coleman Radewagen

Question

You mentioned, in your written testimony, the wisdom of subsidizing the tuna fishing and tourism industries of American Samoa and the CNMI to offset and counter China’s economic influence in the region. Can you elaborate further on these recommendations and how to further counter IUU fishing activities in the region?

Answer

As I mentioned in both my oral remarks and written testimony, Chinese deep-sea fishing fleets are increasingly fishing in the exclusive economic zones (EEZs) of sovereign states throughout Oceania, including off the coasts of American Samoa and CNMI. Beijing’s overfishing of these waters is creating tuna shortages, which at one point disrupted the operations of a major tuna cannery on American Samoa. I recommended that Washington subsidize the tuna cannery and consider speeding up deployment of U.S. Coast Guard patrol ships there to deter Chinese IUU fishing trawlers from entering the United States’ EEZ. Another possible response is for the Biden administration to postpone or terminate its planned expansion of marine life sanctuaries within the EEZ. American Samoa’s governor, Lemanu P. S. Mauga, voiced his strong opposition to the move in a recent letter to President Biden. Mauga argued that the planned expansion—which would actually be the fourth such expansion since the last under the George W. Bush administration in 2009 (and twice under the Obama administration in 2014 and 2016)—“could cripple the economy of a U.S. territory.”⁴ Taken to the extreme, the Biden administration could roll back Bush- and Obama-era expansions to reopen the approximately 50 percent of the EEZ that is currently closed to tuna fishing. Doing so would significantly raise supply in the short term, but over the longer term and particularly without the proper restrictions, this response might not solve the problem—and could even make it worse.

Regarding CNMI, to clarify, I did not say that Washington should subsidize the tourism industry. Rather, I simply observed that Chinese economic influence over the territory is strong due to the large volume of Chinese tourists who visit each year. To counter any undue level of Chinese economic influence in CNMI, Washington might consider collaborating with the territory to incentivize the growth of other private sector companies, especially those outside the tourism industry. Alternatively, Washington could limit the number of Chinese tourists entering CNMI annually or make the requirements for entry more onerous.

⁴ Fili Sagapolutele, “Gov Says Biden’s Plan to Expand PRIMNM Would ‘Cripple’ Our Economy,” *Samoa News*, April 10, 2023.

Questions from Rep. Ed Case

Question 1

During my time for questions in our hearing, I misspoke when describing the Government Accountability Office's reported fiscal impact from Compact residents on local communities. I noted that localities collectively reported \$1.8 billion in costs between 2004 and 2018 when in reality that figure in the GAO report is \$3.2 billion. If Congress were to expand the same eligibility for federal benefits to Compact migrants as are currently extended to lawful permanent residents, what uncovered costs from delivering still-uncovered services would host communities have to cover without federal aid?

Answer

This subject is outside my area of expertise, and so I will pass.

Question 2

Citizens of the Freely Associated States are eligible to join the U.S. military and frequently serve in our armed forces. What proportion of the population from the Freely Associated States joins the U.S. military compared to other U.S. communities? What are the challenges veterans in the Freely Associated States experience in accessing Department of Veterans Affairs health care and other benefits when they return home to their countries? What can be done to improve this?

Answer

This subject is outside my area of expertise, and so I will pass.

Question 3

Funding for the Compacts of Free Association is currently borne by the Department of the Interior and the Biden administration suggests moving that funding the Department of State but to keep administration of the Compacts within the Department of the Interior. Given the critical role the Compacts of Free Association to our national security and to the Department of Defense, should the Department of Defense also bear some of these costs?

Answer

I have not completed an analysis about which U.S. federal agencies are best suited to fund the Compacts of Free Association (COFAs). Regardless, I'd reiterate the importance of funding COFAs for maintaining U.S. strategic interests in the Pacific Islands.

Question 4

Last year the administration released the first-ever Strategy for Pacific Island Partnership along with a more detailed Roadmap to a 21st Century U.S. Pacific Islands Partnership. How was this and recent efforts to reengage the region seen by the Pacific Islands? What role can Congress play to help implement the Pacific Islands Partnership Strategy?

Answer

Frankly, I think the picture here is mixed. On the one hand, Pacific Island countries were very pleased that the United States was taking the time and energy to recognize their importance and their particular wants and needs. On the other hand, Pacific Island leaders generally reject picking a side or otherwise participating in intensifying U.S.-China strategic competition. Following the historic U.S.-Pacific Islands Summit at the White House in September 2022, it was clear from off-the-record statements from Pacific Islanders that they fully understood that the event was more about Washington's interests in winning its competition with Beijing than in addressing their agenda items. Unfortunately, for the United States, it is an inescapable strategic context. However, additional focus on Pacific Island countries' top agenda items—to include first and foremost climate change but also (not necessarily in this order) HA/DR, transnational crime, institutional resilience, and internal stability—would foster additional trust. As I noted in my written testimony, Congress could spur the Biden administration and future administrations to further action by passing legislation that promotes cooperation on these challenges rather than focusing on competition against China.

Question 5

The Pacific Islands Forum, a critical inter-governmental organization in the Pacific Islands region, laid out a regional vision for development of the Pacific Islands in its 2050 Strategy for the Blue Pacific Continent. How can the United States support this strategy?

Answer

As mentioned above, additional U.S. government focus on the challenges most pertinent to Pacific Island countries rather than on strategic competition with China would most effectively support the 2050 Strategy for the Blue Pacific Continent.