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Three upcoming events that could torpedo Pacific peace

By Cleo Paskal
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Three things are going on that could turbo charge Chinese strategic expansion in the Pacific.

U.S. DEFENCE ARCHITECTURE IN THE PACIFIC

The first two involve what are known as the “Compact States”. The United States has Compacts of Free Association (COFAs) with three independent countries: the Republic of Palau, the Republic of the Marshall Islands (RMI), and the Federated States of Micronesia (FSM).

Through the COFAs, the three countries have voluntarily granted the United States uniquely extensive defense and security access in their sovereign territories. In the words of the Compacts: “The Government of the United States has full authority and responsibility for security and defense matters in or relating to the Marshall Islands and the Federated States of Micronesia [and Palau].” This includes the prerogative for the United States to set up and operate U.S. military bases and a veto over other countries’ military access to the region. Also as part of the agreement, citizens from the Compact countries can live and work freely in the U.S. and they serve at very high rates in the U.S. military.

No other countries on the planet have such deep defense relationships with the United States. The Compacts extend the U.S. defensive perimeter to the waters of America’s treaty allies, the Philippines and Japan, and through them to Taiwan. This “Corridor of Freedom” (including freedom of movement) underpins American strategic planning in the Pacific. As a result, the Compact states, two of which also recognize Taiwan, are at the receiving end of a long running, well-funded, focused, and multifaceted attack by the People’s Republic of China (PRC). Beijing’s goal is to undermine these entities’ relationships with the United States, weaken their state institutions, and ultimately to create the conditions in which, as one senior Chinese official told U.S. Admiral Timothy Keating: “You take Hawaii east. We’ll take Hawaii west.”

1. COMPACT RENEWAL

The financial and services components of the Compacts need to be periodically renewed—for example those covering postal services and education programs. We are in that renewal period now. The terms have been agreed between the U.S. and the countries, but they need to be passed by the U.S. Congress.

The renewals have been collateral damage in the internal Congressional battles that have seen, for example, the failure to pass a budget and the changing of the Speaker of the House. Technically the funding and services expired for FSM and RMI on September 30th, but the current stop-gap measures will keep them afloat until February. Palau’s situation is more complicated. Palau’s current agreement runs to 2024 but it was agreed its agreement would be renewed along with the other two. However, it wasn’t included in the stop-gap deal. Unless renewed, on January 1st Palau falls into serious debt leaving a huge opening for China.

Not only is Palau a key component of the U.S. Corridor of Freedom, it also recognizes Taiwan, making it an even bigger target for China. Palau has been here before. From 2010 to 2018, due to similar

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complications with Congress, its funding was discretionary rather than mandatory, permeating its economy with uncertainty. China took full advantage.

Beijing worked to build up Palau's dependence on Chinese tourism. In 2008, there were 634 Chinese tourists in Palau, less than 1% of all tourists. By 2015, it was more than 91,000, or around 54%.

Then, in 2017, China pulled the plug, making it clear that, unless Palau switched from Taiwan to China, the tourists wouldn't come back. This devastated the economy and left empty and crumbling Chinese-leased real estate and developments across the country.

Palau, however stood firm. But it was not easy, especially after Covid added a second hit. Now a potential delay in Compact renewal could give the PRC another opening.

The U.S. goal is to get the Compacts included in the Congressional National Defense Authorization Act, which may be passed in December. But, though it is possible to get a waiver, some on the Republican House side are asking for "offsets", meaning any dollar given to the Compact states needs to be taken from somewhere else. While the budget for the three countries over 20 years is US\$7.1 billion, the offsets required are only around US\$2.3 billion.

If you average that out, it comes to under US\$40 million per country per year—or half an F-35 (and good luck finding places to land an F-35 in the region, apart from even more expensive aircraft carriers, once the PRC takes hold of the Compact states).

Expert Grant Newsham has estimated that should the Compacts fail, the cost to the U.S. of paying for the ships, aircraft, missiles, submarines and troops required to secure the 5.6 million square kilometers covered by the Compact states is around US\$100 billion. A year.

As Congresswoman Radewagen put it, the Compacts are: "One of most important tools that the United States has in supporting democracy and good governance while denying China the ability to project strategic power throughout the vast Pacific region."

Congressional dithering is putting that at risk. And the crisis point may come sooner than most think.

2. MARSHALL ISLANDS ELECTIONS

On November 20th, the Marshall Islands, a Compact state that recognizes Taiwan and hosts a critical U.S. military base (Kwajalein) is having elections. There are deep and long-standing PRC political warfare operations running to try to ensure that PRC-friendly candidates are elected. There was an indication of how serious the attempts are in the recent case of PRC-origin Cary Yan and Gina Zhou. They obtained Marshall Islands passports and then set about trying to undermine the sovereignty and integrity of the Marshall Islands. Around April 2018, an NGO controlled by Yan and Zhou hosted a conference in Hong Kong attended by, among others, members of the RMI legislature. The NGO paid for the travel, accommodations, and entertainment of the RMI officials. There they publicly launched an initiative to establish the so-called Rongelap Atoll Special Administrative Region (the "RASAR").

U.S. Immigration and Customs Enforcement described RASAR as: "a multi-year scheme that included establishing a nongovernmental organization and allegedly bribing officials in the Republic of the Marshall Islands with the intention of establishing a semi-autonomous region, akin to Hong Kong, in the U.S.-defended Marshall Islands."

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On September 2, 2022, Yan and Zhou were extradited from Thailand to the United States and charged with conspiring to violate the Foreign Corrupt Practices Act (FCPA), violating the FCPA, conspiring to commit money laundering, and committing money laundering.

Yan and Zhou each pled guilty to one count, with Yan getting 42 months and Zhou 31 months.

But the U.S. didn't give Marshallese authorities the information they needed to charge their own corrupt officials, some of whom are reportedly running in the upcoming election. And Zhou's sentence was so light that she finished serving her time soon after the case was closed, and the United States deported her back to the Marshall Islands. She is currently there, walking free, able to re-establish her linkages with local elites, and showing by her mere presence that there is little downside to taking or giving Chinese bribes.

Should pro-PRC candidates win on the 20th, not only is the relationship with Taiwan at risk but, combined with the mess of the Compact renewal, there could be a rising tide of Beijing-backed political warfare that could wash away—or at least severely erode—U.S. defense relations in the country.

3. PACIFIC GAMES

If you want to see what that can mean, look to the southern Pacific and the Solomon Islands, where, since 2019, relations with Beijing have grown so close, the two countries have signed a security agreement that allows for the deployment of People's Liberation Army troops in the country to quell civil dissent, as well as to protect Chinese citizens and major project.

On November 19th, Solomons open the Pacific Games, a regional sporting event. Largely funded by China, it has the look of "vanity trap" diplomacy for the pro-PRC Prime Minister of Solomons, Manasseh Sogavare. It is much more than that.

Sogavare has used the Games as an excuse to delay elections and to bring in large "security" support (including personnel and drones) from China. Not wanting to be left out, support-2023-pacific-games">Australia has also sent equipment and hundreds of troops/police/support personnel, as have others, giving legitimacy to Sogavare and the PRC deployment. Who exactly they will be defending the Games against is unclear.

According to opposition leader Peter Kenilorea Jr.: "We have some 1,000 police and military personnel on the ground here now. Three choppers and some serious equipment. We are a small country. Everyone knows each other. All it takes is Prime Minister Sogavare to meet with the supposedly disgruntled ex-militants from our ethnic tension years to release the pressure.

"These folks have worked for and have been led on by Sogavare for years. Many of them would know Sogavare personally. But whatever promises made to them have not been fulfilled. Sogavare is milking this. [It] could well be the justification of another extension of parliament he so desperately craves, given if elections were held today, he would lose his seat."

Both Australia and China have said some of their security forces will stay after the Games. If elections aren't held soon, will Australian and Chinese troops work together to put down a pro-democracy groundswell? Or will they fight each other on the capital island of Solomons, Guadalcanal?

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The people of the Pacific shouldn't be in this position. They are among the most courageous in fighting for sovereignty and freedom. But, across the region—aided in some cases by the domestic policy confusion of others—the Chinese Communist Party is on the march. And what happens in the next few weeks could cascade into serious reversals for democracy, and great advances for Beijing.