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Thanks,
Scott

Scott J. Cameron
Senior Advisor to the Secretary, exercising the delegated authority of the Assistant Secretary – Water and Science and exercising the delegated authority of the Assistant Secretary – Insular and International Affairs

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From: Jorgenson, Sarah (Appropriations) <Sarah_Jorgenson@appro.senate.gov>
Sent: Wednesday, February 5, 2025 1:07 AM
To: Cameron, Scott J <scott_cameron@ios.doi.gov>
Subject: [EXTERNAL] Articles

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Hi Scott! It was nice to see you today. Sending you a CRS overview document and then two articles – one focused on the U.S. territory of CNMI and another on the Federated States of Micronesia. I can send more if it's helpful – just let me know.

Thank you,

Sarah

CRS Report:
<https://crsreports.congress.gov/product/pdf/IF/IF11208>

The subtle art of influence: China's strategic engagement in the CNMI
Admin
May 22, 2024



By Glen Hunter

Saipan-- China's growing presence in the Commonwealth of the Northern Mariana Islands cannot be ignored. Using strategic capitalist methods, the Chinese Communist Party has been making calculated moves to establish a stronghold in various islands across the Pacific.

The CNMI is a prime example of this creeping influence, showing the long-term consequences when Chinese involvement goes unchecked. By offering economic incentives and forming partnerships with influential local figures, China aims to sway public opinion and influence key decision-making processes in these island communities.

China's approach is characterized by patience and a long-term vision. By investing in infrastructure, tourism, and real estate, the CCP has managed to gain a foothold in these regions. These investments often come with collaborations with local influencers who play pivotal roles in promoting Chinese projects within their communities.

Through these alliances, China seeks to gain credibility and support among residents, ultimately shaping their perceptions of China as a beneficial ally. By aligning with key local figures, China portrays itself as a benefactor, providing much-needed economic opportunities and development projects. Over time, this strategy aims to cultivate a sense of dependency and trust towards China among the local populace.

Influential community leaders, industry groups, media, business owners and politicians are instrumental in shaping public opinion favorably toward China. The CCP identifies and builds relationships with individuals holding significant positions within community groups on the islands. By supporting these individuals, China aims to co-opt entire groups into aligning with its agenda, portraying itself as a savior for the region.



China's influence extends beyond economics into the political arena. CCP-backed businesses strategically steer various industries toward reliance on Chinese resources and expertise. This gradual shift not only cements China's economic influence but also allows for subtle political manipulation. By dominating key sectors, China can suppress dissenting voices and reshape public opinion to align with its interests.

Over the past few decades, Chinese influence has permeated key industries such as garment manufacturing, real estate, hospitality and casino gaming in the CNMI. While these industries may have brought some economic prosperity, they also highlight the complex balance between benefiting from Chinese investment and maintaining geopolitical stability and the islands' integrity.

The CNMI's tourism sector had notably shifted toward reliance on Chinese visitors before the pandemic, with less focus on diversifying into other markets. This shift reflects the growing Chinese influence in shaping the tourism landscape of the CNMI.

Interestingly, groups 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. Such contrasting reactions underscore the complex interplay of geopolitical influences and economic interests that shape public sentiment and decision-making processes in the CNMI.

The recent pandemic and blatant public corruption of the last administration have allowed for a shift in CNMI's political landscape, pivoting away from China. This signifies a potential reevaluation of external alignments. This change reflects growing concerns over the long-term consequences of deep-rooted Chinese influence and underscores the importance of balancing economic benefits with political autonomy to ensure sovereignty and independence amidst foreign engagements.

We are witnessing the persistence of CCP-influenced individuals, businesses and groups today. Despite the negative impacts experienced over the past few years due to over-reliance on China, there are still calls for the current administration to allocate resources toward regaining access to the Chinese market.

Given the regional geopolitical dynamics, there is a strong possibility that access to Chinese tourism could once again cease in the near future. This is a tangible reality, not a remote possibility. Evaluating risk suggests that investing in redeveloping the China market for tourism could be a high-risk endeavor for sustainable tourism in the CNMI. It raises the question of why this concern is not more prominent among those advocating for a renewed focus on the China market for tourism.

Groups like the Saipan Chamber of Commerce and Hotel Association of the Northern Mariana Islands, when dealing with low tourism numbers, have chosen to focus on China-centric initiatives like EVS-TAP and Annex VI provision rather than addressing critical factors affecting access to other markets, reducing regional airfare prices, or pushing for cabotage waivers. This focus suggests an alignment with broader CCP strategies that prioritize regulatory frameworks favorable to Chinese tourism over diversified approaches that might reduce dependency on any single market.

The CNMI must adopt a proactive approach to decision-making. While economic incentives from China can bring immediate benefits, it's crucial to assess long-term implications on political autonomy and regional stability. This reliance raises concerns about the sustainability and resilience of the CNMI's tourism industry amidst geopolitical shifts or economic fluctuations. Strategic planning and careful consideration of external partnerships are essential to safeguarding national interests.

Given this backdrop, federal intervention is crucial to counteract any push toward reestablishing overly dependent ties with China. Funding opportunities should be directed toward diversifying economic partnerships and bolstering industries that can thrive independently of Chinese investment. Policy adjustments are necessary to encourage local businesses to explore alternative markets and reduce reliance on a single foreign investment partner.

Additionally, resources must be allocated towards strengthening political autonomy and ensuring local governance is free from undue foreign influence. This includes supporting transparency initiatives and anti-corruption measures that can prevent foreign entities from co-opting local leaders.

Economic security is fundamental for establishing national security in this region. Without stable economic foundations free from over-reliance on any one nation, political autonomy and regional stability cannot be assured.

Ensuring CNMI's economic stability through diversified investments and robust policy frameworks is essential for safeguarding national sovereignty. China's engagement in the CNMI showcases a sophisticated blend of economic and political tactics aimed at establishing influence.

By leveraging economic incentives and collaborating with local influencers, China seeks to reshape public opinion and align local interests with its own. The case study of CNMI exemplifies the complexities involved in balancing economic prosperity with geopolitical stability.

As Pacific island nations continue to engage with external powers, maintaining a balance between economic benefits and political autonomy will be crucial to preserving sovereignty and independence.

The federal government's role in providing funding opportunities, policy adjustments, and resources is vital to counteract China's influence and ensure long-term stability for regions like ours here in the CNMI. Furthermore, the federal government must fully support our current Administration, that is publicly pivoting away from China, thereby reinforcing our commitment to diversified economic growth and national security.

<https://www.pacificislandtimes.com/post/the-subtle-art-of-influence-china-s-strategic-engagement-in-the-cnmi>

China builds roads, provisions its ships – in US ally Micronesia
Beijing calls attention to its Micronesia projects with ubiquitous China Aid signs but rejects scrutiny.
By Stephen Wright for BenarNews and Zhuang Jing for RFA Mandarin
2023.09.28

Pohnpei, Federated States of Micronesia



A woman and girl play at a multisports venue constructed by China in 2018 and known as the Kolonia-China Friendship Center in Kolonia, the largest town on Pohnpei island in the Federated States of Micronesia, Aug. 25, 2023. (Credit: Stephen Wright/BenarNews)
George, who said he arrived on this lush island in Micronesia six months ago, lives with two other Chinese men and fierce guard dogs at an isolated site in the jungle that was used to make asphalt for a Chinese-funded road upgrade.
He wouldn't give his complete name when reporters from BenarNews and affiliate news organization Radio Free Asia visited the huddle of grimy prefab buildings.
He imitated gripping a steering wheel when he said his job was truck driver for the road project that was carried out by China Railway 14th Bureau Group – part of state-owned China Railway Construction Corp.

It's unlikely he's had much driving to do. The road paving work on the island of Pohnpei was completed in the second half of 2021, and plants were growing from the construction vehicles parked at the site. Another Chinese man, purportedly George's boss, said they were at the jungle camp for the two-year warranty period for the eight-kilometer (five-mile) road project. He answered questions about the project, on the condition he wasn't named.



A truck and backhoe are seen at a jungle site where employees of state-owned China Railway Construction Corp. apparently live after completing a road paving project in 2021 on Pohnpei island in the Federated States of Micronesia, Aug. 20, 2023.[Stephen Wright/BenarNews]
The road is one of the many Chinese projects on Pohnpei and other islands in Micronesia, a nation of some 100,000 people located between the Philippines and Hawaii that has decades-long ties with the United States.

From swivel chairs donated to the country's congress to a college gymnasium as well as state government buildings and pest control for coconut trees, China's development assistance has, over at least two decades, made its way into every corner of the country.

'We need to be very, very astute and careful'

Micronesia and its neighbors Palau and the Marshall Islands comprise hundreds of islands spread over a vast expanse of ocean in the western Pacific. They have among the world's largest exclusive economic zones and militarily strategic seas near East Asia, a region of potential flashpoints in China-U.S. competition.

All three delegate their defense to the United States and over the next two decades could receive more than US\$7 billion of financial and economic assistance from Washington under so-called compacts of free association, subject to Congressional approval. Tens of thousands of Micronesian citizens live in Guam, Hawaii and other parts of the United States, and many serve in its military.

Of the three nations, only Micronesia recognizes China. Palau and Marshall Islands have diplomatic relations with Taiwan.

"Anyone can assume China will be doing their best to achieve more influence in the Pacific region. There's no question about that," said David Panuelo, Micronesia's president from 2019 until earlier this year.



David Panuelo, former president of the Federated States of Micronesia, who was critical of China's attempts to gain influence in the North Pacific country, makes a point during an interview in Pohnpei, Aug. 22, 2023. [Stephen Wright/BenarNews]
Even China critics such as Panuelo say economic and technical assistance from the world's second-largest economy is welcome. But he also warns against allowing the relationship with the authoritarian Communist Party-ruled state to include security.

Before his term ended earlier this year, Panuelo drew international attention to what he said was [Beijing's aggressive campaign](#) to undermine his government and its alliance with the U.S. using tactics that included intimidation and bribes.

He advocated switching diplomatic recognition to Taiwan and rejected China's choice of ambassador, Wu Wei, citing his security background.

A common development vision encompassing security that China failed to persuade Pacific island nations to sign in 2022 was an indication of its ambitions in the Pacific, according to Panuelo.

"Pacific island nations, the way we deal with foreign nations, we need to be very, very astute and careful about what we accept about the future of our countries," he said.

One of the early acts of the administration of Wesley Simina, Panuelo's successor, was to accept Wu's appointment as ambassador.

Micronesia's foreign ministry declined interview requests from BenarNews and Radio Free Asia. An adviser to Simina did not respond to a request for an interview.

China's embassy did not respond to emailed questions about development projects in Micronesia.

A Pohnpei state senator, who did not want to be named, said he was unhappy with the lack of transparency of Chinese projects in the state and suspicious of some activities, but his questions had gone unanswered.

He said men from China Railway Construction Corp. had recently visited the state capital and asked to stay longer at their jungle camp while they wait for a new project in Micronesia's Yap state.

Off limits

No one in Pohnpei's main town, Kolonia, answered the door at a large building widely understood to be used by China's diplomats. The rented building is not China's embassy and had no official markings, but usually had several vehicles with diplomatic plates parked on its grounds.

China's longest running aid project in Pohnpei, a pilot farm started in 1998, also was off limits to reporters.

"Your request is noted and declined," said Xiongping Liu, a contact person for the farm, in response to a request to visit.

Some of the farm's produce has been used to supply food for Chinese research ships, according to the farm's own informational materials reviewed by BenarNews.

"The produce has been transferred to [Pohnpei state government] Agriculture Division for sale which has met part of the demand of the local market and also provided fresh vegetable supplies for Chinese scientific research ships," the materials said.

In the region and elsewhere, China's research fleet has caused concern for its unexplained visits to countries' exclusive economic zones.

Micronesia's neighbor Palau has reported five such incidents since 2018, the latest in August. In May, a Chinese research vessel [loitered](#) over Palau's fiber-optic cable, according to the island nation's government.

To better police its waters, Palau signed an agreement with Washington last month that will allow the U.S. Coast Guard to board ships without a Palauan officer present.

"It's very scary," said the same Pohnpei state senator who asked not to be named, about what he believes is the Chinese Embassy's influence with a minority of members of the state legislature.

Fears for democracy

He said he has fears for democracy in Micronesia but did not want to be named because criticism of China's aid projects could be used against him during campaigning for elections.

A large part of the Chinese aid work in Micronesia predates the Belt and Road Initiative – China's sprawling, decade-old plan to dot the globe with ports, roads, railways and other infrastructure that could further its trade, economic and security interests.

Pacific island nations were a late addition to the Belt and Road vision, analysts said, but the initiative is now the principal way in which Beijing organizes its relations with states in the region.

"What it does provide Pacific states is a way to finance infrastructure," said Henryk Szadziwski, a University of Hawaii researcher.

"There is a vast shortfall and a great need for upgrading infrastructure across the Pacific. It did fit that missing piece of the jigsaw for a lot of Pacific states."

China's state media, meanwhile, has sought to enlist Pacific islands media in its Belt and Road News Network, which was established to publish positive stories about Chinese infrastructure projects.

People's Daily's chief correspondent for Australia, Xiaowei Chen, has been involved in that effort in coordination with Chinese diplomats, information reviewed by BenarNews shows.

Chinese state companies also frequently secure infrastructure contracts in the region that are funded by lenders such as the Asian Development Bank and World Bank, said researcher Peter Connolly, potentially giving the impression these projects also are China's.



Vegetation covers a section of road that was paved in 2021 by a Chinese state company, in the Madolenihmw municipality on Pohnpei island in Federated States of Micronesia, Aug. 20, 2023. [Stephen Wright/BenarNews]

China's activity in Micronesia appears particularly extensive but it's not without its limitations, a pattern repeated throughout the Pacific.

For Papua New Guinea, the most populous Pacific island nation, there's only been slow progress after Chinese President Xi Jinping's 2018 promise to turbocharge road building with billions of dollars.

In Suva, a Chinese real-estate company's project to build Fiji's tallest building, WG Friendship Plaza, has had construction halted because of safety and legal controversies and remains unfinished after nearly a decade.

In Pohnpei, the road, which the project manager said employed about 50 local workers and should last 15 to 20 years, has already shrunk in places to narrower than a single lane by the encroaching jungle.

Pohnpei's state government building, completed by China in 2010 and easily the largest building in charmingly ramshackle Kolonia, has become known for its use of materials unsuited to the climate and a long broken-down elevator.

Next to China's Embassy on a mountain that's also home to the federal capital, Palikir, abandoned weather-beaten hulks of buildings are what remain of an unsuccessful tourism venture between Chinese interests and a local municipality.



A view of the Pohnpei state government building's deteriorating roof, which was constructed by China and completed in 2010, in Kolonia, the main settlement on Pohnpei island in the Federated States of Micronesia, Aug. 25, 2023. [Stephen Wright/BenarNews]

Prime Minister Manasseh Sogavare has used the China-U.S. rivalry to secure more development for his country, which like other Pacific island nations grapples with lack of jobs, infrastructure and healthcare. China has bankrolled more than half the cost for the Solomon Islands capital Honiara to host the 24-nation Pacific Games in November by building the main stadium and other facilities. The event also has brought activity from other donor nations to build sports facilities and upgrade the international airport and roads.

"Solomon Islands has benefited so much from the People's Republic of China. It just started its partnership with Solomon Islands only three years now, but I can see a lot of developments are happening, especially in Honiara," said Margret Tusia, a resident of the capital.

"What I really want to see is development going down to our provincial governments as well, because I believe that is where real development should be," she said.



Li Ming (fifth from left), China's then-ambassador to the Solomon Islands, and Solomon Islands Prime Minister Manasseh Sogavare (sixth from right) gesture at the handover ceremony for the 2023 Pacific Games main stadium in Honiara, Solomon Islands, Aug. 18, 2023. [Gina Maka'a/BenarNews]

Micronesia and Palau's agreement earlier this year to increased financial assistance from the United States under their compact of free association doesn't mean China's influence campaign is failing, said John T. Hennessey-Niland, U.S. ambassador to Palau from 2020 to late 2022.

"I don't think it's a zero-sum game," he said. "There's room for cooperation. Obviously there's also competition, and unfortunately in places like the South China Sea and the Pacific, there's potential for confrontation."

Part of the U.S. response to rivalry with China has been to boost its number of embassies in the region and revamp its aid efforts. It has opened embassies in the Solomon Islands and Tonga this year and also plans a mission in Vanuatu.

"We are stepping up in the face of competition and real challenges from the PRC. But the U.S. has to be very careful about over-promising and under delivering," said Hennessey-Niland.

"There's only a couple of people actually in these new embassies, that, simply to be honest, is not enough."

