

Alexander B. Gray

“Preserving U.S. Interests in the Indo-Pacific: Examining How U.S. Engagement Helps Deter Chinese Influence”

Subcommittee on Indian and Insular Affairs

Committee on Natural Resources, U.S. House of Representatives

May 16, 2023

Chairwoman Hageman and Ranking Member Fernandez, thank you for the opportunity to appear before the Subcommittee today to address an issue of the utmost importance to the sovereignty of the United States and the integrity of our Pacific territories and insular areas: countering the malign influence of the People’s Republic of China (PRC).

As the first-ever Director for Oceania and Indo-Pacific Security at the National Security Council (NSC) from 2018 to 2019, I witnessed firsthand the PRC’s growing influence across the Pacific Islands, including in U.S. territories and insular areas. While PRC ambitions have received considerable media coverage and high-level official attention in places like Solomon Islands and Papua New Guinea, there has been an alarming dearth of focus on Beijing’s efforts to penetrate, influence, and subvert territories for which the United States Government is directly responsible.

While the United States has an extraordinary strategic interest in ensuring the integrity of the Freely Associated States (FAS) of the Republic of the Marshall Islands, the Republic of Palau, and the Federated States of Micronesia, I will not cover this matter extensively in my testimony today. It is imperative that the U.S. swiftly conclude extensions to the Compacts of Free Association with the FAS, and it is well-documented that the PRC is actively seeking to subvert the sovereignty of the FAS, weaken U.S. strategic interests in the FAS, and project malign influence for the purpose of strengthening Beijing’s strategic-military objectives relative to the United States in the Micronesian Region. Renewing the Compacts forthwith is a matter of the utmost military, political, and economic urgency for the United States.

Instead, I will primarily focus my remarks on the increasingly pernicious challenge posed by the PRC in U.S. territories and insular areas. In addition to the obligation the U.S. Government has to preserve the integrity of these areas, they are strategically significant as the U.S. embarks on a prolonged competition with the PRC. The territories of Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands (CNMI) are located in vital Pacific sea lanes, host critical military infrastructure and assets, and are integral parts of the Indo-Pacific economy. Additionally, the U.S. administers nine Pacific possessions: Baker Island, Howland Island, Jarvis Island, Johnston Atoll, Kingman Reef, Midway Atoll, Palmyra Atoll, and Wake Island. These possessions also contain important strategic infrastructure, occupy critical Pacific geography, and will likely play important roles in the evolving U.S.-PRC competition.

Approximately 265,000 Americans live in the three Pacific territories as citizens or nationals. The Pacific territories and possessions have over 1 million miles of Exclusive Economic Zone (EEZs); the Pacific possessions alone have over 750,000 miles. Since the beginning of America’s acquisition of considerable Pacific territory in the 19<sup>th</sup> century, the strategic imperative outlined in the 1820s by President John Quincy Adams has remained

immutable: the “furnishing of commerce and fishery extending to the islands of the Pacific... still require that the protecting power of the Union should be displayed under its flag.” American strategic interests in the Indo-Pacific, and particularly East Asia, require an extended presence across the great swathe of the Pacific to project power, protect commerce, and ensure the interests of the United States in the region and beyond. The growing Sino-American rivalry has only heightened this imperative.

Guam, only about 1,500 miles from Japan, is home to roughly 7,000 U.S. military personnel, including a U.S. Navy attack submarine squadron and ship repair facility, a major U.S. Air Force base, multiple U.S. Coast Guard cutters, and, over the next decade, 5,000 relocated Marines from Okinawa. Tinian, in the CNMI, will serve as an alternate airfield for U.S. military aircraft.

American Samoa, about 2,000 miles north of New Zealand in the Polynesian island group of the South Pacific, is the focus of a feasibility study on whether to base Coast Guard Fast Response Cutters there to uphold regional security and assist local partners in countering China’s malign activity. It has tremendous latent capacity for the projection of U.S. power in the South Pacific at a time of increased PRC interest in that subregion.

The United States’ Pacific possessions (grouped collectively as the Minor Outlying Islands) are strategically vital. Located in the North Pacific along the same critical sea lanes between the U.S. West Coast and East Asia that had originally prompted their acquisition in the nineteenth century, these small islands provide sovereign American territory in the vast expanse of the Pacific.

For example, situated between Hawaii and Guam, Wake Island is undergoing an \$87 million upgrade by the U.S. Air Force to better support flight operations. Both Midway Atoll and Johnston Atoll previously housed U.S. military installations and could be reactivated to provide additional U.S. power projection across the North Pacific, particularly as the PRC seeks to put U.S. facilities like Guam under missile threat. The flexibility offered by these possessions is an exceptional strategic opportunity for the U.S. in the Pacific.

These strategic realities have made the U.S. territories and possessions in the Pacific a prime target for PRC malign influence. As others have noted, this influence can come in many forms: propaganda, traditional espionage, influence operations targeted at both elites and general public opinion, and more. The U.S. Pacific territories have witnessed the full spectrum of PRC operations but, given their anomalous status within the U.S. Government and quirks in U.S. Executive Branch organization, have failed to receive the attention and resources needed to appropriately address Beijing’s predations.

Some of these PRC efforts have been unique to the Pacific territories. The CNMI, for instance, has been inundated by the “birth tourism” phenomenon emanating from the PRC and encouraged by a parole visa program initiated under the Obama administration. Birth tourism has overwhelmed the CNMI’s medical capacity, and, in recent years, foreign births have exceeded native ones there. At the same time, four of China’s largest construction firms and a major casino operator were found by U.S. authorities to be persistently paying local workers below the minimum wage. Local CNMI officials have repeatedly raised concerns about pernicious PRC

practices that destabilize the local economy and place undue pressure on CNMI's social cohesion.

Across U.S. territories and possessions in the Pacific, China's malign activity is damaging local economies and the regional ecology. Persistent and pervasive illegal, unreported, and unregulated (IUU) fishing by PRC vessels has been common in American Samoa, Guam, the CNMI, and as far east as Hawaii. Overfishing and depleted stocks have roiled territorial economies, with a tuna cannery on American Samoa, one of the island's largest employers, even temporarily suspending operations due to lack of fish.

The PRC also regularly intrudes into EEZs across the region, including with hydrographic survey ships and even with auxiliary general intelligence vessels (AGIs), which have entered EEZs as far as Hawaii or northern Australia. Such unfettered activity by PRC vessels can provide critical information to counter U.S. Navy submarine activity, compromise undersea cables, and establish underwater surveillance systems. Without a regular air or sea presence across this vast region, the U.S.'s ability to ensure the integrity of its territories' EEZs is in question.

Washington must begin the process of prioritizing the defense of U.S. Pacific territories and possessions from PRC predation while also reorganizing itself to address these challenges in a systematic manner. First, the U.S. Government must treat the above mentioned PRC misbehavior with the same seriousness with which it would similar attacks on a U.S. state. The Americans who reside in our Pacific territories and possessions deserve nothing less.

To increase the responsiveness of the senior-levels of the U.S. Government to the threats facing the Pacific territories and possessions, it is time to establish a National Security Council-led interagency policy process (chaired at the assistant secretary-level by an appropriate NSC official) to respond to threats to U.S. territories and possessions and integrate this response into the larger National Security Strategy, especially with regards to PRC competition. Such a process would have appropriate representation from relevant agencies, including but not limited to the Departments of the Interior, State, Defense, and Homeland Security.

Additionally, the NSC should create a cross-functional Director-level position focused on the U.S. territories and possessions who can provide staff support to the aforementioned policy process. This official would provide needed accountability for elevating awareness of the needs of the territories and possessions within the policy process, and ensure that other U.S. Government policy processes are reflecting the realities facing the territories and possessions.

The U.S. Coast Guard is the entity most capable of enforcing U.S. sovereignty and safeguarding vital interests across the Pacific territories and possessions. Whether it is enforcing EEZs in the Minor Outlying Islands, preventing IUU fishing across the Pacific, or countering narcotics and human trafficking, the Coast Guard is an essential tool in blunting Beijing's assault on U.S. territories. A substantially increased Coast Guard presence in American Samoa, Guam, and CNMI will be needed in the years ahead. While it continues to be under-resourced relative to the scale of its missions, creative thinking in Washington should be applied to allocate existing resources in pursuit of what should be a strategic imperative: the defense of the Pacific territories and possessions.

Additional bureaucratic fixes can be made to strengthen the hand of the U.S. Government in countering PRC malign activity in our territories and possessions. For instance, the Federal Bureau of Investigation (FBI) manages its Pacific operations from Honolulu. Given the scale of PRC operations in the Western Pacific, an additional 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 PRC's economic assault in territories like CNMI and American Samoa deserves special attention. While there has been increased awareness of Beijing's strategies of economic aggression broadly, their effectiveness and the unique vulnerabilities of U.S. Pacific territories to those strategies has received insufficient attention. As part of the previously proposed NSC-led policy process, the 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. These projects not only pose threats to social cohesion and economic well-being but also pose potential strategic challenges. Simply because our territories are far from Washington does not mean the U.S. Government can fail to apply a vigorous lens to potential threats.

U.S. territories and possessions in the Pacific are vital parts of the United States and will be instrumental in our conduct of long-term competition with the PRC. In addition to the strategic rationale, we owe it to the Americans who call these islands home to structure the U.S. Government appropriately, and apply the appropriate attention and focus, to safeguarding them from malign interference and influence. The bureaucratic fixes outlined above offer a beginning baseline for that process as the U.S. continues to reconfigure for the era of Great Power competition.

Again, I thank the Chair and Ranking Member for the opportunity to appear before you today and I look forward to your questions.