

**USHERING IN CHANGE: A NEW ERA FOR U.S.
REGIONAL POLICY IN THE PACIFIC**

HEARING

BEFORE THE

SUBCOMMITTEE ON ASIA, THE PACIFIC AND
THE GLOBAL ENVIRONMENT

OF THE

COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

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USHERING IN CHANGE: A NEW ERA FOR U.S. REGIONAL POLICY IN THE PACIFIC

WEDNESDAY, JULY 29, 2009

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ASIA, THE PACIFIC
AND THE GLOBAL ENVIRONMENT,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:23 p.m. in room 2172, Rayburn House Office Building, the Honorable Eni F. H. Faleomavaega, (chairman of the subcommittee) presiding.

Mr. FALEOMAVAEGA. The subcommittee hearing will come to order. This is a hearing on the House Foreign Affairs Subcommittee on Asia, the Pacific and the Global Environment.

First of all, I want to offer my sincere apologies for being a little late this afternoon. We are delighted to have a briefing from our distinguished members of the diplomatic corps who will be testifying at our hearing this afternoon. I first want to say that this is a follow-up to a hearing we held last year regarding the subcommittee's concerns over how our country's foreign policies relate to the interests and needs of the island nations that make up the Pacific region.

I would like at this time to proceed by reading my opening statement, and without objection, my distinguished members and ranking member, as well as our witnesses this afternoon, all your statements will be made part of the record, and any other related materials that you wish to submit will also be made part of the record.

The topic for discussion in our hearing this afternoon is "Ushering in Change: A New Era for the U.S. Regional Policy in the Pacific Region."

We need a coherent regional policy toward the Pacific. Our overreliance on Australia and New Zealand is proving increasingly counterproductive to our interests, especially as resentment toward Canberra and Wellington has grown over the years. Moreover, given that China and Iran are actively engaged in the region, the United States can no longer afford to abdicate its responsibilities, nor should we, since the region encompasses sea lanes at the heart of transpacific trade and exclusive economic zones containing vast resources. Most Pacific nations also have democratically-elected governments, they cast 12 votes in the U.N. General Assembly and they are among our strongest allies.

In my personal view, American policy toward the Pacific region must begin with more proactive, direct and sustained engagement of the countries in the region. We need to make clear that the

United States considers the Pacific Island nations important enough that we will chart our own course rather than out-source our policymaking to Australia and New Zealand.

Toward that end, the administration should increase USAID's presence in the region. In 1994, USAID closed its facilities in the Pacific—citing budget constraints and shifting strategic priorities. However, at the time, the United States was only spending \$12 million annually on the Pacific Island countries. Given an anticipated increase in U.S. resources for the conduct of our foreign policy, I am hopeful that funds will be committed to re-establish a USAID presence among the Pacific Island nations.

A relatively small amount of funds would go a long way toward signaling American intentions to re-engage the region. Such a commitment would also allow the implementation of country-level and regional projects that meet U.S. developmental goals of fostering sustainable economic growth, strengthening democratic institutions and addressing the challenges of climate change.

In terms of providing other resources to the region, I believe we should increase the presence of Peace Corps volunteers, offer more Fulbright Scholarships and increase funding for the U.S. South Pacific Scholarship Program currently conducted under the auspices of the East-West Center. In addition, the administration should actively engage the International Monetary Fund, the World Bank and the Asian Development Bank to enhance their programs, which address the serious needs of the Pacific region.

Beyond committing greater resources, the United States should demonstrate its interest in the Pacific Island nations through the direct involvement of senior-level officials on important occasions. I would encourage an early visit to the Pacific Island nations by the next Assistant Secretary for East Asian and Pacific Affairs. I would also hope that in the next Pacific Island Conference of Leaders summit (PICL), which will include the United States, that perhaps Washington will commit to high-level participation by, and recognition from, the Obama administration.

The PICL is composed of heads of state and governments from the region, and meets only once every 3 years. The last meeting of the Pacific leaders was largely ignored by the Bush administration. A 10-minute speech by Secretary of State Rice was the extent of that administration's senior-level involvement.

Moreover, the State Department should consider increasing the number of participants in its international visitors leadership program and other exchanges that permit leaders of the Pacific Island nations to interact with their American counterparts. In particular, I would urge a focus on exchanges demonstrating the depth of the administration's commitment to dealing with climate change.

The Pacific Island nations are among those most vulnerable to sea level rise, coral depletion and the severe weather patterns that are occurring as a result of climate change. Indeed, as an example, the island state of Tuvalu, with only nine atolls a few feet above sea level may soon disappear, necessitating the relocation of its entire population. The same fate awaits many other low-lying atolls, not only in the Pacific region, but other regions of the world.

Complementing environmental efforts aimed at addressing the problems associated with climate change, I believe that the admin-

istration should increase support for the study of marine biology and other marine sciences in partnership with the Pacific Island nations. Further, the administration should take steps to submit the Pacific Regional Environment Programme and associated protocols for ratification.

I would also like to work with the administration to promote trade and investment in the region. The United States provided ample assistance to post-war Germany and Japan, and we have invested billions of dollars to rebuild Iraq. Yet the United States seems unable to clean up the nuclear mess that we created in the Marshall Islands or to make a concerted effort at working with Pacific Island and American business interests to diversify the region's economy. Under the Obama administration, I hope this will change.

Just as there was an initiative known as the Caribbean Basin Initiative, I hope that the principles and the policies outlined by that trade agreement with our Caribbean countries should also be looked at very seriously for the Pacific Island nations as a model.

Finally, I am hopeful that the Obama administration will reassess the U.S. position on signing the South Pacific Nuclear Weapons Free Zone Treaty, known as the Treaty of Rarotonga, an issue of longstanding importance to the leaders and people of the region.

Now I would like to recognize the ranking member of our subcommittee, my good friend, the gentleman from Illinois, Mr. Manzullo, for his opening statement.

[The prepared statement of Mr. Faleomavaega follows:]

**COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515**

**STATEMENT OF
THE HONORABLE ENI F.H. FALEOMAVAEGA
CHAIRMAN**

**before the
SUBCOMMITTEE ON ASIA, THE PACIFIC, AND THE
GLOBAL ENVIRONMENT**

“Ushering in Change: A New Era for U.S. Regional Policy in the Pacific”

July 29, 2009

We need a coherent regional policy toward the Pacific. Our over-reliance on Australia and New Zealand is providing increasingly counterproductive to our interests, especially as resentment toward Canberra and Wellington has grown over the years. Moreover, given that China and Iran are actively engaged in the region, the United States can no longer afford to abdicate its responsibilities, nor should we, considering that the region encompasses sea lanes at the heart of trans-Pacific trade and exclusive economic zones containing vast resources. Most Pacific Island nations also have democratically-elected governments, cast twelve votes in the UN General Assembly, and are among our strongest allies.

In my view, American policy toward the Pacific Island region must begin with more active, direct and sustained engagement with the countries of the region. We need to make clear that the United States considers the Pacific Island nations important enough that we will chart our own course rather than outsource policymaking to Australia and New Zealand.

Toward that end, the Administration should increase USAID’s presence in the region. In 1994, USAID closed its facilities in the South Pacific, citing budget constraints and shifting strategic priorities. However, at the time, the United States was only spending \$12 million annually in the Pacific Island countries. Given an anticipated increase in U.S. resources for the conduct of our foreign policy, I am hopeful that funds will be committed to reestablish USAID presence in the Pacific Island nations.

A relatively small commitment of funds would go a long way toward signaling American intentions to reengage the region. Such a commitment would also allow the implementation of country-level and regional projects that meet U.S. developmental

goals of fostering sustainable economic growth, strengthening democratic institutions, and addressing the challenges of climate change.

In terms of providing other resources to the region, I believe we should increase the presence of Peace Corps volunteers, offer more Fulbright scholarships and increase funding for the U.S.-South Pacific Scholarship Program run under the auspices of the East West Center. In addition, the Administration should actively encourage the International Monetary Fund, the World Bank and the Asian Development Bank to enhance their programs in the region.

Beyond committing greater resources, the United States should demonstrate its interest in Pacific Island nations through the direct involvement of senior-level officials on important occasions. I would encourage an early visit to the Pacific Island nations by the next Assistant Secretary of State for East Asian and Pacific Affairs. I would also hope that in the next Pacific Islands Conference of Leaders summit (PICL), which will include the United States, Washington will commit to high-level participation by and recognition from the region and meets only once every three years. At the last meeting, the Pacific leaders were largely ignored by the Bush Administration – a ten-minute speech by Secretary Rice was the extent of that Administration’s senior-level involvement.

Moreover, the State Department should consider increasing the number of participants in its International Visitor Leadership Program and other exchanges that permit leaders of the Pacific Island nations to interact with their American counterparts. In particular, I would urge a focus on exchanges demonstrating the depth of the Administration’s commitment to dealing with global warming. The Pacific Island nations are among those most vulnerable to sea-level rise, coral depletion and the severe weather patterns that are occurring as a result of climate change. Indeed, Tuvalu, with only nine atolls a few feet above sea level, may soon be submerged, necessitating the relocation of its entire population. The same fate awaits many other low-lying atolls across the region.

Complementing environmental efforts aimed at addressing the problems associated with global warming, I believe the Administration should increase support for the study of marine biology and other marine sciences, in partnership with the Pacific Island nations. Further, the Administration should take steps to submit the South Pacific Regional Environment Programme Agreement (SPREP) and associated protocols to the Senate for ratification.

I would also like to work with the Administration to promote trade and investment in the region. The United States provided ample assistance to post-war Germany and Japan, and we have invested billions to rebuild Iraq. Yet, the United States seems unable to clean up its nuclear mess in the Pacific, or make a concerted effort at working with Pacific Island and American business interests to diversify the region’s economy. Under the Obama Administration, I hope this will change.

Finally, I am hopeful that the Obama Administration will reassess the U.S. position on signing the South Pacific Nuclear Weapons Free Zone Treaty (Treaty of Rarotonga), an issue of longstanding importance to the leaders and people of the region.

Now, I recognize our Ranking Member for any statement he may have, and I especially welcome Ambassador Marlene Moses, Chair of the Pacific Small Island Developing States (SIDS) and Permanent Representative of the Republic of Nauru to the United Nations. Her testimony before the Subcommittee is historic.

Mr. MANZULLO. Thank you, Chairman. I appreciate your calling this hearing regarding America's policy toward the Pacific Island nations. This is a part of the world that the United States has overlooked more often than not, much to our own detriment, especially since the People's Republic of China is actively investing lots of resources into cultivating strong relations there.

Aside from grants provided under the Compacts of Free Association and the Millennium Challenge Account funding for Vanuatu, America's direct assistance to the Pacific is low. U.S. policy in this part of the world must refocus to the challenges of the twenty-first century and not be a relic of the past.

I continue to be concerned about the situation in Fiji, particularly after the regime abrogated the nation's Constitution in April of this year. This action, taken in response to a ruling against the military regime's ouster of a democratically-elected government by the nation's Court of Appeals is extremely worrisome, and it illustrates the dire consequences of a military rule.

Not surprisingly, the regime arrested a group of Methodist Church leaders, and one of Fiji's most prominent chiefs only 2 weeks ago for planning to hold a church annual conference. Thus, I urge the administration to do more to pressure the regime to hold free and fair elections as soon as possible.

Maintaining a strong relationship with Australia must remain a key priority for the United States. Australia is one of America's closest friends and knows the Pacific region obviously better than we do. A strong partnership with Australia is vital to our national security. I supported the Free Trade Agreement with Australia in the 108th Congress, and I am happy that this partnership has turned out to be a significant benefit for both countries.

United States exports to Australia have soared since the agreement came into force, rising from \$15.5 billion in 2005 to \$22.2 billion in 2008. Exports from Illinois to Australia have also risen, going from \$36.1 million to \$53.7 million. In fact, the number one exported good from Illinois to Australia is a large off-highway dump truck. Amazingly we have a trade surplus with Australia.

My question for our distinguished witness is simple. With regard to China's increased presence in the Pacific, how has Australia's relationship with China changed, particularly in light of recent trade tensions? Have the collapse of global commodity prices, and the arrest of Rio Tinto mining employees by China ruin the honeymoon between Beijing and Canberra?

New Zealand is another bright spot for America's relations in the Pacific, particularly in the past few years. I understand the New Zealand Government has expressed a strong interest in negotiating some form of trade agreement between our two countries. If this is correct, I would like to hear the administration's position regarding the proposal. I am also curious as to the status of the Trans-Pacific Strategic Economic Partnership Agreement.

On an issue related to trade, it is my understanding that Air New Zealand, which is owned by the Government of New Zealand, recently issued a request for a proposal to replace its narrow-body aircraft fleet. Given the importance of the manufacturing sector to create and sustain good paying American jobs, I trust the State

and Commerce Departments are doing all they can to abdicate on behalf of American industry.

Mr. Chairman, thank you for calling this hearing, and I look forward to your testimony.

Mr. FALEOMAVAEGA. I thank the gentleman for his opening statement, and now I would like to turn the time over to the distinguished member of our subcommittee, the former Ambassador to the Federated State of Micronesia, the gentlelady from California, Dr. Watson, for her opening statement.

Ms. WATSON. Thank you so much, Mr. Chairman, and I think it is so important that you are holding this hearing on a new era for U.S. regional policy in the Pacific, and I know the last time we went on a CODEL we were with you and I think we need to take more down into this area of the Pacific so more of the decision makers and the lawmakers can understand the need in a changing era in this particular area of the world.

The United States for many years enjoyed a lasting and significant partnership with the people and government of the Pacific. As a former Ambassador to Micronesia, I recognize the importance of this friendship, but I am also aware of the many outstanding issues in the region, including the quadulan lease extension, the situation in Fiji, and I was there, Mr. Chairman. You might remember me telling you, and I could feel in the atmosphere that something was going on because the locals were complaining about the takeover of government by people from other countries, and as soon as I got back to Micronesia there was a coup, and we have been trying to assist that ever since then, that there will be a democratic process in electing a new. But it was very telling hearing from the native people themselves.

We also know that there is an increasing poverty rate and it is the effects of global economic downturn and the negative climate change that will continue to hinder its fragile ecosystems which in turn affect both the global community and the local populations, and it is my hope that under our President Obama we will commit to strengthen our relationship and renew U.S. development and aid commitments to our friends in the Pacific.

Mr. Chairman, I raised an issue yesterday as we were talking about health care, and you might have heard the representative from Hawaii say that, you know, we need to be sure that Medicare is reimbursed, the services be reimbursed. Well, I do know in Micronesia we didn't have the health care infrastructure down in our islands, so our people would go up to Guam and Hawaii, and there was a broad debt that was placed on these two areas because we were not paying as we were going.

So I do hope, Mr. Chairman, in conclusion, that we as a policy-making body would look at our territories and be sure that they are funded to the extent they can pay their own way for the new health care system that we hopefully set up.

Please excuse me as I go to an emergency meeting just called, and I will look forward to hearing from witnesses. My staff is here, and they will inform me, and I am sure they will bring us most important information that we need to hear. Thank you so much, Mr. Chairman.

Mr. FALEOMAVAEGA. I thank the gentlelady for her statement. Without objection, her statement will be made part of the record as well as other members who wish to make statements part of the record.

[The prepared statement of Ms. Watson follows:]

Page 1 of 2

Statement
Congresswoman Diane E. Watson
Subcommittee on Asia, the Pacific, and Global Environment
Committee on Foreign Affairs
Wednesday July 29, 2009
2172 Rayburn House Office Building
2:00 p.m.

“Ushering in Change: A New Era for U.S. Regional Policy in the Pacific”

Thank you Mr. Chairman for holding this timely hearing on a new era for U.S. regional policy in the Pacific. The United States has, for many years, enjoyed a lasting and significant partnership with the people and governments of the Pacific. As a former Ambassador to Micronesia, I recognize the importance of this friendship but am also aware of the many outstanding issues in the region, including: the Kwajalein lease extension, the situation in Fiji, an increasing poverty rate, the effects of the global economic downturn, and negative climate change that

will continue to hinder its fragile ecosystems - which in turn affect both the global community and local population.

It is my hope that under President Obama we will commit to strengthen our relationship and renew U.S. development and aid commitments to our friends in the Pacific.

Mr. Chairman, I look forward to listening to the testimony of Ambassador Moses and Minister Counselor Alcy Frelick and hope that we can address some of these concerns today.

Thank you Mr. Chairman and I yield back the balance of my time.

Mr. FALEOMAVAEGA. I do want to thank the gentleman from Illinois for his comments concerning the situation in Fiji. For the record, I would like to share with my colleagues that I returned from Fiji about 1½ weeks ago, after consultations with the interim prime minister of Fiji. I want to share a little sense of experience and history with my colleagues to the effect that Fiji has had a colonial history in the past, and many of us here in America have no idea of the concept of what happened in this important island group in the Pacific.

When you have had to grapple with some very serious ethnic issues among the local inhabitants, when you have had four military coups and one civilian coup and three Constitutions, and have had to deal with all of this in a 20-year period, I will submit to the gentlelady and my colleague from Illinois that the situation in Fiji is not that simple. I have been very vocal and very critical of the conduct and actions taken by the leaders of Australia and New Zealand, and I say this for the record, their heavy handedness and being so critical, and not really having a sense of appreciation of what the leaders of the people of Fiji have had to work with in terms of the current situation that they are now confronted with.

So I just want to note for the record, as I did not have a chance to share with my colleagues, we had Ambassador Rice, U.S. representative—

Ms. WATSON. Mr. Chairman, will you yield for a moment?

Mr. FALEOMAVAEGA. I would be glad to yield to the gentlelady.

Ms. WATSON. When I mentioned Fiji, I got on a bus with people who were visiting from Europe. No one knew who I was, and no one else spoke English. So I sat up in the front and I was right next to one of the Fijians, and I said, are you sure you are not from Crenshaw Boulevard in my district? That is the main thoroughfare, and he looked like most of the people in that neighborhood, and spoke English. And I finally figured out why he was constantly pointing out and showing the names of the businesses. When we got into the downtown area of the main city there was not a Fijian name up on those signs, professionals and all.

And what he was really crying out for, and since these had been colonial territories in the past, that it was now time that the native population be full participants.

We have gone through that in this country too, and I had a chance to get back to my post and consider my experiences, and then read about the coup, and hearing your remarks just reminded me that when we go into these countries and we completely isolate, push back the native people, there is a time that they say we are not going to take it anymore. And so we don't really train them and educate them to become leaders in a democratic sense.

You know, we go in there and we reap and we are gone, and so I think there is a big opening under this new administration to go back in, reevaluate our support, and rather than going into the Middle East and training people there we ought to remember people in the Pacific, in the various nations of Africa, and the areas that have really pretty much been neglected by the western world.

So I wanted to say that in relationship to what you are saying, and thank you so much. I think it is important that we have a series of dialogues.

Mr. FALEOMAVAEGA. I thank the gentlelady for her comments. In fact, when Secretary Clinton appeared before the full committee, I raised the subject of Fiji, and I am very grateful that Secretary Clinton has given her personal attention and willingness and commitment to work with our subcommittee members and to see what we can do to give assistance to the current crisis in Fiji.

I might also note to the gentlelady that I wanted to address the issue of Fiji with Secretary Rice, our U.S. Ambassador to the United Nations, and the latest development from what I hear that Fiji is still a full-fledged member of the United Nations, and I am informed that New Zealand and Australia now are trying every way possible to cut off any more opportunities for the military forces of Fiji that currently participate in peacekeeping operations since 1978. And I will also note for the record that the assistance the military forces of Fiji have given to the United Nations and to our world community is second to none in terms of how much our country has appreciated what the Fijian military has done to be part of our peacekeeping operations in the United Nations.

But what really is disturbing to me is why Australia and New Zealand are singling out Fiji and to disallow Fijian soldiers to continue their efforts to participate in the peacekeeping operation.

Ms. WATSON. Would you yield for—

Mr. FALEOMAVAEGA. I will be glad to yield to the gentlelady.

Ms. WATSON. As a result of this hearing, and maybe subsequent hearings, could we from this subcommittee send a letter to the Secretary of State and in that letter stating the position you just now did, and so we can bring some attention to the fact that two of our partners down in that area of the world would like to decrease the number of forces coming from Fiji or eliminate them altogether, and at a time when we need friends throughout the world to partner with us as we go into territories and we are involved in conflicts, and also we're involved in a tremendous crisis, that she ought to take a look?

And as you know, former President Clinton is an envoy to Haiti, and so she might want to send down an envoy to this area to look at the Fiji situation and other areas around.

Mr. FALEOMAVAEGA. I would say to my good friend I will personally draft a letter and we will have the members of our subcommittee sign on. We are going to send it to President Obama as well as to Secretary Clinton, and I think that we should have this kind of communication with the leaders of Fiji.

Yes, they are having problems, but I don't think it is fair that we should hammer them and continue to be so cynical and critical of the difficult situation that the leaders of Fiji are trying to resolve, not only among themselves but especially among their people.

So I gladly thank my good friend. I definitely will be working on that in the coming weeks, and I thank the gentlelady.

By the way, Dr. Watson, Fiji has produced some of the best rugby players in the world. This is a little ongoing contest between the Samoans, the Maoris, the Fijians, and the Tongans as to who are the best rugby players in the world. You will find them in the Pacific.

Ms. WATSON. I can tell you one thing, that every small village on the Island of Fiji that has sand on top of the earth, you know, a little level of sand, they have the Continent of Africa, the Island of Fiji, and they use the shells to show the trek across the ocean to Fiji.

Mr. FALEOMAVAEGA. Thank you, Dr. Watson. I deeply appreciate your comments, and I want to offer my apologies again to our distinguished guests here before the subcommittee.

I know that there was an agreement that the distinguished Ambassador from the Republic of Nauru would be the spokesman on behalf of our Pacific Ambassadors, and I would like to personally welcome her, Marlene Moses. I have also invited our other distinguished Ambassadors from the Marshall Islands, from the Federated States of Micronesia, and from the Republic of Fiji to join us.

Ambassador Moses started her career as a Foreign Service Officer. Since 1983, she has served as consul general in New Zealand, Japan and Australia; she became permanent secretary of internal affairs for the Republic of Nauru; and she served as Ambassador not only to the United Nations, but also to the United States, the Republic of Cuba and also Venezuela. That is quite a hefty responsibility there, Marlene.

She received her collegiate education from Canberra College and advanced education at Monash University in Melbourne, Australia.

Madam Ambassador, I will have you take the lead on your opening statement, and without objection I am also going to invite your colleagues and your distinguished Ambassadors if they have any written materials or statements that they would like to submit to be made part of the record. It will be done, and then maybe we can just dialogue based on your statement, Madam Ambassador, and we will then proceed from there.

[Discussion off the record.]

Mr. FALEOMAVAEGA. Our next witness this afternoon is Ms. Alcy Frelick. She is a career service officer, and is currently serving as Director of the Office of Australia, New Zealand and Pacific Island Affairs within the Bureau of East Asian and Pacific Affairs in the U.S. Department of State.

Ms. Frelick has served in various posts, not only in the Western Hemisphere, including Mexico, the Caribbean and Canada, she also had overseas assignments in East Asia, and as consul general in Madrid, Spain. Also, Ms. Frelick was the principal officer in our Embassy in Auckland, New Zealand, as well as having portfolios covering the Cook Islands, Samoa and other small island nations.

She also served as the chief visa immigration officer in Seoul, Korea, and in consulates in Kathmandu, Nepal, and as vice consul in Kuala Lumpur, Malaysia.

She was a director of the UCLS project in Beijing, China, and managed an education project for Save the Children in Vietnamese refugee camps and in Indonesia, and also served in the Peace Corps in Kabul, Afghanistan, years ago.

She is originally from the State of Delaware, and is currently residing in Northern Virginia.

I do want to apologize sincerely for the delay in our hearing this afternoon, Ms. Frelick, but I do want to welcome you and thank

you for taking the time to come and testify before the subcommittee.

I will now give you time for your statement.

STATEMENT OF MS. ALCY FRELICK, DIRECTOR, OFFICE OF AUSTRALIA, NEW ZEALAND AND PACIFIC ISLAND AFFAIRS, BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS, U.S. DEPARTMENT OF STATE

Ms. FRELICK. Thank you very much, Chairman Faleomavaega, distinguished members of the subcommittee, thank you for inviting me to appear today to testify regarding ushering in change, a new era for U.S. regional policy in the Pacific. I welcome the opportunity to address our policy toward this important region.

The United States values its longstanding and close relationships with the countries and peoples of the Pacific. Indeed, we are ourselves a Pacific nation with a lengthy Pacific coast, the State of Hawaii, and stretching to the Northern Marianas and American Samoa. Nothing could better underscore this fact than the election of Hawaiian-born Barack Obama, as the 44th President of the United States.

The United States engages with the Pacific Island countries both bilaterally and multilaterally to address issues of concern to the United States, the region and the world. Our multifaceted engagement with the Pacific covers the gamut from addressing climate change to maintaining a robust missile defense infrastructure. Most importantly, we seek to work with the governments and the people of the Pacific to foster stable, democratic, and prosperous countries.

I have submitted written testimony which addresses some of the specific questions that were raised in your invitation to testify today.

Mr. FALEOMAVAEGA. Without objection your statement will be made part of the record.

Ms. FRELICK. Thank you very much.

Mr. FALEOMAVAEGA. And any other submissions that you wish to make will be made part of the record.

Ms. FRELICK. Thank you very much, Mr. Chairman.

The first issue I would like to address this afternoon is U.S. foreign assistance to the Pacific, including the Compacts of Free Association. I would like to note also, Mr. Chairman, that USAID has provided written testimony for the record and which should provide more information specific to the account of USAID involvement in the Pacific region.

Mr. FALEOMAVAEGA. Without objection it will be made part of the record.

[The information referred to follows:]

Statement for the Record
Submitted by
Margot B. Ellis
Acting Assistant Administrator for Asia
U.S. Agency for International Development

House Foreign Affairs Subcommittee on Asia, the Pacific and the Global
Environment
Eni F.H. Faleomavaega, Chairman

July 29, 2009

USAID is pleased to submit a statement for the record for the Subcommittee's hearing: *Ushering in Change: A New Era for U.S. Regional Policy in the Pacific*. As you know, USAID has long been active in the Pacific, operating its Regional Development Office/South Pacific for seventeen years until 1994. Ever since then, USAID has maintained a presence in the Pacific through targeted assistance to improve health and the environment and to support disaster recovery. In recent years, USAID has been most notably active in Papua New Guinea (PNG), where we have a bilateral USAID assistance program valued at \$2.5 million per year. It focuses on reducing that country's very serious HIV/AIDS problem. In FY 2008, Papua New Guinea also benefitted from \$330,000 in assistance to protect tropical forests. Papua New Guinea and the Solomon Islands participate in the USAID and Department of State-funded Coral Triangle Initiative, a partnership to protect marine habitats. These countries received \$872,000 in FY 2008 under this initiative.

USAID also has been active in responding to various natural disasters in Papua New Guinea, the Solomon Islands and Fiji. Since 1995, USAID

has supported the Pacific Islands Disaster Program through its Office of Foreign Disaster Assistance, which aims to improve the disaster management ability of local and national disaster management agencies and individuals. The program helps them develop and adapt training materials and provides guidance on how to conduct disaster management courses. Total funding for this program through FY 2009 is over \$4 million.

USAID acknowledges the downward trends for key development indicators – for example, in health and economic growth – which should be rising instead. In addition, Pacific islanders living in fragile environments are highly vulnerable to the impact of global climate change.

USAID is currently reviewing its engagement in the region. We would be pleased to keep the Committee informed as the review progresses.

Ms. FRELICK. Certainly major components of our regional assistance programs are linked to the Compacts of Free Association with the Federated States of Micronesia, Republic of the Marshall Islands, and the Republic of Palau. Under the terms of the contacts, all three countries receive U.S. support in the form of direct assistance and through access to Federal programs, grants and services. Administered primarily by the Department of Interior, this totals over \$200 million annually.

The Millennium Challenge Corporation has a 5-year, \$66 million compact with Vanuatu, which focuses on transportation infrastructure. USAID's regional development mission for Asia, which is based in Bangkok, manages several programs in the Pacific, like the \$2.5 million program for dealing with the scourge of HIV/AIDS and in tropic forest conservation program in Papua New Guinea. Both Papua New Guinea and the Solomon Islands are included in the Coral Triangle Initiative.

USAID's Office of Foreign Disaster Assistance, or OFDA, has provided disaster assistance to Fiji, Papua New Guinea, and the Solomon Islands in the past year. Last November OFDA assigned a representative to our Embassy in Majuro with responsibility for immediate disaster response for Micronesia and the Marshalls.

The U.S. Navy's specific partnership program has been providing medical, dental, veterinary and engineering assistance in the Asia Pacific region for several years now. In 2008, the Pacific partnership provided medical treatment to over 20,000 people in Papua New Guinea and 17,000 people in Micronesia. They are currently in the midst of a 3-month mission to Samoa, Tonga, and the Solomon Islands, Kiribati and the Marshall Islands. The Navy and the Pacific fleet are committing more than \$20 million this year to this mission.

In addition to these bilateral programs the United States is a member and supporter of some of the region's most important multilateral programs. Through the Secretariat of the Pacific Community, we contributed assistance to 22 Pacific Island countries and territories. Agencies like NOAA provides support through the Pacific Regional Environmental Programme (SPREP), which you mentioned earlier, and 14 Pacific Island countries receive a combined \$18 million annually through the South Pacific Tuna Treaty.

We will be participating in the Pacific Island forum/post-forum dialogue meetings next week in Cairns, Australia. This year a major theme for the dialogue partners is donor coordination. Assistant Secretary of State Kurt Campbell will lead a robust inter-agency delegation to meet and consult with Pacific leaders. The strong U.S. presence in Cairns is an indication of the Obama administration's commitment to the region.

Before I leave the topic, I would like to note that our coordination with Pacific Island countries on global issues is a dynamic and interactive one. Citizens of the freely associated states serve honorably in the U.S. military services. Tongan soldiers fought alongside U.S. troops in Iraq, and Tonga is moving forward in a peaceful transition on its path toward a constitutional democracy. In June, the U.N. General Assembly unanimously adopted a resolution sponsored by Nauru and other Pacific small island developing states entitled "Climate Change and Its Possible Security Implica-

tions.” This resolution underscored the dire nature of the threats that climate change posed to their nations and was supported by the United States as Ambassador Moses mentioned.

Tuvalu has just announced its commitment to become energy independent by 2020. Micronesia was selected for an award in April 2009 that recognized that they were accelerating the phase-out of hydrocarbon, fluorocarbons beyond the requirements of the Montreal Protocol, and I would like especially to express our appreciation to President Toribiong and the people and Government of Palau for their humanitarian offer to resettle detainees from Guantanamo Bay.

Ambassador Susan Rice recognized the terrific cooperation we enjoy with Pacific Island countries in the United Nations by hosting the Pacific Island Permanent Representatives for her first representational event at the United Nations earlier this year.

Pacific Island countries are stalwart friends and we share a similar world view and values. The United States is firmly committed to the advancement of human rights and democracy worldwide. In this regard, we want to thank you, particularly Chairman Faleomavaega, for your leadership of the U.S. delegation during election observations in Micronesia this past March. We support cultural and academic exchanges, recognize women of courage, and provide annual reports on human rights and trafficking in persons to Congress.

Certainly, as mentioned earlier, the most troubling political issue in the Pacific today is the situation in Fiji. The military coup of December 2006 and subsequent events around Easter of this year when the interim government abrogated the Constitution have been troubling. Fiji’s coup leaders recently released a roadmap to democracy that did not take credible steps to restore democratic rule, other than to promise to begin working 3 years from now on a new Constitution leading to elections in 2014.

Public emergency regulations remain in place. The press remains heavily censored and the right of assembly is severely restricted. Just 2 weeks ago the leaders of the Methodist Church and one of Fiji’s three paramount traditional chiefs were arrested for planning to hold the church’s annual conference despite government ban.

The United States responded to the Fiji coup by imposing sanctions in accordance with Section 508 of the Foreign Operations Appropriations Act. Our sanctions are targeted against the military regime while we continue to assist the people of Fiji through programs geared toward strengthening civil society, humanitarian assistance, and disaster relief. Meanwhile, we also maintain full diplomatic relations with Fiji.

We are closely following the statements of Pacific Island leaders and the actions of the Pacific Island Forum which suspended Fiji in May. We believe that the return of democracy to Fiji will necessitate the early and sustained restoration of such basic human rights as freedom of speech and assembly.

I would like to conclude my remarks today by looking at the activities of other important players in the region. First and foremost is our alliance with Australia, a country with which we share interests, values, and commitments not only in the Pacific but throughout the world. The United States recognizes the very real leader-

ship role Australia plays as the largest country in the South Pacific region.

New Zealand is our other close regional partner. We collaborate intensively with New Zealand on a broad range of issues from democracy promotion to renewable energy. We have also been working with Japan, which is playing an increasingly welcome role in the Pacific; the European Union, and individual European countries that are also engaged in projects in the Pacific, and we welcome opportunities to expand our coordination with them.

I am pleased to note that since the election of President Ma in Taiwan, China and Taiwan appear to have curtailed their competition for diplomatic recognition. That what we call checkbook diplomacy undermined good governance and distorted political processes. We encourage both parties to follow international norms of transparency when providing foreign assistance in the region.

In conclusion, let me reaffirm that the Pacific Region is important to the United States. We seek to identify new and better opportunities to increase our engagement with the governments and peoples of the Pacific. We benefit from and appreciate the active interest and support from Congress, and look forward to working together to craft effective policies and programs to meet the mutual needs of the United States and the countries of the Pacific.

Thank you very much for the opportunity to testify today. I would be happy to answer any questions you might have.

[The prepared statement of Ms. Frelick follows:]

Statement for the Record
by
Alcy R. Frelick
Director for Australia, New Zealand and Pacific Island Affairs
Bureau of East Asian and Pacific Affairs
U.S. Department of State

Before the
House Foreign Affairs Committee
Subcommittee on Asia, the Pacific and the Global Environment

Ushering in Change: A New Era for U.S. Regional Policy in the Pacific

July 29, 2009

Chairman Faleomavaega, Ranking Member Manzullo, and distinguished Members of the Subcommittee, thank you for inviting me to appear today to testify on U.S. policy towards the nations of the Pacific. I welcome the opportunity to address our policy towards this important region.

The United States values its longstanding and close relationships with the countries and peoples of the Pacific. Indeed, the United States is itself a Pacific nation, with a lengthy Pacific coast, stretching as far west as Guam and the Commonwealth of the Northern Marianas Islands and encompassing American Samoa and Hawaii. Nothing could better underscore this fact than the election last year of Barack Obama, a native of Hawaii, as the 44th President of the United States.

The United States engages with the Pacific Island countries in both a bilateral and multilateral manner to address issues of pressing concern to the United States, the region, and the world. Our multifaceted engagement with the Pacific covers the gamut from addressing climate change to maintaining a robust missile defense infrastructure. Most importantly, we seek to work with the governments and peoples of the Pacific to foster stable, democratic, and prosperous countries.

I would like to discuss some of the many key challenges and programs we are engaged in as a nation with Pacific Island countries and address the specific questions included in your invitation to testify today. I will touch on our assistance in the region including within the Compacts of Free Association, and key issues with Palau and the Marshall Islands. I would like also to address how we are approaching global challenges and express our appreciation for the solid

cooperation we enjoy in international fora like the United Nations. I'll cover the particular concerns we have about Fiji and finally talk about other regional players like Australia, New Zealand, Taiwan, and China.

Foreign Assistance and Compacts of Free Association

The United States government provides a wide range of foreign assistance programs to the Pacific island nations. The majority of this assistance is administered by the Department of the Interior as part of our Compacts of Free Association with the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau. This assistance totals over \$200 million dollars annually. The Millennium Challenge Corporation also has a five-year, \$66 million Compact with Vanuatu which entered into force in 2006 and focuses on improving its transportation infrastructure.

Due to both funding constraints and the fact that Pacific island nations' GDP per capita generally exceeded the income levels for countries to which USAID provided assistance, USAID closed its regional mission in the Pacific in 1994. Nevertheless, USAID today is providing targeted assistance in key areas in the Pacific. Papua New Guinea, which currently suffers from the highest rate of growth in HIV/AIDS in Asia, has a \$2.5 million per year bilateral USAID assistance program targeting HIV/AIDS. Papua New Guinea and the Solomon Islands are included in the Coral Triangle Initiative, and Papua New Guinea benefits from a tropical forest conservation program, both of which are managed by USAID's Regional Development Mission for Asia based in Bangkok.

USAID's Office of Foreign Disaster Assistance (OFDA) has provided disaster assistance to Fiji, Papua New Guinea, and the Solomon Islands in the past year. In November 2008, OFDA assumed responsibility – formerly carried out by the Federal Emergency Management Agency – for disaster preparedness activities in the Republic of the Marshall Islands and the Federated States of Micronesia. Additionally there is an OFDA representative based at our embassy in Majuro. While OFDA has responsibility for immediate disaster response for the Federated States of Micronesia and the Republic of the Marshall Islands, reconstruction assistance to these island nations is now the responsibility of the USAID Regional Development Mission for Asia, based in Bangkok.

The U.S. Navy's "Pacific Partnership" program provides medical, dental, veterinary, and engineering assistance in the Asia-Pacific region. This

humanitarian and civic assistance mission is conducted with and through partner nations, non-governmental organizations, and other U.S. and international agencies to provide a variety of assistance to the Asia-Pacific region. In 2008, the *USNS Mercy* provided medical treatment to 20,000 people in Papua New Guinea and 17,000 in the Federated States of Micronesia, reaching almost 15 percent of the entire population of Micronesia. This year, the *USNS Robert E. Byrd* is in the midst of a three-month program to Samoa, Tonga, Solomon Islands, Kiribati, and the Marshall Islands. The Navy and the Pacific Fleet are committing more than \$20 million this year to the success of Pacific Partnership 2009.

Another valuable aspect of our assistance is the individual and collective contributions of Peace Corps volunteers. Today, the Peace Corps has programs in the Federated States of Micronesia, Palau, Samoa, Tonga, Fiji, and Vanuatu. We are hopeful the Peace Corps will be able to expand programs in the region.

The United States is a member and supporter of some of the South Pacific region's most important multilateral programs. The Secretariat of the Pacific Community (SPC) provides technical assistance, policy advice, training, and research services to 22 Pacific Island countries and territories in areas such as health, human development, agriculture, forestry, and fisheries. We provide approximately \$1.7 million to the SPC annually, which is more than 17 percent of its core budget. One example of our collaboration with the SPC is a program undertaken by the Centers for Disease Control and Prevention to strengthen laboratory diagnostic capabilities for influenza. The United States also values the mutual benefits derived from the National Oceanic and Atmospheric Administration's on-going support of the Pacific Islands Global Climate Observation position at the South Pacific Regional Environmental Program. Finally, 14 Pacific Island states receive a combined \$18 million annually from the U.S. foreign assistance budget under the terms of the Economic Assistance Agreement associated with the "South Pacific Tuna Treaty."

This year's Pacific Island Forum (PIF), which will take place August 4-6 in Cairns, Australia, will focus on donor coordination in the Pacific. Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell will lead a robust interagency delegation to the August 7 Post-Forum Dialogue (PFD). The PFD will consider the impact of the global economic crisis on Pacific island countries. The PIF and the PFD are the region's most important annual meetings. The strong United States presence in Cairns will demonstrate our commitment to the region and provide an opportunity for the United States to enhance cooperation with other partners.

Palau

Some of our major assistance programs are linked to the Compacts with the Federated States of Micronesia, the Marshall Islands, and Palau. We are currently in the middle of the mandated 15-year review of the U.S.-Palau Compact of Free Association. The Compact came into effect in 1994, and section 432 mandates a formal review upon the fifteenth, thirtieth, and fortieth anniversaries. Under the terms of the Compact, Palau has been receiving U.S. aid in the form of direct budgetary assistance and access to U.S. federal programs and services. All told, the GAO estimates that Palau will have received about \$852 million of support from the United States during the first 15 years of the Compact. This includes the construction of over 50 miles of road that have opened up much of the interior of Babeldeop Island for development.

Most of the U.S. assistance that Palau receives is set to expire at the end of the fifteenth year, on September 30, 2009. Because we are still reviewing the Compact, the amount and form of any future U.S. assistance to Palau is still under consideration. The Administration supports legislation, currently before Congress, for a one-year extension into FY2010 of assistance to Palau at the same level as fiscal year 2009.

Thus far, we have held two formal review meetings and one working group meeting on the Compact. At the working group meeting on June 12, Palau presented its proposal for continued U.S. aid. The United States responded to Palau's proposal at the last formal review meeting held on July 8 and 9. We are continuing our discussions, and are hopeful that we can conclude the review by October 1. Once we have completed our discussions, we will propose, for congressional review and approval, any draft legislation that would be necessary to implement the results of the review.

I would like to take this opportunity to clarify a misconception linking this Compact review with the possible resettlement in Palau of some Uighurs currently held at the Guantanamo Detention Facility. There is no such link. As the United States government works to implement the President's directive to close the Guantanamo Bay Detention Facility, the continued assistance of our friends and allies is vitally important. We have spoken with a number of governments about resettlement of detainees, and we are grateful to all those governments, including Palau, that have expressed an interest in being helpful.

The United States government acknowledges that there will be costs associated with the resettlement of Guantanamo detainees. We are prepared to consider requests for assistance in defraying those costs, on a case by case basis where needed. This issue and these costs are not under consideration in the Compact review.

Marshall Islands

The United States and the Marshall Islands have enjoyed an exceptionally close and mutually advantageous relationship for many years under a separate Compact of Free Association. In 2004, the U.S. government and the Government of the Marshall Islands brought into force an amended Military Use and Operating Rights Agreement (MUORA) to extend United States use of Kwajalein atoll through 2066, with an additional 20-year extension option. Kwajalein is home to the U.S. Army Kwajalein Atoll (USAKA) Command and the Ronald Reagan Ballistic Missile Defense Test Site.

The Government of the Marshall Islands and the Government of the United States agreed to increase the amount the United States would pay annually in connection with its use of Kwajalein. Unfortunately, some Kwajalein landowners opposed the new government-to-government agreement and refused to sign an Amended Land Use Agreement reflecting the terms of the amended MUORA. The difference between the new and old rates has been placed in escrow and now amounts to more than \$24 million. In December 2008, the United States agreed to extend the deadline set for signing a new Land Use Agreement on the understanding that the Government of the Marshall Islands and the landowners were making progress toward signing a new Land Use Agreement, which we consider a domestic issue for the Marshall Islands. President Tomeing has been engaged with the landowners, and we remain hopeful the parties can resolve the issue soon and the escrow monies can be released for distribution to the landowners.

The United States conducted atmospheric nuclear weapons tests in the northern Marshall Islands between 1946 and 1958. In 1986, the United States and the Republic of the Marshall Islands signed a full settlement agreement to compensate citizens of the Marshall Islands for injury to persons and damage to property arising from the testing program. The settlement included establishing a trust fund of \$150 million to generate income to fund awards adjudicated by the Claims Tribunal administered by the Marshall Islands government. Some Marshallese

also benefit from a separately funded Department of Energy radiological healthcare program mandated by Congress to provide medical care and radiological monitoring for the members of the population of Rongelap and Utrök who were exposed to radiation resulting from the 1954 U.S. thermonuclear “Bravo” testing.

In total, the U.S. government has provided approximately \$530 million in health services, environmental monitoring and reporting programs, and remediation (clean-up) of affected islands. The Nuclear Trust Fund administered by the Marshall Islands government has been depleted through earlier payments to claimants, and recently, the Government of the Marshall Islands discussed using its own funds to enable token payments to unpaid claimants.

Since the 1986 settlement, the Bikini and Enewetak communities, in two judicial actions, have sought additional compensation from the United States. Those cases were dismissed by the U.S. Court of Federal Claims in July 2007. The dismissals were affirmed by the U.S. Court of Appeals for the Federal Circuit in January 2009 and, in May 2009, the petitions for rehearing were denied.

Climate Change and Renewable Energy

While climate change is an issue of serious concern to many of us here in America, it is of particular and personal concern to the people of the Pacific region. Climate change is an existential threat to Kiribati, the Marshall Islands, and Tuvalu -- low-lying island countries that are physically shrinking due to rising sea levels. If we do not move now to address climate change, all three of these countries will be completely uninhabitable in our lifetime.

We need to work locally and globally on developing creative solutions to cope with climate change. The Obama Administration is committed to addressing this threat and working with the region to address the dire effects of climate change.

One key instrument is the Energy Development in Island Nations (EDIN) partnership with New Zealand and Iceland, which was launched in July 2008 to encourage island governments around the world to create energy efficiency plans and use renewable energy technologies. As this program expands, we expect it will play an increasing role in addressing energy needs throughout the Pacific and elsewhere.

We were encouraged to learn recently that Tuvalu has announced a bold plan to run the island nation on 100 percent renewable energy by 2020. As a first step, the country has installed a 40 kilowatt system on the roof of its largest soccer stadium to provide Funafuti, the nation's capital, with 5 percent of all of its electricity needs. And this is just the first step in the country's goal of becoming the world's first carbon-neutral nation; we will be looking for ways to help Tuvalu achieve this goal.

The Situation in Fiji

The United States also remains committed to the advancement of human rights and democracy in the region through exchanges such as the International Visitors Leadership Program and partnerships like the Asia Pacific Democracy Partnership (APDP). We are proud to note that the APDP completed a successful election observation mission – under your lead – to Micronesia in March, an effort that brought together representatives of the United States, Australia, New Zealand, Palau, and several Asian countries. Thank you for your efforts on this initiative. We also are encouraged by Tonga's initial steps towards democratic reform.

Certainly the most troubling political issue facing the Pacific island countries today continues to be the situation in Fiji, which has been under military rule since December 2006. Traditionally, Fiji has been a close and valued friend and partner in the Pacific. Fiji has a long history of contributing troops to multilateral peacekeeping missions, was quick to condemn the September 11 terrorist attacks on the United States, and has been a staunch supporter of our efforts to build an international coalition against global terrorism.

The military coup of December 2006 has strained our relationship. Fiji's coup leaders recently released a "roadmap to democracy" that did not take credible steps to restore democratic rule, other than a promise to begin work three years from now on a new constitution leading to elections in 2014. The public emergency regulations remain in place, the press remains heavily censored, and the right to assembly is severely restricted. Just two weeks ago, the leaders of the Methodist Church and one of Fiji's three paramount traditional chiefs, Ro Teimumu Kepa, were arrested for planning to hold the church's annual conference despite a government ban.

The United States responded to the Fiji coup by imposing a number of sanctions, including a cessation of military and other assistance to the Government of Fiji in

accordance with section 508 of the Foreign Operations Appropriations Act, visa bans against coup leaders, suspension of lethal military sales, and restrictions on bilateral engagement. Our sanctions are targeted against the military regime. The United States, however, continues to provide assistance to the people of Fiji. Our sanctions do not preclude assistance in support of a credible return to democracy. Such assistance would include supporting election reform efforts, as well as programs geared toward strengthening civil society, a free press, and an independent judiciary.

We continue to maintain full diplomatic relations with Fiji and look forward to closer relations when it once again resumes its leadership role in the Pacific by restoring democracy to its people.

The United States closely watches the reactions of other Pacific island leaders and the statements and actions of the Pacific Island Forum, which suspended Fiji in May. We believe that the return of democracy in Fiji will depend on the restoration of such basic human rights as freedom of speech and assembly.

Pacific Islands Forum

Our coordination with the Pacific Islands Forum leads naturally to discussion of our coordination with Pacific island countries in international fora. As you have pointed out, Mr. Chairman, the Pacific islands as a group have been stalwart supporters of key votes in the United Nations General Assembly. Ambassador Rice, in fact, held her first representational lunch with Pacific island permanent representatives in New York out of recognition and appreciation for our excellent working relations at the United Nations.

Other Regional Players

I cannot discuss United States policy toward the 12 Pacific island nations or fairly represent our interests in that area without mentioning the activities of other important players in the region with which we try to coordinate and complement our activities.

First and foremost is our alliance with Australia, a country with which we share interests, values, and commitments in not only the Pacific but throughout the world. The United States recognizes the very real leadership role Australia plays as the largest country in the South Pacific region. Australia's vigorous leadership

in and provision of foreign assistance to the region means that it plays an instrumental role in promoting the welfare of people throughout the Pacific and remains a strong partner for the United States globally.

New Zealand is another significant partner in the region with which we collaborate intensively on issues ranging from democracy promotion to renewable energy. Japan, too, is playing an increasingly prominent and welcome role in the Pacific. It recently hosted the Pacific Islands Leaders Meeting (PALM) V Summit in Hokkaido and pledged over US\$500 million to promote renewable energy and address climate change in the region in the coming years. The European Union is also engaged in the Pacific, and we will continue to coordinate our analyses on events and trends, and to work towards greater coordination as donor partners.

I am pleased to note since the election of President Ma in Taiwan, China and Taiwan appear to have curtailed their competition for diplomatic recognition from Pacific island states. The “checkbook diplomacy” conducted by the PRC and Taiwan undermined good governance and distorted political processes. We take this opportunity to encourage both parties to follow international norms of transparency to provide effective foreign assistance.

Conclusion

In conclusion, let me reaffirm that the countries of the Pacific remain important to the United States. We continue to identify new and better opportunities to increase our engagement with the governments and peoples of the Pacific. We benefit from and appreciate the active interest and support from Congress and look forward to working together to craft effective policies and programs to meet the mutual needs of the United States and the countries of the Pacific.

Thank you for the opportunity to testify on this important topic. I would be happy to answer your questions.

Mr. FALÉOMAVAEGA. Thank you for your very thoughtful and concise statement concerning the situation in the Pacific region.

You had indicated earlier in your testimony that the 44th President of the United States was born in the State of Hawaii. I don't know if you are aware of this, but at the height of the Presidential elections last year there was a national blog or blogger, I am not very good at computers, going around saying that I was appointed as a special agent of Barack Obama for which I went to Indonesia, went to Jakarta, attended even the school that he went to when he was a young man, and that my mission as a special agent of Barack Obama was to destroy any records giving any reference to the idea that he was born in Indonesia and not in Hawaii.

What surprises me is that this nonsense is still going on in the blogging community. But it seems lately even in the most current news stories and television that there seems to be rejection among some of our leaders here in Washington about this rumor that is going on that Barack Obama is not a U.S. citizen.

I would like to state for the record quite clearly that my colleague from the State of Hawaii, Neil Abercrombie, not only knew Barack Obama's parents when they were teaching at the University of Hawaii, but specifically said that Barack Obama was born in Kapi'olani Hospital in Honolulu, Hawaii. I just want to make sure that that record is straight, once and for all.

I was curious, Ms. Frelick, you mentioned the foreign assistance that we have given to the island nations, I guess more specifically, Micronesia, to the tune of about \$200 million. And I am a little puzzled if we consider this foreign assistance, or is it part of our treaty obligations that we have toward the Marshall Islands, Palau, and the Federal States of Micronesia?

Maybe I am dealing with semantics here, but I was just curious. How do we label this program as part of treaty obligations that we have had in exchange for establishing this very unique political relationship with these three sovereign nations in the Pacific in exchange for their friendship. And I suppose, to the extent that if we have ever a need to show our national strategic and security interests in this region of the Pacific, that that is the reason why we are paying them \$200 million or whatever it is. I suppose, as advocated by the Department of Defense, and why we consider these islands as very strategic and very important to our own national interest. Would you care to comment on that?

Ms. FRELICK. Thank you, Mr. Chairman, for that question. I have to confess that I am not a lawyer so the semantical differences between treaty obligations, foreign assistance, and how exactly all that fits with the compact would be something that I would need to refer back and have legal advice before I ventured into that particular quagmire.

But I would like to address it because I think that when we are looking at our relationships with the Republic of Palau, the Federated States of Micronesia, and the Republic of the Marshall Islands is those are certainly unique relationships. Perhaps the pivotal moment of the relationships was when they became U.N. Trust Territories under U.S. authority after World War II, and then as the compacts were concluded and we moved forward under the compact relationships, it a unique relationship.

The domestic agency, the Department of Interior has the primary responsibility for implementing the Compacts of Free Association, and yet they are independent countries. So I would have to say that I think at least on an operational basis it is somewhere—it sort of bridges both of those areas as both foreign assistance and comes in as treaty obligations for us.

I think it is a relationship that we both benefit from, and that the richness and the strength of our relationships is not totally something that can be put down to dollars and cents, however.

Mr. FALEOMAVAEGA. I might also add, Ms. Frelick, and I do want to say this for the record in fairness to our allies Australia and New Zealand, that I do want to commend them for all the efforts they have made in providing assistance to these island nations because, in my opinion, we are not doing enough as far as the United States alone. So I do want to commend Australia and New Zealand for their efforts in helping our island nations simply because we are totally absent. We are not even there. We don't even show presence. If we do, certainly it is not what I would expect would be something that would show our sense of credibility in our presence, or lack of presence there in the Pacific.

I want to note also for the record that the U.S. Navy, recently, in the Pacific partnership program that you stated earlier, that some 460 doctors that went on this hospital ship, and went and visited all of these island countries, and provided assistance to thousands of Pacific Islanders in the various communities. And I want to commend the Navy. I think that is \$120 million funding and usage that is most worthwhile and certainly makes me proud to see that that is money in good use to help our fellow human beings in this part of the world.

On the question of Palau, you know there is a lot of hype in the media right now, and I must say that I was very moved by the statements made by the President of Palau as to the reasons why he felt that his government had to step up to the plate in wanting to take in these 13 prisoners who were taken, for some odd reason, to Guantanamo. His doing so was not to kiss up to the United States, but it was as part of a Pacific culture again. If people are in need, you help. Where are these 13 Uighurs going to be living was the question? We refused refuge for these 13 Uighurs who had been determined as non-terrorists. I am a little disappointed personally why we cannot in our capacity take in 13 human beings among the 300 million living here in the United States. But I want to commend Palau, a small, little island nation that feels very strongly that it is part of the culture and say, "We don't want to leave these people out in the street stranded." They should be sheltered, and I do commend the President of Palau for the initiative that he has taken.

Now, unfortunately, the Government of China has a very different attitude and different reasons for thinking that these people are terrorists. And the likelihood is that if these people ever were to return to China they will either end up dead or in prison. So we are caught in the middle in somewhat of a predicament in terms of how we—I think the term was "rendition"—gathered up all these suspected terrorists from all over the world, and brought them to Guantanamo, and now to realize that we have made some God-

awful mistakes in bringing some of these people who are totally innocent. And now we are trying to solve the problem, unfortunately, to the extent that we have to find other countries willing to take these members of the Uighur people who live in the most extreme western region of China which borders Kazakhstan and other countries right there in Central Asia.

So I do want to ask, where are we in terms of the status of the 13 Uighurs? Are they going to Palau? Are there problems that we are having with that transition?

I believe there is an amendment pending in the appropriations bill that was introduced by my colleague Congressman Murtha to prohibit the transfer of any of the Uighurs to any U.S. territory or State. I don't know how far this is going to go, but I just wanted to let you know that this is coming down the pipeline and I was curious about the State Department's position on this.

Ms. FRELICK. Well, I think actually, Mr. Chairman, you spoke very eloquently of the Pacific way earlier in your statement when you spoke about a brother reaching out a hand to another brother, and I think that your commendation of Palau is something that I could not have said better myself; that certainly the President and the people of Palau have really reached out their hands to these individuals.

I know that Special Envoy Fried has been working very closely with the Government of Palau to make the arrangements for the transfer of the Uighurs and working with Uighur counsel. There are details to be worked out, as you can imagine, and those are in the process of being worked out now.

The Government of Palau said that they do not want to have any Uighurs come who don't willingly come, and so we need to make sure that the Uighurs who are resettled in Palau understand where Palau is and are—

Mr. FALEOMAVAEGA. Teach them how to swim, too.

Ms. FRELICK. Well, that is right. Part of the resettlement program.

Mr. FALEOMAVAEGA. We had discussed earlier, as you know, with my colleague from Illinois, the situation of Fiji. As I had mentioned, I will, without objection, submit for the record a copy of the letter that I submitted personally to interim Prime Minister Bainimarama. That was about 1½ weeks ago, and I submitted the copy of the same letter to our Ambassador to Fiji.

[The information referred to follows:]

The view you express in the Strategic Framework, "that Fiji has and continues to seek engagement," with the international community is particularly welcome, as is the appreciation you expressed to Fiji's "international friends who have shown fortitude and support; who have shown the willingness to listen and understand... international partners and multilateral agencies who have continued to engage or have reengaged to provide assistance to [Fiji's] objectives and facilitation of infrastructure development and reform."

I was pleased to learn that the countries of the Melanesian Spearhead Group – which includes Vanuatu, Solomon Islands, Papua New Guinea and your own country – voiced support for Fiji's return to the Pacific Islands Forum. The MSG's willingness to make the case for Fiji at next month's meeting of the PIF in Cairns is testament to your vision.

As we have discussed, the United States can and should play a more constructive role with Fiji so that your country may realize a better future for all its citizens and an end, once and for all, to the "coup culture" that has created so many problems for Fiji over 20 years. I believe the Obama Administration would be willing to support Fiji in many if not most of the economic, social and political priority areas you set forth in the Strategic Framework, so long as there was an indication that the roadmap remained flexible in certain areas.

In particular, the United States has a wealth of governmental and nongovernmental resources that it might profitably offer Fiji as the country seeks to achieve the goals of the Strategic Framework.

In terms of economic policies cited in the Framework, such as developing an open skies policy, enhancing the performance of Fiji's garment and timber sectors, reforming the sugar industry and enhancing the productive use of land while retaining the current land ownership system, the United States might be able to offer assistance through the U.S. Agency for International Development, the U.S. Commerce Department, the U.S. Trade and Development Agency, the U.S. Trade Representative and a number of important nongovernmental institutions such as the Center for Global Development, American Chamber of Commerce and many others.

Tax reform and privatization are areas with which the United States has had ample experience – and from which it sometimes has had to learn from its own mistakes and make corrections. I believe that the Treasury Department as well as the Brookings Institution, Center for American Progress and other think tanks, for example, might provide sound advice.

In terms of social matters listed in the roadmap, such as town and country planning, addressing discrimination and domestic violence and developing a more robust civil society, the United States has a wealth of governmental and NGO resources that it might deploy to assist Fiji, from USAID and the U.S. Department of Housing and Urban Development to the Family Violence Prevention Fund and many other organizations.

On the vital questions of constitutional reform, equal suffrage, development of checks and balances to hold government accountable, strengthening the judiciary, facilitating the rule of law, reforming the penal code, combating corruption and strengthening the effectiveness of policing, the United States has provided programs and expertise around the globe through the National Endowment for Democracy, the National Democratic Institute, the International Republican Institute, the American Bar Association, prominent law schools and many other institutions. I would also note that in the context of such reform, I believe it critical that the question of amnesty for anyone involved in the restoration of stability to Fiji in 2000 and afterward be addressed.

In addition, in marshalling U.S. resources to assist Fiji in realizing its Strategic Framework for Change, Washington could leverage its work through coordination with international organizations and like-minded countries.

While only Fiji and its citizens can decide upon and effectuate appropriate change and reform, I believe American resources and expertise in fostering economic development and political stability in a multicultural setting might have useful application in Fiji. And with a new U.S. Administration, a President who grew up in the Pacific and a willingness on the part of key officials in the Obama team to entertain new policies, I believe those opportunities can and should be seized.

In my view, the key to gaining such support from the Obama Administration, at least initially, lies in gaining an indication that Fiji is willing to address the political and constitutional challenges it faces simultaneously as it addresses economic and social issues, rather than sequentially.

Indeed, from a U.S. perspective, political and constitutional reforms are generally viewed as a prerequisite to economic and social renewal. In terms of promoting sustainable economic growth over the long haul through international trade, investment and tourism, the consensus view in Washington is that stability derived from durable constitutions and electoral systems undergirds economic development. Yet, due to the complexity of Fiji's challenges, rushing political reforms and elections would serve no useful purpose. Indeed, such an approach might simply induce more political instability and further ingrain Fiji's coup culture.

The goals outlined in the roadmap as well as in the "Peoples Charter for Change, Peace and Progress" regarding equal suffrage and the elimination of "unjustifiable systems, policies and programmes which are based on racial discrimination or narrow communal considerations," are worthy. But if you were to demonstrate a willingness, for example, to use the 1997 Constitution as the base document from which to make the appropriate adjustments and reforms, I believe that the economic reform process you advocate would move along even more swiftly.

While I would not want anyone to construe some sort of quid pro quo had been developed – since it would not have been – I believe that if Fiji were able to move more quickly toward electoral and constitutional reform and then hold democratic elections, the United States would be prepared to offer the help of its governmental and its nongovernmental organizations in facilitating those reforms, as well as in providing expertise and other resources to better ensure progress on the economic and social issues outlined in the roadmap. The bottom line is that I honestly believe all these reforms and speedier elections can be accomplished successfully.

I am prepared to advocate at the highest levels of the Obama Administration for greater engagement on the part of the United States in providing Fiji appropriate expertise and resources to effect the desired changes of the Strategic Framework. I am also prepared to advocate for the participation of an eminent person or persons to advance that engagement, such as former Presidents Jimmy Carter and Bill Clinton or former Secretary of State Colin Powell.

While I cannot predict the outcome of such advocacy efforts, the Obama Administration has already demonstrated its openness to a new approach regarding American engagement with Fiji, and each of the former eminent persons listed has shown a similar willingness to participate in worthy international endeavors.

As always, I appreciate your openness to dialogue, and I remain committed to assisting you in achieving the worthy goals you set out in the Strategic Framework.

With kindest personal regards,

Sincerely,


ENI F.H. FALBOMAVAEGA
Chairman
Subcommittee on Asia, the Pacific
and the Global Environment

Mr. FALEOMAVAEGA. Contained in that letter were some suggestions I offered on the roadmap, the proposal that Prime Minister Bainimarama gave to the people of Fiji, and to the region for that matter. Of course, there is always disagreement, and perhaps somewhere along the line we may find a sense of mutual agreement on some of the issues raised.

As you had mentioned earlier, 2014 is the target date for holding elections. The Constitution was abrogated. As I said earlier, Fiji has had to live with three Constitutions in a matter of 20 years; four military takeovers and one civilian takeover all within 20 years.

So this is where I offered my sense of concern that sometimes our friends and allies in the Pacific seem to be making demands that there should be immediate elections and thinking that this is going to solve Fiji's problem, yet only to expect that maybe down the road we will have another military coup. And I think more than anything in my personal consultations with Prime Minister Bainimarama, that is where he is any way, at all cost to prevent another military coup from taking place in Fiji.

So, I really think that this is something that I hope Assistant Secretary Campbell will give his attention. I definitely will bring this issue to his attention sometime tomorrow when I meet with him, and I sincerely hope that we will not lose interest in doing all we can in assisting the leaders of Fiji and their people.

You had indicated earlier also about the alliance. Absolutely I cannot think the situation in our close alliance with Australia. When New Zealand announced a nuclear free zone policy where they will deny any U.S. ships or aircraft from coming to New Zealand since we have the policy, the standing policy they cannot deny or admit the presence of nuclear weapons in our aircraft and in our ships, I think this policy by New Zealand still stands. And this has also bothered a lot of Members of Congress to this day, even though this took place years and years ago. In a sense, it is like saying we are doing all the dirty work in the Pacific not only in our own national defense, but also the defense of our allies. And it was kind of a very dark page in our history during President Reagan's administration whereby we immediately cut off any further intelligence or military information with the Government of New Zealand because of that.

Now, I do not know where the administration stands on this. Are we still going to continue looking at New Zealand with that one little problem, because we are denied our ships and aircraft to moor into their harbors and their airports due to never admitting the presence of nuclear weapons? I think that is still a serious problem among my colleagues here in the Congress as far as that policy is concerned.

On China and checkbook diplomacy, I just want to say for the record that there was concern expressed by one of our State Department officials about 2 years ago about checkbook diplomacy currently conducted or has been conducted by China and Taiwan over the favors of these island countries. I had to interrupt the gentleman by saying, "Wait a minute, we just gave \$8 billion to Iraq in cash that we are having a hard time accounting for."

So I did suggest to the gentleman while it may be checkbook diplomacy that China and Taiwan are doing, but we are conducting cash diplomacy that we have a hard time finding out what happened to the money that we gave during the Iraq War.

So I think we have to be a little careful when we start putting labels and saying that we are making checkbook diplomacy by these other countries, and yet our own Government is doing something even more glaring in a way that I say, well, is there a difference? I think there is a difference.

Our close association and alliance with Japan, it is true. I am very, very happy that my good friend, President Ma, has established a much better working relationship with the People's Republic of China. He conducted his campaign on that platform, and for which the voters of Taiwan turned out overwhelmingly saying yes, establish peaceful, cordial relations with the People's Republic of China. And I think this is part of our own fundamental foreign policy. Whatever is between China and Taiwan, it should be resolved in a peaceful manner and not go through another experience of having to send two carrier battle groups to the Taiwan Straits as happened during the Clinton administration. I don't think my colleagues here would ever want to go through that experience again where we came close to a nuclear war with China over something we ought to be able to prevent.

I am sorry. I did not mean to rattle on. I just wanted to share with you some of these issues that come before the subcommittee affecting our region.

I do appreciate very much your comments and your statement and your commitment that we can always do a better job, if I can put it in those terms, as I am sure that our friends and our supporters in the Pacific region want very much to continue our close working relationship with them now and in the future. So I will give you one more opportunity if you would like to have another chance to take a shot at that.

Ms. FRELICK. I just want to thank you very much for holding this hearing today. I have been working with Ambassador Moses and some of the other permanent representatives in New York who are also bilateral Ambassadors to the United States. It has been a real pleasure to work with them. I look forward to going to the Pacific Island Forum, post-forum dialogue meetings next week in Cairns, and I think the more we can work together with not only the regional partners but the other donor countries in the region who have an interest in the Pacific the better we can do to try to address some of the very real issues that we have to deal with in the Pacific. These are wonderful countries, rich cultures, enormous resources, and we do care, and we want to do everything we can to have the U.S. presence felt and to have that be a positive presence.

Thank you very much, Mr. Chairman.

Mr. FALEOMAVAEGA. Ms. Frelick, I look forward to working with you and Secretary Campbell and members of the bureau. I think we are going to have an exciting time not only with the Pacific, but also with the countries of the Asian continent. Again, I really want to thank you for taking the time to come and be with us this afternoon.

The hearing is hereby closed.

[Whereupon, at 3:37 p.m., the subcommittee was adjourned.]

A P P E N D I X



MATERIAL SUBMITTED FOR THE HEARING RECORD

SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

SUBCOMMITTEE ON ASIA, THE PACIFIC AND THE GLOBAL ENVIRONMENT
Eni F. H. Faleomavaega (D-AS), Chairman

July 22, 2009

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Subcommittee on Asia, the Pacific and the Global Environment to be held in Room 2172 of the Rayburn House Office Building:

DATE: Wednesday, July 29, 2009

TIME: 2:00 p.m.

SUBJECT: Ushering in Change: A New Era for U.S. Regional Policy in the Pacific

WITNESS: Ms. Alcy Frelick
Director
Office of Australia, New Zealand and Pacific Island Affairs
Bureau of East Asian and Pacific Affairs
U.S. Department of State

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee as noted above.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON ASIA, THE PACIFIC AND THE GLOBAL ENVIRONMENT

Day: Thursday
Date: July 29, 2009
Room: 2172 Rayburn House Office Bldg.
Start Time: 2:23 p.m.
End Time: 3:48 p.m.
Recesses:

Presiding Member(s): Chairman Eni F.H. Faleomavaega

CHECK ALL OF THE FOLLOWING THAT APPLY:

Open Session
Executive (closed) Session
Televised
Electronically Recorded (taped)
Stenographic Record

TITLE OF HEARING: "Ushering in Change: A New Era for U.S. Regional Policy in the Pacific"

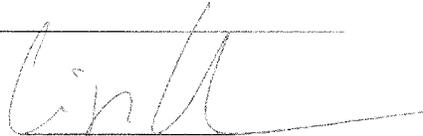
COMMITTEE MEMBERS PRESENT: Rep. Manzullo, Rep. Watson, Rep. Inglis

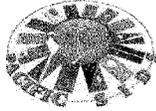
NONCOMMITTEE MEMBERS PRESENT:

WITNESSES: Same as meeting notice attached? Yes No (If "no", please list below and include title, agency, department, or organization.)

ACCOMPANYING WITNESSES: (Include title, agency, department, or organization, and which witness the person accompanied.)

STATEMENTS FOR THE RECORD: (List any statements submitted for the record)
Chairman Faleomavaega, Ranking Member Manzullo, Rep. Watson, Ambassador Moses (briefer), Ms. Frelick (witness)


Lisa Williams
Staff Director



**PACIFIC SMALL ISLAND DEVELOPING STATES
United Nations Member States**

Permanent Mission of the Republic of Nauru to the United Nations
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Briefing by

H.E. Marlene Moses

Ambassador of the Republic of Nauru to the United States
and Permanent Representative to the United Nations

Chair of the Pacific Small Island Developing States (PSIDS)

Before the

Congress of the United States

House Foreign Affairs' Subcommittee

on Asia, the Pacific and the Global Environment

"Ushering in Change: A New Era for U.S Regional Policy in the Pacific"

Washington, D.C.

Wednesday, 29 July 2009

Mr. Chairman The Honorable Eni Faleomavaega,
Honorable Committee Members,
Distinguished Ladies and Gentlemen:

Thank you for this opportunity to address the House Foreign Affairs' Subcommittee on Asia, the Pacific and the Global Environment regarding the current state of U.S. – Pacific relations. I have the honor to speak to you today as the Chair of the Pacific Small Island Developing States (PSIDS), comprising Fiji, Marshall Islands, Micronesia (Federated States of), Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu and as a representative of my home country of Nauru.

Mr. Chairman, relations between the United States and the people of the Pacific extend back over two centuries to when the first American missionaries set foot on our islands. The early 19th century marked a major turning point in our respective histories as the time when the United States became the most important Western influence in the Pacific, taking the place of Europe. In 1822, the U.S. began the systematic defense of its Pacific interests and our paths have been inextricably linked ever since. This relationship, however, has not always benefitted both sides equally.

During the 19th and early 20th century, our islands became an integral part of America's strategic presence throughout the Pacific and Asia, both economically and militarily. The critical importance of this relationship became abundantly clear during World War II, when we opened our homelands to the Allied Forces in a global struggle to defend democracy. The Pacific remained a key ally of the U.S. during the Cold War, united by the principles of peace, democracy, and respect for human rights. The first thermonuclear device was tested on one of our islands. The Pacific has also long been a reliable voting bloc at the United Nations, supporting the democratic principles advanced by the United States therein.

However, principles do not provide us with jobs or feed our children, and the Pacific has suffered from neglect in recent decades. The South Pacific Region, in particular, has witnessed the gradual withdrawal of American support to the point that the U.S. now maintains no more than a token presence. American diplomacy in the region has too often been by proxy through Australia and New Zealand rather than through direct bilateral dialogue. The Pacific Island Conference of Leaders convened in Washington in 2007 was notable only because of its rarity, and even then, we were only granted a short statement by then Secretary of State Condoleezza Rice. We greatly appreciate the benefits provided to three of our sister countries under the Compact of Free Association and hope that this relationship will continue long into the future. However, there are eight other countries in the Pacific that must not be forgotten.

One of our few remaining ties comes in the form of the Multilateral Treaty on Fisheries between Pacific island countries and the U.S., commonly referred to as the 'U.S. Treaty'. While this year's annual consultation resulted in agreement on a range of outcomes, a number of issues still remain unresolved. Most importantly, the U.S. has resisted the application of the Vessel Day Scheme (VDS) to the U.S. fleet and has

objected to the number of fishing days it would subsequently receive. The VDS is intended to ensure the sustainable exploitation of tuna, but U.S. fishing boats continue to reject the plan, thereby jeopardizing the long-term viability of our most valuable fisheries. The renegotiation of the Treaty will take place in late October and would represent an ideal opportunity for the Obama Administration to address one of our most pressing concerns.

Operating in an interdependent and changing international system, the Pacific has survived by adjusting their respective foreign policies and broadening their international engagement to fill vacuums left by traditional partners. We have seen the rise of certain donor countries and the emergence of new partners in our region. These relationships compliment our longer-standing ties with Australia, New Zealand, Japan and, to a lesser extent, the EU. The PSIDS-do not have many strong historical allies to call upon for assistance. These new entrants come to us with generous offers of financial assistance and mutually beneficial relationships at a time of great need. This changing state of affairs is also a reflection of the emergence of new powers on the world stage. The growth and maturation of the PSIDS and other developing nations may have been missed by the U.S., but it is something of which we are keenly aware. It is indeed a new era, one driven by globalization and the hope of shared prosperity. We also believe that it should also be an era of support for democracy and hope that the U.S. will take notice. To redress this changing dynamic, it is our hope that the U.S. will directly re-engage the region in a visible way by bringing both financial and human resources. The latter should include a renewed commitment to Peace Corps operations in the Pacific. Relying on our two largest neighbors to look after the region is no longer a workable solution.

The American departure from our region comes precisely at a time when our need is greatest. Our countries are among the most vulnerable to the twin challenges of economic globalization and climate change and it is unlikely that we will be able to meet them without support from our partners. It is rarely appreciated that five of our members are in the group of Least Developed Countries. I hope it is not too harsh to suggest that, as the global champion of economic liberalization and also the world's largest carbon emitter, the U.S. bears some responsibility for the impacts of its policies on its historic allies.

Mr. Chairman,

Economic globalization

The United States has been an unqualified beneficiary of the current global economic regime. The same cannot be said of the PSIDS. With small populations and a modest resource base, we struggle to capitalize on economies of scale and mass production. Our isolation raises the cost of inputs like fuel and also makes our exports much more expensive than those with easier access to major trade routes. As a result, our economies have been based on the export of natural resources, but this strategy too has brought us mixed results. While these exports provide vital revenue for some of the PSIDS, they also jeopardize the fragile island ecosystems that provide subsistence for large majorities of our population.

Our disadvantage is magnified by the trade preferences that the U.S. selectively grants to other countries and other regions. For example, Fiji's garment industry has collapsed because of the preferential access to American markets granted to competitors.

Our economies are also very small and tend to rely on official development assistance to fund vital services like health care and education. Global financial crises and economic downturns, like the situation we find ourselves in today, can cause huge negative impacts on the economic health of our countries as well as the health and well-being of our people.

Many of our countries depend on remittances from our citizens working abroad. Labor mobility is therefore a high priority for us. It was announced to our Leaders that the relocation of the American military base from Okinawa to Guam would be a boon to regional economic development, however, there is little evidence to suggest that our workers will benefit from these projects. Increased access to the Guam labor markets for other Pacific islanders was once discussed but has not materialized.

Mr. Chairman,

Climate change

This same economic system, based almost entirely on the consumption of fossil fuels, has created the greatest threat to our small islands: climate change. Recent scientific estimates project sea levels to rise by a meter or more by the end of this century. For the United States, with its vast territory and bottomless financial resources, this may seem like a manageable situation. For small islands, this will threaten our very existence.

Average global temperatures have risen less than one degree Centigrade since pre-industrial times, but already our islands are dealing with the repercussions. Storm surge and inundation are contaminating our water supply and sterilizing our soil, coastal erosion is threatening vital infrastructure, and vector- and water-borne illnesses are on the rise. For the Pacific, climate change is an issue of national security that threatens the lives of our people and the stability of our governments.

The Pacific Small Island Developing States note current US investment in renewable energy and hope US renewable energy programme could also be extended to the Pacific.

To us it is clear that mitigation strategies available that hold the prospect of prolonging climate cooling in the term must be implemented. We have called upon the Administration to join us in support of proposals currently pending by Federated States of Micronesia and Mauritius in the Montreal Protocol and the UN Framework Convention on Climate Change (UNFCCC). The United States must take the lead.

Mr. Chairman,

Smart diplomacy

Throughout history, the people of the Pacific islands have been among the most resilient and adaptable on the planet. For thousands of years, we have built our societies in locations plagued by violent tropical cyclones and limited natural resources. Perhaps our quiet doggedness in the face of adversity has not served us as well in the fight for international aid. I have been told more than once, partly in jest but with a grain of truth that the PSIDS need to build a nuclear weapon if we are to attract the attention of the Americans. The PSIDS are, by and large, peaceful, democratic, and well governed. Are these not virtues to be encouraged through effective support?

Mr. Chairman, your country is currently grappling with the reform of your health care system. Health care is a very complicated issue, but there is one thing that everyone can agree on: good preventive care is always the cheapest option. The same principle applies to international relations. It is much cheaper and mutually beneficial to invest in your allies during times of peace than it is to quell tensions after conflict has erupted. This principle is consistent with the vision of "smart diplomacy" promoted by Secretary of State Clinton and can pay dividends for all sides.

Our internal struggles are rarely aired on the international stage, but that does not mean we do not grapple with our fair share of conflict. Solomon Islands and Fiji are both in the process of healing internal divisions that sometimes erupt into violence. Climate change will only make these episodes more frequent. Many respected authorities, including your own Pentagon, have stated that climate change is a clear threat to international peace and security. Now is the time when a renewed partnership with the U.S. can provide the most good for our region.

Consular Issues

The absence of US diplomatic and consular presence in many of the Pacific states has resulted in visitors from the islands travelling to third countries to be interviewed and have their visas processed. This expensive process is having a negative impact on our long historic relationship especially with the younger generation.

**Mr. Chairman,
Recommendations**

The first Americans came to our islands over 200 years ago with the Good Book in hand. One lesson in particular comes to mind:

Do not withhold good from those to whom it is due, when it is within your power to grant it. Say not to your neighbor, "Go, and come again tomorrow, for then I will give"; when you are able to give today.

Changes that must seem small relative to the totality of American activities can have enormous impacts on our countries. The withdrawal of American support from our region has been keenly felt and the time to begin a new era in U.S. – Pacific relation is long overdue. Repairing the bridges that connect us will take time, but there are several

things that can be done in the short term that would have profound benefits for our peoples.

- Open the Millennium Challenge Account to countries with populations of under 100,000. Several PSIDS, including my home of Nauru, are ineligible for assistance under the program because of this restriction. I recognize that officials responsible for the allocation of foreign assistance might think that they ought to spend their time on countries with large populations rather than small populations. We hope that you, members of Congress, will suggest that countries that are close friends of the United States do deserve attention even if they are small.
- Schedule a Congressional visit to the region so that you can see for yourselves the struggles of our peoples. The perception of the Pacific for most people is that of pristine beaches and exotic coral reefs. We hope you will agree that it is important for policy makers in this country to travel farther to see how we the people actually live.
- Increase US diplomatic presence in the Pacific.
- Restart Peace Corps operations in the Pacific. Not only did the presence of Peace Corps provide valuable services to our countries, but it also forged strong bonds between the people of our respective countries.
- Re-energize the Joint Commercial Commission with adequate budgetary and administrative support, so that its potential for significant contributions to our economic advancement can be realized.
- Diabetes is a serious problem throughout our region. Our own resources are insufficient to deal with that problem. We need assistance both for treatment of this illness and for prevention. We thank you, Mr. Chairman, for having proposed a fund allocation for this purpose to be included in the Foreign Operations Authorization bill and we thank the members of this Subcommittee for having supported that proposal. I need to point out that assistance to us in helping us deal with diabetes would not only be beneficial from a purely humanitarian point of view, but would also benefit our economy. Too many of our people are incapacitated by this illness.
- Support the implementation of the Vessel Day Scheme under the Multilateral Treaty on Fisheries. The lease of fishing licenses to foreign vessels is an important source of revenue for many of our countries. It is critical that we take steps to ensure the sustainability of these fisheries.
- We recommend granting preferential worker status to the residents of the Pacific to participate in projects associated with the relocation of the American military base to Guam. Our workers are ready to provide their services. We hope that you will not let bureaucratic obstacles stand in their way.
- Your proposal, Congressman Faleomavaega, also calls for help to meet our need for pure drinking water. Here, too, we truly need help. Rain water is insufficient to meet our needs. Desalination plants, powered by solar energy, would be an ideal solution.

For the reasons that I have just laid out, and against the background of our close friendship, I want to express my sincere hope and that of my colleagues that the United States will increase its financial assistance to our region. Our countries are small and located in one of the most remote parts of the world, but I would hope that this comes to be seen as a reason for, and not against, increasing your commitment to the region. We hope that the Subcommittee will consider taking the needed steps that would enable the hard-working people of our twelve sovereign nations to meet the economic and environmental challenges that face them today.

In the long run, there is also the need to build a solid foundation for our economies. Congressman Faleomavaega has pointed to the merits of aquaculture for providing just such a foundation. This is an excellent suggestion, but here too, we need help to get things off the ground, and, I suppose, into the water.

Mr. Chairman,

I greatly appreciate the opportunity that you have given me to present the concerns that my country shares with the others in the Pacific. Let me repeat. We are small countries, but for 200 years, we have looked to the United States as our friend, and as an ambassador to the United Nations, I can say we do what we can to reciprocate. We welcome the opportunity to usher in a new era and hope it leads to our friendship becoming even stronger.

Thank you.

Statement for the Record
by
Alcy R. Frelick
Director for Australia, New Zealand and Pacific Island Affairs
Bureau of East Asian and Pacific Affairs

Before the
House Foreign Affairs Committee
Subcommittee on Asia, the Pacific and the Global Environment

Ushering in Change: A New Era for U.S. Regional Policy in the Pacific

July 29, 2009

Chairman Faleomavaega, Ranking Member Manzullo, and distinguished Members of the Subcommittee, thank you for inviting me to appear today to testify on U.S. policy towards the nations of the Pacific. I welcome the opportunity to address our policy towards this important region.

The United States values its longstanding and close relationships with the countries and peoples of the Pacific. Indeed, the United States is itself a Pacific nation, with a lengthy Pacific coast, stretching as far west as Guam and the Commonwealth of the Northern Marianas Islands and encompassing American Samoa and Hawaii. Nothing could better underscore this fact than the election last year of Barack Obama, a native of Hawaii, as the 44th President of the United States.

The United States engages with the Pacific Island countries in both a bilateral and multilateral manner to address issues of pressing concern to the United States, the region, and the world. Our multifaceted engagement with the Pacific covers the gamut from addressing climate change to maintaining a robust missile defense infrastructure. Most importantly, we seek to work with the governments and peoples of the Pacific to foster stable, democratic, and prosperous countries.

I would like to discuss some of the many key challenges and programs we are engaged in as a nation with Pacific Island countries and address the specific questions included in your invitation to testify today. I will touch on our assistance in the region including within the Compacts of Free Association, and key issues with Palau and the Marshall Islands. I would like also to address how we are approaching global challenges and express our appreciation for the solid cooperation we enjoy in international fora like the United Nations. I'll cover the

particular concerns we have about Fiji and finally talk about other regional players like Australia, New Zealand, Taiwan, and China.

Foreign Assistance and Compacts of Free Association

The United States government provides a wide range of foreign assistance programs to the Pacific island nations. The majority of this assistance is administered by the Department of the Interior as part of our Compacts of Free Association with the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau. This assistance totals over \$200 million dollars annually. The Millennium Challenge Corporation also has a five-year, \$66 million Compact with Vanuatu which entered into force in 2006 and focuses on improving its transportation infrastructure.

Due to both funding constraints and the fact that Pacific island nations' GDP per capita generally exceeded the income levels for countries to which USAID provided assistance, USAID closed its regional mission in the Pacific in 1994. Nevertheless, USAID today is providing targeted assistance in key areas in the Pacific. Papua New Guinea, which currently suffers from the highest rate of growth in HIV/AIDS in Asia, has a \$2.5 million per year bilateral USAID assistance program targeting HIV/AIDS. Papua New Guinea and the Solomon Islands are included in the Coral Triangle Initiative, and Papua New Guinea benefits from a tropical forest conservation program, both of which are managed by USAID's Regional Development Mission for Asia based in Bangkok.

USAID's Office of Foreign Disaster Assistance (OFDA) has provided disaster assistance to Fiji, Papua New Guinea, and the Solomon Islands in the past year. In November 2008, OFDA assumed responsibility – formerly carried out by the Federal Emergency Management Agency – for disaster preparedness activities in the Republic of the Marshall Islands and the Federated States of Micronesia. Additionally there is an OFDA representative based at our embassy in Majuro. While OFDA has responsibility for immediate disaster response for the Federated States of Micronesia and the Republic of the Marshall Islands, reconstruction assistance to these island nations is now the responsibility of the USAID Regional Development Mission for Asia, based in Bangkok.

The U.S. Navy's "Pacific Partnership" program provides medical, dental, veterinary, and engineering assistance in the Asia-Pacific region. This humanitarian and civic assistance mission is conducted with and through partner

nations, non-governmental organizations, and other U.S. and international agencies to provide a variety of assistance to the Asia-Pacific region. In 2008, the *USNS Mercy* provided medical treatment to 20,000 people in Papua New Guinea and 17,000 in the Federated States of Micronesia, reaching almost 15 percent of the entire population of Micronesia. This year, the *USNS Richard E. Byrd* is in the midst of a three-month program to Samoa, Tonga, Solomon Islands, Kiribati, and the Marshall Islands. The Navy and the Pacific Fleet are committing more than \$20 million this year to the success of Pacific Partnership 2009.

Another valuable aspect of our assistance is the individual and collective contributions of Peace Corps volunteers. Today, the Peace Corps has programs in the Federated States of Micronesia, Palau, Samoa, Tonga, Fiji, and Vanuatu. We are hopeful the Peace Corps will be able to expand programs in the region.

The United States is a member and supporter of some of the South Pacific region's most important multilateral programs. The Secretariat of the Pacific Community (SPC) provides technical assistance, policy advice, training, and research services to 22 Pacific Island countries and territories in areas such as health, human development, agriculture, forestry, and fisheries. We provide approximately \$1.7 million to the SPC annually, which is more than 17 percent of its core budget. One example of our collaboration with the SPC is a program undertaken by the Centers for Disease Control and Prevention to strengthen laboratory diagnostic capabilities for influenza. The United States also values the mutual benefits derived from the National Oceanic and Atmospheric Administration's on-going support of the Pacific Islands Global Climate Observation position at the South Pacific Regional Environmental Program. Finally, 14 Pacific Island states receive a combined \$18 million annually from the U.S. foreign assistance budget under the terms of the Economic Assistance Agreement associated with the "South Pacific Tuna Treaty."

This year's Pacific Island Forum (PIF), which will take place August 4-6 in Cairns, Australia, will focus on donor coordination in the Pacific. Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell will lead a robust interagency delegation to the August 7 Post-Forum Dialogue (PFD). The PFD will consider the impact of the global economic crisis on Pacific island countries. The PIF and the PFD are the region's most important annual meetings. The strong United States presence in Cairns will demonstrate our commitment to the region and provide an opportunity for the United States to enhance cooperation with other partners.

Palau

Some of our major assistance programs are linked to the Compacts with the Federated States of Micronesia, the Marshall Islands, and Palau. We are currently in the middle of the mandated 15-year review of the U.S.-Palau Compact of Free Association. The Compact came into effect in 1994, and section 432 mandates a formal review upon the fifteenth, thirtieth, and fortieth anniversaries. Under the terms of the Compact, Palau has been receiving U.S. aid in the form of direct budgetary assistance and access to U.S. federal programs and services. All told, the GAO estimates that Palau will have received about \$852 million of support from the United States during the first 15 years of the Compact. This includes the construction of over 50 miles of road that have opened up much of the interior of Babeldeop Island for development.

Most of the U.S. assistance that Palau receives is set to expire at the end of the fifteenth year, on September 30, 2009. Because we are still reviewing the Compact, the amount and form of any future U.S. assistance to Palau is still under consideration. The Administration supports legislation, currently before Congress, for a one-year extension into FY2010 of assistance to Palau at the same level as fiscal year 2009.

Thus far, we have held two formal review meetings and one working group meeting on the Compact. At the working group meeting on June 12, Palau presented its proposal for continued U.S. aid. The United States responded to Palau's proposal at the last formal review meeting held on July 8 and 9. We are continuing our discussions, and are hopeful that we can conclude the review by October 1. Once we have completed our discussions, we will propose, for congressional review and approval, any draft legislation that would be necessary to implement the results of the review.

I would like to take this opportunity to clarify a misconception linking this Compact review with the possible resettlement in Palau of some Uighurs currently held at the Guantanamo Detention Facility. There is no such link. As the United States government works to implement the President's directive to close the Guantanamo Bay Detention Facility, the continued assistance of our friends and allies is vitally important. We have spoken with a number of governments about resettlement of detainees, and we are grateful to all those governments, including Palau, that have expressed an interest in being helpful.

The United States government acknowledges that there will be costs associated with the resettlement of Guantanamo detainees. We are prepared to consider requests for assistance in defraying those costs, on a case by case basis where needed. This issue and these costs are not under consideration in the Compact review.

Marshall Islands

The United States and the Marshall Islands have enjoyed an exceptionally close and mutually advantageous relationship for many years under a separate Compact of Free Association. In 2004, the U.S. government and the Government of the Marshall Islands brought into force an amended Military Use and Operating Rights Agreement (MUORA) to extend United States use of Kwajalein atoll through 2066, with an additional 20-year extension option. Kwajalein is home to the U.S. Army Kwajalein Atoll (USAKA) Command and the Ronald Reagan Ballistic Missile Defense Test Site.

The Government of the Marshall Islands and the Government of the United States agreed to increase the amount the United States would pay annually in connection with its use of Kwajalein. Unfortunately, some Kwajalein landowners opposed the new government-to-government agreement and refused to sign an Amended Land Use Agreement reflecting the terms of the amended MUORA. The difference between the new and old rates has been placed in escrow and now amounts to more than \$24 million. In December 2008, the United States agreed to extend the deadline set for signing a new Land Use Agreement on the understanding that the Government of the Marshall Islands and the landowners were making progress toward signing a new Land Use Agreement, which we consider a domestic issue for the Marshall Islands. President Tomeing has been engaged with the landowners, and we remain hopeful the parties can resolve the issue soon and the escrow monies can be released for distribution to the landowners.

The United States conducted atmospheric nuclear weapons tests in the northern Marshall Islands between 1946 and 1958. In 1986, the United States and the Republic of the Marshall Islands signed a full settlement agreement to compensate citizens of the Marshall Islands for injury to persons and damage to property arising from the testing program. The settlement included establishing a trust fund of \$150 million to generate income to fund awards adjudicated by the Claims Tribunal administered by the Marshall Islands government. Some Marshallese also benefit from a separately funded Department of Energy radiological

healthcare program mandated by Congress to provide medical care and radiological monitoring for the members of the population of Rongelap and Utrök who were exposed to radiation resulting from the 1954 U.S. thermonuclear “Bravo” testing.

In total, the U.S. government has provided approximately \$530 million in health services, environmental monitoring and reporting programs, and remediation (clean-up) of affected islands. The Nuclear Trust Fund administered by the Marshall Islands government has been depleted through earlier payments to claimants, and recently, the Government of the Marshall Islands discussed using its own funds to enable token payments to unpaid claimants.

Since the 1986 settlement, the Bikini and Enewetak communities, in two judicial actions, have sought additional compensation from the United States. Those cases were dismissed by the U.S. Court of Federal Claims in July 2007. The dismissals were affirmed by the U.S. Court of Appeals for the Federal Circuit in January 2009 and, in May 2009, the petitions for rehearing were denied.

Climate Change and Renewable Energy

While climate change is an issue of serious concern to many of us here in America, it is of particular and personal concern to the people of the Pacific region. Climate change is an existential threat to Kiribati, the Marshall Islands, and Tuvalu -- low-lying island countries that are physically shrinking due to rising sea levels. If we do not move now to address climate change, all three of these countries will be completely uninhabitable in our lifetime.

We need to work locally and globally on developing creative solutions to cope with climate change. The Obama Administration is committed to addressing this threat and working with the region to address the dire effects of climate change.

One key instrument is the Energy Development in Island Nations (EDIN) partnership with New Zealand and Iceland, which was launched in July 2008 to encourage island governments around the world to create energy efficiency plans and use renewable energy technologies. As this program expands, we expect it will play an increasing role in addressing energy needs throughout the Pacific and elsewhere.

We were encouraged to learn recently that Tuvalu has announced a bold plan to run the island nation on 100 percent renewable energy by 2020. As a first step, the country has installed a 40 kilowatt system on the roof of its largest soccer stadium to provide Funafuti, the nation's capital, with 5 percent of all of its electricity needs. And this is just the first step in the country's goal of becoming the world's first carbon-neutral nation; we will be looking for ways to help Tuvalu achieve this goal.

The Situation in Fiji

The United States also remains committed to the advancement of human rights and democracy in the region through exchanges such as the International Visitors Leadership Program and partnerships like the Asia Pacific Democracy Partnership (APDP). We are proud to note that the APDP completed a successful election observation mission – under your lead – to Micronesia in March, an effort that brought together representatives of the United States, Australia, New Zealand, Palau, and several Asian countries. Thank you for your efforts on this initiative. We also are encouraged by Tonga's initial steps towards democratic reform.

Certainly the most troubling political issue facing the Pacific island countries today continues to be the situation in Fiji, which has been under military rule since December 2006. Traditionally, Fiji has been a close and valued friend and partner in the Pacific. Fiji has a long history of contributing troops to multilateral peacekeeping missions, was quick to condemn the September 11 terrorist attacks on the United States, and has been a staunch supporter of our efforts to build an international coalition against global terrorism.

The military coup of December 2006 has strained our relationship. Fiji's coup leaders recently released a "roadmap to democracy" that did not take credible steps to restore democratic rule, other than a promise to begin work three years from now on a new constitution leading to elections in 2014. The public emergency regulations remain in place, the press remains heavily censored, and the right to assembly is severely restricted. Just two weeks ago, the leaders of the Methodist Church and one of Fiji's three paramount traditional chiefs, Ro Teimumu Kepa, were arrested for planning to hold the church's annual conference despite a government ban.

The United States responded to the Fiji coup by imposing a number of sanctions, including a cessation of military and other assistance to the Government of Fiji in

accordance with section 508 of the Foreign Operations Appropriations Act, visa bans against coup leaders, suspension of lethal military sales, and restrictions on bilateral engagement. Our sanctions are targeted against the military regime. The United States, however, continues to provide assistance to the people of Fiji. Our sanctions do not preclude assistance in support of a credible return to democracy. Such assistance would include supporting election reform efforts, as well as programs geared toward strengthening civil society, a free press, and an independent judiciary.

We continue to maintain full diplomatic relations with Fiji and look forward to closer relations when it once again resumes its leadership role in the Pacific by restoring democracy to its people.

The United States closely watches the reactions of other Pacific island leaders and the statements and actions of the Pacific Island Forum, which suspended Fiji in May. We believe that the return of democracy in Fiji will depend on the restoration of such basic human rights as freedom of speech and assembly.

Pacific Islands Forum

Our coordination with the Pacific Islands Forum leads naturally to discussion of our coordination with Pacific island countries in international fora. As you have pointed out, Mr. Chairman, the Pacific islands as a group have been stalwart supporters of key votes in the United Nations General Assembly. Ambassador Rice, in fact, held her first representational lunch with Pacific island permanent representatives in New York out of recognition and appreciation for our excellent working relations at the United Nations.

Other Regional Players

I cannot discuss United States policy toward the 12 Pacific island nations or fairly represent our interests in that area without mentioning the activities of other important players in the region with which we try to coordinate and complement our activities.

First and foremost is our alliance with Australia, a country with which we share interests, values, and commitments in not only the Pacific but throughout the world. The United States recognizes the very real leadership role Australia plays as the largest country in the South Pacific region. Australia's vigorous leadership

in and provision of foreign assistance to the region means that it plays an instrumental role in promoting the welfare of people throughout the Pacific and remains a strong partner for the United States globally.

New Zealand is another significant partner in the region with which we collaborate intensively on issues ranging from democracy promotion to renewable energy. Japan, too, is playing an increasingly prominent and welcome role in the Pacific. It recently hosted the Pacific Islands Leaders Meeting (PALM) V Summit in Hokkaido and pledged over US\$500 million to promote renewable energy and address climate change in the region in the coming years. The European Union is also engaged in the Pacific, and we will continue to coordinate our analyses on events and trends, and to work towards greater coordination as donor partners.

I am pleased to note since the election of President Ma in Taiwan, China and Taiwan appear to have curtailed their competition for diplomatic recognition from Pacific island states. The “checkbook diplomacy” conducted by the PRC and Taiwan undermined good governance and distorted political processes. We take this opportunity to encourage both parties to follow international norms of transparency to provide effective foreign assistance.

Conclusion

In conclusion, let me reaffirm that the countries of the Pacific remain important to the United States. We continue to identify new and better opportunities to increase our engagement with the governments and peoples of the Pacific. We benefit from and appreciate the active interest and support from Congress and look forward to working together to craft effective policies and programs to meet the mutual needs of the United States and the countries of the Pacific.

Thank you for the opportunity to testify on this important topic. I would be happy to answer your questions.