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“U.S. Policy in the Pacific Islands”

Chairman Faleomavaega, Representative Manzullo, and distinguished Members of the Committee, it is a privilege to testify before you today on U.S. policy toward the nations of the Pacific. I welcome the opportunity to discuss our approach to this important region.

As you know, the United States has significant moral, historic, and strategic links with the island-nations of the Pacific. Almost 70 years ago, during the dark days of the Pacific campaign, the United States and the people of the Pacific fought side-by-side to counter the Japanese imperial march toward Australia. Our identity as a “Pacific power” was, in many ways, forged on the beaches of the Pacific during World War Two. We often forget about the significant battles, such as Guadalcanal, that in many ways proved to be the most consequential, if not fundamental, to the remarkable growth and stability that the Asia-Pacific enjoys today. Looking back, and using this opportunity to reflect forward, it is remarkable to see the progress that the Pacific Island nations have made over the last half century.

We often speak about the Asia-Pacific, but often overlook the “pacific” element of the equation. The Obama Administration has attempted to renew our focus and commitment to the Pacific nations, in accordance with the important role these nations play in the complex and dynamic regional strategic milieu. Like this Committee and the leadership role that you, Mr. Chairman, play, the President, Secretary Clinton, and others in this Administration deeply appreciate the historic legacy of the Pacific and the strategic role it plays, particularly in the twenty-first century. The region is of vital importance to Asia-Pacific regional stability and to our shared interests in freedom of navigation, mitigation of climate change, energy security, sustainable, robust fisheries, and protecting biodiversity. Moreover, the

Pacific nations play an important leadership role on global issues, particularly in the United Nations and in supporting international peacekeeping missions.

Following the election of President Obama, the United States has worked hard to renew its strong relationships with and commitment to the Pacific Islands. Speaking in Honolulu in January of this year, Secretary Clinton discussed the Administration's efforts to lay the foundation for a revitalized Asia-Pacific relationship. She articulated five principles of America's continued engagement and leadership: using our bilateral alliance relationships as the cornerstone of our regional involvement while pursuing other partnerships and dialogues with regional players; shaping regional institutions to advance shared objectives such as economic development and democracy; ensuring that regional institutions are effective and results-oriented; maintaining flexibility in pursuing objectives, including through sub-regional institutions; and determining which Asia-Pacific regional institutions are the defining ones that include all key stakeholders. We are applying these principles in strengthening our ties with our Pacific Island partners in both multilateral and bilateral arenas.

Our enhanced engagement takes place in a complex and dynamic regional context; and thus, our approach to renewed engagement must be multifaceted and nuanced. I would like to discuss today this approach to broadening our engagement, which emphasizes the crucial role of the Pacific Island Forum; our bilateral and regional initiatives with Pacific Island countries; our work with the Freely Associated States; our approach to Fiji; our initiatives with Papua New Guinea; and our cooperation with Pacific allies and other partners to reach common goals with the Pacific Island countries.

Regional Institutions

The Pacific Islands Forum (PIF) is a perfect example of a sub-regional institution with the potential to advance practical, shared objectives in partnership with the United States and likeminded regional leaders, as suggested by Secretary Clinton in Honolulu. The PIF plays an important role in intra-regional affairs, and we are determined to enhance our engagement with it as a dialogue partner. We will work closely with the Pacific Islands Forum to prioritize regional objectives and advance our common interests.

In addition to working with the PIF, the United States sees opportunities for enhancing the work of the Secretariat of the Pacific Community (SPC). The now 26-member strong SPC is not only the oldest and largest, it is also the premier

regional organization in the Pacific; U.S. Pacific territories, including American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands, are full members of its technical agencies. Thus far, three Americans have served as SPC Director General since its inception. Working with the SPC gives the United States the opportunity to standardize climate change policies with the U.S. territories and the Freely Associated States. SPC is a natural partner to advance U.S. and regional agendas in climate change adaptation, food security, fisheries, health, and other priority sectors.

Bilateral and Regional Initiatives

Pacific Island countries are strong partners who punch above their weight, stepping up to deploy police and military forces for peacekeeping missions and participating in U.S.-led combat operations in the world's most difficult and dangerous places. Citizens of the Freely Associated States serve honorably in the U.S. military, and Tongan soldiers have fought alongside U.S. troops in Iraq and will deploy to Afghanistan toward the end of this year. Other Pacific Island countries support global stability by contributing to international peacekeeping efforts, as Fiji's continuing roles in Iraq and the Sinai, and Vanuatu's troop contribution in Timor-Leste and Darfur, ably demonstrate. We applaud Papua New Guinea's recent passage of a law modifying their constitution to allow them to participate in international peacekeeping forces (PKO) and are providing PKO-related training courses through the International Military Education and Training Program (IMET) to assist them in developing a participation program with the relevant UN offices.

At a time of significant shifts in the Asia-Pacific region, the Obama Administration wants to strengthen both our bilateral and our regional interactions with Pacific Island countries. Secretary Clinton met earlier this week with the Pacific Island leaders on the margins of the United Nations General Assembly (UNGA). During that meeting, her second since taking office, she reiterated the importance of the Pacific Islands to the United States and underscored our unwavering commitment to the region. U.S. Ambassador to the United Nations Susan Rice cooperates closely with the Pacific Island Permanent Representatives in New York on issues of mutual interest in the UN. This past August, I attended the PIF Post-Forum Dialogue in Port Vila, Vanuatu, with the largest, multi-agency U.S. delegation ever, including key personnel from the Pentagon and Pacific Command. At the meetings, we discussed several issues affecting the region, including climate change, threatened fisheries, and the need for disaster preparedness. I look forward

to continuing this engagement and to working with the region's leaders to address these issues.

As part of our far western border, the Pacific is essential to our security. Our multifaceted engagement with the Pacific Islands will span a broad range of issues -- enhanced development assistance, cooperation on climate change, expanded cooperation on regional security, high-level visits, and people-to-people exchanges. The United States will continue to strengthen efforts to address non-traditional threats, particularly trans-national crime, with our friends in the Pacific and to increase maritime security and law enforcement capacity. We are considering ways to expand our cooperative maritime enforcement ("Shiprider") agreements. To that end, we have already signed agreements with Kiribati, Palau, Tonga, Marshall Islands, Federated States of Micronesia, and the Cook Islands, allowing local law enforcement officers to embark on select U.S. Coast Guard vessels and aircraft to patrol their waters. We also continue to explore ways to strengthen cooperation to stem the trafficking of people, arms, and drugs and to stop unregulated and illegal fishing. These are difficult but vitally important tasks.

One of our primary areas of concern in the region is the danger of climate change. It is a common threat to the U.S. and the Pacific Islands, and the President recognizes the urgency of this environmental, economic, and security issue for the people and nations of the Pacific. We are working with partners in the Pacific region and around the world to continue to mitigate global greenhouse gas emissions and actively respond to the adverse conditions of climate change, while promoting the adoption of practical energy approaches including solar power and efficient use of fossil fuels. We are focusing our efforts, including through our Regional Environmental Office in Suva, in the areas of adaptation to the adverse effects of climate change and cleaner energy approaches. We are glad to have constructive partners in many of the Pacific Islands individually and in the Alliance of Small Island States.

The United States continues to provide immediate assistance to governments and humanitarian organizations following disasters, and we are expanding the capacity of local disaster management officials to better prepare and respond to emergencies. Within the last year, we have provided over \$1.5 million in aid for cyclone- and tsunami-related disasters in the region, and we continue to build national capacity through ongoing disaster management training and disaster preparedness exercises. Additionally, this year, the U.S. Navy Pacific Partnership visited Papua New Guinea, Palau, and Timor-Leste to advance capacities of these countries to provide care and assistance. And, as you are aware, the U.S. National

Weather Service provides forecasts and warnings throughout the Pacific and coordinates actively with regional partners to share vital information.

The Obama Administration continues to look for areas of convergence with our Pacific colleagues on the full range of climate change issues, so that we might make further progress this year on the important agreement achieved in the Copenhagen Accord last December. As Secretary Clinton highlighted in the aforementioned roundtable with Pacific leaders on the margins of UNGA, we have committed \$21 million over the next two years specifically towards climate adaptation projects and related programs in the Pacific Small Island Developing States. Work in the broad areas of mitigation, adaptation, and clean energy is critical to helping to ensure future security, prosperity, and well-being for those who, like Pacific Islanders, stand at the front lines of climate change.

In addition to providing support for climate change, disaster preparedness, and relief efforts, we seek to work with the regional partners to ensure long-term development. The United States recognizes the impact of the global economic contraction on the region. President Obama remains committed to improving global education and health, reducing poverty, and assuring food security and the United States is constantly looking for ways to better focus foreign assistance in the Pacific region, particularly in the areas of capacity-building, training and technical assistance. One example of our foreign assistance efforts is in Vanuatu, the smallest country to receive a Millennium Challenge Corporation (MCC) compact. The \$65 million compact has spurred foreign investment and created jobs; MCC is currently considering Vanuatu's request for a second tranche.

The U.S. Agency for International Development (USAID) is also programming activities focused on health and global climate change adaptation, designing and implementing these programs in partnership with Pacific Island organizations.

In addition to the contribution of our direct development aid, the planned U.S. military relocation to Guam over the coming years will require approximately 12,000-15,000 workers, creating jobs and opportunities for the region. While the United States will seek to employ as much United States-eligible labor as possible, we will likely have to supplement this effort with foreign labor from eligible countries, including our friends in the Pacific. To help address the labor shortfall, we are looking at ways to include Pacific Island countries in the list of eligible countries from which foreign labor and expertise can be drawn.

It is also important to note the return of the Fulbright Program to the region, and the increased availability of scholarship opportunities for students throughout the region – all of which assist in helping the United States and Pacific Island nations find solutions to shared concerns.

The United States has also supported various multilateral efforts that contribute to strengthening the Pacific-island region. Through the Asia-Pacific Democracy Partnership (APDP), we coordinated multinational election observation missions to the Solomon Islands parliamentary elections in August. We also supported APDP election observers to Bougainville Autonomous Region in Papua New Guinea. In both cases, our observers contributed to advancing the peace and reconciliation process following armed conflicts in the two areas. We have also contributed to peace and reconciliation in Bougainville with the recently completed first phase of a State Department-funded weapons reduction program to destroy WWII-era arms caches at the former U.S. base in Torokina. We are studying a similar program for Guadalcanal WWII sites in the Solomon Islands.

Freely Associated States

We have unique historical ties with the Freely Associated States (FAS) of the Republic of Palau, the Republic of the Marshall Islands (RMI), and the Federated States of Micronesia (FSM). The three FAS are an important component of the U.S. position in the Pacific. Starting in 1947 the United States administered the Trust Territory of the Pacific Islands, which included the Northern Mariana Islands in addition to the islands that eventually became the FAS. After many years of consultation, the RMI and the FSM became sovereign nations in 1986 and Palau followed suit in 1994. Through our respective Compacts of Free Association, the United States has maintained extraordinarily close relations with the FAS, providing over \$200 million in annual assistance, administered by the Department of the Interior, to support their governance and economic development.

Our Compacts of Free Association codify relationships between the United States and these former components of the Trust Territory that are unprecedented in U.S. diplomatic history. Each member of the FAS is a sovereign country, and our dealings with the FAS fall within the scope of foreign policy, but our ties with them differ from those with other nations in several fundamental ways. We provide the people of the FAS direct access to the services of over 40 U.S. federal domestic programs and to U.S. government funding at a per capita rate greater than that for any other foreign government; we take responsibility for the security and defense of each of these island states in return for denial of third-country military

access to the FAS; and we give FAS citizens the right to work and live in the United States as nonimmigrant residents within the parameters laid out in the Compacts.

The importance of this special relationship is most clearly manifested in the U.S. defense posture in the Asia Pacific. The U.S. defense relationships in the Asia-Pacific, which form a north-south arc from Japan and South Korea to Australia, depends on our strong relationship with the FAS, which along with Hawaii, Guam, the Commonwealth of the Northern Mariana Islands, American Samoa and the smaller U.S. territories comprise an invaluable east-west strategic security zone that spans almost the entire width of the Pacific Ocean. The Freely Associated States contribute to U.S. defense through the U.S. Army base on Kwajalein Atoll in the Marshall Islands that houses the Ronald Reagan Ballistic Missile Defense test site, an important asset within the Department of Defense. Furthermore, the FAS' proximity to Guam is important to US defense interests as the United States has a vital interest in maintaining the ability to deny any hostile forces access to sea lanes that protect our forward-presence in Guam and beyond. Our relationships with the FAS allow the United States to guard its long-term defense interests in the region.

Moreover, while the FAS do not maintain their own military forces, under the terms of our Compacts their citizens are eligible to serve in the U.S. Armed Forces. Micronesians, Marshallese and Palauans volunteer to serve in the U.S. military at a rate higher than in any individual U.S. state. We are grateful for their sacrifices and dedication to promoting peace and fighting terrorism.

But the importance of our strong relationship with the FAS extends beyond defense considerations. We applaud recent efforts, including on the part of RMI, to explore ways to take into account the effects of climate change in development projects, including many undertaken through the Compact. Such planning is critical to ensure sustainability and effective progress in the FAS, and we continue to support work to "climate proof" all development activities. The Freely Associated States also have one of the highest levels of voting coincidence with the United States in the United Nations and generally share our vision on important international goals for human rights and democracy. Palau accepted six former detainees from Guantanamo for temporary resettlement.

And our people-to-people ties continue to grow. Since 1966, more than 4,200 Peace Corps Volunteers have contributed to English language-learning, life skills education, economic development, education, capacity building, and marine and

terrestrial resource conservation in the Freely Associated States. Today there are approximately 270 Peace Corps Volunteers serving in the five Pacific posts, with about 80 Peace Corps Volunteers serving in Vanuatu, and approximately 50 Peace Corps Volunteers serving in Micronesia and Palau.

Recognizing the far-reaching importance of our relationship with the FAS, the United States is committed to enhancing the democratic process in the Freely Associated States. The maturity of the democratic process in these relatively young states is a testament to the strong values of the people of the Pacific and reinforces the value of the Compacts as a vehicle for their transition to greater self-sufficiency. To this end, the second set of compacts with the RMI and the FSM, which took effect in 2003, require collaborative, bilateral and interagency oversight of the use of Compact funds and mandate bilateral management of trust funds to ensure economic sustainability in future years. This year marks an important milestone in the U.S.-Palau Compact of Free Association. On September 3, the United States and the Government of Palau successfully concluded the 15-year review of the Compact of Free Association and signed an agreement that includes a \$250 million package of assistance through FY 2024. Included in this figure are \$21 million to subsidize postal service to all the Freely Associated States and \$13.3 million Palau received this fiscal year prior to the conclusion of the review. Under the agreement, Palau committed to undertake economic, legislative, financial, and management reforms. The conclusion of the agreement reaffirms the close partnership between the United States and the Republic of Palau. We are currently working on getting the draft legislation to Congress. In addition, the United States has established an embassy in Palau and stationed our first resident U.S. Ambassador there.

Papua New Guinea

Papua New Guinea is by far the largest, wealthiest and most populous Pacific Island country; its influence is felt throughout the region. The United States sees the growth of the economy in Papua New Guinea (PNG) as beneficial to the region. PNG is on the verge of exploiting hydrocarbon resources that could enable it to become one of the world's largest exporters of natural gas, fundamentally transforming PNG's economy and society. We have a strong interest in the success of PNG's energy sector and related public financial management reforms.

However, the government has moved slowly on public financial management reforms and recently attempted to dilute the powers of the national ombudsman. Corruption, misuse of resources, and lack of capacity have led to declining social

services and increasing poverty. In PNG, gender discrimination also threatens to derail progress in civil society and economic development. Beatings and rape are common; women are ignored in the workplace; and female education and literacy rates are far below those of men. Reform-minded government leaders in PNG are looking for U.S. support and guidance. We are examining ways to assist PNG in natural resource governance and in educating and empowering women with the hope of supporting PNG to reach the full promise of its development.

Fiji

Inextricably linked with regional economic development is the vital issue of good governance. In this arena, the current state of affairs in Fiji is a matter of on-going concern. Traditionally, Fiji has been a close and valued friend and partner in the region, as well as a leading voice for Pacific Island democracy. Fiji also 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.

However, since the 2006 coup in Fiji, and the ascendance of the military regime led by Prime Minister Bainimarama, there has been an unfortunate reversal of Fiji's leadership role. Fiji's exclusion from the Pacific Island Forum since 2009 has detracted from progress on important regional issues.

Fiji's coup leaders have not taken any credible steps to restore democratic institutions. After breaking a promise to hold elections in 2009, they now promise to begin work in 2012 to craft a new constitution and hold elections in 2014. They also promised to lift public emergency regulations, but the regulations remain in place, the press remains heavily censored, and the right to assembly is severely restricted. Fiji has failed to restore democracy or institute structural reforms. The entrenchment of authoritarian rule indifferent to criticism has become a dangerous model for the region and the global community.

The United States maintains sanctions pursuant to Section 7008 of the Foreign Operations Appropriations Act and other policy restrictions, including limitations on military and other assistance to the Government of Fiji. This includes visa bans against coup leaders, suspension of certain military sales, and restrictions on certain bilateral engagement. The United States calls for an open, inclusive, and transparent process for free and fair elections, the re-establishment of an

independent judiciary, and an end to media crackdowns and other limits on civil liberties.

To date, we have focused our efforts on areas where our engagement is yielding positive results and serves to illustrate the advantages of a more positive bilateral partnership. We continue to provide assistance in ways that support the Fijian people and promote our interests, for example, for disaster preparedness and combating transnational crime. Despite the difficult political environment, the State Department's Bureau of Democracy, Human Rights and Labor, through the Human Rights and Democracy Fund, is now supporting multi-year programs in Fiji on media training and on ethnic dialogue and tolerance.

We now hope, in close coordination with regional players, to seek more direct engagement with Prime Minister Bainimarama to encourage his government to take steps to restore democracy and freedom that would allow movement toward normalization of Fiji's relations with other countries in the region. This engagement would spotlight the potential benefits of positive political steps, while reinforcing the message that any easing of U.S. sanctions is tied to the restoration of democratic processes.

Our objective is to put Fiji back on track for reintegration into international institutions and for holding free and fair elections no later than 2014. By taking credible steps towards an increased civilian role in government and other democratic reforms, the regime could build confidence, in accordance with agreed upon benchmarks and timelines, that would lead towards the restoration of Fiji's former international role and stature.

Working with Regional Players

As we strengthen our engagement in the Pacific, we will actively cooperate with other important players in the region to advance the stability, prosperity, and freedom of the people and nations of the Pacific Islands.

We have long collaborated closely with Australia and New Zealand, who have deep historical, economic, and strategic ties with their Pacific Island neighbors. The United States recognizes the very real leadership role Australia and New Zealand play in the South Pacific region. Both nations' vigorous leadership and foreign assistance to countries in the region play a key role in promoting the welfare of people throughout the Pacific. Close cooperation and coordination with Australia and New Zealand will continue to be a hallmark of our Pacific strategy.

Working closely with our key allies, Australia and New Zealand, we will continue to pursue strategies to promote shared interests in peace and stability in this important and dynamic region.

We also welcome the increasingly prominent role of newer players, particularly Japan's leadership in renewable energy and climate change issues. We are also pleased to consult regularly with the European Union, which is increasingly engaged in the region, on developments and policies in the Pacific.

And just as we welcome the increased role for our allies, we also note the efforts of other countries who seek to play a constructive role in the region. The United States shares a common interest with China and Russia in the development and welfare of the Pacific Islands. There is no zero-sum competition between the United States and China or Russia in the Pacific. Rather, we seek to identify areas of potential cooperation that can ensure regional stability, security, and prosperity. It was in that spirit that I raised possible cooperation in the Pacific Islands with Chinese Vice Foreign Minister Cui Tiankai during his visit to Washington last month. We welcome engagement by other countries desiring to enhance the prosperity, stability, and democratic governance of the Pacific Islands through transparent interactions and engagements. We also seek to continue our work through multilateral assistance programs. On-going substantive discussions in Washington and in-country with the Asian Development Bank and World Bank aim to ensure that we are working in a coordinated fashion and our activities have successful outcomes.

Conclusion

The United States is enhancing our engagement in the Pacific, now and for the long term. I am encouraged by the progress this Administration has made thus far and by the positive reception our efforts have received in the region. Undoubtedly, we must continue to identify new and better ways to engage with the Pacific, we appreciate the interest and leadership of this Committee and the support you have given to our efforts. I look forward to on-going cooperation with the Congress to advance U.S. interests in the Pacific and contribute to a secure, prosperous and democratic future for the nations and people of the Pacific.

Thank you again for giving me the opportunity to testify about U.S. policy in the Pacific Islands. I look forward to answering your questions.