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## **Introduction**

Chairman Engel, Ranking Member McCaul, Chairman Grijalva, Ranking Member Bishop, distinguished members of the Committee, thank you for the opportunity to appear before you today to testify on policy matters related to the Department's efforts in the Indo-Pacific region, particularly on the Freely Associated States. I am pleased to be here today with Assistant Secretary of Interior Douglas Domenech; Deputy Assistant Secretary of State Sandra Oudkirk; and David Gootnick, Director of International Affairs and Trade, Government Accountability Office.

## **The Freely Associated States Within the Indo-Pacific Framework**

The U.S. *National Security Strategy* and *National Defense Strategy* affirm the Indo-Pacific region as our priority theater. As a Pacific nation, the United States recognizes the strategic importance of the Indo-Pacific region, and our interests in the region are mutually reinforcing: security enables the conditions for economic growth; burgeoning economies offer opportunities for U.S. businesses; and U.S. prosperity and security lead to a strong economy that protects the American people, supports our way of life, and sustains U.S. power.

For the past 70 years, the Indo-Pacific region has been largely peaceful, creating the stability necessary for economic prosperity in the United States and the region. This was made possible by robust and persistent U.S. military presence and credible combat power as well as the region's collective adherence to international rules and standards, which support our vision for a free and open Indo-Pacific region.

This is particularly true with regard to our unique, enduring relationships with the Freely Associated States of Palau, the Republic of the Marshall Islands, and the Federated States of Micronesia. The Pacific Islands are a region distinct from other parts of the Indo-Pacific because of the relatively small size of states, their unique geography, and the nature of the challenges to improving their economic prosperity. As a Pacific nation itself, the United States views the Pacific Islands as critical to U.S. strategy because of our shared values, interests, and commitments, including U.S. security guarantees to the Freely Associated States.

Our shared interests with the Pacific Islands underscore four important components special to this region. First, we share a long history, borne of commitments given and support provided during the Second World War that compels a renewed U.S. commitment to stay. Second, we believe strongly in respect for a safe, secure, prosperous, and free and open Indo-Pacific region that must preserve small States' sovereignty. Third, in line with the 2018 Boe Declaration, we aim to help build capacity and resilience to address maritime security challenges, including: illegal unreported, and unregulated fishing, and drug trafficking; and to help build resilience to address climate change and disaster response. Fourth and finally, we are committed to continued engagement in the region by reaffirming and renewing partnerships.

## **Competition With China**

Part of this effort is standing together with the region as we are increasingly confronted with a more assertive and confident China that is willing to accept friction in the pursuit of its interests.

China's pursuit of an alternative vision for the Indo-Pacific region to reorder it in China's favor puts us on a pathway to strategic competition. The reemergence of great power competition – if not carefully managed – poses a challenge to the free and open order in the Indo-Pacific region that underpins our continued peace and prosperity. Given our strong relationships with the Freely Associated States, we are particularly concerned by China's use of coercive tools to attempt to erode their sovereignty and induce them to behave in accordance with Chinese interests. The United States and China are not destined to be adversaries, and we are prepared to support China's efforts in the region to the extent that China promotes long-term peace and prosperity for all in the Indo-Pacific.

### **Standing Together to Counter Threats in the Indo-Pacific Region**

We see other challenges in the Indo-Pacific region that we must work with the Freely Associated States to overcome. This includes Russia's actions to undermine the rules-based international order as well as rogue and dangerous behavior from North Korea.

From terrorism, illicit arms, drug, human and wildlife trafficking, and piracy, to dangerous pathogens, weapons proliferation, and natural disasters, there are also a host of additional, transnational, challenges throughout the Indo-Pacific region of concern to the Department of Defense. Illegal, unreported, and unregulated fishing, piracy, and criminal activity and drug-trafficking further challenge regional peace and prosperity – issues that are of particular concern in the Pacific Islands. And the threats to peace and security that face this region are not only man-made. A region already prone to earthquakes and volcanoes as part of the Pacific ring of fire, the Indo-Pacific region suffers regularly from natural disasters, which could be exacerbated by climate change, a source of concern to our partners in the Pacific Islands.

The Freely Associated States are indispensable partners in countering all of these regional threats, from standing with us to enforce United Nations Security Council resolution sanctions on North Korea, to working together to confront illegal fishing and trafficking that fund international terrorist and criminal organizations.

### **National Defense Strategy**

The Freely Associated States feature prominently as we further our implementation of the *National Defense Strategy*. Developed in tandem and nested under the *National Security Strategy*, the 2018 *National Defense Strategy* remains the most effective aligning mechanism for the Department toward maintaining our competitive advantage in the Indo-Pacific region and confronting these challenges. Overall, it guides the Department to defend the homeland; remain the preeminent military power in the world; ensure the balances of power in key regions remain in our favor; and advance an international order with allies and partners that is most conducive to our security and prosperity.

*The National Defense Strategy* directs the Department to sustain U.S. influence through three lines of effort: building a more lethal force; strengthening our alliances and partnerships; and reforming the Department's business practices – the most effective avenues for addressing

growing strategic competition with China and Russia. We are pursuing all of these lines of effort in partnership with the Freely Associated States.

The first line of effort is building a more lethal force. Noting the scope and pace of our competitors and their ambitions and capabilities, the *National Defense Strategy* outlines plans to invest in modernizing key U.S. capabilities including nuclear forces; space and cyberspace capabilities; command, control, communications, computers, intelligence, surveillance, and reconnaissance ; missile defense; capabilities to strike diverse targets inside adversary air and missile defense networks; smaller, dispersed, resilient, and adaptive basing; and autonomous systems. A key example of this can be seen in the Marshall Islands, where we have \$2 billion in military infrastructure investment at Kwajalein Atoll enabling cutting-edge U.S. Army and Air Force space and missile defense research. This modernization effort is leading to advanced technologies, such as hypersonic test programs and the development of an advanced surveillance system for tracking satellites and space debris.

The second line of effort is strengthening alliances and attracting new partners. A core U.S. advantage is the strength and diversity of our alliances and partnerships, which are critical to our ability to protect the United States and project power around the world when it is necessary to do so. In this context, the Freely Associated States – the Federated States of Micronesia, Republic of the Marshall Islands, and Republic of Palau – are critical to the Department’s long-term strategy as they grant us access and support in international fora in return for security and economic assistance, including access to various U.S. Federal programs, grants, and, for many citizens of the Compact States, visa-free travel to the United States. All three countries also contribute to our mutual defense by their service in the U.S. armed forces at per capita rates higher than most U.S. states, and their citizens have sacrificed their lives in combat in Iraq and Afghanistan. We are also stepping up our partner-centric approach in other sub-regions within the Pacific Islands, by supporting engagement by our likeminded allies and partners such as Australia, New Zealand, France, and Japan, working together to protect sovereignty and maritime rights of the Pacific Islands. One example is addressing posture opportunities, as seen in Vice President Pence’s announcement at the Asia-Pacific Economic Cooperation that the United States will partner with Papua New Guinea and Australia on their joint initiative at Lombrum Naval Base on Manus Island.

The third line of effort is reforming the Department for greater performance and affordability. The *National Defense Strategy* recognizes the challenges presented by rapid technological advancements in dual-use areas, and the way China is blurring the lines between civil and military goals. Accordingly, the *National Defense Strategy* discusses efforts to organize Department structures to promote innovation, to protect key technologies, and to harness and protect the national security innovation base to maintain the Department’s technological advantage. The Department’s support to whole-of-government actions also contributes to this response. For example, in Palau, the United States is working to provide radar equipment and technical support critical to improve maritime domain awareness and enhance Palau’s maritime law enforcement capability.

These efforts are reflected in the President’s Fiscal Year 2020 budget, which reflects the President’s vision for prioritizing the security, prosperity, and interests of the American people,

and Secretary Esper’s vision for a future marked by a more lethal, results-oriented Department of Defense with the capabilities and capacity to ensure national security and implement our *National Defense Strategy* at the speed of relevance. Our FY 2020 budget prioritizes innovation and modernization to strengthen our competitive advantage across all warfighting domains—a major milestone toward a more lethal, agile, and innovative Joint Force.

### **Revitalized Engagements in the Pacific Islands**

DoD is revitalizing our engagement in the Pacific Islands to preserve a free and open Indo-Pacific region, maintain access, and promote our status as a security partner of choice.

The United States enjoys a unique relationship with the Freely Associated States and has a Compact of Free Association with the Federated States of Micronesia, Republic of the Marshall Islands, and Republic of Palau. We share significant history, culture, and values with our partners in the Freely Associated States, and these relationships helped secure U.S. security interests in the Pacific through decades of the Cold War and beyond. As stated in the Joint Statement from President Trump’s historic May 2019 meeting with the three presidents of the FAS, “We recognize our unique, historic, and special relationships, and reaffirm our countries’ commitments to the Compacts of Free Association, resolving to continue our close cooperation in support of prosperity, security, and the rule of law.”

The Freely Associated States are key partners in a region critical to maintaining U.S. security and influence and is vital to our ability to project power in the Western Pacific. First, the Compact States are part of a logistics “super-highway” from the West Coast of the continental United States through the Hawaiian Islands and the U.S. territories of Guam and the Commonwealth of the Northern Mariana Islands into the Indo-Pacific region as part of the strategic “second island chain.” Second, through the privileges under the Compact, the Freely Associated States play host to critical sites, such as the U.S. Army Garrison on Kwajalein Atoll in RMI, that bolster U.S. national security. Thirdly, the Compacts provide the United States special and extensive access to operate in these nations’ territories, and the authority to deny access to these nations by third-country militaries. Finally, Compact guarantees and obligations are particularly important in the context of competing effectively with China, as Beijing is taking steps in part, to target this region in an effort to expand its influence, encroach on U.S. defense assets, and restrict U.S. access in the region.

In this context, DoD, along with the interagency, strongly supports extending Compact financial assistance to secure long-term U.S. strategic interests in this vital region. Termination of U.S. economic assistance is expected to have significant negative impacts on the government revenues of the Freely Associated States, and could potentially threaten the U.S. position as partner of choice in the sub-region. Current and planned military installations in these countries help protect the homeland and extending Compact financial assistance is a good deal for U.S. national security. Congress’ action last year to fulfill our commitment to Palau under the 2010 U.S.-Palau Compact Review Agreement was critical to advancing our mutual security interests. DoD, along with the interagency, is engaged in evaluating options for our post-2023 and 2024 relationships with the FSM and RMI.

In the Marshall Islands, we have \$2 billion in military infrastructure investment that enables U.S. Army and Air Force space and missile defense research that is unavailable elsewhere in the world. The strategic value of the Ronald Reagan Ballistic Missile Defense Test Site at the U.S. Army Garrison at Kwajalein cannot be overstated. The Ballistic Missile Defense Test Site provides critical testing support to both offensive and defensive missile testing requirements for programs such as Ground-based Midcourse Defense and U.S. Air Force strategic ballistic missile systems. The Ballistic Missile Defense Test Site retains preeminent ballistic missile testing capabilities used in validating our ability to sustain a strong, credible ballistic missile deterrent as a key element of national security and the security of U.S. allies and partners.

As testified earlier this year by Lieutenant General Dickenson Commanding General for U.S. Army Space and Missile Defense Command before the Subcommittee on Strategic Forces Committee on Armed Service, the Ballistic Missile Defense Test Site provides developmental and operational testing of both homeland and regional missile defense systems and also supports offensive ballistic missile testing for the Air Force Global Strike Command. There are also currently five active hypersonic test programs in various stages of planning at the Ballistic Missile Defense Test Site. The geographic remoteness and available complex sensor suite at the Ballistic Missile Defense Test Site has led to a significant upswing in hypersonic systems test planning. Furthermore, the Ballistic Missile Defense Test Site also conducts continuous deep space surveillance and space object identification operations to increase national capabilities and reduce expenditures for both mission sets.

In Kwajalein, the U.S. Air Force continues testing of the under-construction *Space Fence* facility, its most advanced surveillance system for tracking satellites and space debris. In a few years, this improved surveillance capability will enable proactive space situational awareness while complementing existing systems at the Ballistic Missile Defense Test Site. DoD continues to modernize our infrastructure at Kwajalein to maintain the strategic value of the Ronald Reagan Ballistic Missile Defense Test Site while providing benefits to the local population. DoD is working to repair and restore the existing runway and taxiways to ensure continued airlift operations and commercial flights. DoD is also planning to construct a new aviation terminal and air traffic control tower at the airfield.

In Palau, the United States is working to provide coastal surveillance systems and technical support critical to improve maritime domain awareness and enhance Palau's maritime law enforcement capability. DoD is also working to build a Tactical Mobile Over the Horizon Radar (TACMOR) system in Palau to increase our air domain awareness in the South and East China Seas. This radar will enhance DoD's ability to compete with China in the region while also better enabling the United States to continue to provide for Palau's defense. Palau will host the 2020 Our Ocean Conference, which will be the Palauan President's last and most important international engagement.

The Marshall Islands and Palau are also two of the five countries in the Pacific Islands region that recognize Taiwan (Republic of China) rather than the People's Republic of China, out of 16 such States worldwide. In recent years, China has reapplied pressure on Taiwan's diplomatic partners, as seen in 2018 when China effectively banned Chinese tourists from visiting Palau,

gutting Palau's tourism industry in an attempt to pressure the country into switching its diplomatic recognition.

In the Federated States of Micronesia, DoD has added a new defense attaché office to increase presence. In Yap, the Air Force is planning a divert airfield that would allow the U.S. Air Force to land aircraft should Guam airfields become unavailable. Across all three nations, we are deeply vested in increasing traditional security support.

The U.S. Navy's *Pacific Partnership* exercise deploys medical, dental, engineering, and veterinary experts to the Federated States of Micronesia (2018, 2019), Palau (2018), and the Marshall Islands (2019). The U.S. Air Force has conducted *Operation Christmas Drop* for over 50 years. Military engineers work on projects in all three countries, and Palau and the Federated States of Micronesia often request assistance dealing with unexploded ordnance. All three countries welcome U.S. assistance patrolling their extensive exclusive economic zones to protect marine resources, in cooperation with the U.S. Navy and Coast Guard.

In addition to maintaining our focus on the Freely Associated States, we are looking at ways to increase involvement in and across the Pacific Islands – particularly with Fiji, Tonga, and Papua New Guinea. Our “partner-centric” approach features U.S. whole-of-government engagement across the region, working in coordination with likeminded allies and partners and interagency partners, particularly the Departments of State and Interior, and the U.S. Coast Guard.

For example, we work closely with the Department of State on the implementation of \$7 million in Foreign Military Financing (FMF) provided to the Pacific Islands in 2018. This security assistance, along professional military education and peacekeeping funds, support a free and open Indo-Pacific by enhancing these countries' maritime security capabilities and military professionalization.

U.S. security support to the Pacific Islands also comes in many other forms. This year, we expanded the Nevada National Guard State Partnership Program with Fiji as part of an expansion of U.S.-Fiji defense engagement. In Tonga, our strong security relationship is anchored by that same Nevada National Guard State Partnership Program, in place since 2014. In Papua New Guinea, we seek to improve the capacity of the Papua New Guinea Defence Force; notably, we are partnering with Australia and Papua New Guinea at Lombrum Naval Base on Manus Island. In coordination with the U.S. Coast Guard, we provided harbor security to Papua New Guinea for the 2018 Asia-Pacific Economic Cooperation (APEC) Summit. We also have added a new defense attaché office in Port Moresby. Many Pacific Island countries also participate in various regional exercises and training events, including U.S. Indo-Pacific Command's KOA MOANA and PACIFIC PATHWAYS exercises. We have increased the number of ship visits and, in turn, have exercised existing shiprider agreements.

In the past year, we have also seen an unprecedented level of high-level visits to Oceania by senior-level officials in the U.S. Government. In addition to my trip to five Pacific Island nations, including New Zealand, in December 2018, this includes visits by: General Brown, Commander, Pacific Air Forces, to all three Freely Associated States in February 2019; Admiral Davidson, Commander, U.S. Indo-Pacific, to the Federated States of Micronesia in January 2018 and to four Pacific Islands nations in August 2018; Under Secretary of the Navy Modly to five

Pacific Islands nations in September 2018; Deputy Assistant Secretary of Defense Felter to Papua New Guinea in October 2018. This past August, Secretary Esper made his first trip overseas as Secretary to Australia and New Zealand and discussed stepping up efforts across Oceania during his tenure. There have also been complemented by visits and meetings from across the U.S. Government. President Trump met the governor of Guam at Anderson Air Force Base in June 2018; former Secretary of the Interior Zinke stopped by Guam and the Commonwealth of the Northern Mariana Islands while he led a delegation to the Pacific Islands Forum; and Vice President Pence stopped by Guam in November 2018 on his way back from Japan. This year, in May President Trump hosted the Presidents of all three countries at the White House. In July, Secretary of Veterans Affairs Wilkie led the U.S. delegation to the inauguration of the President and Congress of the Federated States of Micronesia, and in August Secretary Pompeo became the first Secretary of State of visit the Federated States of Micronesia and the second Secretary of State to the Marshall Islands. Together, these visits have deepened our relationship with Pacific Island countries while allowing us to shape our future engagement.

### **Conclusion**

The Department of Defense is working within the *National Defense Strategy* framework to ensure we are on a trajectory to compete, deter, and win. The United States is an Indo-Pacific power, by history and tradition; by our present commitments and political, economic, socio-cultural, and security engagements; and by our future aspirations. The Indo-Pacific region is our priority theater, and our strategy is designed to ensure we have ready and capable forces in the right places across this vast region at the right time, and equally ready and capable allies and partners that are able to cooperate with us, and each other, to ensure regional peace and stability.

Our vision for the Indo-Pacific region is one where all nations, large or small, are confident in their sovereignty, and able to contribute to a regional order that is safe, secure, prosperous, and free. Or, as the President has said, “each its own bright star, a satellite to none.”

The Freely Associated States are critical partners for realizing this vision. We are renewing our engagement in the Pacific Islands as part of our work to preserve a free and open Indo-Pacific region, maintain access, and promote our status as the security partner of choice. In the Freely Associated States and broader Oceania, DoD is proactively working with allies and partners through a “partner-centric” approach. In line with the *National Defense Strategy*, we must collectively step up to pool our resources and share the burden. Our approach features U.S. whole-of-government engagement on targeted priorities across the region, working in coordination with likeminded allies and partners, such as Australia, New Zealand, France, and Japan, as well as interagency partners, particularly the Departments of State and Interior.

DoD welcomes working with Congress to secure long-term U.S. strategic interests in this vital region. We appreciate Congress’ action last year to fulfill our commitment to Palau under the 2010 U.S.-Palau Compact Review Agreement. DoD and the U.S. interagency welcomes support from Congress as it evaluates options for our post-2023 and 2024 relationships with all three countries.

Thank you for the opportunity to participate in this hearing and for your ongoing support of the Department of Defense.