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U.S. Issues in the Pacific Islands: Setting Priorities

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Summary

The participants in a CRS Seminar on U.S. relations with Pacific Island states and territories came to consensus on several areas..

They are that the U.S. Government bears greatest responsibility for the three U.S. territories (Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands (CNMI)), and for the three self-governing states in free association with the United States (the Republic of the Marshall Islands, the Federated States of Micronesia, and Palau). Current issues center on Guam's seeking change in its political status, immigration flows affecting Guam and CNMI, and future funding for U.S. programs in the Republic of the Marshall Islands (RMI) and the Federated States of Micronesia (FSM). Seminar participants explained that congressional and other U.S. policymakers have deliberated over Guam's status and immigration issues, and will take up soon the future funding for RMI and FSM, but no final decisions appear imminent.

U.S. Government interest in other Pacific Island states and territories is not always matched by resources. Issues center on how best to channel limited U.S. Government resources to promote a positive U.S. image while supporting regional peace, development and political pluralism. Seminar participants highlighted the difficulties in achieving good results for U.S. policy in an atmosphere of constrained U.S. Government funding.

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U.S. Issues in the Pacific Islands: Setting Priorities¹

Pacific Island Trends

The 14 sovereign states and other territories that make up the Pacific Islands comprise a vast area, an “ocean continent.” Amid this large expanse of ocean are many, generally small islands. The territory is often densely populated, but given the limited land, the overall population of the Pacific Island states and territories is small, about 6 million. (See map and Table 1).

Societies and cultures vary greatly. Convention divides the indigenous peoples of the islands into three groupings: Polynesians, Melanesians, and Micronesians. These divisions have their limitations, but remain in general use. Polynesia includes the Cook Islands, French Polynesia, Niue, Western Samoa, American Samoa, Tokelau, Tonga, and Tuvalu, as well as Hawaii and New Zealand. Melanesia includes the largest states in the region, Papua New Guinea and the Solomon Islands, as well as New Caledonia and Vanuatu. Fiji is geographically halfway between Melanesia and Polynesia. Micronesia is made up of the northernmost of the islands: Nauru, Kiribati, Guam, the Northern Marianas, the Marshall Islands, the Federated States of Micronesia, and Palau.

Amid great geographic and cultural diversity, several generalizations prevail.

Democratic Institutions. With few exceptions, the independent states follow democratic political practices, generally in line with the British parliamentary system. Laws and institutions support individual rights, free speech, freedom of the press and transparent mechanisms for the transfer of government powers that are ultimately accountable to the people. Tonga, a monarchy, is an exception to this pattern. Ethnic Fijians backed by military force took power there in the late 1980s in an effort to curb the rising influence of citizens of Indian background. A protracted period of constitutional uncertainty ensued, but leaders of the two communities (native Fijian and Indian) appeared to have resolved major differences by the mid-1990s as generally accepted constitutional rule resumed. Papua New Guinea has faced repeated crises as it has attempted to deal with a protracted armed

¹ *Source note.* This report draws in part on information presented at a CRS-hosted seminar held on October 17, 1997 which was made possible in part by a grant from the Henry M. Jackson Foundation. Speakers at the Seminar were Evelyn Colbert, author, *The Pacific Islands*; Allen Stayman, U.S. Department of Interior; Suzanne Butcher, U.S. Department of State; Manase Mansur, House Resource Committee. For background, see Bruno, Andorra and Laney, Garrine, *U.S. Insular Areas and Their Political Development*, CRS Report 96-579G, June 17, 1996; and Sutter, Robert, *Australia, New Zealand and the Pacific Islands: Issues for U.S. Policy in the 1990s*, CRS Report 95-794S, July 5, 1995.

secessionist movement in the island of Bougainville, but the government has adhered to democratic political practices.

Disorderly Politics. Pacific Islands politics tend to be disorderly by Western standards. Parties are often small, and subject to shifting alliances. Senior leaders, rather than party loyalty, tend to guide the rank and file. Given the small overall population and the high level of political activity, popular involvement in politics is high. Reports of government waste or misallocation of resources reflect what is believed to be a fairly widespread problem of political corruption. Violence is rarely used as a political tool, and there is no tradition of revolutionary violence in the region.

The Christian churches are strong in most island states and play an important and generally stabilizing political role. Several states give special leadership privileges to leaders of the indigenous peoples, the so-called chiefs.

Regional Cooperation. Along with Australia and New Zealand, the Pacific Island states cooperate to seek common interests in regional groups, notably the South Pacific Forum. Through the Forum and other means, the small countries are able to make their views known internationally and preserve their interests in dealing with outside powers over such issues as fishing, nuclear safety, waste disposal and others.

Recent Problems. Heading the list are difficulties caused by small size and vast distances. These make establishing effective economies very difficult. Papua New Guinea, Fiji and the Solomon Islands are basically self sustaining, or at least have the resource base to be self sustaining. Others have to fall back on outside aid. In a world environment where foreign aid is decreasing, many Pacific Island states face problems in maintaining current economic standards. As a region, the Pacific Islands receive the highest per capita level of aid in the world according to seminar participants.

Modernization and globalization also pose serious problems. The transition from traditional to urban life has been accompanied by widespread aid dependency, substance abuse and social dislocation in some island communities. Ending trade preferences under terms of the World Trade Organization also is seen as threatening island producers. The islands are vulnerable to underworld groups using them as transit stops or locales for money laundering, drug smuggling, and other illegal activities.

Changing U.S. Interests

U.S. interests in this vast region have changed in recent years. After World War II, the United States for several decades followed a passive policy, relying partly on Western colonial powers, Australia and New Zealand, to maintain the largely unchallenged U.S. interest in unimpeded military access to the region. Developments were seen to be generally favorable to American interests. For the most part, democratically elected governments controlled the region, encouraged free market economic development, and were friendly toward the United States. These

governments served U.S. interests by allowing U.S. warships and aircraft to be based in, stop at, and pass through their territory, and by rebuffing repeated Soviet efforts to gain influence in the region. As a result, the United States enjoyed secure lines of communication through the Pacific to Asia, the Indian Ocean, and the Persian Gulf.

In the mid-1980s, New Zealand's new anti-nuclear policies had a serious impact on military and security cooperation under the U.S.-Australian-New Zealand (ANZUS) alliance — the linchpin of the U.S.-backed collective security in the region. The U.S.-New Zealand leg of the alliance became moribund. The Soviet Union also played a more active diplomatic and commercial role with the sometimes unstable, recently independent Pacific Island countries. U.S. policy became more active in considering ways to secure military access and other interests.

The demise of the Cold War and other recent developments have given U.S. policy a decidedly less military cast. Today, American interests and policy concerns remain active but are dispersed over a range of security, economic, political, and environmental concerns. Many of the issues relate to only one or a few of the over 20 states, territories, or other political entities that comprise the Pacific islands.

At present, there are three U.S. territories in the region (Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands (CNMI)). The United States maintains military bases in the U.S. territory of Guam. The United States also leases an important missile test site at Kwajalein, in the Marshall Islands, and leases territory for possible future military use in the Northern Mariana Islands.

The United States continues extensive government programs in the U.S. insular areas of Guam, the Northern Mariana Islands, and American Samoa, and the freely associated states of Marshall Islands, Federated States of Micronesia, and Palau. Elsewhere in the Pacific, the United States has relied mainly on the diplomatic and aid efforts of Australia, New Zealand, France, Japan, and Great Britain to support mutually pursued interests, help the resource-poor island countries maintain basic government services, and promote economic development.

U.S. assistance to Pacific Islands countries not in free association with the U.S. is small. U.S. trade with the region is only a tiny fraction of overall U.S. foreign trade. American tuna fishing fleets use regional fishing grounds, including those areas claimed as exclusive economic zones (EEZs) by some island states. The U.S. Government finds strong support from South Pacific countries in its opposition to driftnet fishing, when it encourages international efforts to study and take measures to deal with potential global warming and restricts acts that would endanger the environment through testing nuclear weapons, destroying chemical weapons, or depositing toxic or other waste in the ocean.

Issues with U.S. Territories and Freely Associated States

Political Status of Guam. There is considerable dissatisfaction in Guam over the territory's current status under U.S. rule. Recently, attention has focused on proposals to change Guam from an organized territory to a commonwealth. The new arrangement would give the local people more control over their own affairs. Some in Guam have been influenced by perceived advantages gained by the governments of the commonwealth of the Northern Marianas and by the three freely associated states.

Migration Issues. Guam and the CNMI complain that they are recipients of migrants from the poorer freely associated states. Citizens of the latter are allowed to migrate to U.S. territory. Guam and CNMI seek compensation from the U.S. Government for the costs of resettling these migrants. And in both areas there is concern that the inflow of migrants will change the nature of the existing societies.

Meanwhile, migrants from Asia are said to be using the freely associated states as "way stations" as they seek permanent entry into the U.S. Thus, once they establish citizenship in the freely associated states, they are able to settle in U.S. territory.

A special migration issue is posed by the 30,000 "guest workers" from Asia brought in by hotel, garment factory and other entrepreneurs in the CNMI. (The CNMI is exempt from U.S. immigration laws). Some see these workers as exploited by the indigenous people, working for lower pay than the local workers, and creating a potentially troublesome dual-class structure in the CNMI

Labor Trade Issues. The guest workers in CNMI often work in factories producing goods (e.g. textiles) for the U.S. market. U.S. labor groups and others, including some Members of Congress, have criticized the low pay and other conditions for these laborers. Others charge that some textile shops are established by companies from China to circumvent U.S. textile quotas on Chinese imports. Thus, the Chinese supplier provides almost finished goods to CNMI shop workers, who finish the product, which is then free to enter the U.S. market without quota restrictions.

U.S. Payments to Freely Associated States. The U.S. relationships with the three freely associated states, the Republic of Marshall Islands, the Federated States of Micronesia, and Palua, are governed by the Compacts of Free Association negotiated in the 1980s. Under the Compact, the three freely associated states are fully sovereign internally. Their foreign affairs authority is limited only by the requirement for consistency with U.S. defense responsibilities. The Compacts' defense commitment gives the United States the authority to disapprove acts compromising U.S. security and to exclude third-party military activities. Separate agreements establish the conditions under which the United States may use land for defense purposes. Still another agreement sets up an interest-bearing \$150 million endowment fund to settle the claims of Marshall Islanders affected by U.S. nuclear testing there in the 1940s and 1950s.

The Compacts and related agreements provide for continuing large U.S. subventions in the form of grant aid, federal programs, and gratis federal services. In the Marshalls and the FSM the aid provisions and some of those relating to defense and security will expire in 2001; negotiations on such future arrangements are to begin in 1999 and will likely result in a reduced financial commitment. This could pose serious problems for these two aid-dependent states. In Palau the aid provisions could expire in 2000.

Regional Issues

Political Issues

Leaders in the Pacific for many years often saw the United States following a policy of benign neglect toward the region. In the 1980s, with New Zealand's new anti-nuclear policies and more active Soviet diplomatic and commercial initiatives in the area, U.S. policy became more attentive against possible threats to U.S. naval power and military access in the western Pacific. Critics in the region held that this did little to address regional economic, development, and environmental concerns. Advocates for a more "effective" U.S. policy argued for an increased U.S. involvement at various levels — a presence that would allow the United States Government to hear regional views and adjust U.S. policy where appropriate.

With the support and encouragement of a bipartisan group in Congress concerned with Pacific Island and Oceanian affairs, the Bush Administration took important measures to address these problems. In general, the Administration worked to use diplomacy and greater interchange over security, economic, environmental, and other issues to promote relations, without requiring a substantial increase in U.S. Government expenditures to the region. The Clinton Administration has shown interest in some of these efforts, but on the whole, U.S. attention to the South Pacific has declined in recent years. Notably, the U.S. closed its embassy in the Solomon Islands, and closed its respective regional offices for U.S. AID and for USIA. In general, U.S. officials argue that much U.S. Government interaction with the region comes through multilateral channels like the South Pacific Forum.²

Security Issues

Specific issues for U.S. security policy focused recently on nuclear issues. New Zealand's anti-nuclear policies led to the suspension of U.S. military and security cooperation with New Zealand under ANZUS. A broadly popular movement in the region to create a South Pacific nuclear free zone and to press for a halt of French nuclear testing in French Polynesia posed major problems for U.S. policy during the 1980s and the 1990s. The issues were resolved by the global ban on nuclear testing, and by the Clinton Administration's decision to sign the protocols of the South Pacific nuclear testing in 1996.

² The South Pacific Forum is the leading regional grouping of the South Pacific. Data on its Members are listed in Table 1.

With civil action projects, disaster relief, joint exercises, training and exchange programs, the U.S. military — notably the United States Navy — has built contacts with many Pacific Island states. The United States has status of forces agreements with several Pacific Island States (e.g., FSM, Marshall Islands, PNG, Western Samoa, and Solomon Islands). The United States provides small amounts of U.S. military training (IMET) to Papua New Guinea (PNG), Solomon Islands, Tonga, Vanuatu, and Western Samoa.

Economic Issues

U.S. economic concerns with the smaller, less developed Pacific Island countries, focus on U.S. assistance to development and U.S. use of local resources, especially tuna fish.

Many of the small Pacific Island states depend heavily on income derived from fishing, claiming rights to the fishing resources in large maritime economic zones — known as Exclusive Economic Zones (EEZs) — around their territory. Most countries recognize such zones, which are covered by the Law of the Sea convention. Prior to 1990, the United States took the position that the zones, extending 200 miles from the island states' land area, did not apply to tuna, a highly migratory fish species. As a result, American tuna fishing fleets were perceived as repeatedly violating the claimed rights of several Pacific Island governments, and some governments seized and fined U.S. tuna boats. (This position was reversed with enactment of P.L. 101-627, wherein the U.S. extended jurisdiction over highly migratory species.)

The U.S. Government attempted to ease the problem by negotiating a regional fisheries agreement. The accord, in the form of a treaty, was signed on April 2, 1987. Under its terms, the United States agreed to a \$12-million annual financial package to the concerned countries of the region, made up of \$2 million from the U.S. tuna fishing industry (\$1.75 million in license fees for 35 boats in the first year, plus \$.25 million in technical assistance) and \$10 million in U.S. aid. A U.S. Government assistance package was divided between \$9 million in aid grants and \$1 million in project assistance.

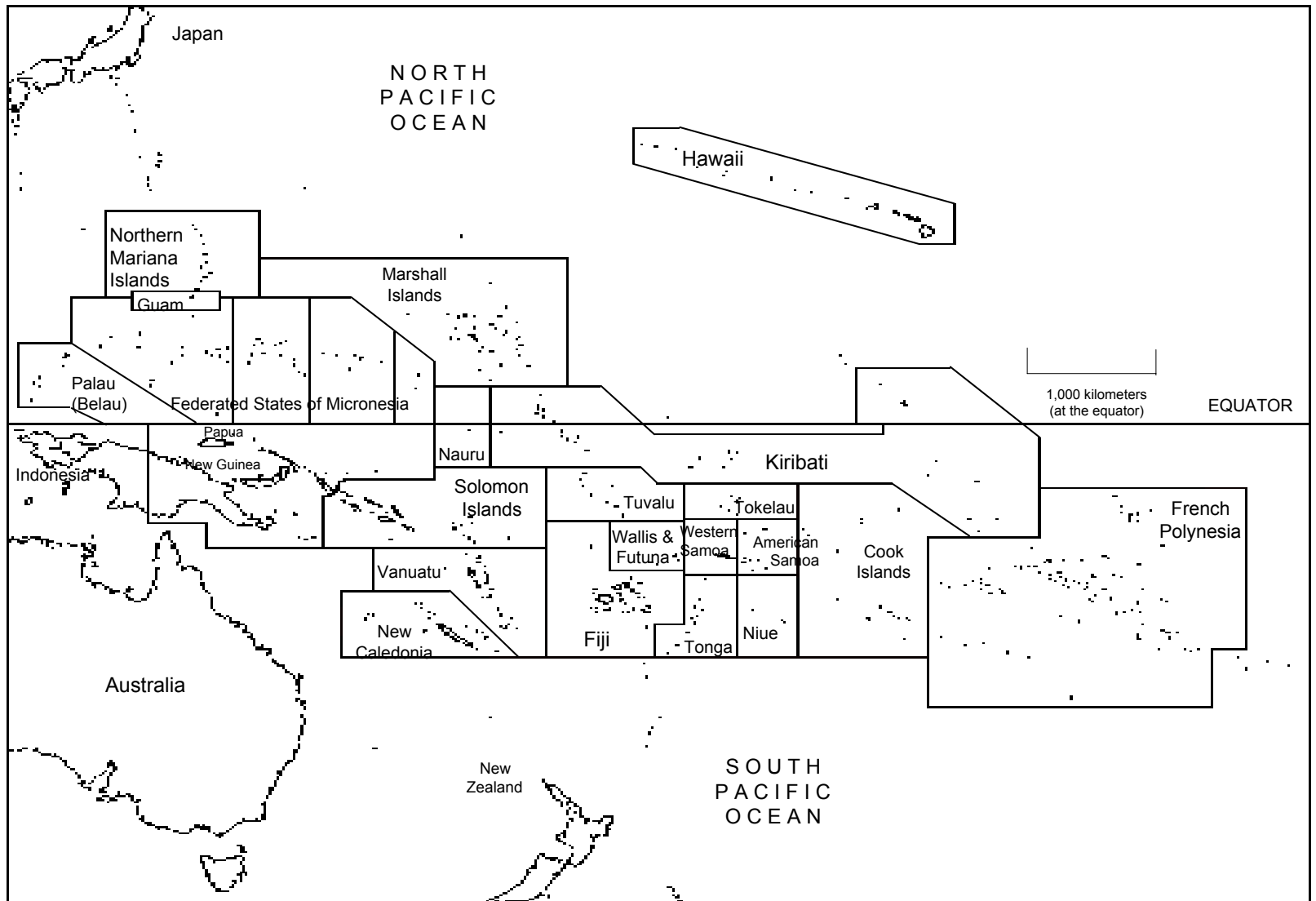
The accord was renegotiated and extended in 1992. It involves a 10-year extension of the previous 5-year agreement, including annual payments of \$14 million and \$4 million by the U.S. Government and U.S. fishing industry, respectively.

On development questions, the U.S. Government ended bilateral aid programs in the 1990s. It focuses on encouraging trade, investment, and other endeavors, often through multilateral bodies like the Asian Development Bank, to bring greater economic development to the region. U.S. policy has focused especially on getting many of the regional governments to trim bloated bureaucracies, cut government intervention, and allow greater free market activity.

Environmental Issues

The members of the South Pacific Forum were adamant in their opposition to the environmental and other dangers posed by French nuclear testing, and for many years pressed the United States to join them. Ongoing U.S. destruction of chemical weapons at Johnston Island in the Pacific remains a regional concern. U.S. support for a curb on driftnet fishing won strong approval from Pacific Island members. They tend to be less enthusiastic about what many of them see as a lagging U.S. effort to curb greenhouse emissions to address problems of global warming. Many of the Pacific islands are low-lying and would be inundated by a rise in the ocean level caused by global warming.

Map of the Pacific Islands



The lines do not constitute recognized territorial boundaries; they merely group islands under the same political jurisdiction.

Table 1. Members of the South Pacific Forum

Country	Size^a	Population	Economy per capita^b
Australia	7,600,000	1,322,231	\$20,720
Cook Islands	240	19,600	2,596
F.S. of Micronesia	720	109,200	1,860
Fiji	18,270	800,500	2,250
Kiribati	717	82,400	662
Marshall Islands	181	59,800	1,598
Nauru	21	11,200	7,205
New Zealand	268,680	3,407,277	16,640
Niue	260	2,500	2,825
Papua New Guinea	461,690	4,141,800	1,111
Solomon Islands	28,450	395,200	529
Tonga	748	99,000	1,262
Tuvalu	26	10,200	373
Vanuatu	14,760	173,900	1,078
Western Samoa	2,860	170,000	1,000

Source: CIA, The World Factbook, 1995. Bank of Hawaii, 1997.

a. Size expressed in square kilometers.

b. Economic figures represent dollars per capita gross domestic product.