



U.S. Policy Toward South Pacific Island Nations, including Australia and New Zealand

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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 South Pacific. As far as we can tell, this is the first hearing held by this Subcommittee devoted primarily to the South Pacific since 2002, and I welcome the opportunity to address our policy towards these nations. Mr. Chairman, I also welcome and appreciate your deep interest in these countries, and your recent travel to Fiji, Tonga and Samoa.

The United States has a tradition of strong ties with the 14 countries of the South Pacific, from historical and cultural links with Australia, New Zealand and the islands that go back over two centuries; to our trusteeship relations and now Compacts of Free Association with the Marshall Islands, Micronesia, and Palau; to the diplomatic relations we established with South Pacific nations as they became independent between 1962 and 1980.

We believe it is crucial to keep this vast, strategic region and its mostly small, sometimes struggling states firmly on our side. Growing political, environmental and economic challenges, compounded by longer-term transnational threats, menace some of the fragile island societies. We are seeking to expand our engagement and reverse any perception that the U.S. has withdrawn from the Pacific.

The Year of the Pacific

It is true that the nations of the Pacific have not always received either adequate diplomatic attention or development assistance. Budget constraints and policy priorities during the 1990s often limited our diplomatic representation and the aid we could offer.

But that was then and this is now. While there is no immediate prospect of greatly increased budget resources, we believe we can reverse this trend and are working hard to increase U.S. engagement in the Pacific. Our goal is to step up our efforts to promote prosperity, good governance, and the rule of law in the region. Toward that end, we are labeling 2007 "The Year of the Pacific" and developing a "whole of government" approach with the Department of Defense, Coast Guard, Department of the Interior, USTR, Peace Corps and other agencies to expand our presence and activities in the region.

The State Department has taken the lead in this effort. We are stepping up our diplomatic presence in the region by creating and staffing two positions at our Embassy in Suva with responsibility for the Pacific region. One position is a regional environmental, science, and health officer who is working on issues like climate change, fisheries, and HIV/AIDS. The other is a regional public diplomacy officer to share information about American policies and values throughout the South Pacific and build "people-to-people" contacts through exchanges such as the International Visitor Leadership Program, U.S. Speaker program, and other initiatives.

We are also regularizing our high-level contacts with Pacific Island leaders. The Assistant Secretary for East Asia and Pacific Affairs participates in the annual Pacific Island Forum (PIF) Post-Forum Dialogue. Last year, Assistant Secretary Christopher Hill participated in a special PIF session in which he met with Pacific heads of government to discuss a range of regional and global issues. In the wake of that meeting, Assistant Secretary Hill became the senior-most Washington official to visit Vanuatu since independence in 1980.

The Department's Under Secretary for Political Affairs, Ambassador Nicholas Burns, has hosted a group meeting with Pacific Ambassadors during the UN General Assembly the last two years, providing an excellent opportunity to show these nations our interest in their concerns. We intend to institutionalize this meeting and turn it into an annual event undertaken by successive administrations.

We also have a long history of cooperation in the area of fisheries and marine resource conservation through the South Pacific Tuna Treaty with the member states of the Forum Fisheries Agency, our participation in the South Pacific Regional Environmental Program and more recently, the Western and Central Pacific Fisheries Commission.

The Pacific Island Conference of Leaders

I am also pleased to report that on May 7 and 8 the East-West Center, in collaboration with the Department of State, will host the triennial Pacific Island Conference of Leaders (PICL) in Washington D.C. We will invite the heads of government of 23 Pacific states and territories, including U.S. territories. We expect Governor Lingle of Hawaii, a vital force in promoting our role in the Pacific, will also participate.

The conference will include sessions involving senior officials from the Departments of State, Defense, and from USTR. We are also inviting representatives of like-minded donor nations for parallel consultations. I understand the East-West Center is also in contact with you, Chairman Faleomavaega, and members of Hawaii's Congressional delegation about including a program on Capitol Hill, which we strongly support. The two days of meetings will conclude with the annual Pacific Night celebration. We would welcome participation in these events from any interested Members of Congress and their staff.

This will be the first time State and the East-West Center have co-hosted a PICL and the first time the meeting will take place in Washington. We believe it will create a unique opportunity for leaders from around the Pacific to exchange views and learn more about the policy-making process in Washington. We hope, Mr. Chairman, that you will help us make 2007 "The Year of the Pacific."

Later in the year, we see the President's trip to the Sydney APEC Summit in September as another milestone for the Year of the Pacific. We are hoping the President's trip will focus further attention on the Pacific and raise the profile of the U.S. role in the region.

U.S. Assistance to the South Pacific

In FY 2006, United States assistance to the Pacific Islands totaled almost \$190 million. Of this amount, about \$150 million was comprised of grants from the United States to the Federated States of Micronesia, the Republic of the Marshall Islands, and Palau under the Compacts of Free Association administered by the Department of the Interior. The remaining \$34 million is devoted to the rest of the Pacific Islands through such programs as the Peace Corps, military assistance (International Military Education and Training and Foreign Military Financing), counter-terrorism, and child health. We also provide, via an Economic Assistance Agreement associated with the South Pacific Tuna Treaty, another \$18 million annually to the South Pacific Parties to the Treaty for economic development purposes.

Separately (and thus not included in the above figure), the Millennium Challenge Corporation (MCC) is also working with Vanuatu on an assistance compact totaling over

\$65 million. We continue to work with MCC to develop programs tailored to the needs of smaller nations, including island states. We are also working with DOD to ensure that citizens of the Freely Associated States and other Pacific countries benefit from the increased demand for labor as our military relocates troops and facilities from Japan to Guam.

Recent Instability in the Pacific

But as we seek to strengthen our partnership in the region, recent events in the South Pacific, such as the military coup in Fiji and riots in the Solomon Islands and Tonga, have demonstrated both the challenges it faces and the importance of strong U.S. engagement.

We have paid a great deal of attention in recent months to the situation in **Fiji**. In the period leading up to the coup last December, we worked with a number of other countries and international organizations, including Australia, New Zealand, the EU, PIF, and UN, to try to preserve democracy in Fiji and persuade the Fiji military to refrain from taking action against the lawfully elected government. In the wake of this illegal coup, we continue to call for an immediate return to democracy and the rule of law, and we have worked with these same partners to promote this goal.

For our part, we have imposed a series of measures in response to the coup. Some, like a cut off of roughly \$2.8 million in primarily military assistance, were mandated by Section 508 of the Foreign Operations Appropriations Act; while others, such as restrictions on visas for military and interim government leaders and a suspension of lethal military equipment sales, were taken on policy grounds. In all cases, we have sought to ensure that our sanctions affect the military and interim government and not average Fijians. For that reason, the Administration has made use of its notwithstanding authority to allow certain assistance programs in Fiji to continue, such as those addressing environmental concerns or women's rights.

Unfortunately, the Fiji military and its supporters appear committed to consolidating their hold on power. As noted in our just-released human rights report and numerous public statements, we are gravely concerned about the military's ongoing campaign of intimidation and human rights abuses against those who speak out bravely against the coup. At least two people have died as a result of beatings administered by the military, and many more who have criticized the military's actions have been subject to other forms of abuse.

We will continue to press for an end to these human rights violations and a return to democracy as quickly as possible, in coordination with the many other countries and international organizations that share the same goal. Foreign ministers of the PIF member countries will meet tomorrow, March 16, in Vanuatu, and we are hopeful they will provide a clear and unified message to Fiji on the need for a near-term roadmap for returning the country to democratic rule. We support the PIF process.

In **Tonga**, with the passing of the King and last year's riots in Nuku'alofa, we are working with our friends to help the Tongan people make the transition to democracy. Tonga recently redeployed troops to support the Coalition in Iraq, and we are looking for ways to provide them with additional assistance. Support for democracy will be the primary goal of my visit next month to both Fiji and Tonga.

Last month I visited the **Solomon Islands**, where I met with the Prime Minister, Governor-General, and a host of other senior officials. Just last week I met with Solomon Islands Foreign Minister Oti during his visit to Washington. My message on behalf of the U.S. government was very clear: we strongly support the efforts of Australia, New Zealand and other countries in the Regional Assistance Mission to the Solomon Islands (RAMSI) as they work to promote stability, rule of law, and economic development.

Papua New Guinea, Samoa and American Samoa

Papua New Guinea (PNG) should really be considered on its own – its population and resources dwarf those of other countries in the South Pacific. But while rich in human and natural resources, it continues to struggle with problems of civil unrest, corruption, poverty, and deforestation. PNG's future is of keen concern to us and prompted my visit to the country last month as well. While PNG has maintained its democratic system since independence in 1975, we remain concerned that a weak central government is unable to establish law and order, even in the capital. The resulting unrest and uncertainty is a continued barrier to foreign investment and development. PNG has a parliamentary election later this year, and we will work with the government and our regional partners to promote a free and fair democratic process and outcome. We are considering, for example, how we might dispatch U.S. observers to monitor the elections.

We are also very pleased that we have established remote visa processing in **Samoa** to facilitate the travel of Samoans to the United States. Mr. Chairman, both Ambassador McCormick and I appreciate your personal involvement in this issue and your participation in the inauguration of this program in Apia last December. We continue to examine the process as it operated last December. We have undertaken various changes to make it work even more smoothly, and we look forward to further improving these visa services. We have already filled the available appointments for the second series of visa interviews, to take place March 19-23.

Mr. Chairman, I know that you have also raised concerns over the delay in accrediting the Samoan Consul General resident in American Samoa. My understanding from our Office of Foreign Missions is that it is waiting for the Government of American Samoa to provide documentation that the Consul General was admitted to American Samoa in A-1 (diplomatic) visa status and is being allowed to remain for the duration of his status. Once the State Department receives this confirmation, accreditation can proceed.

Influence of China and Taiwan

Throughout the region, we remain concerned that competition between **China** and **Taiwan** for recognition by Pacific Island states is undermining good governance. To the extent that the PRC and Taiwan engage in "checkbox diplomacy" to gain favor with Pacific leaders, the political process in those countries will be distorted. We are pressing China, Taiwan, and all donors to use foreign assistance in a manner that enhances transparency and promotes good governance, and we are pleased at signs of progress.

Australia and New Zealand

The bedrock of our relations in the region remains, of course, our treaty alliance with **Australia**. We simply have no more steadfast partner in the region and in the world today. We work together on a wide range of policy initiatives throughout the world. We coordinate our analyses of the situation in the Pacific and ensure that our policies remain close and generally do not conflict. We cooperated closely on our responses to the coup in Fiji and to civil unrest in the Solomons and Tonga, as well as on longer-term discussions of how to stabilize democracy and promote prosperity in the region. Australia devotes massive resources to the South Pacific, in terms both of assistance funding and peacekeeping troops. Our tactics are not always the same, but we share the same broad objectives in the region.

While the focus on my presentation is the South Pacific, I do want to acknowledge our close partnership with Australia around the world. Australia has been a key ally in the wars in Iraq and Afghanistan, with Australian troops serving bravely in both conflicts. Australia is also a supporter of our efforts to denuclearize the Korean peninsula, counter terrorist threats, and expand democracy throughout the Pacific, East Asia and the world.

Our other key partner in the South Pacific is **New Zealand**, which remains an important and close friend of the United States. Our two countries share many of the same values and interests around the globe. New Zealand has combat troops in Afghanistan and peacekeeping forces in the Solomon Islands and East Timor. Clearly, New Zealand is dedicated to promoting peace and stability where it can. New Zealand also provides significant assistance to the South Pacific. As a key partner, we coordinate closely with New Zealand on the Pacific, where our goals often coincide.

While New Zealand's anti-nuclear legislation precludes a military alliance, our bilateral relationship is excellent. Both countries recognize each others' policy position and have decided not to let this difference define the entire relationship.

We have close economic ties with New Zealand and are the country's second-largest trading partner after Australia. New Zealand continues to seek a Free Trade Agreement (FTA) with the United States. While we may consider an FTA with New Zealand in the future, we are currently working through our Trade and Investment Framework Agreement to further deepen our economic relationship.

As you know, New Zealand Prime Minister Helen Clark comes to Washington next week for what we expect to be a very successful working visit. She will meet the President, Secretary Rice, Secretary Gates, and a number of other Executive Branch and Congressional leaders. Prime Minister Clark has made clear her personal commitment to improving relations with the United States – a commitment we share. In addition to our common efforts in the South Pacific, we are seeking greater cooperation with New Zealand in a number of areas in which it can offer significant contributions, including nonproliferation, counterterrorism, humanitarian and disaster relief, and peacekeeping. We expect Prime Minister Clark's visit will help further these goals.

In conclusion, let me reiterate that the countries of the Pacific remain important to the United States. While there is always room for improvement, we continue to seek available opportunities to increase our engagement with the leaders and citizens of the Pacific Islands and respond to their concerns. America's involvement in the Pacific remains crucial to our national security, as we are, and will remain, a Pacific power.

Thank you. I would be happy to answer your questions.

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