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Congress' Pacific ally fumble

BY PHELM KINE 13 MINS READ
FEBRUARY 15, 2024 11:00 AM CET

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Hi, China Watchers. Today we look at how an impasse on Capitol Hill is playing with longtime U.S. allies in the Pacific, consider those tenacious

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China tariffs and scrutinize a dispute over a Taiwan book title. And we profile a book that argues that Beijing's vast internal surveillance system may lull the ruling Chinese Communist Party into "a false sense of security."

Let's get to it. — Phelim

Congressional deadlock leaves "orphans" in the Pacific



U.S. Secretary of State Antony Blinken hosts a meeting with the leaders of Palau, Micronesia and the Marshall Islands on Sept. 29, 2022 | Pool photo by Sarah Silbiger via AFP/Getty Images

A stalemate in Congress is kneecapping Biden administration efforts to deter Chinese diplomatic inroads with longtime U.S. Pacific island allies Palau, Micronesia and Marshall Islands.

Congress has failed to pass legislation that would turn on the funding taps linked to the renewal last year of strategic agreements with those three countries. Those deals — called Compacts of Free Association — provide the three countries economic support, federal government services and visa exemptions. In return, the U.S. has the right to deny other countries access to their waters, airspace and land in a region astride critically strategic sea lanes linking Hawaii to the Philippines.

The legislation has been stalled on Capitol Hill since October, cutting a financial lifeline to the three countries. Despite wide bipartisan praise for the renewals, the sticking point has been the absence of a governmental budget source for more than \$2 billion in funding promised in them. That foiled an attempt to package the agreement approvals as a standalone bill in October as well as an effort to include them in the National Defense Authorization Act in

December.

The latest hope for the legislation had been the national security supplemental funding bill hammered out by the Senate earlier this week. But a proposed amendment that would have added in approval of the agreements' renewals wasn't included in the final bill that passed on Monday.

“At the moment there is no money flowing into Micronesia and Marshall Islands — that money stopped at the end of September,” said **Joseph Yun**, who the State Department appointed as special presidential envoy to renew the strategic agreements in 2022. Yun concluded those negotiations in October when Marshall Islands became the last of the three countries to renew its agreement. Palau is due a substantial increase in U.S. financial support when the legislation passes. For now, it receives a trickle of U.S. funding connected to the existing agreement, which expires in September.

The embassies of Micronesia and Marshall Islands in Washington didn't respond to requests for comment. Senior government officials of the three countries “are deeply disappointed that agreements that are in the interest of the U.S. and the COFA states are an orphan at the moment,” Yun said.

Sen. **Mazie Hirono** (D-Hawaii), who co-sponsored the latest amendment, said on the Senate floor last week that U.S. ties to Palau, Micronesia and Marshall Islands “are a critical component of our ability to operate in the Pacific, especially as we work to counter China's growing influence in this region.”

The legislative impasse has become a test of congressional resolve to support the Biden administration's two-year push to reassert U.S. influence among Pacific island countries. Those efforts have been a response to the Solomon Islands inking a controversial security pact with China in 2022. The delay “is being used to sow doubt as to whether we can be trusted to stand by our commitments to our Pacific partners,” said Rep. **Ed Case** (D-Hawaii).

The leaders of Palau, Micronesia and Marshall Islands have warned that legislative logjam is creating a diplomatic opening for Beijing. The stalled funding is creating “undesirable opportunities for economic exploitation by competitive political actors in the Pacific,” according to a letter the leaders of Palau, Micronesia and Marshall Islands sent congressional leaders last week.

In a separate letter to an unidentified congressional leader last week,

Marshall Islands' President **Hilda C. Heine** said: "There have been 'carrot and stick' efforts by the PRC to shift our alliances — including discontinuing support for Taiwan."

Palau's President **Surangel Whipps, Jr.** is uniquely vulnerable due to the risk of the funding gap becoming an issue in his bid for reelection in November. Whipps "is genuinely concerned about money coming in from outside, presumably Chinese money, to affect electoral outcomes," said former Special Presidential Envoy Yun. The Palau embassy in Washington didn't respond to a request for comment.

The legislative bottleneck "makes it a lot easier for the pro-China lobbyists to say 'the U.S. isn't a reliable ally, we should at least be getting Chinese money,'" said **Cleo Paskal**, a senior fellow at the Foundation for Defense of Democracies and an expert on the geopolitics of the Pacific Islands.

****A few months ahead of elections in Europe and the U.S., what is the bloc's tech legacy?** POLITICO's Tech & AI Summit is a flagship convention for technology and artificial intelligence enthusiasts, bringing influencers center-stage. Interested? [Join us here](#)**

TRANSLATING WASHINGTON

— **ENERGY SECRETARY FRETTS CHINA'S MINERALS:** The Department of Energy is worried about China's dominance of the global supply chain for minerals including nickel, lithium and cobalt essential to solar panel and electrical vehicle battery production. "We're very concerned. ... We do not want to be over reliant on countries whose values we may not share," Secretary of Energy **Jennifer Granholm** [told CNBC on Wednesday](#). Granholm's comments suggest that a Biden administration [initiative unveiled in 2022](#) to lessen U.S. dependence on China for those key minerals can't keep up with demand.

— **NAVY BLASÉ ON CHINA'S SHIPS:** The U.S. Navy isn't bothered that China can now deploy [more than 300 more battle force vessels](#) than the United States. "I look at our Navy as part of a broader warfighting ecosystem. It's not about numbers. It's about how you put it all together," Chief of Naval Operations Adm. **Lisa Franchetti** said in a speech on Tuesday, [per Breaking Defense](#). That ecosystem includes U.S. cyber and space capabilities as well as "platforms on, under and above the sea," Franchetti said. China's battleship building blitz is a response to Chinese leader **Xi Jinping's** call in 2018 for building the People's Liberation Army Navy [into "a world-class force."](#)

— ANOTHER CONGRESSIONAL NAILBITER ON TAIWAN

FUNDING: The looming House vote on the national security supplemental will determine the fate of \$1.9 billion in U.S. funding approved by the Senate on Monday to restock arms bound for Taiwan, per Defense News. House Speaker **Mike Johnson** has vowed to block the bill unless it includes provisions to tighten border security, **POLITICO's Olivia Beavers, Anthony Adragna, Jordain Carney and Nicholas Wu** reported on Tuesday.

TRANSLATING EUROPE

UK, CHINESE FOREIGN MINISTERS EXPECTED TO MEET: British Foreign Secretary **David Cameron** is expected to meet his Chinese counterpart, **Wang Yi**, on the margins of the Munich Security Conference, which begins on Friday. The plan, reported by the Guardian, will be the first meeting with Wang by Cameron since the former prime minister was appointed Britain's top envoy.

EU WARNS ABOUT EV DEPENDENCY ON CHINA: EU Internal Market Commissioner **Thierry Breton** told car industry representatives Wednesday that Europe is “at a pivotal moment ... in our green ambitions” and far more needs to be done to switch lanes to electric vehicles.

European carmakers need to make cheaper electric vehicles and get better at producing batteries in Europe, Breton warned, “otherwise, we will leave the market to Chinese and other manufacturers. We will become net importers of vehicles and will lose jobs, here in Europe,” **Jakob Hanke Vela** writes in to report.

An investigation by the European Commission is ongoing to probe Chinese state subsidies for the fast-developing electric vehicle industry.

ESTONIA CALLS TIKTOK A SECURITY RISK: Estonia's foreign intelligence service said on Tuesday that TikTok continues to pose security and spying risks for users, according to local media. The services warned in their annual report on external security threats about the app's extensive data collection and flagged some connections from the Communist Party to TikTok through its mother company, Beijing-based ByteDance. TikTok said in a comment that the Estonian foreign intelligence agency's report contained inaccuracies and unsubstantiated assertions including about its ownership structure, **Clothilde Goujard** writes in to report.

HOT FROM THE CHINA WATCHERSPHERE

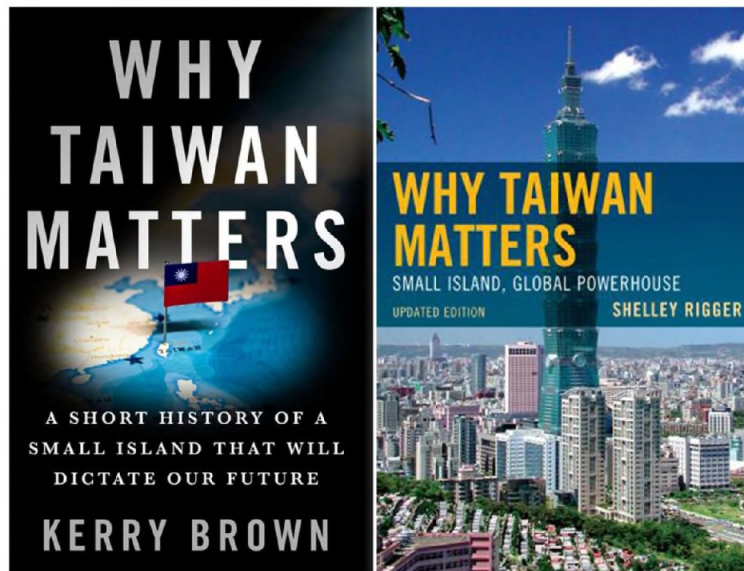


The Taiwanese coast guard salutes President Tsai Ing-wen from a ship during a drill in on June 10, 2023 | Sam Yeh/AFP via Getty Images

— **BEIJING BLASTS TAIWAN OVER FISHERMEN’S DEATHS:** The Chinese government has issued a “strong condemnation” of Taiwan Coast Guard authorities who intercepted a Chinese fishing vessel in the island’s waters on Tuesday. Two of the fishing boat’s four occupants drowned in that encounter. “Treating mainland fishermen in a rough and dangerous manner ... is the main reason leading to this vicious incident,” China’s Taiwan Affairs Office said on Wednesday, per Xinhua News Agency. Taiwan says it’s not to blame. “During the course of the enforcement operation, the land vessel accidentally overturned and four land crew members fell into the sea,” Taiwan’s Coast Guard said in a statement on Wednesday.

— **MANUFACTURER REP RAPS TAI’S TARIFF TAKE:** U.S. Trade Representative **Katherine Tai**’s support for maintaining Trump-era tariffs on Chinese imports has drawn fire from a U.S. manufacturing lobby group. “Before any elected official or appointed officials starts talking about how good tariffs are, they need to look at the results of how these tariffs have been applied to some manufacturers here in America, and how that’s actually cost jobs for American manufacturing workers,” **Jay Timmons**, president of the National Association of Manufacturers, said on Tuesday at a meeting of the Washington International Trade Association, per the South China Morning Post. Timmons’ comments were a response to Tai arguing those tariffs have “strategic value” in “building up the middle class and reinvigorating American manufacturing and the American economy” on Monday.

TRANSLATING TAIWAN



St. Martin's Press/Macmillan | Rowman & Littlefield

Taiwan book title tiff takes bitter turn

An online kerfuffle has erupted over a soon-to-be-published book with the title “Why Taiwan Matters.” It’s not the content of the book, written by **Kerry Brown**, former first secretary at the British embassy in Beijing, now director of the Lau China Institute at King’s College, London. It’s that its title matches that of a 2011 book by **Shelley Rigger**, professor of Asian politics at Davidson College.

China-Taiwan watchers on social media weren’t amused. “Okay, but ... there is already a well-known book called Why Taiwan Matters. So weird!” said **Sara Newland**, assistant professor of government at Smith College in [an X post last week](#). Newland had company. “Publishers should [have] checked the title,” said **George Magnus**, associate at Oxford University’s China Centre in [an X post](#). The controversy attracted a slew of comments from academics and journalists alike with comments ranging from sympathetic (“[publishers usually pick book titles](#)”) to hostile (“[this is a blatant plagiarism](#)”).

Brown called that criticism unfair. “This was a sincere mistake — people ganging up on social media ... surprises and disappoints me,” said Brown.

Rigger blamed Brown’s publisher for ignoring a request she made a year ago for it to change his book’s title. “How hard would it be to Google the title

before you put it on a book? It's hard to avoid the conclusion that [the publisher] knew they were overwriting and disappearing my work," said Rigger. Neither St. Martin's Press nor its parent company, Macmillan Publishers, responded to requests for comment.

Brown said that his book's title "was not my choice" and that he has both apologized to Rigger and asked his publisher to change the title. "I am confident this will not be the title the book comes out with," Brown said.

HEADS UP

— **US-CHINA SCIENCE DEAL CLIFFHANGER (AGAIN):** The future of a landmark 45-year-old pact on bilateral science cooperation is in doubt, again. The deal expired in August and the Biden administration opted for a six-month extension to "amend and strengthen" the U.S.-China Science and Technology Agreement. The clock runs out on that extension in two weeks and its future is unclear.

"We are not able to provide information at this time on specific U.S. negotiating positions or on whether the agreement will be extended past its current expiration date," said a State Department official granted anonymity because they weren't authorized to speak on-record. Chinese Foreign Minister **Wang Yi** said Biden and Xi "agreed to start consultations on extending" the deal in their meeting in San Francisco in November. The Chinese embassy in Washington didn't respond to a request for comment.

****Not going to Munich for the Security Conference?** Don't worry, our Pro Defense team has got you covered. Join us online on February 19 as we debrief you on what happened.**

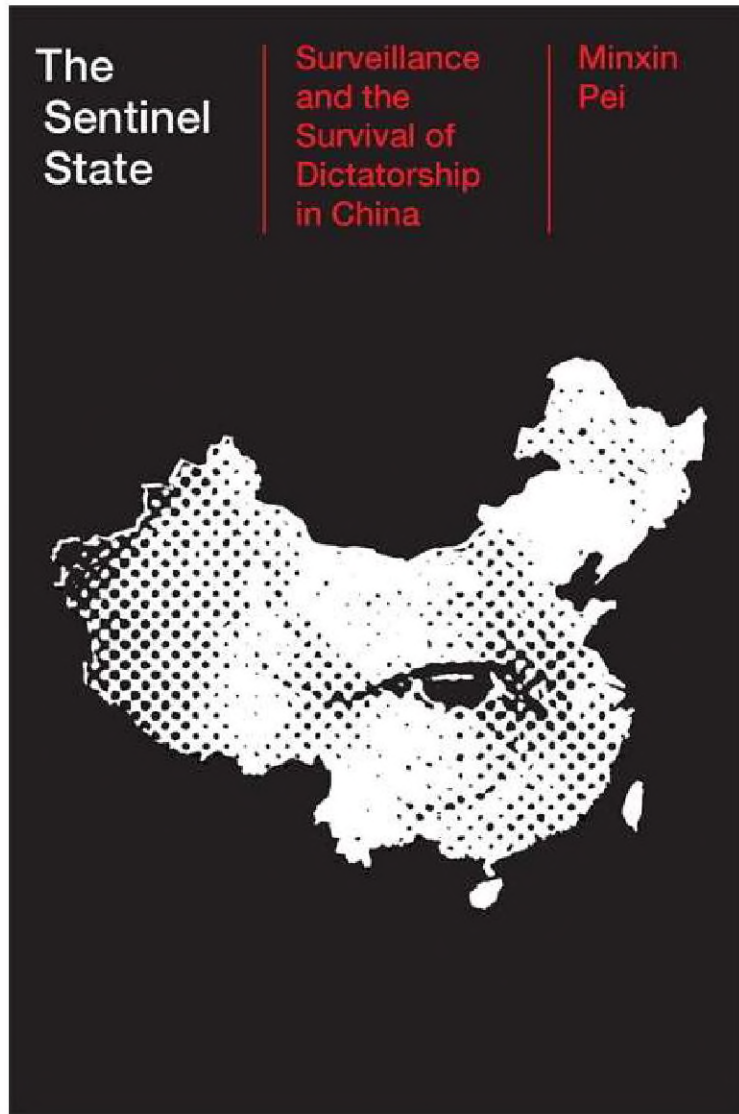
HEADLINES

Bloomberg: In Trump-Biden rematch, the only sure loser is China

Wall Street Journal: U.S.-China tensions have a new front: A naval base in Africa

Project Syndicate: America's emulation of China calls for new rules

ONE BOOK, THREE QUESTIONS



Harvard University Press

The Book: The Sentinel State: Surveillance and the Survival of Dictatorship in China

The Author: Minxin Pei is a professor of government at Claremont McKenna College.

What is the most important takeaway from your book?

China's surveillance system is far more labor-intensive than technology-intensive. Its backbone consists of a vast network of informants, probably about 1 percent of the population, or 14 million people. It also has two mass surveillance programs targeting about 7.5-12.5 million people including dissidents, ex-convicts, criminal suspects, ex-PLA soldiers, and ethnic

minorities. Managing these mass surveillance programs requires a huge amount of manpower including police, informants, and local officials.

What was the most surprising thing you learned while writing this book?

The Chinese Communist Party has done a much more effective job than the communist regimes in the former Soviet bloc in building and adapting its surveillance state to new challenges. The Chinese system is based on the concept of “distributed surveillance,” which assigns the task of spying on Chinese citizens to different units in the security apparatus, other state-affiliated entities and informants. The role played by political-legal committees, a specialized CCP bureaucracy responsible for domestic security not found in the former Soviet bloc, is critical in coordinating the operations of this system.

Does China’s “Sentinel State” have an Achilles heel that could lead to its — and the ruling CCP’s — eventual downfall?

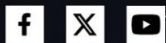
Hi-tech surveillance must be constantly upgraded and maintained. As local governments fund nearly all the costs of surveillance, deteriorating local public finance could make the system less sustainable in the years ahead. Powerful state surveillance may also give Chinese rulers a false sense of security. Surveillance alone cannot protect the party if it fails at other governance tasks, such as creating jobs, raising the standard of living, and controlling corruption.

Got a book to recommend? Tell me about it at pkine@politico.com.

Thanks to: Heidi Vogt, Olivia Beavers, Anthony Adragna, Jordain Carney, Nicholas Wu, Clothilde Goujard, and digital producers Tara Gnewikow and Fiona Lally. Do you have tips? Chinese-language stories we might have missed? Would you like to contribute to China Watcher or comment on this week’s items? Email us at pkine@politico.com slau@politico.eu

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