

The Case for Enhanced Australian Engagement with the Federated States of Micronesia

Gonzaga Puas

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Introduction

The Federated States of Micronesia (FSM) is situated in a strategic area on the northern frontline of China's push into the Pacific region. The presence of the United States (US) in FSM and more widely in the western part of Micronesia under the terms of the Compact of Free Association (COFA) means the region is becoming an increasingly contested oceanic space. The FSM has political relationships with both superpowers: China and the US. Australia, an ally of the US and a major player in the Pacific, has had closely aligned security interests with FSM, and the countries have maintained enduring bilateral relations. The purpose of this In Brief is to make the case for enhanced Australian engagement with FSM in a changing geopolitical environment.

Established good relations

On 27 May 2021, Australia's ambassador to the FSM, Jo Cowley, met the president of the FSM, David Panuelo, and assured him that the 'Australian...government values [its] relationship with the FSM, and [is] focused on ensuring that Australian assistance is consistent with the FSM's priorities' (FSM Government 2021). In response, President Panuelo emphasised the FSM's sincere appreciation of and intent to strengthen bilateral relations with Australia. He further acknowledged Australia's pivotal role in recognising FSM's sovereignty when FSM was seeking independence. He noted that Australia has provided crucial support towards FSM's security by gifting patrol boats and providing relevant training. 'Australia has shown...that it is a true friend of the FSM...in ways both measurable and immeasurable' (ibid.). The meeting demonstrated the strong partnership that has developed between the FSM and Australia since Australia established its embassy in the FSM in 1989.

Australia's commitment to FSM was reflected in various forms during the early days of its independence. For example, the renowned Australian National University historian James W. Davidson, known as the founding father of modern Pacific historiography, was one of the architects of FSM's constitution. He worked alongside Norman Meller, a historian from the

University of Hawai'i, at the first constitutional convention in the 1970s. Together they established the framework of the constitution, importantly taking into account the context of evolving Micronesian historical circumstances. Moreover, an Australian legal scholar from Monash University School of Law, Guy Powles Jr, was appointed as a temporary justice to assist in resolving one of the landmark cases in the early days of FSM's jurisprudential development. The case, *FSM v. Tammed* (1990), set legal precedent about the interpretation of the new constitution as it applies alongside customary law.

Development cooperation

The extent of Australia's activity in FSM appears limited when compared to that of the US, though it should be noted that the US is obligated under the COFA to provide more than 60 per cent of the FSM's national budget. Within this context, the level and consistency of Australian aid and funding has in fact made an impact in FSM. Historically, [Australia's relationship](#) with the FSM has been solid, however, differences in both nations' future outlooks sometimes have arisen due to divergences in certain national interests. For example, FSM prioritises climate change action to a high degree and has been at the centre of the recent Pacific Island Forum imbroglio.

These differences in outlook also exist between Australia and other Pacific Island countries (PICs). In the 1990s, Australia was described somewhat pejoratively as a 'big brother' to the Pacific; however, it has since been seen by some as a 'bad big brother', first regarding trade (Kelsey 2004) and more recently [climate change](#). From this author's Micronesian perspective, though, such views are now outdated and, in any event, emanated from the South Pacific islands — not the north Pacific, where the US has a big presence.

The Australia–FSM aid partnership has brought mutual benefits to both countries as their relationship has gained strength over the decades. [Development assistance programs](#) continue to flow to the FSM from Australia, and have gradually increased. In maritime surveillance and security assistance, Australia has contributed the most towards preventing illegal fishing, bringing millions of additional dollars to the FSM.

Australia also receives support from the FSM at various international and regional forums. For example, FSM provided the Australian government US\$100,000 as a gesture of friendship and support during the devastating bushfires that raged on the east coast of Australia in 2019 (FSM Government 2020). The FSM also supported the Australian-led peace effort in the Solomon Islands known as RAMSI.

Australia's development assistance could also extend into tertiary education, as Michael Wesley from Melbourne University has advocated. He suggests that Australia should focus on developing human skills by allowing more Pacific students to study in Australia, as upon their return to their home countries they can make long-lasting educational and diplomatic impressions (Wesley 2021).

Shared security interests

The importance of FSM to Australia's security has been expressed by security analyst Anthony Bergin, who warned Australia not to forget Micronesia, as 'the strategic significance of [the subregion] is rising, and Australia is unwise to disregard the region' (30/1/2015). Bergin recognised that Micronesia is part of Australia's future security umbrella in the northwest Pacific.

Australia's overall security also benefits from a strong relationship with the nations of the Pacific. Australia is an influential Pacific power and has been exerting a significant role in keeping the Pacific a secure region. Currently, Australia is involved in working with PICs in areas such as protection of the oceanic environment, containment of the COVID-19 pandemic, prevention of transnational crime, climate change negotiations, human trafficking and maritime security. All are areas in which FSM has expressed particular interest in enhancing its capacity, something other aid donors have not been able to fully satisfy.

Enhanced role of Australia

Australia, already a friend of both the FSM and the US, could fulfil an informal role as intermediary in the case of disagreements between the FSM and the US. FSM can, at times, be put under pressure by the US, and negative reactions to such pressure by FSM can be undesirable. For example, in 2018 the FSM congress called for the [termination](#) of the COFA with the US. The congress also has called on China to be the only country allowed to fish FSM's exclusive economic zone (Jaynes 12/7/2010). In 2020, President Panuelo also asked both the US and China to respect FSM's sovereignty in response to political tensions between those superpowers.

From the perspective of FSM, Australia acts with independence in the Pacific while also considering the position of its allies. Australia offers FSM a unique style of diplomatic engagement that is fair and far-sighted, with well-developed roots in the Pacific, and potentially positioned to play an important role in bringing divergent priorities into focus.

Since its 'Pacific Step-up' in 2018, Australia has been presented with an opportunity to demonstrate goodwill by providing [pandemic aid](#) to PICs. Now might be a good time for Australia to revisit its aid partnership arrangement with FSM, set to be reviewed in 2022, to see if it could do more.

Conclusion

Australia has distinct interests in Micronesia that neither fully overlap with nor contradict those of the US. FSM is valuable to Australia because a secure FSM means a secure Australia. In order for Australia to gain greater influence in FSM, it would do well to support FSM's interests in international forums and consider bolstering its aid assistance.

While the US has signalled that it intends to continue COFA funding after the current arrangements end in 2023, most additional funding recently committed by the US has been for military objectives regarding China, and FSM and US negotiators have yet to agree on future COFA funding priorities. FSM is on the northern frontier of Australia's Pacific interests, at the point where geopolitical tensions with two of its major trade partners lie. FSM now seeks to diversify its external alliances, including with Australia and its South Pacific allies.

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Author notes

Gonzaga Puas is a Pacific researcher at ANU's Department of Pacific Affairs.

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