NETWORKING THE NEIGHBORS OF THE PHILIPPINE SEA

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Cover image: U.S. Coast Guard Cutter Oliver Henry (WPC 1140) makes a port call in Koror, Palau, on April 1, 2023. Photo by Chief Warrant Officer Sara Muir, U.S. Coast Guard Forces Micronesia / Sector Guam, via DVIDS

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INTRODUCTION

How the world conceives political geography is often arbitrary, inherited from history that does not necessarily match the present. In contemporary East Asia and the Pacific, the map sorts eleven countries into "Southeast Asia," a term only popularized during the Second World War; China, Japan, and Korea into an unintegrated "Northeast Asia," rarely named as such in Washington; and everything east of the Philippines into "Pacific Islands."

This report is about the possibility of new patterns of cooperation that cut across these imagined subregional borders. Surrounding the Philippine Sea in the Western Pacific are five like-minded democracies with close ties to the United States — Japan, Taiwan, the Philippines, Palau, and the Federated States of Micronesia — together with two U.S. territories, Guam and the Commonwealth of the Northern Mariana Islands (CNMI). Despite a web of warm bilateral ties, conventional subregional borders turn each of them outward, toward Southeast Asia, Northeast Asia, or the Pacific Islands, rather than connecting them through the sea they share. The result is that what should be a strategically unified region is divided among separate regional mechanisms, institutions, and policy communities.

This report argues that the Neighbors of the Philippine Sea should be understood, and should begin to organize themselves, as a single strategic space.

The Neighbors also comprise the First and Second Island Chains, a Cold War construct for the maritime containment of Soviet and Chinese power that has returned to the vocabulary of national security planning in Washington, Tokyo, Taipei, and Manila. Japan, Taiwan, and the Philippines form the First Island Chain; Palau, Guam, the CNMI, and Yap (the FSM's westernmost state) form the Second. In a potential war with China, the need for strategic depth beyond the First Island Chain is driving Washington's renewed attention to and investment in sites across the Second Island Chain.

The Neighbors' interests and challenges are broadly aligned. Each is a democracy, and each supports a Free and Open Indo-Pacific, the vision advanced by Japan and now shared across the region's democracies. Apart from the FSM, for reasons discussed in this report, these governments are not shy about naming what they regard as the central threat to their security and democratic systems: the People's Republic of China (PRC).

In some ways, this region is already integrating in meaningful ways. Along the First Island Chain, Japan, Taiwan, and the Philippines are building closer ties, with urgency, driven by concerns about the reliability of persistent U.S. engagement. Japan and the Philippines similarly see trilateral relations with the United States as a structural means of anchoring U.S. engagement. But these countries do not as often look east toward their Micronesian neighbors, where the United States is the partner most deeply engaged, with an established role in regional affairs through its Compacts of Free Association with Palau, the FSM, and the Marshall Islands. Taiwan has its own ties to Palau and the Marshall Islands, and Japan's attention is increasing, but neither could sustain these relationships at the level the United States does.

Figure 2: Populations & Economies

Sources: World Bank, Taiwan Government, seaaroundus.org, International Monetary Fund Note: USA EEZ excludes Guam and the CNMI

	USA	Guam	CNMI	Japan	Taiwan	Philippines	Palau	FSM
POPULATION (MILLIONS)	342	0.169	0.044	123	23.4	117	0.018	0.114
GDP (BILLIONS)	$30,770	$6.91	$1.1	$4,440	$920	$0.487	$0.345	$0.501
GDP PER CAPITA	$90,027	$41,833	$23,786	$35,951	$42,100	$4,171	$19,532	$4,414
EEZ SIZE (KM^2)	10,750,298	221,899	748,867	4,464,772	1,148,485	2,263,816	604,253	2,992,415

Should American engagement lapse, no one else is positioned to fill that gap.

To explore the possibilities for closer ties and cooperation among these neighbors, Sasakawa USA launched the Networking the Neighbors of the Philippine Sea project in 2025. In late 2025, project director Brian Harding held consultations in Washington, Tokyo, Taipei, Manila, Palau, and Guam to lay the groundwork for the project. In May 2026, Sasakawa USA convened a private three-day conference in Palau, held under the Chatham House Rule, which brought together currently serving senior officials up to the minister level, former senior officials, and thought leaders from the United States (Washington, Guam, and the CNMI), Japan, Taiwan, the Philippines, and Palau, as well as from the Marshall Islands.

This report draws on deliberations at the May 2026 conference but is not a conference report and does not attempt to find consensus among the diverse perspectives represented. It also, out of discretion, does not list the individuals who were present at the conference. Instead, it draws inspiration from the discussion, seeking to advance the idea that the Neighbors of the Philippine Sea should rethink the imagined political geography they share, while offering concrete pathways to collectively build security.

THE PHILIPPINE SEA: INCREASINGLY STRATEGIC & VALUABLE GEOGRAPHY

The Philippine Sea is more than a body of water between major powers. It is simultaneously a military corridor, an economic resource zone, a communications network, and a political arena where the interests of large and small states intersect. Competition is well underway across each domain, with the increasing presence of the People's Liberation Army Navy (PLAN) and PRC civilian oceanographic research vessels, often through lawful and overt means, challenging the primacy the United States has held in the region since World War II.

To understand the strategic importance of countries and territories that surround the Philippine Sea — and the waters between them — one need only look to the history of the Pacific War. After the United States repelled Japanese forces from footholds in the mid-Pacific and South Pacific, the Philippine Sea region became a central theater as the Allies proceeded north toward Japan. Its geography would again make it a crucial theater in a future conflict involving China, the United States, and their respective partners.

The Philippine Sea is also a source of immense economic wealth. Covering more than five million square kilometers, it lies within the western and central Pacific, home to the world's largest and most valuable tuna fishery[1]. Although it contains relatively little oil and gas, the seabed is believed to hold extensive deposits of critical minerals, including cobalt, nickel, and rare earth elements. These resources make the Philippine Sea not only a critical military theater but also an increasingly important arena for competition over food security and future supplies of strategic minerals. But the Neighbors that hold jurisdiction over these waters lack the means to fully monitor or defend them.

Military Activity

Military activity in the Philippine Sea is increasing across the board. Beijing, however, has notably expanded both the scale and sophistication of its presence, reflecting the region's growing importance in Chinese military planning. Just as our May 2026 conference was underway, two deployments vividly demonstrated this dynamic.

1 Western and Central Pacific Fisheries Commission, *Overview of Tuna Fisheries in the Western and Central Pacific Ocean, Including Economic Conditions – 2024.* The western and central Pacific hosts the world's largest tuna fishery, supplying roughly 85 percent of the Pacific catch and over half the global total, with a delivered value of approximately $5.6 billion in 2024; the great majority of the catch is taken within Pacific Island exclusive economic zones.

In late May 2026, just after the conference met, the Chinese research icebreaker *Ji Di* entered Palau's exclusive economic zone (EEZ) without authorization and lingered for roughly fourteen hours at slow speed. Before entering Palauan waters, the ship was in the waters off Guam's Apra Harbor, where U.S. nuclear submarines are based. In a diplomatic protest to the PRC, Palau characterized the vessel's conduct as questionable research-related activity that threatened its security and disregarded its sovereignty[2]. Such survey activity is, in most cases, lawful under international law, which makes it difficult for states to distinguish legitimate scientific research from operations that may also support future military purposes.

The *Ji Di* is also far from an isolated case. A second Chinese survey vessel, the *Xiang Yang Hong 03*, moved repeatedly through the Philippine Sea in the first half of 2026, remaining for weeks in the waters between Luzon and Guam before turning southwest toward Palau, which protested its entry into its exclusive economic zone in July. Operated by China's Ministry of Natural Resources, the vessel has previously spent extended periods surveying over trans-Pacific submarine cables[3].

Meanwhile, carrier operations in the Philippine Sea, rare just a few years ago, have become common and more sophisticated. In June 2025, the PLAN operated both of its aircraft carriers simultaneously beyond the First Island Chain for the first time, with the *Liaoning* crossing beyond the Second Island Chain. The pattern deepened in 2026, with carrier activity in the Philippine Sea increasingly coordinated with operations in the South China Sea[4].

The week after our group met in Palau, the *Liaoning* strike group deployed again and operated in the Philippine Sea east of Luzon, conducting roughly 170 flight operations over a single week while shadowed by Japan's Maritime Self-Defense Force. The Armed Forces of the Philippines said it had received no prior warning of the deployment and had learned of it from Japan's public bulletins[5].

Undersea activity should be assumed to be extensive. Between 2022 and 2024, Filipino

2 Island Times, "Palau Protests Unauthorized Chinese Research Vessel Activity in Its EEZ," June 5, 2026, reporting Palau's June 3, 2026 diplomatic note to the PRC embassy in the Federated States of Micronesia.

3 "China's Deep-Sea Mining Fleet May Also Track US Submarines," Mongabay and CNN, March 2026, which identifies the Xiang Yang Hong 03 as owned and operated by China's Ministry of Natural Resources and documents a November 2023 episode in which the vessel spent roughly 48 hours surveying over a known trans-Pacific submarine cable. Vessel movements through the Philippine Sea in the first half of 2026 are drawn from public AIS observations (IMO 9779680; MMSI 413701510); On the Ji Di's May 30, 2026 entry into Palau's EEZ and the resulting protest, see "Palau Protests Unauthorized Chinese Research Vessel Activity in Its EEZ," Island Times, June 4, 2026, reporting Palau's June 3 diplomatic note.

4 "Chinese Dual Pacific Carrier Deployment Wraps, U.K. Royal Navy Warship Transits Taiwan Strait" USNI News, June 23 2025.

5 "Chinese Carrier Strike Group Conducts 170 Sorties During Drills in Philippine Sea," USNI News, June 2, 2026, based on Japan Joint Staff Office tracking of the Liaoning strike group, May 26–29, 2026. https://news.usni.org/2026/06/02/chinese-carrier-strike-group-conducts-170-sorties-during-drills-in-philippine-sea

fishermen recovered five unmanned underwater drones in Philippine waters. Forensic analysis conducted with U.S. assistance found Chinese markings on three of the drones, which were assessed as most likely having been deployed by China to map the seabed[6]. A retired Vice Commander of the Philippine Navy has assessed that such drones are "covertly released for naval and military reasons," gathering the kind of seabed data that submarines would need to operate in those waters[7]. The recovered drones were found in the West Philippine Sea and the Luzon Strait rather than the Philippine Sea itself, but there is little reason to assume the seabed east of the archipelago is any less surveyed.

The United States, meanwhile, has been preparing for this strategic moment. In the last several years it has been developing a distributed network of facilities and capabilities across the Second Island Chain, from missile defense on Guam to refurbished ports and airfields in Palau and Yap. The Department of Defense Fiscal Year 2027 Pacific Deterrence Initiative request alone includes over $1.5 billion in construction across Guam, Palau, and Yap, including $385 million for port and harbor improvements in Palau[8]. These investments recognize that any future conflict would involve contested logistics and vulnerable supply chains.

Other regional democracies have also increased their engagement. Japan has expanded maritime domain awareness cooperation and infrastructure assistance, Australia has deepened security partnerships across Micronesia, and trilateral initiatives with the United States have financed ports, airfields, and subsea cable projects. Together, these efforts reflect a broader recognition that the Second Island Chain has become central to Indo-Pacific security.

The Political Arena

Strategic competition is also extending into political influence. Across the region, Beijing has increasingly employed economic leverage, information operations, and elite capture techniques. This is well-documented in Taiwan and the Philippines. Taiwan's National Security Bureau identified more than 2.3 million pieces of disinformation and over 45,000 inauthentic

6 Forensic findings presented by Rear Admiral Roy Vincent Trinidad, Philippine Navy spokesperson for the West Philippine Sea, April 15, 2025; see "China 'likely' sent drones to map out Philippines" underwater terrain," Philstar, April 15, 2025. Of five drones recovered between 2022 and 2024, three were assessed as of likely Chinese origin.

7 Rommel Jude Ong, retired rear admiral and former vice commander of the Philippine Navy, quoted in ""Philippine Navy Scrambles to Shield Vital Undersea Cables from Spies,"" Defense News, January 5, 2026.

8 Department of War, *Pacific Deterrence Initiative: Department of War Budget, Fiscal Year 2027* (April 2026), ""Infrastructure Improvements to Enhance Responsiveness and Resiliency of U.S. Forces."" Figures include $384.6 million for Palau port and harbor improvements, $142.2 million for Yap port and harbor improvements, and $27 million for a Yap airfield runway extension, alongside Guam missile-defense and communications construction.

social media accounts in a single year[9]. In the Philippines, PRC-linked networks have combined disinformation with efforts to cultivate local officials and shape media coverage of the West Philippine Sea.

Less well known internationally are echoes in the smaller entities of the Second Island Chain. Their openness is also one of their vulnerabilities. Liberal entry regimes in some jurisdictions, limited law-enforcement resources, and the absence of large security bureaucracies can make it easier for foreign actors, including individuals linked to Chinese state or commercial interests, to establish a presence that would receive greater scrutiny elsewhere. In Saipan, a casino brought money laundering; narcotics move through the same channels; and strategically located land has been acquired on long leases, including in Palau on Angaur Island near the site of a planned U.S. radar.

Protecting critical infrastructure has become a growing priority throughout the Philippine Sea. The region depends on a remarkably small number of submarine cables, making communications vulnerable to disruption or deliberate interference. These cables are also notable because they are overwhelmingly allied infrastructure. Palau's two submarine cables were built by Japan's NEC and financed by the Asian Development Bank and, for the second, jointly by the United States, Japan, and Australia — the first project delivered under their trilateral infrastructure partnership. The cables serving Yap and the rest of the FSM were likewise built by NEC with World Bank financing. When a Chinese vendor, HMN Technologies, submitted the low bid to build the East Micronesia Cable, the United States warned that its participation posed a security threat, and the project was then built with American, Japanese, and Australian funding instead. Ultimately, vulnerability lies in the small number of cables and their exposure to interference[10].

Information operations and elite influence efforts have become increasingly prominent features of regional competition. The challenge is particularly acute in small states, where individual political and economic relationships can have outsized influence — a dynamic that is not confined to actors aligned with any single outside power. In Palau, the case of the Senate President Hokkons Baules is instructive: in February 2026, the U.S. State Department publicly designated Baules for significant corruption, finding that he had accepted bribes in exchange for advocating for Chinese government, business, and criminal interests,

9 National Security Bureau (Taiwan), *Analysis of China's Cognitive Warfare Tactics Against Taiwan in 2025*, released January 2026.

10 Jonathan Barrett and Yew Lun Tian, "Pacific undersea cable project sinks after U.S. warns against Chinese participation," Reuters, June 18, 2021. The six governments announced funding by Australia, Japan, and the United States in "Joint Media Statement — Signing of Six-Party Memorandum of Understanding for the East Micronesia Cable Project,"" 28 July 2022 (Australia, FSM, Japan, Kiribati, Nauru, and United States).

Figure 3: Research Vessel Activity — March – August 2026

Source: Micronesia Security Monitor, Pacific Center for Island Security, msm.pacificcenterforislandsecurity.com

and barred him and his family from entering the United States. Baules denied wrongdoing, saying he was targeted for supporting Chinese businessmen in Palau. Palau has also been subject to some of the PRC's most overt attempts at economic coercion, including in 2017, when Beijing labeled Palau an "illegal" destination for package tourists after Palau reaffirmed its ties to Taipei.

Scientific and Economic Security

Beyond the territorial waters of the Neighbors of the Philippine Sea, EEZs are increasingly the site of dual-use exploration. That much of this activity is lawful was a regular theme in the May 2026 conference, making countering the activities of foreign vessels especially difficult. UNCLOS provides broad protections for marine scientific research, creating challenges for states

seeking to distinguish legitimate scientific activity from surveys that may also support future military operations. And while research in another state's EEZ nominally requires that state's consent, hydrographic and military surveys fall into a gray zone that can sidestep this requirement. Whatever its legal status, the activity is extensive: according to the Micronesia Security Monitor, in the first half of 2026, 17 civilian PRC research vessels entered the Philippine Sea, accounting for 63% of all non-fishing vessels the MSM tracked in that period. The challenge for the Neighbors is to counter the surveys and resource activity that fall outside these protections without impeding the legitimate research the law is meant to safeguard.

As interest in deep-sea resources and the strategic value of seabed data grows, states are accelerating efforts to survey, map, and develop the ocean floor, including through deployments such as China's *Ji Di*. Washington's push to develop undersea critical minerals has also become a contentious issue in Guam and the CNMI, raising questions about environmental protection as well as who has the authority to make decisions affecting surrounding waters. Japan, meanwhile, is moving aggressively to develop the rare-earth-rich seabed deposits within its EEZ around Oki-no-Tori Shima and Minami-Torishima Islands, just east of the Philippine Sea, underscoring that competition over the seabed now extends across the wider Western Pacific.

Despite these pressures, the region's democracies have shown considerable resilience. Palau has continued to recognize Taiwan despite sustained economic coercion by China, while the Philippines has deepened security partnerships with the United States and other regional democracies despite increasing pressure in the West Philippine Sea. Taiwan, Japan, and other regional partners have likewise strengthened their maritime awareness and resilience efforts. Their experiences demonstrate that the future of the Philippine Sea will primarily depend on the resilience and choices of the states that surround it.

AN INCOMPLETE ARC: THE CASE FOR INTEGRATION AND ITS LIMITS

A backdrop to the May 2026 conference has been real momentum in deepening links within the First Island Chain, alongside the continued institutionalization of U.S.-Japan-Philippines trilateral cooperation. Within the First Island Chain, Taiwan-Philippines ties have grown closer and more open over the past two to three years, with high-level contacts becoming more regular and practical security cooperation advancing. For example, in August 2025, Taiwan's foreign minister led a trade delegation to Manila (nominally in a private capacity), and Taiwan has trained Philippine firefighters through civilian disaster-response programs since 2022. Japan-Taiwan relations have deepened as well, with Taiwan's importance to Japan made vivid in November 2025 when Prime Minister Takaichi told the Diet that a Chinese naval blockade of Taiwan could "by all means become a survival-threatening situation" for Japan, language that, under Japanese law, could open the door to collective self-defense, and drew a furious response from Beijing[11].

Japan-Philippines relations are also surging. A Comprehensive Strategic Partnership was announced during President Marcos's May 2026 visit to Tokyo, formalizing the Philippines' place among Japan's top-tier strategic partners[12]. Nascent Track 2 efforts to link the three governments trilaterally are also underway[13].

Meanwhile, the U.S.-Japan-Philippines trilateral has proven a rare through-line from a Biden-era initiative to the Trump administration. Its persistence reflects a natural alignment of interests, shared alliance ties, and geography that had been waiting for sustained political attention, and it has established new habits of coordination.

The lack of momentum eastward, into the Second Island Chain and the Philippine Sea, is less about a lack of similar alignment and more about ossified habits of cooperation, bureaucratic misalignment, and a lack of basic experience with Micronesia in East Asian capitals.

11 Prime Minister Sanae Takaichi, remarks to the Lower House Budget Committee of the National Diet, November 7, 2025. https://www.gmfus.org/news/japans-takaichi-stands-firm-taiwan

12 Japan–Philippines Joint Statement on the Comprehensive Strategic Partnership, "Weaving the Future Together: Peace, Prosperity, Possibilities," Japan Ministry of Foreign Affairs, May 28, 2026.

13 See, for example, Nov 2025 trilateral dialogue convened at De La Salle University, the Philippines: https://www.freiheit.org/philippines/experts-convene-dlsu-address-regional-maritime-challenges-and-taiwan-contingency

The result is a litany of strategic blind spots. The U.S.-Japan-Philippines trilateral leaves out the perspectives of the adjacent Freely Associated States and Taiwan; exclusive focus by U.S. partners on Washington overlooks the perspectives and interests of Guam and the CNMI; and the bilateral relationships that crisscross the region do not benefit from integration. Each existing format cuts the region a different way, and none puts the actors who share this particular set of maritime stakes and experience at the same table.

Three throughlines from the May 2026 conference make the case for integration:

» **First, shared geography creates shared stakes.** The island-chain construct that increasingly shapes defense planning in Washington and Tokyo only works if the chains are treated as connected. A First Island Chain defended in isolation, with the Second Island Chain treated as a distant rear area, does not counter the way the PRC is operating. Pressure that falls on one part of the arc becomes, over time, pressure on all of it. The Neighbors do not yet act as though this is the case, but their circumstances increasingly require it.

» **Second, the Neighbors are more like-minded than their institutional separation would suggest.** Across a diverse group, participants shared a common reading of the threat and a clear appetite for practical cooperation. What participants returned to most often, however, was the desire for a trusted network to explore policy solutions, with a wider lens on regional security.

» **Third, the smaller members are not junior participants; they hold knowledge the larger partners lack**. It would be easy to frame this grouping as an exercise in the large assisting the small, but the value runs in both directions. Palau has frontline experience of political and economic coercion that larger partners study from a distance. Guam and the CNMI carry both the exposure and the accumulated expertise that come with hosting the U.S. military presence. Taiwan has developed a whole-of-society resilience system that others in the region are only beginning to build. The Philippines has pioneered legal and transparency strategies against gray-zone coercion that are directly relevant to its neighbors.

Conference participants also recognized a tension that ran through many of the discussions. While there was broad support for deeper cooperation, participants from the Second Island Chain were equally conscious that growing strategic attention reflects the possibility that their communities could become increasingly exposed in a future conflict. The way to avoid making these communities mere terrain is to build structures in which they have standing. A network that gives the smaller

Neighbors a seat and a say is also the one least likely to treat them as ground to be fought over.

Yet the region remains unintegrated, and many of the reasons are structural:

» **Taiwan's status is a central complication.** Taiwan's positive and, in many ways, close relations with the United States, Japan, and the Philippines, and its formal diplomatic relations with Palau make the minilateral configuration explored here a natural opportunity for expanding Taiwan's international engagement. Yet even among these like-minded Neighbors, there remains varying levels of caution for government-to-government engagement with Taiwan. Even more significantly, Taiwan's participation in the regional grouping especially complicates involvement by the FSM (discussed below). However, Track 1.5 forums, like the May 2026 conference, provide a flexible and unofficial format for Taiwan to sit at the same table, with Palau being an ideal physical venue given its recognition of Taipei.

» **The seams of regionalism run directly through the group.** East Asian and Pacific Islands regionalism have developed as largely separate worlds, with distinct institutions, memberships, and assumptions, and the Neighbors of the Philippine Sea are divided among them. As Figure 4 (page 14) illustrates, the Neighbors rarely sit at the same multilateral tables.

» **The Pacific Islands are too often forgotten.** In Washington, Tokyo, Taipei, and Manila, the Pacific Islands tend to sit at the margin of strategic attention. East Asia regional security specialists rarely have Pacific Islands experience and often do not distinguish between the nearby and aligned Freely Associated States and the rest of the region.

» **Guam and the CNMI have a complicated relationship with Washington.** As U.S. territories, they are inside the American system but generally outside its foreign-policy conversations, with limited standing in the decisions that shape their security. This constrains their participation in any regional grouping, although formal affiliations within the Pacific Islands Forum (PIF) and Micronesian Islands Forum provide precedent.

» **The security institutions of the Freely Associated States are new and thinly resourced.** Most important for the Neighbors, Palau's National Security Coordinator office is a recent creation that operates with minimal support and could be easily sidelined or eliminated by a future administration. In the FSM, there is no counterpart.

» **The place of the FSM is a genuine conundrum.** The FSM national government is by far the hardest case in the group, given its comparatively close ties with Beijing, despite its bonds with the United States

under the Compact of Free Association. Yet Yap, its westernmost state (within a loose national federation), sits squarely within the geography this report describes and, under the Compact, the United States has responsibility for the FSM's defense and has influence over its foreign policy. Taiwan's participation complicates FSM involvement, and there is no easy answer. But the task is not to work around Palikir; it is to identify pathways to deepening ties with the Neighbors in ways that align with its broader foreign policy settings.

» **National politics can constrain participation.** This is a live constraint in the FSM today, and it could become one elsewhere should their national governments choose to take a more conciliatory posture toward Beijing. In the near term, the 2028 national elections in Palau and the Philippines hold particular potential to arrest momentum given the proclivities of the current political opposition in each country.

These obstacles are real, but deeper integration is possible despite them. Most are simply constraints on how closer integration should be built.

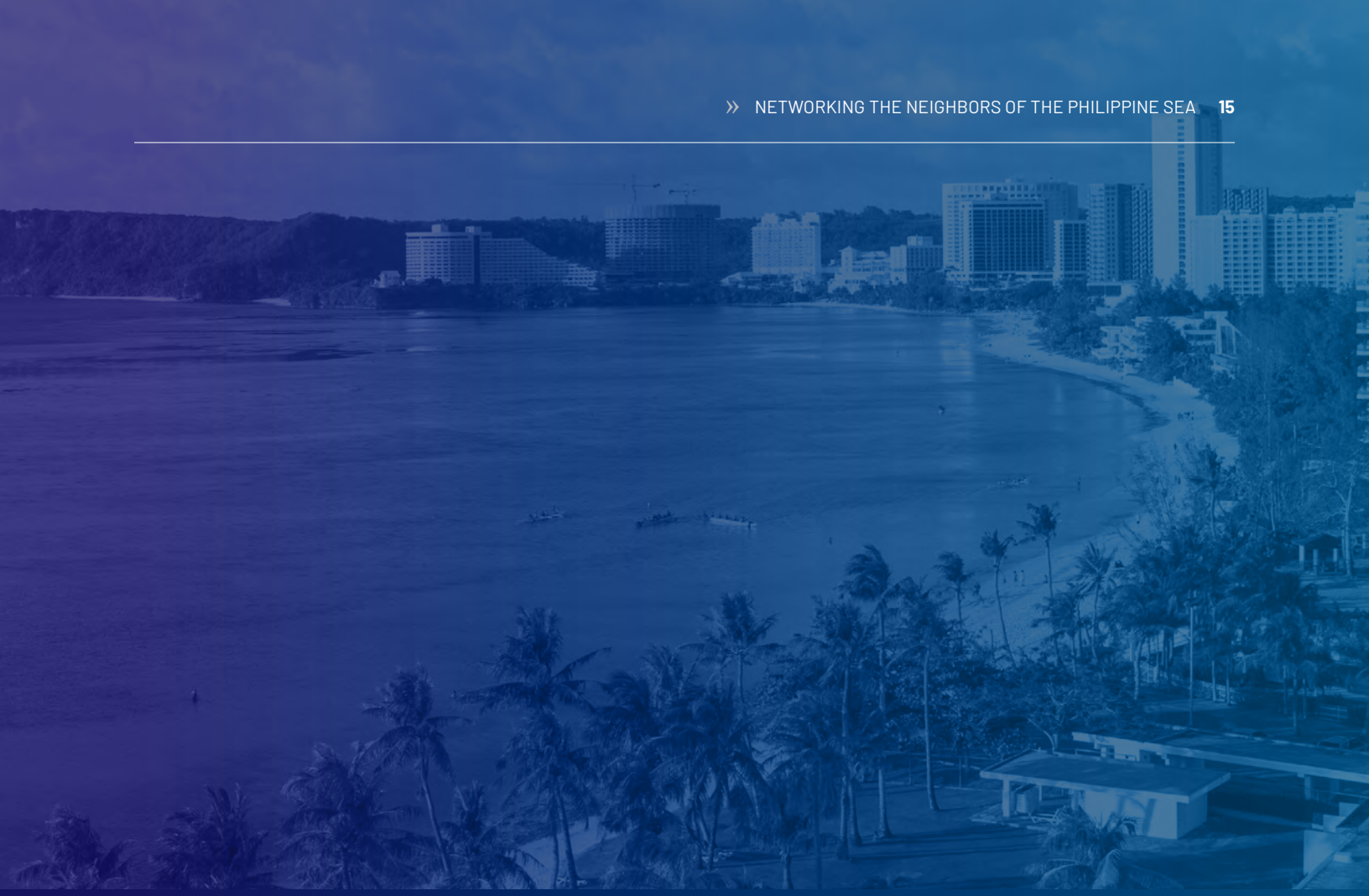
Taiwan's status means any mechanism must be designed to include Taiwan from the outset, likely through unofficial channels or by leveraging its diplomatic relations with Palau. The thin institutional capacity of the smaller members argues for modest, working-level initiatives. And because U.S. attention is episodic and political alignments in several capitals could shift with upcoming elections, any mechanism should be designed to operate at a working level and withstand periods of neglect.

The following policy recommendations are conceived with these constraints in mind.

Figure 4: Regional Organizational Membership

	USA	Guam	CNMI	Japan	Philippines	Taiwan	Palau	FSM	Yap
ASEAN	X			X	X				
PACIFIC ISLANDS FORUM	X	X	X	X	X	X	X	X	
MICRONESIAN ISLANDS FORUM		X	X				X	X	X
EAST ASIA SUMMIT	X			X	X				

Member *Associate member* *Dialogue partner* *Observer* *Development partner*



RECOMMENDATIONS

The recommendations below are extensive, reflecting how little connectivity currently exists among the Neighbors and how much room there is for collective action. Some are near-term and low-cost, with elements of Philippines-Palau cooperation and more exchanges on shared interests standing out as low-hanging fruit. Another tier requires investment and lead time, such as building Palau's Maritime Joint Operations Center into a regional node. Ultimately, more dialogue among the Neighbors—government and non-government—will be the building block for closer ties.

1. Alliance Integration: Bridging East Asia and the Pacific Islands

The Pacific Island Neighbors of the Philippine Sea — Palau, Yap, Guam, and the Commonwealth of the Northern Mariana Islands — are engaged in Pacific Islands regionalism but largely absent from East Asia's. Palau most vividly sits at the seam: it shares maritime borders to its west with the Philippines and Indonesia, yet its political orientation is firmly toward its east, and it identifies as a Pacific Island nation. Its geography means its interests and challenges are far more resonant with those of the Philippines than with those of most of its distant Pacific Island partners, a recurring theme of the May 2026 conference. Guam and the CNMI are inherently connected to East Asia under the umbrella of U.S. engagement, but their formal international engagement runs through Pacific Islands regionalism; opportunities exist to deepen connections more directly.

To encourage closer integration, the following should be considered:

» **As U.S.-Japan-Philippines trilateral cooperation continues to institutionalize, the three parties should find opportunities to include Palau as a quadrilateral partner.** Palau should be invited to participate in components of the U.S.-Japan-Philippines Trilateral Maritime Dialogue, the most institutionalized of the three countries'

trilateral policy dialogues. Inviting Palau to participate in a leaders-level quadrilateral meeting on the sidelines of the East Asia Summit would signal that Palau is an integral part of the regional security environment in East Asia in addition to the Pacific Islands region.

» **At the Pacific Islands Forum, where Palau is a member, Guam is an associate member, and the U.S., Japan, and the Philippines are Dialogue Partners, the Neighbors of the Philippine Sea should convene working-level meetings on the margins of the annual Leaders Meeting.** Practical opportunities for Taiwan (a PIF Development Partner) to be included will be complex but should be pursued. This report's recommendations offer a menu of cooperative initiatives to discuss.

» **Think tanks and other conveners of international security conferences in East Asia should include voices from Micronesia.** East Asia and Micronesia are contiguous, forming the geographic connective tissue between East Asia and the United States. Ignoring this connectivity — and the perspectives of its inhabitants — is an unnecessary blind spot for the United States, Japan, Taiwan, the Philippines, and others in East Asia. Established in 2021 in Guam, the Pacific Center for Island Security (PCIS) undertakes ambitious research on Micronesian security that is highly relevant to East Asia. Established in 2026 in Palau, the Compass Point Institute is the country's first independent think tank. While independent research institutions do not yet similarly exist in the CNMI, FSM, or Marshall Islands, there are many independent experts who would enrich virtually any major conference or workshop in East Asia.

» **Engage the FSM national government directly on pathways to East Asian integration.** The United States, Japan, and regional partners should deepen engagement with the FSM government on mechanisms to deepen ties with U.S. allies in East Asia, including in development, infrastructure, maritime domain awareness, and resilience. Engagement should prioritize using Yap's geography as a bridge to the broader region.

2. Maritime Cooperation: Leveraging Diversity

The diversity in size and power among the Neighbors of the Philippine Sea could be treated as an obstacle to cooperation, but it also holds demonstration power. If these countries and territories can work together without the smaller ones being subordinated, and work through divisive topics collegially, their ability to do so would carry weight well beyond the region.

Maritime cooperation is the natural arena. The Neighbors collectively administer some of the world's largest EEZs and a substantial share of the seabed and cable corridors beneath them. The smaller Neighbors hold jurisdiction over vast maritime spaces they lack the means to monitor; the larger Neighbors possess the means but lack jurisdiction. Illegal, unreported, and unregulated (IUU) fishing is the clearest case, as it depletes stocks across the Philippine Sea.

The following should be considered:

» **Invest in and expand Palau's Maritime Joint Operations Center (JOC) as a node for regional cooperation.** The JOC, which the May 2026 conference participants visited, demonstrates Palau's ambitions to protect its waters, while U.S. support for its establishment and operation illustrates the potential for U.S.-Palau cooperation. An expanded, regional mission could integrate partner-contributed data on issues such as IUU activity, vessel behavior over cable corridors, and research-vessel movements. The Neighbors could post liaison officers with reach back to their own capitals, turning a national facility into a regional node without displacing Palauan control over it. This would also be a natural first step for Philippine government engagement in Palau (discussed below).

» **Establish a Cable Transparency and Resilience Initiative.** The security of undersea cables is increasingly a focus for regional security and is ripe for new forms of cooperation. The Neighbors comprise a grouping whose size, proximity, and like-mindedness could provide a useful test bed for best practices. A regional grouping, potentially using the Palau JOC as a hub, should monitor vessel behavior over cable corridors, publicly report anomalies, and agree on notification channels. This would require resources to be impactful, including the placement of liaison officers. The governments should also pursue aligned legislation criminalizing undersea sabotage and endeavor to connect legal processes to the monitoring initiative. Lessons from the Philippines Transparency Strategy in the West Philippine Sea, particularly its efforts to create greater awareness of activities at sea, should be drawn upon.

» **Convene on deep-sea mining, despite disagreement.** An area of divergence in the May 2026 conference was the participants' differing national perspectives on deep sea mining and the related High Seas Treaty. On one side, Palau has been among the world's most forceful advocates of restraint, and Guam and the CNMI are concerned about Washington's approach. The FSM has similar concerns. Meanwhile, the United States and Japan are aggressively exploring exploitation of undersea resources. However,

divergence is a reason to convene, not to avoid engagement, and a grouping capable of airing genuine disagreement would be constructive and perhaps lead to areas of compromise.

3. Countering Malign Influence and Building Resilience

It was very clear to conference participants that the nature of warfare is changing and that information operations and malign influence are central to it. Their assessments echoed what Palau's President Surangel Whipps Jr. told U.S. Indo-Pacific Command's MILOPS conference in Hawaii in September 2025, where he described his country as under constant threat from China — "I might venture to say we are already at war."

Taiwan and the Philippines are well-known targets of PRC political warfare, ranging from foreign information manipulation and interference to elite capture and strategically oriented foreign investment. Less well known, simply because they garner far less international attention, is that Palau, the FSM, and the CNMI are also top targets. The commonalities in PRC strategy across these locations were a recurring theme of the May 2026 conference.

The Neighbors face variants of the same playbook and would benefit from routine information sharing within the group.

They should:

» **Establish standing information-sharing sessions on PRC influence activity among the Neighbors' national security staffs, supported by Track 1.5 or 2 mechanisms.** Taiwan and the Philippines have made concerted governmental efforts to assess and counter PRC activity and are well-positioned to lead the topic. But exchanges would benefit all sides. For the larger actors, there are analytical benefits in being able to understand the PRC's playbook in miniature in places like Palau, Yap, and Saipan.

» **Exchange ideas on legislation and regulation.** As the United States, Japan, Palau, the FSM, the Philippines, and Taiwan each consider measures on foreign interference, foreign investment screening, and visa and border-entry policy, this grouping offers a trusted circle in which policymakers can exchange ideas. Palau's experience with long-term leases of communally owned land near U.S. military installations, and the CNMI's experience with money-laundering and corruption surrounding its Saipan casino, are cautionary cases from which drafters elsewhere would benefit.

» **Establish forums to build resilience against malign influence today, and against conflict and natural disaster tomorrow.** Taiwan has devoted significant energy to

this through its Whole-of-Society Defense Resilience Committee, established in 2024 and organized around five pillars: civilian mobilization and training, strategic material stockpiling, energy and critical infrastructure, medical and shelter capacity, and cybersecurity for communications, transport, and financial networks. Its Urban Resilience Exercises now run across multiple jurisdictions, testing evacuation, emergency medical response, and drone-assisted logistics. Citizens elsewhere in the region are rightly concerned that their communities are less prepared than they should be, with sentiment in Guam standing out in particular.

4. Fortifying a Weak Link: Philippines-Palau Relations

The Philippines and Palau, once governed together by the Spanish Crown, are neighbors with warm relations. Among Palau's roughly 20,000 residents, about 5,000 are workers from the Philippines. Yet there is little depth to official ties, a theme that repeatedly surfaced at the May 2026 conference. It is extremely rare for national security elites in Manila to have had any experience with Palau, despite sharing a maritime border and Palau being a quick 1,000-mile flight away.

To deepen ties, the following should be among the first priorities:

» **The Philippines should prioritize Palau — as well as the FSM and the Marshall Islands — in its ongoing efforts to increase engagement in the Pacific Islands region.** Increasing engagement in the Pacific Islands region is a priority for the Philippine Department of Foreign Affairs: In February 2026, the Philippines opened an embassy in Fiji, conceived as a regional hub for the Pacific, and Manila has made Pacific engagement a theme of its 2026 chairmanship of the Association of Southeast Asian Nations (ASEAN). But engagement with its nearest Pacific neighbors is the purview of its embassy in Tokyo. The Philippine embassy in Palau closed in 2012, making official engagement highly episodic. The Philippines' core strategic interests in the Pacific Islands lie with the neighbors that share uniquely close ties to its one treaty ally, the United States. The Philippines should establish the fifth resident embassy in Palau, alongside the United States, Japan, Taiwan, and Australia.

» **The Philippines and Palau should conclude a ship rider agreement, along with an ambitious agenda for operational cooperation.** Perhaps the greatest constraint to Palau's ability to monitor its EEZ is a lack of personnel. It simply lacks mariners to put to sea in its donated patrol craft.

What Palau lacks most, the Philippines has in abundance. An arrangement that places Philippine sailors aboard Palauan vessels would make an immediate contribution to countering IUU fishing and establishing maritime domain awareness. The United States, Japan, and Taiwan should regard such an arrangement as a significant Philippine contribution to collective security.

» **The Philippines and Palau should conclude their maritime boundary.** The two countries' EEZs overlap, and delimitation has never been concluded, despite high-level pledges to resolve it. Palau has done this before: it delimited its boundary with the FSM in a treaty signed in 2006 and brought into force in 2016. A concluded Palau-Philippines boundary agreement would demonstrate that the Neighbors of the Philippine Sea can settle their boundaries lawfully and among themselves.

5. The U.S.-Japan Alliance: Making It Fit for the Task

Among the Neighbors of the Philippine Sea, U.S.-Japan relations are the most institutionalized, and the alliance has the greatest potential to bring resources to bear. But neither capital treats the Philippine Sea as a coherent theater. Washington and Tokyo engage Southeast Asia, the Pacific Islands, and Taiwan through separate bureaucratic channels, funding streams, and strategic frameworks — an organizational structure that divides the Philippine Sea's neighbors into three groups and obscures what they have in common. Making the alliance fit for this task means, first, having officials think of the theater as a whole.

U.S.-Japan alliance managers and non-government actors should:

» **Treat the Philippine Sea as a single planning space and designate officials to coordinate engagement across this subregion.** With the increasing priority that the two countries place on the construct of the First and Second Island Chains, the time is now. Simply put, for Washington and Tokyo, the Philippines' eastern approaches and Palau and Yap's security are the same problem, but are currently handled by different offices in both capitals.

» **The United States should also work to remove the silos that hinder coordination between Washington and Guam and the CNMI.** As a former U.S. National Security Council official shared at the May 2026 conference, foreign policy staff are actively discouraged from speaking with officials in U.S. territories. Clearer authorities are also needed within the U.S. bureaucracy to corral domestic agencies responsible for key components of relations with Palau and the FSM under the Compacts of Free Association.

» **Direct a share of Philippine capacity-building eastward.** The Philippines is the largest recipient of U.S. military assistance in East Asia and Japan's top destination for Official Security Assistance. Naturally, the top priority for Japan, the United States, and the Philippines is to enhance the capacity of the Philippines to resist PRC coercion in the West Philippine Sea. But it will be increasingly important to U.S. and Japanese interests that the Philippines be able to assert its interests to its east as well. In addition to capacity-building, the emerging set of trilateral exercises should also take into account their shared interests in the Philippine Sea.

» **Integrate Guam and the CNMI into bilateral conversations.** Track 2 U.S.-Japan mechanisms are extremely wide and deep, but almost entirely ignore Guam and the CNMI, which are U.S. territories in Japan's immediate neighborhood. Greater linkages would provide new perspectives on regional affairs while also strengthening relationships between Washington, Guam, and the CNMI. Track 2 forums could also identify practical options for including Guam and CNMI officials in Track 1 bilateral fora.

F/B Joe Ber

CONCLUSION

A CONNECTED NEIGHBORHOOD

The central argument of this report is straightforward: the Neighbors of the Philippine Sea are far less connected than their shared geography and strategic interests would suggest. The May 2026 conference, the first convening of its kind across this geography, brought a diverse group to a common understanding of the region's challenges.

The obstacle to closer cooperation is not a shared understanding of the strategic environment, but the habits, mechanisms, and relationships needed to act on that understanding, which have not yet developed after decades. That asymmetry is the problem this report has tried to address.

The report's ambition is deliberately modest. It does not call for a new alliance or a heavily institutionalized regional organization, both of which would be premature and, for reasons discussed, unworkable given Taiwan's status and the thin capacity of the smaller members. It argues instead for a more connected neighborhood, built on regular dialogue, shared maritime awareness, stronger resilience against coercion, and the habit of working across the political and institutional boundaries that currently divide the region.

The smaller Neighbors of the Philippine Sea are not passive recipients of security assistance. They have asked to be included, and their inclusion is warranted by geography, their hard-won experience with coercion, and the strategic role they increasingly occupy in the Western Pacific. A stronger network among the Neighbors would reinforce both their own resilience and the wider regional order they help sustain.

The opportunity to build these habits may prove temporary. The political alignment that has made closer cooperation possible in recent years is unlikely to hold indefinitely, given upcoming elections in several capitals. That perishability is itself the argument for acting now, and for building mechanisms modest and durable enough to outlast the alignment that currently enables them. Those elections include not only Palau and the Philippines but the United States itself, where commitment to Asia beyond a core set of interests cannot be perpetually assumed.

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