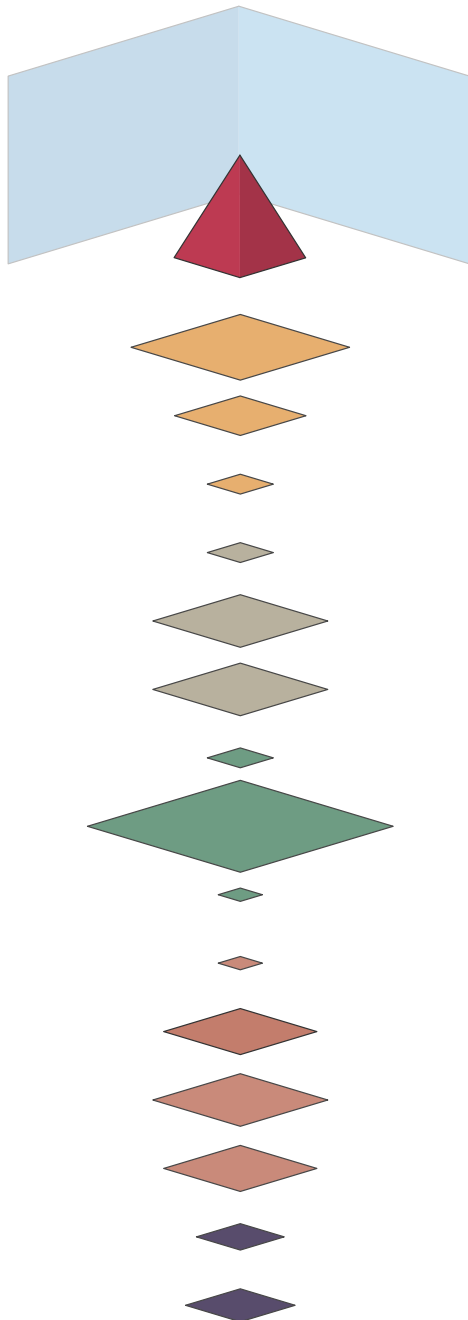


MICRONESIA (FEDERATED STATES OF)



3.00
CRIMINALITY SCORE

176th of 193 countries
7th of 14 Oceanian countries
1st of 5 Micronesian countries



CRIMINAL MARKETS **3.00**

HUMAN TRAFFICKING	5.00
HUMAN SMUGGLING	3.00
EXTORTION & PROTECTION RACKETEERING	1.50
ARMS TRAFFICKING	1.50
TRADE IN COUNTERFEIT GOODS	4.00
ILLICIT TRADE IN EXCISABLE GOODS	4.00
FLORA CRIMES	1.50
FAUNA CRIMES	7.00
NON-RENEWABLE RESOURCE CRIMES	1.00
HEROIN TRADE	1.00
COCAINE TRADE	3.50
CANNABIS TRADE	4.00
SYNTHETIC DRUG TRADE	3.50
CYBER-DEPENDENT CRIMES	2.00
FINANCIAL CRIMES	2.50



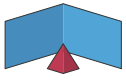
CRIMINAL ACTORS **3.00**

MAFIA-STYLE GROUPS	1.00
CRIMINAL NETWORKS	4.50
STATE-EMBEDDED ACTORS	2.50
FOREIGN ACTORS	5.50
PRIVATE SECTOR ACTORS	1.50

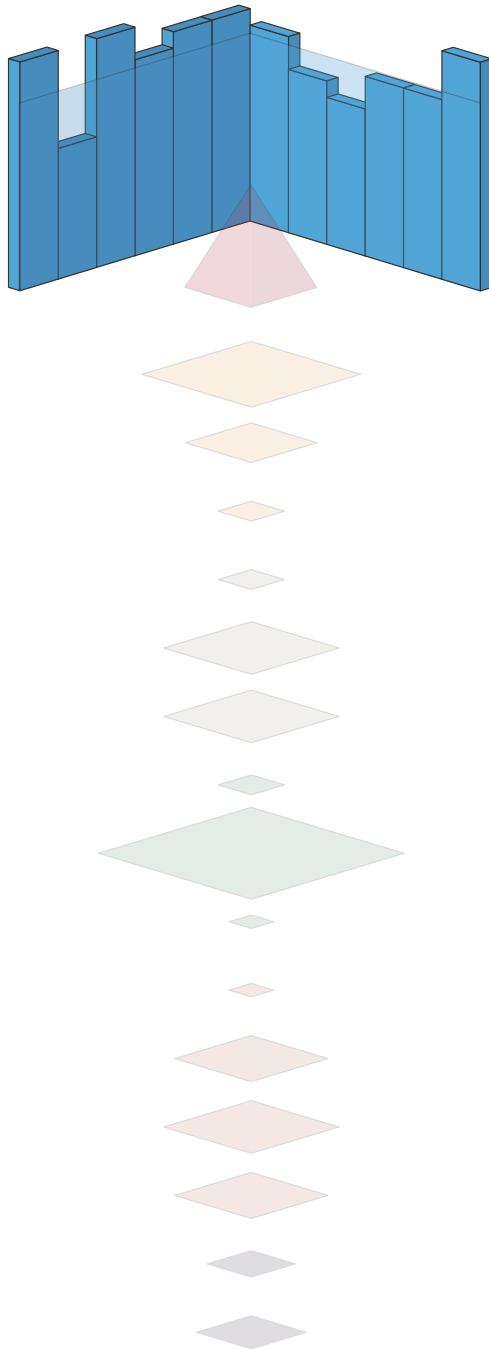


5.88
RESILIENCE SCORE





MICRONESIA (FEDERATED STATES OF)



5.88

RESILIENCE SCORE

42nd of 193 countries
4th of 14 Oceanian countries
1st of 5 Micronesian countries

POLITICAL LEADERSHIP AND GOVERNANCE	7.00
GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY	4.00
INTERNATIONAL COOPERATION	7.00
NATIONAL POLICIES AND LAWS	6.00
JUDICIAL SYSTEM AND DETENTION	6.50
LAW ENFORCEMENT	6.50
TERRITORIAL INTEGRITY	6.00
ANTI-MONEY LAUNDERING	5.00
ECONOMIC REGULATORY CAPACITY	4.50
VICTIM AND WITNESS SUPPORT	5.50
PREVENTION	5.50
NON-STATE ACTORS	7.00



3.00

CRIMINALITY SCORE



CRIMINAL MARKETS 3.00



CRIMINAL ACTORS 3.00



CRIMINALITY

CRIMINAL MARKETS

PEOPLE

The Federated States of Micronesia (FSM) is primarily a source and transit, as well as, to a lesser extent, a destination country for human trafficking. Its proximity to the US territory of Guam is thought to be an important aspect of the consolidation of the market. However, human trafficking rings have not been identified, showing that the crime is mostly opportunistic. Sex traffickers exploit Micronesian women and girls through commercial sex with foreign crewmembers – mainly of fishing vessels – or construction workers. Individuals from South East Asian countries also report working in conditions indicative of human trafficking on Asian fishing vessels. The exploitation of children in commercial sex, as well as the growing vulnerability of LGBTQ+ individuals to trafficking, have been increasingly observed in recent years. Foreign and domestic employers in FSM exploit low-skilled foreign workers in forced labour, including in restaurants. Moreover, traffickers recruit the FSM women and men with promises of well-paid jobs in the US and its territories but, upon their arrival, they are forced into commercial sex, domestic servitude, or forced labour.

It is likely that human smuggling is a less prevalent issue. People who are illegally brought into the FSM are generally cases of labour or sex trafficking, and the country's size and location somewhat reduce the attractiveness for large-scale smuggling ventures. However, intraregional migration can be a threat as smuggling services are cheap, ranging from a few dollars to a few hundred dollars. In this sense, the FSM can be used as an initial transit point for Asian individuals to reach the US. The lack of demand for smuggling from the FSM nationals might be explained through existing agreements with the US, which allows Micronesians to migrate and work there. Cases of extortion and protection racketeering have not been recorded, and the country has a minimal risk of the problem emerging in the short and medium term.

TRADE

Arms trafficking in FSM is limited and the country is the least affected by gun violence in the Western Pacific region. Handguns are illegal, but residents may still possess guns as a form of intimidation, especially in rural areas. Rifles with hunting permits are legal in some areas.

There is no indication of a significant market for counterfeit goods in FSM. However, recently, there has been an increase in the trade of counterfeited goods in the Oceania region, with a growing demand. Counterfeited items,

such as textile goods, foodstuffs and pharmaceutical products are increasingly prevalent in the country. Similar to the counterfeit market, the illicit trade in excise goods, specifically tobacco products, has also been on the rise in the region and in the country, due to the increasing levels of excise taxes.

ENVIRONMENT

Given FSM's geography, location and flora, it is unlikely for flora crimes to be of any significance. However, the lack of a timber management programme in FSM increases the risk for illegal imports.

In relation to fauna trade, fish is the single largest natural resource in the region. The extensive Exclusive Economic Zones (EEZs) of FSM, make the country vulnerable to potential criminal organizations. Irregular, unreported and unregulated (IUU) fishing is the most significant transnational crime in FSM, and reports of these activities have been increasing in recent years. With tuna fishing accounting for almost a half of state revenues, IUU fishing is a significant threat to the country's economy. While FSM follows recommendations to ensure tuna is fished sustainably, international operators not licensed to fish in the EEZ and licensed vessels not adequately reporting contribute to unsustainable harvesting. In recent years, there has been an increase in the number of wooden boats from South East Asia illegally poaching marine life, such as lobsters, sharks (and shark fins), sea cucumbers and reef fish. While large multinational companies pay fees to fish in the EEZ, and pay fines if caught transgressing regulations, the so-called 'blue boats' do not pay fees and are more ruthless in fishing for sensitive marine life inshore. There are no reports of any transnational criminal activities involving non-renewable resources in FSM.

DRUGS

There is no evidence of an illicit market for heroin, and local demand is low or non-existent. FSM, however, remains a transit country for the cocaine trade, as low law enforcement capacity in the Pacific region makes it an increasingly attractive transit route for Latin American cartels. While there is no evidence of a local market, there have been occasional seizures of cocaine while transiting to Asia, with the usual 'wash-ups' having occurred. These 'leakages' from the trans-Pacific route are of serious concern to local authorities, as many of the FSM citizens are aware of the value of cocaine. Besides cargo ships, drugs also continue to be trafficked on commercial cruise ships, recreational vessels and in the postal system, making sea patrols especially challenging.

Locally grown cannabis remains the drug of choice. Despite being illegal, the laws are rarely enforced. This might be because alcohol abuse is far more worrying for the local authorities. Despite this, local demand seems to be relatively high compared to other drugs, with FSM being identified as a major consumer of cannabis in the region. There is some transnational criminal activity in relation to the export of cannabis from FSM to neighbouring countries. Marijuana is cheap and is exported in bulk from FSM to Guam, the Commonwealth of the Northern Mariana Islands, and the Republic of the Marshall Islands (RMI). Chinese vessels are also involved in this intra-regional flow.

With regard to the synthetic drug trade, FSM remains primarily a transit and, to a lesser extent, destination country. Crystal methamphetamine has been identified, but so far penetration is in the early stages, except in Pohnpei, where these drugs are smuggled through Palau. The market for ecstasy (MDMA) and methamphetamines has traditionally been described as a 'sporadic market', but there are concerns that these drugs may become more prevalent, along with the associated violence. There is no evidence that Micronesian nationals are involved in these illegal activities.

CYBER-DEPENDENT CRIMES

FSM has a remarkably low internet penetration rate, as one of the world's most remote and geographically dispersed countries. Given the low rates of internet access and use, the risks associated with cybercrime may indeed be lower than in some other Pacific Islands countries. However, authorities have recognized the existence of some ransomware and distributed denial-of-service attacks.

RESILIENCE

LEADERSHIP AND GOVERNANCE

FSM is a stable democracy, consisting of four states vested with significant levels of autonomy, with no significant history of civil or political strife. The government communicates some dedication to selective sub-issues related to organized crime, although measures are difficult to implement without external assistance. One major challenge faced by FSM is the lack of assets and human resources for the monitoring, control and surveillance of its EEZ. Corruption is prevalent within the government, and women's participation in politics is limited due to traditional biases and stereotypes. The lack of national anti-corruption agencies and strategy, and the lack of legislation in place that entitles the public to access information, have been criticized. Transparency of government actions is based more on personalities than on

FINANCIAL CRIMES

Despite the low levels of internet penetration, cyber-enabled financial crimes in the form of phishing have been sporadically reported in the country.

CRIMINAL ACTORS

Foreign, especially Asian, criminal gangs are the main actors involved in criminality in FSM. These gangs play a central role in establishing and maintaining criminal markets throughout the Pacific Islands region. They are particularly involved in IUU fishing, human trafficking and the global narcotics trade on the South America-Oceania route, although criminal activities generally appear to be more opportunistic than organized.

The presence of mafia-style groups in criminal markets in FSM is unlikely. Instead, informal Micronesian criminal networks manage and oversee production, distribution and street sales of cannabis. These networks are mostly concentrated in Palau, but also have links to Asian diaspora groups, as the drug is sold in neighbouring countries. However, their numbers are considered to be low. There is no evidence of state-embedded actors participating in transnational criminal markets in FSM, although there are corruption risks surrounding fishing and access licenses. Nevertheless, these levels of corruption are considered manageable and relatively low compared with global standards. There is no evidence of private sector actors engaged in organized criminal activities, with historical and sporadic instances suggesting their involvement.

the law. Regulatory bodies sometimes involve themselves in issues beyond their jurisdiction, while other regulations are not uniformly enforced. No laws, regulations or codes of conduct require income and asset disclosure by public officials, and corruption is not a predicate offence under the money laundering statute. Corruption and conflicts of interest between national, state and municipal officials have been cited as impediments to business operations.

FSM cooperates with international organizations, sharing information and participating in global and regional frameworks to combat organized crime. FSM has not signed or ratified several international agreements, including those related to bribery, human smuggling and the illicit manufacturing and trafficking of firearms. However, it is a member of several organizations and initiatives committed

to improving the quality of life in the region in several areas, including climate change, maritime security, transnational crime, illegal fishing, infrastructure development, economic growth and education. Collaboration with regionally influential counterparts, particularly the US and Australia, is essential for tackling transnational organized crime. Currently, there are concerns about the country's political, economic and cultural independence in light of investments from China and the US. By regional standards, FSM's laws are around the same levels as those of most other Pacific Islands countries. By and large, these laws address the most pressing issues in the country regarding organized crime – namely, human trafficking, human smuggling, the illicit trade in firearms and IUU fishing, among others. However, in legal terms, there is much scope for improvement and the effectiveness in implementing policies may vary across its states.

CRIMINAL JUSTICE AND SECURITY

FSM has a legal system modeled on the US legal system, which includes the Supreme Court, state courts in each of the four states and municipal courts in each political subdivision of each state. The judiciary is generally independent, and the chief justice and associate justices of the Supreme Court are appointed for life-long terms and cannot be removed arbitrarily. While the country's detention system generally respects legal safeguards against arbitrary arrest and detention, a shortage of lawyers may sometimes impair detainees' access to counsel. Prison or detention centre conditions have not raised human rights concerns.

FSM's law enforcement includes the FSM National Police, a maritime division responsible for maritime security, and the Division of Border Control and Maritime Surveillance, which is mandated to enforce fisheries, anti-drug and weapons laws. The country participates in regional initiatives against transnational organized crime, and no major deficiencies, vulnerabilities or corruption have been identified in its law enforcement. However, the ability of local police to respond to and assist victims of crime is limited due to a lack of response vehicles, radios and other essential equipment.

FSM faces challenges in maintaining territorial integrity due to its geography, consisting of hundreds of islands scattered over a vast EEZ. The country's small size, remoteness and exposure to external shocks also pose significant challenges, including frequent natural disasters and climate change. FSM's economy is heavily reliant on marine resources, and its citizens depend on maritime transport for travel and access to essential services. FSM National Police is responsible for ensuring territorial integrity, including border control and maritime surveillance, as the country has no military forces. However, most of the deployment of marine enforcement and monitoring resources in FSM is directed to fisheries and conservation purposes.

ECONOMIC AND FINANCIAL ENVIRONMENT

FSM has been criticized for not having a comprehensive anti-money laundering (AML) regime. Also, the levels and patterns of money laundering in and through the country are not well-documented, and national laws and institutional measures have not been assessed thoroughly, including by independent, external entities. The Financial Intelligence Unit of the National Police relies entirely on the Department of Justice for funding and the National Police for staff, raising concerns about its independence. Additionally, companies and vessels engaged in IUU fishing in the country's EEZ have been linked to money laundering and transnational crime. Despite not being identified as having strategic AML deficiencies or ranked lowly by international bodies, FSM still needs to undertake a mutual evaluation report on its implementation of AML and counter-terrorist financing standards.

FSM's overall economy is heavily dependent on assistance from the US under the Compact of Free Association, which runs out in 2023, leaving the future of the country's economy uncertain. Poverty rates are high, with a third of Micronesians living below the poverty line. FSM's economy has a rising trade deficit, due to increasing demand for imported food, clothing and consumer goods. Also, a low fertility rate has resulted in negative population growth. Climate change is a serious threat to all forms of development, and prevalent social issues include the alienation of youth, and alcohol-related violence. Women and young people are among the groups most affected by poverty, and FSM has a mixed record on promoting gender equality. Following five years of consecutive economic growth prior to COVID-19, closed borders and domestic containment policies have caused a contraction. However, growth resumed in 2022 and is expected to continue as tourism and remittances recover.

CIVIL SOCIETY AND SOCIAL PROTECTION

FSM's efforts to protect victims of human trafficking were mixed. There were no comprehensive Standard Operating Procedures (SOPs) to identify and refer trafficking victims proactively, and previous SOPs for victim assistance did not screen for trafficking indicators among the LGBTQ+ community, which was disproportionately vulnerable. However, identified victims were referred to an NGO for shelter and protective services and, thanks to international partners, the government is planning to open a fourth shelter for victims of human trafficking.

Efforts to prevent trafficking were maintained, with an Anti-Human Trafficking Office tasked with conducting public awareness campaigns and developing anti-trafficking training programmes. Each of the four states has an anti-trafficking task force, but only Chuuk's was active. The government conducted awareness activities throughout the four states, including radio programmes, anti-trafficking billboards and banners, community distribution of anti-trafficking bumper stickers and t-shirts and trafficking

awareness text messages sent to more than 20 000 cell phone subscribers. However, the government did not report efforts to reduce the demand for commercial sex or monitor foreign labour recruitment, nor did it provide information on safe migration and human trafficking indicators to Micronesian nationals leaving to work in other countries.

FSM has been assessed as featuring an open environment for non-state actors. The government generally respects freedom of expression, peaceful assembly and association. Local NGOs focus on general human rights in the Pacific and assist with supporting human rights commitments. Religious freedom is also generally respected, and citizens are free to organize in civic groups. The FSM government is working towards the inclusion of communities in the political and social life of the country, such as the registration of the Net's Senior Citizens Association as a legal entity at both state and national level. Overall, civil society in FSM appears to be quite free, active and well-organized, with no specific points hampering civil society and other non-state actors.

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