

**THE BIDEN ADMINISTRATION'S
PROPOSED COMPACT OF FREE
ASSOCIATION AMENDMENTS ACT
OF 2023**

OVERSIGHT HEARING

BEFORE THE

INDO-PACIFIC TASK FORCE

OF THE

COMMITTEE ON NATURAL RESOURCES

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

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**OVERSIGHT HEARING ON THE BIDEN
ADMINISTRATION'S PROPOSED COMPACT
OF FREE ASSOCIATION AMENDMENTS
ACT OF 2023**

**Tuesday, July 18, 2023
U.S. House of Representatives
Indo-Pacific Task Force
Committee on Natural Resources
Washington, DC**

The Committee met, pursuant to notice, at 10:18 a.m., in Room 1324, Longworth House Office Building, Hon. Chair Aumua Amata Coleman Radewagen [Chair of the Indo-Pacific Task Force] presiding.

Present: Representatives Radewagen, Westerman, Lamborn, Wittman, Tiffany, Moylan, Hageman; Sablan, Grijalva, Porter, Leger Fernández, Stansbury, and Case.

Mrs. RADEWAGEN. The Indo-Pacific Task Force will come to order.

Without objection, the Chair is authorized to declare a recess of the Task Force at any time. The task force is meeting today to hear testimony on the Biden administration's proposed Compact of Free Association Amendments Act of 2023.

Under Committee Rule 4(f), any oral opening statements at hearings are limited to the Chair and Co-Chair. I therefore ask unanimous consent that all other Members' opening statements be made part of the hearing record if they are submitted in accordance with Committee Rule 3(o).

Without objection, so ordered.

I will now recognize myself for an opening statement.

**STATEMENT OF THE HON. AUMUA AMATA COLEMAN
RADEWAGEN, A DELEGATE IN CONGRESS FROM THE TERRI-
TORY OF AMERICAN SAMOA**

Mrs. RADEWAGEN. Before we start, I want to take this opportunity to offer a special welcome to our visitors, who have come a long way from Micronesia to be with us today.

I see many friends in the audience today, including Asterio Takesy, who invited me to be his house guest when he was in Apia heading up SPREP and the top negotiators were Palau and the FSM, whose fathers I knew quite well from my days in Micronesia.

I have chaired other hearings, but this one is special because I am talking with family and old friends. Some of you may not know that my family spent 17 years in Micronesia, including 4 years in the Marshalls, as head of government, and 4 years in the Northern Marianas as the same.

I attended and graduated from the University of Guam, while my father served as Deputy High Commissioner of the Trust Territory

of the Pacific Islands, which include the three Freely Associated States whose Compact extensions we will consider this morning.

I have a sister born in the Marshalls and brothers who have married Micronesian women. The blood of these islands flows through the veins of my family. We arrived in the Marshalls just 3 years after the final nuclear test, when the experience of those tests was still fresh in the minds of the people.

My father walked through the bomb craters on Bikini, and that possibly may have contributed to his passing many years later. So, I want to offer my personal gratitude to the people of the Marshalls for the sacrifices they made in the interest of furthering the quest for international peace and express my personal regret for the suffering of the people as an unintended consequence of the American testing program.

[Speaking Native language] and good morning. We meet today at a time of great national promise and peril in the Pacific. Amid the growing threat from the People's Republic of China, or PRC, we must preserve 120 years of American leadership and national success in the Pacific.

The COFA renewal must be understood in its historical context. In 1946, the United States placed the islands that comprise Palau, the FSM, and RMI today under the UN trusteeship system as part of the trust territory of the Pacific Islands, or TTPI.

As the UN's administering authority, the United States held a heavy burden ensuring the TTPI played a role in preserving international peace. The United States was entrusted by the United Nations to promote self-government, and to that end, the TTPI was governed under features of both the domestic U.S. territorial model and the international self-determination model that led to termination of the trusteeship in favor of combined international sovereignty and domestic status features established under the Compacts of Free Association for Palau, RMI, and the FSM.

Allow me to reiterate the gravity of this. The Compact with our Free Association partners is a national security and foreign policy success story. Through the Compacts, the United States and FAS have developed special relations that can be visibly seen in our mutual values and interests.

As a result, the Chinese Communist Party dictatorship in Beijing has pursued a model in which they challenge U.S. leadership by attempting to leverage the FAS through systematic political warfare, economic disruption, corruption, and coercion.

We have a duty to protect the interests of Americans and island peoples alike. We do that by reauthorizing these Compact agreements. If enacted by Congress, the Administration's proposed legislation will extend economic assistance provisions of the COFA agreements with the Freely Associated States.

I would like to take a moment to give credit to Special Envoy Yun for his successful negotiations with the FSM and Palau. I hope that he and our friends in the RMI can come to an agreement as soon as possible.

However, I am disappointed by the due diligence conducted by the Biden administration. The proposal includes \$7.1 billion funds marked as mandatory spending, but no suggested offsets have been provided to Congress.

The Administration has yet to finalize the Federal programs and services agreements with the FSM, and Palau, and eventually RMI, which could drive the total cost more than \$7.1 billion.

It authorizes appropriations for COFA funding to the State Department to be transferred to and managed by the Department of the Interior. This is a significant change from the previous COFA and was not a request by the FAS governments.

Under the current COFA, Federal funding is sent directly to DOI. I am concerned that this could cause bureaucratic delays and mismanagement. The authorization language for certain U.S. services to the FAS has been changed from previous agreements from shall to may.

While seemingly minor, this change provides significant discretion to government officials charged with carrying out the U.S. commitments. This could create a situation where U.S. agencies would elect to not provide those services, furthering opportunities for PRC influence in the FAS.

There is much work that remains to be done before this proposal is ready to be introduced, but I stand ready to work with our partners. Thank you to our witnesses for being here today, recognizing several that have traveled at a great distance to be with us today. I yield back.

I now recognize the Co-Chair for any statement.

**STATEMENT OF THE HON. GREGORIO KILILI CAMACHO
SABLAN, A DELEGATE IN CONGRESS FROM THE TERRITORY
OF THE NORTHERN MARIANA ISLANDS**

Mr. SABLAN. Thank you, Madam Chair. Good morning, everyone. I was heartened by the Chair's comments until we came to the very end when I started like, whoa. OK, but congratulations.

Welcome to all the witnesses on the first panel, of course. And of course, all my brothers on the second panel. Congratulations to all of you, especially to the Freely Associated States here today.

You have been negotiating for over 2 years now to extend these Compacts of Free Association between your nations and the United States.

You have all signed a Memorandum of Understanding on Compact funding totaling \$6.5 billion over 20 years with site agreement to continue U.S. Postal Service. Need to define service there.

In May, the teams from the Federal States of Micronesia and the Republic of Palau completed their specific Compact agreements. And in June, the Biden administration transmitted to Congress those agreements as well as placeholder texts for an agreement with the Republic of the Marshall Islands, as the Chairwoman alluded to, until negotiations with that nation are concluded.

So, again, congratulations on this progress to the representatives of the Freely Associated States and to their counterparts, Ambassador Yun, Mr. Nakoa, and Dr. Mohandas. Did I get that right? You know, of course, Interior, Defense and State here.

The special relationship between the United States and the Freely Associated States began after World War II with formation of the United Nations Trust territory, the Pacific Islands.

My district, the Northern Mariana Islands was the Marianas District and was part of the trust territory and chose political union with the United States in 1975.

Palau, Micronesia, and the Marshall Islands chose to be sovereign nations. And speaking as a Micronesian myself, I can say we all feel this special relationship with the United States.

As Micronesians, we have always felt this relationship with the United States. It has endured close to 80 years, and we are looking forward to another 20 years of partnership and hopefully maybe even more after that. After we celebrate 100 years to get there.

But the ties are reflected in the high rate, for example, of enlistment in the U.S. Armed Forces, gainful employment in the United States by migrants from the Freely Associated States and by the reliability of the Freely Associated States vote in conjunction with U.S. interests in the United Nations and other international organizations.

In addition, of course, through the Compact agreements with the Freely Associated States, the U.S. military gains access to a vast and strategically important swath of the Pacific between Hawaii and the Philippines.

It would be a mistake, however, to take these special relationships for granted. We have seen what happened in Congress. I was here when the renewal of the Compact Agreement for the Republic of Palau took 8 years.

Palau's economy suffered and there were reports that the People's Republic of China used the opportunity to pressure Palau to switch diplomatic recognition from Taiwan to Beijing.

Thankfully, that effort proved unsuccessful. Thankfully, that relationship between Palau and the United States endured that pressure. That is what we are here for. To allow another 20 years of this special relationship in the best interest of the United States of America.

Ambassador Yun, I congratulated you. Wow, you got a very good deal. That is what you do, sir. Congratulations. But going back to knowing how intent China is to dominate the Pacific puts even more pressure on us, on Congress, to move swiftly to renew the Compact extensions before they expire this year.

This also increases the urgency to complete a renewal. Ambassador Yun, you see the need to continue on the work that is remaining.

Let me address Speaker Nitijela Kedi, Foreign Minister Adding, and Chief Negotiator Mueller. I want you to know that I hear and sympathize with your concerns regarding your negotiation.

The dynamics in Congress, however, make it unlikely we will have any second opportunity to renew your Compact if we delay.

That being said, you have my commitment as well as I believe others in the House and the Senate. I know the Chairwoman feels this way, to address your concerns, particularly with respect to the legacy of the U.S. nuclear testing program in your islands, your homes.

And with that acknowledgement of the urgency of maintaining the 80-year relationship with the United States, let's reach 100 years and from there move on to another 100 years.

In the best interest of the United States and the Federated States of Micronesia, the Republic of Palau, and the Republic of the Marshall Islands, I welcome all our witnesses today.

I am pleased to work with my colleagues to swiftly renew the Compacts of Free Association. I am over time. Thank you, and I yield.

The Chair will now recognize Chairman Westerman for his opening statement.

STATEMENT OF THE HON. BRUCE WESTERMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARKANSAS

The CHAIRMAN. Thank you, Chair Radewagen and Mr. Sablan, for your leadership on the Task Force. I also want to again thank Ranking Member Grijalva for working together to make this a bipartisan task force because this is a very important issue to America and to the Freely Associated States and to, I would say, freedom around the world, in a sense.

I appreciate the witnesses being here today and the work that you have done on the Compact Agreements. We are here to review the Biden administration's proposal for the Compact of Free Association Amendments Act of 2023.

This is an Act that will ultimately come through this Committee for markup and passage. This proposal would amend and renew the expiring economic provisions of the current Compact Agreements between the United States with the Republic of Palau, the Federated States of Micronesia, and the Republic of Marshall Islands.

The current Compact economic provisions are due to expire the end of Fiscal Year 2023 for FSM and the RMI, and at the end of Fiscal Year 2024 for Palau.

These agreements provide the United States with access to extraordinary security rights over the three sovereign Pacific Island countries in return for U.S. economic assistance and defense guarantees.

These security rights include the right to build U.S. bases and military installations in the FAS, and the right of strategic denial. These rights are increasingly important as Chinese aggression and efforts to undermine U.S. interests in the Indo-Pacific region increase.

The United States must respond to the People's Republic of China's attempts to exert influence, and to stabilize the FAS through political warfare and gray zone activity. We must also keep in mind that the PRC is unlike any adversary that the United States and its allies, in the FAS and the Indo-Pacific, have faced before.

The PRC is an active threat and challenge to our mutual values of democracy, freedom, and human rights. To be clear, these agreements are also important beyond the framework of the U.S./China competition.

The Compacts represent the deep and special relationship between the United States and its FAS allies. The Committee has a responsibility to the American people to ensure these Compacts

address challenges and serve U.S. interests in a fiscally responsible manner.

With that in mind, we will review the legislative proposal set forth by the Administration and hope that this hearing will address the concerns that I and this task force have with it.

First, this \$7.1 billion proposal, as Chair Radewagen mentioned, was delivered to Congress as an incomplete proposal. While I commend Special Envoy Yun on successfully concluding negotiations with the FSM and Palau, I am concerned about the dire state of negotiations with the RMI.

Furthermore, it seems that the negotiations on the Federal programs and services agreements with all three FAS countries are still ongoing. We must do better on due diligence.

The Administration's proposal again has \$7.1 billion of funds as mandatory spending, but no suggested offsets have been provided to Congress.

The Pay-Go statute requires that increases in mandatory spending must be offset with increases in revenue or reductions in mandatory programs. There is also no estimate from the Administration of the cost of the Federal Programs and Services Agreement, but we know that it will also add more spending on top of the \$7.1 billion.

These concerns have to be addressed. It is the right of the American taxpayers to know the true cost behind this proposal. The Administration must work with Congress to ensure timely renewal of the Compacts.

It is vitally important that agencies, with a stake in these negotiations, be involved in discussions with Congress about renewing these Compacts. Continued dynamic involvement from you all and your agencies is essential to U.S. efforts to renew the agreements.

I want to thank our witnesses for being here, especially those from the Freely Associated States for traveling such great distances to be with us today. And President Whipps, it is great to have you here before the Committee. I yield back.

Mrs. RADEWAGEN. The Chair will now recognize Ranking Member Grijalva for his opening statement.

STATEMENT OF THE HON. RAÚL M. GRIJALVA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARIZONA

Mr. GRIJALVA. Thank you very much, Madam Chair, and I am glad to be here today to receive testimony on the Biden administration's proposed Compact of Free Association Amendments Act of 2023.

I want to welcome our witnesses, especially the representatives from the COFA nations, who have traveled a great, great distance to be here with us today.

For nearly four decades, the United States has maintained its special relationship with the Freely Associated States, the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau.

The agreements before us today are the result of negotiations between Presidential Envoy Joseph Yun and three Compact States resulting in memorandums of understandings on top line Compact funding priorities of \$6.5 billion total over 20 years.

It is critical that we don't take for granted the goodwill that has been generated between us and our FSA partners and allies over 80 years of association by failing to pass these agreements before the end of the fiscal year.

The 8 years that it took to pass the second Palau agreement caused significant damage to the economy of Palau and created an opening for the government of China to attempt to cause distrust and division in our relationship.

We must keep these challenges in mind as we consider solutions that will be of mutual benefit to our national security as well as to the people and the economy of the Freely Associated States.

I want to add that as we talk about the vital strategic importance, as we talk about the need to invest in the Freely Associated States as part of a Compact agreement, invest in their people and their economy and their development, as we talk about those, the issue of mandatory spending and offsets and where revenue can be generated becomes a question now.

And it is a litmus test that I hope doesn't become a barrier to progress on this issue because these agreements are critical. These agreements carry with it not only the continuation of a relationship and an alliance, but they go deeper.

They talk about what our responsibility is, our shared responsibility to the Freely Associated States. And it talks directly about what our national security and strategic plan for the future is going to be.

If indeed the issue is to offset any intrusion and incursion by the Chinese Communist Party, then issues such as offsets, revenue generation, I don't say they become secondary, but this should not be an impediment to moving forward with an agreement, insofar as we really, truly have been talking about that urgency, we all believe it that we have to counteract that, then these agreements have to be dealt with and they have to be dealt with expeditiously. With that, I yield back. And thank you, Madam Chair.

Mrs. RADEWAGEN. I will now introduce our witnesses for our first panel.

The Honorable Joseph Yun, Special Presidential Envoy for Compact Negotiations, United States of America, Washington, DC; Mr. Keone Nakoa, Deputy Assistant Secretary for Insular and International Affairs, Department of the Interior, Washington, DC; and Dr. Siddharth Mohandas, Deputy Assistant Secretary of Defense for East Asia, Department of Defense, Washington, DC.

Let me remind the witnesses that under Committee Rules, they must limit their oral statements to 5 minutes, but their entire statement will appear in the hearing record.

To begin your testimony, please press the talk button on the microphone. We use timing lights. When you begin, the light will turn green. When you have 1 minute left, the light will turn yellow. At the end of 5 minutes, the light will turn red, and I will ask you to complete your statement.

I will also allow all witnesses on the panel to testify before Member questioning.

The Chair now recognizes Ambassador Yun for 5 minutes.

STATEMENT OF THE HON. JOSEPH Y. YUN, SPECIAL PRESIDENTIAL ENVOY FOR COMPACT NEGOTIATIONS, UNITED STATES OF AMERICA, WASHINGTON, DC

Mr. YUN. Chair Radewagen, Co-Chair Sablan, Chairman Westerman, and Ranking Member Grijalva, thank you very much for this kind invitation and thank you for this opportunity to testify before you regarding Compacts of Free Association.

Madam Chair, with your permission, I will make a few short remarks and submit a longer testimony for the record.

Our history with the three Freely Associated States: Palau, Federated States of Micronesia, and the Republic of the Marshall Islands began nearly 80 years ago.

After the Second World War, the United Nations assigned the United States as administering authority over the trust territories of the Pacific Islands, which of course included Micronesia, Marshall Islands, and Palau.

The Compacts grew out of this relationship. Our Compacts with Micronesia and the Marshall Islands entered into force in 1986 and with Palau in 1994. The Compacts reflect that these countries are sovereign nations in free association with the United States.

Under the Compact, the FAS governments conduct their own foreign relations, and the United States has full authority and responsibility for defense and security matters.

I would like to note that FSA citizens also serve in U.S. armed forces and volunteer at per capita rates higher than most U.S. states.

The Compacts define our partnership with each Freely Associated State and have become the bedrock of U.S. policy and strategy in the Pacific. These three Compacts do not expire, though each can be terminated in accordance with applicable provisions in the Compacts.

However, economic assistance provisions in the Compacts do expire and they are, of course, central to the mutually beneficial relationships of the Compacts. Unless these economic provisions are renewed, they will end after Fiscal Year 2023 for the FSM and RMI, and Fiscal Year 2024 for Palau.

Our strategic competitors are well aware of this, and at this time of genuine competition from the People's Republic of China we certainly should not take the historic friendship of our FAS friends for granted.

Madam Chair, we have coordinated very closely across the inter-agency to develop robust proposals to continue assistance to all three countries.

With me today are my two colleagues Interior Deputy Assistant Secretary Nakoa and Deputy Assistant Secretary of Defense, Siddharth Mohandas.

They and their teams have been instrumental in the progress we have made. I am also delighted that you have invited President Whipps of Palau, Speaker Kedi of the Marshall Islands, and FSM Chief Negotiator Leo Falcam.

We have worked very closely with them and their teams, and please also allow my own personal appreciation to my three counterparts Chief Falcam, of course, and Minister Udui, who is here, and Foreign Minister Kitlang Kabua in RMI.

They have made huge contributions in getting our agreements where it is today. I am glad you will get their perspective too.

Our proposed legislation requests \$7.1 billion over the next 20 years to fund the two agreements, Palau, and FSM we have signed, but also includes the amount specified in the MOU with Marshall Islands.

We have not, as you have noted, reached a final agreement with the RMI, and negotiations are ongoing. The \$7.1 billion also includes \$600 million for the U.S. Postal Service to continue to provide postal services.

The requested legislation also provides authorities under U.S. domestic law for several U.S. agencies to offer services. For example, the Veterans Affairs Agency.

We appreciate your continued support for our relations with the FAS, and we welcome the opportunity to work with Congress to secure long-term strategic impact in this vital region. Thank you.

[The prepared statement of Mr. Yun follows:]

PREPARED STATEMENT OF JOSEPH YUN, SPECIAL PRESIDENTIAL ENVOY FOR
COMPACT NEGOTIATIONS

Chairwoman Radewagen, Co-Chair Sablan, distinguished members of the Indo-Pacific Task Force: thank you for this opportunity to testify before you today. I am grateful for the bipartisan approach of this committee regarding the Compacts of Free Association (COFA) with the freely associated states (FAS)—the Federated States of Micronesia (FSM), the Republic of Marshall Islands (RMI), and the Republic of Palau.

Our history with the freely associated states began nearly 80 years ago. After World War II, the United Nations assigned the United States as administering authority over the Trust Territory of the Pacific Islands, which included FSM, RMI, and Palau. The Compacts grew out of this relationship with the Trust Territory, with our Compacts with FSM and the Marshall Islands entering into force in 1986 and with Palau in 1994. The Compacts reflect that the countries are sovereign nations in free association with the United States. The FAS governments conduct their own foreign relations, and, under the Compacts, the United States has full authority and responsibility for defense and security matters in and relating to the FAS. FAS citizens also serve in the U.S. Armed Forces and volunteer at per capita rates higher than many U.S. states.

Our respective Compacts underpin our partnership with each FAS country and are the bedrock of our strategy in the Pacific. These Compacts allow the United States to ensure long-term strategic and defense interests. The three Compacts do not expire, though each can be terminated in accordance with applicable provisions. However, our mutually beneficial relationships are also strongly tied to economic assistance provisions in each Compact and relevant subsidiary agreements, including certain federal programs and services that, absent successful negotiations and congressional approval, will end after Fiscal Year 2023 for the FSM and RMI, and Fiscal Year 2024 for Palau. Our strategic competitors are well aware that the scheduled end of U.S. economic assistance is fast approaching—now is not the time to leave the FAS open to predatory and coercive behavior by other nations. We cannot take the goodwill generated from our historic bonds of friendship for granted at a time of increasing competition from the People's Republic of China and other countries to exert greater influence in the FAS and Pacific region more broadly.

We have coordinated closely across the interagency to develop robust proposals to continue assistance to all three countries. These agreements are complex and have required extensive consultations to reach the best agreement for all parties. Earlier this year, the U.S. Compact team signed MOUs with each of the Freely Associated States that reflected our shared understanding on levels and types of future U.S. assistance each country requested. On May 22, we concluded negotiations on a number of agreements. Minister Kaleb Udui of Palau and I signed the 2023 Palau Compact Review Agreement during the U.S. Pacific Island Islands Forum Leaders Dialogue in Port Moresby. On May 23, U.S. Chargé d'Affaires Alissa Bibb and FSM negotiator Chief Leo Falcam signed a new Fiscal Procedures Agreement, a new Trust Fund Agreement, and an agreement outlining the economic assistance in front of President Simina in FSM. Negotiations continue with the RMI on agreements

relating to future economic assistance and with the FSM and Palau on their respective Federal Programs and Services Agreements. On June 16, we transmitted the Administration's proposed COFA implementing legislation to both chambers of the U.S. Congress.

As we continue to work diligently to finalize the remaining agreements, we are grateful for the opportunity to work with Congress on the necessary authorizations and appropriations to avoid any lapse in U.S. assistance to these important partners. To that end, our proposed implementing legislation includes \$7.1 billion over 20 years to implement extended economic assistance under the new agreements. This total includes \$6.5 billion over the next 20 years for direct economic assistance and \$600 million for the unfunded costs of extending U.S. postal services to the FAS. The legislation also provides authorities under U.S. domestic law for several U.S. agencies to offer services in the FAS like veterans' services and national health service corps.

This investment is key to maintaining the stability and prosperity of our closest Pacific Island neighbors and partners and demonstrating to the rest of the Indo-Pacific region that the United States' commitment is enduring.

We appreciate your continued support for ongoing negotiations with the FAS and welcome the opportunity to work with Congress to secure long-term U.S. strategic impact in this vital region.

QUESTIONS SUBMITTED FOR THE RECORD TO THE HON. JOSEPH YUN, SPECIAL
PRESIDENTIAL ENVOY FOR COMPACT NEGOTIATIONS

The Honorable Joseph Yun did not submit responses to the Committee by the appropriate deadline for inclusion in the printed record.

Questions Submitted by Representative Westerman

Question 1. The Bikini Resettlement Trust Fund was subject to federal statute requiring Secretary of the Interior to approve specified disbursements.

Why do you believe the Trust Fund committees can sustain more effective oversight and accountability with less specific statutory mandate and more decentralized fiscal autonomy?

Question 2. Please provide more detailed explanation of how the COFA Trust Fund accountability mechanism will operate.

2a) Can you summarize how 2023 Compact proposals for COFA Trust governance, management and utilization is different than the current COFA Trust Fund model? How do you believe it will be improved and better serve bilateral interests?

2b) Do you believe an international organization constituted under an international agreement with mutually agreed membership and governance features would be a better structural model and enhance institutional capacity for oversight and accountability than the non-profit organizational and governance model of the current COFA Trust Fund committees? If not, why not?

2c) It's reported that currently members of COFA Trust Fund and Economic Assistance Sectoral Grant oversight bodies have been designated primarily through selections made by and among staff of Interior and State offices responsible for COFA implementation, including reportedly unauthorized self-appointment of same Interior official as Chairman of both the RMI/FSM joint economic and Trust Fund committees for a period of 14 years, is that true?

Question 3. When asked about the cost of expanding federal programs and services for the FAS, you and Mr. Nakoa both stated that this proposal does not involve expansion of federal programs and services, but rather a continuation. However, the legislative proposal has provisions on making available to the FAS countries certain programs and services that have not previously existed for the FAS under the current Compact agreements. For example, Section 105(a)(2)(A)(v) of the legislative proposal would "make available to students enrolled in eligible institutions of higher education in the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau, and to students who are citizens of the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau and enrolled in institutions in the United States and its territories, loans authorized under part D of title IV of the Higher Education Act of 1965." This explicitly makes available the William D. Ford Federal Direct Loan program to the

FAS when they were not previously eligible under the current COFA with the RMI, the FSM, and Palau.

If this is not expanding U.S. federal programs and services for the FAS then please provide us with a definition of expanding.

Question 4. We have yet to receive a clear explanation on why this proposal has the authorizations and appropriations to the State Department and then transferred to the Department of the Interior (DOI). This is a change from the current and previous Compact agreements, which authorized and appropriated to the DOI. The only explanation we received was that this is part of a signaling effort to elevate the importance of the U.S. relationship with the FAS as part of U.S. national security interests. It does not make sense to us why it is necessary to create additional bureaucratic layers when the current process has not had issues. As we heard from the Assistant Secretary Carmen Cantor's response to Senator Joe Manchin's question during the July 13, 2023, Senate Energy and Natural Resources Committee hearing, this change was clearly not requested by the DOI. Furthermore, Palau President Surangel Whipps, Jr. raised the issue of the State Department's "lack of understanding of the uniqueness" of the U.S. relationship with the FAS during our July 18, 2023, hearing. Thus, the signal that the FAS would receive from this change is that the U.S. is seeking downgrade the importance of the U.S. relationship with the FAS from a special relationship to a bilateral one.

Can you provide us with a clear explanation on why this proposal has authorizations and appropriations going to the State Department, beyond the imagined signals it would send?

Questions Submitted by Representative Moylan

Question 1. Ambassador Yun said it wouldn't be appropriate to raise the issue of diplomatic recognition 40 years after FSM switched. But this ignores the fact that 40 years ago, China was not the greatest threat to the U.S.

1a) Given this, why would we not expect our close allies to show the same support for Taiwan, and lack thereof for China, and those countries that wish us and our allies harm?

Question 2. Another major issue in this discussion is funding. At \$7.1 billion over the next 20 years, funding COFA is no small feat, and neither is looking for funding sources. Additionally, since the administration has yet to provide Congress with an estimate of the costs of continuing and beginning FAS eligibility for U.S. federal programs and services, it is likely that COFA costs will far exceed \$7.1 billion.

2a) Why isn't the Biden administration taking a more active role to secure funding?

2b) Additionally, with little Congressional oversight into how funds are expended, Freely Associated States are spending money as they see fit. With funding already being extremely difficult to secure, could you explain why the administration wants to weaken Congress's oversight on how these funds are spent?

Question 3. The Biden administration has submitted a legislative proposal before fully concluding COFA negotiations. The current proposal is incomplete and not ready for introduction on the house floor. With the September 30 deadline fast approaching, several of the kinks have not been worked out and there is still much work that needs to be done.

3a) Would a simplified one-year extension be feasible while we work out a long-term solution?

Question 4. Committee staff have raised the issue with the COFA negotiation team about the potential cost of expanding federal programs and services for the FAS and have specifically requested your team to provide an estimate of the costs. Rather than finding out and sending our staff with those estimates, your team suggested that our staff reach out to each agency and calculate the costs themselves. While it may be the case that your respective agencies are not responsible for estimating those costs, it is the responsibility of the administration to do its due diligence and providing Congress with information it needs to carry out its oversight responsibilities.

4a) Is there a cost estimate regarding the expansion of federal program and services for the FAS? If not, will you assign this task to a member of your team and have it sent to us by the end of the month?

4b) These cost estimates are vital in understanding the true cost of these COFA agreements. These agreements can very well total to far beyond \$7.1 billion when factoring in these additional costs. We understand that calculating a cost estimate is a difficult task, but it is our collective responsibility to make sure that these agreements are fiscally responsible and serve U.S. interests.

Question 5. We are very concerned about the current situation with the RMI. Needless to say, failure to come to an agreement will have large implications for U.S.-RMI relations and U.S. interests in the region.

5a) What can Congress do to help spur the negotiations?

Question 6. The administration has characterized this proposal as part of its broader China strategy. However, this proposal seems to do nothing to counter growing PRC influence beyond just giving a large sum of money to the FAS with little oversight.

6a) Are we missing something here?

Mrs. RADEWAGEN. The Chair now recognizes Mr. Nakoa for 5 minutes.

STATEMENT OF KEONE NAKOA, DEPUTY ASSISTANT SECRETARY, INSULAR AND INTERNATIONAL AFFAIRS, U.S. DEPARTMENT OF THE INTERIOR, WASHINGTON, DC

Mr. NAKOA. [Speaking Native language] to Chair Radewagen, Co-Chair Sablan, and Aloha to Chair Westerman and Ranking Member Grijalva, and to the other distinguished members of the Indo-Pacific Task Force.

The Department of the Interior welcomes the opportunity to join you today, alongside our colleagues from the White House and DOD, to recognize the importance of the Freely Associated States FSM, RMI, and Palau to U.S. national interests in the Indo-Pacific for more than 75 years.

I refer the Task Force to my full written testimony, but would like to summarize some of the highlights for you this morning.

Just over a month ago, the Administration submitted to Congress a legislative proposal, The Compacts of Free Association Amendments Act of 2023. This proposal contains funding and provisions to implement renewed COFA provisions over the next 20 years, including \$3.3 billion for the FSM, \$889 million for Palau, as well as \$2.3 billion for agreements to be negotiated with the RMI, based on an MOU signed in January.

This full legislative package would not only deepen our relationships with the FAS over the coming decades, but serve as a clear signal of the United States' commitment to achieving and maintaining a free and secure Indo-Pacific.

Among the bedrock provisions of the original Compacts, FAS citizens are permitted to come and go between their islands and the United States.

Under the Compacts, they have contributed greatly and have become woven into the fabric of our country. According to the U.S. Government Accountability Office in 2018, there were an estimated 94,000 FAS individuals living in the United States, in nearly every state and territory.

To put it into perspective, 94,000 is roughly equivalent to about half the population of the three nations. Moreover, roughly half of that population are now U.S. citizens.

These FAS citizens serve at among the highest per capita rates in the U.S. military. They live, work, and pay taxes throughout the United States. And for the past 35 years, the Compacts, as the Chair recognized, have been a foreign policy, national security, and people-to-people success story.

The Administration's proposal further builds upon that success. Our proposal includes supplemental provisions that rectify two long-standing challenges for FAS citizens.

First, our proposal adopts language from the Bipartisan Compact Impact Fairness Act, co-sponsored and introduced by several members of this task force.

This Act restores eligibility for key Federal programs for FAS citizens living in the United States. The Act, or CIFA, is an important long-term solution which would allow the Federal Government to rightfully share in covering a significant portion of the financial burden currently placed on state and territorial governments.

Further, the benefits and compensation from the Federal Government would follow these FAS communities in whichever state or territory they choose to live.

Second, our proposal would provide U.S. military veterans in the FAS improved access to the VA benefits they earned and deserve for their service.

Again, FAS citizens are highly represented in the U.S. military. However, if they choose to return home after their service, they face disproportionate challenges to receiving their full benefits.

Our proposal would remove various restrictions that impede the Secretary of Veterans' Affairs from offering medical care to these service members.

Moving on to the contours of this agreement reached by special presidential envoy and his counterparts behind me, many of whom are in this room, the terms of economic assistance for the FAS include funding generally for education, health, environmental issues, and infrastructure.

Our interagency team has worked tirelessly with colleagues from across the U.S. Government and our counterparts in the FAS to negotiate the robust terms of these agreements with FSM and Palau.

As a result, the negotiated terms and procedures governing both financial assistance and the Compact trust funds maintain strong U.S. oversight over every taxpayer dollar spent.

And at the same time, we have carved out room to accommodate FSM and Palau requests for more autonomy and flexibility in framing annual budget proposals for the most effective expenditure of economic assistance.

While some may argue that the United States is expending too many resources to secure renewed engagements through these packages, the reality is what the United States truly cannot afford is to abandon decades of investment in these special relationships at such a critical time.

Rather, now is the time to send a clear signal across the Pacific that these Compacts remain a cornerstone of U.S. national interest in the region. The Department of the Interior urges Congress to swiftly introduce and approve this Compact related implementing legislation package.

Thank you.

[The prepared statement of Mr. Nakoa follows:]

PREPARED STATEMENT OF KEONE J. NAKOA, DEPUTY ASSISTANT SECRETARY FOR
INSULAR AND INTERNATIONAL AFFAIRS, U.S. DEPARTMENT OF THE INTERIOR

Chair Radewagen, Co-Chair Sablan, and distinguished members of the Indo-Pacific Task Force, the Department of the Interior welcomes the opportunity to join Congress today to recognize the importance of the Federated States of Micronesia (FSM), the Republic of the Marshall Islands (RMI), and the Republic of Palau (collectively, the freely associated states or FAS) to U.S. national interests in the Indo-Pacific for more than 75 years.

A month ago, on June 16th, the Administration submitted a legislative proposal, the Compact of Free Association Amendments Act of 2023, to the U.S. Congress. The proposal contains funding and related provisions necessary to implement agreements related to the Compacts of Free Association (COFAs) that the United States negotiated with FSM and Palau. The proposal also includes funding for agreements relating to future assistance to be negotiated with the RMI based on a Memorandum of Understanding signed in January 2023. This full legislative package would deepen our relationships with the FAS over the coming decades and serves as a clear signal of the United States' commitment to achieving and maintaining a free and secure Indo-Pacific region.

The Department of the Interior carries out responsibilities to islands in the Pacific, including the U.S. Territories of Guam, the Northern Mariana Islands, and American Samoa, as well as the strategically vital freely associated states. Additionally, from 1951 to 1986, the Interior Department was also the lead federal agency with primary and comprehensive responsibility when the United States was the administering authority under a U.N. trusteeship for jurisdictions that have since become the sovereign freely associated states.

Among the bedrock provisions of the original Compacts, eligible FAS citizens are granted the opportunity to come and go between their islands and the United States, and have since then contributed to the fabric of our country.

According to the U.S. Government Accountability Office, in 2018, after over 70 years of close social, political, economic, and cultural ties first under the U.N. trusteeship and then as sovereign nations in free association with the United States, there were an estimated 94,000 FAS individuals living in the United States, with a presence in nearly every state and territory, including about 25,000 in Hawaii, 6,000 in Arkansas, and 4,000 in California. To put this in perspective, 94,000 is equivalent to about half the total population of the three nations. Moreover, roughly half of the FAS population in the United States are now U.S. citizens.

These FAS communities serve in the U.S. military at among the highest rates per capita, and they live, work, and pay taxes throughout the United States. For the past 35 years, the Compacts have been a foreign policy, national security, and people-to-people success story. The Administration's Compact of Free Association Amendments Act of 2023 proposal builds on this success story.

The Administration's proposal includes supplemental provisions that rectify two long-standing challenges for FAS citizens. First, our proposal adopts language from the bipartisan Compact Impact Fairness Act (S. 792/H.R. 1571), as introduced in the 118th Congress, which restores eligibility for key Federal public benefit programs for FAS individuals while they are lawfully present in the United States—an important long-term solution to the financial impacts of these communities on U.S. state and territorial governments. Restoring access to federal public benefits would not only make a difference to these families, it also would allow the federal government to rightfully share in covering a significant portion of the financial burden currently placed on impacted state and territorial governments for hosting these small, but unique, communities without a significant additional administrative burden. Further, the benefits and compensation from the federal government would follow these FAS communities in whichever state or territory within the United States they choose to live.

Second, our proposal also includes language to achieve the same goals as another bipartisan bill (S. 1913/H.R. 3948) to provide U.S. military veterans residing in the FAS with improved access to the Department of Veterans Affairs benefits they earned and rightfully deserve for their service. As mentioned above, FAS citizens serve in the U.S. military at among the highest rates per capita. However, the brave FAS citizens who have chosen to return home after their service, face disproportionate challenges to receiving their full benefits from their Pacific islands. These

provisions would remove various restrictions from the Secretary of Veterans Affairs that currently impede the offering of medical care to these service members.

Special Presidential Envoy Yun and his fellow Chief Negotiators from our FAS partners have reached agreements or understandings for future Compact assistance for each country that continues U.S. assistance in a reasonable and prudent manner. That includes assistance for education, health, environmental issues, and infrastructure.

The United States and FSM agreed to a package that will provide \$2.8 billion in grants over 20 years for core public services and infrastructure. Additionally, our countries agreed to bolster the long-term health of FSM's Compact Trust Fund through a combination of \$500 million in new contributions and limiting withdrawals over the next 20 years.

The United States and Palau agreed to a package that will provide \$729 million in grants over 20 years for core public services and infrastructure. Our countries agreed to bolster the long-term health of Palau's Compact Trust Fund through a combination of \$100 million in new contributions and limiting withdrawals over the next 20 years. The United States will also provide Palau with \$60 million to lighten Palau's debt burden resulting from the campaign of economic pressure by the People's Republic of China (PRC) and the COVID-19 Pandemic—the combination of which decimated Palau's tourism-based economy.

While the United States and RMI have yet to complete negotiations on a full suite of agreements, we signed a Memorandum of Understanding on January 11th of this year reflecting an understanding that we would offer future assistance totaling \$2.3 billion. The United States and RMI negotiators have committed to finalizing agreements expeditiously so our respective legislatures can consider them in a timely fashion.

Under the leadership of the White House, led by Special Presidential Envoy Yun, my team and I worked tirelessly with colleagues from across the United States Government and our counterparts in the FAS to negotiate the robust terms of these agreements, particularly the accountability and oversight provisions in the Fiscal Procedures Agreement and the Compact Trust Fund Agreement with the FSM, and the Compact Review Agreement, including its appendices, with Palau. As a result of that work, the negotiated terms and procedures governing both financial assistance and the Compact trust funds maintain strong U.S. oversight over every taxpayer dollar being proposed. At the same time, we have carved out room to accommodate FSM and Palau requests for more autonomy and flexibility in framing the annual budget proposals for the effective expenditure of economic assistance.

While some may argue that the United States is expending too many resources to secure renewed engagement through these Compact-related agreements, others will counter that the United States, as a Pacific nation itself, cannot afford to abandon decades of investment in these special relationships at such a critical time for the Indo-Pacific region. I am firmly in the latter group.

As Secretaries Haaland and Blinken noted in their letter transmitting the Compact of Free Association Amendments Act of 2023 proposal to Congress last month:

Our strategic competitors are well aware that the scheduled end of U.S. economic assistance is fast approaching—now is not the time to leave the FAS open to predatory and coercive behavior. We cannot take the goodwill generated from our historic bonds of friendship for granted at a time of increasing competition from the People's Republic of China (PRC) and other countries to exert greater influence in the FAS. Together, these three countries form a strategic bridge that stretches from Hawai'i to the Philippines, an area that is geographically larger than the continental United States. Under the Compacts, we have full responsibility and authority for security and defense matters in, or relating to, these three countries. We can deny other countries' militaries access to FSM, RMI, and Palau. Recognizing our responsibility and authority for defense and security matters, these three countries consult closely with us on their foreign policies and, recognizing the sovereign foreign affairs authority of each of these three countries, we consult with each of them on foreign policy matters that we determine relate to them.

The Compact-related packages will be debated in the U.S. Congress and national legislatures of our Compact partners. Now is the time to send a clear signal across the Pacific that these Compacts, and their related agreements, are a cornerstone of U.S. national interests in the Pacific.

The Department of the Interior urges Congress to swiftly introduce and approve this Compact-related implementing legislation. Let us productively debate any

issues in the most celebrated of deliberative bodies of our time. And finally, let us conclude our work with Congress and for the American people to secure a bipartisan success that lays to rest how committed the United States is to the Pacific and to remain the preferred partner for our friends and cousins in the Pacific Islands.

QUESTIONS SUBMITTED FOR THE RECORD TO KEONE NAKOA, DEPUTY ASSISTANT
SECRETARY FOR INSULAR AND INTERNATIONAL AFFAIRS,
U.S. DEPARTMENT OF THE INTERIOR

Mr. Nakoa did not submit responses to the Committee by the appropriate deadline for inclusion in the printed record.

Questions Submitted by Representative Westerman

Question 1. The proposal has bracketed text for the Federal Programs and Services Agreements (FPSAs) as they are still being negotiated. The FPSAs are agreements that U.S. agencies are required to provide to the FAS, including the U.S. Postal Service. The proposal also has non-bracketed text for authorizing \$634 million in mandatory appropriations for the USPS. If Congress passes this proposal before the FPSAs are finalized, then that would mean that the USPS would receive its funds without having requirements on how to spend such funds.

Why does the proposal not contain brackets for the \$634 million going to the USPS? Is the Administration asking Congress to hand hundreds of millions of American taxpayer dollars to the USPS and let them use the money as they see fit?

Questions Submitted by Representative Moylan

Question 1. Another major issue in this discussion is funding. At \$7.1 billion over the next 20 years, funding COFA is no small feat, and neither is looking for funding sources. Additionally, since the administration has yet to provide Congress with an estimate of the costs of continuing and beginning FAS eligibility for U.S. federal programs and services, it is likely that COFA costs will far exceed \$7.1 billion.

1a) Why isn't the Biden administration taking a more active role to secure funding?

1b) Additionally, with little Congressional oversight into how funds are expended, Freely Associated States are spending money as they see fit. With funding already being extremely difficult to secure, could you explain why the administration wants to weaken Congress's oversight on how these funds are spent?

Question 2. The Biden administration has submitted a legislative proposal before fully concluding COFA negotiations. The current proposal is incomplete and not ready for introduction on the house floor. With the September 30 deadline fast approaching, several of the kinks have not been worked out and there is still much work that needs to be done.

2a) Would a simplified one-year extension be feasible while we work out a long-term solution?

Question 3. Committee staff have raised the issue with the COFA negotiation team about the potential cost of expanding federal programs and services for the FAS and have specifically requested your team to provide an estimate of the costs. Rather than finding out and sending our staff with those estimates, your team suggested that our staff reach out to each agency and calculate the costs themselves. While it may be the case that your respective agencies are not responsible for estimating those costs, it is the responsibility of the administration to do its due diligence and providing Congress with information it needs to carry out its oversight responsibilities.

3a) Is there a cost estimate regarding the expansion of federal program and services for the FAS? If not, will you assign this task to a member of your team and have it sent to us by the end of the month?

3b) These cost estimates are vital in understanding the true cost of these COFA agreements. These agreements can very well total to far beyond \$7.1 billion when factoring in these additional costs. We understand that calculating a cost estimate is a difficult task, but it is our collective responsibility to make sure that these agreements are fiscally responsible and serve U.S. interests.

Question 4. We are very concerned about the current situation with the RMI. Needless to say, failure to come to an agreement will have large implications for U.S.-RMI relations and U.S. interests in the region.

4a) What can Congress do to help spur the negotiations?

Question 5. The administration has characterized this proposal as part of its broader China strategy. However, this proposal seems to do nothing to counter growing PRC influence beyond just giving a large sum of money to the FAS with little oversight.

5a) Are we missing something here?

Mrs. RADEWAGEN. I thank the witness for their testimony.
The Chair now recognizes Dr. Mohandas for 5 minutes.

**STATEMENT OF SIDDHARTH MOHANDAS, DEPUTY ASSISTANT
SECRETARY OF DEFENSE FOR EAST ASIA, U.S. DEPARTMENT
OF DEFENSE, WASHINGTON, DC**

Dr. MOHANDAS. Thank you, Chair Radewagen, Chair Sablan, Chairman Westerman, and Ranking Member Grijalva, as well as distinguished members of the task force for inviting me to testify today about the importance of renewing the Compacts of Free Association for the Department of Defense, and the critical role that the Compact States play in implementing the national defense strategy of the United States and our strategic vision for the Indo-Pacific region.

The Compact renewal comes at a time of unprecedented U.S. commitment to the Pacific Islands. In September last year, the Biden administration released the first ever Pacific Partnership Strategy, which prioritizes broader and deeper engagement with the Pacific Islands and specifically identifies the successful conclusion of the Compact negotiations as a key objective.

We are moving out on implementing this strategy in concert with our allies and partners. As you have heard from my colleagues, we have made great progress toward renewing the Compact Agreements, and we appreciate recent opportunities to engage with you and your staffs on the importance of renewal.

We are here today to seek the Task Force's support to ensure continued economic assistance for the Compact States. The defense rights guaranteed by the Compact agreement provide security not only for the Compact States, but also the Pacific Islands region, and the U.S. homeland.

I can tell you today that the renewal of the Compact agreements is vital to the Department of Defense's ability to counter aggression, deter aggression, and if necessary, prevail in conflict, ensuring peace, stability, and security in the Indo-Pacific.

The most comprehensive challenge to U.S. national security, as identified by the Department's National Defense Strategy, is the PRC's coercive and increasingly aggressive effort to change the status quo in the Indo-Pacific region.

The PRC seeks to challenge U.S. alliances and partnerships in the Indo-Pacific and leverage its growing capabilities, including its economic influence, to coerce its neighbors and threaten their interests.

The PRC has also expanded and modernized nearly every aspect of the People's Liberation Army, with a focus on offsetting U.S. military advantages.

As the NDS states, the PRC is the pacing challenge for the Department. Now, with our Pacific Island partners, we are bound by a shared history, shared values, and profound links between our people.

A renewal of the Compact honors our commitments to the people of the Freely Associated States and facilitates continued strategic partnership with our FAS partners, which is critical to our ongoing operations, force posture, and footprint in the Indo-Pacific.

Additionally, a unique aspect of our relationship with the FAS is their commitment and service in the U.S. military, for which the Department of Defense is forever grateful.

The Compacts of Free Association demonstrate our long-term commitment to our Pacific Island partners, and they provide value across two priority areas.

First, assured access under the Compacts provides locations for bilateral and multilateral training exercises and force posture. The assured access guaranteed by the Compact agreements protects the strategic approaches to the United States and provides for access to operate freely on critical terrain in the Indo-Pacific.

The Compacts also enable the establishment of defense sites like the U.S. Army Garrison at Kwajalein Atoll in the Marshall Islands, as well as construction of the tactical multi-mission over-the-horizon, or TACMOR radar in Palau, as well as a variety of defense sites in the Federated States of Micronesia to facilitate agile combat employment by the U.S. Air Force.

Failure to enact this implementing legislation for the new Compacts would complicate sensitive, ongoing conversations regarding future defense sites.

Second, the Compact provides for mutual commitment between the United States and the FAS. The Compacts provide strategic denial rights in the FAS, enabling the United States to deny adversaries and third parties access to the territory, airspace, and territorial waters of the FAS, which is coupled with the United States' significant role as the Defense Force of the Freely Associated States.

The Compacts are an important signal to both our partners and our competitors that the U.S. commitment to the FAS is ironclad. Thank you very much for the opportunity to testify before you today and I am happy to take your questions.

[The prepared statement of Dr. Mohandas follows:]

PREPARED STATEMENT OF DR. SIDDHARTH MOHANDAS, DEPUTY ASSISTANT
SECRETARY OF DEFENSE

Introduction

Chair Radewagen, Chair Sablan, distinguished Members of the Committee Taskforce, my name is Dr. Siddharth Mohandas and I serve as the Deputy Assistant Secretary of Defense for East Asia. I am pleased to be here today alongside my colleagues, Special Presidential Envoy for Compact Negotiations, Ambassador Joe Yun, and Ambassador Carmen Cantor, Assistant Secretary of the Interior for Insular and International Affairs. I thank you for the opportunity to testify before you about the strategic importance of the Compacts of Free Association to U.S. national security interests.

Shared Values, Interests, and History

The United States is an Indo-Pacific nation with deep links with our partners in the Pacific Islands region. We share a unique and special relationship with this critical crossroads in the Indo-Pacific region. Forged on the World War II Pacific campaign battlefields of Guadalcanal, Tarawa, and Peleliu, we share a history of service and sacrifice. Today, our peoples value democracy, freedom, and human rights. We share the same profound concerns over the existential threat from climate change and seek opportunities to build prosperous and healthy societies. The United States recognizes that geography links the Pacific's future to our own: U.S. prosperity and security depend on the Pacific Islands region remaining free and open.

The Compacts' renewal comes at a time of unprecedented U.S. commitment to the Pacific Islands. In September of last year, the Biden administration released the first-ever Pacific Partnership Strategy, which prioritizes broader and deeper engagement with the Pacific Islands and identifies successful conclusion of Compact negotiations as a key objective. It emphasizes the importance of fulfilling our historical commitments and strengthening our enduring relationships with the Pacific Islands region, including our special relationships with the Freely Associated States. We are implementing this strategy alongside our Allies and partners, including through the Partners in the Blue Pacific (PBP) initiative with Australia, Canada, Japan, New Zealand, and the United Kingdom. The PBP initiative builds on those countries' long-standing commitment to the region and shared determination to support a region that benefits the peoples of the Pacific. The PBP is executed according to principles of Pacific regionalism, sovereignty, transparency, and accountability, and, most importantly, is led and guided by the Pacific Islands.

The foundation of the United States' engagement in the Pacific Islands region is the strong ties between the United States and the Pacific Islands, individually and collectively. As we engage and partner with Palau, Micronesia, and the Marshall Islands, the Compacts of Free Association communicate our long-term commitment to our Pacific Islands partners.

Another unique aspect of our relationship with the Freely Associated States is their commitment and service in the U.S. military. Citizens of Palau, Micronesia, and the Marshall Islands have a long and proud history of service in all branches of the U.S. Armed Forces—often higher enlistment per capita than many U.S. states. They've fought in our ranks in Vietnam, Iraq, and Afghanistan. The Department of Defense will be forever grateful for their service.

Strategic Environment

It is impossible to discuss the national security importance of the Compacts without first understanding the strategic environment. The most comprehensive and serious challenge to U.S. national security, as identified by the Department's 2022 National Defense Strategy, is the Peoples Republic of China's coercive and increasingly aggressive effort to change the status quo of the Indo-Pacific region and the international system to align with its interests. The PRC seeks to challenge U.S. alliances and partnerships in the Indo-Pacific, and leverage its growing capabilities, including its economic influence, to coerce its neighbors and threaten their interests. The PRC has also expanded and modernized nearly every aspect of the People's Liberation Army, with a focus on offsetting U.S. military advantages. As the National Defense Strategy states, the PRC is the pacing challenge for the Department.

The PRC is the only competitor with both the intent—and increasingly the capability—to systemically challenge the United States' vision of a free and open Indo-Pacific across the board—militarily, economically, technologically, and diplomatically. The PRC is also seeking to expand its influence in the Freely Associated States and is increasing its coercive activities throughout the Pacific Islands region. From illegal, unreported, and unregulated (IUU) fishing to coercion aimed at sovereign nations that have diplomatic ties with Taiwan instead of the PRC, the PRC's provocative behavior appears focused on eroding the U.S. strategic partnership with the Freely Associated States.

The Compacts of Free Association are an important signal to both our partners and our competitors that the U.S. commitment to the Freely Associated States is iron-clad.

Compacts of Free Association (COFA)

The Compacts of Free Association with the Freely Associated States facilitate an unprecedented strategic partnership with our Palauan, Micronesian, and Marshallese partners. The Compacts of Free Association demonstrate our long-term

commitment to our Pacific Island partners and they are an unparalleled pact for the Department, providing value across three priority areas.

First, assured access under the Compacts provides locations for bilateral and multilateral training, exercises, and force posture. The assured access guaranteed by the Compact Agreements protects strategic approaches to the United States, allows for a key area for access to enable responses to humanitarian assistance and disaster relief efforts, and enables United States' power projection in a conflict. The FAS have previously hosted exercises including KOA MOANA, COPE NORTH, and PACIFIC PARTNERSHIP, which support the readiness of the joint force and often provide opportunities for U.S. forces to exercise alongside allies and partners—including critical Allies like Australia and Japan—enhancing our comprehensive engagement in the FAS.

For example, throughout the summer in 2023, the United States will have over 100 U.S. service members in FSM participating in activities ranging from U.S. Navy Seabees providing civil construction and engineering support to U.S. Marines from the 1st Marine Expeditionary Force participating in KOA MOANA for small scale construction, medical, communications, and community engagement projects. Additionally, earlier this year, in support of exercise COPE NORTH 23, Pacific Air Forces spent time in Koror to present Palau's support to multinational forces, enabling intelligence surveillance, reconnaissance, and tactical airlift operations. The exercise aimed to further integrate the contributions of allies and partners to enhance security and stability to maintain a free and open Indo-Pacific region. COPE NORTH 23 operations were also held in Guam, the Commonwealth of the Northern Mariana Islands, Japan, and FSM, and it included air forces from Australia, Japan, and the United States. Of note, the exercise concluded with a humanitarian/disaster relief event that reinforced the militaries' combined ability to support response to any type of disaster in the Indo-Pacific region, including the Commonwealth of the Northern Mariana Islands, the Republic of Palau, and the FSM. In January 2024, the USNS MERCY Hospital Ship, along with more than 600 military and civilian personnel, will visit the FSM through the Pacific Partnership, providing medical services to FSM citizens. The Pacific Partnership began in response to the December 2004 tsunami that devastated parts of South and Southeast Asia, and it is the largest multinational humanitarian assistance and disaster relief preparedness mission conducted in the Indo-Pacific. The Pacific Partnership hosted activities in the Republic of the Marshall Islands in 2019, and then in Palau in 2022. U.S. military personnel are joined by other nations' militaries including Australia, Canada, Japan, and the United Kingdom.

Beyond exercises, the Compacts enable key defense posture initiatives in the Indo-Pacific region. The Republic of the Marshall Islands hosts the Ronald Reagan Ballistic Missile Defense Test Site at U.S. Army Garrison—Kwajalein Atoll. The site conducts regular space operations to provide space situational awareness and the protection of key space assets supporting three Geographic Combatant Commands. It is ideally located for observation of foreign missile launches and facilitates advanced technology testing to provide the Department of Defense a cutting-edge advantage. Future cooperation with the Federated States of Micronesia will facilitate Agile Combat Employment (ACE) for the U.S. Air Force. The highly anticipated Tactical Multi-Mission Over-the-Horizon Radar (TACMOR) in Palau will provide the Department of Defense an unprecedented level of situational awareness of the maritime domain in the Indo-Pacific region. Failure to enact implementing legislation for the new Compacts would complicate sensitive ongoing conversations regarding future such defense sites.

Second, the Compacts provide for a mutual commitment between the United States and the FAS. The Compacts provide strategic denial rights for the FAS, enabling the United States to deny adversaries and third parties access to the territory, airspace, and territorial waters of the FAS, which is coupled with the United States' significant role as the defense force for the FAS. In an era of intensifying geopolitical competition, this mutual commitment is vital to U.S. national security interests and demonstrates that the United States and the FAS are bound together as allies.

While the PRC seeks to expand its influence in the FAS and is increasing its coercive activity throughout the Pacific Islands region, the United States must fulfill its commitment to the FAS. Economics and national security are intrinsically linked; the economic assistance provisions in the Compacts work to combat PRC economic coercion and therefore reinforce the security provisions of the Compacts.

Successful conclusion of the Compact-related agreements will allow the Department to continue to bolster our strategic partnerships with Palau, the Federated States of Micronesia, and the Republic of the Marshall Islands, enabling the United

States to continue to demonstrate and exercise its unique defense relationship with the FAS.

Security Cooperation and Future Opportunities

U.S. security cooperation operations, activities, and investments in the Freely Associated States are mutually beneficial and advance strategic partnerships with each of our partners. From routine exercises to strengthen U.S. readiness to subject-matter expert exchanges to address shared challenges such as climate resiliency and maritime law enforcement, we are deeply engaged with our partners in Palau, Micronesia, and the Marshall Islands. Each of our partners' economies are threatened by the impact of illegal, unregulated, and unreported fishing in their waters. To address this, the Department of Defense budgeted and began implementing \$24M of International Security Cooperation Program funding (ISCP), under section 333 of title 10, U.S. Code, for Building Partner Capacity activities and is projected to commit more ISCP funds in future years to address maritime capacity building with each of the Freely Associated States.

One of our most enduring security cooperation programs is our Civic Action Team (CAT) in Palau. For the past fifty years, rotational detachments of engineers and medical teams have promoted people-to-people ties through community relations programs. The tri-service deployments of small teams to Palau facilitate larger rotational force rotations associated with joint and service exercises in Palau.

The Pacific Islands region also presents opportunities for increased cooperation with our closest allies and partners. Australia, New Zealand, Japan, France, and others all share our interest in the region's strategic importance, and we will find ways to leverage our comparative advantages to further strengthen our capacity building activities in the region.

For example, in 2020, the United States, Australia, and Japan partnered to finance a \$30M undersea cable project for Palau. The Coral Sea Cable minimizes the risk of espionage and telecommunications interceptions by Chinese adversaries. This unique and multilateral approach will promote secure and reliable communications for our Palauan partners. Additionally, Australia has committed to provide patrol boats, supported by a regional surveillance capability and infrastructure upgrades to the FAS through their bilateral Pacific Maritime Security Program (PMSP). Japan has also assisted with donation of equipment, in addition to involving itself in construction of the Maritime Coordination Center in Palau. With our partners providing high-quality patrol boats, U.S. cooperation with the FAS focuses on the other aspects of maritime capacity-building such as training, infrastructure, and intelligence, surveillance, and reconnaissance (ISR). This demonstrates a collaborative and needs-based approach to security cooperation with our partners in the Pacific Islands region.

Conclusion

Chair Radewagen, Chair Sablan, distinguished Members of the Committee Taskforce, and colleagues. Thank you again for the opportunity today to testify before you today about the strategic importance the Freely Associated States and the COFA-enabled strategic partnerships to U.S. national security. I will be happy to answer your questions.

QUESTIONS SUBMITTED FOR THE RECORD TO DR. SIDDHARTH MOHANDAS, DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR EAST ASIA, DEPARTMENT OF DEFENSE

Dr. Mohandas did not submit responses to the Committee by the appropriate deadline for inclusion in the printed record.

Questions Submitted by Representative Westerman

Question 1. What would be the estimated dollar cost if the U.S. had to cover or properly control the area that we currently have access to under the COFAs, in the absence of those agreements?

Question 2. During the July 13, 2023 Senate Energy and Natural Resources Committee hearing, you were asked if you would support re-establishment of the Office of Freely Associated States Affairs (OFASA) in the State Department to restore better interagency cohesion and coordination in COFA implementation over the next 20 years. You said that you would not want to "tell the State Department how to organize itself for purposes of COFA" but that you thought it could be a good idea.

Are there any additional views or matters you can share with the Committee based on this more complete understanding of the OFASA model?

Questions Submitted by Representative Moylan

Question 1. Another major issue in this discussion is funding. At \$7.1 billion over the next 20 years, funding COFA is no small feat, and neither is looking for funding sources. Additionally, since the administration has yet to provide Congress with an estimate of the costs of continuing and beginning FAS eligibility for U.S. federal programs and services, it is likely that COFA costs will far exceed \$7.1 billion.

1a) Why isn't the Biden administration taking a more active role to secure funding?

1b) Additionally, with little Congressional oversight into how funds are expended, Freely Associated States are spending money as they see fit. With funding already being extremely difficult to secure, could you explain why the administration wants to weaken Congress's oversight on how these funds are spent?

Question 2. The Biden administration has submitted a legislative proposal before fully concluding COFA negotiations. The current proposal is incomplete and not ready for introduction on the house floor. With the September 30 deadline fast approaching, several of the kinks have not been worked out and there is still much work that needs to be done.

2a) Would a simplified one-year extension be feasible while we work out a long-term solution?

Question 3. Committee staff have raised the issue with the COFA negotiation team about the potential cost of expanding federal programs and services for the FAS and have specifically requested your team to provide an estimate of the costs. Rather than finding out and sending our staff with those estimates, your team suggested that our staff reach out to each agency and calculate the costs themselves. While it may be the case that your respective agencies are not responsible for estimating those costs, it is the responsibility of the administration to do its due diligence and providing Congress with information it needs to carry out its oversight responsibilities.

3a) Is there a cost estimate regarding the expansion of federal program and services for the FAS? If not, will you assign this task to a member of your team and have it sent to us by the end of the month?

3b) These cost estimates are vital in understanding the true cost of these COFA agreements. These agreements can very well total to far beyond \$7.1 billion when factoring in these additional costs. We understand that calculating a cost estimate is a difficult task, but it is our collective responsibility to make sure that these agreements are fiscally responsible and serve U.S. interests.

Question 4. We are very concerned about the current situation with the RMI. Needless to say, failure to come to an agreement will have large implications for U.S.-RMI relations and U.S. interests in the region.

4a) What can Congress do to help spur the negotiations?

Question 5. The administration has characterized this proposal as part of its broader China strategy. However, this proposal seems to do nothing to counter growing PRC influence beyond just giving a large sum of money to the FAS with little oversight.

5a) Are we missing something here?

Mrs. RADEWAGEN. I thank the witness for their testimony.

The Chair will now recognize Members for 5 minutes for questions, and I will now recognize myself.

Ambassador Yun, I am concerned by the way in which the proposal's language regarding responsibilities by U.S. agencies in carrying out services to the FAS have been changed from the 2003 agreements.

Many of the responsibilities have changed from shall to may, and therefore relinquishes U.S. agency obligation to carry out those

services. In effect, the new language changes the responsibilities from being mandatory to discretionary.

Is there a reason this is necessary, beyond creating space for agencies to have an option to not carry out those responsibilities?

Mr. YUN. Madam Chair, I believe we changed the language because some agencies wanted a degree of flexibility and I don't think it changes, in any way, our commitment. But certainly you, as Congress, have the right, of course, to change that language back should you wish.

Mrs. RADEWAGEN. Ambassador Yun, beyond the RMI agreement, we have yet to receive a finalized Federal Programs and Services Agreement for the FAS countries. As we understand, the hold-up is with the U.S. Postal Service.

Can you provide us with an estimated timeline on when we would receive a finalized FPSA? The lack of a clear timeline is further delaying our process here when we have little time as it is.

Mr. YUN. We are getting very close to an agreement with the Post Office. As we have informed Members and staff, this has not been an easy negotiation, I must admit, with the Post Office.

In the end, we agreed to put in language \$600 or so million over 20 years to compensate USPS for their services. We just have one item that is dividing us at the moment, and I do fully expect we will be there very, very soon, Madam Chair.

Mrs. RADEWAGEN. I do have one or two other questions for you, Ambassador Yun. I will submit them for the record.

I have questions for all witnesses. This task force has raised the issue with the COFA negotiation team about the potential cost of expanding Federal programs and services for FAS and have specifically requested your team to provide an estimate of the cost.

Rather than finding out and sending our staff out with those estimates, your team suggested that our staff reach out to each agency and calculate the costs themselves.

While it may be the case that your respective agencies are not responsible for estimating those costs, it is the responsibility of the Administration to do its due diligence in providing Congress with information it needs to carry out its oversight responsibilities.

My question for each of you, do you have a cost estimate on the expansion of Federal programs and services for FAS? If not, I would advise you all to delegate this task to a member of your team, as I will be making a formal request after this hearing.

Mr. Yun?

Mr. YUN. If I may, Madam Chair, of course, we do have an estimate for the biggest item which is of course the Post Office. And the other item we don't have the exact estimate, but I would note that it does not involve expansion of services per se.

It is the continuation of the services. But we will give you an estimate for sure.

Mrs. RADEWAGEN. Mr. Nakoa?

Mr. NAKOA. I concur with what Ambassador Yun just mentioned, and I would also point out that one of the differences from the last Compact is that we brought in and we recognized the education programs, SEG, and we put it into the mandatory spending.

So, whereas that once was in the discretionary side of the ledger for the last Compact, it is now included in the mandatory spending \$6.5 billion package.

So, when you talk about, like Ambassador said, expansion of services, that is not, I guess, what we are looking at and intending in our proposal.

Mrs. RADEWAGEN. Dr. Mohandas?

Dr. MOHANDAS. Thank you, Madam Chair. I would just note that the Department of Defense is not directly involved in management of the economic assistance provisions, but we will continue to support Ambassador Yun, State, and Interior in their efforts.

Mrs. RADEWAGEN. I now call on Co-Chair Sablan for his questions.

Mr. SABLÁN. Thank you very much, Madam Chair.

Good morning again, Ambassador Yun. One issue that Congress will have to deal with as we work toward passage of the COFA agreements will be the provision for mandatory funding for payments under the Compacts.

Can you please tell us why it is important to the Freely Associated States that Compact funding be mandatory?

Mr. YUN. We believe it is critically important that funding be mandatory. I think, you, yourself, alluded, as well as several others to the 8-year experience in which Palau did not have the legislation authorized for the whole funding and it made their planning very difficult, and it made their budgets very difficult for the planning purpose and economic welfare of the Freely Associated States.

It was, in fact, one of their first requests when I came on board last year. So, I think it is critically important.

Second, these are long-term commitments of the United States. We are not there one year and then think about it again the next year. This is a long-term commitment.

Compacts are long term commitments. We first entered into them in 1986. They define our relations with Compact States. It is not typical foreign assistance. We get plenty out of it.

You noted yourself the strategic rights. And these have become much more urgent. Through Compacts, we control, essentially, the northern half of the Pacific between Hawaii and Philippines. This includes what I would call the first island chain of China.

So, these have become critically important. Without the long-term commitment, I think our credibility will suffer enormous damage.

Mr. SABLÁN. Thank you. Should we be concerned that the Federal Programs and Services Amendments are still being finalized, Ambassador?

Mr. YUN. I don't think we should be concerned at all. As you know, the Federal services and programs are done on the basis of notification. That is, we notify you. And, of course, you have the right to amend those parts.

So, in that sense, we do have a little bit of time to do this, and I don't see any interruptions out there, provided the Compact Legislation package, as it is, passes before the end of the current fiscal year.

That, to me, is the most important thing. And with that package, our Federal services and programs will follow. Thank you.

Mr. SABLAN. And our major strategic competitor in the Pacific, of course, has been increasingly active on the ground in the Freely Associated States and throughout the Pacific, using tactics to undermine, subvert, and intimidate local leaders.

Are you aware of any attempts by any government, or persons, or entities affiliated with the People's Republic of China government to derail the negotiations in any way?

Mr. YUN. I think we see the presence and influence of China on a daily basis. About 3 months ago, some of you will have seen an 11-page letter outlined by President David Panuelo of FSM detailing the corruption that is practiced by China as well as other coercive tactics.

We see this just below where we are from the Compact States. We have seen it in Solomon's, we have seen it in Fiji. We have seen it in many parts.

So, to take somehow our friendship of these Compact States for granted will be a real mistake. And we have seen it in Marshall Islands where Chinese have attempted to buy, essentially, this is hard to imagine, but we are seeing it on daily basis.

And I do think our own credibility is very much at stake here.

Mr. SABLAN. And it would be a shame, more than a shame, it would be a huge mistake if foreign government were to set itself up right within the quadrant right next door to it. I have no further time, so Madam Chair, I yield back. Thank you.

Mrs. RADEWAGEN. I now recognize Mr. Lamborn for 5 minutes.

Mr. LAMBORN. I want to thank the two of you for chairing this very important committee. And I thank our Chairman Westerman, Ranking Member Grijalva, for taking this so seriously.

The fact that we are having this hearing, that we are all here, that we have set up this Committee, that we are engaged, shows that we agree with Ambassador Yun, that this is a very vital issue, with all of you.

If there was no China, this would still be an important and good thing to do. The fact that China is trying to spread its influence in malign and negative ways makes this even more important, though.

I do have some concerns with the way things stand right now, and I know these have been addressed in previous statements already, but the open-ended eligibility for various U.S. programs makes the final cost hard to pin down, and that is a concern to me.

There are not enough guardrails, I believe, in place to prevent potential mismanagement. You probably all saw the article in the *Wall Street Journal* about the Bikini Atoll and how trust funds were depleted faster than people thought they should have been, and pointing to potential mismanagement.

We have to prevent that from happening in the future, whether it is for an entire country or for a subdivision within that country.

Also, I want to see the Department of Defense more engaged. You have said some good things in your testimony today and in Senate testimony earlier, but I want to see you very engaged in helping get this through Congress.

You have to tell people, Members of Congress, that this is important for our national security, and you have an authoritative voice to make that happen. And I would like to see that happen.

And, finally, I have a huge concern that money transfers, as good as they are, as positive as they are, if they are open ended, they may not accomplish what we want them to accomplish.

I would love to see the money that is given out over the next 20 years create jobs, lead to better infrastructure, and just more prosperity.

And I mentioned infrastructure because China uses that leverage to do deals with countries, and they trick countries. They use shoddy construction; they use bribery to get the deals passed in the first place.

They use Chinese labor a lot of times, not local labor, and they impose debt on the recipient that is a burden for years in the future.

So, to prevent, apart from all the national security things that China is doing that is troubling, my heart goes out to people where they have had these bad deals, and they don't give away something for nothing.

They are not like the United States. The United States is not perfect, but we are very generous. And China does not do anything out of generosity. They always want more back than what they give.

So, Ambassador Yun, can more be done in the language and in the deal to create jobs, and infrastructure, and things like this that would prevent China from getting a foothold in the future with the hearts and minds of the people of these three important countries?

Mr. YUN. Absolutely, sir. I think I firmly believe our assistance must lead to sustainable economic future for them. This is why we have concentrated heavily on infrastructure investment and education. Those are the keys we believe.

And, of course, the third one is health. Our oversight rate, in fact, if you look at our FPA, the Fiscal Procedures Agreement, it is 40 pages long. I mean, if you have problems sleeping, I urge you to read that.

But it has a very strong oversight.

Mr. LAMBORN. OK, let me interrupt you because my time is about over. Will that language, that you just referred to, prevent the kind of problems that we read about in the newspapers?

Mr. YUN. Absolutely. Because our trust funds are materially different. The United States maintains control of our trust fund through our voting rights in the trust fund committee, which is decided.

The trust fund just went belly up in the Marshall Islands, it was a resettlement trust fund which had been managed since late 1990s, sorry, since about 2017, by the local government in the Marshall Islands.

So, that was the problem, that we did indeed give up the management rights to that trust fund.

Mr. LAMBORN. OK, thank you. I yield back, Madam Chair.

Mrs. RADEWAGEN. I now recognize Mr. Grijalva for 5 minutes.

Mr. GRIJALVA. I am going to yield to Mr. Case.

Mr. CASE. Thank you, Mr. Grijalva. Thank you to the witnesses.

First of all, to everybody in the room and listening who has contributed to the negotiations, thank you very much for your

efforts. They are coming together. We are trying to make sure they come together, but I just wanted to express appreciation.

These Compacts must be reauthorized. That is a working fundamental principle on all parts. They are good for all of us, and I hope nobody takes that statement as leverage in the remaining negotiations. That would be a big mistake, but let's just get it done.

No. 2, I am going to repeat something I said back in 2019, with other members of this Committee and this Congress, which was to the effect that it is fundamentally unfair to renegotiate these Compacts unless the legitimate concerns of states that gladly host Compact residents within their ohana, as we say in Hawaii, but who have been asked to bear the expense of billions of dollars in caring for these residents because our country has not.

Even though this is a national issue, those concerns must be addressed as part of a renegotiated Compact. I am unwilling to let this go again, as has happened in the past, with the same result as we had the last time.

So, I send that out there. Again, this must be solved. The Administration has come up with a solution, which is to incorporate the Combat Impact Fairness Act, which for most jurisdictions would address that.

Mr. Moylan will have comments as well, and his concerns also must be addressed. And I just commend that to you. Don't forget this.

Now, in that context, Dr. Mohandas, I am going to ask you, do you recognize that the accommodation of the concerns of communities that host Compact residents is an integral part of the submission to Congress?

Dr. MOHANDAS. Yes, sir.

Mr. CASE. OK. Mr. Nakoa, you are representing the Administration as well. Do you recognize that?

Mr. NAKOA. Yes, absolutely.

Mr. CASE. OK, thank you very much.

Now, members of this Committee and others have asked a very legitimate question, which is, there is obviously an expense attached to the Compacts, and we need to fund it. We need to find a way to fund it.

That projected expense at present is \$7.1 billion. And by the way, let's make sure that we all understand that is not one year. That is over a long period of time.

And, similarly, there is an expense to the Compact Impact Fairness Act. And presumably, if there is separate Compact Impact Aid, obviously that is an expense.

CIFA has an expense of somewhere around \$35 million a year, over 10 years, which is not a lot of money in the big picture.

Members of this Committee and others have asked of the Administration the question, where is this money going to come from?

And I don't think that you have come up with an answer, or at least you have deferred it over to Congress. We have asked you to come up with some suggestions, and those don't have to be from the Interior budget, which, as we speak in my House Appropriations Committee is getting slashed. And they don't have to come

from the State Department, which in my Appropriations Committee last week got slashed.

To expect that to come from Interior and Appropriations seems a pretty heavy lift, to be honest.

Do you have any concrete recommendations about how we are going to pay for these, as we must, as we should, and again, I would make the submission that these are significant amounts, but in the context of an entire defense budget as an example, they are not large amounts.

So, to all of you, where is this money going to come from?

Mr. YUN. Thank you, Representative Case, regarding your question, where does the money come from? As you noted, we are not providing specific offsets attached to this legislation.

However, the Administration has proposed offsets, as a whole, across the FY 2024 President's Budget. So, that would be what we have proposed.

Mr. CASE. OK. And just to clarify, in my mind, those offsets come from where?

Mr. YUN. Overall President's Budget, sir.

Mr. CASE. OK, my time is winding down. Any quick ones? I can also submit this for the record.

Mr. NAKOA. We can take it back, but as Ambassador Yun has mentioned, it is throughout the entire U.S. government, the President's budget presents it balances out any additional spending with offsets as well.

Mr. CASE. OK. I am out of time. I will get back. Thank you.

Mrs. RADEWAGEN. I now recognize Mr. Moylan for 5 minutes. Happy birthday, Mr. Moylan.

Mr. MOYLAN. Very kind, Madam Chair. Thank you, Madam Chair. Thank you to the panel.

To start off, in April of this year, the 22nd FSM Congress adopted Congressional Resolution 22-200 to reaffirm and reiterate that one China policy would remain as the official policy of the FSM.

Madam Chair, I ask unanimous consent to insert that resolution into the record, Madam Chair? Just asking unanimous consent that we insert the Resolution 22-200 into record, Madam Chair?

Mrs. RADEWAGEN. Without objection.

Mr. MOYLAN. Thank you. Madam Chair, this resolution further requests that the President of the Nations make no alterations to the diplomatic relations with the People's Republic of China and further expressed the mutual beneficial relationship both countries have benefited from over 30 years.

So, for the panel, considering this position of FSM government and the reality that the COFA Agreement would allow the legal migration of FSM citizens to U.S. states and territories, is this not a concerning term of our nation's defense?

We are talking about this relationship that they maintain with China and still allowing freedom to come on over to the United States, which we would like, of course, but there is that relationship based on the resolution with China.

Are we not going to at least establish some vetting process? It is a great concern.

Mr. YUN. So, as that noted, FSM has had a relationship or diplomatic relationship with China since the 1980s, and foreign policy is, of course, the domain of FSA states.

And I am not sure how appropriate it would be, on our part, to make an objection 35 years after they have recognized China.

Secondly, it is not diplomatic relations, per se, that define the nation's relationship. It is economic relationship. More important in our concern is the security relationship.

So, in that sense, through Compact security relationship, the way we have security denials, strategic denials have not changed at all. Thank you, sir.

Dr. MOHANDAS. Sir, what I would say from a DOD perspective is that FSM has been a strong security partner for the Department of Defense.

We have a number of ongoing security cooperation efforts, and as I mentioned in my testimony, we are seeking additional defense sites that we believe will be valuable from the perspective of the National Defense Strategy and specifically to the U.S. Air Force.

But I take your point, and I think that what this reflects is that competition with China in the Indo-Pacific is very real. And it is in the context, or at least partially in the context of that competition that we, at the Department of Defense, feel that the economic assistance provisions of the COFA are so important and that is why we are here to support passage of this legislation.

Mr. MOYLAN. I am still very concerned that they maintain this relationship, but I understand what we are trying to do. We need them. And I appreciate the dedication that all the citizens of FSM and COFA States are participating in and joining our military service, and it is good.

But still, to maintain that relationship with China, it is just really odd. We are giving them all this money, right? And we are still having that relationship, but that is something else.

But I also like you to also continue with Congressman's Case and your response for where is this money supposed to come from, please?

Dr. MOHANDAS. Thank you, sir. As you know, the Department of Defense is not managing the economic assistance provision, so ultimately, we have to defer to OMB, and State, and Interior on the offset question.

What I will just say, from a DOD perspective, is that we have made significant progress in the Indo-Pacific in recent years. We are grateful for the bipartisan nature of that progress, and we believe this economic assistance package can be another bipartisan win in that respect.

Mr. MOYLAN. Thank you. Madam Chair, I yield back.

Mrs. RADEWAGEN. I now recognize Ms. Stansbury for 5 minutes.

Ms. STANSBURY. Thank you, Madam Chair. And I want to welcome the Honorable Yun, Mr. Nakoa, and also Dr. Mohandas. Thank you so much for being here today.

And Madam Chair, and Mr. Ranking Member. I am truly honored to serve on this special task force. Obviously, the national security, not only of the United States, but of the globe, depends on our ability to address issues in the South Pacific.

And I was heartened last week, in our bipartisan conversations, with our panelists and with the administration to hear that both sides of the aisle are deeply committed to getting these Compacts finished, to getting them across the finish line and the authorization, and to ensure that the United States makes good on its financial commitments through these Compacts and that both Republicans and Democrats are committed to getting this done. And I want folks out there to know that that truly is our commitment on a bipartisan basis.

We are here today to discuss not only the substance of the Compacts, which have been deftly negotiated by the State Department and our special envoy because of the implications that it has for our national security. Especially, as China continues to make a concerted effort to undermine long-standing security relationships and economic relationships in the Pacific in order to gain advantages which, as we know, are advantages in the political, economic, and military sphere.

New Mexico, my home state, has a strong interest in these issues, not only because many of my constituents play a vital role in serving our country as service members, but also because the airmen and women at Kirtland National Air Force Base, as well as Sandia National Labs play a vital role in helping to support our missions in the South Pacific. And, of course, many New Mexicans serve in the Pacific and have for many generations.

So, I do not take these issues lightly. And the safety and well-being of our service members and our broader communities and allies in the region, including South Korea and Japan, are actively imperiled by expanding Chinese influence.

Maintaining strong relationships with the Freely Associated States is essential to countering this influence and to maintaining peace and economic stability abroad and at home.

Now, it is clear that China is gearing up to take advantage of strains on relationships between the United States and Freely Associated States, and we have no time to lose.

In fact, as has been stated here this morning, we have until September 30 to get these Compacts done. So, I want to just take a moment to ask our panelists a few questions.

Ambassador Yun, how would the exploration of these Compacts with the Freely Associated States impact our national security?

Can you please explain some of the more nuanced aspects of how this affects security in the region, how that affects the United States position in the South Pacific, and how that affects global security?

Mr. YUN. Thank you. Representative Stansbury, I really don't believe that this is a question of three Compact States turning around and giving security access to China. It is not that.

But rather, it is the case that the United States will lose credibility within the region and beyond. And I think there will be erosion that will start if we don't pass. And that erosion will become a cliff sooner or later.

That date might not be October 1, but it will certainly be a future date. Compacts are and these Freely Associated States are really bedrock, cornerstone, whatever you want to call it.

I have worked with alliance relationship with Japan and South Korea. This is beyond that. Beyond that, and we will be imperiling our own influence and control of northern half of the Pacific. Thank you.

Ms. STANSBURY. Thank you, Ambassador, and Dr. Mohandas, you touched on this, but can you please help us better understand the role that the Compacts and our relationships with the Freely Associated States play in our ability to maintain military readiness in the Pacific?

Dr. MOHANDAS. Absolutely, Congresswoman. We have two fundamental benefits from our Compact relationships. One is unfettered access, the ability to freely operate in critical terrain in the Indo-Pacific, and exclusive access, the ability to deny access to adversaries.

Those combined allow U.S. forces to maintain readiness to be positioned forward in a way that strengthens deterrence and protects the homeland.

Ms. STANSBURY. Thank you. And Madam Chairwoman, I understand I am out of time, but I just want to say I am deeply committed to making sure that we get these Compacts done.

We find the funding to make good on our promises and commitments to the Freely Associated States, and I appreciate your leadership on these issues. Thank you. I yield back.

Mrs. RADEWAGEN. I now recognize Ms. Hageman for 5 minutes of questions.

Ms. HAGEMAN. Thank you, Ms. Chairwoman.

The Administration has characterized this proposal as part of its broader China strategy. However, it is unclear how this proposal counters growing Chinese influence beyond just giving a large sum of money to the FAS with little oversight.

Does the Administration still believe this proposal is critical to its Chinese strategy? And if so, then can you explain to us how this proposal counters Chinese influence beyond giving the FAS billions of dollars, with each of you?

Mr. YUN. Thank you. Representative Hageman. The underlying item in the Compact is our ability to control access to the land, the sea, and air of these countries. As long as we have Compacts, we do not let anyone else access we don't like. And that is the key, I believe.

So, the Compacts are not something we give economic assistance. I would say the most important pillar of the Compact is the security aspect. So, without economic assistance, I do believe it is not going to be immediate that China will try to enter there or our Freely Associated States will allow that, but it will begin erosion, terrible erosion.

And No. 2, I do believe all these things, our strategic imperative, not just in East Asia or the Pacific, but throughout the globe of the China challenge, will seem a little bit, I would say, will be hard. Our credibility will be hard. Thank you. And let me ask, if I may, Dr. Mohandas, to give Pentagon perspective on that.

Ms. HAGEMAN. Thank you, Mr. Ambassador.

Yes, Mr. Mohandas, would you please respond?

Dr. MOHANDAS. Thank you, Congresswoman. Fundamentally, as you correctly note, we are facing a profound security challenge from the People's Republic of China.

It is engaging in more aggressive behavior. It is expanding its military, and it is expanding its activities throughout the Indo-Pacific in ways that often resort to coercion and pressure against countries in the Indo-Pacific.

In that context, it is critically important for the Department of Defense, for the United States, that we maintain a forward presence in the Indo-Pacific, to maintain stable deterrence and, if necessary, to prevail in conflict.

The access that we receive from the Freely Associated States is critical to our efforts to do that. As I just noted earlier, we have unfettered and exclusive access in critical terrain in the Indo-Pacific.

And this is important to protecting the strategic approaches to the United States, but it is also important to projecting power in this vital region.

The failure to pass this legislation would be damaging to our relationships with our Freely Associated States partners and as, Ambassador, you noted, would be, I think, deeply damaging to our credibility in the region at a time that we actually have a lot of momentum and are moving forward.

Ms. HAGEMAN. Dr. Mohandas, I appreciate that answer, and I think that is good information for the people who are watching this hearing and attempting to understand what it is that you have been working on, and what it is that we are attempting to do as a task force as well as the Committee as a whole.

I would echo the sentiments that have been voiced by the other folks on this task force, as to all of us believing that this is important that we are able to enter into these agreements.

At the same time, we need to make sure that we are protecting the fiscal responsibility of the United States and that we are moving forward with the correct policies.

Just very quickly, Mr. Nakoa, I am going to ask you a very quick question, and that is that I understand that the RMI government is asking for additional funds from the U.S. Government. Can you explain to us exactly how much money they are requesting?

Mr. NAKOA. Above it? I believe we just got some correspondence from RMI a few days ago that characterizes that they are, I believe, willing to accept \$2.3 billion that we decided on the memorandum in June.

Ms. HAGEMAN. And how did you come up with that \$2.3 billion?

Mr. NAKOA. I believe we would defer to Ambassador Yun, but it was characterized within the whole of the entire budget that we are dealing with the FAS.

Ms. HAGEMAN. OK, Mr. Ambassador, if you could provide just a bit more information on that?

Mr. YUN. So, \$2.3 billion is, of course, part of \$6.5 billion. We came to it after, I would say, 7, 8 months of intensive meeting where I went to both RMI and Hawaii, and my counterpart, Ken Kedi at the time came.

This is an amount based No. 1 on their need, their need for education, their need for health care, their need for environment. I would say those were critical.

We also took into consideration the ongoing nuclear issue. The nuclear issue, as you know, the United States tested 67 or so nuclear weapons in the late 1940s and 1950s. And although the legal issue has been settled on the nuclear issue, we also believe that we have an ongoing moral and political responsibility because radiation continues and resettlement continues.

So, to deal with that, we set aside certain amount of money in the trust fund to be expended after discussions with the U.S. government according to priorities of the RMI government. That is why we came up with \$2.3 billion, ma'am.

Ms. HAGEMAN. I appreciate that explanation. I am out of time. Thank you, gentlemen, for being here. We appreciate the work that you have been doing.

Mrs. RADEWAGEN. I now recognize Ms. Leger Fernández for 5 minutes.

Ms. LEGER FERNÁNDEZ. Thank you so very much, Madam Chair, for holding this hearing. And thank you to the witnesses for taking your time at this hearing and throughout as we move forward on these Compacts to make sure that both the Committee understands their importance and that the American public understand their importance.

And when you look at a map at where these islands and countries sit, where China sits, and where Hawaii and our other interests in the Pacific sit, it is incredibly clear that these Compacts are essential for continued security and our ability to do our work from a national security perspective.

That map tells us everything. What I would like to hear a bit more about is the role in looking at this. We have had bases there. We have conducted military operations from there, but we are also building in the various countries.

And that climate change, which is its own national security imperative, has uniquely impacted the FAS Island nations and our operations.

Could you discuss a bit about how climate change has impacted us, and whether the COFA amendments, in a sense, help address some of the consequences of that impact? And could I maybe ask Ambassador Yun and then Dr. Mohandas to respond to that question?

Mr. YUN. Thank you. Climate change is a serious, serious challenge. In the Marshall Islands, the highest point in the Marshall Islands, I believe, is 6 feet. We are seeing farmlands eroded, port facilities eroded, airport runways eroded through rising seawater.

We have dealt with climate change within the overall context of environment issues. So, each of these pillars that I have discussed and the money that would be devoted to them includes environment.

And, of course, the Compact money cannot deal with everything that goes with climate change. But we need to make a contribution and we will make a contribution through Compact as well as separate climate initiatives. Thank you.

Dr. MOHANDAS. Thank you, Congresswoman. We agree, climate change is a national security issue and that is something that is clearly stated in our national defense strategy.

Certainly, for our partners in the Freely Associated States, it is an existential issue, as it is indeed for us. And we believe that one of the strengths of the economic assistance package is its laudable attention to climate change and providing some assistance there.

But it is part of a broader effort that the Biden administration has pursued, including through the Pacific Partnership strategy.

This is very clearly the No. 1 issue in the Pacific Islands, and we are committed to being strong partners to assist however we can.

From a DOD perspective, we are always thinking about the resilience of our facilities and installations, and that is something we are looking at globally, but I can assure you is a major focus with respect to facilities in the FAS.

Ms. LEGER FERNÁNDEZ. Thank you very much. And speaking of security, I think we always need to remember who is it that is working to keep us secure and they are our service members, and we often hear the words thank you for your service over and over again. Thank you for your service.

I believe we must say that all the time, but I think even more importantly is that we need to recognize and provide the services and the honor and respect that our veterans deserve.

So, I would like to have you discuss a bit how the amended agreements account for U.S. military veterans and the need to improve access to VA benefits for those who dedicate their lives and sometimes their life to serving our country, Ambassador?

Mr. YUN. In the next panel, you are going to have Chief Leo Falcam, who was a U.S. Marine officer for 30 years, gone back to Micronesia to serve his government there.

I think that is an example of what we have in FAS countries. They volunteer at, I think, it is the highest rate of any state or territory to serve in the armed forces.

But if you are a veteran living back home, then you don't get the health benefits unless you travel to Guam or Hawaii. And it is very expensive to travel there.

So, what we have done is we have given Secretary of Veterans Affairs authority to offer full suite of services to the veterans of FAS.

There is no money attached to it because he needs to decide which items he can offer, but what we have in mind, for example, is telehealth to begin with, and prescription medicine going there, and doctors from VA traveling now and then and to hold clinics there.

I think certainly if this is enacted we will be having discussions with Veterans Administration to see what they can offer to our veterans there. Thank you.

Ms. LEGER FERNÁNDEZ. Thank you, Ambassador. And I see my time is up and I yield back. Thank you, Chairwoman, for your leadership.

Mrs. RADEWAGEN. I now recognize Mr. Grijalva for 5 minutes for questions.

Mr. GRIJALVA. Thank you again, Madam Chair.

Mr. Ambassador, Mr. Yun, the discussion that the Chair brought up about the language change from shall to may, if this Committee in its wisdom decides that that language reverts back to the way it was, does this destroy the whole Compact negotiating process?

Mr. YUN. No, sir.

Mr. GRIJALVA. Those are kind of, I think, the legislative corrective issues that appropriate were brought up with the share that the Committee could take care of.

On the issue of offset, how much is it going to cost, where are the resources coming from? We are going to get caught in that morass about we have a balanced budget, where do we go look for money?

And I think the issue of mandatory is essential in this discussion. And where the money comes from, I think, is a shared responsibility on the part of the Federal Government, that includes DOD, that includes Commerce, not just Interior, as the only likely source for this money, or State Department.

This is shared. Indeed, this issue is of such strategic and alliance importance, that the issue of the resources and the offset is a shared responsibility across all the Federal agencies with no exceptions.

So, I leave that as not an answer, but it is an observation going forward and want to thank you for where we are at right now. I think there is still urgency. I don't know how the discussions have gone in terms of, Mr. Ambassador, your discussions with the Senate.

Any reflection on your part as to where that is at, at this point and those in the work on the Senate side? Because I am assuming they are on this process as well as we are.

Mr. YUN. Yes. Just like your task force, we have gotten strong bipartisan support from the Senate side. So, on both Senate side and House side, we see nothing but substantive support.

So, I am very hopeful that we will find a path.

Mr. GRIJALVA. I appreciate it. And thank you, Madam Chair Radewagen, and I yield back.

Mrs. RADEWAGEN. I will now recognize Chairman Westerman for 5 minutes for questions.

The CHAIRMAN. Thank you, Chair Radewagen. Also, again, thank you to the witnesses. You have all communicated to us the request to keep the bracketed RMI funds and provisions in place even if the negotiations are not completed before the September 30 deadline.

Is it the view of the Administration that it is appropriate to ask Congress to approve funds for an agreement that is not completed yet?

And do you all understand where I am coming from, and where the Committee is coming from, on how this could be fiscally irresponsible and open the door for the misuse of funds?

Mr. YUN. Of course, the agreement will have to be approved by you. We are not asking to approve the agreement that has not been signed, we will submit the assigned agreement to you for approval.

So, your own decision, I believe, will come at that point, sir.

The CHAIRMAN. Anybody else wish to add to that?

Mr. NAKOA. Just concurrence. And to say that the \$2.3 billion that we are requesting to be included and set aside would help us to just ensure that that funding is available when we do reach that agreement with the RMI, as opposed to ending up in a situation like we saw in 2010, with Palau, where we had to keep going back again.

The CHAIRMAN. Right. And the \$7.1 billion proposal has all the funds as mandatory spending. And as Mr. Grijalva talked about, there are pros to mandatory spending, and from our perspective, there are also cons to mandatory spending.

That means that Congress will not have the opportunity to exercise annual oversight over the authorization and appropriation of the funds if it is mandatory.

And considering the news regarding the depletion of the Bikini Resettlement Trust Fund, it seems to me that Congress needs to really consider strongly whether we should waive our oversight authority by making the funds available.

Why is the Administration requesting that the funds be mandatory?

Mr. YUN. This is for the economic well-being of FAS states. I think that is the primary reason they need to plan. They need to plan and not depend on uncertainties of year-to-year appropriation.

Second, these are long-term commitments by the United States. These are long-term commitments for our own strategic reasons, for our own strategic dependence on these countries.

So, I would say if we don't do mandatory 20-year agreement this time, it will show our adversaries, our competitors, that our commitment to this region has declined.

And I think that will be a poor signal to send at this time, sir.

The CHAIRMAN. I know our Federal agencies and states that receive Federal funding, they depend on appropriations and have to plan around that.

So, I am not saying it couldn't be done, but also understand the point you are coming from, from long-range planning and doing an agreement like this to have the funding secure.

In the July 13 Senate hearing, Mr. Mohandas, you stated that your office was not directly involved in the COFA negotiations and that, in essence, as a Defense Department official, you deferred to other administration agencies on COFA renewal questions.

While we understand that we are here to renew economic provisions of the agreement, there is some concern about the seemingly minimal effort by your agency to be part of the negotiations.

We have heard from your colleagues how important these agreements are and how failure to pass these agreements would put DOD at risk, our equities at risk, and your agency's lack of effort does not necessarily reflect that importance.

Can you commit that you and your agency will do a better work with this Task Force Committee as we move forward on the COFA?

Dr. MOHANDAS. Chairman, I am here today because the Department of Defense feels that passage of this COFA legislation is incredibly important to the work of the Department of Defense and to our national security.

Just to clarify, sir, we have been very involved in making the case that is, as I said, why I am testifying today and we testified

to the Senate. We have engaged with Members and staff over a period of months, and we have also been in full support of State and Interior on this issue.

What I was just clarifying is that we are not directly involved in the economic management of the funds because they are economic assistance funds, but we are 100 percent supportive of the COFA renewal, and we will continue to strongly make that case.

The CHAIRMAN. I appreciate your work and I appreciate the commitment going forward in your explanation, because this is, as everybody said, it is important to America, it is important to the Freely Associated States, and it is also important to the Senate, and the House, and the administration. So, I look forward to working with you all as we go forward, and I yield back.

Mrs. RADEWAGEN. I will now recognize Ms. Porter for 5 minutes for questions.

Ms. PORTER. Thank you very much. I wanted to ask, Ambassador Yun, if you could describe some of the oversight and checks and balances that are built into the agreement and also if you might identify for this Committee additional and ongoing oversight needs that this Committee might need to think about going forward?

Because there have been, as you know, some challenges in the past, for example, there was supposed to be groundwater monitoring done by the Department of Energy at Runit Dome that was not performed because of COVID, but then, long past kind of that period, they have not kept up with that.

We have asked for documents to be translated into Marshallese, from the Department of Energy, that would help give information about possible nuclear hazards. We made that request now 3 and 4 years ago, and it still hasn't happened.

So, I wondered if you could both talk about how you thought about oversight in helping to put this agreement together to make sure that the funds are being spent in a way that will really benefit the long-term needs of the people of the islands.

And then also kind of what else this Committee might as it builds a forward agenda. Because I don't think the COFA agreement, which I am very hopeful that everyone will come to agreement with, I hope the Marshallese people will accept this agreement, but this is not the end. We can't just pick up this issue 10 years from now. This is a long-term strategic ally, and this Committee needs to have continued engagement. So, if you would say a little bit about those things, I would be grateful.

Mr. YUN. Thank you, Representative Porter. There are really two key elements in oversight, in my view. One, is what is the executive branch responsibility? And second, is how does the executive branch inform and get approval from the legislative branch?

The key is when executive branch, whether State Department or Interior Department deals with COFA issues with FAS, what is their role? And to me, we must have control of two central bodies.

One is the trust fund committee that decides how the trust fund is to be spent. Second, is the fiscal procedures, fiscal committee. And on those two, we have retained control and this is the difference between the current arrangement and what the Resettlement Trust Fund for RMI had where the Department of the

Interior gave up their management rights to that settlement fund. So, that is a key aspect.

Second, how is that conveyed and approved by the legislative branch? And in that we have reporting requirements, and those reporting requirements should state clearly where you can raise objections and where you can tell us, well, this is not quite right.

So, those two, in my mind, the reporting requirement and control by the executive branch on our dealings with these trust fund and fiscal procedures, those two, in my mind, are how the oversight should be done.

Ms. PORTER. Thank you very much. And I really do want to emphasize to all of the members of this Committee that I think these are very significant changes that I think should really bring a lot of confidence in the investment that we are going to make in our allies here. Because I think these arrangements will give a sort of steady and continued level of engagement that I think will help make sure the funds really deliver for the people that they are intended to help.

I am in full support of this agreement. I appreciate your service to the United States and to the world in this regard and I am really urging my colleagues on both sides of the aisle to understand the need to move forward quickly on approving these agreements. Thank you and I yield back.

Mrs. RADEWAGEN. I thank the witnesses for the valuable testimony and the Members for their questions. The members of the Committee may have some additional questions for the witnesses, and we will ask you to respond to these in writing.

The first panel is now dismissed, and I invite the witnesses for our second panel to come to the table.

I will introduce our witnesses for our second panel as they come up. His Excellency, Surangel S. Whipps, Jr. President, Republic of Palau; the Honorable Kenneth Kedi, Speaker, the Parliament of the Republic of the Marshall Islands; and Mr. Leo A. Falcam Jr., Chief Compact Negotiator, Federated States of Micronesia.

Let me remind the witnesses that under Committee Rules, they must limit their oral statements to 5 minutes, but their entire statement will appear in the hearing record.

To begin your testimony, please press the talk button on the microphone. We use timing lights. When you begin, the light will turn green. When you have 1 minute left, the light will turn yellow. And at the end of 5 minutes, the light will turn red, and I will ask you to please complete your statement.

I will also allow all witnesses on the panel to testify before Member questioning. The Chair now recognizes President Whipps for 5 minutes.

**STATEMENT OF HIS EXCELLENCY SURANGEL S. WHIPPS, JR,
PRESIDENT, REPUBLIC OF PALAU**

Mr. WHIPPS. Chair Radewagen, Co-Chair Sablan, Distinguished members. [Speaking Native language] and thank you for this hearing.

I am accompanied today by Compact Negotiator Kaleb Udoi, Senator Kazuki Topps Sungino, Delegate Mengkur Rechelulk, and Ambassador Hersey Kyota.

The relationship between the United States and Palau began with the battles that decimated our islands and the final step to the Philippines. Palau was then governed by the United States with a commitment to the UN to make us self-governing, but the United States sought to preserve its strategic control from Hawaii to the Philippines with financial and domestic program assistance.

Palauans wanted self-government, but admired and felt the deep kinship with the United States and the solution was a free association. President Reagan in urging acceptance said, you will always be family to us.

Palau is the western most Freely Associated State. We have a land mass similar in size to Guam and an EEZ the size of Texas. We provide land needed for U.S. defense. The military says Palau is part "of the homeland," and the United States has put its closest to Asia early warning radar in Palau.

Yet, we are challenged economically. The Compact provides us free access to the United States, domestic Federal programs, and financial assistance primarily through a trust fund that was to last for 50 years, but which is proven inadequate.

Wisely, it also required joint reviews of Palau's needs with the U.S. commitment to act on these. This legislation would not only provide needed financial stability program assistance for 20 years, but a basis for continuing thereafter.

Palau and the United States are joined at the hip, and Palau recognizes Taiwan's right to exist. Continuation of the relationship, however, can't be taken for granted. Palau is subjected to extreme economic carrots and sticks to shift its alliances.

China, our largest source of tourists, cut off visits when we did not shift alliances. This coupled with the Pandemic shrank our economy by more than 30 percent. We cut spending and increased revenue but still had to borrow for essential public services.

Our economy is still struggling. China has offered to send more tourists than ever and make a huge investment in new industries if we shift.

For the last 10 years, China has provided the largest amount of investment. The United States doesn't have a command economy, but this legislation is geared toward growing Palau's economy and building resilience, not only through its economic assistance, but through a robust Joint Economic Advisory Group and an annual economic consultations.

There are though three additional measures to take. One, is to re-establish an office of Freely Associated State Affairs in the State Department with coordinators from Interior and Defense, departments that have greater equities reporting to the NSC.

The Congress insisted on such an office in initially approving the Compacts. State, however, later got rid of it. Some at State wanted to treat us like other island nations, but our relationship is much closer than the United States has with any other nation.

None let the United States exercise aspects of their sovereignty. None have U.S. domestic programs. The Compact review succeeded only after we got Presidential Envoy Yun who could ensure attention from top decision makers and worked out fair solutions, but we need constant policy level attention.

We are on the front line of competition and not just because of the early warning radar makes us a target. Thus, my second request, that you urge the Administration to complete the negotiation of the U.S. program agreements while Envoy Yun is in office.

And, finally, I request the restoration of FEMA coverage. Since then, other nations have done more to help us after typhoons. We are seeing FEMA helping Guam after typhoon Mawar.

Our familiar relationship was significantly undermined by the failure to implement the 2010 Review Agreement for 8 years due to internal U.S. political reasons.

While, in the meantime, Palauans were being wooed by China. Enacting the legislation by the negotiated date of September 30 is critical. Palau's Congress has ratified the agreement. I support it.

As family and part of the homeland, I respectfully request you do, too. Thank you for your consideration.

[Speaking Native language].

[The prepared statement of Mr. Whipps follows:]

PREPARED STATEMENT OF HIS EXCELLENCY SURANGEL S. WHIPPS, JR.,
PRESIDENT OF PALAU

Chairwoman Radewagen, Co-Chair Sablan, and other Distinguished Members, Thank you for this hearing.

I am accompanied by Palau's Chief Negotiator, Finance Minister Kaleb Udui, Jr.; representatives of Palau's Senate and House of Delegates, Senator Kazuki Topps Sungino and Delegate Mengkur Rechelulk, Chairman of the Committee on Ways and Means; and Palau's Ambassador to the United States, Hersey Kyota, the Dean of the Diplomatic Corps in the U.S.

The relationship between the U.S. and Palau began 79 years ago with battles that completely decimated our islands, but liberated our people and were the final step toward retaking the Philippines.

The U.N. was founded to end colonialism as well as to secure peace. So, Palau and the other Pacific islands taken from Japan were entrusted to the U.S. as the only "Strategic Trust" of 11 U.N. territories to develop into a self-governing status.

Later, when the U.N. pressed for this, the U.S. sought to preserve its strategic control over an expanse of the Pacific as large as the 48 contiguous U.S. States from Hawaii to the Philippines with financial and domestic programs assistance.

Palauans wanted self-government, but had grown to admire and feel a deep kinship with the U.S.

The solution was national sovereignty but in a unique free association with the U.S. President Reagan, in urging acceptance, said, "You will always be family to us."

Palau is the freely associated state closest to Asia and provides land needed for its defense. This is why a senior U.S. military commander said Palau is part of "the homeland." The U.S. has put its closest-to-Asia, early warning radar in Palau, and is preparing for air facilities and considering a seaport.

We let the U.S. control our borders against forces of other nations, and we refrain from interactions with other nations that the U.S. says would compromise its security. The concessions are vital to a free and open Indo-Pacific.

The Compact of Free Association provided financial assistance, primarily through a Trust Fund that was to last for 50 years—but which both governments now agree was inadequate, a number of domestic programs, and free access to the U.S. for our small population.

The Compact also, however, recognized that our needs might be greater over time. It required periodic joint reviews of the entire relationship as well as Palau's needs, with a U.S. commitment to act on the conclusions.

The legislation requested by the U.S. Executive branch would implement an international Agreement that is the product of the 30th Anniversary Review. I strongly support it, and Palau's National Congress has already approved it in a resolution attached to my statement. I respectfully request that you and your colleagues enact legislation to implement it by the negotiated date of September 30th.

The legislation would eliminate a fundamental inequity and unrealistic aspect of the relationship. This is the U.S. having strategic rights without end but only providing for funding for 50 years. It would not only provide needed assistance over

the next 20 years but provides a basis for financial and programs assistance continuing on the same terms after. It would repurpose the Trust Fund to be available for needs that would otherwise not be met.

Palau and the U.S. are 'joined at the hip.' Palau also recognizes Taiwan's right to exist.

Continuation, however, cannot be taken for granted. The majority of Palauans and I want it to maintain our alliances, but the competition is working overtly and subtly to change this.

Palau is being subjected to extreme economic 'carrots and sticks' to shift its alliances. Tourism is our largest industry. China, which had been our largest source of tourists, cut off visits when we did not shift. This, along with the pandemic ending other tourism, shrank our economy more than 30% in just five years.

That means real pain for people as well as public service challenges. It forced us to cut our budget, improve revenues, and borrow to continue essential government operations. Then, China offered to send more tourists than ever and make a huge investment in a new industry if we shift.

It is also working through investments with individuals to change views over the long-term. The U.S. does not have a command economy.

It also has not sufficiently recognized the influence slowly being gained by China. Until recently, policy-level attention has not been given between 15-year Reviews and, even then, its general approach was based on past, not current, needs.

Consistent with my request, however, this Agreement is also geared toward growing Palau's economy, not only through its assistance, but through a more robust joint Advisory Group making recommendations to both governments and in Annual Economic Consultations.

The relationship was also significantly undermined by the failure to approve the 2010 Review Agreement for eight years for internal U.S. reasons, not any question about the Agreement, even though interim assistance was continued at the 2009 level.

In short, these are the reasons why enacting the legislation by September 30th is so critical to both of our nations.

There are, though, three additional, crucial measures that you should also take.

One is to re-establish an Office of Freely Associated States Affairs at the level of the State Department's Office of Australia, New Zealand, and Pacific Islands Affairs, ANP. The Director should be appointed by the Secretary of State and have Coordinators appointed by the Secretaries of the Interior and Defense. It would staff the Interagency Group on Freely Associated Affairs that the bill would continue—really revive—and should report to the National Security Council.

The Congress insisted on such an Office in initially acting on the compacts. It was established by Executive order, however, and the State Department got rid of it some years later and relegated the Freely associated states to a desk officer or two in ANP. This is not a comment aimed at ANP staff, but we would probably would not have had some of the problems we have had if the Office had been continued.

Some at State have wanted to treat us as much as possible like the other island nations for which ANP has responsibilities. Our relationships, however, are totally different and much closer than the U.S. has with any other nation.

- None let the U.S. exercise fundamental aspects of their sovereignty, doubling the size of the 48 States for strategic purposes.
- None is part of "the homeland" next to Asia.
- Domestic programs apply in none.

Also, Interior as well as Defense have greater equities in the relationship than State. The current Review stalemated when it was led by ANP. The first Review did, too.

The first reached agreement after Palau appealed to Secretary of State Clinton personally and she assigned top deputies to get it on track.

This Review succeeded after Members of Congress of both parties and the NSC's Indo-Pacific Coordinator, Kurt Campbell, agreed with my request for a presidential envoy who could ensure attention from top decisionmakers across the Executive branch and Joe Yun was appointed. He is an extraordinarily perceptive, creative, and skilled—but tough—representative of the U.S. He dug into the issues and worked out fair compromises.

Envoy Yun is irreplaceable, but we need constant policy-level attention. We are on the frontline of the competition—and not just because the early-warning radar makes us a first target.

Thus, my second request: That you urge the Administration begin and do all possible to complete negotiations on the necessary U.S. programs agreements while Envoy Yun is in office and that you approve the agreements in this legislation.

Finally, I request provisions for disaster assistance, preferably by restoring FEMA coverage. We—and, ultimately, the relationship—are extremely vulnerable to just one natural disaster. Our people know that our neighbors, Guam and the Northern Marianas, have recovered from typhoons because of FEMA. We are no longer covered, and our people—and potential investors—lack the security it provides. Other nations have done more for us after typhoons than the U.S.

Thank you for your attention, consideration, and action.

QUESTIONS SUBMITTED FOR THE RECORD TO HIS EXCELLENCY SURANGEL S. WHIPPS, JR., PRESIDENT, REPUBLIC OF PALAU

Questions Submitted by Representative Westerman

Question 1. The Biden administration's proposal includes provisions to continue support for mutually agreed institutional capacity through assistance and cooperation between the judicial branches of our respective government. Given the importance of independent judiciaries and rule of law in preserving democracy and individual liberties, can you please describe your assessment of the value of the Judicial Training program? In light of the press reports and government actions in the region relating to, and in some cases confirming, criminal malign and corrupt PRC political warfare aggression, are your government prosecutors and law enforcement agencies prepared and do you have the capacity to investigate, prosecute criminal acts of corruption?

Answer. Mutually agreed institutional capacity building for Palau's judiciary and members of the Palau Bar provides essential support and training for our judiciary. Palau is one of the few U.S. modeled systems of government in the Indo-Pacific region. As such, recruiting and retaining U.S. trained attorneys and judges to support democracy, our preferred system of government, requires competitive resources. The Judicial Training Program helps provide it.

The Program in addition to other Compact Agreement assistance provides critical resources to support Palau's sustainability as a democratic, free market state in free association with the U.S. Especially because the Agreement continues the policy of not letting our Judicial branch receive monies from annual U.S. budgetary assistance or from the Compact Trust Fund, the Judicial Training Program is vital for supplementing the continued education of our legal professionals. Without this training, other governments in the region offer to step in and provide training shaped by legal systems that are different from our own—and from the U.S.' In the interests of both of our nations, I do not want to see a gap created that will facilitate this.

Palau has the legal framework and institutions to investigate and prosecute corruption, but greater resources and mutual assistance would be an invaluable contribution to recruiting and retaining the quality U.S.-trained attorneys and judges needed to implement our laws and combat the challenge you cite. We are deeply committed to this endeavor.

The Compact also makes U.S. law enforcement assistance available.

U.S. assistance is key in ensuring justice and security in Palau and, therefore, in the Indo-Pacific region. We are grateful to the U.S. Government and its Congress for the support it has provided in these regards and hope that it will continue.

Question 2. What has been the economic performance of Palau's trust fund under the COFA? What sort of ways has Palau worked to improve fiscal responsibility and democratic processes?

Answer. The economic performance of Palau's Compact Trust Fund has been quite good. The Fund was established in Fiscal Year 1995 with \$66 million, \$4 million was added in FY1997, and \$65.25 million in FY18. After \$151 million in withdrawals, it recently had a balance of \$278,456,000.

Raymond James and Associates is the Fund's Custodian and the Investment Consultant. Previous Custodians have been Morgan Stanley, the Bank of Hawaii, and, initially, Merrill Lynch. A dozen firms, including some of the biggest names in the business in the U.S., manage different elements of the portfolio.

The \$100 million in additional U.S. contributions that the Compact Agreement would provide would help the Trust meet needs that would not otherwise be met through other U.S. assistance and local revenue. It would also reduce the need for

borrowing for essential government functions. The unexpected and devastating shock to the economy from China's tourism political pressure tactic and the Covid pandemic underscore the necessity and vital nature of this assistance as well as the need to continue prudent, professional management of the Fund.

In general, Palau's record for responsible fiscal management has been recognized by the U.S. Executive branch, as is reflected in the Compact Agreement.

We work closely with the Interior Department, which, as you know, administers Compact assistance, to improve and enhance our capacity in this regard. For example, we sought, and Interior granted, funds and technical assistance for upgrading our financial management system. This will further improve the capabilities of the various departments of our government and our overall reporting on spending. It will also help reduce staffing needs.

My Administration's signature achievement in this area is a major Fiscal Responsibility and Debt Management Act. It codifies best practices and strengthens our ability to manage our increased debt.

A major portion of the debt is for just continuing basic government services in addition to amounts borrowed for infrastructure that will help grow our economy. Borrowing for government services has been unavoidable but is not a practice that is sustainable.

The debt for government operations is due to China's effort to pressure us into shifting alliances by making our major industry, tourism, dependent upon visitors from that nation and our refusal to comply and due to the Covid-19 pandemic, which suspended visits from other nations. These factors combined to shrink our economy by 30% in five years.

We tried to cope by cutting spending and taking other fiscal responsibility measures but had to borrow to continue essential government services. Because our economy had been better before, the Asian Development Bank (ADB) only offered us loans instead of grants (unlike the other two states in free association with the U.S.) for Covid revenue losses. With U.S. States and territories, municipalities, and Native American nations receiving Federal grants for Covid revenue losses, Palau became the only U.S.-affiliated jurisdiction to have to incur substantial debt to continue government operations during the pandemic.

Our tourism industry is recovering as we try to develop markets other than China, but the recovery is slower than ADB and other economists have projected. Developing new tourism markets is not easy, particularly because of our limited air service. To improve it, the runway of our international airport needs to be extended.

Another major accomplishment in fiscal responsibility is a complete overhaul of our tax system. It features a Value Added Tax and a fairer business profits tax. The modernized system is compliant with U.S. and international standards and should grow our economy.

Major goals of my Administration are to improve Palau's investment climate and, in particular, to attract U.S. in addition to regional investors. In this, we are working to diversify Palau economy beyond tourism and fisheries into finance in particular. As the westernmost area that a top U.S. military commander has said is "part of the homeland," we are uniquely positioned for this. U.S. companies should, for example, relocate from Chinese influence locations to the security of Palau. So, we are making great efforts in this regard with U.S. agencies in addition to Interior, such as the U.S. Trade and Development Agency and the U.S. International Development Finance Corporation, with the help of the U.S. National Security Council. We are very grateful for the bipartisan support in Congress that we have received for this as well.

U.S. investment will not only benefit our private sector but will advance and secure democracy in Palau. Along with U.S. financial and programs assistance, it will make it more difficult for those who are tempted by Chinese investment and economic activity offers that come with the price of shifting our alliances from feeling that Palau has no alternative but to do so.

Mrs. RADEWAGEN. I thank the witness for their testimony.
The Chair now recognizes Mr. Kedi for 5 minutes.

**STATEMENT OF THE HON. KENNETH KEDI, SPEAKER,
PARLIAMENT OF THE REPUBLIC OF THE MARSHALL ISLANDS**

Mr. KEDI. [Speaking Native language], Aloha and hello to everyone distinguished guests here.

Let me just briefly go on record and respectfully correct the misstatement by my new friend, Ambassador Yun. Rona was never for sale to anybody. And it cannot be. It is constitutionally prohibited.

Let me, honorable Members, share a brief history of the Marshall Islands sacrifice with the United States and the special and unique relationship that we have.

World War II, when the Japanese were all over the Pacific, including the Marshall Islands, our scouts played a major role in showing where the Japanese were, so that the armed forces could capture the region smoothly.

Later on, in 1946 to 1958, another war we were in the middle of it again, without no choice, the Cold War. The former Soviet Union with the United States. The Marshall Islands were in the middle of it also.

This is where the massive display of power of United States armament power when the 1967 bombs were tested, especially the Provo shot 15 megaton that was displayed in the Marshall Islands. And we believe that is when the Cold War started to recede.

Unfortunately, as a result, a lot of cancer, a lot of environmental damages, food contaminated, land contaminated. My parents died. One of lung cancer, metastatic brain tumor from the lung. My father never spoke, but he had the cancer.

My mother also died prematurely while I was still in elementary school. And this is another unique story for me. The rest of the Marshall Islands and most family have gone through the same.

Let me further state this for record. Kwajalein on the Marshall Islands. It is a premier military site. That is another sacrifice. Giving our traditional land for military installation in the event that there is any warhead coming from who knows where, Marshall Island Kwajalein Base will be the first shield of defense before anything could hit Guam, Hawaii, California, or Washington DC, for that matter. That is in the Marshall Islands. Our armed forces, as stated earlier, highest per capita of enrollment of our young men and women are from the region, including Palau, FSM, and RMI.

We are serving and we served in Afghanistan and also in Iraq and continue to serve today, even without the benefit of our returning veterans, as we spoke about earlier.

The record in the United Nations, aside from Israel, being the first to vote with the United States, please take a look who is second and third most of the time. That is Marshall Islands.

This is our commitment. We are here to stay. 20 years? Do you want 50 years? We will go for another 50 years.

I want to thank my colleague, Ambassador Yun, for securing an MOU with our former chief negotiator foreign minister. It was a good MOU, but we are here to try to see if we can make it better to meet the need of our people, not want, the need of our people in this special and unique relationship.

There are several good things in the MOU. The sector grant annually, and then the nuclear museum, climate change, seed

money, which is really important. Securing the Marshall Islands is securing the United States.

You have the Kwajalein in the middle of it all, and I can list several others, but let me get into the shenanigans that I get to hear a lot from the State Department and a couple of other places.

And it was mentioned here today, full, and final settlement they always say under the Compact, Section 177. By the way, there is no such word in the Compact as final.

Only full settlement in Article 10 of the Compact, insofar as Article 9, it is just and adequately paid. And when it is not just and adequately paid, it will never be final.

Let me continue on with the treaty between the two countries. We agree that we have to establish a nuclear claims tribunal. And we did that. The tribunal was supposed to aggregate the claim and they did. And what was the number they came up with? \$3.118 billion. That is not my number. That is neither your number. It is the tribunal's number, under the treaty that we agreed that it is supposed to be established to address this issue.

And then in President Obama's Panel Report of 2009, Cancer Panel Report, it says that the U.S. Congress must pay the tribunals award. And let me further go on, a Special Human Rights Council from the United Nations came to the Marshall Islands, came out with a report, and I think it is important that I quote some of his findings: "The nuclear testing result both immediate and continuing effects on the human rights of Marshallese." And he made recommendations such as guarantee, "we have to guarantee and right an effective remedy for the Marshallese, including by providing full funding for the Nuclear Claims Tribunal and award adequate compensation of the past future claims."

And he further asks that the United States go on record in apologizing to the Marshall Islands. We have yet to get an apology.

Let me put some numbers in perspective, Your Honor. Marshall Islands test site, 6.3 billion curies of Iodine-131. Nevada test site was 150,000,000 curies of Iodine-131 exposure.

Nevada test site, 1403 kiloton of explosive yields. Marshall Islands, 108,496 explosive yield. And the compensation for Nevada test sites, it is close to \$4 billion. Now, as we speak, the Marshall Islands was \$150 million.

Lastly, let me wrap it up, Your Honor. I would like to also ask that we assist our Marshallese, your fellow citizens that are in the United States, to be eligible to all the Federal programs that they should be eligible to.

They are taxpayers, they work, they pay taxes, they are business people, they own their homes. Yet, when it comes to try to reap the benefit, they are not given the opportunity.

So, we look forward to actions on this listed item above, and we humbly request that we address these needs today. Once we address these needs today, we are ready to sign the Compact tomorrow.

A Compact signed should be a Compact that you, United States, and we, Marshall Islands, arrive here to sign up to. We are committed as we have been, and we will continue to commit ourselves.

Thank you.

[The prepared statement of Mr. Kedi follows:]

PREPARED STATEMENT OF THE HON. KENNETH A. KEDI, SPEAKER OF THE NITIJELA
(PARLIAMENT) AND MEMBER, COMPACT NEGOTIATIONS COMMITTEE,
APPEARING ON BEHALF OF THE PRESIDENT OF THE REPUBLIC OF THE
MARSHALL ISLANDS

Madame Chair, Mister Co-Chair, and Distinguished Members, thank you for giving the Marshall Islands (RMI) the opportunity to explain its position on the U.S. Executive branch's proposed Compact of Free Association Amendments Act of 2023. I appear on behalf of His Excellency David Kabua, President of the RMI. With me are our new Minister of Foreign Affairs and Trade, the Honorable Jack Ading, and our new Chief Compact Negotiator, the Honorable Phillip Muller.

First, let us make clear that the RMI regards the free association relationship with the U.S. as beneficial to both of our nations and not only wants to continue the relationship; we want to strengthen it. It is closer than the U.S. has with any other nations, other than the two other states with which it is freely associated.

Strengthening even the closest of relationships, however, sometimes requires difficult conversations. It always requires a willingness to seriously consider the perspective of one's partner.

Second, there should be no doubt that we appreciate the efforts of the U.S. Administration to work with us to negotiate a renewed Compact of Free Association.

Many issues were favorably addressed, under the signed Memorandum of Understanding (MOU) of January 11th 2023. A tremendous amount has been accomplished. We are grateful for the support and all of the financial and programmatic assistance that has been agreed to so far. But, while many matters have been resolved, but not all have been, including the Nuclear legacy's adjudicated awards.

Six plus months ago, the RMI was presented with a dilemma: The negotiations had progressed to provide some benefits, but not all of the requests that the RMI had made were adequately addressed. At the same time, the RMI faced a deadline for inclusion of the funding in President's Budget for the coming fiscal year.

The Memorandum of Understanding was signed without the consent of the President's Compact Negotiations Committee. The Government of the Marshall Islands was not satisfied with the MOU, including majority of the member of the Parliament.

This has led to a recent change in the Cabinet—a very unusual move so close to an election, which is in November—and our Chief Negotiator was replaced.

Since the MOU was signed, the Marshall Islands has repeatedly requested the Administration to further negotiate the MOU and amend it because of the complexity of the issues but has received unfavorable responses.

So, we are now coming to the U.S. Congress to request that the U.S. Legislative body direct the Administration to resume the negotiations.

Let me now turn to the major outstanding issue. Our President, His Excellency David Kabua, had said from the beginning that any new Compact would have to include a "dignified" solution for the Marshallese people, and I, wholeheartedly support that. This concerns claims arising from the nuclear weapons testing program, including its waste disposal, that the U.S. conducted while it administered the Marshall Islands as a trustee for the United Nations with full powers of government.

It is important that I explain the issue and, then, outline what a dignified solution would be from the Marshallese perspective.

Americans are an exceedingly decent and generous people. I am certain that most would be shocked and embarrassed if they were to learn about the history and legacy of the nuclear testing program while we were governed by the U.S.

In 1947, the United Nations appointed the U.S. as trustee for the Marshall Islands and other Pacific islands taken in World War II. It gave the U.S. the responsibility to protect us and promote our well-being.

Later in 1947, the U.N. Security Council was concerned about the people of Enewetak Atoll who were to be removed from their home islands for nuclear bomb tests. It was told by President Truman that, "The Enewetakese will be accorded all rights which are the normal constitutional rights of the citizens under the Constitution but will be dealt with as wards of the United States for whom this country has special responsibilities."

This was a promise that was never kept, as the people of Enewetak languished in impoverished exile for 33 years in the previously uninhabited atoll of Ujelang, the most remote atoll in the Marshall Islands. It was an abuse of America's role as trustee to pressure us to allow our homeland to be desecrated by massive nuclear

explosions for 12 years, exposing us to deadly, horrific health and environmental hazards that we were never warned about—and that continue to affect us to this day.

The nuclear detonations in the Marshall Islands had an explosive yield equivalent to roughly 1.7 Hiroshima-sized bombs per day over the entire 12 years of testing. In terms of radioactive iodine alone, 6.3 billion curies of iodine-131 were released during the U.S. nuclear testing program—42 times greater than in all of the atmospheric testing in Nevada, 150 times greater than released by the Chernobyl breach, and 8,500 times greater than released from Atomic Energy Commission operations at Hanford, Washington.

Preparing for a 1954 test at Bikini Atoll—one that would result in the largest U.S. nuclear detonation ever—U.S. military officials learned that a change in wind patterns threatened to bring fallout to inhabited Rongelap and Utrik atolls, including others that had not been evacuated. They went ahead with the test anyway without warning the islanders, who were blanketed in radioactive fallout and had no idea what it was or that it was dangerous.

Almost 70 percent of the children on Rongelap Atoll who were under 10 years old at the time of the blast eventually developed thyroid tumors. And many women from several atolls, Rongelap and Utrik for example, later gave birth to babies who resembled jellyfish and peeled grapes, incidents similar to mothers in Utah who were downwind from the Nevada test site. Some died at birth or after a few hours of life. Many other women had miscarriages.

Rongelap and Utrik were evacuated after the test, but two years later it was still “by far the most contaminated place on Earth,” referring to Rongelap Atoll, according to Merrill Eisenbud, Director of the U.S. Atomic Energy Agency’s Health and Safety Laboratory. Eisenbud nonetheless suggested sending the people back home so they could be used as human guinea pigs. “It will be very interesting to get a measure of human uptake when people live in a contaminated environment,” he wrote. “While it is true that these people do not live the way Westerners do, civilized people, it is nevertheless also true that these people are more like us than the mice.” I am sad to say that the legacy of nuclear testing in the Marshall Islands is clearly one of racism as well as human and environmental destruction.

The people of Rongelap, Utrik and others from the Marshall Islands, did indeed become human guinea pigs under the secret radiation studies of their bodies, code named “Project 4.1.” And these studies were done without their consent or knowledge.

The people of Bikini, Enewetak, Rongelap and Utrik were forced to leave their islands. And were exiled from their atolls and eventually returned home based on U.S. assurances that it was safe—only to find out years later that radiation levels were too high, and no local food could be consumed. Some of the Bikini islands were completely vaporized. Many others remain unsafe for human habitation today—and will be for as long as anyone can imagine. Today people of Bikini and Rongelap cannot return to their atolls due to high radiation contamination on their land, food, and environment.

The damage to our environment and our health caused by the U.S. nuclear testing program are not just a part of our history: They continue to plague us even today.

For example, the people of Enewetak have lived in the shadow of a massive nuclear waste dump for over four decades. That waste dump, known as Runit Dome, contains 110,000 cubic yards of radioactive waste gathered from around the atoll decades after the nuclear weapons tests. The waste includes tons of plutonium-239 with a radioactive half-life of 24,100 years. The U.S. Department of Energy admits that radioactive material is leaking from Runit Dome into Enewetak’s lagoon, but we were told not to worry because the radioactive material already in the lagoon dwarfs the amount of radioactive material buried under Runit Dome. We need the U.S. to tell us: What are the health risks of living on the shores of a lagoon with a larger amount of radioactive material than the infamous Runit Dome nuclear waste dump?

After consulting with military veterans and civilians who participated in the radiological cleanup of Enewetak Atoll, we have recently learned of several troubling facts, including the following:

1. Some of the highly radioactive waste that was supposed to have been buried under Runit Dome was actually dumped into the lagoon.
2. One of the lagoon dump sites was just offshore from the island where the people have since resettled.
3. After Runit Dome was sealed, additional radioactive material was buried in concrete crypts that the Department of Energy appears to have been unaware of and is unable to vouch for their safety.

4. Over 300 pounds of highly toxic beryllium was buried on Enjebi Island in soil that may have been dug up later and dumped into the lagoon.
5. Over 130 tons of presumably contaminated soil was imported from the Nevada nuclear test site to Enewetak and spread on the land there.
6. Enewetak was used as a base for tests of chemical and biological warfare agents.

Have any of these hazards affected the health of Enewetak residents, and do any of them pose threats that persist today? The Marshall Islands does not have the capacity to answer these questions. The U.S. must answer these questions.

Several scientific reports that have come out over the years greatly concern our people. A peer reviewed report published in *Social Medicine* in 2014 by two medical doctors, Seiji Yamada and Matthew Akiyama, found that U.S. Government scientists had grossly underestimated excess cancer rates in the Marshall Islands due to the nuclear tests. The doctors' report also cited research that found that congenital anomalies, stillbirths, and miscarriages in the Marshall Islands increased after 1952, when the first U.S. nuclear test in the megaton range occurred, and that there was a strong correlation between the number of such events and the distance of residence from the nuclear test sites.

Also, a study was published by Columbia University scientists in 2022 in the *Journal of Radiation Research and Applied Sciences* that found that there are still higher-than-anticipated concentrations of strontium-90, a radioactive isotope that causes cancer and bone disease, in both Enewetak and Bikini Atolls.

The U.S. has not come close to properly compensating the Marshallese people for the damage caused by the U.S. nuclear testing program.

The Compact of Free Association, through its agreement under Section 177, in Article IV established a Nuclear Claims Tribunal to adjudicate and pay substantiated and warranted claims. But the Tribunal was only able to pay a small fraction of the damages it awarded before it ran out of funds. In current dollars, the total amount of unpaid damage awards issued by the tribunal is more than \$3 billion.¹

Former U.S. Attorney General Dick Thornburgh, reviewed the proceedings and procedures of the Nuclear Claims Tribunal in great detail, found that they were proper, and concluded that the amount provided by the U.S. for the claims was "manifestly inadequate." The Tribunal is just as much a part of the 177 Agreement in Article IV as the provisions stating that it is a "full" settlement in Article X. It is a "full" settlement—insofar as it is "just and adequate" The clear intent of the Compact is that full settlement is based on just and adequate compensation. One provision cannot be independent of the other. Finality of the "Espousal" clause (Article X) will be ensued when "Changed Circumstances" (Article IX) addresses the "just and adequate" compensation.

Although radiation in the Marshall Islands is 42 times higher than in the areas of the Nevada testing site, victims of the Nevada testing are compensated as they should be under the subsequently enacted U.S. Radiation Exposure Compensation Act—while most Marshallese victims have not received proper compensation and new claims are entirely unfunded. There are still some unpaid awards for personal injuries, and the awards for damage to property—really a taking of the property—are mostly unpaid, less than 1% of the property damages have been paid up to date.

The "full settlement" of nuclear claims agreed to by the Marshallese and the U.S. in 1986 was the result of a lopsided negotiation between a superpower and an impoverished island community. Besides holding an overwhelming advantage in bargaining power, the U.S. was the only party capable of assessing the risks that were being allocated from its own nuclear program. The U.S. clearly took advantage of this imbalance in power and information at a time when it was acting as the Marshall Islands' trustee and held a fiduciary responsibility, supposedly our protector and the guardian of our welfare.

The settlement for the Marshallese, many of whom are still exiled from their home islands nearly three-quarters of a century after the nuclear testing program began, is a tiny fraction of the billions of dollars that have been paid to compensate Americans living downwind—some several hundred miles downwind—of the Nevada

¹ Present value of unpaid property awards = \$3,134,200,000
 Present value of unpaid personal injury awards = \$31,199,000
 Present value of all unpaid awards = \$3,165,399,000

The amount of unpaid personal injury awards is \$23,131,552. The Tribunal awarded \$96,658,250 and made payments totaling \$73,536,698. Cumulative payment levels ranged from 5% for awards made from November 2005 forward to 96% for awards made prior to October 1996. The Tribunal suspended payments in January 2009 due to lack of funds. (Source: Tribunal Annual Report to the Nitijela for the Calendar Years 2009) and Present value = \$31,199,000 calculated using average annual inflation rate of 2.02%

Test Site. This disparity shows that the U.S. has fallen far short of the ideal of equity in our case.

Recognizing the uncertain state of knowledge about the nuclear testing's full effects, the Compact's congressional supporters specifically envisioned the provision of additional compensation when scientific advances showed the need, demonstrating a focus on the adequacy of settlement rather than its finality. During the debate over the original Compact, a number of members of the Senate raised the question of fairness of the subsidiary agreement under Section 177. Senator Alan Cranston elaborated on these doubts: "These provisions, which establish a \$150 million trust fund from which all claims are to be paid—an amount which may not be adequate—deny to 5,000 Marshallese, who have already filed claims, their day in court.

Senator James McClure, then Ranking Member of the Energy and Natural Resources, responded to these concerns directly:

As you . . . know Article IX of the subsidiary contains a changed circumstances clause which would allow the Marshallese to ask Congress for relief if circumstances develop which could not have been foreseen, such as newly identified claimants.

. . . As you indicated, there is a continuing moral and humanitarian obligation on the part of the United States to compensate any victims—past, present, or future—of the nuclear testing program. For this reason, I fully expect that if any new claims develop, Congress should and will provide any assistance required, absent compelling contradictory evidence.

One of the senators who had raised the initial concerns, Senator Howard Metzenbaum, responded by noting "the record is clear if the need for further assistance arises, nothing in the Compact will discourage the Marshallese from seeking additional money and that the Senate shall give a sympathetic hearing to these appeals." Senator McClure remarked that "there is an enormous burden to state affirmatively that, if future valid claims develop, we will do everything possible to compensate adequately all newly identified victims."

The "full settlement" includes a supposed remedies in the event that the settlement proves to be manifestly inadequate. One is a "changed circumstances petition" under Article IX of the 177 Agreement. It states that the Marshall Islands can submit to the U.S. Congress for claims that (a) arise or are discovered after the 1986 effective date of the settlement and (b) could not reasonably have been identified as of that date.

The remedy, however, is illusory: it is merely a right to ask Congress for additional compensation, with no obligation by the U.S. to respond. The Marshall Islands already had the right. By restricting the circumstances under which the Marshall Islands can even ask Congress for additional compensation, the changed circumstances "remedy" actually takes away rights that the Marshall Islands previously had. And the so-called remedy of changed circumstances does not apply in cases where the claims reasonably could have been identified in 1986 even if they weren't, or in cases where the claims were known but their value was grossly underestimated (as occurred here).

The amount of unpaid property awards is as follows:

Enewetak: 2000 award of \$385,894,500, less payments of \$1,647,482.65 = \$384,247,017

Present value—\$587,751,000, calculated using an average inflation rate of 2.15%

Bikini: 2001 award of \$561,035,321 less payments of \$2,279,179.83 = 561,036,320.17

Present value—\$834,582,000 calculated using an annual inflation rate of 2.12%

Utrik: 2006 award of \$307,356,398.91 with no payments.

Present value—\$401,592,000 calculated using an annual inflation rate of 1.93%

Rongelap: 2007 award of \$1,031,468,700 (including April 2008 amendment adding \$237,500) with no payments

Present Value—\$1,310,275,000 calculated using an annual inflation rate of 1.86%

So, as between the superpower and the poor island community, it was the poor island community, with an extremely limited pool of expertise that was saddled with the risk that valid claims would be missed or underestimated. The U.S. was obviously in an enormously superior position to evaluate the risks arising from its own nuclear program. It was unconscionable to palm those risks off on the unsuspecting Marshallese.

We are both faced with this unresolved issue so many years later because of what occurred when the Compact was amended 20 years ago. Then, like now, the RMI said that the nuclear issue had to be addressed. The State Department Negotiator assured that it would be if the RMI submitted a Changed Circumstances Petition. After agreement was reached on the Compact Amendments, however, and the RMI submitted the Changed Circumstances Petition, the State Department dismissed it. The Congress, which was responsible for addressing the CCP, never did. I have already noted some changed circumstances. Here are a few others: Since the 177 Agreement was negotiated, we have learned that—

- There was significant fallout on at least 10 atolls.
- People of Rongelap and Utrik Atolls were used as guinea pigs in Project 4.1. The Project 4.1 The Study of Response of Human Beings Exposed to Significant Beta & Gamma Radiation Due to Fallout from High Yield Weapons by the U.S. Government.
- Radiation levels in the Marshall Islands are higher than what would be acceptable for human habitation in the U.S.
- Cancers increased substantially—the U.S. National Cancer Institute estimated 500 excess cancers.
- Grandchildren born on atolls other than the four recognized by the U.S. as having been adversely impacted by nuclear weapons detonations and waste have been born with defects—such as no limbs.

Another supposed remedy in the alleged full settlement embodied in the 177 Agreement is in its Article XIII. It commits the U.S. to engage in consultations with the RMI on matters covered by the Agreement if the RMI requests consultations. U.S. State Department officials have refused to do so, saying that there was a full and final settlement when consultations, like a Changed Circumstances Petition is a part of that settlement.

We also know a tremendous amount more related to poisonous remains of U.S. weapons testing at Enewetak:

- The rising sea is causing radioactive waste to leak into the lagoon and the Pacific because cost cutting built the concrete dome over a bomb crater with a sand base.
- A Lawrence Livermore Laboratory scientist told the RMI that 99% of the deadly plutonium is not under the dome.

And with all of this, the U.S. State Department says that the Government of the Marshall Islands is responsible for the deficient dome.

The U.S. Government sent a group to Majuro consisting of representatives from the State and Interior Departments in October 2019, in what was characterized as a “listening tour” in order to better understand the priorities and needs of the Marshallese people and our government as both governments prepared for these negotiations. What they heard was a resounding and unequivocal demand for nuclear justice and to address the unresolved issues from the U.S. nuclear testing program in the Marshall Islands that had been neglected for so long. I made it clear that nuclear injustice must be addressed this time around.

And that is still the primary issue for our people today, and why we are unable to wholeheartedly concur with the MOU as a complete resolution of major issues confronting our people and nation.

The MOU favorably responds to many of our concerns with increased economic assistance and reasonable assurance that U.S. economic assistance will not erode as along as the U.S. enjoys security and defense rights granted to it in the Compact. For example, the additional provision of veterans’ benefits made applicable to citizens of the freely associated states who served in the United States military and have chosen to return our islands is also most welcome. We request, however, that the legislation incorporate the provisions of S. 1913, which provides for other veterans’ benefits. There is much in the MOU and proposed Compact legislation that we fervently support.

So, what would a “dignified” settlement of nuclear claims look like? We believe that any settlement of nuclear claims would have to be guided by the following principles:

1. Damages that have been or can be proven should be fully compensated. This can be accomplished by a larger contribution to the Compact Trust Fund.

2. The contribution can also cover the costs of adjudicating claims that the Tribunal did not process because of a lack of funds and damages in the cases of atolls other than the four that the U.S. has acknowledged were adversely impacted, the “Midrange Atolls.”
3. Marshallese victims of the nuclear testing program should receive the same level of compensation and remedial action from the U.S. Government that American victims have received or are entitled to receive.
4. The risk of what is currently known and unknown should be borne by the party that caused the damage, not the party upon which the damage was inflicted.

We also respectfully suggest the following.

- The legislation should direct the U.S. Executive branch to provide the Congress with substantive points seriously and fully addressing every claim that the RMI may make in a Changed Circumstances Petition.
- The legislation should also direct the U.S. Executive branch to report if the RMI requests consultations under the 177 Agreement’s Article XIII, then report regularly on the status of the consultations, and, finally, on the conclusion of the consultations.
- The legislation should continue the authorization for *ex gratia* assistance to the Four Atolls that the U.S. recognizes were adversely affected by the nuclear testing and waste continued in both the laws approving the Compact and the Amended Compact.

With regard to other issues:

The U.S. has been able to precision-target its missiles from thousands of miles away because of the testing done at our Kwajalein Atoll, facilities described by the U.S. Joint Chiefs of Staff as “the world’s premiere range for testing intercontinental ballistic missiles” and, now, space operations support.

To enable these tests, the people of Lib Island, about 30 nautical miles from Kwajalein, were forcibly displaced from their island. When they were allowed to return, they found their homeland irrevocably altered. Until now Lib Islanders experience intergenerational impacts of displacement and unknown levels of contamination. A recent request for all pertinent documents regarding Lib was denied in full, citing classified status.

Senators, Lib Islanders deserve access to all information related to their island in order to make informed decisions for their homeland and community, and Lib Islanders deserve fair and just compensation for their role in the “success” of your missile testing program. The annual financial assistance that the MOU would provide would be adjusted 2 percent a year for inflation. We hope that U.S. inflation can be brought down to 2 percent, but the assistance should be adjusted for actual inflation, as in the case of many U.S. programs with inflation adjustments.

The rising sea is an existential threat to the RMI, which has no elevation higher than two meters. It is also a national security issue for the U.S. because the most critical national security benefit that we provide—letting the U.S. deny access to forces of other nations to an area the size of Alaska, California, and Florida combined in the ocean and the air as well as on land—is based on our Exclusive Economic Zone.

We would also ask consideration of improved trade provisions, especially with respect to tuna products sourced in the Marshall Islands to encourage U.S. investment.

Finally, I want to note that our government is deeply concerned about revelations regarding the Bikini Resettlement Fund—which is totally unrelated to the Compact Trust Fund and other Compact funds. Our Government was not consulted. It was a decision by the U.S. Department of the Interior. We did not support the “rescript” under which the Interior Department gave up its role in ensuring proper spending. We are as interested as you in learning the facts of the situation.

We are acting in the interim. President Kabua is working to name a receiver for the Fund.

We are also establishing development authorities for each of the Four Atolls for which trust funds were established with U.S. grants. The authorities will be governed by boards that include the RMI’s career civil servant Chief Secretary and members appointed by the president of the RMI. The development authority laws as adopted by the Parliament, requires that the development authorities report to the together to the Cabinet and Parliament annually.

Regarding the proposals that the U.S. has made, we are particularly pleased to see the continuation of essential U.S. programs in the draft Compact Amendments

Act, the extension of additional programs, and the restoration of U.S. programs that were available to our citizens residing in the United States prior to 1996. We further request that our citizens living in the United States be accorded the same rights and eligibility status to all the federal programs just as the U.S. citizens.

We do not want to hold up this important legislation for the Marshall Islands, but we will need some additional measures to allow our people and parliament to move forward and fully support our efforts.

During this period of concluding the negotiations, which we want to be as expeditious as possible, we request that the Marshall Islands be granted financial and programs assistance at the current levels. It is crucial that there be a smooth economic transition from the second Compact funding period to the third, without economic harm.

Madame Chair, As a part of my statement, I am attaching a letter from the Pacific Islands Forum on addressing issues regarding the legacy of U.S. nuclear bomb testing and waste disposal dated just eight days ago.

Additionally, I want to note a recommendation from the 2008–2009 Report of the Cancer Panel of the President of the United States, published by the U.S. Department of Health and Human Services, National Cancer Institute. It recommends to the Congress and the President of the United States: “The U.S. Government should honor and make payments according to the judgment of the Marshall Islands Tribunal.” Further, the United Nation’s Human Rights Council on September 3, 2012. Report of the Special Rapporteur on the implications for human rights of the environmentally sound management and disposal of hazardous substances and wastes (Marshall Islands Mission): “The nuclear testing resulted in both immediate and continuing effects of the human rights of the Marshallese”

Calin Georgescu, the Special Rapporteur made the following recommendations for the Government and relevant State actors of the United States of America;

1. Continue to provide the Marshall Islands with assistance (financial, technical, and otherwise) in order assist it to develop its health infrastructure and capacity further and to reduce the need for off-island referrals . . .”
2. Consider adopting a presumptive approach to groups currently excluded from the special programmes of the United States of America created to assist survivors of nuclear testing, whereby individual exposed to nuclear fallout would be presumed to be eligible.”
3. Consider issuing a presidential acknowledgment and apology to victims, in accordance with the conclusion of the Advisory Committee on Human Radiation Experiments that the one of the greatest forms of harm from past experiments and intentional releases may be the legacy of distrust they created, and that, in such instances, the Government of the United States should deliver a personal and individualized apology.”
4. Guarantee the right to effective remedy for the Marshallese people, including by providing full funding for the Nuclear Claims Tribunal to award adequate compensation for the past and future claims, and exploring other forms of reparation, where appropriate, such as restitution, rehabilitation and measures of satisfaction (for example public apologies, public memorials and guarantees of non-reparation); and consider the establishment of a truth and reconciliation mechanism or similar alternative justice mechanisms.”

Finally, I am submitting with my statement the proposal that the Marshall Islands made to the U.S. negotiator July 1, 2022, which includes some of our requests that were not addressed and which we hope that you will consider.

Americans are a great and good people. But every rule has an exception. The U.S. nuclear testing program in the Marshall Islands is one episode in your history where you have fallen short of our ideals.

It is not, however, too late to come to a fair and just resolution to this issue. The people of the Marshall Islands have sacrificed a great deal, wittingly or not, to help you win the Cold War and protect your freedom. We hope that you will not take our sacrifices for granted.

Thank you.

QUESTIONS SUBMITTED FOR THE RECORD TO THE HON. KENNETH KEDI, SPEAKER,
THE PARLIAMENT OF THE REPUBLIC OF THE MARSHALL ISLANDS

The Honorable Kenneth Kedi did not submit responses to the Committee by the appropriate deadline for inclusion in the printed record.

Questions Submitted by Representative Westerman

Question 1. The Biden administration's proposal includes provisions to continue support for mutually agreed institutional capacity through assistance and cooperation between the judicial branches of our respective government. Given the importance of independent judiciaries and rule of law in preserving democracy and individual liberties, can you please describe your assessment of the value of the Judicial Training program? In light of the press reports and government actions in the region relating to, and in some cases confirming, criminal malign and corrupt PRC political warfare aggression, are your government prosecutors and law enforcement agencies prepared and do you have the capacity to investigate, prosecute criminal acts of corruption?

Mrs. RADEWAGEN. I thank the witness for their testimony.
The Chair now recognizes Mr. Falcam for 5 minutes.

**STATEMENT OF LEO A. FALCAM, JR., CHIEF COMPACT
NEGOTIATOR, FEDERATED STATES OF MICRONESIA**

Mr. FALCAM. Good morning and thank you, Madam Chair Radewagen, Co-Chair Sablan, Chairman Westerman, Ranking Member Grijalva, and members of the House Natural Resources Indo-Pacific Task Force.

We thank you for convening this hearing and for the opportunity to testify before you today. I am pleased to extend greetings from President Simina and the people of the FSM.

I am privileged today to appear in the company of President Whipples of Palau and of Speaker Kedi of the Marshall Islands. The FSM government strongly supports timely and favorable resolution of each of our three nations respective Compact agreements with the United States.

I am pleased to announce that yesterday the FSM National Congress adopted a resolution approving and ratifying the 2023 Compact Agreement.

The United States and the FSM enjoy an extraordinarily close relationship that continues to deepen through our broad economic, diplomatic, and military partnership and the steadfast support of the United States for the FSM's economic development and self-sufficiency.

Our governments are committed to building a safe, peaceful, and democratic Indo-Pacific region. The FSM has no greater friend than the United States.

Our deep bonds are reflected in our decades of close cooperation dating back to shortly after World War II and continuing when the FSM became a sovereign nation in 1986.

The ties between our peoples are also reflected in the fact that FSM citizens, as has been mentioned, have proudly served in the U.S. military for many decades and at very high rates.

Thousands of FSM citizens continue to proudly live, work, and study in the United States, contributing economically and

culturally as members of their communities across many of your home states. We are most grateful for this privilege.

When the FSM achieved independence in 1986, we entered into our first Compact of Free Association with the United States. The 1986 COFA was renewed and amended in 2003. Congress approved both prior COFA agreements with resounding bipartisan support, and we are pleased that this support has not only endured but has strengthened in the current Congress.

Since the first Compact entered into force, the FSM has continuously granted the United States security and defense rights in our territory, which represent a very large and vast section of the Pacific Ocean, of utmost strategic importance to both the United States and the Federated States of Micronesia.

This includes the right of the U.S. military to operate in the FSM and to deny foreign militaries access to the use of FSM's territory. This defense partnership is vital to securing and maintaining peace and prosperity in the Pacific.

Our defense ties remain strong and ongoing. In addition to the broad rights of strategic denial in our extensive waters and airspace, our U.S. Embassy in the FSM includes a U.S. military attaché who is in constant communication and coordination with our government.

As the U.S. military knows well, the FSM is prepared to do even more on military issues. While these crucial defense commitments do not expire, the Compacts economic assistance provisions will expire in less than 3 months unless extended by the Congress.

I am pleased that the FSM and the United States, under the Trump and Biden administrations, diligently developed a framework for a new 20-year period of assistance.

We are grateful to Ambassador Yun and our counterpart U.S. Negotiating Team for the productive and very beneficial collaboration.

The package is designed to address the needs of our government and our people as we advance toward increased self-sufficiency and maturity as a nation.

The Compact's pledge of \$140 million a year in sector grants and \$500 million in additional contributions to the Compact Trust Fund are essential to enhancing and advancing our government's mutual goals.

We are extremely pleased that the proposed legislation will ensure that FSM citizens living lawfully in the United States are again eligible for key public benefits as a result of the Bipartisan Compact Impact Fairness Act, and we appreciate the leadership of so many Members of Congress on this issue, including Representatives Case, Womack, Dakota, and Moylan.

The proposed legislation also incorporates the Bipartisan Care for COFA Veterans Act, which will provide improvements to medical care access to our veterans, thanks to the leadership of Representatives Barra, Womack, Case, Tokuda and yourself, Madam Chair.

This package will ensure the continued eligibility of FSM students for key educational benefits and access to crucial Federal programs and services. U.S. assistance will build on the advances made to date and enable the following important developments in

the upcoming Compact assistance period: increasing educational opportunities for FSM children; teacher training; building and maintaining schools; upgrading the level of medical care in the FSM; increasing access to basic health care in remote sections of our country; protecting our environment; addressing climate change in our very vulnerable country; and developing and improving public infrastructure.

At this stage in our development, more than half of key government services in the FSM are funded by the United States through the Compact. A funding lapse would create an unprecedented economic and political crisis for our country and would have a destabilizing effect.

We appreciate the Committee's consideration of the Compact proposal and urge Congress to advance it before current provisions expire on September 30. I thank you again for the opportunity and I am prepared to answer any questions, Madam Chair.

[The prepared statement of Mr. Falcam follows:]

PREPARED STATEMENT OF LEO FALCAM, JR., CHIEF NEGOTIATOR FOR THE FEDERATED STATES OF MICRONESIA IN U.S.-FSM COMPACT NEGOTIATIONS

Chair Radewagen, Co-Chair Sablan, and Members of the House Natural Resources Indo-Pacific Task Force, thank you for convening this hearing and for the opportunity to testify before you today.

My name is Leo Falcam, Jr. I am the Chief Negotiator for the Federated States of Micronesia (FSM) in the current Compact talks with the United States, a position I have held since July 2019. I also have had the privilege to serve as Chief of Staff to the last three FSM Presidents: Emanuel Mori, Peter Christian, and David Panuelo. Thank you for the opportunity to appear before you today—it is an honor to be in this position at this truly historic moment.

The U.S. and the FSM enjoy an extraordinary close relationship that continues to deepen through our broad diplomatic, economic, and military partnership and the steadfast support of the United States for the FSM's economic development and self-sufficiency. Our governments are committed to building a safe, peaceful, and democratic Indo-Pacific region. The FSM has no greater friend in the world than the United States and we are grateful that the United States similarly respects and values the relationship it has with the FSM.

Our deep bonds are reflected in our decades of close cooperation dating back to when the U.S. was designated by the United Nations to administer our region of the world after World War II. This arrangement continued for more than 40 years until the FSM became a sovereign nation in 1986. The ties between our peoples are also reflected in the fact that FSM citizens have proudly served in the U.S. military for many decades, and we volunteer to serve at per capita rates higher than most, if not all, U.S. states. Some of our citizens have made the ultimate sacrifice in the course of their service. Additionally, thousands of FSM citizens proudly live, work, and study in the U.S., contributing economically and culturally as members of their communities across the U.S., including many of your home states. We are most grateful for this rare privilege.

As the FSM emerged as an independent nation in 1986, we simultaneously entered into an international agreement with the U.S. called the Compact of Free Association or "COFA." The 1986 Compact of Free Association was renewed and amended with the 2003 Amended Compact of Free Association, which remains in effect today. Notably, Congress passed both prior COFA agreements with resounding bipartisan support. We are pleased and gratified that this bipartisan support has not only endured but strengthened in the current U.S. Congress.

Both the 1986 Compact and the 2003 Amended Compact fulfilled important strategic objectives for both countries. Since the first Compact entered into force, the FSM has continuously granted the U.S. security and defense rights in the territory of the FSM, which represents a large section of the Pacific Ocean of utmost strategic importance to the U.S. This includes the right of the U.S. military to operate in the FSM, and to deny foreign militaries access to or use of the FSM's territory. This defense partnership is vital to securing and maintaining peace and prosperity in the Pacific.

Our defense ties are strong and ongoing. The Micronesian region spans an area roughly as big as the continental United States. In addition to the broad rights of strategic denial in FSM waters, which constitute a very large part of the Western Pacific Ocean spanning over 1.3 million square miles, the U.S. Embassy in the FSM includes a U.S. military attaché in constant communication and coordination with our government. U.S. military personnel frequently visit and stay in the FSM. U.S. military Civil Action Teams historically lived and worked in the FSM in support of engineering and infrastructure initiatives on the islands. Most recently, the U.S. Department of Defense expressed an interest in using Yap State's airport and seaport facilities for U.S. military operations when needed. The U.S. is helping to fund improvements to Yap's international airport to ensure it is up to the task, and has undertaken improvements and projects throughout the FSM to facilitate capacity for U.S. military operations and humanitarian response. Separately, in September 2023 about 100 U.S. Marines will spread out across Yap, Chuuk, Pohnpei, & Kosrae for small scale construction, medical, communications, and community engagement projects.

In addition, the U.S. and the FSM also signed in 2022 an expanded Shiprider Agreement to combat illicit maritime activity, widening the initial scope of partnership between the U.S. Coast Guard and the FSM maritime forces. Other elements of cooperation include trainings, port visits, shoreside engagements, and boarding of foreign vessels on the high seas. As the U.S. military knows well, the FSM is prepared to do even more in partnership with the U.S.

While these defense cooperation and commitments are enduring and do not expire, we are at a crossroads on economic support by the United States. The crucial economic assistance commitments of the U.S. to our government and our people will expire in less than three months, on September 30, 2023, unless extended by Congress.

In this connection, I am pleased to note that senior negotiating teams from the FSM and the U.S. under the Trump and Biden administrations have diligently been developing the framework for a new twenty-year period of assistance. The package that we have finalized this year has been specially designed to address the needs of our government and people as we advance toward increased economic self-sufficiency and maturity as a nation. We are pleased that the U.S. has agreed to continue its significant economic support for an additional 20-year period as we continue to grow our economy, build our institutions, and work toward a sustainable future for our people. The Compact's pledge of \$140 million a year for the FSM in annual sector grants and \$500 million in additional contributions to the Compact Trust Fund will be essential toward advancing our mutual goals.

We are extremely pleased that the proposed legislation before the U.S. Congress will ensure that FSM citizens living lawfully in the U.S. are again eligible for key public benefits as a result of the bipartisan and bicameral Compact Impact Fairness Act. We appreciate the advocacy and leadership of so many Members of the Congress on this issue, including Representatives Ed Case (D-HI), Steve Womack (R-AR) and Jill Tokuda (D-HI). The proposed legislation also incorporates the bicameral and bipartisan Care for COFA Veterans Act, which will provide improvements to medical care access to veterans in the Freely Associated States, thanks to the leadership of Representatives Ami Bera (D-CA), Steve Womack (R-AR), Ed Case (D-HI), Jill Tokuda (D-HI), and Delegate Aumua Amata Coleman Radewagen (R-AS). This package will also ensure continuing eligibility for Pell Grants and other key education benefits for FSM students—critical elements that will strengthen the future of our country for generations to come.

The majority of the assistance being offered by the U.S. are in seven sectors the two countries have identified together as essential to our growth and future self-sufficiency: education, health care, public infrastructure, environment, public sector capacity building, private sector development, and enhanced reporting and accountability. The new U.S. assistance will build on the advances made during the last 37 years since our independence as a nation and will enable the following important developments in the upcoming Compact assistance period:

- Increasing educational opportunities for FSM children, expanding teacher training, and helping us build and maintain schools throughout the country;
- Upgrading the level of medical care provided in FSM hospitals, reducing where possible the need for patients to travel out of the FSM for treatment, and increasing access to basic healthcare in more remote sections of the country. It would also help build essential hospitals in two of our four states;
- Protecting the FSM's land and marine environment and achieve sustainable use of our natural resources. Critically, this assistance will help us prepare for and mitigate the increasing effects of climate change in our many low-

lying islands facing rising sea levels, warming of ocean currents, and salinization of fresh water. Given our vulnerable geography in the Pacific, we have to treat these issues as a national security threat; and

- Developing public infrastructure, including improving roads, ports, and bridges throughout the country, and establishing safe and effective transportation and communication linkages between the country's outer islands and its main islands.

These and other FSM needs across the seven sectors have been at the center of our discussions with the U.S. in the years leading up to the agreements that our two governments signed on May 23. At this stage in our development, roughly half of key government services in the four FSM states are funded by the U.S. through the Compact. A funding lapse at the end of September 2023 of these sector grants would create an unprecedented economic and political crisis for our country and our people, and would have a destabilizing effect on the region as a whole. The consequences for our Nation if U.S. health care, education, infrastructure and environmental protection sector support were to end or even be suspended would be catastrophic.

In addition to essential sector grants continuing for the next 20 years, we are very grateful for the U.S. commitment to strengthen our Compact Trust Fund with additional funding to bolster our long-term future, and for the U.S. commitment to continue to provide access to federal programs and services that we cannot provide on our own, such as air traffic control, weather services, disaster relief, and postal services. These are essential for our nation and our people. The U.S. and FSM have developed strong subsidiary agreements to ensure that the funds and services provided will be well managed and well spent.

We appreciate the Committee's consideration of the Compact legislative proposal transmitted by the Administration and urge Congress to advance this critical proposal before current provisions expire on September 30.

Thank you again for the opportunity to testify today. I would be pleased to answer any questions the Task Force might have.

QUESTIONS SUBMITTED FOR THE RECORD TO LEO A. FALCAM, JR., CHIEF COMPACT
NEGOTIATOR, GOVERNMENT OF THE FEDERATED STATES OF MICRONESIA

Questions Submitted by Representative Westerman

Question 1. The Biden administration's proposal includes provisions to continue support for mutually agreed institutional capacity through assistance and cooperation between the judicial branches of our respective government. Given the importance of independent judiciaries and rule of law in preserving democracy and individual liberties, can you please describe your assessment of the value of the Judicial Training program? In light of the press reports and government actions in the region relating to, and in some cases confirming, criminal malign and corrupt PRC political warfare aggression, are your government prosecutors and law enforcement agencies prepared and do you have the capacity to investigate, prosecute criminal acts of corruption?

Answer. The FSM appreciates the U.S. decision to seek funding for judicial training grants for the FSM. Judicial training grants over the last 20 years have been essential for the judicial officers of the FSM, at both the national and FSM State levels, to receive highly professional and effective training from U.S. authorities. This new funding will enable our judiciary to continue to participate in important training programs from the U.S. federal judiciary in key areas, such as training for larger caseloads, engaging in numerous emerging areas of law, and continuing to improve our advancements in the rule of law. This is essential capacity building for our judicial officers, and we are grateful for the U.S. support in helping us develop necessary expertise. We look forward to continuing to participate in this valuable program.

Over the next 20 years, we will also look for opportunities for increased capacity building assistance for our prosecutors and investigators. We have received some assistance from the United Nations Office on Drugs and Crime (UNODC), but this assistance is not consistently funded; and the FSM must compete with all other countries in the region that are also receiving technical assistance from the UNODC. As a result, we are hoping for other opportunities for U.S. assistance in these additional areas. Some of this capacity building for prosecutors and investigators can be funded, for example, through U.S. public sector grant assistance in

Section 261 of the 2023 Compact and others through technical assistance to FSM law enforcement as contemplated in Section 102(a) of the U.S. proposed implementing legislation. More generally, the FSM Government will welcome a continuing dialogue with U.S. authorities on additional capacity building for all aspects of our law enforcement infrastructure.

Anti-corruption is one of our Government's highest priorities. Like the United States, we are parties to the UN Convention Against Corruption and the UN Transnational Organized Crime Convention, and have strong domestic anti-corruption laws in place. As noted above, we will benefit from continued capacity building for our judiciary, our prosecutors, and our investigators, to help us ensure that we can vigorously enforce the rule of law. The quality of our prosecution efforts will depend heavily on the level of expertise of all of our law enforcement and judicial personnel.

Question 2. In your written testimony, you mention that the Department of Defense has an interest in using Yap State's airport and seaport facilities for needed U.S. military operations. From Micronesia's point-of-view, what benefits would this create? Have there been any updates regarding the status of implementing this?

Answer. The FSM is pleased to see an increase in DOD's planned military construction projects in our territory in recent years, including some existing plans for joint use facilities. As the U.S. military knows, the FSM is prepared to do even more in partnership with the U.S. Department of Defense, as contemplated in our Compact of Free Association. These activities and projects serve our critical mutual goals of security, stability, and peace in our region.

The Department of Defense has informed the FSM that it wishes to increase the capacity of Yap State's airport and seaport facilities to ensure that those facilities are able to support U.S. military operations and training whenever needed, and the FSM is cooperating fully with that request. The U.S. is helping to fund improvements to Yap's international airport to ensure it is up to the task and has undertaken improvements and projects throughout the FSM to facilitate capacity for U.S. military exercises/operations and humanitarian assistance response. We are informed that MILCON funding has been identified for specified projects for the Yap airport, and that construction could possibly begin during FY '25, provided that ongoing environmental impact and land use requirements are completed. The increased capacity will have benefits both for the U.S. military and for the people of the FSM.

In February 2023, INDOPACOM began surveys for airport designs, port and road environmental work, and airport and port master planning. Authorities from the FSM National Government and the Yap State are cooperating fully in these efforts.

The improvements to Yap Port will increase logistical operational capacity for essential functions that benefit FSM, including disaster response and humanitarian assistance. The dredging will also allow for larger vessels to use the port. These military construction projects will improve the road and transportation access between the airport and the seaport.

Mrs. RADEWAGEN. I thank the witness for their testimony.

The Chair will now recognize Members for 5 minutes for questions and I will begin with recognizing myself.

Question for His Excellency Surangel Whipps, Jr., President, Republic of Palau. Under this legislative proposal, Palau would gain more autonomy over trust fund. Can you explain to us how Palau has historically managed its trust funds that would warrant this increased autonomy?

Mr. WHIPPS. Madam Chair, I believe that we have actually always had autonomy on our trust fund, and we have managed it with a Trust Fund Advisory Board with qualified people that we set up through legislation and follows the best investment practices.

The amount of money that is taken out every year is restricted based on the Compact to the \$15 million. The new agreement allows for an increase, but it will not increase more than 4 percent of the entire trust fund.

So, that is the main difference between our trust funds. Thank you for the question.

Mrs. RADEWAGEN. This question is for the Honorable Kenneth Kedi, Speaker, the Parliament of the Republic of the Marshall Islands. Should negotiations between the United States and RMI continue past the September 30 deadline, what is the view of your government on how the United States should approach Palau and FSM Compacts?

Do you believe the United States should hold Palau and FSM Compacts until it completes negotiations with the RMI? And what mechanisms are in place to ensure that trust fund money is managed and used responsibly and in the manner for which they were intended?

Mr. KEDI. Thank you, Honorable Madam Chair. The impasse right now with RMI's negotiation is the nuclear injustice. When I first met with Ambassador Yun in May, we both agreed that it is better that we conclude that deal sooner rather than later. And I went back and pushed for that.

But as it stands with the MOU, Your Honor, and Members, it is unlikely that the Parliament will adopt it as is. And they have expressed that in the Parliament. So, we hope while we are here, we will modify it some.

We have submitted and sent a letter to Ambassador Yun to address a couple of those issues. So, when we go back home, we will be able to convince the leadership back home that this is a better deal.

In regards to ensuring management of the funds are in order, we adopted two legislations, development authorities, where they will safeguard the new funding that will be coming through the trust fund and then disburse onto the development authorities.

And these development authorities are required by the new laws to report to both the Cabinet and—and then these financial reports will be verified with the other generals every year instead of waiting for 5 years, and then we get to see the report, it is required annually.

So, this is a mechanism we already put in place to address the issue. We know the Bikini issue. It is a grave issue for all of us, both you and ourselves, government back home.

Unfortunately, we play no role in any of it. It was the Department of the Interior that pretty much let go of their responsibility. So, this is why we are here. And we also look at what the leadership of Bikini did, and we are trying to address that as well at the same time.

Mrs. RADEWAGEN. Your testimony reads that your government is preparing for negotiations to continue past the September 30 deadline. You have requested that Congress should continue current funding levels for RMI as negotiations continue.

Can you confirm with us that the RMI negotiation team will prioritize concluding the negotiations before the September 30 deadline?

Mr. KEDI. The goal is to conclude all the negotiations. And we hope that after we leave here, we will be able to meet with you and the team again, hopefully in Hawaii or back at his home in Oregon,

either way, to finalize these subsidiary agreements, that needs to be concluded.

In terms of continuing resolution, we also request that in the event that that doesn't take place, because if it doesn't happen, it will cause a lot of economic hardship for us to especially tap into the current trust fund that we have that is already limited.

So, we are looking forward to conclude the Compact negotiation in these few weeks. Otherwise, we are requesting the Congress to give us the extension continuing resolution to continue while we continue the negotiation. Thank you.

Mrs. RADEWAGEN. Thank you.

I now recognize Co-Chairman Sablan for 5 minutes for questions.

Mr. SABLÁN. Thank you, Madam Chair. And again, welcome. Really happy to see that there was agreement and then, of course, now we have the RMI's issues.

Mr. President, you bring up the State Department re-establishing the Office of Freely Associated States. Can you just a little bit more for the record, explain why you think this is important and how such an office should help Palau and the other Compact States.

Mr. WHIPPS. Thank you, Chair. First of all, we have seen that with a lack of the office and the lack of the understanding within the State Department of the uniqueness of our relationship, there is an erosion of that relationship.

So, it is important that, first of all, and I have been in meetings with members from the State Department where they classify Palau as just like Tonga or any other Pacific Island. And in those cases, I think it is very clear that we are not. You have strategic denial rights. You have those exclusive rights that don't exist in any other nation.

And because of that, it is important that the State Department involves Interior and Defense in that agency so that they can have the full picture of the strategic relationship that we have, and they can be more focused on this relationship and don't let the momentum that we have built be eroded. Thank you.

Mr. SABLÁN. Thank you, sir.

Mr. FALCÁM, welcome. You seem quite pleased, of course, because that is the Micronesian way, right? On the results of the negotiated Compact, and also those are gentlemen's agreement, besides signing the gentleman agreement involved here.

So, could you describe the current agreement you just signed, is it an improvement for the Federated States of Micronesia over the first two Compacts, or could you say not? Or yes?

Mr. FALCÁM. Thank you very much, Congressman. And, yes, this current proposed funding level that we are very happy to have come to an agreement, with Ambassador Yun and our counterpart team, represents a needs-based economic assistance package for the FSM, one that we negotiated with the U.S. Government in good faith.

We are happy with the results and we are encouraged by the package that sits before the Congress now, particularly, since it also contains language on veterans' benefits and it also contains the language on CIPA. So, yes, thank you.

Mr. SABLAN. We just need to also get these additional Federal services agreement and programs enacted.

Mr. Speaker, can you share, I am sorry, this is not your job, really, but what do you see forward for Members of Congress who are very supportive, sir, of your concern, but do not see a way out.

Let me rephrase my question. Besides additional compensation for the nuclear legacy of the United States in the Republic of the Marshall Islands, is the Marshall Islands government satisfied with the other sections of the Compact agreement?

I think you said this earlier, but I just want to make sure.

Mr. KEDI. Thank you, Co-Chair. Yes, in the written statement and also the brief verbal statement that I made, the MOU, it is a good document and we can make it better. The compensation issue, there are other ways to address it, as I also said in my verbal statement and also in the written statement, change circumstance is a way to address it. It is called for under the treaty.

So, I think this is a way forward and we send a letter to Ambassador Yun trying to see if we can tweak some of that incorporating it to conclude a Compact while we are continuing to negotiate the change circumstance petition with the Congress as called for.

Mr. SABLAN. Yes. Thank you very much. My time is up, but really, all of you, thank you for today's hearing. It is really informative. I appreciate it. Thank you, Madam Chair, I yield back.

Mr. KEDI. And to your question as to the other provision of the Compact, we thank you for your assistance.

Mrs. RADEWAGEN. I will now recognize Mr. Moylan for 5 minutes for questions.

Mr. MOYLAN. Thank you, Madam Chair. Your Excellency, President Whipps, Honorable Kedi, the Speaker, and Mr. Falcam. Thank you for your presence and your testimony today.

Coming from Guam, as a Delegate from Guam, I feel the relationships between our islands are pretty strong. And I am sure we all have a lot of residents that are coming on over to Guam and going back and forth.

So, the relationship is strong. We are bonded. And as a Member, in addition to this Committee, I am also a committee member on the House Armed Services Committee, and I understand the strong and strategic importance that the second island chain has for the defense of our nation and for our islands and for the security against the Communist Chinese Party.

So, I am truly in favor of the negotiations and the COFA agreement to pass. I definitely want that. And I understand, just like Guam does and the Mariana Islands do as well, we are dedicated to the United States. We have our children; our sons and daughters are fighting for the United States as well and also for the freedom of our nations and the territory of Guam.

I would just like to say, I truly appreciate and I hope as we continue on with these negotiations with the special Committee that we have here, with the leadership, that we wish to foresee the right thing done.

And I do appreciate your participation and all that you have done thus far and all the history that we have in support of the United States of American diplomacy throughout the Indo-Pacific

areas. I just wish to say thank you very much. Thank you, Madam Chair.

Mrs. RADEWAGEN. I will now recognize Mr. Case for 5 minutes for questions.

Mr. CASE. Thank you, Madam Chair. Mr. President, Mr. Speaker, Mr. Chief Negotiator, thank you so much for being here. Long way from home, but your personal presence here is really appreciated.

And thank you for your leadership in the world on so many issues. We have been great partners, and that is obviously going to continue. So, thank you for that.

Thank you for my Hawaii, for our partnership. And we certainly welcome your residents, or your citizens rather, who are living with us and hopefully helping out back home as well.

The last thing I want to do is get in the middle of a negotiation, right? So, I am not going to do that.

But I want to go back to the Chair's question, because I think she asked a very direct question that I think is relevant here and it is something that we just have to make a call on. Of course, we want the conclusion of the negotiations between RMI and our country and hope and expect that, but the question that we have is how to proceed at this point.

And I think her question was what are the pros and cons of proceeding with Palau and FSM if we cannot conclude negotiations expeditiously with the RMI? I think that probably none of us want that. We would love to proceed collectively. That is good for our country. That is good for each of you, I believe, individually and collectively.

It is good for the Pacific to conclude and proceed collectively. Makes things easier from a congressional perspective, I think, but we have to contemplate that at least that the RMI negotiations may not be completed expeditiously on a very tight time frame.

So, thoughts on that, Mr. President? I will just go right down the line.

Mr. WHIPPS. Thank you, Congressman Case. First of all, it is critical for us for the Compact to be passed by September 30. The COVID and pressure from China by reducing the number of tourists coming to Palau combined, have put us in a deep financial situation that without that assistance makes it very difficult for us to proceed.

So, timely passing is the most critical thing and why we are here in Washington. We want it done by September 30. Thank you.

Mr. CASE. Thank you, Mr. Speaker?

Mr. KEDI. Thank you, Congressman Case. And thank you for hosting our citizens in the beautiful city of Hawaii as well. Our aim has always been and remain to be to conclude this, along with our brothers and sisters.

Rowing on the same boat back home gives strength to the community. We want that to be the case here, but because of the outstanding that we are still trying to deal with and trying to resolve for Marshall Islands, we have to wait till it resolves.

So, we will go that route. But our aim is to remain with our brothers and sisters from Palau and FSM to conclude the same. I think we sent a letter to our Ambassador Yun in trying to resolve

some of these issues, especially the personal injuries. People are dying. People have died without their full compensation. And you look at Nevada test site. All of them have been paid fully. Why can't that be accorded the same to the Marshall Islands?

Mr. CASE. I understand all of that, Mr. Speaker. I am just asking kind of directly. It would be very difficult for us to wait on your ohana if we have not concluded with you. And is that OK with you? Or do you think somehow, we should defer all of these?

Mr. KEDI. RMI shouldn't be holding FSM and Palau in this regard. But I will repeat it. It is our goal and hope that we will be concluding the same after little more discussion with Ambassador Yun. Thank you.

Mr. CASE. OK. Mr. Falcam?

Mr. FALCAM. Thank you, Congressman. And thank you for being such great host in the state of Hawaii for our citizens as well.

We, in the FSM, please, the primacy of the relationship between the FSM and indeed the rest of the FAS and the United States under these Compacts cannot be overstated. It is our most important strategic partnership that we have in the FSM in relations with other nations.

The primary advantage to trying to ensure a timely passage of this proposal is simply consistency and an ability to continue moving our economies forward as best as we can.

In addition to that, the veterans' benefits that we had discussed and that is already included in the language, is also of dire importance. Our veterans, this has been a gap in our veteran's access to benefits for a long time. So, our position is a timely movement of the proposal through your bodies. Thank you.

Mr. CASE. Thank you.

Mrs. RADEWAGEN. I thank the witnesses for their valuable testimony and the Members for their questions. The members of the Committee may have some additional questions for the witnesses, and we will ask you to respond to these in writing.

Under Committee Rule 3, members of the Committee must submit questions to the Committee Clerk by 5 p.m. Friday, July 21, 2023. The hearing record will be held open for 10 business days for these responses. If there is no further business, without objection, the Committee stands adjourned.

[Whereupon, at 12:36 p.m., the Committee was adjourned.]

[ADDITIONAL MATERIALS SUBMITTED FOR THE RECORD]

Submission for the Record by Representative Grijalva

Statement for the Record

COFA ALLIANCE NATIONAL NETWORK (CANN)

Concerning the current negotiations between the United States and the Freely Associated States on the Amendments Act of the Compact of Free Association (COFA). The COFA Alliance National Network (CANN) non-profit organization for COFA communities would like to submit a testimony for the U.S. Senate Committee on Energy and Natural Resource to consider seriously.

The COFA Alliance National Network (CANN) was founded on January 1, 2014 by community leaders advocating for economic and social justice to be consistent with the compact treaties. Presently, citizens of the three Compact of Free Association (COFA or “the compact”) nations (also known as the Freely Associated States or FAS) who reside in the United States face significant and persistent inequities, due to systemic barriers and exclusions. A series of federal and state policy decisions have been made without full consideration of the unique COFA treaties. As a result, close to 100,000 people from the FAS in the US have faced historical denial and discrimination on a range of public and federal benefits including health care, welfare, employment and educational opportunities. Most recently, the disaster relief programs by FEMA during the COVID-19 Pandemic has highlighted these inequities. CANN found that it is important to provide more information about the historical relationship of the Compact agreement to policy makers to address these injustices at the state and federal levels.

The headquarters for CANN is based in the State of Oregon where it began organizing with COFA communities and policy makers to change the status quo. Oregon’s capital, Salem became a “home away from home” for many COFA residents from the Marshall Islands, accounting for over 3,000 people and representing the 2nd largest minority population in the city. In 2013, after learning about the mistreatment that the Marshallese were receiving caused by the REAL ID Act of 2005, community leaders decided that action was needed locally and nationally. First to be addressed was correcting the extreme difficulties that the issuance of a one-year driver’s license was creating for the people from the FAS. While the driver’s license issue was the spark that laid the foundation of CANN, it was only one of a constellation of other injustices emanating from the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 which discriminated against the FAS communities. It actually denied them access to crucial federal benefits such as Medicaid, SNAP and other safety net programs.

CANN fully understands that the most precious right for the people of the Freely Associated States is air, sea and LAND. As Land is scarce, it is the people’s most sacred asset. It is passed down through maternal lineages and cannot be bought and sold as it is in the United States.

Parcels of land are inextricably intertwined with personal identity, culture and heritage. The idea that LAND is a fixed part of the family tree is nearly impossible for Americans to understand.

As plans to build the US nuclear arsenal grew, the US government determined that the islands would be used for nuclear weapons testing. From 1946–1958, the United States conducted a total of 67 high-yield nuclear tests in the Marshall Islands, mainly on Bikini and Enewetak Atolls. This included Castle Bravo in Bikini Atoll, the largest U.S. nuclear test, which was about 1,000 times more powerful than the bomb dropped on Hiroshima. Radioactive fallout from this test traveled worldwide.

CANN recognizes and is appreciative of provisions included in the Joint Resolution to Congress, including the extension of Veterans Affairs benefits to veterans now living in the Freely Associated States, and restoration of federal benefits for COFA citizens residing in the United States. These provisions represent important progress in justice for COFA citizens.

However, many challenges remain, and CANN urges the Senate Committee on Energy and Natural Resources to seriously address the following:

1. If the RMI treaty is not finalized by Sept. 30, Congress should pass a Continuing Resolution for the Marshall Islands so that critical services, such as the US Postal Services, health, education, and banking systems, as well as other necessities will continue to function smoothly. CANN understands

the repercussions for both countries if the deadline passes without signing of the Agreement. There is a strong possibility that the People's Republic of China (PRC) will attempt to step in and offer to fill the critical economic assistance gaps.

2. The US should officially acknowledge that the nuclear bomb testing in the RMI did cause permanent damage to the land and generational health issues to the people. Nuclear testing impacted the entire country, not just the four atolls originally identified in the 1986 Compact.
3. CANN supports the view that the \$700 million offering in the current signed RMI MOU is inadequate.
4. As Senator Joe Bejang of Lib shared earlier this year, "In 1961 Lib Islanders were forcibly displaced for the early stages of Inter-Continental Ballistic Missile (ICBM) testing program on Kwajalein Atoll. When they were allowed to return a few years later, they found their homeland irrevocably altered. Until now Lib Islanders experience intergenerational impacts of displacement and unknown levels of contamination on their island. Lib Islanders deserve access to all information related to their island in order to make informed decisions for their homeland and community, and Lib Islanders deserve fair and just compensation for their role in the success of your missile testing program." This issue must be addressed, as separate legislation or in another appropriate form.
5. CANN supports the Federated States of Micronesia and the Republic of Palau in their negotiations for full funding of the Postal Service in the FAS.

In addition, CANN is aware that the People's Republic of China wants the Compact negotiations to fail. They see an opportunity to fill the vacuum. If the negotiations fail, the temptation for the RMI to officially acknowledge the PRC instead of Taiwan substantially increases. CANN believes that granting the above will serve the US well, as it will greatly diminish the temptation for the RMI to turn their heads to the East, looking for economic assistance. Furthermore, it is our moral obligation to take responsibility for what needs to be done, leaving no space for the PRC.

Having dealt with the many social and economic equity issues for the three COFA nations for many years, CANN strongly believes that the requests listed above are very reasonable. Even with the above being granted, it will fall far short of the funding level required to rehabilitate the radiated land for human habitation. It should be kept in mind that to fairly compensate the RMI people displaced from their home islands may be impossible, but the US will get closer to winning the hearts and minds of the people if the above is granted. It is the right thing to do.

The Marshallese people are by their very nature a kind, loving, welcoming and respectful people and treat American visitors as if they are family. But it is becoming increasingly difficult for them to grasp why the US marginalizes their importance and their cries for help. Help to restore and partially heal their homelands, and at the very least take more responsibility for what they have done. This third Compact represents the opportunity for the US to take that responsibility. The RMI people will never forget what the Americans did to free them from the grasp of the Empire of Japan during WWII. The US was spared the loss of many lives during the invasion of RMI as result of the intelligence gained from Marshallese spying.

This is the time for the US to listen to the Marshallese people, so that they can say, "Yes, America, we remain willing to stand with you in the United Nations and we remain full throated in our support of your side in discussions throughout the Pacific. We will do this because now you are listening to us and you are acknowledging our cry for help."

**Submission for the Record by Surangel S. Whipps, Jr.,
President of Palau**

ELEVENTH OLBHIL ERA KELULAU

Eleventh Regular Session, July 2023

Senate Joint Resolution No. 11-41

A SENATE JOINT RESOLUTION

To ratify the Agreement Between the Government of the Republic of Palau and the Government of the United States of America Resulting from the 2023 Compact of Free Association Section 432 review, including its four appendices.

WHEREAS, Section 432 of the Compact of Free Association provides for review of the relationship of the parties by stating as follows: "Upon the fifteenth and thirtieth and fortieth anniversaries of the effective date of this Compact, the Government of the United States and the Government of Palau shall formally review the terms of this Compact and its related agreements and shall consider the overall nature and development of their relationship. In these formal reviews, the governments shall consider the operating requirements of the Government of Palau and its progress in meeting the development objectives set forth in the plan referred to in Section 231(a). The governments commit themselves to take specific measures in relation to the findings of conclusions resulting from the review. Any alteration to the terms of this Compact or its related agreements shall be made by mutual agreement, the terms of this Compact and its related agreements shall remain in force until otherwise amended or terminated pursuant to Title Four of this Compact."; and

WHEREAS, the Thirtieth Anniversary Review was conducted by teams assembled by the Executive Branches of both Governments and these groups began negotiation for the Thirtieth Anniversary Review in 2020; and

WHEREAS, Palau's President Surangel Whipps Jr., issued Executive Order 447, which reconstituted the Compact Review Advisory Group and appointed Minister Kaleb Udoi, Jr., as the Chief Representative for Palau; and

WHEREAS, following the urging of the Freely Associated States, United States President Joseph Biden appointed Joseph Y. Yun as Special Presidential Envoy for Compact Negotiations, who oversaw a "whole of government" approach to negotiations on behalf of the United States; and

WHEREAS, the Agreement and its four Appendices, which grant the Republic of Palau and its citizens broader access to U.S. federal programs, strengthen national security, and provide increased economic assistance, were initialed on May 17, 2023, in

the capitol of the Republic of Palau, Ngerulmud, and formally signed on May 23, 2023 in Port Moresby, Papua New Guinea by Palau's Chief Representative Kaleb Udui, Jr. and United States Special Presidential Envoy Joseph Y. Yun; and

WHEREAS, in exercise of its constitutional powers, as set forth in Article IX, Section 5(7) of Constitution of the Republic of Palau, the Olbiil Era Kelulau ratifies the Agreement Between the Government of the Republic of Palau and the Government of the United States of America Resulting From the 2023 Compact of Free Association Section 432 Review, including its four appendices; and

WHEREAS, the Palau National Congress (the Olbiil Era Kelulau) affirms its support for the ratified Agreement, and concludes that it will strengthen both the economic development of the Republic of Palau and the bonds of friendship and partnership between the Republic of Palau and the United States of America; NOW, THEREFORE,

BE IT RESOLVED, by the Senate, with the House of Delegates concurring, that pursuant to the Republic of Palau Constitution Article IX, Section 5(7), the Eleventh Olbiil Era Kelulau hereby ratifies the Agreement Between the Government of the Republic of Palau and the Government of the United States of America Resulting From the 2023 Compact of Free Association Section 432 Review, including its four appendices; and

BE IT FURTHER RESOLVED, that a certified copy of this Senate Joint Resolution be transmitted to the Honorable Surangel Whipps, Jr., President of the Republic of Palau; to the Honorable Joseph R. Biden, Jr., President of the United States of America; to the Honorable Kevin McCarthy, Speaker of the House of Representatives of the United States of America; to the Honorable Charles E. Schumer, Majority Leader of the Senate of the United States of America; to the Honorable Mitch McConnell, Minority Leader of the Senate of the United States of America; to the Honorable Hakeem Jeffries, Minority Leader of the House of Representatives of the United States of America; to the Honorable Gustav N. Aitaro, Minister of State of the Republic of Palau; to the Honorable Antony Blinken, Secretary of State of the United States of America; to the Honorable Hokkons Baules, President of the Senate of the


Senate Joint Resolution No. 11-41

1 Eleventh Olbil Era Kelulau; and to the Honorable Sabino Anastacio, Speaker of the
2 House of Delegates of the Eleventh Olbil Era Kelulau.

ADOPTED: July 11, 2023

AS CERTIFIED AND ATTESTED TO BY:


Hokkons Baules
President of the Senate


Sabino Anastacio
Speaker, House of Delegates


Ann Latii Pedro
Clerk of the Senate


Marcello Ngirkelau
Clerk, House of Delegates

**Submissions for the Record by the Hon. Kenneth A. Kedi,
Speaker, Republic of the Marshall Islands**

**Renewed Compact of Free Association
Between
The Government of the United States of America
And
The Government of the Republic of the Marshall Islands
July 1, 2022**

The free association between the Republic of the Marshall Islands (RMI) and the United States of America (U.S.) requires each nation to take measures benefiting the other. Under a renewal of this relationship, the RMI will continue to let the U.S. deny other nations access to its lands, waters, and airspace and veto RMI interactions with other nations on an indefinite basis, and the U.S. will take the following measures in addition to those encompassed by the current relationship that are not changed by the provisions described in this document.

I. Nuclear Justice—All elements of the following requiring funding will carry a pledge of the full faith and credit of the U.S. that the monies will be provided.

1. **U.S. Apology**—As an initial measure, the U.S. will apologize for the harm it caused to the health, lands, and waters of individuals, communities, and the RMI as a whole from its nuclear weapons testing program and for disposing of radioactive waste in the islands during the time that the RMI was under U.S. administration as a trustee.
2. **Nuclear Claims Tribunal (Tribunal)**—The U.S. will provide—
 - a. \$3.188 billion for the Tribunal to pay adjudicated but unpaid awards.
 - b. Such sums as may be necessary to enable the Tribunal to resume operations and conclude its work, paying already adjudicated awards and considering unadjudicated claims and paying awards if determined warranted. It is estimated that the administrative cost per year of the Tribunal will be \$1.7 million, which shall be paid for as long as necessary. Unadjudicated personal injury claims are estimated to require \$71 million, and unadjudicated property claims, \$500 million. These claims include claims related to the Mid-Range Atolls. The Tribunal process, however, will determine the actual costs.
3. **Health Care**—The U.S. will provide—
 - a. Such sums as may be necessary for the DOE healthcare program for the Four Atolls and Mid-Range Atolls to provide comprehensive medical care covering radiogenic, non-radiogenic, and subsidiary diseases associated with long-term, low-dose exposure to radiation. The program will include annual peer review and oversight to ensure best practices for the unique medical needs of these populations.
 - i) Funding to support annual peer review and oversight to ensure that the health care program reflects best practices for the unique medical needs of DOE population, as follows:
 - (1) Project 4.1 subjects from Rongelap and Utrok Atolls and control group;
 - (2) Individuals from the Four Atolls;
 - (3) Individuals from the Mid-Range Atolls;
 - (4) Marshallese workers employed in clean-up activities; and
 - (5) People raised on islands with residual contamination.
 - b. Funding for planning, building, and instituting a new healthcare program that will include cancer care, with the RMI and the U.S. working collaboratively toward providing a U.S. standard of health care.
 - i) The funding for the RMI national healthcare program will specifically acknowledge that: the whole of the Marshall Islands is heavily contaminated due to the U.S. nuclear testing program; the health

impacts are biomedical, mental, and social in nature; and the Government of the RMI government has had to assume responsibility for healthcare impacts beyond the scope of U.S. healthcare programs or U.S. recognition of the impacts.

- c. The U.S. will field Public Health Service doctors and other healthcare personnel as determined to be necessary by the RMI in consultation with the U.S. Department of Health and Human Services.
 - d. \$5.75 million annually, adjusted for inflation, for an expanded 177 Health Care Program that would also cover Ailuk, Mejit, Likiep, Wotho, Wotje, and Ujelang Atolls, as per U.S. Senate Energy and Natural Resources Committee-approved bill S. 1756 of 2007.
4. **Environment**—The U.S. will provide—
- a. Full disclosure of the use of all chemical and toxic materials released into the environment during the U.S. nuclear weapons testing program.
 - b. Funding for a mutual process to identify and remediate to U.S. CERCLA standards atolls and islands contaminated by the U.S. nuclear weapons testing program, such as Bikini, Rongelap, Utrok, and key areas of Enewetak: the Runit Dome area; the lagoon; and waste disposal sites on Enjebi and Enewetak Islands.
 - c. Funding for independent environmental assessments of Naen Island, Rongelap Atoll; Runit Island, Enewetak Atoll; and other atolls and islands to be specified to determine radiation contamination levels from 1946 to the time of the assessments.
 - d. Independent environmental research and monitoring of the Four Atolls and the Mid-Range Atolls at least once every four years, in close coordination with community members in every phase of research and monitoring that adheres to tenants of Free Prior and Informed Consent.
 - e. Removal of oil and other toxic materials from the sunken vessels at Bikini and any necessary additional environmental remediation.
 - f. Complete removal of strontium-90, cesium-137, plutonium-235, plutonium-239, cobalt-60, americium-241, and other radioactive isotopes wherever present in the RMI.
 - g. U.S. standards for environmental monitoring and restoration in the RMI. Despite repeated requests by the RMI, the U.S. continues to apply international standards (100 mrem) for radiological safety to the RMI. The impact of this decision is that the U.S. maintains that it is acceptable for the Marshallese people to be exposed to levels of radiation more than six times higher than U.S. standards for many exposure scenarios.
5. **Relocation**—The U.S. will fund plans jointly developed by the RMI and the U.S. for the relocation of the peoples of Bikini, Enewetak, Rongelap, and Utrok until their atolls are fully remediated. The cost is estimated to be \$200 million.
6. **Other Measures**
- a. The U.S. will ensure independent peer oversight and review of the DOE environmental programs in the RMI to ensure best practices.
 - b. The U.S. will declassify and disclose, without redaction, contents of all documents related to U.S. testing of hazardous weapons and disposal of hazardous waste in the RMI within one year.
 - c. The U.S. and the RMI will conduct Section 177 Agreement consultations annually each July.
 - d. The U.S. will fund, in consultation with the RMI, a museum and education center that would also serve as a repository for all information related to the U.S. nuclear weapons testing program in the RMI.
 - e. The Section 177 Agreement will be amended in accordance with the foregoing. In addition, the authorization of appropriations in the U.S. Compact Acts (Public Law 108-188 and its predecessor, P.L. 99-239) will be utilized to provide funding where possible.

II. Climate Change

1. **Financial Assistance with Physical Adaptation**—The U.S. will provide the RMI with \$9 billion to help preserve the RMI's territorial integrity. This figure is derived from a rigorous study of adaptation pathways for the RMI conducted by the Deltares firm on behalf of the World Bank. The study represents the best available science on adaptation options for the RMI. The work and costs are summarized in the following chart.

Atolls/Islands	Adaptation	Cost (net present value)
Majuro Atoll	Protect and raise/reclaim land	\$4 billion
Kwajalein Atoll	Protect and raise/reclaim land	\$2 billion
Intermediate Atolls	Raise land, relocate inward, and internally migrate	\$2 billion
Outer Atolls and Islands	Raise land, relocate inward, and internally migrate	\$1 billion
Total		\$9 billion

2. **Technical Assistance**—The U.S. will provide technical assistance as follows.
 - a. For additional measures, such as revetment and land reclamation, including artificial and natural buffers.
 - b. For studies of climate hazards and possibilities for solutions not covered above.
 - c. For sharing technologies and techniques for physical adaptations.
 - d. For any planning and studies needed prior to implementing physical adaptations.
 - e. For implementing physical adaptations.
3. **Disaster Risk Management Assistance**—The U.S. will provide the following—
 - a. Technologies and techniques for disaster risk management.
 - b. Assistance with implementing disaster risk management strategies.
 - c. Funding for emergency equipment maintenance.

All assistance will be carried out in partnership with the RMI and include programs for capacity development, including transfers of technology, sharing of information, and education and training opportunities.

III. Economic Assistance

1. **Financial Assistance**—The U.S. will pledge its full faith and credit to provide the RMI with the following amounts, fully adjusted for inflation.
 - a. Sector Grants and Major Infrastructure Needs.
 - i) Basic grants at the Fiscal Year (FY) 04 level plus \$5.2 million (in FY24 dollars) for education and health programs on Ebeye annually through FY44.
 - ii) A new Social Services Grant at an amount to be subsequently proposed.
 - iii) Grants for auditing and related capacity building at \$1 million (in FY24 dollars) per annum.
 - iv) Disaster matching assistance at \$500,000 (in FY04 dollars) per annum.
 - v) The amount of the grant used for environmental purposes at Kwajalein would increase from \$200,000 to \$798,000 (both in FY24 dollars) per annum, fully adjusted for inflation. Additional financial assistance in the amount of \$798,000 (in FY24 dollars) per annum would be dedicated to environmental needs elsewhere in the RMI.
 - vi) Funds spent on public infrastructure will continue to be not less than 30% and no more than 50% of the basic sector grants, but the

limitation of eligible projects to the health and education sectors will be eliminated.

- vii) Upon conclusion of this agreement, the U.S. and the RMI will jointly assess and ensure financing for major infrastructure needs that would not be met through the use of sector grants and subsequently reassess and reach agreement on further infrastructure needs upon the request of the RMI.
- viii) The uses of basic sector grants will be extended to key economic and financial sectors.
- b. Supplemental Education Grant (SEG)
 - i) The grant will be made mandatory and continued at the level proposed in President Biden's FY23 Budget, fully adjusted for inflation, for as long as the RMI lets the U.S. exercise fundamental aspects of its sovereignty, although this assistance would be subject to a bilateral review at 20-year intervals.
 - ii) The accumulated shortfall in past SEG payments, currently \$41.6 million, will be provided to seed a trust fund for education and job training.
- c. A grant of \$17.3 million to implement the RMI Energy Roadmap Plan.
- d. Trade and Tax Compensation. The U.S. will provide the authorized \$40 million for its unilateral nullification of the Compact's trade and tax incentives for economic activity in the RMI after the U.S. President's Personal Representative signed the Compact and the Compact was accepted by the people of the RMI in a referendum. These funds will be used to recapitalize the Investment Development Fund referenced in U.S. Public Law 99-239 Section 111(b)(1)(ii).

2. Federal Programs and Services

- a. The U.S. will continue all existing U.S. Federal programs and services¹ for which the RMI is eligible or any successor programs (for as long as the programs exist in the U.S.) and all programs would be covered by a bilateral agreement in addition to U.S. laws. The continuation will be for as long as the U.S. can exercise fundamental aspects of the RMI's national sovereignty, but would be subject to bilateral reviews at 20-year intervals.
- b. The U.S. will continue current postal services with changes to include: restoring the Ebeye Post Office Zip Code (96970); designating additional zip codes for Jaluit and Wotje; and changing its Designated Sorting Facility from Guam to Hawaii to shorten the time that it takes for mail to arrive in the RMI from the U.S.
- c. The U.S. will restore in/or extend to the RMI additional Federal programs to be specified later, including, but not limited to the National School Lunch Program, Head Start, the Peace Corps, and FEMA.
- d. Banking.
 - i) RMI domestic banks would be granted direct and full access to U.S. Federal Reserve System financial services, including the use of Federal Reserve master accounts, capacity building, and other technical assistance.
 - ii) The U.S. will give the RMI Monetary Authority full access to any relevant and applicable U.S. Federal Reserve payment services. This includes Federal Reserve services provided for central banks and monetary authorities under the heading of "Central Bank and International Account Services" for funds, securities, securities clearing, settlement, investments, correspondent banking, and custody services to safely and confidentially execute official RMI Government transactions.

¹ Including but not limited to those programs identified in GAO Report 18-415.

2. **Compact Trust Fund (CTF)**—The U.S. will pledge its full faith and credit to provide the following—

- a. Contributions to the CTF at the FY04 level, fully adjusted for inflation, through FY44. The U.S. may choose to continue contributions beyond this date to enhance CTF growth and sustainability.
- b. Distributions in FY45 and after from the CTF would be at the level of the FY44 expiring grants at the least, fully adjusted for inflation, with the U.S. making up any shortfall in the ability of the CTF to make the distributions at the FY44 level on a fully adjusted for inflation basis for as long as the U.S. exercises sovereign rights of the RMI.
- c. Trust Fund Agreement Reforms.
 - i) The RMI will be granted full control of the CTF except in cases in which this would compromise the U.S.' ability to exercise the strategic denial and defense veto that the RMI is permitting it to exercise (as is the case with Palau).
 - ii) Other changes to the CTF Agreement will be made, including its distribution rules.
 - (1) So that distributions balance the needs of the current generation and future generations. Distributions must also smooth out volatility as long as this does not materially compromise the sustainability of the CTF.
 - (2) To ensure that the distribution for each fiscal year is fully determined in time to inform the RMI's budgeting process.
 - (3) Provisions regarding a Trustee will be eliminated. The accepted current practice for such funds is to have a Custodian instead.
 - (4) So that not less than 5% nor more than 10% of the CTF is invested in the RMI, provided that investments in the RMI will be subject to the same scrutiny and criteria as other CTF investments.

4. **Other Measures**

- a. The Joint Economic Management and Fiscal Accountability Committee (JEMFAC) will be abolished and Compact Section 214 will be amended to refer to a Fiscal Procedures Agreement (FPA) to implement Section 211 economic assistance.
- b. The FPA will be amended based on the FPA in the original Compact, updated as appropriate.
- c. If the RMI Monetary Authority is established, the U.S. will facilitate payment of grant funds into RMI accounts with the Monetary Authority. (The RMI Monetary Authority, by law, would facilitate all cross-border payments for the Government and hold Government accounts.)
- d. The Renewed Compact will be jointly reviewed before its 20th anniversary. Two years prior to the review, the RMI and the U.S. will discuss the contours of any changes needed in the economic arrangements made in this proposal.

IV. **Military Use and Operating Rights Agreement (MUORA)**—The U.S. will pledge its full faith and credit to provide the following—

1. **Grant Assistance**

- a. Kwajalein Impact Development Fund (KIDF). The Ebeye Special Needs fund (ESN) and Kwajalein Impact Fund (KIF) will be merged to establish a Kwajalein Impact Development Fund. Funding levels for the KIDF will be at the combined levels of the ESN (\$5.1 million in FY04 dollars) and the KIF (\$1.9 million in FY04 dollars), fully adjusted for inflation.
- b. Kwajalein Master Plan. The U.S. will grant \$132 million to finance the implementation of the Kwajalein Master Plan, as authorized by U.S. P.L. 108-188 Section 103(L)(5).
- c. Funding for a nutrition supplement program to compensate for loss of land and seafood . . . sources and other hardships due to U.S. military activity.

2. **Investment Opportunities**

- a. A Kwajalein Landowner Trust Fund will be established with seed funding provided by bringing forward the seven-year advance notice payment.
- b. Improve economic opportunities for Marshallese to participate at USAG-KA by: (1) amending the SOFA to create equal opportunity for Marshallese and US Contractors at U.S. defense sites; and (2) amending SBA regulations to include citizens of the Marshall Islands as qualifying for Section 8 status under the U.S. Small Business Act, and to provide for eligibility and implementation of the set-aside program for Marshallese owned small businesses at USAG-KA.
- c. Allow for Communities in close proximity to USAG-KA operated defense sites to be able to procure excess power and water supplies to help supplement existing utility services to these communities (i.e., Ebeye, Eenboui, and Ennibur, etc.)

3. **Environmental Stewardship**

- a. The U.S. will undertake an updated and tiered Environmental Impact Assessment under U.S. National Environmental Policy Act for U.S. Army Garrison-Kwajalein Atoll (USAG-KA) activities as a whole, with fulsome local community participation.
- b. The U.S., in consultation with the RMI, will establish an independent and dedicated forum with a mediator to address, conclude, and compensate proven claims of harm and damage from ongoing U.S. military activity in RMI.
- c. The U.S. will expand the mandate of the USAG-KA Environmental Standards Project Team and the mandate of other appropriate agencies to address USAG-KA environmental issues outside of the Standards Project and transparently and expeditiously address environmental issues in the RMI outside of the USAG-KA, in a manner that is consistent but takes into account local circumstances. (U.S. agencies to be involved will include the EPA, NOAA, NMFS, FWS, and ACE.)
- d. Current U.S. assistance provided by EPA Region IX will be included as a specified Federal program and fund in a bilateral agreement. (A mutual sectoral, time-bound plan with benchmark milestones and clear activities will replace current ad-hoc U.S. approaches. Related assistance will be expanded with U.S. FWS, NOAA, and NMFS assisting with capacity-building.)
- e. The U.S. will fund, at a minimum \$100,000, for appropriate public health outreach measures for Kwajalein Atoll communities. The primary need is an epidemiological study of Ebeye children to determine whether lead contamination has occurred from eating fish caught near Ebeye in Kwajalein Atoll.

4. **Lib Island, Biken Island (Aur Atoll), and Mili Atoll**

- a. Lib Island. The U.S. will pledge its full faith and credit to provide Lib with the following amounts, fully adjusted for inflation. All amounts are in FY24 dollars.
 - i) Establish a Lib Island Special Needs similar yet separate program akin to Ebeye Special Needs—
 - (1) Back payment of \$3.86 million
 - (2) Ongoing payment of \$324,000 p.a.
 - (3) Include Lib in any successor or additional programs to ESN as agreed in these negotiations
 - ii) Establish a Lib Island Impact Fund similar yet separate program akin to the Kwajalein Impact Fund (KIF)
 - (1) Back payment of \$1.72 million
 - (2) Ongoing payment of \$121,000 p.a.
 - (3) Include Lib in any successor or additional programs to KIF as agreed in these negotiations

- iii) If, in addition to ESN and KIF, other provisions are agreed for Kwajalein as part of the renewed proposal, Lib should be included wherever appropriate. This may include for example any nutrition supplement program.
- iv) To be used to seed a trust fund:
 - (1) Hardship.
 - (a) A once-off payment of \$8.66 million in respect of hardship experienced during displacement
 - (b) A once-off payment of \$23.30 million, plus ongoing contributions of \$632,000 p.a., in respect of hardship experienced as a result of post displacement, for as long as the U.S. exercises sovereign rights of the RMI
 - (2) Loss of use.
 - (a) \$3.04 million for loss of use during 1961–1966 displacement
 - (b) No more than three years after the entering into force of the renewed Compact, the US will prove, with full transparency to Lib and RMI authorities, that its activities did not make Lib unsafe to live on at any point following repatriation. In respect of any years where this cannot be proven, Lib will be entitled to loss of use payments in respect of the unsafe period(s) calculated consistently with the methodology used by the Nuclear Claims Tribunal, including the adjustment using interest rates.
- v) UES. Inclusion of Lib Island in the Kwajalein USAG-KA Environmental Standards with an operational budget of \$390,000 p.a.
- vi) Pursuant to an agreement, the U.S. military through the USAG-KA, will provide Lib with—
 - (1) Emergency medical care and emergency evacuation and
 - (2) All data regarding the impact of U.S. military activities on Lib.
- b. Biken Island (Aur Atoll)
 - i) The payments for military use of 4.253 acres of land on Biken during the last 20 years will be supplemented to increase the amounts to a fair market value rate, fully adjusted for inflation since the land use agreement came into effect in 1995, and future payments will be made on this basis.
 - ii) The U.S. will provide just compensation for military use of Tobal Airstrip and adjacent land for storage, as stipulated in the MUORA, retroactive to 1995, when the MUORA went into effect.
 - iii) The U.S. will grant the RMI funds to be used in cooperation with the Aur Atoll Local Government for improvements to the Tobal airstrip to ensure safety and compliance with military standards, such as width and length of pavement and lighting, and for improvements and construction of other infrastructure, such as docks and roads.
- c. Mili Atoll—The U.S. will, within one year, respond to RMI's offer for use of Mili Atoll.

V. General and Other Provisions

- 1. The U.S. will recognize the sovereignty of the Government of the RMI over Enen-Kio.
- 2. The U.S. will provide all Veterans Affairs benefits in the RMI.
- 3. The U.S. will agree to a subsidiary agreement on the use of the RMI's upper airspace and its management.
- 4. Section 141(h) of the Compact, as Amended, will be amended to strike “does not confer on” and insert in lieu thereof, “confers upon” and to strike “or” and insert in lieu thereof “and” so that Marshallese who reside in the United States and its territories under Section 141(a) will count toward the residence

requirements necessary for naturalization under the U.S. Immigration and Nationality Act.

5. The U.S. will make RMI citizens in the U.S. eligible for all Federal programs applicable in the jurisdiction in which they live and this eligibility will be covered by a bilateral agreement in addition to the statutes involved, such as SSI and SSDI.
6. In addition to the U.S. Coast Guard and Merchant Marine Academies, the U.S. shall expand the access of the Marshallese students to its Army, Navy, and Air Force Academies.
7. The Compact's trade provisions in Article IV of Title Two (Section 242) will be amended to allow quota and duty-free entry of certain forms of art including handicrafts, fresh and frozen tuna products to the United States and its territories with necessary adjustments to local content requirements.
8. The U.S. will agree to a subsidiary agreement to allow international airlines to operate and service in the RMI.

PACIFIC ISLANDS FORUM
Office of the Secretary General

July 10, 2023

His Excellency Joseph R. Biden Jr.
President of the United States of America
The White House
1600 Pennsylvania Ave. NW
Washington, DC

Dear Mr President:

**ENHANCED PARTNERSHIP TO ADDRESS NUCLEAR LEGACY ISSUES IN
THE REPUBLIC OF THE MARSHALL ISLANDS**

Our warmest greetings from the Blue Pacific. I write on behalf of the Pacific Islands Forum, its Leaders and the people of the Blue Pacific Continent, to once again convey our collective support for the Republic of the Marshall Islands in its ongoing efforts to seek a lasting solution to all outstanding issues resulting from the United States Nuclear Testing Program.

As a community, the Forum's support for the Marshall Islands and its people on this matter is longstanding and premised on the principles of regional solidarity, and our vision for the Pacific as reaffirmed under our *2050 Strategy for the Blue Pacific Continent*.

To this end, I refer to our historic *Declaration on US-Pacific Partnership* of 29 September 2022 and commend the renewed leadership and commitment of the United States to addressing nuclear legacy issues. I am particularly pleased that the United States expressed continued commitment to addressing the Republic of the Marshall Islands' ongoing environmental, public health concerns, and other welfare concerns.

We also recognise your *Proclamation on National Atomic Veterans Day, 2021*, recognising atomic veterans that served at testing sites like the Bikini Atoll in the Marshall Islands and witnessed the destructive power of nuclear weapons first-hand. We applaud your pledge to fulfil your obligation to the Atomic Veterans and their families, and ensuring timely access by all veterans to the necessary services, medical care, and benefits.

Indeed, our joint Declaration of 2022 and your Proclamation of 2021 inspire renewed hope and commitment to address all outstanding nuclear legacy issues for our affected Pacific communities and people.

Mr President, I count on your judicious and transformative leadership and compassion to extend recognition to our affected Pacific people—nuclear victims and survivors—who continue to bear the brunt of the permanent environmental, health and human rights impacts of the US Nuclear Testing Programme in the Marshall Islands, which has had profound consequences on the national and human development of the Marshall Islands. In addition, the Runit Dome continues to pose a

threat to the health and livelihoods of the peoples of the Pacific, particularly due to its susceptibility to sea-level rise and extreme weather events.

As conveyed in our letter of 22 November 2019 (enclosed), we once again call on the US Government to increase monitoring and to address health consequences related to the nuclear testing programme. I urge your administration to re-look into the support you can provide, including intensifying your monitoring efforts of Runit Dome and the surrounding environment, and to taking the necessary remedial steps to contain the potential migration of radioactive nuclear waste into the ocean environment.

Mr President, this is an issue deeply rooted in our shared history, and I believe that together, we can garner the political will to deliver urgent and ambitious action to address all outstanding nuclear legacy issues, notwithstanding the lack of progress in resolving this outstanding matter, and the lack of reaction to past calls by Pacific Islands Forum Chairs for meaningful engagement.

This is also befitting as we approach the commemoration of International Day Against Nuclear Tests on 29 August 2023.

The United States and the Pacific Islands Forum continues to enjoy a mutually beneficial relationship, and your Government's continued engagement with the Pacific Islands Forum is applauded. In the spirit of our strong partnership, I welcome the opportunity to meet with you and dialogue on this issue of mutual interest, and to renew our commitment to the values that we share.

Please accept, Excellency, the assurances of my highest consideration.

Yours sincerely,

HENRY PUNA,
Secretary General

**Submission for the Record by Leo Falcam, Jr., Chief
Negotiator for the Federated States of Micronesia**

**THE PRESIDENT
Federated States of Micronesia**

July 14, 2023

Hon. Aumua Amata C. Radewagen, Chair
Hon. Rep. Gregorio Kilili Camacho Sablan, Co-Chair
Indo-Pacific Task Force
House Committee on Natural Resources
Washington, DC 20515

Dear Task Force Chair Radewagen and Co-Chair Sablan:

Thank you for your invitation to testify on Tuesday, July 18, 2023, on the Biden administration's Proposed Compact of Free Association Amendments Act of 2023. I am pleased to designate as the representative of the Federated States of Micronesia our Chief Negotiator in the Compact talks, Mr. Leo Falcam, Jr. Mr. Falcam has been our Chief Negotiator since 2019 and will be an outstanding representative of our Government at the upcoming hearing.

I take this opportunity to thank you for your leadership on advancing this important legislation through the U.S. Congress. The U.S. and the Federated States of Micronesia enjoy an extraordinary close relationship that continues to deepen through our broad diplomatic, economic, and military partnership and the steadfast support of the United States for the FSM's economic development and self-sufficiency. U.S. Government economic assistance to our Government is essential, and we request expeditious consideration of the package pending before Congress. An end to U.S. support at the end of September 2023 would create an unprecedented economic and political crisis for our country and our people.

Sincerely,

WESLEY W. SIMINA,
President