

**EXAMINING THE IMPLEMENTATION
OF THE COMPACT OF FREE
ASSOCIATION AMENDMENTS
ACT OF 2024**

OVERSIGHT HEARING

BEFORE THE

SUBCOMMITTEE ON INDIAN AND INSULAR AFFAIRS

OF THE

COMMITTEE ON NATURAL RESOURCES

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTEENTH CONGRESS

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HOUSE COMMITTEE ON
NATURAL RESOURCES
CHAIRMAN BRUCE WESTERMAN

To: House Committee on Natural Resources Republican Members

From: Indian and Insular Affairs Subcommittee staff: Ken Degenfelder (Ken.Degenfelder@mail.house.gov) and Justin Rhee (Justin.Rhee@mail.house.gov), x6-9725

Date: Tuesday, September 10, 2024

Subject: Oversight Hearing: “Examining the Implementation of the Compact of Free Association Amendments Act of 2024”

The Subcommittee on Indian and Insular Affairs will hold an oversight hearing titled “Examining the Implementation of the Compact of Free Association Amendments Act of 2024” on **Tuesday, September 10, 2024, at 10:15 a.m. in Room 1324 Longworth House Office Building.**

Member offices are requested to notify Haig Kadian (Haig.Kadian@mail.house.gov) by 4:30 p.m. on Monday, September 9, 2024, if their Member intends to participate in the hearing.

I. KEY MESSAGES

- In March of this year, Congress successfully passed the Compact of Free Association Amendments Act of 2024 (COFA Amendments Act) and now the Committee on Natural Resources must carry out its oversight responsibilities with great diligence to ensure proper implementation and execution of the renewed Compact of Free Association (COFA) agreements.
- It is alarming that the Department of State has not finalized negotiations with Palau and the RMI on their respective Federal Program and Services Agreements (FPSA). The delay in finalizing Palau's new FPSA is particularly concerning as Palau's existing FPSA will expire on October 1, 2024.
- The Biden-Harris administration has failed to implement several key elements of the COFA Amendments Act in a timely manner, particularly veterans' services in the Freely Associated States (FAS). In addition, the administration has yet to formally convene the Interagency Working Group specifically designed by Congress to improve interagency coordination and communication on COFA implementation.
- Proper implementation of the COFA Amendments Act and continuing federal programs and services to the FAS reaffirms the United States' commitment to its allies and reliability as a partner.

II. WITNESSES

Panel 1:

- **Mr. Taylor Ruggles**, Senior Advisor for COFA Implementation, U.S. Department of State, Washington, D.C.
- **Mr. John Brewer**, Director, Office of Insular and International Affairs, U.S. Department of the Interior, Washington, D.C.
- **Mr. Anka Lee**, Deputy Assistant Secretary of Defense for East Asia, U.S. Department of Defense, Washington, D.C.
- **Dr. Miguel LaPuz**, Special Assistant to the Deputy Under Secretary for Health, U.S. Department of Veterans Affairs, Washington, D.C.

Panel 2:

- **His Excellency Hersey Kyota**, Ambassador to the United States, Republic of Palau, Washington, D.C.
- **His Excellency Jackson Soram**, Ambassador to the United States, Federated States of Micronesia, Washington, D.C.
- **His Excellency Charles Paul**, Ambassador to the United States, Republic of the Marshall Islands, Washington, D.C.

III. BACKGROUND

Freely Associated States

In 1986, the FAS emerged from the U.S.-administered United Nations (UN) Trust Territory of the Pacific Islands in Micronesia, which had been established after World War II.¹ The Marshall Island group became the Republic of the Marshall Islands, and the Caroline Island group became the Republic of Palau and the Federated States of Micronesia.² The FAS covers a maritime area comparable in size to the continental United States, governs over 1,000 islands, and has a combined population of approximately 100,000 people.³ The FAS economies face structural challenges similar to many other Pacific Island counties. These include a lack of economies of scale, small land areas, limited natural and human resources, remote locations, and poor infrastructure.⁴ Each Freely Associated State is an independent nation with full UN and Pacific Islands Forum membership.⁵

Federated States of Micronesia: The FSM consists of island chains between the RMI and Palau. Its federal constitutional system comprises the states of Pohnpei, Chuuk, Yap, and Kosrae.⁶ The capital is located at Pohnpei.⁷ It derives revenues from licensed international fishing in its vast territorial waters and hosts a small but thriving tourism sector.⁸

¹The Freely Associated States and Issues for Congress.” Congressional Research Service. <https://crsreports.congress.gov/product/pdf/R/R46705>.

²“Marshall Islands.” Encyclopedia Britannica. <https://www.britannica.com/place/Marshall-Islands> and “Caroline Islands.” Encyclopedia Britannica. Accessed. <https://www.britannica.com/place/Caroline-Islands>

³The Freely Associated States and Issues for Congress.” Congressional Research Service and “Freely Associated States 2023.” World Population Review. <https://worldpopulationreview.com/country-rankings/freely-associated-states>.

⁴For more information on the FAS see “The Freely Associated States and Issues for Congress.” Congressional Research Service. <https://crsreports.congress.gov/product/pdf/R/R46573/2>.

⁵The Pacific Islands Forum. <https://www.forumsec.org/who-we-arepacific-islands-forum/> and “Member States.” United Nations. <https://www.un.org/en/about-us/member-states#gotoF>.

⁶“Micronesia.” Encyclopedia Britannica. <https://www.britannica.com/place/Micronesia-republic-Pacific-Ocean>.

⁷*Id.*

⁸*Id.*

Republic of the Marshall Islands: The RMI consists of hundreds of islands in two parallel chains of coral atolls—the Ratak, or Sunrise, island chain to the east and the Ralik, or Sunset, island chain to the west—in the central Pacific Ocean.⁹ The chains lie about 125 miles (200 km) apart and extend some 800 miles from northwest to southeast. The capital of the RMI is Majuro.¹⁰

Republic of Palau: Palau is the westernmost part of the FAS, with its capital at Koror.¹¹ Its internationally renowned “Rock Islands” are a strong tourist draw, driving a thriving tourism industry.¹² Palau is also home to a growing U.S. military presence, which includes highly advanced radar and surveillance capabilities vital to U.S. regional strategic interests.¹³ Palau also derives revenues from licensed international fishing and subsistence agriculture.¹⁴

Compact of Free Association

The FAS is diplomatically, militarily, and economically connected to the U.S. through the COFA agreements. These mutually beneficial agreements serve as the primary line of defense against the People’s Republic of China (PRC) influence operations in the Indo-Pacific region in several ways. First, they remind the FAS that the U.S. is committed and values the special relationship formed under free association. Second, the Compacts enable the U.S. and the FAS to counter the PRC’s attempts to undermine democracy through economic coercion.¹⁵ U.S. economic assistance to the FAS provides tools and stability for local governments to prevent democratic erosion.

Under the COFA, the U.S. secures unprecedented and unmatched security and defense rights based in the FAS nations in exchange for vital U.S. economic assistance and defense guarantees. These rights allow the U.S. to establish military facilities in the FAS in accordance with the COFA terms and to exercise the right of strategic denial. The right of strategic denial allows the U.S. to deny any foreign military, including the PRC, access to a FAS territory.¹⁶

Within the RMI, the U.S. has an army garrison located in Kwajalein Atoll, which features the Ronald Reagan Ballistic Missile Defense Test Site (RTS).¹⁷ The RTS is a vital strategic asset supporting U.S. missile and missile defense testing, space launch, and space surveillance activities.¹⁸ The U.S. Department of Defense (DoD) seeks to use Micronesia as a location for U.S. Air Force Agile Combat Employment operations.¹⁹ Palau is also home to a growing U.S. military presence, which includes highly advanced radar and surveillance capabilities vital to U.S. regional strategic interests.²⁰

⁹“Marshall Islands.” Encyclopedia Britannica. <https://www.britannica.com/place/Marshall-Islands>.

¹⁰*Id.*

¹¹“Palau.” Encyclopedia Britannica <https://www.britannica.com/place/Palau>.

¹²“Rock Islands Southern Lagoon.” UNESCO World Heritage Centre. <https://whc.unesco.org/en/list/1386/>.

¹³Wright, Stephen. “US Plans Over-the-Horizon Radar Facility in Palau.” Radio Free Asia. <https://www.rfa.org/english/news/pacific/palau-radar-01112023015016.html>.

¹⁴“Department of State: 2014 Investment Climate Statement.” U.S. Department of State. <https://2009-2017.state.gov/documents/organization/228600.pdf>.

¹⁵Shullman, David, ed. “Chinese Malign Influence and the Corrosion of Democracy.” International Republican Institute. https://www.iri.org/wp-content/uploads/legacy/iri.org/china_malign_influence_executive_summary_booklet.pdf.

¹⁶Hills, Howard. Free Association for Micronesia and the Marshall Islands: A Transitional Political Status Model. University of Hawaii Law Review, Vol. 27/1. Winter 2004.

¹⁷Army Space and Missile Defense Command. https://www.smdc.army.mil/Portals/38/Documents/Publications/Fact_Sheets/RTS.pdf.

¹⁸“In Focus: The Compacts of Free Association.” Congressional Research Service, August 15, 2022. <https://crsreports.congress.gov/product/pdf/IF/IF12194/1>.

¹⁹*Id.*

²⁰Wright, Stephen. “US Plans Over-the-Horizon Radar Facility in Palau.” Radio Free Asia, March 27, 2023. <https://www.rfa.org/english/news/pacific/palau-radar-01112023015016.html>.

Additionally, the U.S. Coast Guard (USCG) is active in the region as its cutters and patrol boats tend to be better suited than U.S. Navy vessels for the waterways surrounding the FAS.²¹ The USCG 14th District regularly performs maritime safety and security missions, prevents illegal unlicensed fishing, protects natural resources, and responds to emergencies in the region.²²

Barring termination of the COFA by the parties according to the agreement's provisions, the security and defense provisions of the COFA do not expire and continue indefinitely. However, the economic provisions that also sustain the COFA require periodic renewal.^{23,24}

Compact of Free Association Amendments Act of 2024

In the 118th Congress, the Committee on Natural Resources conducted multiple hearings on the COFA agreements and formed a bipartisan Indo-Pacific Task Force to oversee issues facing the U.S. territories and the FAS in the Indo-Pacific.²⁵ The goal was to address the expiring 2003 COFA agreements with the FSM and the RMI and the 2010 Compact Review Agreement (CRA) with Palau, as the FSM and the RMI agreements were due to expire at the end of Fiscal Year (FY) 2023 and the Palau agreement is expiring in FY 2024.²⁶

These hearings raised the importance of the COFA and the U.S. relationship with its FAS partners while investigating the ways that the PRC is attempting to undermine U.S. efforts in the region.

Furthermore, House Natural Resources Committee Chairman Bruce Westerman (R-Ark.) led a historic bipartisan CODEL to Palau, the RMI, and the FSM in August 2023 to visit and meet with leaders from the three FAS nations and discuss U.S. commitments and partnerships with the FAS.²⁷

In June 2023, the Biden-Harris administration transmitted to Congress a draft proposal for COFA renewal legislation to approve and enter into force the COFA renewal agreements with all three FAS partners.

On October 19, 2023, the Subcommittee held a legislative hearing on the Discussion Draft on H.J. Res. 96 (Rep. Westerman), the *Compact of Free Association Amendments Act of 2023*.²⁸ The legislation was marked up and favorably reported by the Committee on Natural Resources by unanimous consent on November 8, 2023.²⁹

These efforts laid the groundwork for ensuring the renewal of the COFA agreements on March 9, 2024, when the *Consolidated Appropriations Act, 2024* (H.R. 4366) was signed into law.³⁰ H.R. 4366 included provisions for the *Compact of Free Association Amendments Act of 2024*, a version of H.J. Res 96.³¹ This renewal received bipartisan and bicameral support.

²¹ Maritime challenges and opportunities—Daniel K. Inouye Asia-Pacific . . . Accessed June 7, 2023. <https://dkiapcss.edu/wp-content/uploads/2022/09/Blue-Pacific-Security-11-Long-Turvold-McCann-MaritimeChallenges-1.pdf>.

²² "United States Coast Guard Pacific Area: Strategic Intent." United States Coast Guard, January 2016. <https://www.pacificarea.uscg.mil/Portals/8/Documents/PACAREA%20Strategic%20Intent%20-%202016%20-%20final%20for%20release.pdf>.

²³ P.L. 99-239, 48 U.S.C. 1681 note, 59 Stat. 1031, Section 211, and H.J. Res. 626, Nov. 14, 1986, P.L. 99-658, 61 Stat. 3301, Section 432.

²⁴ For further information on the legislative history of COFA renewal, refer to Subcommittee on Indian and Insular Affairs Legislative Hearing on October 19, 2023, titled "Discussion Draft on H.J. Res. (Rep. Westerman), "Compact of Free Association Amendments Act of 2023."

²⁵ Subcommittee oversight hearing on May 16, 2023, titled "Preserving U.S. Interests in the Indo-Pacific: Examining How U.S. Engagement Counters Chinese Influence in the Region." <https://naturalresources.house.gov/calendar/eventsingle.aspx?EventID=413428>. Indo-Pacific Task Force oversight hearings on June 14, 2023, titled "How the Compacts of Free Association Support U.S. Interests and Counter the PRC's Influence" <https://naturalresources.house.gov/calendar/eventsingle.aspx?EventID=413428> and on July 18, 2023, titled "The Biden's Administration's Proposed Compact of Free Association Amendments Act of 2023" <https://naturalresources.house.gov/calendar/eventsingle.aspx?EventID=414550>. Full Committee oversight field hearing on August 24, 2023, titled "Peace Through Strength: The Strategic Importance of the Pacific Islands to U.S.-led Global Security" <https://naturalresources.house.gov/calendar/eventsingle.aspx?EventID=414736>.

²⁶ The economic provisions of Palau's COFA agreement requires renewal through a CRA whereas the FSM and the RMI require a new COFA agreement.

²⁷ "Westerman Returns from Historic CODEL Demonstrating U.S. Strength in the Indo-Pacific and Countering CCP Influence." House Committee on Natural Resources, September 5, 2023. <https://naturalresources.house.gov/news/documentsingle.aspx?DocumentID=414776>.

²⁸ "Discussion Draft on H.J. Res. _____ (Rep. Westerman), "Compact of Free Association Amendments Act of 2023" on October 19, 2023

²⁹ House Committee on Natural Resources Full Committee Markup on November 8, 2023

³⁰ P.L. 118-42

³¹ H.R. 4366 (Rep Carter), "Consolidated Appropriations Act, 2024", Division G, Title II

More information on the hearings, including informational memos prepared by Majority staff and video recordings of the hearings are available on the Committee's website at <https://naturalresources.house.gov/issues/issue/?IssueID=5066>.

Key Provisions of the Compact of Free Association Amendments Act of 2024

The COFA Amendments Act 2024 approved and incorporated by reference agreements signed between the U.S. and the FAS for the new COFA period, from FY 2024 through FY 2043. These agreements are as follows:

- **2023 Agreement to Amend the U.S.-FSM Compact:** An agreement between the U.S. and the FSM governments to amend the 2003 U.S.-FSM COFA by renewing economic provisions. The agreement sets a new funding schedule from FY 2024 through FY 2043 for the various funding categories, including the FSM's trust fund, as agreed upon between the FSM and U.S. governments. The agreement also sets biennial reporting requirements for the FSM government to send reports on the use of U.S. economic assistance and the FSM government's progress in meeting program and economic goals.
- **2023 U.S.-FSM Fiscal Procedures Agreement:** An agreement on the procedures for implementing economic assistance provided to the FSM government by the U.S. government. This agreement sets guidelines, requirements, and conditions for the U.S. government and the FSM government when implementing the U.S.-FSM COFA economic provisions. The agreement sets parameters for the various categories of sector grants, which are funds dedicated for use for projects within sectors that the U.S. and the FSM have designated as priorities such as education, health, and private sector development. This would ensure evaluation of the FSM's progress in meeting economic and financial objectives and provides recommendations for increasing effectiveness of U.S. Compact assistance.
- **2023 U.S.-FSM Trust Fund Agreement:** An agreement on the rules and conditions of the trust fund established by the U.S. for the FSM. The FSM's trust fund would receive a total of \$500 million for the period from FY 2024 through FY 2043 under the U.S.-FSM COFA. This agreement sets legal status, account structure, funding levels and conditions for distribution, audit and reporting requirements, and withdrawal conditions for the FSM's trust fund.
- **2023 U.S.-FSM Federal Programs and Services Agreement:** An agreement on what U.S. Federal programs and services would be provided to the FSM and the conditions for those services. These Federal programs and services will include the National Oceanic and Atmospheric Administration's (NOAA) National Weather Service, the Federal Aviation Administration's (FAA) civil aviation services, the Federal Emergency Management Agency (FEMA), the U.S. Postal Service (USPS), and the Federal Deposit Insurance Corporation (FDIC).
- **2023 Agreement to Amend the U.S.-RMI Compact:** An agreement between the U.S. and the RMI governments to amend the current U.S.-RMI COFA by renewing economic provisions. This agreement would set a new funding schedule from FY 2024 through FY 2043 for U.S. economic assistance to the RMI, including the RMI's trust fund, which was agreed upon between the two governments. The agreement would also set reporting requirements for the RMI government to send reports on the RMI government's progress in meeting program and economic goals.
- **2023 U.S.-RMI Fiscal Procedures Agreement:** An agreement on the procedures for the implementation of economic assistance provided to the RMI government by the U.S. government. This agreement sets guidelines, requirements, and conditions for the U.S. government and the RMI government when implementing the U.S.-RMI COFA economic provisions. This agreement also sets parameters for the various categories of sector grants to ensure review of the audits and reports required under the Compact.
- **2023 U.S.-RMI Trust Fund Agreement:** An agreement on the rules and conditions of the trust fund established by the U.S. for the RMI. \$700 million for the period of FY 2024 through FY 2043 under the U.S.-RMI COFA will be available for the RMI trust fund. This agreement would set the legal status, account structure, funding levels and conditions for distribution, audit and reporting requirements, and withdrawal conditions for the RMI's trust fund.

- **2023 U.S.-Palau Compact Review Agreement:** An agreement between the U.S. and Palau governments resulting from Section 432 of the U.S.-Palau compact. The 2023 agreement was the result of the thirtieth-anniversary review of the Compact. The agreement sets a new funding schedule from FY 2024 through FY 2043 for the various funding categories, including Palau's trust fund, agreed upon between the Palau and U.S. governments. The agreement also sets the fiscal procedures for implementing economic assistance provisions, including setting annual reporting requirements for Palau.

Oversight and Accountability

The COFA Amendments Act strengthens oversight and accountability measures for the U.S. implementation and management of the COFA economic provisions. It builds upon existing measures within Public Law 108-188 and the 2010 Palau CRA but also creates additional requirements for the Administration to report to Congress on COFA activities every four years.

The COFA Amendments Act requires the U.S. members of the Economic Management and Accountability Committees, the U.S.-FSM Joint Trust Fund Committee, and the U.S.-RMI Joint Trust Fund Committee to have strong experience in finance and accounting and set term limits for the committee members. Furthermore, the COFA Amendments Act requires the Secretary of the Interior to submit reports by these committees to Congress detailing the committees' actions and their recommendations. The COFA Amendments Act also requires the members of the Economic Advisory Group appointed by the Secretary of the Interior to have qualifications in private sector business development, economic development, or national development.

The COFA Amendments Act also carries forward the authorities of the Comptroller General to carry out its oversight responsibilities under the COFA. The COFA Amendments Act places reporting requirements on the Comptroller General to submit to Congress a report on the economic performance of the FAS, the impact of U.S. economic assistance to the FAS, and the effectiveness of U.S. administrative oversight over the COFA. This expands the requirements set by Public Law 108-188 by including reporting on Palau. The COFA Amendments Act also carries forward the authorities of the Secretary of the Interior and the Postmaster General to carry out oversight responsibilities.

The COFA Amendments Act requires the Secretary of the Interior to submit to Congress a compilation of the COFA agreements with the FSM, the RMI, and Palau to improve the readability of the COFA agreements.

Interagency Group on Freely Associated States

The COFA Amendments Act requires the U.S. president to establish an Interagency Group on Freely Associated States that would serve as a coordination mechanism for the U.S. government's implementation of the COFAs with the three FAS countries. The Interagency Group consists of the secretaries of State, the Interior, and Defense, as well as heads of relevant federal agencies, departments, and instrumentalities carrying out COFA obligations. The Secretary of State and Secretary of the Interior would both serve as co-chairs and would be responsible for facilitating and coordinating the work of the Interagency Group. The Interagency Group would enhance U.S. government coordination on COFA implementation and increase engagement from the Department of State on issues relating to the COFAs.

The duties of the Interagency Group include advising the U.S. president on establishing and implementing policies relating to the FAS through a written report at least once a year and facilitating coordination of relevant policies, programs, initiatives, and activities of the FAS to avoid duplication between activities. Section 7(d)(6) sets reporting requirements for the U.S. president to submit to the majority leader and minority leader of the Senate, the Speaker and minority leader of the House of Representatives, and the appropriate committees of Congress a report that describes the activities and recommendations of the Interagency Group during the applicable year.

Compact Impact Fairness

The COFA Amendments Act also restores eligibility for FAS citizens lawfully living in the U.S., and U.S. territories to receive the Federal benefits available to other legal permanent residents. The COFA Amendments Act contains substantially similar language to the standalone House bill, H.R. 3570, and *Compact Impact Fairness Act of 2023* (CIFA).³²

Under the first COFA, FAS citizens who legally work and reside in the U.S. were eligible for Federal benefits available to legal permanent residents but lost eligibility for most of these benefits following the enactment of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA).³³ In 2020, Congress restored Medicaid eligibility for legal permanent residents from the FAS.³⁴ However, U.S. states and territories have had to shoulder the financial costs of hosting legal permanent residents from the FAS and meeting the cost-sharing requirements of Medicaid. To address this, the previous 2003 COFA, under Public Law 108-188, provided Compact Impact Grants to Hawaii, Guam, the Commonwealth of the Northern Mariana Islands, and American Samoa.

Instead of the Compact Impact Grants, the COFA Amendments Act returns Federal benefits eligibility for FAS migrants to pre-PRWORA levels and expand coverage to all U.S. states and territories.

Implementation Status of the COFA Amendments Act of 2024

The Committee on Natural Resources has identified issues and concerns with the implementation and execution of the COFA Amendments Act by the Biden-Harris administration.

The CIFA provisions of the COFA Amendments Act allowed for FAS citizens residing in the U.S. to become eligible for certain programs such as the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), and Supplemental Security Income (SSI). As such, the agencies carrying out those programs would need to issue guidance adhering to the law. While it appears that nearly every agency impacted by CIFA have issued guidance, Social Security Administration has not issued guidance for the SSI program.³⁵

The COFA Amendments Act law includes the authority for the Department of Veterans Affairs (VA) to carry programs and services in the FAS. However, the VA has yet to carry out these services as they have yet to begin negotiations with the FAS governments as required under the COFA Amendments Act. The Secretary of Veterans Affairs is required to negotiate with the FAS governments on terms and conditions of VA services in the FAS. The delay in the negotiation process appears to have resulted from a concern by the VA that the COFA Amendments Act did not provide adequate funding for the department to carry out its services. This concern has yet to be validated as the Congressional Budget Office's cost estimate of the COFA legislation included the cost of carrying out VA services.³⁶ It is not confirmed if the VA still has concerns regarding funding for these services, but it has been confirmed by FAS officials that the department has not yet initiated negotiations.

³²Text—H.R. 3570—117th Congress (2021–2022): Compact Impact Fairness Act of 2021. (2021, July 7). <https://www.congress.gov/bill/117th-congress/house-bill/3570/text>.

³³Paule, A. & Weiker, A (2023, June 26). What the Compact Impact Fairness Act Means for Compact Host Governments and Migrants. East-West Center. <https://www.eastwestcenter.org/publications/what-compact-impact-fairness-act-means-compact-host-governments-and-migrants>.

³⁴Diamond, D. (2020, December 20). 'A Shining Moment': Congress Agrees to Restore Medicaid for Pacific Islanders. Politico. <https://www.eastwestcenter.org/publications/what-compact-impact-fairness-act-means-compact-host-governments-and-migrants>; 8 U.S.C. §1612 2023.

³⁵Information provided by the Congressional Research Service and FAS officials upon request by House Natural Resources Republican Staff.

³⁶At a Glance: H.J. Res 96, Compact of Free Association Amendments Act of 2023, Congressional Budget Office. <https://www.cbo.gov/system/files/2023-12/hjres96.pdf>

Several of these issues could be resolved through the Interagency Group that Congress mandated under the COFA Amendments Act. However, it appears that the Interagency Group has only held a preliminary meeting³⁷ and has not yet formally convened.³⁸ Upon discussion with Committee staff, the Department of State stated that they do not currently anticipate any interim report submission.³⁹ Rather, they will “certainly work with the White House to ensure they meet the legislated deadline.”⁴⁰ Currently, the Department of the Interior’s website on the Interagency Group does not have any documents, calendars, or links.⁴¹ Furthermore, concerns have been raised regarding a lack of staffing for the Interagency Group.⁴²

The Department of State has also not yet stood up the Unit for the Freely Associated States mandated under the COFA Amendments Act.⁴³ This law mandates that this unit be established within the Department of State’s Bureau of East Asian and Pacific Affairs.

Outstanding Subsidiary Agreement Negotiations

Although the COFA agreements have successfully been renewed, several subsidiary agreements remain in negotiation. The outstanding subsidiary agreements are the FPSAs with Palau and the RMI.

When submitting their COFA legislative proposal, the Biden-Harris administration informed Congress they were still negotiating the FPSA agreements with Palau and the RMI. However, it was determined that Congress could move forward with COFA renewal legislation without the final FPSA agreements. At that time, the administration determined the existing law only required a 90-day Congressional review period before the President has the authority to enter into force the FPSA agreements. This was stated again when Committee staff contacted the Department of State and the Department of the Interior for a technical review of the COFA Amendments Act.

However, the Department of State recently informed Congress, in July 2024, that the U.S.-Palau FPSA would require an Act of Congress to enter into force. According to the Department of State, the original U.S.-Palau COFA agreement in 1986 states that any FPSA agreement between the U.S. and Palau requires an Act of Congress before it can be entered into force. The Department of State has assessed that this statute is still in effect and that the COFA Amendments Act does not adequately allow for a new FPSA to enter into force.

Furthermore, the administration has raised concerns that it will not be able to finalize negotiations on the U.S.-Palau FPSA before the existing FPSA expires on October 1, 2024. The reason for this delay appears to stem from the fact that negotiations did not start until June 2024 and because of concerns surrounding disaster assistance and postal services. The Department of State has expressed to Committee staff that even if the disagreements were resolved, without Congressional action to extend it, the current Palau FPSA would lapse due to the 90-day Congressional review period and the requirement for Congress to proactively approve the agreement.

While the FPSA agreement with the RMI is also undergoing negotiations, the RMI does not face a potential lapse in services. In the October 2023 Continuing Resolution (CR), Congress authorized an extension for the current RMI FPSA until a new FPSA agreement is entered into force.⁴⁴ As such, the RMI is currently receiving U.S. federal programs and services that it has received under the 2003 COFA until a new FPSA is in effect. However, it is still alarming that the agreement has yet to be finalized, as it has been nearly a year since the current RMI FPSA was extended.

³⁷ Correspondence with The Department of State

³⁸ U.S. Department of the Interior website section on “Interagency Group for the Freely Associated States (FAS)”

³⁹ Correspondence with CRS

⁴⁰ Correspondence with CRS

⁴¹ U.S. Department of the Interior website section on “Interagency Group for the Freely Associated States (FAS)”

⁴² Correspondence with The Department of State

⁴³ Information provided by the Department of State to Committee staff.

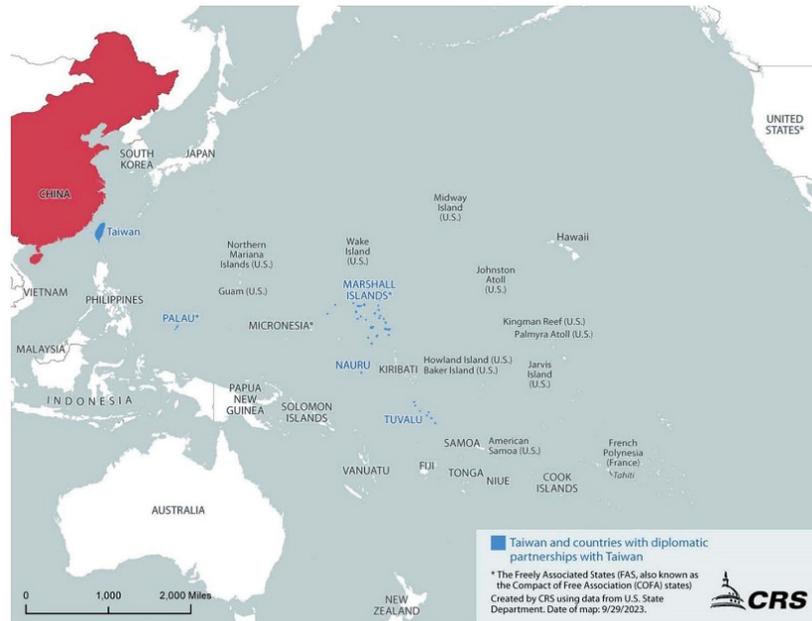
⁴⁴ P.L. 118-22.

Critical Importance to U.S. National Security

The COFA agreements are essential to U.S. interests in and relationships with the FAS, and ultimately the Indo-Pacific region. Fully implementing the COFA Amendments Act and finalizing federal programs and services agreements with the FAS reaffirms the United States' commitment to its allies and reliability as a partner. This commitment through the COFA agreements is essential to counter the PRC's malign influence and to maintain the United States' capacity to secure its interests.

The U.S. must carry out its commitments to our FAS allies by ensuring proper implementation of COFA. Proper implementation will require clear and swift action by the Biden-Harris administration and consistent communication between Congress, U.S. agencies, and the FAS governments.

Figure A: Map of Pacific Region with China, Taiwan, and Countries with Diplomatic Relations with Taiwan Highlighted⁴⁵



⁴⁵ Map provided by the Congressional Research Service at the request of the House Committee on National Resources.

**OVERSIGHT HEARING ON EXAMINING THE
IMPLEMENTATION OF THE COMPACT
OF FREE ASSOCIATION AMENDMENTS
ACT OF 2024**

**Tuesday, September 10, 2024
U.S. House of Representatives
Subcommittee on Indian and Insular Affairs
Committee on Natural Resources
Washington, DC**

The Subcommittee met, pursuant to notice, at 10:17 a.m. in Room 1324, Longworth House Office Building, Hon. Aumua Amata Coleman Radewagen [Member of the Subcommittee] presiding.

Present: Representatives Radewagen, LaMalfa, González-Colón, Westerman; Leger Fernández, and Case.

Also present: Representative Stansbury.

Mrs. RADEWAGEN. The Subcommittee on Indian and Insular Affairs will come to order.

Without objection, the Chair is authorized to declare a recess of the Subcommittee at any time.

The Subcommittee is meeting today to hear testimony on examining the implementation of the Compact of Free Association Amendments Act of 2024.

Under Committee Rule 4(f), any oral opening statements at hearings are limited to the Chairman and the Ranking Minority Member. 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
TERRITORY OF AMERICAN SAMOA**

Mrs. RADEWAGEN. Talofa lava and good morning. We are here today to examine the implementation of the Compact of Free Association Amendments Act of 2024, passed by Congress earlier this year, in March.

The Compacts of Free Association, or COFA, are the foundation for our special relationship with the Freely Associated States, or FAS. The FAS comprise of three sovereign Pacific island countries which are the Republic of Palau, the Republic of the Marshall Islands, and the Federated States of Micronesia.

The COFA agreements are mutually beneficial agreements that grant the United States access to extraordinary security rights in return for U.S. economic assistance and defense guarantees. These security rights include the right to build U.S. bases and military installations, and the authority to deny access to the FAS by the

military forces of any third nation, known as Strategic Denial. The COFA agreements enable the United States to better protect the U.S. homeland, while providing the FAS with resources for improving economic and democratic resiliency.

The 38-year history of the COFA agreements are a success story of America's commitment to the Pacific allies and the Indo-Pacific region. The story is enshrined in our mutual values and shared interests. As democracies, the United States and FAS partnership under COFA serves as a beacon for pushing back against authoritarianism and malign influence.

These goals of strong democracy, rule of law, and economic resiliency are also sustained by economic assistance grants and trust fund contributions for health, education, and infrastructure, among other essential public programs and services. These programs represent our appreciation for the great challenges, the accomplishments of the people of FAS in partnership with the United States, and our continued cooperation and mutual success on the world stage.

At a time of increasing aggression by the People's Republic of China under the rule of the Chinese Communist Party, or CCP, it is more important now than ever to preserve the U.S.-FAS strategic partnership our other allies in the region also rely on to preserve peace through strength. The CCP continues to attempt to undermine this relationship through influence, operations, and economic coercion.

Congress' timely passage of the COFA Amendments Act and successful renewal of the COFA agreements speaks to the U.S. commitment to preserving our special relationship with our FAS allies, and to countering the malign activities of the CCP. However, there is still more left to be done. The United States must remain committed to following through on the obligations promised under the COFA Amendments Act.

I am proud to have co-chaired the House Committee on Natural Resources Indo-Pacific Task Force. I have worked tirelessly with co-chair Gregorio Kilili Sablan and with my colleagues who served as members of the task force to help pave the way for the timely renewal of the COFA agreements. I am, therefore, gravely concerned to see that there are several key provisions of the COFA Amendments Act that have not been implemented in a timely manner, consistent with the clearly expressed intent of Congress and agreements signed by the President.

We are joined today by witnesses from each of the FAS governments so that we can hear from them, their concerns and how the delays in implementation have impacted the FAS governments and their citizens, and to confirm our readiness to meet mutual obligations.

We have also invited witnesses from the relevant agencies within the Administration to help us find answers to why these provisions have not been implemented, and what they are doing to address the delays.

I urge the Administration to continue to work with Congress and provide what Congress needs for overseeing the implementation process. Our Pacific allies deserve to see promises fulfilled in a timely manner.

To be clear, examining these challenges to implementation does downplay the importance of COFA. Oversight and accountability will ensure that the COFA agreements continue to serve as a pillar of our relationship with FAS for decades to come. By ensuring COFA is implemented correctly and in a timely manner, we are signaling to the region that the United States remains a reliable and committed partner.

Thank you to our witnesses from the Administration and the FAS for appearing before us today. I look forward to their testimonies and finding a way to address the challenges raised during this hearing.

The Chair now recognizes the Ranking Member for any statement.

STATEMENT OF THE HON. TERESA LEGER FERNÁNDEZ, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW MEXICO

Ms. LEGER FERNÁNDEZ. Thank you so very much, Madam Chair. And I want to welcome all of our witnesses today, especially our friends, the Ambassadors from the Freely Associated States of the Marshall Islands, Micronesia, and Palau.

Last year, I had the privilege to visit the Blue Continent. You generously shared stories, policy issues, concerns, and the cultural knowledge from each of your beautiful nations. I saw firsthand how the special relationship between your nations and the United States benefits communities on both sides of the Pacific. The Compacts of Free Association between the United States and the Freely Associated States, or FAS, are at the heart of that special relationship.

This March, when President Biden signed the 2024 Compacts of Free Association Amendments Act into law, it was the culmination of months, if not years, of negotiations between the United States and the FAS, as well as hard work in both chambers of the Congress.

I want to commend both of you, Representative Radewagen and Representative Sablan, for your leadership in educating the rest of us on the importance of these Compacts.

I especially want to extend my gratitude to Chairman Westerman for taking me and our colleagues to the nations, and for the efforts that you have led to make sure that we could secure passage of these essential agreements.

The Compacts benefit both parties tremendously. We rely on the Freely Associated States to help us regarding the People's Republic of China's both economic threats and security threats. I recall the video of the illegal Chinese overfishing of some of the territorial waters and the response to this trespass. As part of the Compacts, the Federal programs and service agreements provide FAS citizens with essential services, such as disaster assistance, weather forecasts, and postal services.

I am pleased that negotiations to implement the various Federal programs and service agreements are complete, or soon will be in the case of the Marshall Islands. However, Congress must take one final action to bring the Palau agreement into force. I look forward to working with you, Chairman Westerman and our colleagues in

both chambers, to address this final detail and close the books legislatively on renewing the Compacts of Free Association with our allies and friends in the Marshall Islands, Micronesia, and Palau for another 20 years.

Now, we must make sure that the United States implements, because the signed document isn't enough. We need to make sure we implement the commitments we made in the renewed Compacts.

I want to first address Veteran Affairs services, which was one of the key provisions added in the 2024 Compacts. We met with many, many veterans during our trip, and they shared with us their stories and their commitment to serving the United States, but also what they needed to see in return. As I always say, it is not enough to thank our veterans for their services; we must provide them with the services they have earned.

So, while FAS citizens enlist and serve in the United States military at higher rates than mainland U.S. residents, they often do not receive the same benefits because of the distance from VA facilities. They have had to travel to Hawaii or Guam to receive those services. We owe those U.S. veterans the same debt of services as veterans living on the U.S. mainland. The new Compacts will address the service gap by extending VA services directly to FSA veterans in their home nations. But there is still work to do to make this a reality. We need to make sure that those services are actually available at the different nations and, in fact, the islands throughout the Pacific.

I look forward to hearing from the Departments of Defense and Veterans Affairs on their efforts to improve access to medical services. Our partnerships with the FAS have formed a bedrock of U.S.-Pacific cooperation for nearly four decades. As we continue under the renewed Compacts, we must recognize that the People's Republic of China, PRC, is not finished with its efforts to undermine this critical partnership. All areas of our government, not just the Department of Defense, should be mindful of this threat and of the pressures the PRC continues to exert on the FAS economies to increase its influence.

I look forward to hearing from the Departments of State and Interior, where each of these efforts we have discussed today stand.

With that, I will conclude my remarks and look forward to hearing the testimony from our witnesses.

Thank you, Madam Chair.

Mrs. RADEWAGEN. The Chair now recognizes Chairman Westerman for 5 minutes for his opening statement.

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

Mr. WESTERMAN. Thank you, Madam Chair, and thank you to the witnesses for being here today.

As we all know, the United States holds a special relationship with the Republic of Palau, the Republic of the Marshall Islands, and the Federated States of Micronesia that is collectively known as the FAS. This relationship with our Pacific allies is forged through the Compact of Free Association, or COFA, agreements that we have with each of these countries.

The Compacts are the cornerstone of U.S. leadership in the Pacific, and represent our capacity for promoting peace through strength. Amid increasing aggression by the People's Republic of China and attempts by the PRC to undermine U.S. leadership, it is more important now than ever to preserve our special relationship with the FAS. This hearing today recognizes the importance of our FAS relationships and the critical times that we are in.

I would like to take a moment to also recognize the great bipartisan work done by this Committee on this issue. My colleagues and I have worked tirelessly to ensure a timely renewal of the COFA agreements. In the past year, we held four oversight hearings on COFA and moved the Compact of Free Association Amendments Act of 2024 through regular order. We overcame challenges that came with turning the Administration's legislative proposal into legislation that meets U.S. interests in a fiscally responsible manner.

I am also proud to have led a historic, bipartisan congressional delegation to the Pacific Islands in August 2023, marking our continued commitment to our FAS partners. We saw firsthand the strength of the U.S. and FAS partnerships, and we witnessed the ways in which the PRC is attempting to spread its oppressive and malign influence.

I also want to especially recognize the hard work done by my colleagues, Representative Radewagen and Representative Sablan, as co-chairs of the Indo-Pacific Task Force. The task force was critical in ensuring that we could overcome any obstacles with COFA renewal. When Congress passed the COFA renewal legislation in March 2024, the Committee knew that the job was not over. As important as it is to renew, it is equally important to conduct oversight on the implementation of the legislation. And I hope we are as rigorous and unified in our oversight as we were in passing COFA.

Congress must continue to exercise its oversight responsibilities to ensure that the COFA provisions are carried out in the manner that Congress intended. It is alarming to see that several key provisions of the COFA Amendments Act have yet to be implemented by the Administration.

We have yet to see the Department of Veterans Affairs carry out any of the services in the FAS that it was charged with under COFA. I find this unacceptable, but somewhat not surprising under this VA Administration that seems to have forgotten that their job is to serve all of our veterans. The COFA agreements provided FAS citizens with the opportunity to serve in the U.S. Armed Forces, the citizens of the FAS enlist at higher rates than U.S. states and with high distinction. Congress included the authorization for Veterans Services in the FAS to recognize the great contribution and sacrifice by the people of the FAS in protecting the U.S. homeland. It is therefore imperative that we ensure that these services are carried out in a timely manner. We must take care of all of our veterans.

Furthermore, it is concerning that the Administration has yet to formally convene the interagency group as required under the COFA Amendments Act. The interagency group is essential for improving interagency coordination on COFA and addressing any

challenges in implementation. I hope the Administration witnesses today can provide us information and an agenda with timelines for the formal convening of the interagency group.

I am also deeply concerned that the Administration has yet to transmit to Congress a signed Federal Program and Services Agreement with Palau and the Marshall Islands. While it appears that we can anticipate a formal signing of the FPSA with Palau in the coming weeks, we are now at a point where congressional action may be needed to prevent a lapse in services for Palau.

The Administration has requested for Congress to provide an extension for the existing Palau FPSA, as they are unable to complete the new agreement before the end of the Fiscal Year. As Congress reviews the Administration's request, I hope the Administration witnesses today will provide us with the information needed to fully understand the request.

Again, thank you to our witnesses for being here today for this important hearing. I look forward to hearing your testimony and for our discussion.

I yield back.

Mrs. RADEWAGEN. I will now introduce the witnesses for our first panel: Mr. Taylor Ruggles, Senior Advisor, U.S. Department of State; Mr. John Brewer, Director, Office of Insular and International Affairs, U.S. Department of the Interior; Mr. Anka Lee, Deputy Assistant Secretary, U.S. Department of Defense; and Dr. Miguel LaPuz, Special Assistant, U.S. Department of Veterans Affairs.

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, 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 please complete your statement.

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

The Chair now recognizes Mr. Ruggles for 5 minutes.

**STATEMENT OF TAYLOR RUGGLES, SENIOR ADVISOR FOR
COFA IMPLEMENTATION, U.S. DEPARTMENT OF STATE,
WASHINGTON, DC**

Mr. RUGGLES. Talofa, Chairwoman Radewagen, Ranking Member Leger Fernández, Committee Chairman Westerman, Representative Case, and other distinguished members of the House Natural Resources Subcommittee on Indian and Insular Affairs. My name is Taylor Ruggles. I am the State Department's Senior Advisor for COFA implementation. I want to thank you for this opportunity to testify before you today.

I am grateful for the bipartisan support of this Subcommittee and, indeed, the Committee itself under Chairman Westerman's leadership, regarding the Compacts of Free Association with the Freely Associated States, or FAS; namely, the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic

of Palau. And I am pleased to see Congress' continued interest in the Freely Associated States.

Without question, the passage of the Compact of Free Association Amendments Act of 2024 and the entry into force of the 2023 Compact-related agreements have materially strengthened the relationships between the United States and the Freely Associated States. U.S. economic assistance helps the Freely Associated States to withstand political and economic pressure in an era of strategic competition. And with Ambassador Laura Stone's arrival in the Marshall Islands in July, all three of the Freely Associated States have Senate-confirmed Ambassadors in place.

Our relationships are also strengthened by the connections between our people. Many people, many citizens of the Freely Associated States, now live in America, where they are part of communities in Hawaii, Oregon, California, Texas, Arkansas, Guam, and many other states and territories. The high rates of U.S. military service by citizens of the Freely Associated States are points of pride and powerful symbols of our close relationships. Our partners from the FAS have pointed to the importance of postal services provided under the COFA-related agreements as crucial to maintaining ties with family and friends living in the United States and serving in the U.S. Armed Forces.

We continue to foster our close relationship with these countries by engaging with FAS leaders at every opportunity. Deputy Secretary Kurt Campbell held bilateral meetings with all three leaders on August 28 during the Pacific Islands Forum meetings in Tonga, which included a joint statement with Japanese Parliamentary Vice Minister for Foreign Affairs Komura Masahiro that the United States and Japan intend to explore the possibility of a joint collaboration to remove oil from World War II sunken vessels in the Chuuk Lagoon and the Federated States of Micronesia.

And then, on September 3, the United States announced plans to provide \$20 million to Palau. These funds would help the government of Palau continue to invest in its people and support the government's ambitious program of reform. USAID, for its part, is working closely with Palau to develop a Memorandum of Understanding to enhance Palau's disaster preparedness and response capabilities.

I am pleased to report that the United States and Palau have completed negotiations on a new Federal Programs and Services Agreement, or FPSA. We are now engaged in internal processes to approve the text for signature, which we hope will happen in the coming weeks. Moreover, we are very close to finalizing the FPSA with the Marshall Islands.

And Chairman Westerman, I want to assure you that the first meeting of the Interagency Group on the Freely Associated States, or IAG, was held in April of this year, during which the duties of the IAG were discussed. IAG members were briefed on the COFA agreements, as well as COFA-related legislation. During that meeting, the IAG members selected USAID Assistant Administrator Michael Schiffer to serve on the Joint Economic and Management Committee with the Federated States of Micronesia.

A second meeting of the IAG will be held in 2 days' time on Thursday, September 12. The IAG will receive updates on U.S.

Government activities, both those related to implementation of the agreements and other activities implemented under U.S. statutes that further the bilateral relationship.

Now, as we move forward on implementing the COFA-related agreements and statutory authorities, we remain cognizant of the challenges facing the FAS. PRC economic pressure on Palau and the Marshall Islands, both of which maintain diplomatic relations with Taiwan, is frequently reported. More generally, the PRC continuously attempts to increase its influence in the region through development aid and proposed security arrangements.

The effects of climate change are clearly seen in the islands. In January, massive waves flooded over a U.S. military facility in the Marshall Islands, highlighting the vulnerability of Pacific atolls to rising sea levels, tidal events, storm surges, and waves. The challenges the FAS face are numerous, and we continue to support partners in the FAS with needed programs and services.

I welcome your questions and look forward to discussing implementation of the COFA-related agreements with you. Thank you.

[The prepared statement of Mr. Ruggles follows:]

PREPARED STATEMENT OF TAYLOR RUGGLES, SENIOR ADVISOR FOR COMPACT IMPLEMENTATION, U.S. DEPARTMENT OF STATE

Chairwoman Hageman, Ranking Member Fernandez, distinguished members of the House Natural Resources Subcommittee on Indian and Insular Affairs: thank you for this opportunity to testify before you today. I am grateful for the bipartisan approach of this subcommittee regarding the Compacts of Free Association (COFAs) with the Freely Associated States (FAS)—the Federated States of Micronesia (FSM), the Republic of the Marshall Islands (RMI), and the Republic of Palau and am pleased to see Congress' continued interest in the FAS.

Without question, the passage of the Compact of Free Association Amendments Act of 2024 (2024 Compact Amendments Act) and the entry into force of the 2023 Compact-related agreements have materially strengthened the relationships between the United States and the Freely Associated States. U.S. economic assistance helps the Freely Associated States to withstand political and economic pressure in an era of strategic competition. And, with Ambassador Stone's arrival in the Marshall Islands in July, all three of the Freely Associated States have Senate-confirmed ambassadors.

Our relationships are also strengthened by the connections between our people. Many citizens of the Freely Associated States now live in America, where they are part of communities in Hawaii, Oregon, California, Texas, Arkansas, Guam, and many other states and territories. The high rates of U.S. military service by citizens of the Freely Associated States are points of pride and powerful symbols of our close relationships. Our partners from the FAS have pointed to the importance of postal services provided under the COFA-related agreements as crucial to maintaining ties with family and friends living in the United States and serving in the U.S. Armed Forces.

We continue to foster our close relationships with these countries by engaging with FAS leaders at every opportunity. Deputy Secretary Campbell held bilateral meetings with all three leaders on August 28 during the Pacific Islands Forum meetings in Tonga, which included a joint statement with Japanese Parliamentary Vice-Minister for Foreign Affairs Komura Masahiro that the United States and Japan intend to explore the possibility of a joint collaboration to remove oil from World War II sunken vessels in the Chuuk Lagoon in the Federated States of Micronesia. And then on September 3, the United States announced plans to provide \$20 million to Palau. These funds would help the Government of Palau continue to invest in its people and support the government's ambitious program of reform. USAID is working closely with Palau to develop an MOU to enhance Palau's disaster preparedness and response capacities. We will continue our support and engagement in the FAS in October, when the United States will send a senior-level delegation to attend the 30th Anniversary of Palau's independence.

I am pleased to report that the United States and Palau have completed negotiations on a new Federal Programs and Services Agreement (FPSA). We are now

engaged in internal processes to approve the text for signature. We are close to finalizing the FPSA with the RMI. Additionally, we are also working to implement the new COFA related agreements that have already entered into force.

The first meeting of the Interagency Group on the Freely Associated States in 2024 was held in April during which the duties of the IAG were discussed and the members selected USAID Assistant Administrator Michael Schiffer for the Joint Economic and Management Committee with the Federated States of Micronesia. A second meeting will be held in two days' time, on Thursday, September 12. The agenda includes updates on U.S. government activities, both those related to implementation of the agreements and other activities implemented under U.S. statutes that further the bilateral relationship.

In addition to the COFA-related agreements, the Department of State also supports other U.S. agencies in implementing authorities granted to them in the 2024 Compact Amendments Act. The Department of Veteran Affairs (VA) is working to implement those provisions of the 2024 Compact Amendments Act which give the Secretary of Veteran Affairs authority to expand access to VA health care and other veterans' services for veterans living in the Freely Associated States. The Department of State participates in the VA interagency working group related to outreach and agreements with the FAS and will be a diligent partner as the VA proceeds to develop services for veterans in the FAS.

As we move forward implementing the COFA-related agreements and statutory authorities, we remain cognizant of the challenges facing the FAS. PRC economic pressure on Palau and the Marshall Islands, both of which maintain diplomatic relations with Taiwan, is frequently reported. More generally, the PRC continuously attempts to increase its influence in the region, through development aid or proposed security arrangements. The effects of climate change are clearly seen in the Islands. In January, massive waves flooded over a U.S. military base in the Marshall Islands, highlighting the vulnerability of Pacific atolls to rising sea levels, tidal events, storm surges, and waves. The challenges the FAS face are numerous as we continue to support partners in the FAS with needed programs and services.

I welcome your questions and look forward to discussing implementation of the COFA-related agreements with you. Thank you.

QUESTIONS SUBMITTED FOR THE RECORD TO MR. TAYLOR RUGGLES, SENIOR ADVISOR
FOR COFA IMPLEMENTATION, U.S. DEPARTMENT OF STATE

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

Questions Submitted by Representative Westerman

Question 1. During the hearing, you were asked "if the Congress did not interpret the relevant provisions [of the Compact of Free Association with Palau] in the same manner as the Department, did the Department advise the President and/or Congress of its interpretation before the Palau COFA was transmitted to Congress?" This question was asked in the context of the request by the administration to address the Act of Congress requirement and the Federal Deposit Insurance Corporation (FDIC) authority for the Palau FPSA.

You stated that "some of the text there previously provided by the administration were not accepted. . . ."

To be clear, the legislative proposal transmitted to Congress by the administration did not include any language addressing the Act of Congress requirement.

Furthermore, the language on FDIC provided by the administration was for appropriations, not authorization, for FDIC to carry out services in the FAS. When Congress reviewed the administration's legislative proposal, the FDIC informed Congress that they had technical amendments to the language as the provided language did not provide the FDIC with the authorization to carry out services.

The revised language cleared by the FDIC became part of the Compact of Free Association Amendments Act of 2024.

1a) Can you correct for the record that the legislative proposal transmitted to Congress by the administration did not address the Act of Congress requirement nor the FDIC authority for Palau, and that Congress did not fail to accept provisions from the administration's transmittal that would have addressed these issues?

Question 2. The administration has requested for an extension for Palau's Federal Programs and Services Agreement (FPSA).

In addition to the extension, the administration has requested for technical amendments to ensure that the Federal Deposit Insurance Corporation has the authorization to carry out services in Palau under the forthcoming FPSA.

The administration has brought to Congress its concerns that the COFA Amendments Act does not provide requisite authority for entering into force any new FPSA with Palau. The administration stated that Palau's COFA requires an Act of Congress for any FPSA to enter into force.

The administration has not only requested for a repeal of the Act of Congress statute within the Palau COFA, but also an authorization for the President to enter into force any agreement to amend, change, or terminate the FPSA. This authorization is not specific to the forthcoming FPSA, but to all future FPSA agreements with Palau.

This language does not exist within the RMI and the FSM COFA laws.

It is not clear why the administration is requesting for Congress to provide the President with this authorization when addressing the Act of Congress statute should be sufficient.

This is particularly concerning as this authorization does not stipulate that the 90-day Congressional review period required under COFA law must occur before the President can enter into force the FPSA.

This also could mean the President could unilaterally terminate the FPSA with Palau.

2a) Why is the administration requesting for Congress to provide the President with the authority to enter into force any agreement to amend, change, or terminate the Palau FPSA when it has already requested a repeal for the Act of Congress statute?

2b) Is it the administration's intent to bypass the 90-day Congressional review period and to allow for the President to automatically enter a new Palau FPSA agreement without Congressional review of such agreement?

2c) Does the administration and the Department of State, understand and agree that the law stipulates that any agreement to amend, change, or terminate the Palau FPSA must first undergo a 90-day Congressional review period before the agreement can be entered into force?

Question 3. Under the Compact of Free Association Amendments Act of 2024, the Department of State is charged with establishing a FAS unit in the Bureau of East Asian and Pacific Affairs.

This unit is responsible for managing the bilateral and regional relations with the FAS, supporting the Secretary of State in leading negotiations relating to the Compacts with the FAS, and for coordinating implementation of the Compacts.

When asked on the establishment of this unit during the hearing, you stated that the Department of State has begun internal processes for establishing the FAS unit.

However, there was no mention on when we can expect this FAS unit to be established.

3a) Please provide us with a general timeline on when we can expect the FAS to be established by the Department of State. Will this happen within the coming days? Months? Year?

Question 4. The administration has yet to finalize FPSA's with Palau and the RMI. This is particularly concerning as the Palau FPSA expires this month, on September 30, 2024.

4a) Can you provide an update on the status of the FPSA with Palau and the RMI? When can we expect the administration to transmit these agreements to Congress?

4b) What is the cause for the delays in transmitting these agreements?

Question 5. As you are aware, the Interagency Group for the Freely Associated States (IAG) was formed to coordinate the development and implementation of COFA.

This group includes the Secretaries of State and the Interior who serve as co-chairs, the Secretaries of Defense and Treasury, and other heads of relevant Federal agencies carrying out COFA obligations.

Your department serves as one of the co-chairs of the group.

In your testimony, you stated that the IAG has already held its first meeting in April of this year. You stated that the duties of the IAG were internally discussed, IAG members were briefed on COFA, and an appointment was made to the Federated States of Micronesia's Joint Economic Management Committee.

To be clear, the meeting you described is not what Congress understands as a formal meeting of the IAG. The Compact of Free Association Amendments Act of 2024 states the specific responsibilities and duties of the IAG. The congressional mandate for the IAG to meet on no less than an annual basis was intended to ensure that the IAG convenes to coordinate the work of the IAG.

With that being said, we are encouraged to hear that the IAG will be convening again in the days following the hearing. We hope this meeting will fulfill Congress' expectations for the IAG.

5a) When exactly is the IAG convening this month and what topics will be discussed?

5b) Who has the Department of State designated as their representative for the Interagency Group?

5c) Can you commit today that you will raise the issues discussed in this hearing at the next formal meeting?

Questions Submitted by Representative Case

Question 1. The Fiscal Year 2024 Appropriations Act that renewed COFA included a provision requiring the establishment of a unit for the Freely Associated States in the Bureau of East Asian and Pacific Affairs. Can you provide an update on the status of establishing that unit, to include a detailed timeline for its establishment, its estimated annual budget, the number of personnel who will be assigned to it, and any challenges you are facing in setting up the unit?

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

STATEMENT OF JOHN BREWER, DIRECTOR, OFFICE OF INSULAR AND INTERNATIONAL AFFAIRS, U.S. DEPARTMENT OF THE INTERIOR, WASHINGTON, DC

Mr. BREWER. Madam Chair, Ranking Member, Chair Westerman, and members of the Subcommittee on Indian and Insular Affairs, thank you for the opportunity to testify on the implementation of the Compact of Free Association Amendments Act of 2024.

I am the Director of the Office of Insular Affairs, the office responsible for administering economic assistance provided under the Compacts of Free Association and related agreements with the Federated States of Micronesia, the Marshall Islands, and Palau: collectively, the Freely Associated States, or FAS.

Strong ties between the United States and these Pacific islands form the foundation of U.S. engagement in the Pacific. The Interior Department is pleased to play a leading role in implementing the economic assistance provisions under the new Compact-related amended agreements, which extends \$6.5 billion in economic assistance to the FAS over the next 20 years.

Following President Biden's signing of the COMPACT Act on March 9, 2024, Interior and its Federal partners have worked tirelessly to implement the new agreements. This Fiscal Year, \$825 million has been provided to the FAS for Compact Trust Fund contributions, special purpose funds, and sector grant support under the new Compact-related agreements and the COMPACT Act.

Section 208(d) of the COMPACT Act provides an outline to revitalize the Interagency Group on Freely Associated States. I am happy to report that on September 12, this Thursday, the Interagency Group on Freely Associated States will hold its second meeting of the year. We look forward to providing the interagency group's first annual report to the White House and to Congress in March 2025.

Since enactment of the Compact amendments in March, Interior and its interagency and Freely Associated State partners have prioritized meetings of the bilateral committees required under the new agreements. The new Compact agreements require the establishment of bilateral committees to review and approve plans of use for economic assistance from the United States. Both the United States and the FAS have made the necessary appointments to all required committees. Interior Secretary Haaland is in the process of notifying the appropriate committees of Congress of these appointments. In the meantime, these committees are fully operational, are meeting regularly, and have successfully adjudicated plans from the FAS governments for the use of economic assistance and the disbursements of grants.

In the coming weeks, I will chair meetings of the Compact Trust Fund Committee with the Federated States of Micronesia and with the Marshall Islands. Again, the United States, FSM, and NRMI have all made necessary appointments to the respective trust fund committees.

In Fiscal Year 2024, the United States contributed \$250 million to the Micronesia Trust Fund and \$200 million to the Marshall Islands Trust Fund under the new agreements. In Fiscal Year 2024, the United States also contributed \$50 million to the Palau Compact Trust Fund under the new Compact Review Agreement.

The Federal Government and the government of each of the FAS have a responsibility to effectively and efficiently apply the new resources provided under the new Compact-related agreements and the COMPACT Act. Interior is committed to doing its part to fulfill the terms of the three amended Compact agreements.

We are also confident that, working together with the interagency and our FAS partners, we can ensure that the FAS thrive in a free and open Indo-Pacific.

Madam Chair, Ranking Member, Congressman Westerman, it is a pleasure to appear before your Subcommittee. I look forward to your questions. Thank you.

[The prepared statement of Mr. Brewer follows:]

PREPARED STATEMENT OF JOHN D. BREWER, JR., DIRECTOR, OFFICE OF INSULAR AFFAIRS, UNITED STATES DEPARTMENT OF THE INTERIOR

Chair Hageman, Ranking Member Leger Fernández, and members of the Subcommittee on Indian and Insular Affairs, thank you for the opportunity to testify on the implementation of the Compact of Free Association Amendments Act of 2024. I am the Director of the Office of Insular Affairs (OIA) at the U.S. Department of the Interior, the office responsible for administering economic assistance provided under the Compacts of Free Association (Compacts) with 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).

Strong ties between the United States and these Pacific Islands, individually and collectively, form the foundation of U.S. engagement in the Pacific. The Department of the Interior is pleased to play a leading role in implementing the economic assist-

ance provisions under the newly amended agreements, which extend \$6.5 billion in economic assistance to the freely associated states for the next 20 years.

Following President Biden's signature on Public Law 118-42 on March 9th of this year, Interior and its federal partners have worked tirelessly to implement the new agreements as approved by the Congress. This fiscal year, \$825 million out of an available \$977 million has already been provided to the FAS for Compact Trust Fund contributions, special purpose funds, and sector grant support under the Compact of Free Association Amendments Act of 2024. The remaining funds will be provided as plans for infrastructure and other special projects are approved.

Interagency Group on Freely Associated States

Section 208(d) of the Compact of Free Association Amendments Act of 2024 provides an outline to revitalize the Interagency Group on Freely Associated States. I am happy to report that on September 12th, this Thursday, Assistant Secretary Carmen Cantor from Interior and Assistant Secretary Dan Kritenbrink from State will co-chair the second meeting of the Interagency Group on Freely Associated States. Their first meeting was held on April 29, 2024, at which the group's representative to the joint economic management committee for the FSM was appointed. We look forward to providing the interagency group's annual report to Congress in March 2025.

Bi-Lateral Committees

Since the Compact amendments were enacted and brought into force, the Department of the Interior, along with interagency and freely associated state partners have prioritized forming the requisite bi-lateral committees to ensure that economic assistance under the new agreements is available and within the framework approved by Congress.

The amended Compact agreement with each of the FAS requires the establishment of bi-lateral committees to review and approve plans of use for economic assistance from the United States. Both the U.S. and the FAS have made the necessary appointments to all required committees. Interior Secretary Haaland is in the process of notifying the appropriate committees of Congress of these appointments. In the meantime, the Compact-required committees are fully operational, are meeting regularly, and have successfully adjudicated plans from the FAS governments for the use of economic assistance and the disbursement of grants. The economic assistance is being used primarily to support the health and education sectors in the FAS countries.

To highlight some of our recent engagements: in June, Assistant Secretary Cantor and the United States Ambassador to Palau, Ambassador Joel Ehrendreich, led a United States delegation in conducting bilateral economic consultations with the Republic of Palau. At those consultations, Palau President Whipps reaffirmed the strength and importance of Palau's relationship with the United States. Last week in Hawaii, Assistant Secretary Cantor chaired meetings of the Joint Economic Committees with the Federated States of Micronesia and the Republic of the Marshall Islands. The discussions at these meetings centered upon concurrence by the Committees with the issuance of Fiscal Year 2025 economic assistance grants to both nations totaling over \$200 million.

Compact Trust Funds

Next week I will chair a meeting of the Compact Trust Fund Committee with the Federated States of Micronesia. Again, the U.S., FSM and RMI have each made all necessary appointments to the respective trust fund committees.

The 2023 trust fund agreements improve and expand the functionality of the Trust Funds. Both trust fund committees have established a working group to address the set up required accounts, to adjust investment policy and asset allocations, to amend by-laws and articles of incorporation, and to carry out other activities as needed.

In fiscal year 2024, the U.S. contributed \$250 million to the Trust Fund for the People of the Federated States of Micronesia, and \$200 million to the Trust Fund for the People of the Republic of the Marshall Islands under the new agreements. These funds were invested immediately according to their respective investment asset allocations approved by the trust fund committees. As of July 31st, the FSM trust fund has a total value of \$1.4 billion and an annual average return since inception of 6.1 percent. As of July 31st, the RMI trust fund has a total value of \$1.0 billion and an annual average return since inception of 6.8 percent. In fiscal year 2024, the U.S. also contributed and \$50 million to the Palau Compact Trust Fund under the new the new Compact Review Agreement.

The RMI government requested a distribution for fiscal year 2024 according to the rules of the 2004 Trust Fund Agreement to provide bridge budgetary support in the health, education, and infrastructure sectors until the 2023 Amended Compact was approved. A total of \$8.1 million was distributed to the RMI government for those sectors. The fiscal procedures of the 2003 Amended Compact and those of the Committee have been applied for the use of those funds. The FSM government did not request any distributions for fiscal year 2024.

The respective signatory governments and trust fund committees are evaluating the steps required to comply with the 2023 Amendment terms for any future distributions.

Conclusion

The Federal government and the government of each of the FAS have a collective responsibility to efficiently and effectively apply the new resources provided under the Compact of Free Association Amendments Act of 2024. The Department of the Interior is committed to doing its part to fulfill the terms of the three amended Compact agreements. There is still a tremendous amount of work to be done over the next two decades, but we are confident that working together with the inter-agency and our FAS partners we can ensure that the FAS nations and their people thrive in a free and open Indo-Pacific.

Chair Hageman, Ranking Member Leger Fernández, it is a pleasure to appear before your Subcommittee regarding implementation of the Compact of Free Association Amendments Act of 2024. I look forward to your questions. Thank you.

QUESTIONS SUBMITTED FOR THE RECORD TO MR. JOHN BREWER, DIRECTOR, OFFICE OF INSULAR AND INTERNATIONAL AFFAIRS, U.S. DEPARTMENT OF THE INTERIOR

Mr. Brewer 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 Department of the Interior plays a lead role in administering and implementing the various provisions of the Compacts agreements. The Department is also responsible for overseeing the disbursement and use of Compact funds.

1a) Can you provide specific examples on how the Department of the Interior has been overseeing and managing Compact funds to make sure that they are being used for the intended purpose?

Question 2. As you are aware, the Interagency Group for the Freely Associated States was formed to coordinate the development and implementation of COFA.

This group includes the Secretaries of State and the Interior who serve as co-chairs, the Secretaries of Defense and Treasury, and other heads of relevant Federal agencies carrying out COFA obligations.

Your department serves as one of the co-chairs of the group.

2a) Who has the Department of the Interior designated as their representative for the Interagency Group?

2b) Can you commit today that you will raise the issues discussed in this hearing at the next formal meeting?

Question 3. In the hearing, you mentioned that all agencies have listed guidance for carrying out the services and obligations mandated under the Compact of Free Association Amendments Act of 2024. However, Ambassador Jackson Soram of the Federated States of Micronesia stated in his testimony that the Social Security Administration (SSA) has not issued guidance for the Social Security Income (SSI) program.

3a) Can you please confirm if the SSA has issued guidance for the SSI program? If so, when has this been issued and where can we find this guidance?

3b) If guidance has not been issued, why did the Department of the Interior believe that the SSA did issue guidance? Will the Department of the Interior commit to carry out its responsibilities as the primary agency charged with administering and implementing the Compact of Free Association (COFA), and to keep close track of all COFA-related obligations?

3c) *If SSA guidance has not been issued, can the Department of the Interior commit to coordinate with the SSA to ensure that the SSA issues guidance for the SSI program in a timely manner?*

Question 4. The Department of the Interior's webpage on the Interagency Group for the Freely Associated States currently has no documents, calendar, or any information on the activities of the Interagency Group.

4a) *If the working group did convene back in April, why has no information on this or minutes from the meeting been shared to anyone other than the attendees?*

4b) *When will the website be updated? What information can we expect to be provided on the website?*

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

STATEMENT OF ANKA LEE, DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR EAST ASIA, U.S. DEPARTMENT OF DEFENSE, WASHINGTON, DC

Mr. LEE. Chair Radewagen, Ranking Member Leger Fernández, Committee Chair Mr. Westerman, and distinguished members of the Subcommittee, I am Anka Lee, Deputy Assistant Secretary of Defense for East Asia. Thank you so much for inviting me to testify today about the importance of the Compacts of Free Association, or COFA, for the Department of Defense.

The Compact States play an essential role in enabling the Defense Department to implement its national defense strategy writ large, as well as the U.S. strategic vision for the Indo-Pacific region. I appreciate the opportunity to talk with you today about how COFA underpins our national security interests in the Indo-Pacific.

We are grateful to Congress for approving the COFA nearly a year ago with strong bipartisan support. Members of this Subcommittee along with the Full Committee were instrumental in leading the way with advocating for the Compact's final passage, and we immensely appreciate your advocacy.

The renewal of the Compacts honors our commitments to the people of these states, and facilitates our continued strategic partnership with the Palauan, Micronesian, and Marshallese partners. These partnerships are critical to our ongoing operations, our ability to test and exercise capabilities, and execution of multilateral exercises such as such as KOA MOANA, COPE NORTH, PACIFIC PARTNERSHIP, and VALIENT SHIELD, all of which were hosted by Compact States.

Another example is our civic action team in Palau. For the past 50 years, rotational detachments, engineers, and medical teams have fueled people-to-people ties between the United States and Palau. The cooperative work of these teams with Palauan counterparts have facilitated larger force rotations associated with locally hosted U.S. exercises.

Now, this Subcommittee is very well versed in the strategic environment, but I think it is really worth reiterating and noting the People's Republic of China, or PRC, and how it remains to be the most serious challenge to our national security interests and our work to preserve a free and open Indo-Pacific region. The PRC

seeks to expand its influence in the Compact States and is increasing its coercive activities throughout the region.

From illegal, unreported, and unregulated fishing to coercion aimed at sovereign nations that have diplomatic ties to Taiwan, the PRC's provocative behavior attempts to erode the strategic partnerships of the United States with our closest friends and allies. In this context, it is essential that we continue to enhance our engagement in the region through an interagency approach while working alongside like-minded partners and allies like Australia, Japan, New Zealand, and the Republic of Korea.

Your support for COFA has enabled the Defense Department to bolster its engagement with the Compact States by providing a tangible embodiment of the United States' enduring, decades-long commitment to sustaining the FAS. COFA provides assurances to the Republic of Palau, to the Republic of Marshall Islands, and to the Federated States of Micronesia that the United States is present, and that we are working to secure a stable and free Indo-Pacific region.

The Compact States should not be viewed solely as recipients. Far from it. They share with the United States our values and our vision for the future of the region. Secretary Lloyd Austin has discussed our common priorities with the presidents of each of the Compact States in bilateral meetings at the Pentagon during his tenure, highlighting how critical these relationships are to the department's Indo-Pacific strategy. Contributions by the FAS are many, often, for example, contributing a higher enlistment per capita than many U.S. states.

Also critical are the military use and operating rights agreements that we hold with the Compact States. These delineate the Department of Defense's cooperation with and in the Compact States. The Defense Department is engaging in the Pacific Islands in a renewed way alongside interagency partners, demonstrating our strength and commitment to the Pacific Islands region.

The Department is diligently expanding its work in the Pacific Islands through expanded exercises, humanitarian assistance and disaster relief efforts, work to strengthen the Pacific Islands' capabilities to exercise maritime domain awareness, and expanding security cooperation initiatives writ large. We are continuing to engage in a deliberate way with the interagency, as well as like-minded partners and allies to ensure that this work continues.

Thank you so much again for allowing me to testify and for your support of COFA, and I look forward to answering your questions.

[The prepared statement of Mr. Lee follows:]

PREPARED STATEMENT OF ANKA LEE, DEPUTY ASSISTANT SECRETARY OF DEFENSE
FOR EAST ASIA POLICY, OFFICE OF THE SECRETARY OF DEFENSE

Chair Hageman, Ranking Member Leger Fernandez, and Members of the Subcommittee: thank you for the opportunity today to discuss the importance of the Compacts of Free Association (Compacts) to our national security and the Biden Administration's Indo-Pacific strategy.

I am pleased to testify today alongside my colleagues from the Departments of Interior, State, and Veterans Affairs. This panel underscores the significant interagency and government-wide commitment to the Freely Associated States (FAS) and implementation of the Compacts.

Partnership with the Freely Associated States (FAS)

The United States is an Indo-Pacific country and we share a unique and special relationship with the FAS. Forged eighty years ago on the World War II Pacific campaign battlefields of Guadalcanal, Tarawa, and Peleliu, we share a history of service and sacrifice. Citizens of Palau, the Federated States of Micronesia (FSM), and the Republic of the Marshall Islands (RMI) have a long and proud history of service in all branches of the U.S. Armed Forces—often contributing higher enlistment per capita than many U.S. states. They’ve fought in our ranks in Vietnam, Iraq, and Afghanistan, and we will be forever grateful for their service.

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 the links between the Pacific’s future and our own: U.S. prosperity and security depend on the Pacific Islands region remaining free and open, and the Compacts are one way we communicate our long-term commitment to these partners.

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 People’s Republic of China’s (PRC’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. As the National Defense Strategy states, the PRC is the pacing challenge for the Department.

The PRC also seeks to expand its influence in the FAS 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, the PRC’s provocative behavior appears focused on eroding the U.S. strategic partnership with the FAS. The Compacts are an important signal to both our partners and our competitors that the U.S. commitment to the FAS is iron-clad.

National Security Implications of the Compacts

Passing the *Compact of Free Association Amendments Act of 2024* marked one of the 118th Congress’ most significant achievements to advance U.S. strategic priorities in the Indo-Pacific region—and we thank the many Members of this Committee who played a pivotal role in advocating for this legislation. Although the Department does not have a direct role in implementation of the new agreements, we continue to work closely with our partners in the FAS to advance initiatives of mutual interest, consistent with U.S. rights under Title III of the Compacts.

The Compacts ensure that the United States—and only the United States—can maintain a military presence in the FAS. As part of these agreements, the U.S. military serves as the defense force for FSM, Palau, and RMI, which in return grant the United States assured access for our military operations, as well as sites for critical defense posture in the region. In particular, RMI hosts the Ronald Reagan Ballistic Missile Test Site at Kwajalein Atoll, and we are exploring opportunities for new cooperation with Palau and FSM, including with FSM on Yap Island. The Compacts also limit the access of third country militaries or their personnel, including would-be adversaries, from accessing FAS land, airspace, and territorial seas, securing a key area of the Indo-Pacific region.

In addition to force posture, the assured access guaranteed by the Compacts provides locations for bilateral and multilateral training and exercises. The FAS have previously hosted exercises, including KOA MOANA, COPE NORTH, PACIFIC PARTNERSHIP, and VALIANT SHIELD. These exercises 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.

PACIFIC PARTNERSHIP is the largest multinational humanitarian assistance and disaster relief preparedness mission conducted in the Indo-Pacific region, and it has included visits to all three COFA states in the last year. The exercise involves provision of medical care, engineering and infrastructure projects, and people-to-people engagements. For example, the stop in Palau late last year included Japanese, Australian, and German forces, who completed more than 132 medical engagements, distributed more than 1,400 pairs of prescription eyeglasses, and conducted 80 surgeries aboard the USNS Mercy.

The rights afforded to the United States under the Compacts and related agreements have also facilitated other important Department exercises in the past year. For example, more than 600 U.S. service members conducted training across the

Palau island chain during VALIANT SHIELD 24, which included live-fire training and the U.S. Army's first launch of a Precision Strike Missile outside of American-based testing sites. Such training and exercise programs are invaluable for ensuring the readiness and interoperability of our and our partners' Armed Forces.

It is for all these reasons that the Department of Defense once again thanks Congress for its strong bipartisan support for the Compact.

Conclusion

Madam Chair, thank you again for the opportunity today to testify about the value of the Compacts to our national security and defense interests. I look forward to your questions.

QUESTIONS SUBMITTED FOR THE RECORD TO MR. ANKA LEE, DEPUTY ASSISTANT
SECRETARY OF DEFENSE FOR EAST ASIA, U.S. DEPARTMENT OF DEFENSE

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

Questions Submitted by Representative Westerman

Question 1. This hearing is timely as Congress is voting this week on legislation relating to the ongoing competition between the U.S. and the People's Republic of China.

The Compact of Free Association agreements with the FAS increases U.S. capacity to deter increasing PRC aggression in the Pacific.

1a) Can you please explain to us how the Compacts supports U.S. defense posture in the Indo-Pacific?

1b) Is it fair to say that it is critical for the U.S. to make sure that the Compacts are properly implemented?

Question 2. As you are aware, the Interagency Group for the Freely Associated States was formed to coordinate the development and implementation of COFA.

This group includes the Secretaries of State and the Interior who serve as co-chairs, the Secretaries of Defense and Treasury, and other heads of relevant Federal agencies carrying out COFA obligations.

2a) Who has the Department of Defense designated as their representative for the Interagency Group?

Question 3. Can you commit today that you will raise the issues discussed in this hearing at the next formal meeting?

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

**STATEMENT OF MIGUEL LAPUZ, SPECIAL ASSISTANT TO THE
DEPUTY UNDER SECRETARY FOR HEALTH, U.S. DEPARTMENT
OF VETERANS AFFAIRS, WASHINGTON, DC**

Dr. LAPUZ. Good morning, Chairman Radewagen, Ranking Member Leger Fernández, and members of the Subcommittee. I appreciate the opportunity to discuss the VA's efforts in implementing the Compact of Free Association Amendments Act of 2024.

Since March, VA has been urgently working across the government, including the White House and the Departments of State, Interior, and Defense, to develop a comprehensive strategy and approach to assess health care delivery options in the area and develop the best path forward. As a result of this work, yesterday VA announced that we are now ready to begin direct coordination

with the Republic of Palau, the Federated States of Micronesia, and the Republic of Marshall Islands.

During the next several months, we will be regularly meeting with the FAS governments to conduct a comprehensive environmental scan to review the current state of hospital care and medical services within the FAS. This coordination period, which precedes official negotiations, will provide us with critical information about the local veteran populations and needs for care in the region. We have sent letters to each of the governments to begin this important collaboration, which we expect to last through the end of this calendar year. VA will coordinate with the Department of Defense leaders to get their expert inputs on delivering care in the FAS.

We will also work with the Departments of State and Interior to draft and ultimately finalize the Action Memorandum. This is required before VA can officially begin negotiations on international agreements. Once those steps are completed, likely between January and March 2025, VA will begin formal negotiations on the final agreements with each of the FAS governments.

All of this work will be done with the ultimate goal of ensuring that the veterans in those nations receive the care that they have earned and deserve. VA is exploring a comprehensive care model for how FAS veterans can access hospital care and medical services to align generally with how VA provides care to veterans living in the United States. Implementation may look different, depending on agreements with the FAS governments, current infrastructure, and the varying degree of reliance on the ways veterans can access care.

In addition to collaboration with the Departments of the Interior and State to conduct outreach to and enter agreements with each of the FAS governments, VA may also need to collaborate with the U.S. Postal Service to explore solutions for mailing prescriptions or controlled substances to FAS veterans.

In conclusion, VA is fully committed to delivering hospital care, medical services, and beneficiary travel benefits to FAS veterans. While we finalize the next steps towards implementation, we want eligible veterans who live in the FAS to know they can enroll for VA health care and continue receiving VA health care at VA medical facilities in the United States, including Guam. Eligible veterans can also access other VA services, including reimbursement for health care for service-connected disabilities through the Foreign Medical Program, disability benefits, educational assistance, and pension services.

Chairwoman Radewagen, this concludes my testimony. Thank you for the opportunity to testify today and for your continued support of our mission. I am happy to respond to any question you or the Committee may have.

[The prepared statement of Dr. LaPuz follows:]

PREPARED STATEMENT OF MIGUEL LAPUZ, M.D., SPECIAL ADVISOR TO THE DEPUTY
UNDER SECRETARY FOR HEALTH, VETERANS HEALTH ADMINISTRATION (VHA),
DEPARTMENT OF VETERANS AFFAIRS (VA)

Good morning, Chairwoman Hageman, Ranking Member Leger Fernandez, and members of the Subcommittee. I appreciate the opportunity to discuss VA's efforts in implementing the Compact of Free Association (COFA) Amendments Act of 2024.

Overview

On March 9, 2024, President Biden signed into law the Consolidated Appropriations Act, 2024 (P.L. 118-42). Division G, Title II of this Act is the COFA Amendments Act of 2024, which allows VA to expand access to health care for Veterans living in the Freely Associated States (FAS). The FAS consists of three sovereign nations in the Pacific: the Republic of Palau, the Federated States of Micronesia, and the Republic of the Marshall Islands. At the end of fiscal year (FY) 2023, VHA estimated that 132 Veterans in the FAS were enrolled in VA health care and approximately 1,100 Veterans lived in the FAS.

Based on amendments made by this law, VA can furnish hospital care and medical services to Veterans in the FAS. As a condition of furnishing care and services, VA must enter into agreements with the FAS governments that define the terms and conditions of VA's delivery of care and services. These agreements also must, to the extent practicable, incorporate the applicable laws of the FAS. VA also can furnish beneficiary travel for Veterans and other persons traveling in, to, or from the FAS for receipt of care or services legally authorized to be provided by VA under these amendments.

Implementation of COFA Amendments Act

Since March, VA has been urgently working across the Government—including the White House and Departments of State, Interior, and Defense—to develop a comprehensive strategy and approach to assess health care delivery options in the area and develop the best path forward.

As a result of this work, VA is now ready to begin direct coordination with the FAS governments. During the next several months, we will be regularly meeting with the FAS governments to conduct a comprehensive environmental scan to review the current state of hospital care and medical services within the FAS. This coordination period—which precedes official negotiations—will provide us with critical information about the local Veteran population and needs for care in the region. We have sent letters to each of the FAS governments to begin this important collaboration, which we expect to last through the end of this calendar year.

During this time, VA will coordinate with Department of Defense leaders to solicit their input on delivering care in the FAS. We will also work with the Departments of State and Interior to draft and ultimately finalize the Action Memorandum (C-175), which is required before VA can officially begin negotiations on international agreements. Once those steps are complete, likely between January and March 2025, VA will begin formal negotiations on the final agreements with each of the FAS governments. All of this work will be done with the ultimate goal of ensuring that the Veterans in the FAS receive the care they have earned and deserve.

Conclusion

VA is fully committed to ensuring that U.S. Veterans in the FAS have access to hospital care, medical services, and beneficiary travel benefits. While we finalize next steps toward implementation, eligible Veterans in the FAS can enroll for VA health care at <https://www.va.gov/health-care/how-to-apply/> and continue receiving VA health care at VA medical facilities in the U.S. (including Guam) or in the FAS through the Foreign Medical Program (if eligible). Eligible Veterans can also access other VA services, including disability benefits, educational assistance, and pension services.

If Veterans have any questions about VA health care and benefits, they can visit <https://www.va.gov/> or call MyVA411 (1-800-698-2411) 24/7. Veterans living outside the U.S. can dial their country's exit code +001-800-698-2411.

Chairwoman Hageman, Ranking Member Leger Fernandez, and members of the Subcommittee, this concludes my testimony. Thank you for the opportunity to testify today and for your continued support of our mission. I am happy to respond to any questions you or the Committee may have.

QUESTIONS SUBMITTED FOR THE RECORD TO DR. MIGUEL LAPUZ,
SPECIAL ASSISTANT TO THE DEPUTY UNDER SECRETARY FOR HEALTH,
U.S. DEPARTMENT OF VETERANS AFFAIRS

Dr. LaPuz 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 Compacts of Free Association Amendments Act was signed into law on March 9, 2024, of this year and includes provisions to address the lack of access to health care benefits for veterans from the Freely Associated States (FAS) who have served in the U.S. armed forces.

The law requires the Department of Veterans Affairs, beginning on the date of enactment, to conduct robust outreach to and engage with each government of the Freely Associated States.

It has been six months since the enactment.

1a) How many meetings has the Department of Veterans Affairs held with each respective FAS government since March?

1b) Are there plans for the Department to hold meetings and formal negotiations with the FAS governments before the end of this calendar year? If so, when specifically?

Question 2. As you are aware, the Interagency Group for the Freely Associated States was formed to coordinate the development and implementation of Compact of Free Association (COFA).

This group includes the Secretaries of State and the Interior who serve as co-chairs, the Secretaries of Defense and Treasury, and other heads of relevant Federal agencies carrying out COFA obligations.

2a) Who has the Department of Veterans Affairs designated as their representative for the Interagency Group?

2b) Can you commit today that you will raise the issues discussed in this hearing at the next formal meeting?

Question 3. During the hearing, you were asked to provide a specific date we can expect the Department of Veterans Affairs to carry out services in the Freely Associated States. However, your response did not include a specific date.

Can you please provide a specific date for when the Department of Veterans Affairs will carry out services in the Freely Associated States?

Questions Submitted by Representative Case

Question 1. You said in your testimony regarding healthcare delivery in the Freely Associated States (FAS) that the "VA is now ready to begin direct coordination with the FAS governments. During the next several months, we will be regularly meetings with the FAS governments to conduct a comprehensive environmental scan to review the current state of hospital care and medical services within the FAS." My office sent the VA a letter urging the acceleration of in-country healthcare services to our veterans living in the FAS in May, to which the VA's response on August 6 was just that the VA is "actively assessing how to implement the authority provided by the COFA Amendments Act" without any additional information. Meanwhile, my office has received reports that communication from the VA to the FAS governments has been insufficient thus far. How are you going to ensure that communication on this issue, both with the FAS governments and Congress, improves going forward? Additionally, what is your detailed timeline for the provision of comprehensive care to our veterans living in the FAS?

Mrs. RADEWAGEN. I thank the witness for their testimony. The Chair will now recognize Members for 5 minutes for questions. I now recognize myself for 5 minutes.

Mr. Ruggles, additional agreements and Acts of Congress the Administration has requested to implement the COFA Amendments Act of 2024 for Palau include both extension of the current COFA 2 Palau Federal Programs and Services Agreement, as well as technical amendments deemed necessary to authorize the Federal Deposit Insurance Corporation to operate as agreed under the COFA 3 FPSA in Palau. At the same time, the Administration asserts the COFA Amendments Act of 2024 needs to be augmented by additional agreements and Acts of Congress authorizing future Palau FPSA agreements to enter into force or be amended.

The Administration's legal position seems at odds with the limitation of the COFA 2 and 3 approvals of Palau FPSA and amendments by Congress to portions thereof, rather than the entire agreements, as well as the COFA authorization of the 2010 COFA Review Agreement, which also altered the FPSA. This legal interpretation also would anomalously impute to the President, Congress, and the courts an intention to treat Palau differently than the FSM and RMI COFA 3, based on an ambiguous and hypertechnical interpretation of variances between the three COFA agreements.

If the State Department's assessment is that the COFA Amendments Act of 2024 does not provide requisite authority for its implementation, does that mean that the Department and Administration identified but failed to address and resolve deviations from its own interpretation of these provisions in the negotiations and/or transmittal to Congress?

Mr. RUGGLES. Thank you for your question, Representative Radewagen.

First of all, again, I just want to reiterate our appreciation for the Committee's support for implementation of these agreements and appreciate Congress considering the Administration's anomaly request which would ensure uninterrupted provision of Federal programs and services to Palau as we complete the process to bring the new agreement into effect.

Palau's FPSA is subject to different statutory requirements than the Marshall Islands and FSM. There are existing statutory requirements outside of the COFA Amendments Act that regard certain agreements that would require an Act of Congress before they can be brought into force, including some that would apply to a new FPSA with Palau.

Now, in consultation with staff on this Committee as well as on the Senate oversight committees, we are working to provide an option that would make Palau as similar as possible to the provisions that govern RMI and FSM. So, our aim, and I believe it is our shared aim, is to have a common set of requirements for Palau with FSM and RMI going forward. We believe the anomaly request we provided would accomplish that, as well as ensure that there would be uninterrupted services for Palau when its existing FPSA concludes at the end of this month. Thank you.

Mrs. RADEWAGEN. If the Congress did not interpret the relevant provisions in the same manner as the Department, did the Department advise the President and/or Congress of its interpretation before the Palau COFA was transmitted to Congress?

Mr. RUGGLES. Well, there has been frequent communication between the Administration and Congress, both at the Member and staff level, about the COFA agreements. I certainly am not looking to point fingers, but we have had an exchange of texts over the course of months, and some of the texts that were previously provided by the Administration were not accepted.

Again, I think we have a shared commitment to bring these agreements into effect, and we are looking forward to working with you and others to make sure that we support Palau. Thank you.

Mrs. RADEWAGEN. What is the intent behind the authorization request?

If seeking to expedite FPSA implementation, why did the Administration not request Congress to waive the 90-day congressional review period?

Mr. RUGGLES. In the anomaly request, there is a notwithstanding language that has been proposed that would waive the requirement for subsequent congressional action to ratify the Palau FPSA.

As I said, we are trying to conform Palau's FPSA as much as possible to RMI and FSM, rather than create a unique structure with Palau. For simplicity's sake, in other words, we are trying to keep all three agreements as much alike as possible.

Mrs. RADEWAGEN. Thank you. I have many other questions, Mr. Ruggles, but I am out of time. I now recognize the Ranking Member for 5 minutes for questions.

Ms. LEGER FERNÁNDEZ. Thank you, Madam Chair.

And thank you for the testimony. I will start with you, Dr. LaPuz. Did I pronounce that correctly? Thank you very much for your comments and for pointing out the great patriotism that we see coming from the Freely Associated States.

I come from the state of New Mexico, and we also have a higher-than-average participation in the military. Latinos, it is a majority minority state. Latinos and Native Americans are incredibly patriotic. So, we have a lot of veterans in New Mexico, similar to the way we noticed and that you pointed out.

One of the issues that I am real concerned about is we are actually in a moment right now where we have a shortfall, almost \$3 billion, for the VA immediately and about another \$12 billion, I believe, for the next year. And that is because we expanded services and veterans are now saying, "I need to apply for these services," and they have earned those. So, the fact that there is a shortfall is because people are now taking advantage of what they have earned.

We are in a battle right now because there is a continuing resolution that Republicans have put forward that does not fund the shortfall. So, the very first action that we took, they did not prioritize funding the VA shortfall, which I think is just shameful because you pointed out in your testimony they have earned the services.

My question to you is, does this shortfall impact veterans living in the Freely Associated States? Does it impact what they might see?

Is it something that we are just going to be impacted with here in the continent, or is it something that we will see throughout the VA, including in the Freely Associated States?

Dr. LAPUZ. First of all, let me join you in thanking the residents and citizens of the Freely Associated States because of their high participation in our military.

And we in the VA and the Secretary are committed to ensure that we fund the requirements of the expansion of the services to the veterans in the Freely Associated States.

Now, having said that, I am sure that there will be a different kind of conversation that will be happening that, unfortunately, I will not be able to speak up to in reference to the discussion regarding budget.

Ms. LEGER FERNÁNDEZ. So, you are not able to discuss the shortfall, which means Congress, I mean it is our job to raise this, and I think that that is a concern, and it should be a concern for all of us. It should be a priority for everybody in Congress, both parties, to fund the shortfall.

Mr. Lee, thank you so very much for pointing out the importance of the relationship, that the relationship goes both ways, right? And that there is strategic importance.

And when I was there and looked at our bases and spoke with the representatives from the sovereign nations, it struck me: What if we didn't have this? Which points us to why we should act to make sure we implement all of our obligations, which are some of the problems that we are trying to talk about here. But could you imagine or could you describe to us, is it even imaginable what it would be like if we did not have the Compacts with the Freely Associated States and the reciprocal arrangements? What would it be like out in the Pacific, from a military, strategic viewpoint?

Mr. LEE. Thank you so much, again. And you have all said it better than I have. It is just we know the PRC is aggressive. They are pushing very hard, and we have to compete with them toe to toe, and we are showing up and we are able to demonstrate not only are we offering a choice for our partners in the region, but we are also getting something in return, which is the ability to exercise our activities, our right to defend the region. And without a commitment, we would be opening a path for PRC to move forward, and we do not want that to happen.

So, this is really critical for our national security and our strategic interests.

Ms. LEGER FERNÁNDEZ. So, if we are concerned about the CCP's aggression, if we are concerned about their military aggression, their national security aggression, their attacks on everything, from our cybersecurity to our commerce, we need to be concerned about honoring the Compacts and honoring our obligations to the Freely Associated States. Is that correct?

Mr. LEE. That is correct, because we are ensuring the stability, prosperity, and security of a region that is going to be underwriting so much economic activity and growth for the next generation. This is our responsibility, and we take it very seriously.

Ms. LEGER FERNÁNDEZ. And I think that there is a strong bipartisan support for this obligation and for meeting it. I look forward to addressing the concerns that we are going to hear, especially later.

With that, I yield back, Madam Chair.

Mr. LEE. Absolutely. Thank you.

Mrs. RADEWAGEN. I thank the witness for their testimony. The Chair will now recognize Mr. Case for 5 minutes for questions.

Mr. CASE. Thank you, Madam Chair.

Mr. Ruggles, the bill reauthorizing the COFA called for the establishment of a unit on the FAS in the State Bureau of East Asian and Pacific Affairs. Has that been established at this point?

Mr. RUGGLES. Thank you very much, Representative Case. The Department has started the internal procedures to decide best how to stand up that unit.

If I can be candid with you, prior to becoming Senior Advisor, I was the State Department's Director for Australia, New Zealand, and the Pacific from 2021 to 2023. And during that period, we started the process of setting up new embassies in Solomon Islands, Tonga, and just this year Vanuatu, and staffed those embassies, as well. So, the positions we have prioritized initially have been in the field, but I am cognizant as well that we need a support structure in Washington to manage these relationships and provide support to our embassies.

We are very much focused on ensuring that we provide that support, including through the unit that Congress mandated.

Mr. CASE. Yes. Well, I think our judgment was that you needed to have that focus for the FAS specifically through the creation of a separate unit. So, I appreciate the effort on the other parts of the Pacific Islands, but this was our priority, that it be more highlighted, more organized and less ancillary within the Department of State.

What is your timing on actually creating that unit?

Mr. RUGGLES. I should have elaborated, Representative. In Palau, for example, I think we have increased the U.S. direct hire presence in our embassy in Palau by 83 percent in the past 2 years, and similarly in FSM have added several positions, U.S. direct hire positions. So, it is not just the rest of the Pacific.

But, again, I can assure you that this is front and center on my and Assistant Secretary Kritenbrink's attention, and have every desire to move forward as soon as possible in establishing the unit.

Mr. CASE. OK. Again, this is for the unit in Washington, DC, not in the field. We are not talking about the field. We are talking about coordination here. Correct?

Mr. RUGGLES. Yes, sir, you are right. I was just illustrating that, in terms of personnel and full-time equivalent positions, there is a limit of positions available. And in the past 2 years, we have been very much focused on standing up our presence in the field, and that has meant that we have had to defer some growth in Washington.

But I certainly accept and understand that we need to also look to Washington, as well, which we will do.

Mr. CASE. OK, thank you.

Mr. Lee, thanks for highlighting the Defense Department's partnerships. Are there plans to expand, and by the way, I do want to commend you on the Pacific Action Team in Palau, which has just been a really good effort all around. I have visited them and seen them in action, and I think they are very well respected and integrated.

Are there plans to do that as well in the FSM and the Marshall Islands?

Mr. LEE. Sir, thank you so much, anyway, for your thoughtful leadership, also support the Department's work over years, and I really appreciate and am grateful for that.

You are absolutely right. The CAT teams are inspirational in many ways, the work that they do, building classrooms, building schools, facilitating people-to-people ties for 50 years. It has been not just an instrument of hard defense power, but soft power.

We are certainly looking to consider what options there might be in the future to replicate this kind of work, and I know that I will be working with my colleagues closely to consider options in the future. It is something that we would like to do and plan to do, and look forward to working with you and coordinate with you to see what is possible, sir.

Mr. CASE. Yes, we would love to work with you on that because that cost benefit is about the best in the entire U.S. Government, as far as I can see.

Dr. LaPuz, you have heard the remarks in the opening statement which expressed frustration with the pace of the extension of the COFA renewal benefits for our veterans. I have expressed this to you, along with my colleagues in letters to the Secretary. And the response back was, frankly, not inspiring in terms of pace of getting things done. So, it is good that you finally set up the coordinating committees, but do you have a sense of when you can actually complete the coordination, the negotiations, and the agreements, and have something ready for Congress if any congressional action is required to implement what we now have in law?

Dr. LAPUZ. Soon after the signing of the law, the Secretary has actually directed the formation of a working group to look at all of the available options for the Secretary to exercise the discretionary authority that is granted by the law.

And recently the Secretary has made a decision. And truly, it is my pleasure to actually share with the Committee that the decision of the Secretary is to go for a comprehensive model of care that is going to be in alignment with how veterans living in the continental United States are receiving care.

Mr. CASE. I appreciate that. And my time is up. I can go to a second to ask further questions, but my question was, I understand all of that. Do you have a sense of timing? How long is it going to take you to actually get from where we are today to an agreement?

Are we talking about 6 months? Are we talking about a year? What is it?

Dr. LAPUZ. Sir, we are going to be in direct collaboration with the FAS governments beginning soon, very soon, until maybe the end of the calendar year. Then we will have a good environmental scan and understanding of the veteran population in the FAS nations.

And then the next thing that we are going to do is prepare the action memorandum that is going to be required for us to enter into international agreements with the FAS governments.

Mr. CASE. OK.

Dr. LAPUZ. And that will take a little bit more time, sir.

Mr. CASE. OK, we don't have all that much more time because these benefits are due, and veterans need this help. They are in a very difficult situation. We all know this. So, we are going to stay in touch with you on this, but I would urge alacrity. Thank you.

Dr. LAPUZ. Thank you, sir.

Mrs. RADEWAGEN. I thank the witness for their testimony. The Chair will now recognize Mr. LaMalfa for 5 minutes for questions.

Mr. LAMALFA. Thank you, Madam Chair. I appreciate that we are having this important oversight hearing on the implementation of the COFA amendments that we were able to successfully pass earlier this year and keep accountability up on that because, indeed, it is important that the United States have its commitments with its allies reliably kept. So, thank you.

Sorry, I am kind of parachuting in here a little late, so if I say anything redundant please forgive me. The COFA Amendments Act of 2024 includes provisions to allow for FAS citizens residing in the United States to have the ability to gain certain Federal programs. So, these agencies need, of course, to issue updated guidance to reflect the newness of the law.

Mr. Brewer, have all the relevant agencies issued guidance, or are there any agencies that have not yet done so?

And if there are any agencies that have not issued guidance, what is the Department of the Interior doing to make sure this happens in a timely manner?

Mr. BREWER. Thank you very much for your question, Congressman.

We are tracking this situation, and the relevant departments have issued their guidance. We are tracking that to ensure that it is being pushed down and out for the—

Mr. LAMALFA. I am sorry, let me jump in there. So, you are tracking that. Does that mean more in the yes or no category, have all the relevant agencies issued the guidance, or are there some that have not yet done that?

Mr. BREWER. To my understanding, sir, all the relevant agencies have issued the guidance.

Mr. LAMALFA. OK.

Mr. BREWER. HHS, USDA, and SSA have all issued their guidance. We have also put that guidance on our website for the public to have access to.

Mr. LAMALFA. OK, so that is all fully fleshed out and it is good to go?

Mr. BREWER. It has been issued, we are tracking it. We are working closely with those relevant agencies to make sure they are doing—

Mr. LAMALFA. By "tracking," do you mean that it is actually working as planned, people are accessing, and all that stuff?

Mr. BREWER. We are following that to see that. As I said, it is my understanding that that information is out and available to the public, and the relevant agencies are making sure that they provide the guidance and answer any questions that may come toward them.

Mr. LAMALFA. Well, all right, we will go with that. Thank you, Mr. Brewer.

The Act would renew a system of agreements and support has gone back more than 80 years, and in many of our opinions around here, the Biden-Harris administration has repeatedly failed to take the threat of China very seriously. And their failure to implement key elements of the COFA Act in a timely manner demonstrates that. So, when you have the People's Republic of China's aggressive tactics, we must work more to safeguard our interests and that of our alliances there. So, upholding our end of the deal is extremely important with the Freely Associated States.

Many of the delays in implementation of the COFA Act seem to be caused by issues that could be worked out by the congressionally-mandated and outlined Interagency Working Group, IWG. The Department of the Interior's website on the interagency group does not have any documents, calendars, or links that we can find, which might indicate a lack of staffing for the interagency group, I am not sure.

Mr. Brewer, what do you think are the delays at the Department of the Interior in this regard?

Mr. BREWER. Congressman, as I stated in my opening statement, the Interagency Working Group has met, they met in April. They will be meeting again this Thursday to carry out their responsibilities of management for the coordination of our efforts of COFA implementation.

Mr. LAMALFA. How many meetings have there been, or how often do they—

Mr. BREWER. This year there have been two. There has been one in April and the next one will be this Thursday.

Mr. LAMALFA. That is a bit of a gap, wouldn't you think?

Mr. BREWER. We have been working diligently to get implementation done, and those were the meetings we were able to accomplish.

Mr. LAMALFA. OK. So, you will be meeting next week or so. Well, the rest of the question: What is causing the delay to have it jump from April all the way to mid-September? How come there couldn't have been more work done in June, July, somewhere in there, moving up the pace?

Mr. BREWER. Sir, as you know, the Act is about 6 months old. In that time, we have been really focused on getting money out to the FAS, to establishing the various other committees: the Trust Fund Committee, which I chair; the FPSAs have been being worked on. So, I wouldn't characterize it as a delay, it is just that we are moving very aggressively to get the work done that needs to be done for implementation, forming the committees and getting money out to the FAS nations.

Mr. LAMALFA. OK, all right, I better stop there. I am afraid the Chair is going to get me with that gavel there. Anyway, I appreciate it, and please keep us abreast of the progress. If you wouldn't mind, maybe a couple of weeks after this next meet-up, let me and the Committee know, if you would please. All right?

Thank you so much. I yield back.

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. The first panel is now dismissed. The second panel may now be seated.

[Pause.]

Mrs. RADEWAGEN. I will now introduce the witnesses for our second panel: His Excellency Hersey Kyota, Ambassador to the United States, Republic of Palau; His Excellency Jackson Soram, Ambassador to the United States, Federated States of Micronesia; His Excellency Charles Paul, Ambassador to the United States, Republic of the Marshall Islands.

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

The Chair now recognizes Ambassador Kyota for 5 minutes for questions.

STATEMENT OF HIS EXCELLENCY HERSEY KYOTA, AMBASSADOR TO THE UNITED STATES, REPUBLIC OF PALAU, WASHINGTON, DC

Mr. KYOTA. Thank you, Madam Chair and members of the Subcommittee, for inviting me to testify before this Subcommittee.

Before I begin, I would like to thank, he has left, but I would like to thank Chairman Westerman and yourself, Madam Chair, Ranking Member Leger Fernández, co-Chair Sablan, and Congressman Case, and other distinguished Members for your unwavering leadership throughout the whole process of the Compact required 30-year anniversary review from the negotiation to the final enactment of the COMPACT Act. Your efforts substantially benefited the United States as well as Palau. Thank you, as well, for the last addition to the Compact agreement that President Whipps requested. The law greatly improved and strengthened the relationship between our nations.

A top U.S. military commander once said that Palau is part of the U.S. homeland. Although it is now a sovereign nation, it is part of the homeland because the security right Palau has led the U.S. exercise under the Compact, and Palau is the closest part of the homeland to Asia. Your law would meet Palau's need much more than the Compact as originally entered into or through the 15th anniversary review.

One of the most important improvements contemplates continuing the assistance after Fiscal Year 2043 on the same terms instead of phasing out assistance. Another major advancement is upgrading U.S. executive branch attention to the Freely Associated States. Our status in relation to the United States is far closer than any other sovereign nation.

I am pleased to report the successful conclusion of the talks on our Compact Federal program and service agreement. The current

agreement expired on September 30. The Compact helpfully pre-approved the agreement, but approval is subject to a 90-day congressional review, so the State Department has asked for technical amendments. My government hopes that you will try to pass the necessary language before the end of this month.

We look forward to the Veterans Affairs Department's draft agreement for the health care that veterans living in the Freely Associated States are entitled to under the law.

As you know, your law substantially broadened the mission of the Palau Economic Advisory Group. The Economic Advisory Group is meeting in Palau this week.

I am also pleased to report that the plan required for spending Fiscal Year 2024 financial assistance was found to be completed with requirement.

The Department of the Interior has worked with us to assure fulfillment of the provision of the Compact Review Agreement and the law. We greatly appreciate that the COMPACT Act made Freely Associated States' citizens in the United States eligible for additional education benefits, restored eligibility for programs open to the permanent residents, and informing local agencies and education institutions, as well as Federal officials regarding this will be needed.

Federal understanding of the Freely Associated States' unique status is essential. We are encouraged by the initial effort of the Interagency Group on the Freely Associated States, and hope that the State Department will soon fulfill the requirement to re-establish a Freely Associated States Office, and hope that your Committee will continue oversight like this one today.

Thank you, mesulang, for all that you have done for our nation's democracy and prosperity, for the peace, security of all Pacific nations, including the United States and Taiwan. Thank you, Madam Chair.

[The prepared statement of Mr. Kyota follows:]

PREPARED STATEMENT OF HIS EXCELLENCY HERSEY KYOTA, AMBASSADOR OF PALAU

Thank you, Madame Chair, for inviting me to testify on the implementation of the Compact of Free Association Amendments Act of 2024.

And thank you, Chair Hageman, Chairman Westerman, Ranking Minority Members Grijalva and Leger Fernandez, and other Distinguished Members of the Subcommittee for your unwavering leadership throughout the whole process of the Compact's required 30th Anniversary Review of Palau's needs and of the association between our nations—from the negotiations to the enactment of the Compact Act of 2024. Your efforts substantially benefited the United States as well as Palau.

Thank you as well for the law's additions to the Compact Review agreements that were requested by President Whipps and Chief Compact Negotiator Udui and worked out with Presidential Envoy Yun and the bipartisan leadership of this Committee.

The law greatly improved and strengthened our relationship. A top U.S. military commander said that Palau is "part of" the U.S. "homeland." It is a part because of the Compact's U.S. security rights, with Palau being the closest "part" to Asia. Palau is also a part for many otherwise U.S. domestic programs and for the free movement of our peoples.

Your law would meet Palau's needs much more than the Compact as originally entered into or through the 15th Anniversary Review. One of the most important improvements contemplates continuing the law's much greater assistance after Fiscal Year 2043 on the same terms, instead of phasing out assistance. Continuation

of much needed aid would make our association more equitable and maintain its significant benefits for both of our nations indefinitely.

Another major advancement is upgrading U.S. Executive branch attention to what were parts of a territory that now, although sovereign nations, let the U.S. exercise fundamental aspects of our sovereignty. Our status in relation to the U.S. is far closer than that of other sovereign nations.

I am pleased to report the conclusion of the talks on the Compact Review's major outstanding Agreement. It would update Federal Programs and Services agreements that cover some major U.S. services (but not all programs).

Signing is planned before the current agreements expire this month. The Compact Act helpfully pre-approved it, but the approval is subject to a 90-day congressional review. So, the Executive branch has asked you to extend the current agreements. It has also asked the Congress to clarify the new Agreement's approval and insurance of bank deposits. Approval of these technical amendments at the earliest possible opportunity is essential because it is Executive agencies that have to implement the Agreement. Palau strongly supports congressional approval.

We now look forward to the Department of Veteran Affairs' draft agreement for the healthcare that U.S. military veterans living in the "freely associated states" are entitled to under your law. Many veterans have not returned and contributed to our islands because they have had to live in the U.S., the Philippines, or Canada to receive this care. U.S. Deputy Secretary of State Campbell—who continues to play a pivotal role in improving our association—has just highlighted the importance, as a State Department news release announced last week.

As you know, your law substantially enhanced the mission of the Palau Economic Advisory Group by broadening its mandate beyond just local economic, financial, and fiscal management recommendations. Thank you for this. The EAG is meeting in Palau this week.

I am also pleased to report that the plan required for spending the law's FY 2024 financial assistance was approved. Additionally, indications are that the FY25 plan will be approved, too. We, further, expect the annual financial report to be on time and meet requirements. The Department of the Interior's Office of Insular and International Affairs has worked collaboratively with us to ensure fulfillment of the law's provisions.

We greatly appreciate that the Compact Act made freely associated state citizens working, studying, and living in the U.S. eligible for important education benefits as well as restored eligibility for programs open to other permanent residents. Federal agencies have acted to make States, territories, and educational institutions aware of this, but continue informing of local agencies and educational institutions as well as Federal officials is needed.

Federal understanding of the freely associated states' unique status in relation to the United States and appreciation of our crucial role in U.S. defense and a free and open Indo-Pacific are principal reasons that President Whipps sought, and Envoy Yun and you acted, to upgrade the Executive branch's handling of matters concerning our islands. This included: elevating and re-invigorating the Interagency Group on Freely Associated States, with a key role for the Department of Defense as well as the State and Interior Departments; a restored Freely Associated States office with additional personnel; and regular reporting to the President through his staff and to the Congress for oversight.

We are encouraged by the initial Interagency Group efforts; hope that State will soon fulfill its new office and personnel responsibilities; trust that there will be reports of substantial actions; and hope that your Committee will continue oversight, such as it is in this hearing.

Mesulang—thank you very much—for all that you have done for our nations' democracy and prosperity and for the peace and security of all Pacific nations—including yours and Taiwan.

QUESTIONS SUBMITTED FOR THE RECORD TO HIS EXCELLENCY HERSEY KYOTA,
AMBASSADOR TO THE UNITED STATES, REPUBLIC OF PALAU

His Excellency Hersey Kyota did not submit responses to the Committee by the appropriate deadline for inclusion in the printed record.

Questions Submitted by Representative Westerman

Question 1. Can you summarize any issues Palau's government has encountered relating to COFA implementation since the bill passed?

1a) How have these challenges impacted Palau's government and citizens?

1b) Have you raised these concerns with the administration? If so, what was their response?

Question 2. The Federal Programs and Services Agreement (FPSA) the U.S. and Palau signed pursuant to the 2010 Compact Review Agreement is due to expire on September 30, 2024.

As such, the administration has requested for an extension for this FPSA until a new FPSA is entered into force.

2a) Can you explain how your government and the people of Palau would be impacted if there was a lapse in federal programs and services?

Question 3. How has the delay of Department of Veterans Affairs services impacted Palau's veterans?

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

STATEMENT OF HIS EXCELLENCY JACKSON SORAM, AMBASSADOR TO THE UNITED STATES, FEDERATED STATES OF MICRONESIA, WASHINGTON, DC

Mr. SORAM. Thank you, Madam Chair Radewagen, Ranking Member Leger Fernández, and members of the Subcommittee. Thank you for convening this hearing and for the opportunity to testify today. My name is Jackson Soram. I am honored to serve as the Ambassador of the Federated States of Micronesia to the United States.

The United States and the FSM enjoyed a close relationship that has been strengthened through diplomatic, economic, and military partnership and commitments as part of the Compacts of Free Association. Earlier this year, the U.S. Government demonstrated this support through the enactment of the COFA Amendments Act, and this law updates and extends economic assistance provisions of the Compact between our two nations for an additional 2-year period. It restores or extends other key benefits for FSM citizens in the United States.

We are deeply grateful to this Committee and to the Trump and Biden administrations for the years of work required for these achievements. Your delegation reinforces our mutual commitments to our enduring partnership and the fact that we have no greater friend than the United States.

We are grateful that Congress approved an annual appropriation of \$140 million for sector grants for the FSM in the law. This is a significant increase. Last week, we had our first in-person meeting with the United States under the framework of the Joint Economic Management Committee, or JEMCo. The Joint

Committee has provisionally concurred with the FSM-proposed sector grant allocations for Fiscal Year 2025. We remain hopeful for JEMCo's final concurrence in the coming days, and it is evident in this transition period that there are bilateral challenges to overcome in implementation. The FSM is committed to working with the United States in this transition to the new agreements.

In addition to extending the U.S. financial assistance and U.S. Federal programs and services for the FSM, the law addresses several long-standing challenges for FSM citizens who live, work, and study in the United States, and serve in the U.S. military. We are pleased FSM citizens residing lawfully in the United States are again eligible for key public benefits as a result of the bipartisan Compact Impact Fairness Act.

Additionally, we are delighted the amended Compact includes a bipartisan Care for COFA Veterans Act, which provides improvements to medical care access to veterans in the FAS. The law also ensures eligibility for Pell Grants and other education benefits for FSM students, which will strengthen the future of our country for generations to come.

Since the enactment of the law, the FSM has engaged with Federal agencies regarding Compact implementation. We are pleased the Departments of Education, Agriculture, Health and Human Services, and FEMA have issued guidance to reflect the changes in the updated Compact.

Overall, we are pleased with the progress on implementation, but are disappointed by the lack of engagement by the VA. The law establishes a 1-year period following passage during which the VA is directed to work with the FAS governments to assess options for required delivery of care to veterans residing in the FAS. We are very concerned that 6 months have elapsed without collaboration or communication on these initiatives which are critical to the health of our veterans.

Additionally, despite our outreach, the Social Security Administration has not released guidance on the eligibility of FSM citizens for Supplemental Security Income. We remain hopeful implementation efforts can move forward quickly, given the impact of these programs for our citizens. And we stand ready to assist.

The FSM appreciates the Committee's commitment to the implementation of the COFA Amendments Act. We look forward to working with Congress on implementation and exploring ways to bolster our relationship beyond the Compact. Thank you again for the opportunity and for holding this hearing, and I look forward to answering questions. Thank you, Madam Chair.

[The prepared statement of Mr. Soram follows:]

PREPARED STATEMENT OF AMBASSADOR JACKSON T. SORAM OF THE FEDERATED STATES OF MICRONESIA

Chairman Westerman (R-AR), Ranking Member Grijalva (D-AZ), Subcommittee Chair Hageman (R-WY), Ranking Member Leger Fernandez (D-NM), and members of the Subcommittee, thank you for convening this hearing and for the opportunity to testify before you today. My name is Jackson Soram. I am honored to serve as the Ambassador of the Federated States of Micronesia (FSM) to the United States.

The U.S. and the FSM enjoy an extraordinarily close relationship that has been strengthened through our enduring diplomatic, economic, and military partnership and commitments as part of the Compact of Free Association. Earlier this year, the

U.S. Government demonstrated this support through the enactment of the *Compact of Free Association (COFA) Amendments Act*. This critical legislation updates and extends economic assistance provisions of the Compact of Free Association between our nations for an additional 20-year period and restores or extends other key benefits for FSM citizens in the United States. We are deeply grateful to the House Natural Resources Committee and the Trump and Biden Administrations for the years of work required for these achievements. Your dedication reinforces our mutual commitments to our enduring partnership and the fact that we have no greater friend in the world than the United States.

We are grateful that the U.S. Congress approved an annual appropriation for sector grants for the FSM of \$140 million per year in the *COFA Amendments Act*. This is a significant increase. During the first week of September, we had our first in-person meeting with the United States under the framework of the Joint Economic Management Committee, or JEMCO. The Joint Committee has provisionally concurred with the FSM proposed sector grant allocations for Fiscal Year 2025. We remain hopeful that final concurrence will happen in the coming days. It is evident that in this transition phase to a new framework of U.S.-FSM agreements that there are bilateral challenges to be overcome in detailed implementation. The FSM is committed to working with the U.S. in this transition to the new agreements.

In addition to extending the U.S.'s critical financial assistance and the provision of U.S. federal programs and services in the FSM, the *COFA Amendments Act* addresses several longstanding challenges for FSM citizens, who choose to live, work, and study in the U.S. and serve in the U.S. military. We are pleased FSM citizens residing lawfully in the U.S. are again eligible for key public benefits as a result of the bipartisan and bicameral *Compact Impact Fairness Act*. Additionally, we are delighted the Amended Compact includes the bicameral and bipartisan, *Care for COFA Veterans Act*, which provides improvements to medical care access to veterans in the Freely Associated States (FAS). We appreciate congressional support for these pieces of legislation. The *COFA Amendments Act* also ensures continuing eligibility for Pell Grants and other key education benefits for FSM students, which will strengthen the future of our country for generations to come.

Since the enactment of the Amended Compact, the FSM has worked diligently to engage with federal agencies regarding Compact implementation. We are pleased that the Departments of Education, Agriculture, Health and Human Services, and FEMA have issued guidance to reflect the changes in the updated Compact:

- The Department of Health and Human Services (HHS) published guidance discussing changes to several programs, including the Temporary Assistance for Needy Families Program, the Low-Income Home Energy Assistance Program, and the Social Services Block Grant.
- HHS has been in contact with the FSM and Congress regarding the Head Start Program, which was authorized by the Compact and will require discretionary appropriations. Notable, these funds have been included in the House and Senate Fiscal Year 2025 Labor, Health and Human Services, Education and Related Agencies appropriations bills, thanks to the support of several lawmakers;
- The Department of Education issued information regarding the education provisions within the Amended Compact;
- FEMA announced the eligibility of FAS citizens for disaster assistance; and
- The Department of Agriculture released guidance on the eligibility changes to the Supplemental Nutrition Assistance Program.

Overall, we are pleased with the progress toward implementation of the law by the agencies previously mentioned. Unfortunately, we are disappointed by the lack of engagement from the Department of Veterans Affairs (VA). The *COFA Amendments Act* establishes a one-year period following the enactment of the Act during which the VA is directed to work with the FAS governments to assess options for the required delivery of care to veterans residing in the FAS. We are very concerned that six months have elapsed without progress on these initiatives, which are so critical to the health of our veterans. The FSM government stands ready to be of any assistance necessary.

We remain hopeful that implementation efforts can move forward expeditiously with all of our federal partners, given the importance and impact of these programs to our citizens. For example, despite our outreach, the Social Security Administration has not provided a timeline on implementation of eligibility of FSM citizens for Supplemental Security Income.

The FSM Government greatly appreciates the Committee's continued commitment to the implementation of the *COFA Amendments Act*, which supports our enduring partnership. We look forward to keeping the Committee informed of implementation developments, and to exploring additional means of bolstering our countries' relationship beyond the Compact, including future military construction commitments and the restoration of the Peace Corps program in the FSM. We hope these endeavors will serve as opportunities for our nations to reaffirm our unique friendship, strong partnership, and mutual commitment to promoting security and stability in the Indo-Pacific region.

Thank you again for holding this hearing on this important topic. I look forward to answering any questions.

QUESTIONS SUBMITTED FOR THE RECORD TO HIS EXCELLENCY JACKSON SORAM,
AMBASSADOR TO THE UNITED STATES, FEDERATED STATES OF MICRONESIA

His Excellency Jackson Soram did not submit responses to the Committee by the appropriate deadline for inclusion in the printed record.

Questions Submitted by Representative Westerman

Question 1. During the hearing, the Department of the Interior's witness stated that to his knowledge all the relevant U.S. agencies, including the Social Security Administration, have issued guidance on carrying out programs to adhere the Compact of Free Association Amendments (COFA) Act of 2024.

1a) To your knowledge, has the Social Security Administration issued guidance for the Social Security Income program to reflect the 2024 COFA law?

Question 2. Can you summarize any issues FSM's government has encountered relating to COFA implementation since the bill passed?

2a) How have these challenges impacted FSM's government and citizens?

2b) Have you raised these concerns with the administration? If so, what was their response?

Question 3. Your written testimony lists the agencies who have issued guidance on carrying out the services and obligations under the COFA Amendments Act.

3a) To your knowledge, which of the relevant agencies have not listed updated guidance?

3b) Has your government reached out to these agencies? If so, what has been their response?

Question 4. How has the delay of Department of Veterans Affairs services impacted FSM's veterans?

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

STATEMENT OF HIS EXCELLENCY CHARLES PAUL, AMBASSADOR TO THE UNITED STATES, REPUBLIC OF THE MARSHALL ISLANDS, WASHINGTON, DC

Mr. PAUL. Talofa [Speaking Foreign Language] Madam Chairwoman Radewagen, Ranking Minority Member Leger Fernández, Chairman Westerman, Mr. Case, and other distinguished members of this honorable Committee.

I must begin by saying kommol tata as emphatically as I can for your leadership in enacting the COMPACT Act and your additions to the agreement that it approved. The package meets Marshall Islands' needs more than ever before, greatly improving our nation's association. It addresses long-standing problems and

includes provisions that would enable a deeper and more equitable partnership to endure for 20 years and longer. It not only secures our vast waters and airspace, it also helps ensure a free and open Pacific for all democratic nations, including Taiwan.

Implementation is in its initial stages. There are still agreements being negotiated, including a revised agreement for certain U.S. services that we hope will be completed this month. And we are waiting for a draft agreement to enable the law's mandate for our veterans to receive health care in our islands or travel for care instead of having to live in the United States, the Philippines, or Canada.

Madam Chair, we are pleased to have received a letter from the Secretary of Veterans Affairs outlining next steps in developing the said agreement to provide health care services to all deserving veterans residing in the Marshall Islands. In our islands, a new administration and parliament, Nitijela, took office in January. It would conclude these agreements, implement the agreements and laws enacted last year, and develop required plans.

Last year's actions substantially and beneficially changed U.S. financial assistance. The most fundamental changes were in the trust fund for our people. The purpose was changed to two areas, with specific uses now determined by the RMI government and the Joint Trust Fund Committee Ensuring Fiscal Integrity. Funds that had already been contributed will be used to benefit our people directly, instead of subsidizing the government. And the new contributions are for programs for the people from atolls adversely affected by U.S. nuclear bomb tests and nuclear waste disposal and islands that have unmet claims regarding other U.S. military activities.

Our plan for the much greater general budgetary assistance for Fiscal Year 2024 was found to be sound by the Joint Committee, and last week there was a helpful meeting with the Committee regarding the Fiscal Year 2025 plan.

My government has named its members of the new Working Groups for the Additional Assistance for Health Care, and to address increasing challenges of nature. We look forward to the U.S. Government naming its members so that these committees can meet and begin their work.

Plans are being developed for new assistance for infrastructure in the civilian areas of the Kwajalein Atoll, which supplies much of the labor for the world's premier range on testing ICBMs, for accessing records, and for a museum regarding the U.S. nuclear program and additional environmental programs.

As I noted earlier, the new trust fund contributions will be used to address exceptional hardship and unmet needs. To use the words of U.S. Presidential Envoy Yun in this Committee's hearing on the legislation, and I quote, "Islands that have been affected by nuclear tests." As he further testified regarding the people of these islands, "They are suffering, which is why the new contributions were put into the trust fund."

We thank the Committee for the COMPACT Act, reiterating the Compact agreements enabling my government to seek measures regarding damage to property and injury to individuals from the nuclear programs not known at the time of the Compact, a changed

circumstance petition, and requiring the U.S. Government to engage in meaningful consultations on our joint tragic nuclear legacy. We will be making use of these provisions.

Madam Chair, I have in my hands the Nitijela Resolution 15ND1 that was passed unanimously 2 days ago in the RMI Nitijela, and I ask that this Nitijela resolution urging the RMI Government to file a changed circumstance petition be included in the record.

Mrs. RADEWAGEN. So ordered.

[The information follows:]

NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS
45TH CONSTITUTION REGULAR SESSION, 2024

Republic of the Marshall Islands

RESOLUTION 15ND1

A RESOLUTION urging the Cabinet to pursue the Change Circumstances Petition through Congress of the United States of America to adopt adequate measures under the 177 Agreement to compensate for the injuries and damages caused by the U.S. Nuclear Testing Program in the Marshall Island.

WHEREAS, Section 177 of the Compact of Free Association, provides that the Government of the United States accepts the responsibility for compensation owing to citizens of the Marshall Islands . . . for loss or damage to property and person . . . resulting from the nuclear testing program which the Government of the United States conducted in the Northern Marshall Islands between June 30, 1946, and August 18, 1954; and

WHEREAS, Section 177 requires that the U.S. Provides \$150 Million to the RMI to create a Fund that, over the 15-year period of the Compact, was intended to generate \$270 Million in proceeds for disbursement “as a means to address past, present and future compensation consequences of the U.S. Nuclear Testing Program, including the resolution of resultant claims”; and

WHEREAS, injuries and damage resulting from the U.S. Nuclear Testing Program could not have been discovered, or could not have been determined, prior to the effective Compact, and such injuries, damages and adjudication render the terms of the Section 177 Agreement manifestly inadequate to provide just and adequate compensation for injuries to Marshallese people and for damage to or loss of land resulting from the U.S. Nuclear Testing Program; and

WHEREAS, in lieu of an assessment of damages by the Federal Courts, the Government of the Marshall Islands accepted the U.S. Proposal that it espouse and settle the claims of the Marshallese people arising from the Nuclear Testing Program conducted by the U.S. in conjunction with the establishment of a Claims Tribunal. The U.S. expressly recognized that its technical assessment of radiological damage to persons and property in the RMI was limited to a “best effort” at the time of the Compact, and was based on limited disclosure of available information and incomplete scientific knowledge. As a result, further adjudication of the claims by an internal RMI Nuclear Claims Tribunal was agreed to by the United States; and

WHEREAS, in addition to Nuclear Claims Tribunal, the U.S. in exchange for the RMI espousing and settling its citizens claims, to adopt a “Change Circumstance” procedures, through which Congress accepted the authority and responsibility at a later date to determine the adequacy of the measures adopted under the 177 Agreement to compensate for the injuries and damages caused by the U.S. Nuclear Testing Program; and

WHEREAS, on September 1, 2000, the Cabinet endorsed the petition for change circumstances produced by the Ministry of Foreign Affairs in cooperation with Change Circumstances Advisory Group (CCAG), the Cabinet enabled the CCAG to participate in the presentation of the change circumstance petition and authorized the Ministry of Foreign Affairs to submit the Petition to the United States Congress; and

WHEREAS, it is fitting that through the sense of the Nitijela urging the Cabinet to pursue the Change Circumstances Petition through Congress of the United States of America to adopt adequate measures under the 177 Agreement to compensate for the injuries and damages caused by the U.S. Nuclear Program in the Marshall Islands; now therefore,

BE IT RESOLVED by the People of the Republic of the Marshall Islands, through their Nitijela in its 451 Constitutional Regular Session, 2024, that the Nitijela hereby, urging the Cabinet to pursue the Change Circumstances Petition through Congress of the United States of America to adopt adequate measures under the 177 Agreement to compensate for the injuries and damages caused by the U.S. Nuclear Testing Program in the Marshall Islands; and

FURTHERMORE, urging the Cabinet to re-appoint the membership to the Change Circumstances Advisory Group (CCAG) to participate in the presentation of the change circumstance petition.

CERTIFICATE

I hereby certify:

1. That Nitijela Resolution No: 15ND1 was passed by the Nitijela of the Republic of the Marshall Islands on the 9th day of September, 2024; and
2. That I am satisfied that Nitijela Resolution No: 15ND1 was passed in accordance with the relevant provisions of the Constitution of the Republic of the Marshall Islands and the Rules of Procedures of the Nitijela.

I hereby place my signature before the Clerk this 10th day of September, 2024.

Brenson S. Wase
Speaker
Nitijela of the Marshall Islands

Attest:

Morean S. Watak
Clerk
Nitijela of the Marshall Islands

Mr. PAUL. Thank you. Other greatly appreciated measures restored the eligibility of Freely Associated State citizens in the United States for several Federal programs, and entitled them to additional post-secondary educational assistance. Federal agencies must explain the law to state and territorial agencies and post-secondary educational institutions.

The COMPACT Act also includes very important sections regarding the U.S. executive branch's handling of Freely Associated State matters.

I conclude by thanking you, Madam Chair, and members of this Honorable Committee for your leadership and for this opportunity to testify before you. I look forward to answering any questions you may have.

[The prepared statement of Mr. Paul follows:]

PREPARED STATEMENT OF HIS EXCELLENCY CHARLES PAUL, AMBASSADOR OF THE
REPUBLIC OF THE MARSHALL ISLANDS TO THE UNITED STATES

Honorable Chair, Ranking Minority Member, and other Distinguished Members:
Before I discuss the implementation of this year's Compact Amendments Act, I am compelled to say *Kommol tata* as sincerely and emphatically as I can for your leadership in its enactment and your additions to the agreements that it approved.

The package meets needs regarding the Marshall Islands more than ever before, greatly improving and strengthening the association between our nations, ours formerly part of a territory that yours administered but is now a sovereign state non-bindingly associated with yours.

The law will substantially better the quality of life of our people and address long-standing problems. It includes provisions that would enable a deeper and more equitable partnership to endure for 20 years and longer. By doing so, it not only secures our vast waters and airspace as well as our land just southwest of Hawaii, it helps ensure a free and open Pacific for all democratic nations, including Taiwan, with which we have close and lasting diplomatic relations.

Implementation is just in its initial stages since the law only became fully effective in the case of the Marshall Islands on May 1st. There are still agreements being negotiated, including a new agreement for certain U.S. services that we hope will be completed soon this month and an agreement that would enable our U.S. military veterans to receive veterans' healthcare in our islands or travel for care instead of having to live in the U.S., Canada, or the Philippines.

A new administration and parliament, Nitijela, took office in January. It is negotiating and will conclude these agreements, implementing the agreements and the law enacted last year, and developing the required plans.

Last year's actions substantially—and beneficially—changed U.S. financial assistance.

The most fundamental changes were in the Trust Fund for our people. The purpose was changed to two areas, with the uses now determined by our new administration and Nitijela.

Our administration and Nitijela have decided to use the funds that had already been contributed to benefit our people directly instead of subsidizing the Government. The new contributions are for programs for the peoples to address the needs of the atolls adversely affected by U.S. nuclear bomb tests and nuclear waste disposal, and islands that have unmet claims regarding other U.S. military activities.

The Joint Economic and Financial Accountability Committee, which is responsible for ensuring compliance with the new Fiscal Procedures Agreement, concurred with our plan for the much greater Fiscal Year 2024 budgetary assistance for education; continuing health programs; infrastructure; private sector growth; the environment; special aid for Enewetak Atoll, which was resettled by its people, but still has high levels of radiation; and fiscal management, reporting, and auditing. Last week, there was a helpful meeting on the FY25 plan. The Interior Department's Insular and International Affairs Office has been very helpful in our efforts in this regard.

My Government has named its Members of the new Working Groups for the new Compact package's assistance for additional health care and to address increasing challenges of nature. We are looking forward to the U.S. naming its Members.

Plans are being developed for the new assistance for infrastructure in the civilian areas of Kwajalein Atoll, which supply much of the labor for the world's premiere range for testing ICBMs and military space operations support; accessing records and developing a museum regarding the U.S. nuclear weapons and waste programs; and additional environmental programs.

Developing fiscally responsible programs in these regards requires complex decisions and careful planning that is underway.

As I noted earlier, the new Trust Fund contributions will be used to address extraordinary circumstances of exceptional hardship and unmet needs in the case of people in our islands from atolls and islands that face challenges due to location, inadequate housing, lack of arable land, or limited local economic opportunities.

As the chief U.S. negotiator, Special Presidential Envoy Joseph Yun, testified during this Committee's hearing on what became the Compact Act, these are primarily people from "islands that have been affected by nuclear tests."

As he further explained to your counterpart Senate committee, "They are suffering. We've always still felt that there were additional needs . . . which is why" the new contributions were "put into the Trust Fund" to "be used for development, education, environment issues of nuclear atolls" among others, citing "continued radiation and suffering and health effects."

Too many of our people still have losses due to the nuclear weapons testing program and the disposal of radiological waste—including waste from the U.S. So,

these individuals will, rightfully, be the beneficiaries of the Trust Fund programs funded by the new contributions.

These programs for our seriously adversely affected people will be consistent with the Compact, as were other U.S. laws enacted after the approval of the Compact that addressed needs arising from the nuclear weapons and waste programs. Such measures are compatible with the Compact, as Envoy Yun further agreed in his testimony to this Committee. These provisions and their effective implementation are essential for my government's agreement to extend our free association.

In this connection, let me thank the Committee for including in the new Compact Act reiterations of the Compact agreements enabling my Government to seek provisions for damages to property and injuries to individuals from the nuclear programs not known at the time of the Compact, a Changed Circumstances Petition, and requiring the U.S. Government to engage in meaningful consultations on nuclear legacy matters at my Government's request. We are hopeful that this process will result in further addressing the consequences of U.S. nuclear testing in the Marshall Islands.

Our governments are close to concluding a new Federal Program and Services Agreement to provide terms for the continuation of U.S. services that are essential to our free association and have been part of the Compact arrangement since its inception. Based on the progress made in negotiations late last week, we hope for a resolution this week. The next step in the process is a revised U.S. proposal.

This would leave one other critical agreement to negotiate: the one needed for our U.S. military veterans to receive health care in our islands or be transported to where they can receive that care. One of the major improvements in the association made by this year's Compact Act is entitling them to this care. It will enable them to return home instead of having to stay in the U.S. or move to Canada or the Philippines. Our Minister of Foreign Affairs and Trade, the Honorable Kalani Kaneko, was a U.S. military recruiter in the freely associated states, and looks forward to receiving a Department of Veterans Affairs draft for this agreement.

Other greatly appreciated provisions of the Compact Act restored the eligibility of freely associated state citizens who are in the U.S. due to employment or education for several Federal programs and entitled them to post-secondary educational assistance. Federal agencies are implementing these provisions and must explain the law to State and territorial agencies and post-secondary educational institutions.

The Compact Act also includes very important provisions regarding the U.S. Executive branch's handling of matters concerning the freely associated states. These include restoring an office in the State Department with new staff solely dedicated to addressing issues and fulfilling commitments in our nations' unique partnership, which is the closest relationship possible between sovereign nations; revitalizing the interagency group on these matters; and requiring regular reports to the President of the United States and from the President to the Congress.

I conclude with my initial point: The leaders of this Subcommittee and Committee and your counterparts on both sides of the Capitol from both U.S. political parties did a great service to the Marshall Islands and the other states in free association with the U.S., the Pacific region as a whole, and the United States itself in leading the Congress to work with the Executive branch as one and enact the Compact of Free Association Amendments Act of 2024. It will ensure the security of our nations and enable our economies to grow for at least the next 20 years, with provisions for continued benefits on an indefinite basis. Thank you for doing this.

QUESTIONS SUBMITTED FOR THE RECORD TO HIS EXCELLENCY CHARLES PAUL,
AMBASSADOR TO THE UNITED STATES, REPUBLIC OF THE MARSHALL ISLANDS

Questions Submitted by Representative Westerman

Question 1. Can you summarize any issues the RMI government has encountered relating to COFA implementation since the bill passed?

Answer. First, thank you, Mr. Chairman, for leading the House and co-leading the Congress in developing and enacting the law. Your efforts contributed to the negotiation of the agreements that the law approved as well as added to it, favorably responding to our requests, in addition to simply approving it. We are also grateful for the assistance that you received from others such as Subcommittee Chair Hageman and Task Force Co-Chair Radewagen.

Second, we greatly appreciate the oversight of implementation of the law, which was finally passed March 8th and signed March 9th, much later than any of us anticipated and hoped for. We hope that this will continue. It is needed.

There has been much to do since the law was enacted. One of the most essential measures was to negotiate the agreement pre-approved by the law for continuing certain U.S. services. These are not most U.S. programs, but are some of the most essential U.S. services, such as the delivery of mail to and from our islands. Negotiations did not begin until after the enactment of the law and were difficult on details. I am pleased to report, however, that the talks have concluded and the final agreement language was initialed September 24th. (The agreement will be signed as initialed when the U.S. Department of State is ready, which we expect will be in a couple of weeks.)

Another immediate task was to prepare an implementation plan for Fiscal Year 2024 financial assistance for education, health, infrastructure and maintenance, public sector capacity building, private sector development, and the residents of irradiated Enewetak Atoll in accordance with the new—and improved—Fiscal Procedures Agreement (“FPA”) approved by the law. My Government did so and the plan obtained concurrence as meeting the requirements of the FPA and the law from the law’s revised—and much improved—Joint Economic Management and Financial Accountability Committee, “JEMFAC” (with new appointments from both governments).

We have also had to draft an Annual Implementation Plan (“AIP”) for the law’s FY 2025 assistance. This has now also been done and submitted to JEMFAC for review of its fiscal soundness. We expect agreement soon.

The U.S. Department of the Interior’s Office of Insular and International Affairs has been very helpful in these regards.

The law’s also revised and improved joint committee to ensure the fiscal integrity of the repurposed Trust Fund for the People of the Marshall Islands had to be appointed and the Government of the Marshall Islands has had to decide on and develop plans for uses of the distributions, which begin in FY25, in accordance with the requirements of the Trust Fund Agreement. The new committee has met, and my government is finalizing plans for use of Trust Fund Agreement Article 17 distributions for the benefit of the people of the Marshall Islands as a whole. It has also made decisions regarding Article 18 distributions for the people of mutually agreed upon atolls and islands. The 13 are the peoples of 11 atolls affected by U.S. nuclear weapons testing and radioactive waste disposal and an island and an atoll with issues related to U.S. military missile testing at Kwajalein Atoll. Development of plans for these distributions is underway.

We have also made initial plans or are beginning work on plans for the additional funding for health care; education and job-training; infrastructure for the civilian areas of Kwajalein; access to records and education regarding U.S. nuclear weapons testing; the environment, including the impacts of the rising seas; and additional U.S. programs, including Head Start, elementary and secondary schools assistance, vocational and technical education, adult education, the Job Corps, and a program for preschoolers with special needs similar to the U.S. Individuals with Disabilities Education Act Part C program.

Our primary areas of concern have been the Department of Veterans Affairs beginning the law’s healthcare for our U.S. military veterans who have returned home or travel to places where they can receive care and the implementation of education and ‘social safety net’ services available to non-citizen permanent residents of the U.S.

1a) How have these challenges impacted RMI government and its citizens?

Answer. So far—and, as you know, it is very early in the implantation process—it is that our U.S. military veterans at home have not been able to receive the law’s healthcare and travel for healthcare benefits and others who may have wanted to return home have not done so because our veterans still can only receive these benefits in U.S. areas, the Philippines, and Canada. The Veterans Affairs Department, however, has just announced, as you know, its timetable for implementing the law. The timetable seems to be a little slow—conclusion of the required agreement to begin the services as long as a full year after enactment of the law—but we now at least see movement.

Our citizens who have come to work or study in the U.S. are entitled under the law to post-secondary educational assistance, including new eligibility for in-State tuition, and ‘social Safety net’ programs for which other non-citizen residents have been eligible but from which our citizens were previously excluded. Some U.S. agencies have taken longer than others to inform Federal officials or States and

territories, resulting in some erroneous denial of benefits, but all have now issued the necessary guidance or have issued most of it.

1b) Have you raised these concerns with the administration? If so, what was their response?

Answer. Yes. The VA has responded with its timetable. Other agencies have issued or are finalizing guidance regarding provisions of the law.

Question 2. How would the RMI government and its citizens be impacted if the Federal Programs and Services Agreement negotiations are not completed in a timely manner?

2a) Would it be fair to say that it should be a priority for these negotiations to be completed as soon as possible?

Answer. Fortunately, you helped lead the Congress in enacting legislation that continued the current FPSA until a new one takes effect. If not, a lapse in postal, weather, aviation and bank deposit insurance would have been devastating.

Additionally, as you now also know, the negotiations have been completed, as evidenced by the initialing of a FPSA September 24th.

Question 3. How has the delay of Department of Veterans Affairs services impacted RMI's veterans?

Answer. I addressed this above. U.S. military veterans in the RMI still are not receiving the care that they should under the law in the RMI or up-front financial assistance enabling them to travel to where they can receive that care, primarily, Guam, Hawaii, and the Philippines. Those who can, continue to pay out of pocket for exorbitant travel costs. Some cannot afford to do so. Others remain in the States or territories, primarily Guam, or they could live in the Philippines or Canada, rather than returning home.

Mrs. RADEWAGEN. I thank the witness for their testimony. The Chair will now recognize Members for 5 minutes for questions. I will now recognize myself for 5 minutes.

My question is for all witnesses: Has the Department of Veterans Affairs initiated negotiations for veterans services with your respective governments?

And how has the delay in veterans services affected veterans from your respective countries?

This is for all witnesses, please.

Ambassador Kyota?

Mr. KYOTA. Madam Chairman, we have tried to reach out to the VA. We haven't received anything, but I did receive a letter addressed to President Whipps from the VA. I received it last night, so I sent it to Palau, and it talks about the time where we can sit and discuss in more detail what Palau and VA can discuss, and put them into use.

But I must say that, while the VA in Palau hasn't really started speaking in more detail, many veterans living in Palau are suffering, and they need medication. They need to travel to Guam or Hawaii, but most of them do not have enough resources to pay for their own ticket. A flight from Palau to Hawaii is very, very expensive, so I hope that this letter to our President will open a negotiation or discussion real soon. Thank you.

Mrs. RADEWAGEN. Ambassador Soram?

Mr. SORAM. Thank you, Madam Chair, for the question. And firstly, let me join my other colleagues as well to thank the Committee for the support that you have given throughout all these processes from the negotiations up until now in calling this meeting as well.

The answer is no, we have not engaged with the VA on any negotiations on the agreement. As I stated in my statement, our concern relates to the timing because the agreement calls for a 1-year duration. We are within 6 or 7 months now, and we have not heard anything.

Now, that being said, I want to acknowledge the efforts of the first panel, particularly from the Department of Veterans Affairs, in laying out a plan. I think that is encouraging. We have yet to see once again, as I said, timing is an issue here. We were given 1 year to complete the negotiations to work through all of this, so I hope we can keep that in mind.

But, again, the answer is no, but looking forward to working with the VA on this.

Thank you, Madam Chair.

Mrs. RADEWAGEN. Ambassador Paul?

Mr. PAUL. Thank you, Madam Chair, for the question. Along with my colleagues from FSM and Palau, we too just received the letter from the Veterans Affairs Secretary. The letter was addressed to President Heine, and that has been forwarded to Majuro.

We look forward to working with the Veterans Affairs to see how we can move this along, as we have veterans in the islands that need the help. And the sooner we get there, the better it is for our veterans for receiving the care that they earned and they deserve. Thank you.

Mrs. RADEWAGEN. I thank the witnesses for their testimony. I will now recognize Ranking Member Leger Fernández for 5 minutes.

Ms. LEGER FERNÁNDEZ. Thank you, Ambassadors, for your testimony.

And thank you, Ambassador Kyota, for pointing out how expensive it is to travel. Because it is not just the flight, right? Once you get to another island that is providing services, or the mainland, you need to pay for housing. There are other costs that are involved, which is why it is so important to make sure that the services are available closer and as close as possible to where the veteran lives.

It sounds like it is a good thing we had this hearing. Sometimes hearings just nudge. I call it WD-40. Like, Congress and each of us are responsible for having a huge can of WD-40. I have my little can of WD-40, I can do little things. But really, a chair of a Committee, they have a really big can. So, I am glad to hear that we have a letter, that we have a process set out for engaging in creating that plan.

What are your expectations? Maybe I will go down the line from Ambassador Kyoto through to Paul. What are your expectations on how quickly you think you would be able to move forward in pushing for that kind of plan so that we can get those veterans services offered on your island? How long would you like it to take, and what would you set out?

Mr. KYOTA. For the VA? Yes, I mean, we would welcome the discussion as soon as possible because, as I said earlier, many of our veterans who are living in Palau are suffering a lot. The term PTSD, we have a law in Palau called PTSD, so I get these two

mixed up. But I think from January until today we have had, I believe, three or four suicides. So, we welcome the discussion with the VA as soon as possible.

But, again, this letter that was received yesterday, and I sent it to President already, I hope that will speed up things. Thank you.

Ms. LEGER FERNÁNDEZ. Thank you.

Ambassador Soram?

Mr. SORAM. Thank you for the question.

Obviously, we are not different from Palau and Marshall Islands because of the remoteness of our islands. That speaks to the challenges that our veterans face: access to health benefits, traveling to Guam or traveling to Hawaii to be able to receive these benefits. So, I think we can speak in general terms for now in terms of getting access to health benefits for our veterans.

Like I said, it is encouraging to hear the Department of VA coming out with a plan, and we will be looking at that and looking at the various challenges. Because when you talk about distance, you are also talking about not only access, but you are talking about cost. Those kind of things will have to be factored in.

But as we go through the negotiations on what works for the FSM or what works for Palau, then obviously we will get to that point where we lay out those. But just top of my head, those are some of the issues that we can speak to for now.

Ms. LEGER FERNÁNDEZ. Right, you are each sovereign nations, you each have your own essentials. I saw the islands. They are all kind of different from islands that were formed from volcanoes falling to islands that were formed from volcanoes exploding. And each creates unique barriers and opportunities in terms of where you could build and another things.

Ambassador Paul, what is your thought on the timeline of how quickly it could proceed, now that you have received the letter and now that there is an opening for a plan?

Mr. PAUL. Thank you very much for the question.

The Marshall Islands is ready right now. We are ready to move forward with it, because we feel that our veterans, they have given a lot. I think it is incumbent upon us to do what we can to get them the benefits that they have earned and deserve.

My boss, the Foreign Minister, is a 20-year U.S. Army veteran. So, he is very keen on seeing this, and he has made this a priority, along with the President of the Cabinet. So, we are ready to go. Thank you.

Ms. LEGER FERNÁNDEZ. Thank you, Ambassador.

With that, my time is almost up, and I yield back.

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

Mr. WESTERMAN. Thank you, Madam Chair, and thank you, Ambassadors, for being here today. And I send greetings to each of your countries and appreciation for the hospitality and the way that we were able to work together to get COFA passed. And I think everybody, from the Freely Associated States, to the Administration, to Congress, is happy that we got COFA passed, and I think we would all just like to see it implemented a little bit faster.

And on the VA issue, I know that, Madam Chair, several years ago we visited American Samoa, and that is an issue in American

Samoa even, and the expensive flights to Hawaii. It seems like if we could invest that money in better hospitals and healthcare services closer to where the veterans are, that could benefit everyone.

But as we look at implementing COFA, I know from the testimony from the Administration it sounded like they felt like they were working towards getting everything implemented. The data that we have seen looks like it is taking too long, from my perspective, but I would like to get your perspective on what is the No. 1 priority that the Administration and the FAS should be working on from your country's perspective. What should be top priority right now, and what would you like to see happen as soon as possible?

And we will start with Mr. Kyota.

Mr. KYOTA. Thank you, Mr. Chairman. That is a very tough question because we have a lot of things that we want to start, so it is very hard to pick one.

But I think one of the things this Administration is hoping to start is the hospital, because the hospital is located in a very low coastal area, and when we have a storm the water can fill up the floor. And it has happened before, and some patients have been evacuated to a higher ground building next to the hospital. So, although it is not specifically funded under the Compact, we are planning to have that built as soon as possible.

We have begun a full survey, and we have identified a public land which is on a very high land that we want to start that.

Mr. WESTERMAN. So, the healthcare issue is where you think the No. 1 priority is.

Mr. Soram, what would you like to see happen with the implementation of COFA as soon as possible?

Mr. SORAM. Thank you very much, Chairman Westerman. Perhaps not a priority, but I can tell you that the CODEL visit was very welcome in the islands. And if you have more of those, that would be very encouraging. And I think to see Members of Congress and CODEL staff in the islands is a good thing. So, for one, I can say that.

But like I said in my testimony, we are very pleased with the progress of implementation. I think everyone is trying to do what we can from our end and from the U.S. end in trying to implement the progress. There have been a few challenges here and there, but I think we will get through.

Obviously, just because we didn't know until today and until the letter, is perhaps with the Veterans Affairs. And as I also stated in my testimony, the issue with the Social Security Administration, that they have not issued guidelines specific to our citizens accessing Social Security Supplemental Income, which was set out in that. So, those are some of the things.

But generally speaking, we are pleased with the progress made not too long ago. That process is on its own track and happening. My colleague, John Brewer, also testified to an upcoming meeting with the Compact Trust Fund. So, that is also on its own track.

Mr. WESTERMAN. It is good to hear that you are pleased with the progress. I want to give Mr. Paul a second to respond.

Mr. PAUL. I have 1 second, thank you.

[Laughter.]

Mr. PAUL. Thank you, Chairman. To be honest, I think the processes of working, whether it is the JEMFAC, ours is JEMFAC, but our expectations regarding the trust fund agreement. This is brand new, the trust fund agreement, the two purposes of the trust fund, but specifically the trust fund section that addresses the nuclear legacy.

And as I said in my oral statement, the points from Presidential Envoy Yun, he specifically said the purpose of this trust fund is to address the extraordinary needs of those populations that were displaced due to the nuclear testing program. So, now this is a totally brand new part of the agreement, and we have to work through that with the U.S. Government. Obviously, we have our own interpretations of the rules and the law, and obviously the United States will have theirs. We look forward to that discussion.

But I think the overall message, and we should not forget what the trust funds were established for, it is so that the leaders and the people that were affected by the testing, they know what is best for their people. So, I think when we discuss those programs, we should keep that in mind. Thank you.

Mr. WESTERMAN. Thank you.

And Madam Chair, I yield back.

Mrs. RADEWAGEN. I thank the witnesses for their testimony. I will now recognize Representative LaMalfa for 5 minutes for questions.

Mr. LAMALFA. Thank you, Madam Chair. I have a couple for the Ambassadors, as well, here on the situation with China. China has a pattern of offering what we call debt diplomacy in the Pacific and other areas for infrastructure and such. And the loans that are put out seem to have a pattern of having very difficult terms for some nations to be able to repay, which then gives China a leverage over maybe any country that might be in that position.

The United States does not tend to put our friends into a position with agreements it has that gives incredible leverage over our friends and other governments to have to do sometimes extreme things in order to get out of that loan situation, get out of that debt, thereby maybe perhaps losing their sovereignty or even their dignity of what they would have to do in terms of with China.

So, Mr. Kyota, the importance of these Indo-Pacific Partnerships in your testimony is indeed being made clear to all of us here. In earlier testimony, pressure on Palau and the Marshall Islands continues to happen. What do you think can be done by the United States to help deal with these outside pressures?

Anybody on the panel? Mr. Kyota?

Mr. KYOTA. Thank you. Palau is one of the few countries around the world that recognizes Taiwan. So, we don't have any debt with China, and we are proud of that.

Mr. LAMALFA. Good.

Mr. KYOTA. I recall one Pacific Island forum a few years ago. One of the countries in the South Pacific introduced a resolution to ask the forum to pay or to request China to forgive the debts that they owe. We didn't support the resolution because we, as I said, are one of the few countries that recognizes Taiwan.

I think what we want to see the United States do is to have more presence because my President wants to say that presence is deterrent because we know we have caught a few Chinese ships in our water, and the two recent ones were right above the fiber optic cable line. So, we want to see more U.S. presence, especially the Coast Guard, more patrol around the area because that way it will deter the Chinese from coming to our waters.

Mr. LAMALFA. Do you think the Coast Guard will be the best medium? Not necessarily the U.S. Navy or—

Mr. KYOTA. Well, the Coast Guard now does some patrolling around our water, but, I mean, the Navy would be even better.

Mr. LAMALFA. Certainly. OK. And I appreciate that courageous position on recognition of Taiwan, for what that is worth. Thank you, Ambassador.

Mr. KYOTA. Thank you.

Mr. LAMALFA. Ambassador Soram, it was outlined that previously the People's Republic of China seeks to expand its influence in the FAS and is doing more coercive things in the region. Can you go into a little more detail on what you see that the activities of the People's Republic of China are doing in this coercion and in this pressure, et cetera?

And how is that making life difficult with trade or with other aspects of what Micronesia is dealing with?

Mr. SORAM. Thank you, Chair, for the question. The FSM is the only one of the three FAS countries that has a relationship with the Chinese, with China, with PRC. We have a diplomatic relation with PRC dated back to 1989. So, our contact with the Chinese is within the scope of our relationship.

With regards to your question on loans, the government has made that conscious decision, a position that we have taken since we established relations with China, that we only take grants from Chinese and no loans. So, up until now that has been the position of the government.

But given, as well, our relations with China are secondary to what we have with the United States, there is no country compared to our relations with the United States.

That being said, in terms of our dealings with the Chinese, it is very much within the scope of Title III of the Compact. This is on security and defense. So, any time we move in that direction, then we feel that there is an infringement on Title III of the Compact, and we know where our priorities are and where our positions are.

Mr. LAMALFA. OK. Ambassador, I appreciate that. Thank you. I am sorry. My time is expired, so I have to yield back. Thank you, panelists, I appreciate it.

Mrs. RADEWAGEN. I thank the witnesses for their testimony. I will now recognize Representative González-Colón for 5 minutes for questions.

Mrs. GONZÁLEZ-COLÓN. Thank you, Madam Chair, and thank you, Ambassadors, for being here.

First of all, I need to thank Madam Chair and the Chairman of this Committee and all Members that, with a very fast pace, literally approved this COFA agreement. I mean, I feel honored to be part of this Committee in a process like this, more than 20 years

and a lot of conversations and a lot of things happening in the Pacific.

And I sense that the approval of this agreement showcases the real importance of the relationship of the United States and the islands, and the Pacific islands and the current threat from Communist China in the Pacific. So, in that sense, I want to say thank you to the Committee and all the staffers that worked out that agreement, and the Ambassadors for making that happen.

In that sense, I just have one comment. Ambassador Kyota, in your written testimony, you stated that Palau strongly supports congressional approval of the Administration's proposed language to extend the Federal programs and service agreements, and clarify the agreements approval and insurance of bank deposits. But the Administration proposed language for clarifying congressional approval of this includes a provision to provide the President with the authority to enter into force any agreement to amend, change, or terminate the Federal Programs and Service Agreement.

My concern here would be there are concerns that this language may allow the President to unilaterally enter into force an agreement to terminate the Federal Programs and Service Agreement with Palau. Would it be correct to say that Palau will not want to see any unilateral actions by the President, and that it is important for Congress to maintain its oversight authority?

Mr. KYOTA. We asked that Congress find the appropriate acceptable language to the amendment, to this matter. We agree with you, but Palau wants the appropriate language. It doesn't have to be what the Administration proposed, but I think we need language that is good for both us and Palau.

Mrs. GONZÁLEZ-COLÓN. And we agree with you. My concern was that the language the President is providing gave him an opportunity and the authority to put into force any agreement to amend, change, or terminate Federal programs on the islands. And that language specifically gives him unilaterally that force. So, that is the reason I want to make clear what Palau is thinking about this.

In that sense, then, would it be correct to state that Palau will also support congressional approval of language that differs from the Administration's proposal, as long as this language addresses the various challenges to enacting the new Federal Programs and Service Agreement in a timely manner?

Mr. KYOTA. Yes, yes, I strongly agree. And if there is any termination of any program, it should be discussed first and be bilaterally agreed upon.

Mrs. GONZÁLEZ-COLÓN. I agree with you. That is the reason I want to make that clear. Because in the written testimony, it may sound that you may want the President of the United States to unilaterally decide to terminate any kind of relationship with Palau, and we don't want that. I believe that it should be in a bilateral way.

Mr. KYOTA. No.

Mrs. GONZÁLEZ-COLÓN. So, it would therefore be correct to say that Palau is not requesting for Congress to support only the Administration's proposed language?

Whenever we always put the importance of the Federal Programs and Service Agreement, and clarify any of those insurance of bank deposits, you will be OK with that?

Mr. KYOTA. Yes, like I said, we stand to agree on any program or services. If the United States wants to terminate that, we need to talk. We need to agree before it is terminated.

Mrs. GONZÁLEZ-COLÓN. I agree, so it can be changed. Thank you, and I appreciate all the Ambassadors for coming today here.

I yield back.

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 Subcommittee Clerk by 5 p.m. on Friday, September 13, 2024. The hearing record will be held open for 10 business days for these responses.

If there is no further business, without objection, this Committee stands adjourned.

[Whereupon, at 12:11 p.m., the Subcommittee was adjourned.]

