

Testimony of Jane Bocklage
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“Renewed U.S. Engagement in the Pacific: Assessing the
Importance of the Pacific Islands”
Hearing of the House Foreign Affairs Subcommittee on Indo-Pacific
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Chairwoman Kim, Ranking Member Bera, distinguished members of the House Foreign Affairs Indo-Pacific Subcommittee: 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 (COFA) with the Freely Associated States (FAS) – the Federated States of Micronesia (FSM), the Republic of Marshall Islands (RMI), and the Republic of Palau.

Our respective Compacts underpin our partnership with each FAS country and form a key component of our strategy in the Indo-Pacific. These Compacts allow the United States to guard long-term strategic and defense interests. Our partnerships and engagement in the region are not only consequential but also generate outsized results. Although the three Compacts do not expire, each can be terminated in accordance with applicable provisions. The maintenance of our beneficial relationships is strongly tied to the economic assistance provisions in each Compact and relevant subsidiary agreements, including certain federal programs and services which, absent successful negotiations, will end after Fiscal Year 2023 for the FSM and RMI, and Fiscal Year 2024 for Palau. Our strategic competitors are well aware that the scheduled end of U.S. economic assistance is fast approaching – now is not the time to leave the FAS open to predatory and coercive behavior. We cannot take the goodwill generated from our historic bonds of friendship for granted at a time of increasing competition from the People’s Republic of China (PRC) and other countries to exert greater influence in the Freely Associated States.

With this recognition, the Biden-Harris Administration is prioritizing Compact negotiations with the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau as a U.S. foreign policy and national security objective. On March 22, 2022, the Biden-Harris Administration appointed Ambassador Joseph Yun as the new Special Presidential Envoy for Compact Negotiations, and I joined the team shortly thereafter.

We have been coordinating closely across the interagency to evaluate a range of proposals to continue assistance to all three countries. These agreements are complex and require a thoughtful approach with extensive consultations to make sure that we get them right. The U.S. Compact team is focused on continuing our productive talks with the FAS to complete these negotiations in a timely fashion and plan to share a full proposal for implementing legislation upon completion of negotiations.

To date, we have signed a Memorandum of Understanding (MOU) with each of the Freely Associated States, which mark important milestones in the negotiations. On January 10, Special Presidential Envoy Joseph Yun signed an MOU with Minister of Finance Kaleb Udui, Jr from the Republic of Palau. President Whipples, Jr and delegates from Palau's Congress were in attendance. On January 12, we signed an MOU with Minister of Foreign Affairs and Trade Kitlang Kabua for the Republic of Marshall Islands. Finally, on February 10, we signed an MOU with Deputy Chief of Mission of the Embassy of the Federated States of Micronesia Jackson T. Soram. All three MOUs affirm our close and continuing partnerships between each country and the United States. These MOUs reflect our shared understanding on levels and types of future U.S. assistance each respective country intends to request.

As we turn to the final months of negotiations, I am proud of the consultations our team has had to date. As part of our most recent engagement efforts, we have travelled to all three countries and have held multiple in-person and virtual meetings with each country to further negotiations and address outstanding issues. The negotiation team continues to work diligently and in close cooperation with the NSC and stakeholders across departments and agencies to facilitate progress on these complex negotiations.

We seek to complete negotiations expeditiously, as we are aware Congress needs sufficient time to consider and enact required legislation before agreements amending the Compacts or their subsidiary agreements are brought into force, and to provide Congress the opportunity to authorize and appropriate funds to avoid any lapse in U.S. assistance to these important partners. To that end, the President's Fiscal Year 2024 Budget includes \$7.1 billion in mandatory funding over 20 years to amend and extend the economic assistance provisions of

the Compacts of Free Association and associated subsidiary agreements with the Freely Associated States. This total includes \$6.5 billion for direct economic assistance and \$0.6 billion for the unfunded future costs of extending postal services by the United States Postal Service to the FAS. The Budget includes the proposed Compact funding as part of a broader Out-Compete China mandatory proposal that includes an additional \$6 billion in mandatory funding designed to fund new and innovative ways to out compete the PRC globally.

Upon completion of the Compact-related negotiations, the Administration will submit a full proposal for implementing legislation. This proposal will include authorization and mandatory appropriations to fund the costs of future additional Compact assistance for the expected 20-year period.

We look forward to consulting with members of Congress as negotiations with the FAS progress and conclude. We understand that successful negotiations are crucial to deepening our long-standing, historical, strategic partnerships with Pacific Island countries in support of a free, open, and secure Indo-Pacific. We appreciate your continued support for ongoing negotiations with the FAS and welcome the opportunity to work with Congress, in particular this Subcommittee, to secure long-term U.S. strategic impact in this vital region.

Thank you.