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**QFR submitted by Representative Westerman
House Committee on Natural Resources
Indo-Pacific Task Force Oversight Hearing on the Compacts of Free Association
Tuesday, July 18, 2023**

Question for Dr. Siddharth Mohandas

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

We cannot assign a dollar value to access. The loss of access to the Freely Associated States would be a very serious setback to U.S. national security and would enable competitor access to areas adjacent to Guam and the Commonwealth of the Northern Mariana Islands—a U.S. territory and a U.S. commonwealth, respectively. Moreover, the agreements allow for U.S. defense sites in the Freely Associated States, including the Ronald Reagan Ballistic Missile Defense Test Site at U.S. Army Garrison – Kwajalein Atoll (Republic of the Marshall Islands), the premier missile and space test range for the Department of Defense, and the Tactical Multi-Mission Over-the-Horizon Radar (Palau), which will provide the Department of Defense with an unprecedented level of situational awareness of the maritime domain in the Indo-Pacific region. We cannot risk losing this access, which is critical to maintaining deterrence and stability in the Indo-Pacific region.

- 2) During the July 13, 2023 Senate Energy and Natural Resources Committee hearing, you were asked if you would support re-establishment of the Office of Freely Associated States Affairs (OFASA) in the State Department to restore better interagency cohesion and coordination in COFA implementation over the next 20 years. You said that you would not want to “tell the State Department how to organize itself for purposes of COFA” but that you thought it could be a good idea. Are there any additional views or matters you can share with the committee based on this more complete understanding of the OFASA model?**

I agree that interagency cohesion and coordination with respect to COFA implementation is critical, given that multiple executive branch departments and agencies have equities that relate to the Freely Associated States. The Department of Defense continues to defer to the Department of State on the mechanism or arrangement within that department to achieve this objective most effectively.

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Question for Dr. Siddharth Mohandas

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

- a. Why isn't the Biden administration taking a more active role to secure funding?**

The Administration is not providing specific offsets attached to this proposed legislation as we have proposed offsets as a whole across the FY 2024 President's Budget.

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

The Department of Interior is taking additional steps to ensure appropriate oversight over disbursement of funds. The Department of Defense defers to it on specific questions related to oversight of the economic assistance funding.

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

- a. Would a simplified one-year extension be feasible while we work out a long-term solution.**

The Department of Defense strongly supports the passage of the 20-year economic assistance legislation package for the Freely Associated States (FAS) before the September 30, 2023, deadline. Consistent funding provides stability for the FAS and allows their governments to sustain their operations and fulfill their governmental functions, plan for the future, and be responsible stewards of the economic assistance provided by the United States.

A long-term and mutually beneficial agreement will set the conditions for us to continue strengthening our strategic partnerships with the FAS. If the implementing legislation is not passed on time and there is a lapse in economic assistance, the Department's ongoing conversations with the FAS on future defense sites would be significantly challenged. In an era

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of intensifying geopolitical competition, the FAS are critical to U.S. national security interests and our priorities in the Indo-Pacific region.

- 3) **Committee staff have raised the issue with the COFA negotiation team about the potential cost of expanding federal programs and services for the FAS and have specifically requested your team to provide an estimate of the costs. Rather than finding out and sending our staff with those estimates, your team suggested that our staff reach out to each agency and calculate the costs themselves. While it may be the case that your respective agencies are not responsible for estimating those costs, it is the responsibility of the administration to do its due diligence and providing Congress with information it needs to carry out its oversight responsibilities.**
- a. **Is there a cost estimate regarding the expansion of federal programs and services for the FAS? If not, will you assign this task to a member of your team and have it sent to us by the end of the month?**
 - b. **These cost estimates are vital in understanding the true cost of these COFA agreements. These agreements can very well total to far beyond \$7.1 billion when factoring in these additional costs. We understand that calculating a cost estimate is a difficult task, but it is our collective responsibility to make sure that these agreements are fiscally responsible and serve U.S. interests.**

The Department of Defense defers to the Departments of State and Interior as the lead departments for negotiating and implementing the economic assistance provisions of the Compacts.

- 4) **We are very concerned about the current situation with RMI. Needless to say, failure to come to an agreement will have large implications for U.S.-RMI relations and U.S. interests in the region.**
- a. **What can Congress do to help spur the negotiations?**

As of July 24, the RMI Cabinet has approved the Memorandum of Understanding (MOU) that was signed on January 12, 2023, and negotiations are underway.

- 5) **The administration has characterized this proposal as part of its broader China strategy. However, this proposal seems to do nothing to counter growing PRC influence beyond just giving a large sum of money to the FAS with little oversight.**
- a. **Are we missing something here?**

The People's Republic of China (PRC) is seeking to expand its influence in the Freely Associated States and is increasing its coercive activities throughout the Pacific Islands region. The March 9 letter from the Federated States of Micronesia President Panuelo provides a striking explanation of the threat. Without economic assistance from the United States, our FAS partners could become increasingly vulnerable to PRC economic coercion. The Compacts are an important signal to both our partners and our competitors that the U.S. commitment to the FAS is iron-clad.

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Moreover, the Compacts provide an unmatched benefit to the United States from a national security perspective, providing unfettered and exclusive access rights in a dynamic security environment. Although the defense and security provisions exist in perpetuity, a failure to pass implementing legislation would impact the Department's ongoing conversations with the FAS on the designation of additional defense sites, which remain critical to our strategy in the Indo-Pacific region.

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