

**Statement of
His Excellency Hersey Kyota, Ambassador of Palau
to the Subcommittee on Indian and Insular Affairs, Committee on Natural Resources
United States House of Representatives
on the Implementation of the Compact of Free Association Amendments Act of 2024
Washington, DC * September 10, 2024**

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 benefitted 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.