

OPENING STATEMENT

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HOUSE NATURAL RESOURCES INDIAN AND INSULAR AFFAIRS SUBCOMMITTEE

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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.