



Committee on Natural Resources
Subcommittee on Indian and Insular Affairs
Oversight Hearing on the
Implementation of the Compact of Free Association Amendments Act of 2024
January 14, 2026
Questions for the Record from Representative Westerman

1. *Could you speak to how Palau has worked to improve its resiliency against economic coercion? What are some ways the U.S. in instances of PRC led economic manipulation of Palau's economy?*

Tourism is the largest component of Palau's private sector. President Whipps has been taking several steps to prevent Palau from being so reliant on visitors and malign tourism sector investment from the PRC and the Chinese Communist Party (CCP) CCP dictatorship weaponizing PRC tourism in its efforts to get Palau to shift its alliances. One is that his Administration has been engaged in an unrelenting effort to develop the tourism markets of regional democracies, including Taiwan, Japan, South Korea, and Australia, and the Philippines, among others. The President personally encouraged airlines that were not flying to Palau to initiate service from these markets and those that were to increase services. Some of the successes are Qantas Airlines beginning to fly directly to Palau from Australia and doing so twice a week, China Airlines doubling its flights from Taiwan to four times a week, and two months ago, and United Airlines starting direct flights from Tokyo and flying to Palau twice a week. He has also been working to increase the number of flights from Manila to Palau.

A second area of effort – and accomplishment – has requested assistance from the Department of State and the Central Intelligence Agency (CIA) to identify CCP-linked business ventures in and attempting to come to Palau. Both agencies have identified many, leading to the President, deporting many PRC citizens involved and blocking schemes.

He also spoken to the Chairman of the Board of the U.S. International Development of Finance Corporation (DFC), Christopher Landau, who is also the Deputy Secretary of State, about encouraging U.S. investment in Palau. Secretary Landau enthusiastically agreed. Until recently, Palau was ineligible for DFC financing. The Fiscal Year 2027 National Defense Authorization Act (NDAA), however, includes a provision that would enable DFC to make strategic investments in Palau.

- 2.&3. *What is the current status of Palau's negotiations with the VA? How can Congress work with you to ensure the VA is implementing these provisions as Congress intended?*

The Department of Veterans Affairs has not sought to negotiate the agreement that the Compact Amendments Act requires it to negotiate to provide healthcare to U.S. military veterans in Palau similar to the care provided in every other area in which the U.S. military recruits other than in the three nation states freely associated with the U.S.

This means that U.S. military veterans in Palau are not receiving or about to receive the healthcare in Palau to which the Compact Act entitles them. Because the cost to travel to a location where they can receive the care is prohibitive in the case of most veterans, it also means that veterans decide that they cannot return home after their military service to the U.S.

The Palau Veterans Association has approximately 220 members. The President of the Association estimates that there could be 300 to 400 veterans currently living in Palau. I know firsthand of veterans to have decided that they cannot go home because they would be unable to receive the healthcare to which the law entitles them.

The Department of Veterans Affairs announced an effort to plan for beginning the healthcare that the Compact Act provided for at the Subcommittee's first hearing on the implementation of the law. Afterwards, a large team from the Department met with officials of the Government of Palau at least monthly by video and traveled to Guam for an in-person meeting. It asked extensive questions, which my Government answered.

Until very recently, however, we heard nothing from the Department for three-quarters of a year, despite repeated efforts on our part, although we have been able to discuss the non-implementation of the law with several senior Administration officials.

We greatly appreciate exhaustive congressional efforts to get the Department of Veterans Affairs to implement the law. This Committee has been involved with many of these efforts. So far, these efforts have included the enactment of two laws: Provisions in the resolution that continued Fiscal Year 2025 level appropriations into FY 2026 and the law that finally provided full year appropriations for the Department for FY26.

The efforts have also included Senate passage of a bill to force the Department to implement the law and, on January 13th, the House Veterans Affairs Committee Health Subcommittee held a hearing on a counterpart bill.

I am cautiously encouraged by the Department's formal statement at that hearing that it supports the intent of the bill and wanted to work with congressional committees and other department of the Executive branch on the legislation – although the Department can obviate the need for legislation by implementing the law. Last week, there was an initial meeting in which an appointee of the new Administration at the Department sought an explanation of the issue. We stand ready to assist this Committee with any information to expedite the extension of benefits to veterans in the Freely Associated States.

4. *Could you please provide any updates as to when you expect the single audit report to be submitted? What plans does Palau have to improve the timeliness of their single audit submissions?*

The delays in completing audits were primarily due to the COVID pandemic preventing personnel of the independent audit firm from coming to Palau; then, a transition to a new

financial management information system, which required reconciliations; the audit firm pulling out of the market; procurement for a new firm; and reviews in the new firm, Ernst & Young. With additional funding in the FY 2026 Unified Budget proposed by the President and assistance from the Interior Department's Office of Insular & International Affairs, the FY 23 Single Audit is expected to be done by February 28th, FY 24 is expected to be finalized by September 30th, FY 25 by April 30, 2027, FY 26 by October 31, 2027, and FY 27 on time by June 2028.