



**STATEMENT OF
MR. HERSEY KYOTA,
AMBASSADOR OF THE REPUBLIC OF PALAU
REGARDING THE TOPIC OF
“SUSTAINING U.S. PACIFIC INSULAR RELATIONSHIPS”
SEPTEMBER 26, 2019**

The Government of the Republic of Palau would like to express its appreciation to Chairman Raúl Grijalva of the House Committee on Natural Resources, and Chairman Eliot L. Engel of the House Committee on Foreign Affairs, for soliciting its input on “sustaining U.S. Pacific insular relationships.” As the Chairmen are undoubtedly aware, this topic is exceptionally timely.

As you meet, the Republic of Palau is preparing to celebrate the 25th Anniversary of its sovereign nationhood, which came with the ratification of the Compact of Free Association, as well as the 75th Anniversary of its friendship with the United States of America. It has been 75 years of development and modernization, and we are incredibly proud of what this friendship has produced. The brave Marines who landed on our shores in 1944 would not believe their eyes if they could see Palau today.

Under the Trust Territory of the Pacific Islands Palau was able to recover from the trauma of its wartime experience, and to lay the foundations of modern, independent self-governance. After generations of colonial occupation, this was no easy task. But with the steadfast and generous support of the United States, sixteen states and many hundreds of islands came together as one nation. Democracy flourished in Palau, and in 1981 we ratified a Constitution after the American example, establishing a robust, 3-branch republican system with a strong emphasis on individual freedoms.

Since achieving independence in 1994, Palau has continued to flourish. Today our Republic is stable, democratic, fiscally responsible, and an active participant in the international community. We have become an example of international engagement in the Pacific region, and a leading global voice on issues of cultural and environmental preservation. The United States has been our strongest friend as we have worked toward these successes.

But with these proud achievements in mind, we know we still have a ways to go. Like so many of our Pacific neighbors, we are scrambling to adjust to international and transnational threats including drug smuggling, the illegal exploitation of our precious resources, and the increasingly profound impacts of climate change. Small island states are among the most vulnerable to climate disruptions, which are increasing in both regularity and severity. Our critical infrastructure, including that in key sectors like health care, education, and transportation, is

under-developed and increasingly vulnerable. Our typical worker earns \$7,000 USD per year, and our manageable national debt burden has come at the cost of capital spending.

We struggle to address these issues alone. Palau's tourism industry, developed over generations of careful environmental management and decades of targeted planning, is the envy of many Pacific nations. But even here, we struggle to turn fluctuating tourism-driven revenue streams into a consistent, reliable national budget.

Increasingly, our Pacific neighbors find themselves between the "rock" of underdevelopment and the "hard place" of malign foreign influence. The predatory lending practices of certain foreign governments have recently garnered great attention from the international community. But here in the Pacific, the realities of inadequate infrastructure, substandard healthcare and education, and stagnant growth make those practices possible. Palau has felt the pain, in recent years, of foreign governmental interference in our tourism industry. We can tell you from first-hand experience that no Pacific state is strong enough, or developed enough, to withstand that kind of pressure without help.

Together with the Republic of the Marshall Islands and the Federated States of Micronesia, we have enjoyed a key advantage over other island states. And that advantage is our close, committed Compact partnership with the United States of America.

The Compact of Free Association provides key support to healthcare, education, banking, fisheries management, security, aviation safety, and communications. It helps stabilize our national budget, with direct assistance and the Compact Trust Fund to help insulate against swings in revenue from sources like tourism. The Compact has been, and continues to be, a key element in our success story.

As a result, Palau is a model for the peaceful, responsible, rules-based international order. As the Asia-Pacific region becomes increasingly complex, the steady relationship between Palau and its Compact partners becomes even more striking. Together, we form a great archipelago of peaceful democratic stability, in an ever-more turbulent region.

Our Compact of Free Association is a 50 year partnership, with key provisions set to be revisited at the 15, 30, and 40 year marks. These key provisions include partnerships in communication and aviation safety, as well as those for financial and infrastructure assistance and the development of the Compact Trust Fund. While these are areas in which we have made strides, they are also areas with room for continued improvement.

The Compact is an ongoing relationship, and a remarkably successful one. As we celebrate its halfway point together, we should take note of its current strength. Palauans saw that strength at our 25th Anniversary Parade, which included contingents from the United States Marine Corps, United States Army, and our own local Veteran's Association of Palau. We see it in the ongoing

development of U.S. radar sites in Ngaraard and Angaur States. We see it in the increasing presence of American troops conducting exercises on Babeldaob Island, and in the increasing partnerships between our law enforcement agencies in their work to combat transnational crime. We saw it in the rapid-response of U.S. agencies to remove two large torpedoes from our lagoon over the summer, and in the American commitment to continuing de-mining and UXO clearance work. Such engagements build up ties of culture, and true friendship, between the people of our nations.

The work of the Compact is certainly not done, and the next 25 years will require sustained, responsive engagement from both sides. But the Compact partnership is a partnership worth continuing, and a critical ingredient to the maintenance of a free and open Indo-Pacific region.