

EMBARGOED UNTIL DELIVERY

**Testimony
of
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**Before the
Senate Committee on Energy and Natural Resources**

July 11, 2013

Chairman Wyden, Ranking Member Murkowski, members of the Committee, thank you for the opportunity to appear before you to discuss the importance of the Palau Compact Agreement.

Since its enactment in 1994, the Compact has served as an important foundation for our security strategy in the Asia-Pacific region, providing the United States with critical access, influence, and strategic denial of access to other regional militaries. Our Compact with Palau, coupled with our compacts with the Federated States of Micronesia (FSM) and the Republic of the Marshall Islands (RMI), has enabled DoD to maintain critical access in the Asia-Pacific region. The Compact of Free Association between the United States and Palau is important to allowing the Department to continue to benefit from the security arrangement afforded by the Compact. Today, I would like to discuss the importance of Palau and the Compact to preserving U.S. national security interests in the Asia-Pacific region.

Palau's Contributions to U.S. and Global Security

Let me begin by discussing Palau in the context of the regional security environment in the Western Pacific. The Pacific Islands region is sparsely populated, physically isolated, and geographically widespread. However, Palau lies at a pivotal crossroad in the Pacific, an area near critical sea lines of communication and rich fishing grounds. It is also located directly in the so-called "Second Island Chain" from Mainland Asia, relatively close to all of the major East and Southeast Asian powers. With our strategic interests and equities shifting more toward the Asia-Pacific region, having Palau as a strong partner in the Pacific is increasingly important to maintaining military, as well as political and diplomatic, leadership in this quickly evolving strategic environment.

We must take note of critical security developments in the Pacific that require the Department's sustained presence and engagement. Broadly speaking, numerous countries are actively courting Pacific Island States, seeking security opportunities that may challenge the

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security status quo in the region, by increasing their economic, diplomatic, and military engagement with the island States. These critical security developments require sustained U.S. presence and engagement in the region. Our relationship with Palau would be reinforced under the Compact and would ensure the United States the extraordinary advantage of sole military access to Palau. For these reasons, it is important for the U.S. Government to sustain this advantage.

Since the Compact of Free Association between the Government of the United States of America and the Government of Palau entered into effect in 1994, the United States has taken full responsibility for the security and defense of Palau. This unique security arrangement has created a steadfast and reliable partner that helps the United States advance its national security goals in the region.

Palau in the Regional Security Context

I would also like to highlight the extraordinary service of Palauans in the U.S. Armed Forces and contributions to U.S. security. Under the provisions of the Compact, Palauans are able to serve in the U.S. Armed Forces. Sadly, six Palauans have sustained casualties fighting on the battlefield in Afghanistan and Iraq since the terrorist attacks of September 11, 2001. Their sacrifice in the defense of the U.S. homeland as well as U.S. and Coalition security interests around the world should not go unnoticed. Furthermore, in 2009, Palau stepped up to offer resettlement of some of the detainees from Guantanamo Bay at a time when other countries were hesitant to take these individuals.

Most notably, our commitment to the Compact with Palau allows the Department to leverage Palau's strategic geopolitical position to sustain U.S. security interests in the region. The United States exercises full authority over and responsibility for the security and defense of Palau, an arrangement similar to those that we have with the Federated States of Micronesia and the Republic of the Marshall Islands. With this authority and responsibility, the United States is entitled to sole military access to the lands, water, and airspace of Palau. Our current security arrangement affords us expansive access, which will be an increasingly important asset in the defense and security interests of the United States in the Asia-Pacific region in coming years. The Department recognizes the strategic value of the Compact, and we hope to continue to utilize it to serve our national security interests.

We have growing national security interests and equities in the Western Pacific, a region that is traditionally overlooked and undervalued. Together with the two other Compact States, the Federated States of Micronesia and the Republic of the Marshall Islands, Palau forms part of an important security zone under exclusive U.S. control that spans the entire width of the Pacific when we include Hawaii and the U.S. territories — Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands. Palau's location makes it an important part of

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the U.S. strategic presence in the Asia-Pacific. The Palau Compact affords us strategic positioning in a country with a unique geopolitical position in the Asia-Pacific region. The region's lack of political and security infrastructure has given rise to a trend of growing transnational crime, which underscores the importance of continued DoD engagement in the Western Pacific. With this in mind, the Department seeks to develop creative ways to remain strategically engaged in the region.

U.S.-Palau Defense Relations

Recognizing that Palau has no military and only limited law enforcement capabilities and resources, the Department's engagement with Palau primarily focuses on helping them develop maritime security and humanitarian assistance capabilities.

First, maritime security has been one of the most fruitful areas of cooperation between our two nations. Palau's Exclusive Economic Zone (EEZ) is part of the Pacific's richest fishing grounds and has traditionally faced serious problems with foreign exploitation of the fishery resources. Large numbers of far-ranging fishing vessels from other Pacific nations threaten encroachment, seeking access to Palau's abundant and lucrative tuna fishing areas.

To combat illegal fishing, the U.S. Coast Guard has entered into a shiprider agreement with Palau, which enables Palauan security officials to embark on transiting U.S. Coast Guard vessels to conduct maritime patrol and enforce Palauan fishing laws in its enormous, under-patrolled EEZ. This kind of shiprider agreement allows the U.S. Coast Guard to play a more active role in developing partner law enforcement capacity of the island States.

Second, the Defense Department's humanitarian programs have been very well-received in island communities. These programs primarily focus on the removal of explosive remnants of war from the World War II era, humanitarian projects, and prisoner of war/missing in action operations. DoD's 12-person Civic Action Team rotates through Palau, conducting small- to medium-scale humanitarian and civic action projects in the health, education, and infrastructure areas.

Additionally, DoD leads large-scale, multinational, pre-planned humanitarian missions, such as the U.S. Air Force's Pacific Angel and U.S. Navy's Pacific Partnership, which include medical and engineering projects in remote regions that are conducted in close coordination with local communities. For example, in the summer of 2010, the USS BLUE RIDGE (LCC-19) treated more than 1,900 Palauans, completed 14 community service projects, and spent more than 1,000 man hours across the three Palauan states of Koror, Peleliu, and Angaur as part of Pacific Partnership 2010. Also, the longest running humanitarian campaign in the world, Operation Christmas Drop, which provides air-dropped supplies to the people of remote islands each year, celebrated its 60th anniversary in December 2012 and continues to assist the remote

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islands of Palau each year. These humanitarian missions are evidence that the Department's engagement in Palau extends well beyond traditional security parameters.

Conclusion

In conclusion, U.S. presence and power projection in the Asia-Pacific region continue to be essential to our national security interests. The U.S.-Palau Compact is a strategic asset for U.S. presence in the Western Pacific, an increasingly important region. Loss of the defense rights and unfettered access granted to the United States under the Compact would adversely affect U.S. national security. Our relationship with Palau is unique and reliable. Passage of the proposed legislation approving the results of the 15-year Compact Review would ensure this important security agreement continues, and would reassure Palau of our sustained commitment to Palau and its people and of our shared interest in regional and global security. I urge you to support the continued security agreement the United States has developed with Palau over the years and ask for your support of the proposed legislation.

Thank you, and I look forward to answering your questions.