

Full Committee Hearing On The Freely Associated States

Tuesday, March 29, 2022

Chairman Manchin's Opening Statement

- The committee will come to order.
- Our committee meets today to discuss the importance of our strategic alliance with the Freely Associated States of the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau and negotiating the expiring provisions of the Compacts of Free Association.
- There is broad consensus between Republicans and Democrats, and the Administration, of the growing importance of the Indo-Pacific region to American security, and the need to prioritize our relationship with the Freely Associated States.
- While our attention remains focused on Putin's atrocious actions in Ukraine, we must not turn a blind eye to the potentially severe consequences of China's continued aggression toward Taiwan, and the Indo-Pacific region at large.
- Central to the Compacts include economic assistance provisions and access to certain federal programs and services, like the U.S. Postal Service, that are set to expire in 2023 for the Marshall Islands and Micronesia, and in 2024 for Palau.
- It remains in America's best interest to expedite these negotiations to demonstrate our loyalty to these special allies and our longstanding commitment to maintaining peace and security in this region.
- Senator Barrasso and I have sent Secretary Haaland and Secretary Blinken two letters urging the Administration to expedite the Compact negotiation process in light of our national security interests.
- The Administration shared some good news last week. Ambassador Yun was appointed as Special Presidential Envoy for Compact Negotiations, and I am optimistic that his appointment marks a new chapter in our efforts to renew the Compacts of Free Association.
- In considering the Compacts' renewal, we must not forget the longstanding relationship formed between the U.S. and the people of the Freely Associated States in the aftermath of World War II.

- The Compacts of Free Association emerged as an extension of a United States—United Nations trusteeship agreement, which recognized the strategic importance of the Pacific Islands.
- It allowed the United States to establish an unrestricted military presence on the islands and in the surrounding waters, which cover an area larger than the continental United States, to prevent future aggression in the region.
- In return, the trusteeship obligated the United States to foster the economic development and self-sufficiency of the islands, and to promote the well-being of their people.
- The U.N. trusteeship eventually dissolved, replaced by the Compacts of Free Association, which allows the United States to maintain defense and security rights in exchange for economic assistance to the Marshall Islands, Micronesia and Palau.
- Today, the Freely Associated States’ economies face immense challenges, including limited natural and human resources, remote locations, poor infrastructure, pandemic recovery and assorted environmental issues.
- All three nations rely on the key services and financial assistance we have provided under the Compacts for over 35 years.
- The Compacts are scheduled to have provided \$2.5 billion to the Marshall Islands by 2023, \$3.7 billion to Micronesia by 2023, and \$803 million to Palau by 2024.
- Compact funding has primarily supported healthcare and education in the Freely Associated States, but it has also helped fund infrastructure projects, disaster response and recovery, and more.
- To put it plainly, we cannot afford to abandon the Freely Associated States, nor our strategic military presence in the Indo-Pacific, given the threat of our current adversaries.
- China has long been leveraging its economic power to undermine the autonomy of countries throughout the Pacific region by offering easy money, then applying coercive economic policies.

- The Marshall Islands are one of China's top export recipients, and China is a significant source of foreign aid to Micronesia.
- In 2017, Beijing essentially banned Chinese tourists from visiting Palau, whose economy is heavily reliant on tourism.
- The United States must be proactive in coming to the negotiation table to maintain our alliances in the Indo-Pacific, and to ensure these countries remain economically free from coercive strategies.
- We must not send the signal to China that the Freely Associated States are an opportunity to expand their authoritarian interests and influence.
- Given our interests in maintaining strong and close relations with the Freely Associated States, our defense interests, and our interest in deterring Chinese expansion in the Pacific, this Committee has a responsibility to look ahead to the problems that may arise if the financial assistance afforded by the Compacts comes to an end.
- I look forward to hearing from our witnesses from the Department of the Interior, Department of State, and Department of Defense, regarding their plans to coordinate an expedited negotiation process that shows the Freely Associated States, and China, that they are a top U.S. priority.
- I want to thank the administration officials for being here with us today to help us learn more about this issue.
- With that, I will turn it over to Senator Barrasso for his opening remarks.