

Statement of

Glyn Davies

**Principal Deputy Assistant Secretary of State
Bureau of East Asian and Pacific Affairs
Department of State**

Before the

**HOUSE COMMITTEE ON NATURAL RESOURCES,
SUBCOMMITTEE ON INSULAR AFFAIRS**

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**An Overview of the Compact of Free Association between
the United States and the Federated States of Micronesia**

Chairwoman Christensen, Ranking Member Fortuno, and distinguished Members of the Subcommittee, thank you for inviting me to appear today to testify on U.S. policy towards the Federated States of Micronesia (FSM). I welcome this opportunity. As we have already heard about issues related to the Compact of Free Association from my colleague at the Department of Interior, I will focus my remarks on the state of our diplomatic relations with Micronesia.

The United States' relationship with the FSM began after the end of the Second World War, when Micronesia became part of the U.N. Trust Territory of the Pacific Islands under the administration of the United States. Today, nearly 22 years after independence, large numbers of Micronesians visit, reside, and work in the United States without visas, as allowed under the Compact. There are some 24 United States agencies working in Micronesia.

The United States and FSM enjoy an extremely close bilateral relationship, rooted in shared historical experiences and our work together across many different areas of common interest, including health, education, maritime cooperation, and defense. We also are strong and active partners in multilateral organizations. Since President Mori took office in May 2007, we have had many chances to reaffirm that relationship, including through meetings among senior-level officials.

In February 2008, during his first visit to Washington, President Mori met with Interior Secretary Kempthorne, Deputy Secretary of State Negroponte, and Vice

Chairman of the Joint Chiefs of Staff General Cartwright, as well as other senior officials from State, Interior, Defense, and Health and Human Services. At the State Department, we discussed issues ranging from climate change and diabetes prevention to telecommunications and the regional impact of the relocation of U.S. forces to Guam. The wide-ranging talks reflected the broad nature of our relationship. Subsequently, in April of this year, Admiral Timothy Keating, Commander of the U.S. Pacific Command, made a historic visit to the FSM, meeting with President Mori and members of the FSM Congress. I also wanted to take this opportunity to welcome the FSM's new ambassador to the United State, Ambassador George.

The FSM is a committed and valued partner in the war on terrorism. An estimated 1,000 Micronesians now serve with the U.S. military – twice the per capita rate of American citizens. It is illustrative of Micronesians' support for the U.S. military that both the President's daughter and Vice President's son serve in the U.S. Armed Forces. A total of 12 FSM citizens have died on active duty in the U.S. Armed Forces since 1991 – five of them in Iraq. At the same time, we have committed to defend the FSM as if it were part of the United States. In legal terms this obligation is even stronger than our commitment to our NATO allies.

The fundamental and enduring commitment both sides have to the relationship has allowed us to manage the challenges that have arisen. The new Compact framework, which calls for greater financial accountability and increased focus on performance and delivery of services to the Micronesian people, has increased requirements for both the United States and the FSM to demonstrate tangible progress. We continue to have open, collaborative dialogue with the FSM to develop new and creative ideas to stimulate results-oriented development in the FSM. However, progress has been slow as capacity on the ground in the FSM remains low and commitment to reform is not uniform across the different parts of the federal and state governments.

I commend the FSM for the progress it has achieved this past year on financial accountability and transparency. We want to work with the FSM in the coming year to sustain these efforts while simultaneously pushing forward with Compact implementation, where much more needs to be done. At a technical meeting in April 2008, Interior reported as of FY08, there is approximately \$105 million in unspent infrastructure sector grant money and \$6 million in infrastructure maintenance to which the FSM has access to. We have urged the FSM to use these monies on high priority needs in health and education; both sides acknowledge the need in those areas is great. There is also approximately \$35 million in unspent

sector grant money that we encourage the FSM to expeditiously use for its intended purposes. Further, the United States and the FSM agreed on the importance of completing the annual economic report and selecting performance indicators to monitor effectiveness of program. These are key areas in which we hope to see near-term progress from the FSM.

Although certain elements of our relations with the FSM are defined by the Compact, the relationship extends far beyond. In the area of maritime security, for example, the United States and FSM recently signed a permanent ship rider agreement that will significantly enhance law enforcement effectiveness by allowing FSM national police officers to embark on selected U.S. Coast Guard cutters that will inspect vessels suspected of illegal fishing or other activities in the FSM's million-square-mile Exclusive Economic Zone (EEZ). I would also like to highlight the hospital ship USNS *Mercy* visit to Micronesia in August, where her crew will conduct medical and engineering missions in the FSM.

In the international arena, the FSM continues to support most U.S. initiatives in the United Nations, with a voting coincidence that is consistently in the top 10 among members of the General Assembly. Micronesia votes overwhelmingly with the United States on issues of great importance, including the Middle East. We greatly appreciate the FSM's strong support at the UN and other multilateral fora, which reflects our common goals and shared values.

On a final note, I would like to add that our ambassador to the FSM, Ambassador Hughes, her Embassy staff, and our Department of Interior colleagues are the cornerstones of the robust relationship we have with Micronesia. Despite the challenges we face, the relationship has expanded and matured, which is evident in the wide range of issues on which the United States works with the FSM. The theme we see repeatedly in our interactions with the FSM is one of ongoing and open dialogue, as well as a ready willingness on both sides to work together to solve problems. This high level of communication and cooperation will remain the foundation of our relationship with the FSM.

Thank you for this opportunity to testify. I welcome your questions.