

Statement for the Record
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Ushering in Change: A New Era for U.S. Regional Policy in the Pacific

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Chairman Faleomavaega, Ranking Member Manzullo, and distinguished Members of the Subcommittee, thank you for inviting me to appear today to testify on U.S. policy towards the nations of the Pacific. I welcome the opportunity to address our policy towards this important region.

The United States values its longstanding and close relationships with the countries and peoples of the Pacific. Indeed, the United States is itself a Pacific nation, with a lengthy Pacific coast, stretching as far west as Guam and the Commonwealth of the Northern Marianas Islands and encompassing American Samoa and Hawaii. Nothing could better underscore this fact than the election last year of Barack Obama, a native of Hawaii, as the 44th President of the United States.

The United States engages with the Pacific Island countries in both a bilateral and multilateral manner to address issues of pressing concern to the United States, the region, and the world. Our multifaceted engagement with the Pacific covers the gamut from addressing climate change to maintaining a robust missile defense infrastructure. Most importantly, we seek to work with the governments and peoples of the Pacific to foster stable, democratic, and prosperous countries.

I would like to discuss some of the many key challenges and programs we are engaged in as a nation with Pacific Island countries and address the specific questions included in your invitation to testify today. I will touch on our assistance in the region including within the Compacts of Free Association, and key issues with Palau and the Marshall Islands. I would like also to address how we are approaching global challenges and express our appreciation for the solid

cooperation we enjoy in international fora like the United Nations. I'll cover the particular concerns we have about Fiji and finally talk about other regional players like Australia, New Zealand, Taiwan, and China.

Foreign Assistance and Compacts of Free Association

The United States government provides a wide range of foreign assistance programs to the Pacific island nations. The majority of this assistance is administered by the Department of the Interior as part of our Compacts of Free Association with the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau. This assistance totals over \$200 million dollars annually. The Millennium Challenge Corporation also has a five-year, \$66 million Compact with Vanuatu which entered into force in 2006 and focuses on improving its transportation infrastructure.

Due to both funding constraints and the fact that Pacific island nations' GDP per capita generally exceeded the income levels for countries to which USAID provided assistance, USAID closed its regional mission in the Pacific in 1994. Nevertheless, USAID today is providing targeted assistance in key areas in the Pacific. Papua New Guinea, which currently suffers from the highest rate of growth in HIV/AIDS in Asia, has a \$2.5 million per year bilateral USAID assistance program targeting HIV/AIDS. Papua New Guinea and the Solomon Islands are included in the Coral Triangle Initiative, and Papua New Guinea benefits from a tropical forest conservation program, both of which are managed by USAID's Regional Development Mission for Asia based in Bangkok.

USAID's Office of Foreign Disaster Assistance (OFDA) has provided disaster assistance to Fiji, Papua New Guinea, and the Solomon Islands in the past year. In November 2008, OFDA assumed responsibility – formerly carried out by the Federal Emergency Management Agency – for disaster preparedness activities in the Republic of the Marshall Islands and the Federated States of Micronesia. Additionally there is an OFDA representative based at our embassy in Majuro. While OFDA has responsibility for immediate disaster response for the Federated States of Micronesia and the Republic of the Marshall Islands, reconstruction assistance to these island nations is now the responsibility of the USAID Regional Development Mission for Asia, based in Bangkok.

The U.S. Navy's "Pacific Partnership" program provides medical, dental, veterinary, and engineering assistance in the Asia-Pacific region. This

humanitarian and civic assistance mission is conducted with and through partner nations, non-governmental organizations, and other U.S. and international agencies to provide a variety of assistance to the Asia- Pacific region. In 2008, the *USNS Mercy* provided medical treatment to 20,000 people in Papua New Guinea and 17,000 in the Federated States of Micronesia, reaching almost 15 percent of the entire population of Micronesia. This year, the *USNS Robert E. Byrd* is in the midst of a three-month program to Samoa, Tonga, Solomon Islands, Kiribati, and the Marshall Islands. The Navy and the Pacific Fleet are committing more than \$20 million this year to the success of Pacific Partnership 2009.

Another valuable aspect of our assistance is the individual and collective contributions of Peace Corps volunteers. Today, the Peace Corps has programs in the Federated States of Micronesia, Palau, Samoa, Tonga, Fiji, and Vanuatu. We are hopeful the Peace Corps will be able to expand programs in the region.

The United States is a member and supporter of some of the South Pacific region's most important multilateral programs. The Secretariat of the Pacific Community (SPC) provides technical assistance, policy advice, training, and research services to 22 Pacific Island countries and territories in areas such as health, human development, agriculture, forestry, and fisheries. We provide approximately \$1.7 million to the SPC annually, which is more than 17 percent of its core budget. One example of our collaboration with the SPC is a program undertaken by the Centers for Disease Control and Prevention to strengthen laboratory diagnostic capabilities for influenza. The United States also values the mutual benefits derived from the National Oceanic and Atmospheric Administration's on-going support of the Pacific Islands Global Climate Observation position at the South Pacific Regional Environmental Program. Finally, 14 Pacific Island states receive a combined \$18 million annually from the U.S. foreign assistance budget under the terms of the Economic Assistance Agreement associated with the "South Pacific Tuna Treaty."

This year's Pacific Island Forum (PIF), which will take place August 4-6 in Cairns, Australia, will focus on donor coordination in the Pacific. Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell will lead a robust interagency delegation to the August 7 Post-Forum Dialogue (PFD). The PFD will consider the impact of the global economic crisis on Pacific island countries. The PIF and the PFD are the region's most important annual meetings. The strong United States presence in Cairns will demonstrate our commitment to the region and provide an opportunity for the United States to enhance cooperation with other partners.

Palau

Some of our major assistance programs are linked to the Compacts with the Federated States of Micronesia, the Marshall Islands, and Palau. We are currently in the middle of the mandated 15-year review of the U.S.-Palau Compact of Free Association. The Compact came into effect in 1994, and section 432 mandates a formal review upon the fifteenth, thirtieth, and fortieth anniversaries. Under the terms of the Compact, Palau has been receiving U.S. aid in the form of direct budgetary assistance and access to U.S. federal programs and services. All told, the GAO estimates that Palau will have received about \$852 million of support from the United States during the first 15 years of the Compact. This includes the construction of over 50 miles of road that have opened up much of the interior of Babeldeop Island for development.

Most of the U.S. assistance that Palau receives is set to expire at the end of the fifteenth year, on September 30, 2009. Because we are still reviewing the Compact, the amount and form of any future U.S. assistance to Palau is still under consideration. The Administration supports legislation, currently before Congress, for a one-year extension into FY2010 of assistance to Palau at the same level as fiscal year 2009.

Thus far, we have held two formal review meetings and one working group meeting on the Compact. At the working group meeting on June 12, Palau presented its proposal for continued U.S. aid. The United States responded to Palau's proposal at the last formal review meeting held on July 8 and 9. We are continuing our discussions, and are hopeful that we can conclude the review by October 1. Once we have completed our discussions, we will propose, for congressional review and approval, any draft legislation that would be necessary to implement the results of the review.

I would like to take this opportunity to clarify a misconception linking this Compact review with the possible resettlement in Palau of some Uighurs currently held at the Guantanamo Detention Facility. There is no such link. As the United States government works to implement the President's directive to close the Guantanamo Bay Detention Facility, the continued assistance of our friends and allies is vitally important. We have spoken with a number of governments about resettlement of detainees, and we are grateful to all those governments, including Palau, that have expressed an interest in being helpful.

The United States government acknowledges that there will be costs associated with the resettlement of Guantanamo detainees. We are prepared to consider requests for assistance in defraying those costs, on a case by case basis where needed. This issue and these costs are not under consideration in the Compact review.

Marshall Islands

The United States and the Marshall Islands have enjoyed an exceptionally close and mutually advantageous relationship for many years under a separate Compact of Free Association. In 2004, the U.S. government and the Government of the Marshall Islands brought into force an amended Military Use and Operating Rights Agreement (MUORA) to extend United States use of Kwajalein atoll through 2066, with an additional 20-year extension option. Kwajalein is home to the U.S. Army Kwajalein Atoll (USAKA) Command and the Ronald Reagan Ballistic Missile Defense Test Site.

The Government of the Marshall Islands and the Government of the United States agreed to increase the amount the United States would pay annually in connection with its use of Kwajalein. Unfortunately, some Kwajalein landowners opposed the new government-to-government agreement and refused to sign an Amended Land Use Agreement reflecting the terms of the amended MUORA. The difference between the new and old rates has been placed in escrow and now amounts to more than \$24 million. In December 2008, the United States agreed to extend the deadline set for signing a new Land Use Agreement on the understanding that the Government of the Marshall Islands and the landowners were making progress toward signing a new Land Use Agreement, which we consider a domestic issue for the Marshall Islands. President Tomeing has been engaged with the landowners, and we remain hopeful the parties can resolve the issue soon and the escrow monies can be released for distribution to the landowners.

The United States conducted atmospheric nuclear weapons tests in the northern Marshall Islands between 1946 and 1958. In 1986, the United States and the Republic of the Marshall Islands signed a full settlement agreement to compensate citizens of the Marshall Islands for injury to persons and damage to property arising from the testing program. The settlement included establishing a trust fund of \$150 million to generate income to fund awards adjudicated by the Claims Tribunal administered by the Marshall Islands government. Some Marshallese

also benefit from a separately funded Department of Energy radiological healthcare program mandated by Congress to provide medical care and radiological monitoring for the members of the population of Rongelap and Utrök who were exposed to radiation resulting from the 1954 U.S. thermonuclear “Bravo” testing.

In total, the U.S. government has provided approximately \$530 million in health services, environmental monitoring and reporting programs, and remediation (clean-up) of affected islands. The Nuclear Trust Fund administered by the Marshall Islands government has been depleted through earlier payments to claimants, and recently, the Government of the Marshall Islands discussed using its own funds to enable token payments to unpaid claimants.

Since the 1986 settlement, the Bikini and Enewetak communities, in two judicial actions, have sought additional compensation from the United States. Those cases were dismissed by the U.S. Court of Federal Claims in July 2007. The dismissals were affirmed by the U.S. Court of Appeals for the Federal Circuit in January 2009 and, in May 2009, the petitions for rehearing were denied.

Climate Change and Renewable Energy

While climate change is an issue of serious concern to many of us here in America, it is of particular and personal concern to the people of the Pacific region. Climate change is an existential threat to Kiribati, the Marshall Islands, and Tuvalu -- low-lying island countries that are physically shrinking due to rising sea levels. If we do not move now to address climate change, all three of these countries will be completely uninhabitable in our lifetime.

We need to work locally and globally on developing creative solutions to cope with climate change. The Obama Administration is committed to addressing this threat and working with the region to address the dire effects of climate change.

One key instrument is the Energy Development in Island Nations (EDIN) partnership with New Zealand and Iceland, which was launched in July 2008 to encourage island governments around the world to create energy efficiency plans and use renewable energy technologies. As this program expands, we expect it will play an increasing role in addressing energy needs throughout the Pacific and elsewhere.

We were encouraged to learn recently that Tuvalu has announced a bold plan to run the island nation on 100 percent renewable energy by 2020. As a first step, the country has installed a 40 kilowatt system on the roof of its largest soccer stadium to provide Funafuti, the nation's capital, with 5 percent of all of its electricity needs. And this is just the first step in the country's goal of becoming the world's first carbon-neutral nation; we will be looking for ways to help Tuvalu achieve this goal.

The Situation in Fiji

The United States also remains committed to the advancement of human rights and democracy in the region through exchanges such as the International Visitors Leadership Program and partnerships like the Asia Pacific Democracy Partnership (APDP). We are proud to note that the APDP completed a successful election observation mission – under your lead – to Micronesia in March, an effort that brought together representatives of the United States, Australia, New Zealand, Palau, and several Asian countries. Thank you for your efforts on this initiative. We also are encouraged by Tonga's initial steps towards democratic reform.

Certainly the most troubling political issue facing the Pacific island countries today continues to be the situation in Fiji, which has been under military rule since December 2006. Traditionally, Fiji has been a close and valued friend and partner in the Pacific. Fiji has a long history of contributing troops to multilateral peacekeeping missions, was quick to condemn the September 11 terrorist attacks on the United States, and has been a staunch supporter of our efforts to build an international coalition against global terrorism.

The military coup of December 2006 has strained our relationship. Fiji's coup leaders recently released a "roadmap to democracy" that did not take credible steps to restore democratic rule, other than a promise to begin work three years from now on a new constitution leading to elections in 2014. The public emergency regulations remain in place, the press remains heavily censored, and the right to assembly is severely restricted. Just two weeks ago, the leaders of the Methodist Church and one of Fiji's three paramount traditional chiefs, Ro Teimumu Kepa, were arrested for planning to hold the church's annual conference despite a government ban.

The United States responded to the Fiji coup by imposing a number of sanctions, including a cessation of military and other assistance to the Government of Fiji in

accordance with section 508 of the Foreign Operations Appropriations Act, visa bans against coup leaders, suspension of lethal military sales, and restrictions on bilateral engagement. Our sanctions are targeted against the military regime. The United States, however, continues to provide assistance to the people of Fiji. Our sanctions do not preclude assistance in support of a credible return to democracy. Such assistance would include supporting election reform efforts, as well as programs geared toward strengthening civil society, a free press, and an independent judiciary.

We continue to maintain full diplomatic relations with Fiji and look forward to closer relations when it once again resumes its leadership role in the Pacific by restoring democracy to its people.

The United States closely watches the reactions of other Pacific island leaders and the statements and actions of the Pacific Island Forum, which suspended Fiji in May. We believe that the return of democracy in Fiji will depend on the restoration of such basic human rights as freedom of speech and assembly.

Pacific Islands Forum

Our coordination with the Pacific Islands Forum leads naturally to discussion of our coordination with Pacific island countries in international fora. As you have pointed out, Mr. Chairman, the Pacific islands as a group have been stalwart supporters of key votes in the United Nations General Assembly. Ambassador Rice, in fact, held her first representational lunch with Pacific island permanent representatives in New York out of recognition and appreciation for our excellent working relations at the United Nations.

Other Regional Players

I cannot discuss United States policy toward the 12 Pacific island nations or fairly represent our interests in that area without mentioning the activities of other important players in the region with which we try to coordinate and complement our activities.

First and foremost is our alliance with Australia, a country with which we share interests, values, and commitments in not only the Pacific but throughout the world. The United States recognizes the very real leadership role Australia plays as the largest country in the South Pacific region. Australia's vigorous leadership

in and provision of foreign assistance to the region means that it plays an instrumental role in promoting the welfare of people throughout the Pacific and remains a strong partner for the United States globally.

New Zealand is another significant partner in the region with which we collaborate intensively on issues ranging from democracy promotion to renewable energy. Japan, too, is playing an increasingly prominent and welcome role in the Pacific. It recently hosted the Pacific Islands Leaders Meeting (PALM) V Summit in Hokkaido and pledged over US\$500 million to promote renewable energy and address climate change in the region in the coming years. The European Union is also engaged in the Pacific, and we will continue to coordinate our analyses on events and trends, and to work towards greater coordination as donor partners.

I am pleased to note since the election of President Ma in Taiwan, China and Taiwan appear to have curtailed their competition for diplomatic recognition from Pacific island states. The “checkbook diplomacy” conducted by the PRC and Taiwan undermined good governance and distorted political processes. We take this opportunity to encourage both parties to follow international norms of transparency to provide effective foreign assistance.

Conclusion

In conclusion, let me reaffirm that the countries of the Pacific remain important to the United States. We continue to identify new and better opportunities to increase our engagement with the governments and peoples of the Pacific. We benefit from and appreciate the active interest and support from Congress and look forward to working together to craft effective policies and programs to meet the mutual needs of the United States and the countries of the Pacific.

Thank you for the opportunity to testify on this important topic. I would be happy to answer your questions.

Post-hearing addition: Please note that the reference to USNS *Robert E. Byrd* on page 3 is incorrect; the correct name of the ship is USNS *Richard E. Byrd*.