

THE WHITE HOUSE

WASHINGTON

July 26, 1994

Dear Mr. Speaker:

On November 9, 1993, the voters in Palau approved the Compact of Free Association between the United States and Palau, opening the way for the Compact to be brought into force 7 years after the passage by the Congress of U.S. legislation approving the Compact.

In giving its approval to the Compact of Free Association, the Congress required the transmittal of certain agreements, Palau's Economic Development Plan, and a report on that Plan, at least 30 days (excluding days on which both Houses of Congress are not in session) prior to the effective date of the Compact.

Therefore, in accordance with section 101 of the Compact of Free Association with Palau Act, Public Law 101-219 (December 12, 1989), section 101(d)(1)(C) and (2) of the Compact of Free Association Approval Act, Public Law 99-658 (November 14, 1986), and section 102(b) of the Compact of Free Association Act of 1985, Public Law 99-239 (January 14, 1986), I am hereby submitting the Economic Development Plan of the Republic of Palau, including this report thereon with supporting material, copies of certain subsidiary agreements between the United States and Palau, and an agreement between Palau and the United States establishing October 1, 1994, as the effective date for the Compact, provided that all lawsuits in Palau challenging the compact have been resolved by that date. A separate letter from the President of Palau commenting on the Economic Development Plan also is attached.

The Congress also required that approval of the Compact be free of legal challenge in Palau and that I certify that there are no legal impediments to the ability of the United States to carry out fully its responsibilities and to exercise its rights under the defense-related provisions of the Compact. There is currently a lawsuit challenging the Compact in Palau. I will make this final certification once that lawsuit is resolved.

Report on the Development Plan

Under my direction, the Department of the Interior, the Agency for International Development, the Department of State, the Department of Defense, and other interested agencies, have

conducted a review of Palau's Economic Development Plan. These agencies have concluded, and I so find, that the Plan as submitted, together with the July 15, 1994, exchange of letters between Secretary of the Interior Babbitt and President Nakamura of Palau establishing a joint working group to coordinate efforts under the Compact to protect the unique marine resources of Palau, is acceptable. They have recommended that following the statutory period for Congressional review provided in section 102(b) of Public Law 99-239 (January 14, 1986), and subject to consideration of any Congressional comments, the United States will concur with Palau's Development Plan. Palau also has agreed to submit subsequent development plans at intervals no longer than every 5 years as required by law (section 102(b) (1) of Public Law 99-239 (January 14, 1986)).

Effective Date Agreement

The July 15, 1994, Agreement Regarding the Entry Into Force of the Compact of Free Association establishes October 1, 1994, as the effective date of the Compact, provided that all legal challenges in Palau have been resolved by the date ("provided that the requirements of section 101(1) of United States Public Law 101-219 (December 12, 1989) have been met"). See Senate Report No. 101-189, at 9 (1989). If all legal challenges in Palau have not been resolved by that date the agreement provides that the effective date shall be the earliest possible date thereafter as established by exchange of letters between the two governments. There is currently a pending lawsuit in Palau challenging implementation of the Compact.

Subsidiary Agreements

Compact subsidiary agreements were submitted to the Congress in 1986 prior to approval of the Compact (see section 101(a) of Public Law 99-658 (November 14, 1986)). Additional agreements concluded since that time are submitted with this letter. These are: the Agreement Concerning Procedures for the Implementation of United States Economic Assistance, Programs and Services Provided in the Compact of Free Association Between the Government of the United States and the Government of the Republic of Palau, signed December 2, 1987; the Agreement Between the Government of the United States and the Government of Palau Regarding Mutual Assistance in Law Enforcement Matters, signed December 2, 1987; and the Agreement Concerning Special Programs Related to the Entry Into Force of the Compact of Free Association Between the Government of the United States and the Government of the Republic of Palau, signed May 26, 1989.

Certification

I will make such additional certification and report to the Congress as required by law prior to the effective date of the Compact in accordance with section 101(d)(1)(A) of Public Law 99-658 (November 14, 1986).

Sincerely,

William S. Clinton

The Honorable Thomas S. Foley
Speaker of the
House of Representatives
Washington, D.C. 20515