



## An Overview of the Compact of Free Association between the United States and Palau

**Glyn Davies, Principal Deputy Assistant Secretary for East Asian and Pacific Affairs**

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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 Palau. Since we have already heard about issues related to the Compact of Free Association from Tom Bussanich at the Department of Interior, I will focus my remarks on the state of our diplomatic relations with Palau.

The United States' relationship with Palau began after the Second World War, when Palau became part of the U.N. Trust Territory of the Pacific Islands under the administration of the United States. Today, 14 years after independence, large numbers of Palauans visit, reside, and work in the United States without visas, as allowed under the Compact. The United States has over 40 on-going projects in Palau, contributing to its development in areas of health, education, transportation, agriculture, and the environment.

The United States and Palau enjoy an extremely close and cooperative bilateral relationship, rooted in shared historical experiences and our work together across many different areas of common interest. Also, we are strong and active partners in multilateral organizations such as the United Nations. Since President Remengesau was inaugurated in 2001, we have had many chances to reaffirm that relationship, including through meetings among senior-level officials.

The Palau Government is a committed and valued partner in the war on terrorism and many Palauans serve with the U.S. military. Their contribution in the U.S. military is illustrative of their government's support for the U.S. effort. Sadly, since 2004, three Palauans have died on active duty in the U.S. Armed Forces. Two soldiers died while on active duty in Iraq. For this sacrifice, we send heartfelt condolences to their families and express our gratitude for their service.

Our cooperative relationship in the international arena includes Palau's continued support of 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. Palau votes overwhelmingly with the United States on issues of great importance, including the Middle East. We greatly appreciate the Palau's strong support at the UN and other multilateral fora, which reflects our common goals and shared values.

Another recent notable success with Palau was the ship rider agreement. In 2008, Palau became the first country in the Pacific to sign a permanent ship rider agreement with the United States. This agreement enables Palauan law enforcement officials to ride U.S. ships and participate in law enforcement exercises at sea. Our governments further strengthened the coordination through a Vessel Monitoring System (VMS) agreement.

The fundamental and enduring commitment of both sides to the relationship has continued to strengthen our friendship. The Compact calls for the two governments to review the terms of the Compact and the overall nature and development of the relationship on the 15<sup>th</sup>, 30<sup>th</sup>, and 40<sup>th</sup> anniversaries of the effective date of the Compact. The first of these anniversaries is in October 2009. Responding to requests from Congress and the Government of Palau, we have begun bilateral consultations in preparation for the review, with an eye to expediting the formal review. The consultations have been extremely positive and helpful. To date, U.S. officials have met twice with their Palauan counterparts: in March in Koror, Palau, and just last week, in Washington, D.C. Both sides have agreed to continue to exchange information over the next few months and to hold one or two more consultations in order to gain an even better understanding of each other's positions. President Remengesau has graciously offered to meet with the delegation in late September on the margins of UN General Assembly. We are working towards completing the formal review by October 31.

Palau has developed substantially since the inception of the Compact in 1994. Through U.S. assistance, Palau has become more self-reliant, increased its revenue base, expanded infrastructure and private sector jobs, and provided high-quality education and health care to Palauans. Both the United States and Palau can be proud of what has been accomplished and we look forward to a continued and ever strengthening relationship.

Thank you again, for the opportunity to testify today. I look forward to your questions.

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