

FOURTH ROUND OF NEGOTIATIONS ON THE
EXPIRING PROVISIONS OF THE COMPACT OF FREE ASSOCIATION BETWEEN
THE FEDERATED STATES OF MICRONESIA AND THE UNITED STATES

Opening Remarks by

The Honorable Peter Christian
Chief Negotiator for the Joint Committee on Compact Economic Negotiations (JCN)
of the Federated States of Micronesia

Honolulu, December 13, 2001

Good morning, ladies and gentlemen. For those of you who may not know me, I am Peter Christian, a Member of the Congress of the Federated States of Micronesia, and Chief Negotiator for the Joint Committee on Compact Economic Negotiations, which has been constituted to represent the Government of the FSM in these negotiations.

It is our pleasure to convene with you this Fourth Round of Renewed Compact Negotiations, and a pleasure to welcome to the negotiating table our old friend, Al Short. You know, Al, if you had gone to a fortune teller fifteen years ago, and that person said you would be asked to step aside from a prosperous retirement fifteen years later to lead the US Compact negotiating team, and that you would take the job, you probably would have asked the fortune teller for your money back. It just goes to confirm the truth of the old Micronesian proverb: "Never say, No freakin' way!"

But, kidding aside, Al, we really are glad to see you again after so long. We sincerely thank you for the personal sacrifice that you have made in order to join this process. We are also thankful that your principals had the wisdom to turn to a person already familiar with Micronesia, who understands the Compact and its relationship to U.S. interests. That is so critical, not only because it gives us high confidence that a reasonable agreement will be reached, but just as importantly, that our work will be completed within the allotted time frame.

I would like to start by introducing the members of our Committee and others who are here with us. _____

I promise to be brief in my opening remarks. This brevity is not intended to minimize the importance of the issues before us today or our appreciation for the presence of your delegation. Rather, it is in recognition of the fact that the time has come for us to "roll up our sleeves" and set about to conclude the important work before us.

It has been a long and often difficult process to arrive at this, the opening of the fourth round of formal negotiations. We have experienced a series of setbacks and delays, often due to developments beyond the ability of either side to control. The most recent, and most tragic, is of course the events of September 11.

These attacks against the United States were viewed in the FSM as an attack on a close member of the family. It was for these reasons that we offered any assistance we might be able to lend in order to help bring those responsible to justice. Our government will continue to discuss ways in which it can offer support to the US-led war on terrorism. This is strong testament to the strength of the bonds that join our nations under the Compact.

The FSM established the JCN nearly four years ago in an attempt to be as prepared as possible for these negotiations. Part of the reason for establishing our team at such an early date was recognition of the fact that these discussions have the unfortunate habit of always coming down to the wire. In this regard, I was delighted to hear you restate your commitment to the prompt conclusion of the talks, and the offer to engage in a frank and productive discussion at this meeting and the remainder of our negotiations. In particular, I note with appreciation your statement that we should address the difficult issues that remain at the earliest opportunity. My delegation agrees fully with this sentiment, and hopes that we can reach agreement on the fundamental issues before us in a timely manner in order to facilitate our work on the agreement as a whole.

Which leads me to the FSM's economic proposal. We were gratified to hear, in the course of your testimony last week before the US Senate, that you recognize that a reduction in the levels of assistance to the FSM could have disastrous consequences for the future of the country and its relationship with the US. I would encourage your delegation to view our proposal in this light.

At the time we presented our economic proposal, it was suggested by some that we should seek a higher level of assistance and negotiate down. We rejected this approach in favor of an open and honest assessment of the needs of the FSM economy during the next twenty years, and the minimum levels of assistance required to meet our mutual goals. Mr. Short, we hold the view that these talks are too important to the future of our relations to engage in such gamesmanship and I would encourage us to work toward agreement on the levels of funding at the earliest opportunity. In this regard I am encouraged by your commitment to provide the revised US economic proposal by the date of our next meeting.

As we all know by now, our numbers are far from arbitrary. They are the result of exhaustive analysis by a series of experts, both from the FSM and outside, who have studied our economy to arrive at the minimum level of Compact assistance required for the nation to achieve self-sufficiency at the end of this Compact period. We have remained steadfast in our belief that our proposal accurately and impartially reflects the realistic approach to consideration of these issues. We note with pleasure that we were able to reduce these estimates slightly in the course of our revised proposal due to improved data on certain macroeconomic trends.

With us today are some of these experts, who will outline the plan for the benefit of those new members of the US negotiating team. We hope that this review will highlight the assumptions and methodology behind our proposal, and that we can therefore lay the groundwork for a fruitful discussion of its elements at this meeting and the future.

I cannot underestimate the importance of this proposal. Meeting these needs will be critical to the success of these talks and indeed our future bilateral relations in all areas. If we are serious about self-sufficiency, we must ensure that an adequate basis for economic independence exists at the end of the next twenty years. We are gratified by your expression of commitment to the six sectoral objectives which guide our work and to the concept of the trust fund – one that is at the heart of our mutual goal of an economically self-sufficient FSM.

It is the goal of both sides that the FSM emerge from this renegotiated Compact with the same level of economic sovereignty that it was accorded in the political arena under the first Compact. Our task may be equally difficult this time around, but through the considerable goodwill and hard work on both sides we are confident that it can be realized.

Of equal importance to self-sufficiency is the enhancement of performance, transparency and accountability in the use of Compact funds designed to maximize their effect on development. This extends beyond simply better accounting for the generous resources provided by the US to and will be a critical component of the effective functioning of an economically self-sustaining FSM. In this regard we would point to our proposal for the Joint Economic Management Mechanism (JEMM) as a particularly effective way to achieve these goals. We will repeat our conception of the JEMM at this meeting and hope to achieve agreement on the broad terms of this mechanism in advance of our next meeting.

I addressed these and other underlying elements of the negotiations in the course of my testimony before the Senate Committee on Energy and Resources just last week. I have attached a copy of this testimony for your background and would request that this be placed in the records of these negotiations.

When we last left our formal negotiations, we had submitted our revised economic proposal for consideration and comment by the U.S. We regret the unfortunate, but

unavoidable, delays in the negotiations process during the past few months has delayed this response. We are encouraged by our informal contacts with you, Mr. Short, and look forward to receiving these comments on our proposal in advance of the next meeting, tentatively scheduled to be held in Palikir, Pohnpei, during February 2002. Of course we will be working with our US counterparts in other ways to move the process along in the period leading up to the next formal session. We look forward to meeting with US representatives in a regular series of technical meetings to advance those portions of the negotiations whenever possible.

We are encouraged by the spirit of teamwork and determination brought to the table by you, Mr. Short, and your team. We look forward to making up for lost time and reaching an effective agreement for submission to our respective legislatures no later than next summer. This is an ambitious schedule, but one that we feel can be met, and would pledge our full support to working constructively to make this a reality.

Mr. Chairman, the eyes of Micronesia are upon us today. We are here to determine the future of our children and grandchildren. This is not a trivial matter. I am glad to see that the US has accorded these discussions the full attention they deserve, and we look forward by the end of this meeting to help ensure that the partnership we have shared for the past fifteen years be maintained and strengthened in the years to come.

In terms of our goals for this session, we hope to reach a common understanding of the issues before us for the remainder of these negotiations and agree on a tentative timetable for future talks. We look forward to a fruitful and detailed discussion of the expiring elements of the Compact that will need to be addressed in these renegotiations. We equally look forward to this opportunity to reiterate our current proposal and to clarify any elements of our current proposal that may be desired.

We are gratified by the proposed draft subsidiary agreements on five specific topics provided by the US in advance of this meeting. This is an excellent first step toward developing the language of our final package. We share the hope of the US that these

could be concluded in a prompt manner. While we wouldn't rule out agreement on an ad hoc basis during this meeting, we view it as more likely that an agreement could be reached at our next session. As we first received these texts just prior to this meeting, they will need to be submitted for review and comments by specialists in the appropriate fields. As many of these individuals were unable to be with us here in Honolulu, I regret that we may not be in a position to offer specific suggestions in some areas. We do, however, hope to clarify some aspects of the US drafting during this session, and hope that we can work on the details of these agreements through technical meetings in advance of our next formal round, with a view toward adoption at that time.

Perhaps most importantly, Al, we are here to listen carefully to the US position. This is particularly important given that this is the first meeting of our two sides under the new Administration in the US. I am reminded of the experience of my children in school. They were sometimes asked if they "had on their listening ears." I would assure you that the FSM has on "its listening ears" at this session. In fact this is perhaps how we can contribute most significantly to furthering the process at this time.

Both sides are agreed on most broad principles and goals of these talks. What remains is to reach agreement on specific language of the agreements and, most importantly, the amount of funding necessary to achieve our shared goals and the shape of the mechanism to oversee their effective implementation. I do not underestimate the amount of work required to overcome some of these differences. Still, I think we can arrive at a sound and beneficial agreement on the timetable set by the US.

Certainly our work in this renegotiation process will be assisted by the presence of fully-functional Embassies and other mechanisms of government-to-government relations. We should be mutually proud of these institutions as they reflect upon the success of our negotiations fifteen years ago, of which I'm pleased to note you played a significant role for your country. The work of Ambassadors Marchalau and Dinger, among others, will greatly assist that of our two delegations and enhance our ability to conduct intercessional work on Compact-related tasks.

I thank you Mr. Short for the opportunity to join you and your delegation here today and pledge my delegation's full commitment to the work before us at this session.