

UNITED STATES - FEDERATED STATES OF MICRONESIA

COMPACT NEGOTIATIONS - FIFTH ROUND

Opening Remarks

by

Albert V. Short

U.S. Negotiator

San Francisco, May 23-24, 2002

Distinguished members of the Federated States of Micronesia government, Senator Christian, members of the FSM delegation, Ambassador Marehalau, DCM Kingsland, I am pleased to host you in San Francisco for this fifth round of U.S.-FSM Compact Negotiations.

We have a lot yet to accomplish within a very short time in order to meet the U.S. budgetary planning deadline of June 30th, 2002, for Compact assistance.

- Since our last formal session, the U.S. has tabled the entire amended Compact text including Titles One through Four (with the exception of the Title II trade provisions that remain under U.S. review). This session will serve both our peoples well if we can focus on Title II, initial as much of the Compact text as possible and reach agreement on the levels of grant assistance.

- In addition, we need to build upon the progress already made on several subsidiary agreements and initial those agreements.
- Finally, we look forward to discussing the trust fund and future management agreements that are important to implement the Compact. We have had productive preliminary discussion on these topics in Washington.

Let me introduce the U.S. Compact team:

Before moving to our detailed goals for this session, I want to reiterate the importance of meeting the June 30 deadline. Congressional staffers have told me repeatedly that taking our agreed upon Compact amendments to the U.S. Congress by the end of June will aid them in expediting the legislative process and increase the chance that FY-04 funding will be passed. To take advantage of this opportunity, I propose that by the end of this session we draw up a road map which makes clear to the U.S. Congress and the FSM Legislature that we will complete our work in a timely fashion in order to assure continued Compact funding. Meeting this deadline will also help us to prepare for a House Resources Committee hearing tentatively slated for mid July as well as other projected Senate and House hearings.

I want to recognize the hard work and progress we have made in technical talks with your highly professional team in Washington. It is this preparatory work that will make this round successful.

We have proposed an agenda for this session that will give us the opportunity to discuss the amended Compact text and several draft subsidiary agreements, including the postal services agreement on Friday. Our goal will be to initial as many of these agreements as possible at this session.

I would like to use this opening statement to make six general comments.

FSM Contribution to the Trust Fund

First, The Bush Administration believes, as you do, that it is our mutual intention to terminate annual economic assistance payments to the FSM by a date certain. We support your proposal that the U.S. capitalize a trust fund over the next term of Compact assistance. However, the viability of this trust fund is critically dependent on the FSM commitment to contribute at least \$30 million to the trust fund by FY-2004. We must be assured that the trust fund proceeds will provide the anticipated amounts to underpin your continued development for the foreseeable

future. We anticipate your commitment to the 30 million dollar level of participation.

Working Groups

Second, I note that we have two full days here to complete our tasks and to draw up a road map for a final round in Pohnpei. While our schedule is daunting, we should strive to be flexible in order to meet as many of our objectives as possible in working groups as well as full sessions. We are open to extending this round through Saturday, should that time be needed for our important work.

Ground Rules for These Negotiations

Third, as we have mutually agreed, this opening session is open to the public as will be our closing session. Intervening sessions are closed to the public. We are committed to producing a joint statement for the public by the conclusion of the round.

Compact Management

Fourth, on the issue of the management of the Free Association relationship, we had useful preliminary discussions in Washington and outlined how we can increase accountability and oversight and facilitate a true integration of our efforts. We are prepared to continue that discussion.

Immigration

As you know from our December testimony before the Senate Energy Committee, the United States is committed, for a number of very important reasons, and consider it in our mutual interest to institute some changes in the Compact's immigration provisions.

Before describing these reasons, however, I would like to express again our gratitude to the FSM, as I did during our December round, for its unwavering support in the global war against terrorism. Your offer of help in this crucial effort so soon after the tragic events of September 11 was, and still is, much appreciated. You have demonstrated, once again, the strength and vitality of our special friendship.

You should consider our proposed amendments to Title One's immigration provisions in light of the changed world that requires both our countries to do more to protect the safety and security of our peoples.

There are three key elements in the immigration area:

- First, the United States takes its responsibility to control the admission of all persons - including those from the FSM - who cross our borders very seriously.

As part of our overall effort to ensure safe and secure borders, we must be satisfied that FSM citizens

possess valid machine-readable passports and are admitted for authorized purposes. We both must employ the latest in passport technology to insure our security.

- Second, the U.S. Attorney General must have the ability to ensure the safety and well-being of FSM citizens, including adopted children and other FSM citizens who seek admission to the United States but who may not be fully informed as to their rights under U.S. law.
- Finally, we must ensure that the privilege of visa-free travel under the Compact is not used by persons, originally from countries other than the FSM, as a vehicle for evading the requirements of the U.S. Immigration and Nationality Act.

As experience has demonstrated over the past sixteen years, our immigration proposals are the minimum necessary to fix provisions in the Compact that do not adequately protect these strong U.S. interests, while preserving the valuable right of FSM citizens to work, study, conduct business, or otherwise visit the United States as nonimmigrants on a visa-free basis.

Security Relationship

Consistent with the principles the U.S. and FSM have already agreed upon, our proposal preserves the same security and defense relationships with the FSM that have prevailed during the last 15 years into the forthcoming 20 years and the trust period.

We need to address these important amendments to the Compact concurrently with Titles Two and Three. To this end, I propose we convene a work group to review in detail your and our views on these important issues, recognizing that our joint imperative is to take a Compact package to the Hill that addresses FSM, U.S. Administration and Congressional concerns.

Summary

Both sides, the U.S. and the FSM, have a lot of work to accomplish at this round. I trust we can focus on the difficult tasks first. I look forward to frank, open discussions and urge you not to hesitate to raise tough issues that we need to address and solve.

In summary, the U.S. objectives at this session are to:

- Conclude and initial as much of the Compact text as possible, with emphasis on concluding title II, and related amendments.
- Draw up a joint road map to meet the deadline of June 30 for legislative submission.

- Conclude and initial as many of our pending subsidiary agreements as possible, such as:
 - Federal Deposit Insurance Corporation insurance of the Bank of the FSM,
 - U.S. Postal Service Programs and Services,
 - Telecommunications Services and Programs, and
 - Department of Defense Humanitarian Assistance Program (CHAPS).
- Flesh out the outline of the trust agreement and we envision a full working draft in the coming weeks.
- On the issue of the management of the Free Association relationship, we are prepared to continue that discussion.

I am happy to have the honor of hosting you and your delegation in San Francisco, one of our most beautiful cities, and look forward to the coming and concluding session in Kolonia.