



Extend the Compacts, Strengthen U.S. Security in the Pacific

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In mid-January, the White House declassified the "United States Strategic Framework for the Indo-Pacific," a document which had guided U.S. policy toward the region over the past several years. The strategy began the long and laborious—but crucial—bureaucratic process of adjusting to an era of renewed great-power competition, principally with the People's Republic of China.

As then-national security adviser Robert O'Brien stated at the time, "robust American leadership" is required to maintain and grow the free and open Indo-Pacific—a goal conducive to American values as well as U.S. economic and security interests.

Nowhere in the Indo-Pacific is the confluence of those values and interests, and the need for American leadership, more pronounced than in the Freely Associated States (FAS) of Palau, the Marshall Islands and the Federated States of Micronesia (FSM). With a population of roughly 200,000 spread across some 2,100 islands, atolls and coral reefs, these three independent democratic nations occupy some of the region's most critical geographic areas.

The United States has long recognized the strategic importance of the FAS. Occupied by Japan after the First World War and liberated in bloody amphibious American assaults during World War II, the three countries sit astride economically and militarily critical sea lanes stretching from East Asia to Hawaii and the U.S. West Coast.

After WWII, the U.S. administered the FAS through the United Nations-backed Trust Territory of the Pacific Islands. Once the three countries gained independence, the United States entered into unique Compacts of Free Association with them, which permit Washington unrestricted military access in exchange for visa-free entry to the United States and social services payments. Crucially, the United States also enjoys denial rights for any other power seeking military access to the FAS.

The compacts, similar to treaties, went into force in 1986 for the FSM and Marshall Islands, and in 1994 for Palau. These 20-year agreements were last amended in 2004 and are in the process of being renewed—certain provisions expire by law at the end of 2023 for the FSM and Marshall Islands, and in 2024 for Palau. While their defense provisions are not up for renewal, the social services provisions, subject to congressional approval, are.

US President Joe Biden speaks during a visit to the Pentagon in Washington, DC, February 10, 2021. SAUL LOEB / AFP/Getty

The United States currently provides more than \$300 million annually to the FAS, as well as access to programs related to civil aviation, weather services, telecommunications, education and postal services. The FSM also receives banking protection through the Federal Deposit Insurance Corporation, and both the FSM and Marshall Islands receive disaster assistance through FEMA and USAID.

In 2019, the Departments of State and the Interior initiated formal bilateral negotiations with each of the FAS countries. Those agreements, once finalized, will need to be approved by the House of Representatives and Senate and signed by the president, and funds appropriated. A few controversial provisions will need to be resolved, including "Compact Impact," which provides funding to jurisdictions most impacted by migration from the FAS under the compacts' visa-free travel provisions—an issue of particular concern to the territory of Guam and the state of Hawaii.

The Biden administration and congressional leadership should move quickly to extend the compacts and appropriate the full funding required. An early commitment to renewal will send a powerful signal of America's commitment to the Pacific Islands and of Washington's determination to remain the preeminent Pacific power. U.S. allies and partners, as well as Beijing, will take note.

This is not simply another item on the spending wishlist. The special relationship the United States enjoys with the FAS through the compacts is one of the world's most valuable, in military terms. As China expands its strategic reach and diplomatic ambitions into the "Second Island Chain," its ability to influence sea lanes stretching from U.S. bases and treaty allies in Japan, South Korea and the Philippines—as well as front-line partners like Taiwan—to Hawaii and the West Coast is only growing. The access that the compacts guarantee, as well as the strategic denial they provide, is essential.

Congress and the Biden administration have a rare opportunity, by acting swiftly to extend and fully fund the compacts, to support democratic allies whose interests coincide with those of the United States. As U.S.-China competition grows, a secure and expanded partnership with three pivotal Pacific islands will protect American interests, further American values and enhance American national security.

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