

**Testimony
of
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Office of the Secretary of Defense for Policy
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“Department of Defense’s Support of the Continued Free Association with
Palau Act of 2012”**

Introduction

Since its enactment in 1994, the Compact has served as an important foundation for our security strategy in the Asia-Pacific region, providing the United States with critical access, influence, and strategic denial of access to other regional militaries. Our Compact with Palau, coupled with our compacts with the Federated States of Micronesia (FSM) and the Republic of the Marshall Islands (RMI), has enabled DoD to maintain critical access and influence in the Asia-Pacific region. Passage of H.R. 6040, a bill to amend Title I of PL 99-658 regarding the Compact of Free Association between the United States and Palau, is vital to allowing the Department to continue to benefit from the security arrangement afforded by the Compact.

Palau’s Contributions to American and Global Security

The Pacific Islands region is sparsely populated, physically isolated, and geographically widespread. However, Palau lies at a pivotal crossroad in the Pacific, an area near critical sea lines of communication and rich fishing grounds. It is also located directly in the so-called “Second Island Chain” from Mainland Asia, close to all of the major East and Southeast Asian powers. With our strategic interests and equities expanding and shifting more toward the Asia-Pacific region, having Palau as a strong partner in the Pacific is increasingly important to maintaining military, as well as political and diplomatic, leadership in this quickly evolving strategic environment. We must take note of critical security developments in the Pacific that require the Department’s sustained presence and engagement. Broadly speaking, countries such as China, Russia, and the Arab states are actively courting Pacific Island States, challenging the security status quo in the region, and increasing their economic, diplomatic, and military engagement with the island States. These critical security developments require sustained U.S. presence and engagement in the region. Our relationship with Palau under the

Compact would be reinforced with passage of this legislation and would ensure the United States the extraordinary advantage to deny other militaries access to Palau. For these reasons, it is imperative that the U.S. Government sustain this advantage. Since the Compact of Free Association between the Government of the United States of America and the Government of Palau went into effect in 1994, the United States has taken full responsibility for the security and defense of Palau. This unique security arrangement has created a steadfast and reliable partner that helps the United States advance its national security goals in the region.

Palau in the Regional Security Context

Under the provisions of the Compact, Palauans are able to serve in the U.S. Armed Forces. In fact, Palauans serve in the U.S. Armed Forces in impressive numbers. Sadly, five Palauans have made the ultimate sacrifice, and numerous others wounded, fighting on the battlefield in Afghanistan and Iraq since 9/11. Their sacrifice in the defense of the U.S. homeland and U.S. and Coalition security interests should not go unnoticed. Furthermore, in 2009, Palau stepped up to offer resettlement to six Uighur detainees from Guantanamo Bay at a time when other countries were hesitant to take these individuals.

Most notably, our commitment to the Compact with Palau allows the Department to leverage Palau's strategic geopolitical position to sustain U.S. security interests in the region. The United States exercises full authority over and responsibility for the security and defense of Palau, an arrangement similar to those that we have with the Federated States of Micronesia and the Republic of the Marshall Islands. With this authority and responsibility, the United States is entitled to military access to the lands, water, and airspace of Palau and retains the right to deny such access to the military forces of other nations. Our current security arrangement affords us expansive access, which will be an increasingly important asset in the defense and security interests of the United States in the Asia-Pacific region in coming years. The Department recognizes the strategic value of the Compact, and we hope to continue to utilize it to serve our national security interests.

U.S.-Palau Defense Relations

We have growing national security interests and equities in the Western Pacific, a region that is traditionally overlooked and undervalued. Together with the two other Compact States, the Federated States of Micronesia and the Republic of the Marshall Islands, Palau forms part of an important security zone under exclusive U.S. control that spans the entire width of the Pacific when we include Hawaii and the U.S. territories, Guam and the Commonwealth of the Northern Mariana Islands. Palau's location makes it an important part of the U.S. strategic presence

in the Asia-Pacific. The Palau Compact affords us strategic positioning in a country with a unique geopolitical position in the Asia-Pacific. The region's lack of political and security infrastructure has given rise to a trend of growing transnational crime, which underscores the importance of continued DoD engagement in the Western Pacific. With this in mind, the Department seeks to develop creative ways to remain strategically engaged in the region. Recognizing that Palau has no military and only limited law enforcement capabilities and resources, the Department's engagement with Palau primarily focuses on helping them develop maritime security and humanitarian assistance capabilities. First, maritime security has been one of the most fruitful areas of cooperation between our two nations. DoD sends mobile training teams to Palau to help train local security personnel in maritime security-related matters. Palau's Exclusive Economic Zone (EEZ) is part of the Pacific's richest fishing grounds and has traditionally faced serious problems with foreign exploitation of the fishery resources. Large numbers far-ranging fishing vessels from other Pacific nations threaten encroachment. Japan, China, Taiwan, and the United States participate in a highly competitive multi-million dollar tuna industry. The Department is currently reviewing ways to use existing DoD assets and cooperative mechanisms to enhance maritime domain awareness in the region.

To combat illegal fishing, the U.S. Coast Guard has entered into a shiprider agreement with Palau, which enables Palauan security officials to embark on transiting U.S. Coast Guard vessels to conduct maritime patrol of its enormous, under-patrolled EEZ. This kind of shiprider agreement allows the U.S. Coast Guard to play a more active role in developing partner law enforcement capacity of the island States. In addition, we are cooperating with Japan, Australia, Palau, the Marshall Islands, and Micronesia to bring to fruition the Sasakawa Peace Foundation's \$10 million initiative to support maritime surveillance in all three Compact States. Second, the Department's humanitarian programs have been very well-received in island communities. These programs primarily focus on the removal of explosive remnants of war from the World War II era, humanitarian projects, and prisoner of war/missing in action operations. DoD's 12-person Civic Action Team maintains a rotational presence in Palau, conducting small- to medium-scale humanitarian and civic action projects in the health, education, and infrastructure areas. Especially notable are the large-scale, multinational, pre-planned humanitarian missions, the U.S. Air Force's Pacific Angel and U.S. Navy's Pacific Partnership, which include medical and engineering projects in remote regions that are conducted in close coordination with local communities. In the summer of 2010, more than 1,900 Palauans were treated, 14 community service projects were completed, and more than 1,000 man hours spent across the three

states of Koror, Peleliu and Angaur when USS BLUE RIDGE (LCC-19) stopped in Palau as part of Pacific Partnership 2010. Also, the longest running humanitarian campaign in the world, Operation Christmas Drop, which provides air-dropped supplies to the people of the remote Micronesian islands each December, celebrated its 58th anniversary in December 2010 and continues annually to assist the remote islands of Palau. These humanitarian missions are evidence that the Department's engagement in Palau extends well beyond traditional security parameters.

Conclusion

U.S. power projection in the Asia-Pacific region will continue to be important to our national security interests. The U.S.-Palau Compact is a strategic asset for U.S. presence in the Western Pacific, an increasingly important region. Loss of the defense rights and exclusive access granted to the United States under the Compact would adversely affect U.S. national security. Our relationship with Palau is unique and reliable.