

“National Security Implications of the Compacts of Free Association”
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U.S. House Committee on Natural Resources, Indo-Pacific Task Force
July 18, 2023

Introduction

Chair Radewagen, Chair Sablan, distinguished Members of the Committee Taskforce, my name is Dr. Siddharth Mohandas and I serve as the Deputy Assistant Secretary of Defense for East Asia. I am pleased to be here today alongside my colleagues, Special Presidential Envoy for Compact Negotiations, Ambassador Joe Yun, and Ambassador Carmen Cantor, Assistant Secretary of the Interior for Insular and International Affairs. I thank you for the opportunity to testify before you about the strategic importance of the Compacts of Free Association to U.S. national security interests.

Shared Values, Interests, and History

The United States is an Indo-Pacific nation with deep links with our partners in the Pacific Islands region. We share a unique and special relationship with this critical crossroads in the Indo-Pacific region. Forged on the World War II Pacific campaign battlefields of Guadalcanal, Tarawa, and Peleliu, we share a history of service and sacrifice. Today, our peoples value democracy, freedom, and human rights. We share the same profound concerns over the existential threat from climate change and seek opportunities to build prosperous and healthy societies. The United States recognizes that geography links the Pacific’s future to our own: U.S. prosperity and security depend on the Pacific Islands region remaining free and open.

The Compacts’ renewal comes at a time of unprecedented U.S. commitment to the Pacific Islands. In September of last year, the Biden Administration released the first-ever Pacific Partnership Strategy, which prioritizes broader and deeper engagement with the Pacific Islands and identifies successful conclusion of Compact negotiations as a key objective. It emphasizes the importance of fulfilling our historical commitments and strengthening our enduring relationships with the Pacific Islands region, including our special relationships with the Freely Associated States. We are implementing this strategy alongside our Allies and partners, including through the Partners in the Blue Pacific (PBP) initiative with Australia, Canada, Japan, New Zealand, and the United Kingdom. The PBP initiative builds on those countries’ longstanding commitment to the region and shared determination to support a region that benefits the peoples of the Pacific. The PBP is executed according to principles of Pacific regionalism, sovereignty, transparency, and accountability, and, most importantly, is led and guided by the Pacific Islands.

The foundation of the United States’ engagement in the Pacific Islands region is the strong ties between the United States and the Pacific Islands, individually and collectively. As we engage and partner with Palau, Micronesia, and the Marshall Islands, the Compacts of Free Association communicate our long-term commitment to our Pacific Islands partners.

Another unique aspect of our relationship with the Freely Associated States is their commitment and service in the U.S. military. Citizens of Palau, Micronesia, and the Marshall Islands have a

long and proud history of service in all branches of the U.S. Armed Forces – often higher enlistment per capita than many U.S. states. They’ve fought in our ranks in Vietnam, Iraq, and Afghanistan. The Department of Defense will be forever grateful for their service.

Strategic Environment

It is impossible to discuss the national security importance of the Compacts without first understanding the strategic environment. The most comprehensive and serious challenge to U.S. national security, as identified by the Department’s 2022 National Defense Strategy, is the Peoples Republic of China’s coercive and increasingly aggressive effort to change the status quo of the Indo-Pacific region and the international system to align with its interests. The PRC seeks to challenge U.S. alliances and partnerships in the Indo-Pacific, and leverage its growing capabilities, including its economic influence, to coerce its neighbors and threaten their interests. The PRC has also expanded and modernized nearly every aspect of the People’s Liberation Army, with a focus on offsetting U.S. military advantages. As the National Defense Strategy states, the PRC is the pacing challenge for the Department.

The PRC is the only competitor with both the intent—and increasingly the capability—to systemically challenge the United States’ vision of a free and open Indo-Pacific across the board – militarily, economically, technologically, and diplomatically. The PRC is also seeking to expand its influence in the Freely Associated States and is increasing its coercive activities throughout the Pacific Islands region. From illegal, unreported, and unregulated (IUU) fishing to coercion aimed at sovereign nations that have diplomatic ties with Taiwan instead of the PRC, the PRC’s provocative behavior appears focused on eroding the U.S. strategic partnership with the Freely Associated States.

The Compacts of Free Association are an important signal to both our partners and our competitors that the U.S. commitment to the Freely Associated States is iron-clad.

Compacts of Free Association (COFA)

The Compacts of Free Association with the Freely Associated States facilitate an unprecedented strategic partnership with our Palauan, Micronesian, and Marshallese partners. The Compacts of Free Association demonstrate our long-term commitment to our Pacific Island partners and they are an unparalleled pact for the Department, providing value across three priority areas.

First, assured access under the Compacts provides locations for bilateral and multilateral training, exercises, and force posture. The assured access guaranteed by the Compact Agreements protects strategic approaches to the United States, allows for a key area for access to enable responses to humanitarian assistance and disaster relief efforts, and enables United States’ power projection in a conflict. The FAS have previously hosted exercises including KOA MOANA, COPE NORTH, and PACIFIC PARTNERSHIP, which support the readiness of the joint force and often provide opportunities for U.S. forces to exercise alongside allies and partners—including critical Allies like Australia and Japan—enhancing our comprehensive engagement in the FAS.

For example, throughout the summer in 2023, the United States will have over 100 U.S. service members in FSM participating in activities ranging from U.S. Navy Seabees providing civil construction and engineering support to U.S. Marines from the 1st Marine Expeditionary Force participating in KOA MOANA for small scale construction, medical, communications, and community engagement projects. Additionally, earlier this year, in support of exercise COPE NORTH 23, Pacific Air Forces spent time in Koror to present Palau's support to multinational forces, enabling intelligence surveillance, reconnaissance, and tactical airlift operations. The exercise aimed to further integrate the contributions of allies and partners to enhance security and stability to maintain a free and open Indo-Pacific region. COPE NORTH 23 operations were also held in Guam, the Commonwealth of the Northern Mariana Islands, Japan, and FSM, and it included air forces from Australia, Japan, and the United States. Of note, the exercise concluded with a humanitarian/disaster relief event that reinforced the militaries' combined ability to support response to any type of disaster in the Indo-Pacific region, including the Commonwealth of the Northern Mariana Islands, the Republic of Palau, and the FSM. In January 2024, the USNS MERCY Hospital Ship, along with more than 600 military and civilian personnel, will visit the FSM through the Pacific Partnership, providing medical services to FSM citizens. The Pacific Partnership began in response to the December 2004 tsunami that devastated parts of South and Southeast Asia, and it is the largest multinational humanitarian assistance and disaster relief preparedness mission conducted in the Indo-Pacific. The Pacific Partnership hosted activities in the Republic of the Marshall Islands in 2019, and then in Palau in 2022. U.S. military personnel are joined by other nations' militaries including Australia, Canada, Japan, and the United Kingdom.

Beyond exercises, the Compacts enable key defense posture initiatives in the Indo-Pacific region. The Republic of the Marshall Islands hosts the Ronald Reagan Ballistic Missile Defense Test Site at U.S. Army Garrison - Kwajalein Atoll. The site conducts regular space operations to provide space situational awareness and the protection of key space assets supporting three Geographic Combatant Commands. It is ideally located for observation of foreign missile launches and facilitates advanced technology testing to provide the Department of Defense a cutting-edge advantage. Future cooperation with the Federated States of Micronesia will facilitate Agile Combat Employment (ACE) for the U.S. Air Force. The highly anticipated Tactical Multi-Mission Over-the-Horizon Radar (TACMOR) in Palau will provide the Department of Defense an unprecedented level of situational awareness of the maritime domain in the Indo-Pacific region. Failure to enact implementing legislation for the new Compacts would complicate sensitive ongoing conversations regarding future such defense sites.

Second, the Compacts provide for a mutual commitment between the United States and the FAS. The Compacts provide strategic denial rights for the FAS, enabling the United States to deny adversaries and third parties access to the territory, airspace, and territorial waters of the FAS, which is coupled with the United States' significant role as the defense force for the FAS. In an era of intensifying geopolitical competition, this mutual commitment is vital to U.S. national security interests and demonstrates that the United States and the FAS are bound together as allies.

While the PRC seeks to expand its influence in the FAS and is increasing its coercive activity throughout the Pacific Islands region, the United States must fulfill its commitment to the FAS. Economics and national security are intrinsically linked; the economic assistance provisions in the Compacts work to combat PRC economic coercion and therefore reinforce the security provisions of the Compacts.

Successful conclusion of the Compact-related agreements will allow the Department to continue to bolster our strategic partnerships with Palau, the Federated States of Micronesia, and the Republic of the Marshall Islands, enabling the United States to continue to demonstrate and exercise its unique defense relationship with the FAS.

Security Cooperation and Future Opportunities

U.S. security cooperation operations, activities, and investments in the Freely Associated States are mutually beneficial and advance strategic partnerships with each of our partners. From routine exercises to strengthen U.S. readiness to subject-matter expert exchanges to address shared challenges such as climate resiliency and maritime law enforcement, we are deeply engaged with our partners in Palau, Micronesia, and the Marshall Islands. Each of our partners' economies are threatened by the impact of illegal, unregulated, and unreported fishing in their waters. To address this, the Department of Defense budgeted and began implementing \$24M of International Security Cooperation Program funding (ISCP), under section 333 of title 10, U.S. Code, for Building Partner Capacity activities and is projected to commit more ISCP funds in future years to address maritime capacity building with each of the Freely Associated States.

One of our most enduring security cooperation programs is our Civic Action Team (CAT) in Palau. For the past fifty years, rotational detachments of engineers and medical teams have promoted people-to-people ties through community relations programs. The tri-service deployments of small teams to Palau facilitate larger rotational force rotations associated with joint and service exercises in Palau.

The Pacific Islands region also presents opportunities for increased cooperation with our closest allies and partners. Australia, New Zealand, Japan, France, and others all share our interest in the region's strategic importance, and we will find ways to leverage our comparative advantages to further strengthen our capacity building activities in the region.

For example, in 2020, the United States, Australia, and Japan partnered to finance a \$30M undersea cable project for Palau. The Coral Sea Cable minimizes the risk of espionage and telecommunications interceptions by Chinese adversaries. This unique and multilateral approach will promote secure and reliable communications for our Palauan partners. Additionally, Australia has committed to provide patrol boats, supported by a regional surveillance capability and infrastructure upgrades to the FAS through their bilateral Pacific Maritime Security Program (PMSP). Japan has also assisted with donation of equipment, in addition to involving itself in construction of the Maritime Coordination Center in Palau. With our partners providing high-quality patrol boats, U.S. cooperation with the FAS focuses on the other aspects of maritime capacity-building such as training, infrastructure, and intelligence, surveillance, and

reconnaissance (ISR). This demonstrates a collaborative and needs-based approach to security cooperation with our partners in the Pacific Islands region.

Conclusion

Chair Radewagen, Chair Sablan, distinguished Members of the Committee Taskforce, and colleagues. Thank you again for the opportunity today to testify before you today about the strategic importance the Freely Associated States and the COFA-enabled strategic partnerships to U.S. national security. I will be happy to answer your questions.