

**Statement of Frankie Reed
Deputy Assistant Secretary
Bureau of East Asian and Pacific Affairs
Department of State**

Before the

**House Foreign Affairs Committee
Subcommittee on Asia, the Pacific, and the Global Environment**

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**Oversight on the Compact of Free Association with the
Republic of the Marshall Islands**

Mr. Chairman and Members of the Committee, I am honored to appear before you today to testify on our relationship with the Republic of the Marshall Islands.

The United States and the Marshall Islands have a close and special relationship dating back to shortly after the end of the Second World War, when the Marshall Islands became part of the U.N. Trust Territory of the Pacific Islands under the administration of the United States. In 1986, the Republic of the Marshall Islands (RMI) gained full independence and entered into a Compact of Free Association with the United States. The Compact, which was amended in 2003, provides the framework for much of our bilateral relations, and its provisions ensure the security of the Marshall Islands and contribute to the security of the United States.

Since achieving independence, the Republic of the Marshall Islands has developed its own style of democracy and has proved itself a steadfast friend and supporter of the United States. Its government has an excellent voting affinity with the United States in the United Nations and shares our positions on other important international issues. Many Marshallese citizens serve bravely in American military units conducting operations in Afghanistan, Iraq, and elsewhere. In December 2008, U.S. Army Staff Sgt. Solomon T. Sam, a young Marshallese serving in Mosul, Iraq, was killed from wounds sustained from an improvised explosive device. We salute all of these Marshallese servicemembers' and their families' heroism and sacrifice for the cause of building a more secure world.

The Marshall Islands is host to some 2,000 Americans who work along with about 900 Marshallese at the strategically important U.S. Army Ronald Reagan Ballistic Missile Defense Test Site at Kwajalein Atoll. Known as USAKA, the base is the second largest employer in the Marshall Islands after the RMI government. The combination of payroll taxes paid by Marshallese, American contract employees, and other workers, plus other fees, account for around 25 percent of the Marshall Islands' total revenue collections each year. USAKA also engages in regular humanitarian and development projects on Kwajalein Atoll.

The United States and the Marshall Islands also have an important economic relationship. The United States is the Marshall Islands' largest trading partner. Under the Compact as amended, the United States provides over \$60 million in aid to the Marshall Islands annually. U.S. federal agencies operate 22 different government programs in the Marshall Islands. We at the Department of State work closely with all these agencies, but we have a special working relationship with our colleagues at the Department of the Interior's Office of Insular Affairs, which has primary responsibility for implementing the Compact's economic provisions, to ensure that assistance efforts are appropriately coordinated and implemented with transparency and accountability.

The amended Compact includes a trust fund mechanism that will serve as a resource base to the Marshall Islands after annual grant assistance expires in 2023. One of our greatest challenges in our relationship is to promote economic development that will contribute to the long-term financial self-sufficiency of the Marshall Islands.

We enjoy a unique and positive relationship with the Marshall Islands, and we are working to ensure that the interests of the U.S. government as well as those expressed by the Marshallese government and its people continue to be reflected in our interactions. Additionally, I believe that coordination between the U.S. executive and legislative branches is important to this endeavor, and I am grateful for this opportunity to testify before you today. I would be glad to respond to any questions you may have.