

**Joint Communiqué on the Signing of Documents
Amending Certain Provisions of the Compact of Free Association
Between the Federated States of Micronesia and
The United States of America**

May 13, 2003

Kolonia, Pohnpei, Federated States of Micronesia

Representatives of the governments of the United States of America and the Federated States of Micronesia (FSM) met in Palikir, the Federated States of Micronesia, on May 13, 2003, to sign the Compact of Free Association, as amended. The Compact includes key amendments to Title Two that pertain to future economic assistance and the establishment of a trust fund, to Title One regarding several issues including immigration, to Title Three (defense), and to Title Four (administration).

The document solidifies the relationship of Free Association between the Federated States of Micronesia and the United States of America and incorporates new advances in that relationship.

- It provides for grant assistance for the next twenty years.
- It provides for a trust fund that will grow over the next twenty years and beginning in Fiscal Year 2024, when direct U.S. grant assistance ends, will provide an ongoing source of revenue.
- It identifies the mutually agreed priorities for grant assistance to the Federated States of Micronesia. These needs are in the sectors of education, health care, infrastructure, private sector development, environmental protection, and capacity building.
- It provides for the continuation of U.S. Federal programs and services for the benefit of the citizens of the FSM.
- It provides for a Joint (U.S. and FSM) Committee on Economic Management (JEMCO) that will ensure the effective management of Compact grant assistance.
- It creates a Joint Trust Fund Committee that oversees investment of the trust fund and manages the use of trust fund income after Fiscal Year 2023.

These two committees will bring together U.S. and FSM representatives on a regular basis to address joint priorities and issues. As a result, these joint committees will usher in a new period of enhanced cooperation, oversight, and accountability for the two nations -- and chart a course toward greater budgetary self-reliance for the Federated States of Micronesia.

Title Three of the Compact establishes the defense and security relationship between the Federated States of Micronesia and the United States of America. The amended Title Three signed today maintains this close security relationship virtually unchanged.

The United States retains the responsibility to defend the FSM as it would U.S. territory -- a defense commitment the United States makes to no other foreign country outside the Freely Associated States. The important provisions permitting the United States to deny military basing rights in the FSM to any third party, and its right to exercise a defense veto should its ability to meet its responsibility to defend the FSM be threatened, are reaffirmed.

U.S. Ambassador Larry Dinger stated: "Many citizens of the Federated States of Micronesia serve in the U.S. Armed Forces. They have been on the ground in Iraq and contributed to the allied victory there. The United States notes with pride the FSM participation in the allied coalition and in the international war on terror. Those contributions are greatly appreciated."

The Compact, as amended, also:

- Preserves the right of FSM citizens to be admitted to and reside in the United States as nonimmigrants without the need for a visa, and makes explicit the sovereign right of the Government of the United States to regulate the terms and conditions of admission of FSM citizens within the United States.
- Addresses United States homeland security issues, including concerns regarding the sale of passports, but also adds important benefits for FSM citizens, including exemption from the requirement to obtain an Employment

Authorization Document in order to work in the United States.

- Protects FSM citizens who are coming to the United States pursuant to an adoption or for the purpose of adoption, as well as those who are coming to the United States under arrangements made with labor recruiters.
- Provides protections to FSM citizens who reside in the United States and to United States citizens who live in the FSM.

During the past seventeen years, the U.S. and FSM have successfully implemented a transition from Trust Territory Administration to stable, self-governing democracy in the Federated States of Micronesia. Over this period, there have been many successes and a few failures. The FSM now faces critical challenges related to the continued adjustment toward increased budgetary self-reliance. The Federated States of Micronesia has pledged to work with the United States to ensure that future U.S. assistance will be used effectively to meet the objectives of Title Two of the Compact: "to assist the Federated States of Micronesia in its efforts to promote the economic advancement, budgetary self-reliance, and economic self-sufficiency of its people."

The seventeen years of the Compact have been successful in transforming the relationship between our two nations from one of trust Administrator and ward to being one of a very close bilateral relationship and staunchest of friends in the world community, including the United Nations. These achievements are solid and lasting, and we can both be rightly proud of them.

US Ambassador Larry Dinger stated: "We note with pride and appreciation the commitment of the FSM to the international war on terror, and thank our partner in free association for the contributions of its sons and daughters in Iraq and other parts of the world."

In addition, both sides signed subsidiary agreements on Labor Recruitment, Mutual Assistance in Law Enforcement, Military Use and Operating Rights, Status of Forces, Fiscal Procedures and a Trust Fund Agreement, Federal Aviation Administration, Telecommunications, Federal Deposit Insurance Corporation, National Weather Service, Postal Service, and Federal Programs and Services.

In conclusion, the governments of the United States and the Federated States of Micronesia will now convey this signed document to their respective legislatures, and will work together toward its prompt approval.