

**Office of the Secretary  
FOR IMMEDIATE RELEASE CONTACT: Keith Parsky  
December 18, 2003 202-208-4070**

**Marshall Islands and Micronesia:**

**Secretary Norton Applauds President's Signing of Compact Legislation**

WASHINGTON--Secretary of the Interior Gale Norton today praised President George W. Bush's signing yesterday of legislation to approve amendments to the Compacts of Free Association with the Republic of the Marshall Islands and the Federated States of Micronesia. The legislation provides approximately \$3.5 billion over the next 20 years to the two Central Pacific nations, as well as \$600 million of "Compact Impact" aid over that same period to Hawaii, Guam and the Commonwealth of the Northern Mariana Islands.

"We look forward to the continued strengthening of our partnership with the islands," said Norton, whose department will be responsible for providing and administering the financial assistance under the revised Compacts. "The Compact negotiators from all three nations, including the U.S. delegation led by the State Department, did an excellent job of designing a program that's flexible enough to adapt to challenges that we may face in the future. I'm particularly pleased that the amended Compacts will result in all three nations working together to improve accountability for Compact funds. All three governments have a common duty to the people of the islands and to the American taxpayer to ensure that these funds are spent as effectively as possible."

Secretary Norton also praised the "Compact Impact" provisions that will help Hawaii, Guam and the Northern Mariana Islands deal with the cost of migration from the Marshall Islands, the Federated States of Micronesia and Palau under their respective Compacts. "The right to migrate to the United States is an essential right under the Compacts, and our Pacific basin jurisdictions have had to absorb the cost of providing education, health care and social services to large number of people who have exercised this right," said Norton. "We are now making an unprecedented commitment to address this issue."

What is now the Republic of the Marshall Islands and the Federated States of Micronesia was the former Trust Territory of the Pacific Islands, which was administered by the United States from 1947 through 1986. The Department of the Interior assumed administrative authority for the Trust Territory from the Navy in 1951. When the Marshall Islands and the Federated States of Micronesia gained their independence in 1986, the new nations negotiated a special status in which they became "freely associated" with the United States.

The hallmarks of that special status, documented in the original Compact of Free Association, included the right of the citizens of the new “freely associated states” to travel to the United States without visas and the right of the United States to exclude any foreign power from having a military presence in the region. The original Compact also provided for a comprehensive, 15-year financial aid package that was designed to help the former territories develop into full nationhood. Palau, which was also part of the former Trust Territory, became independent and freely associated with the U.S. through a Compact that went into effect in 1994.

The original financial assistance package under the Compact was to expire in 2001, but was extended for two years pending the negotiation of a new package. The new deal continues financial assistance for 20 years and focuses U.S. financial assistance on the high priority areas of health, education, the environment, private sector development, public infrastructure and public sector capacity building. The amended Compact also provides for the United States and the freely associated states to contribute to trust funds, the income from which is intended to replace grants from the United States after 20 years. On a parallel track, the United States and the Marshall Islands have negotiated a 50-year extension, to 2066, of the U.S. right to use Kwajalein Atoll for missile defense tests and other military purposes.

The Department of the Interior’s Office of Insular Affairs opened an office in Honolulu, Hawaii to monitor financial assistance under the Compacts. The Honolulu-based staff, along with personnel to be based in the freely associated states, will be responsible for the day-to-day monitoring of grant assistance under the Compact and will spend a large percentage of time traveling through the region. The Honolulu personnel will also provide expertise and professional support to the bilateral joint committees created under the amended Compacts to establish budgets for Compact funds, to apply performance measures and standards to Compact grants and to oversee the trust funds that will be established under the Compacts.