Ratifying the Compact of Free Association and its related agreements with the changes proposed by the U.S. Government in U.S. Public Law 99-239, subject to certain understandings, interpretations and policy statements of the Government of the Federated States of Micronesia; urgently requesting the U.S. Congress to continue U.S. post-secondary education assistance programs during the Compact period; authorizing the President to agree to an effective date for the Compact subject to certain conditions; authorizing the President to negotiate the additional agreements provided for in U.S. Public Law 99-239; approving the division of Compact section 216 funds between the Federated States of Micronesia and the Marshall Islands; approving the Internal Budget and Finance Procedures Agreement and the Memorandum of Understanding on the Division of Compact Grant Assistance; and authorizing the President to negotiate such amendments to the Memorandum of Understanding as may be necessary for the administration and division of the grants to be provided under sections 105(1)(2) and 111(b) of U.S. Public Law 99-239.

WHEREAS, on October 1, 1982, the Government of the
1 Federated States of Micronesia and the Government of the United
2 States of America executed a Compact of Free Association, eight
3 related agreements, and one other agreement; and
4 WHEREAS, on June 15, 1983 and June 16, 1983, respectively,
5 the Government of the Federated States of Micronesia and the
6 Government of the United States of America executed an
7 additional related agreement to the Compact of Free Association
8 entitled the "Agreement Concerning Procedures for the
9 Implementation of United States Economic Assistance, Programs
10 and Services Provided in the Compact of Free Association";
11 and
12 WHEREAS, section 411 of the Compact of Free Association
13 provides that the Compact shall come into effect upon mutual
14 agreement between the Government of the Federated States of
15 Micronesia and the Government of the United States of America,
16 subsequent to the approval by the citizens of the Federated
17 States of Micronesia of their future political status in a
18 plebiscite, approval of the Compact by the Government of the
19 Federated States of Micronesia in accordance with its
20 constitutional processes, and approval of the Compact by the
21 Government of the United States of America in accordance with
22 its constitutional processes; and
23 WHEREAS, on June 21, 1983, a majority of the citizens of
24 the Federated States of Micronesia participating in a plebiscite
on future political status observed by the United Nations voted
to approve the Compact of Free Association and other agreements;
and

WHEREAS, the Compact of Free Association and other
agreements were subsequently approved by a majority of the
legislatures of two-thirds of the States of the Federated States
of Micronesia, in accordance with section 4 of article IX of the
Constitution of the Federated States of Micronesia; and

WHEREAS, on September 2, 1983, the Third Congress of the
Federated States of Micronesia, First Special Session, 1983,
adopted FSM Congressional Resolution No. 3-78, ratifying the
Compact of Free Association and other agreements, in accordance
with sections 2(b) and 4 of article IX of the Constitution of
the Federated States of Micronesia; and

WHEREAS, on September 9, 1983, the President of the
Federated States of Micronesia notified the President of the
United States of America that the Federated States of
Micronesia's review and approval process regarding the Compact
and other agreements had been completed; and

WHEREAS, on December 11, 1985 and December 13, 1985,
respectively, the U.S. House of Representatives and the United
States Senate adopted House Joint Resolution 187, approving the
Compact of Free Association and containing a number of
reservations and United States understandings, interpretations
and policy statements relating to the Compact as well as
provisions relating to internal U.S. Government procedures and organization for implementing the Compact; and

WHEREAS, on January 14, 1986, the President of the United States signed House Joint Resolution 187 (U.S. Public Law 99-239); and

WHEREAS, U.S. Public Law 99-239 provides for several proposed changes to the Compact of Free Association and its related agreements; and

WHEREAS, on January 30, 1986, the U.S. President's Personal Representative for Micronesian Status Negotiations formally transmitted U.S. Public Law 99-239 to the Government of the Federated States of Micronesia for its consideration and a determination as to the acceptability or unacceptability of the changes to the Compact of Free Association proposed by the Government of the United States of America in such law; and

WHEREAS, at least three of the four State legislatures of the Federated States of Micronesia have passed resolutions indicating their acceptance of the changes proposed to the Compact of Free Association and its related agreements by the Government of the United States of America in U.S. Public Law 99-239; and

WHEREAS, the Congress of the Federated States of Micronesia finds that the provisions of U.S. Public Law 99-239 do not violate the four basic principles enunciated by Micronesian negotiators for free association with the United
States, as contained in the Compact of Free Association
originally negotiated and approved, i.e.:
(a) That sovereignty in Micronesia resides in the
people of Micronesia and their duly constituted government;
(b) That the people of Micronesia possess the right
of self-determination and may therefore choose independence or
self-government in free association with any nation or
organization of nations;
(c) That the people of Micronesia have the right to
adopt their own constitution and to amend, change or revoke any
constitution or governmental plan at any time; and
(d) That free association should be in the form of a
revocable compact, terminable unilaterally by either party; and
WHEREAS, the Compact of Free Association recognizes that
the people of the Federated States of Micronesia, acting through
their constitutional governments, have and retain their
sovereignty and sovereign right to self-determination; and
WHEREAS, the Compact of Free Association recognizes that
the Federated States of Micronesia is self-governing under its
Constitution and retains full control over its domestic and
foreign affairs, subject only to a delegation of authority and
responsibility for security and defense to the Government of the
United States of America, which authority and responsibility is
to be exercised on behalf of and in the best interests of the
people of the Federated States of Micronesia and in consultation

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with, and with due respect for the authority and responsibility
of, the Government of the Federated States of Micronesia; and

WHEREAS, the Congress of the Federated States of
Micronesia has determined that an additional plebiscite is
unnecessary, the provisions of U.S. Public Law 99-239 not having
affected the basic concepts of free association as approved by
the people of the Federated States of Micronesia in the June 21,
1983 plebiscite or their free and voluntary act of
self-determination regarding their future political status; and

WHEREAS, the Compact of Free Association will form the
basis for termination of the 1947 United Nation's Trusteeship
Agreement for the Former Japanese Mandated Islands; now,
therefore,

BE IT RESOLVED by the Fourth Congress of the Federated
States of Micronesia, Second Special Session, 1986, that the
Compact of Free Association and its related agreements with the
changes proposed by the Government of the United States of
America in U.S. Public Law 99-239 are hereby ratified, subject
to the following understandings, interpretations, and policy
statements:

(1) U.S. grant assistance. In ratifying the Compact
of Free Association and its related agreements, the Congress of
the Federated States of Micronesia explicitly expresses the
following understandings in relation to the grant assistance to
be provided under the Compact:
a) The Federated States of Micronesia has full authority and responsibility for determining priorities for the use of grant assistance to be provided under the Compact, subject only to the terms and conditions of the Compact. The terms and conditions of grant assistance to be provided under sections 211(a), 212, 213(b), 214(b), 215, 216, 217 and 221(b) of the Compact are set forth fully in the Compact and its related agreements. No additional terms, conditions, restrictions, limitations, or requirements will apply to such grant assistance, except by mutual agreement pursuant to section 431 or 432 of the Compact.

(b) The grant assistance to be provided pursuant to section 216(a)(3) of the Compact may be used for the purpose of making grants, loans, or other assistance available to citizens of the Federated States of Micronesia attending post-secondary education institutions in the United States, its territories and possessions, the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau, or for making grants, loans, or other assistance available directly to such institutions to support education and training opportunities for citizens of the Federated States of Micronesia. Post-secondary education institutions in the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau will continue to be eligible for accreditation by post-secondary education accrediting.
organizations in the United States during the term of the Compact. Section 216(a)(3) grants will be transferred to the Federated States of Micronesia in total on the first day of each fiscal year, and will not be deemed to be part of the first quarterly current account allocation.

(c) Notwithstanding that section 236 of the Compact does not apply to the grant assistance to be provided pursuant to section 221(b) of the Compact, the U.S. Government has a legal obligation to pay the full amount of such grant assistance. The Congress of the Federated States of Micronesia expresses the intention of the Government of the Federated States of Micronesia to view any failure by the U.S. Government to make available the full amount of such grant assistance as a material breach of the Compact. Section 221(b) grant assistance will continue to be made available until the Compact is terminated, and, if the Compact is terminated pursuant to section 442 of the Compact, such grant assistance will be made available until at least the fifteenth anniversary of the effective date of the Compact.

(2) Economic development plan review process. In ratifying the Compact of Free Association and its related agreements, the Congress of the Federated States of Micronesia explicitly expresses the following understandings in relation to the official overall economic development plans to be submitted pursuant to section 211(b) of the Compact and in relation to
section 102(b) of U.S. Public Law 99-239:

(a) The official overall economic development plans will identify, on a planning basis, the annual expenditure of the grant amounts specified for the capital account in section 211(a) of the Compact. The plans will portray the relationship of current account expenditures for operations and maintenance to the Federated States of Micronesia's development program, but are not required to provide detailed specification of annual current account expenditures.

(c) Amendments to the official overall economic development plans will be identified in the annual reports to be submitted pursuant to section 211(c) of the Compact. Such amendments are not subject to United States concurrence.

(c) The Government of the United States of America will review each plan in order to ascertain reasonable compliance with the general plan requirements specified in the Compact and its related agreements, to assist the Federated States of Micronesia in evaluating appropriate goals and objectives for the plan period, and to determine what types of U.S. financial and technical assistance can be made available to assist the Federated States of Micronesia in implementing the plan. The Government of the Federated States of Micronesia will be given an adequate opportunity to review and comment on the findings of the President of the United States of America under sections 102(b)(3) and (4) of U.S. Public Law 99-239.
(d) The Government of the United States of America is not authorized to withhold Compact grant assistance pending its concurrence with the official overall economic development plans submitted pursuant to section 211(b) of the Compact. Should the Government of the United States of America determine that a plan submitted pursuant to section 211(b) of the Compact does not comply with the requirements specified in the Compact and its related agreements, the Government of the United States of America may refer such matter to the conference and dispute resolution procedures under article II of title four of the Compact. Specific projects and programs in the official overall economic development plans are not subject to deletion, addition, revision, or mandatory implementation as a condition for United States concurrence.

(3) Fiscal procedures agreement. In ratifying the Compact of Free Association and its related agreements, the Congress of the Federated States of Micronesia specifically notes that the "Agreement Concerning Procedures for Implementation of United States Economic Assistance, Programs and Services Provided in the Compact of Free Association" was executed by the duly authorized representative of the Government of the United States of America on June 16, 1983, prior to the plebiscite and constitutional approval process in the Federated States of Micronesia. The Congress of the Federated States of Micronesia further notes that such agreement is a related...
agreement to the Compact of Free Association and is deemed by
the Government of the Federated States of Micronesia to be a
fundamental part of the Compact. Should the Government of
the United States of America fail to implement such agreement,
in whole or in part and with particular reference to the
drawdown procedures and schedules specified in sections 2 and 3
of article II of such agreement, the Congress of the Federated
States of Micronesia expresses the intention of the Government
of the Federated States of Micronesia to view such action as a
material breach of the Compact. The Congress of the Federated
States of Micronesia further explicitly expresses its
understanding that any disputes regarding implementation of such
agreement will be governed by article II of title four of the
Compact.

(4) Immigration. In ratifying the Compact of Free
Association and its related agreements, the Congress of the
Federated States of Micronesia explicitly expresses the
following understandings in relation to sections 141 through 143
of the Compact of Free Association and section 104(b) of U.S.
Public Law 99-239:

(a) The United States Government, on or prior to
the effective date of the Compact, will implement procedures to
afford citizens of the Federated States of Micronesia expedited
entry into United States territory in a manner similar to that
afforded to citizens of U.S. territories and possessions.
(b) In the event that a citizen of the Federated States of Micronesia is denied permission to enter into, lawfully engage in occupations, or establish residence in the United States or its territories or possessions either pursuant to sections 141 through 143 of the Compact or section 104(b) of U.S. Public Law 99-239, the Government of the Federated States of Micronesia reserves the right to refer such matter to the conference and dispute resolution procedures of article II of title four of the Compact.

(c) Nothing in the Compact, its related agreements, U.S. Public Law 99-239, or this resolution shall be construed or interpreted as relieving a citizen or national of the United States from compliance with worker protection and foreign investment laws of the Federated States of Micronesia.

(5) Exclusive economic zone. In clarification of title one, article II, section 121(b)(1) of the Compact and section 104(f) of U.S. Public Law 99-239:

(a) Section 121(b)(1) recognizes the right of the Government of the Federated States of Micronesia to regulate and manage the harvestation, exploration or exploitation of living and non-living resources from the sea, seabed, or subsoil to the full extent recognized under international law. Pursuant to its Constitution and in accordance with international law, the Federated States of Micronesia has declared an extended fishery zone of 200 miles measured outward from appropriate baselines to
regulate and manage all living resources of the sea, including tuna, for the benefit of the people of the Federated States of Micronesia and the Pacific region.

(b) Nothing in the Compact, its related agreements, U.S. Public Law 99-239, or this resolution shall be construed or interpreted as affecting the right of the Federated States of Micronesia to continue to regulate and manage living (including tuna) and non-living resources of the sea, seabed, or subsoil within its extended fishery zone; nor as recognition by the Federated States of Micronesia of United States policy regarding highly migratory species of fish found outside of a nation's 12-mile territorial sea; nor as granting access to the Federated States of Micronesia's extended fishery zone by U.S. tuna vessels; nor as limiting, in any way, application of FSM law and policy regarding the conservation and management of tuna.

(c) It is the policy of the Government of the Federated States of Micronesia to fully enforce its fishery conservation and management laws and other applicable laws within its 200-mile extended fishery zone.

(d) It is the understanding of the Congress of the Federated States of Micronesia that section 104(f)(2) of U.S. Public Law 99-239 is a non-binding statement of U.S. policy and does not, directly or indirectly, prohibit the use of grant assistance to be provided under the Compact, including sections 216(a)(1) and (b) of the Compact, for maritime surveillance and...
enforcement against the vessels of any nation while fishing in
the FSM's territorial seas, exclusive fishery zone, or extended
fishery zone in contravention of FSM law.

(e) It is understood that section 104(f)(3) of
U.S. Public Law 99-39 is an internal U.S. Government policy
statement and is not intended to affect the full faith and
credit guarantee of section 236 of the Compact. The Congress of
the Federated States of Micronesia expresses the intention of
the Government of the Federated States of Micronesia to view any
withholding of Compact grant assistance pursuant to such section
as a material breach of the Compact.

(f) The Congress of the Federated States of
Micronesia notes that it is the policy of the Federated States
of Micronesia to allow U.S. tuna vessels access to its extended
fishery zone on fair, equitable, and non-discriminatory terms.
The Congress of the Federated States of Micronesia further notes
that the Government of the Federated States of Micronesia is
committed to the expeditious negotiation and conclusion of a
regional licensing agreement with the U.S. Government for access
by U.S. tuna vessels throughout the region, on fair and
equitable terms. In ratifying the Compact of Free Association
and its related agreements, the Congress of the Federated States
of Micronesia notes that the Government of United States of
America, in section 104(f)(5) of U.S. Public Law 99-239, has
made a commitment to conclude a regional licensing agreement,
and that during the term of such an agreement, the sanctions
specified in the U.S. Magnuson Fishery Conservation and
Management Act and the U.S. Fishermen's Protective Act of 1967
will not apply.

(6) Tax and trade incentive reductions.

(a) It is the sense of the Congress of the
   Federated States of Micronesia that the changes proposed by the
   Government of the United States of America in title IV of U.S.
   Public Law 99-239 to tax and trade incentive provisions of the
   Compact will impact significantly and unnecessarily on the
   ability of the Federated States of Micronesia to achieve
   development and economic self-sufficiency and that these changes
   are not in the best interests of either the Federated States of
   Micronesia or the United States.

(b) In ratifying the Compact of Free Association
   and its related agreements, the Congress of the Federated States
   of Micronesia expresses the following understandings in relation
   to article IV of title two of the Compact, as modified by
   section 401 of U.S. Public Law 99-239:

   (i) Sections 242(2) and (3) of the Compact,
   as modified, provide for certain exclusions from the general
   duty-free treatment that will be afforded to Federated States of
   Micronesia articles imported into the customs territory of the
   United States during the Compact period. Section 242(1) of the
   Compact, as modified, does not authorize the President of the

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United States to exclude additional articles, except by mutual agreement pursuant to sections 431 and 432 of the Compact.

(ii) Section 504(b) of title V of the U.S. Trade Act of 1974 shall not be construed or interpreted as authorizing the President to reduce the quota specified in section 242(2) of the Compact, as modified.

(iii) Section 463(a) of the Compact applies to sections 503(b) and 504(c) of title V of the U.S. Trade Act of 1974 as referenced in section 242 of the Compact, as modified.

(iv) Section 243 of the Compact, as modified, is not intended to prohibit the President of the United States from providing most-favored nation tariff treatment to the Federated States of Micronesia in accordance with the provisions of U.S. law.

(v) Most-favored nation treatment for products of the United States imported into the Federated States of Micronesia as provided for under section 243 of the Compact, as modified, will be accorded only on a reciprocal basis.

(vi) Any tuna caught within the territorial seas, exclusive fishery zone, or extended fishery zone of the Federated States of Micronesia or by vessels owned or operated, in whole or in part, by the Government or citizens of the Federated States of Micronesia shall be considered a material of the Federated States of Micronesia within the meaning of section 503(b) of title V of the U.S. Trade Act of 1974.
(c) In ratifying the Compact of Free Association and its related agreements, the Congress of the Federated States of Micronesia expresses the following understandings in relation to article V of title two of the Compact, as modified by sections 402 through 406 of U.S. Public Law 99-239:

(i) It is the expectation of the Congress of the Federated States of Micronesia that section 254 of the Compact, as modified by section 403(1) of U.S. Public Law 99-239, will be interpreted as affording residents of the Federated States of Micronesia the same tax treatment as is afforded residents of the U.S. possessions under section 931 of the U.S. Internal Revenue Code of 1954.

(ii) If sections 901, 911, or 931 of the U.S. Internal Revenue Code of 1954, as in effect on January 14, 1986, are amended during the Compact period, so as to reduce the tax incentives extended to the Federated States of Micronesia, it is the expectation of the Congress of the Federated States of Micronesia that the Government of the United States of America will provide the Federated States of Micronesia with substantially equivalent benefits.

(iii) The Government of the United States of America will negotiate the agreement required by section 404 of the Compact, as modified, in good faith and in a timely manner.

(d) The Congress of the Federated States of Micronesia expresses the intention of the Government of the
Federated States of Micronesia to view any failure by the
President of the United States to proclaim the tariff treatment
specified in sections 242 and 243 of the Compact, as modified,
on or prior to the effective date of the Compact, or any failure
of the United States Government to provide substantially
equivalent benefit under section 255(c) of the Compact, as
modified, or any failure of the Government of the United States
of America to negotiate the agreement required by section 404 of
the Compact, as modified, in good faith and in a timely manner,
as a material breach of the Compact.

(7) Compensatory adjustments.

(a) It is the sense of the Congress of the
Federated States of Micronesia that the compensatory adjustments
provided for in section 111 of U.S. Public Law 99-239 are less
than equivalent replacements for the tax and trade incentives
lost as a result of the proposed changes to the Compact of Free
Association contained in title IV of U.S. Public Law 99-239.

(b) In ratifying the Compact of Free Association
and its related agreements, the Congress of the Federated States
of Micronesia expresses the following understandings in relation
to section 111 of U.S. Public Law 99-239:

(i) In view of the nature of the tax and
trade incentives lost and the primary goal of the Investment
Development Fund to foster development, studies, programs and
projects to be financed through the Fund are not limited to
studies, programs and projects which will benefit solely U.S.
businesses and persons, but may include studies, programs and,
projects intended to encourage foreign investment and
establishment of public and private sector development
enterprises with participation by U.S. businesses and persons,
appropriate foreign businesses and persons, FSM businesses and
persons, the FSM State and National Governments, and joint
ventures among such businesses and persons.
(ii) The Government of the Federated States
of Micronesia has full authority and responsibility for
administration of the Investment Development Fund, formulation
of policy guidelines, and evaluation and selection of
appropriate studies, programs and projects to be financed
through the Investment Development Fund, subject only to
consultation with the Government of the United States of
America. With respect to United States representation on the
board of advisors to be established pursuant to section 111(c)
of U.S. Public Law 99-239, such representation should be
composed primarily of representatives of the U.S. private
sector. The board of advisors will function in an advisory
capacity, making policy recommendations as appropriate.
(iii) Grants to be made available by the U.S.
Government for the Investment Development Fund under section
111(b)(1) of U.S. Public Law 99-239 shall be transferred to the
Federated States of Micronesia on a capital account basis during
the first and third years after the effective date of the
Compact. Such grants are intended to be invested with
investment income the primary source for financing studies,
programs, and projects.

(iv) Expiration of the period of the
authorization for appropriations under section 111(b)(1) of U.S.
Public Law 99-239 shall not affect the U.S. full faith and
credit guarantee backing the compensatory grants specified in
such section.

(c) The Congress of the Federated States of
Micronesia specifically notes the commitment of the United
States Government to promote the economic development and self-
sufficiency of the Federated States of Micronesia, as expressed
in the preamble and sections 211(c), 222, and 454(a) of the
Compact. In ratifying the Changes to the Compact proposed in
title IV of U.S. Public Law 99-239, the Congress of the
Federated States of Micronesia specifically relies on section
111(d) of U.S. Public Law 99-239 as a commitment of the U.S.
Government and as an entitlement of the Government of the
Federated States of Micronesia to the funding specified therein
upon a proper showing of additional adverse impact,
notwithstanding the absence of appropriations language in such
law. In the event that the Government of the United States of
America fails to make available compensation under section
111(d) of U.S. Public Law 99-239 upon an adequate showing of
additional adverse impacts on the finances and economy of the Federated States of Micronesia resulting from title IV of U.S. Public Law 99-239, the Congress of the Federated States of Micronesia expresses the intention of the Government of the Federated States of Micronesia to view such failure as a material breach of the Compact, and seek all available remedies, including, but not limited to, referral of such matter to the conference and dispute resolution procedures provided for in article II of title four of the Compact.

(d) The President of the Federated States of Micronesia shall study, on an annual basis and in consultation with the States, the overall financial and economic impacts resulting from the changes proposed in title IV of U.S. Public Law 99-239 and report to the Congress and the State governments of the Federated States of Micronesia on the findings of such study.

(8) Registration of foreign agents. In ratifying the Compact of Free Association and its related agreements, the Congress of the Federated States of Micronesia expresses the following understandings in relation to section 105(f) of U.S. Public Law 99-239:

(a) Section 105(f) of U.S. Public Law 99-239 does not affect section 153(b) of the Compact.

(b) Section 105(f) of U.S. Public Law 99-239 is not intended to require registration of employees of the State
and National Governments of the Federated States of Micronesia

who, in the performance of their official duties, must make

contacts with officials of the Government of the United States

in relation to implementation of the Compact of Free Association.

(c) In the event the Government of the United

States of America believes that the Government of the Federated

States of Micronesia has inappropriately certified a U.S.
citizen as an employee whose principal duties are other than

those matters specified in the U.S. Foreign Agents Registration

Act of 1938, the U.S. Government may refer such matter to the

conference and dispute resolution procedures contained in

article II of title four of the Compact. No enforcement action

will be initiated against such person until after a duly

constituted arbitration board determines that such person was

inappropriately certified, and then only for activities

occurring after the date of such determination.

(9) Trusteeship obligations and commitments.

(a) Nothing in the Compact of Free Association,

its related agreements, U.S. Public Law 99-239, or this

resolution shall be interpreted or construed as relieving the

U.S. Government from any unfulfilled Trusteeship obligation or

unfulfilled commitment made to the Micronesian people or

Governments during the Trusteeship, and neither implementation

of the Compact nor termination of the Trusteeship shall affect

such obligations or commitments. Such obligations and
commitments include, but are not limited to:

(i) Payment of outstanding war claims;
(ii) Funding for the construction of new National capital facilities for the Federated States of Micronesia;
(iii) Funding for the construction of a new campus for the Community College of Micronesia in Pohnpei;
(iv) Payment of outstanding debts owed for the use of private land in the Federated States of Micronesia for governmental purposes by the Government of the United States of America, the Government of the Trust Territory or the Government of the Federated States of Micronesia or its political subdivisions, under indefinite land use agreements, prior to January 1, 1985;
(v) Continuation of the Prior Service Benefits Program until its completion;
(vi) Payment of outstanding medical referral debts incurred prior to September 1, 1985; and
(vii) Completion of ongoing capital improvement projects, correction of construction deficiencies, and restoration of projects and equipment to good working condition.

(b) The Congress of the Federated States of Micronesia notes that these obligations and commitments were not intended to be fulfilled through the use of the Compact grant
assistance. The Congress of the Federated States of Micronesia expresses the intention of the Government of the Federated States of Micronesia to view any failure by the Government of the United States of America to fulfill these outstanding obligations and commitments, in a timely manner, as a serious breach of good faith and U.S. Trusteeship obligations, and to pursue any available remedies for such breach.

(10) Prior service benefits. The Congress of the Federated States of Micronesia notes that, in section 105(m) of U.S. Public Law 99-239, the Government of the United States of America acknowledges its moral and legal obligation to continue funding the Prior Service Benefits Program. Nothing contained in section 105(m) of U.S. Public Law 99-239 shall be construed or interpreted as obligating the Government of the Federated States of Micronesia to continue the Prior Service Benefits Program, in the event of the failure of the U.S. Government to fulfill its moral and legal obligation to fund such program.

(11) Medical referral debts and facilities. The Congress of the Federated States of Micronesia notes that, in section 105(d) of U.S. Public Law 99-239, the Government of the United States expresses its commitment to assume, as a Trusteeship obligation, outstanding medical referral debts incurred prior to September 1, 1985. It is the understanding of the Congress of the Federated States of Micronesia that no withholding of current or Compact funding is authorized to
(12) **War claims.** The Congress of the Federated States of Micronesia notes that the Micronesian people suffered extensive loss of life, physical injury and property damage as a result of World War II, a war in which they were innocent and helpless victims. The Congress further notes that, while the Micronesian people will always remain grateful to the United States for restoring peace and security to our islands, the Micronesian people should be accorded just compensation for their suffering. The Congress further notes that, with respect to compensation owed by the Government of Japan, the Government of the United States of America assumed responsibility to negotiate war claims with the Government of Japan during the period the United States served as Trustee for the Micronesian people. Nothing in the Compact, its related agreements or U.S. Public Law 99-239 shall be construed or interpreted as relieving the United States of its moral and legal obligation to make full payment of outstanding war claims. In this regard, the Congress specifically notes the position of the U.S. Government, as expressed in the June 11, 1982 letter from the Assistant Secretary for Territorial and International Affairs, U.S. Department of the Interior, to the FSM Secretary of External Affairs, that "termination of the trusteeship should not affect whatever rights citizens of the Trust Territory may have to settlement of remaining war claims." The Congress of the
Federated States of Micronesia further expresses the intention of the Government of the Federated States of Micronesia to view the failure of the U.S. Government to redress outstanding war claims, in a timely manner, as a serious breach of good faith and U.S. Trusteeship obligations, and to pursue available remedies for such breach.

(13) Technical assistance. It is understood that, under section 226 of the Compact, any U.S. Government agency which has statutory authority to provide technical assistance to States, territories, or units of local government of the United States or on an international basis, including the Agency for International Development, is authorized to provide such technical assistance to the Federated States of Micronesia upon request of the Government of the Federated States of Micronesia. Technical assistance is to be provided to the Federated States of Micronesia on either a reimbursable or non-reimbursable basis, in accordance with the U.S. law authorizing technical assistance, except as otherwise specifically provided in the Compact, its related agreements or U.S. Public Law 99-239. It is understood that, in view of the need of the Federated States of Micronesia for a broad range of technical assistance, special consideration will be given to granting technical assistance on a non-reimbursable basis. It is further understood that the Federated States of Micronesia will continue to be eligible, on a non-reimbursable basis, for
the technical assistance grant program currently administered by
the Office of Territorial and International Affairs, Department
of the Interior, for the Trust Territory and U.S. territories
and possessions. It is further understood that the technical
and training assistance to be provided pursuant to sections 122,
124, 126, 131(a), 221(c), 223, and 342 of the Compact and its
related agreements or pursuant to sections 105(h)(l)(C), 105(k),
and 106 of U.S. Public Law 99-239 shall be provided on a
non-reimbursable basis.

(14) U.S. federal programs. In clarification of
section 221(a) of the Compact and sections 105(h), 105(i),
105(l) and 111(a) of U.S. Public Law 99-239, the Congress of the
Federated States of Micronesia expresses the following
understandings:

(a) The U.S. federal services and related
programs specified in section 221(a) of the Compact shall be
made available, unless otherwise requested by the Government of
the Federated States of Micronesia, at least until the Compact
is terminated pursuant to section 441 or 443 of the Compact or
until the fifteenth anniversary of the effective date of the
Compact if the Compact is terminated pursuant to section 442 of
the Compact.

(b) Sections 105(h)(l), 105(i)(l), 105(l), and
111(a) of U.S. Public Law 99-239 establish the eligibility of
the Federated States of Micronesia for the U.S. federal
services and related programs specified therein, such services
and related programs to be made available without specific
appropriation and without cost to the Federated States of
Micronesia.

(c) The U.S. federal programs specified in
sections 105(h)(1) and 111(a) of U.S. Public Law 99-239 shall be
made available to the Federated States of Micronesia to the same
extent and for so long as such programs are provided to States,
territories or units of local government of the United States or
to persons residing within the United States.

(d) In the event that the U.S. federal programs
specified in section 111(a) of U.S. Public Law 99-239 are
terminated or substantially reduced, it is the expectation of
the Government of the Federated States of Micronesia that
substantially equivalent programs or compensation will be
provided to the Federated States of Micronesia.

(e) The term "Public Health Service" as used in
section 105(h)(1)(B) of U.S. Public Law 99-239 includes the full
range of grants, services, programs and other assistance
available under chapter 6A, title 42 of the United States Code.

(f) Transfer of the portfolio of the Farmers Home
Administration under section 105(h)(1)(C) of U.S. Public Law
99-239 is subject to mutual agreement of the Government of the
United States of America and the Government of the Federated
States of Micronesia.
(g) U.S. federal programs currently being provided to the Federated States of Micronesia will continue to be provided until the effective date of the Compact. Notwithstanding section 171 of the Compact, U.S. federal program grant assistance which is being provided to the Federated States of Micronesia prior to the effective date of the Compact, including programs provided on a multi-year basis, will continue to be provided until the federal program grant period is completed.

(h) The Government of the United States of America will make available the programs or grant assistance referred to in section 105(i)(2) of U.S. Public Law 99-239 in a timely manner, so as to ensure continuation of critical education programs on a transitional basis. Such programs or assistance are in addition to the programs and assistance provided under sections 221(b) and 223 of the Compact and section 105(i)(1) of U.S. Public Law 99-239.

(15) Freely associated state parity.

(a) In ratifying the Compact and its related agreements, the Congress of the Federated States of Micronesia explicitly expresses the following understandings:

(i) Section 101(e) of U.S. Public Law 99-239 shall not be construed or interpreted as affecting the commitment of the United States Government to provide parity with the terms of the Compacts of Free Association with the
Republics of Palau and the Marshall Islands. It is understood that, under section 432 of the Compact, the Government of the Federated States of Micronesia will be given the opportunity to consider any relevant amendment negotiated to the Compact of Free Association and related agreements with the Republic of Palau, as signed on August 26, 1982, or the Compact of Free Association and related agreements with the Republic of the Marshall Islands; as signed on May 30, 1982, and to accept such amendment as an amendment to the Compact of Free Association and related agreements with the Federated States of Micronesia or negotiate a substantially equivalent amendment. It is further understood that the Compacts of Free Association will be implemented in a non-discriminatory manner.

(ii) The substance of U.S. Public Law 99-239, with particular reference to sections 102(a), 102(b), 102(c), 104(b), 104(d), 104(f), 105(f), 105(g), and 105(r), and title IV of such law, will be embodied in any U.S. public law approving a Compact of Free Association with the Republic of Palau.

(b) The Congress of the Federated States of Micronesia, having reviewed the provisions of the Compact of Free Association signed by the Republic of Palau and the Government of the United States of America on January 10, 1986, notes that such Compact incorporates several advantageous changes to the Compact of Free Association signed with the
Republic of Palau on August 26, 1982. The Congress of the
Federated States of Micronesia specifically states the intention
of the Government of the Federated States of Micronesia to
request that certain substantially equivalent amendments to the
Compact of Free Association between the Government of the United
States of America and the Government of the Federated States of
Micronesia be passed by the United States Congress during its
consideration and approval of the Compact of Free Association
with the Republic of Palau.

(c) The Congress of the Federated States of
Micronesia understands that sections 311 and 314 of the Compact
will be construed and interpreted consistent with section 324 of
the Compact of Free Association with the Republic of Palau.

(16) No compliance sanctions.

(a) The Congress of the Federated States of
Micronesia expresses its understanding that the Government of
the United States of America will not act in a manner
inconsistent with the provisions of the Compact, its related
agreements, or any other agreement entered into pursuant to the
Compact or U.S. Public Law 99-239, or act in a manner in-
compatible with the authority and responsibility of the
Government of the Federated States of Micronesia over domestic
and foreign affairs, or exercise its authority under section 113
of the Compact in an arbitrary or capricious manner. The
Congress further expresses its intention that any such act on
the part of the Government of the United States of America will be viewed by the Government of the Federated States of Micronesia as a material breach of the Compact and its related agreements. The Government of the Federated States of Micronesia reserves the right in the event of such a material breach of the Compact or its related agreements to take action, including, but not limited to, the suspension in whole or in part of the obligations of the Government of the Federated States of Micronesia to the Government of the United States of America and the authority and responsibility of the Government of the United States of America under the Compact and its related agreements.

(b) The Congress of the Federated States of Micronesia expresses the following understandings in relation to section 105(g) of U.S. Public Law 99-239:

(i) Section 105(g) of U.S. Public Law 99-239 is not intended to provide the Government of the United States of America with any greater authority to suspend or withhold the performance of its obligations under the Compact and its related agreements than the Government of the United States of America otherwise had under the Compact and its related agreements as originally executed.

(ii) The President of the United States of America does not have authority to suspend or withhold grant or other assistance to be provided pursuant to the Compact or U.S.
Public Law 99-239, except pursuant to a determination by an arbitration board, duly constituted under article II of title four of the Compact, that:

(A). The Government of the Federated States of Micronesia is not in compliance with one or more substantive provisions of the Compact (other than title three thereof) or any agreement entered into with the United States pursuant to the Compact (other than title three thereof) or pursuant to U.S. Public Law 99-239; and

(B) Such noncompliance constitutes a material breach of such Compact or such agreement or agreements.

(iii) Any withholding or suspension of grant assistance must be reasonably related to the breach, and may continue only during the period that the Federated States of Micronesia fails to take adequate steps to remedy the noncompliance.

(iv) The first sentence of section 105(g)(2) of U.S. Public Law 99-239 is intended to be consistent with section 313 of the Compact.

(v) No suspension or withholding of the assistance specified in section 105(g)(1) of U.S. Public Law 99-239 is authorized pursuant to section 105(g)(2) of U.S. Public Law 99-239.

(c) The Congress of the Federated States of Micronesia further expresses its understanding that, in
exercising its authority under section 313 of the Compact, the
Government of the United States will act consistent with
sections 351 and 352 of the Compact. It is the expectation of
the Congress that, in the event the Government of the United
States exercises its authority and responsibility under section
313 of the Compact, the Government of the United States will
sympathetically consider requests for compensation to address
any adverse impacts on the finances and economy of the Federated
States of Micronesia.

(17) **Trust territory debts.** The Congress of the
Federated States of Micronesia notes that, in section 105(j) of
U.S. Public Law 99-239, the United States Government
acknowledges its legal obligation to pay outstanding debts of
the Trust Territory Government. Nothing contained in the
Compact, its related agreements, U.S. Public Law 99-239, this
resolution, or the Constitution of the Federated States of
Micronesia shall be construed or interpreted as obligating the
Government of the Federated States of Micronesia to assume such
debts, irrespective of whether such debts are owed to a
department, agency, independent agency, office, or
instrumentality of the Government of the United States or to any
other entity or person. It is the understanding of the Congress
of the Federated States of Micronesia that, under section 219 of
the Compact, the Government of the United States of America does
not have the authority to use unobligated funds held by the
Trust Territory Government for the benefit of the Federated States of Micronesia to pay such debts.

(18) Nuclear waste disposal:

(a) The Congress of the Federated States of Micronesia notes that the Government of the Federated States of Micronesia opposes the intentional disposal, discharge or storage of nuclear, toxic chemical, or toxic biological wastes in the waters of the world, and that it is the policy of the Government of the Federated States of Micronesia, in accordance with its Constitution, to preclude such intentional disposal, discharge or storage in the Federated States of Micronesia.

(b) Nothing contained in the Compact, its related agreements, U.S. Public Law 99-239, or this resolution shall be construed or interpreted as authorizing the Government of the United States of America to intentionally dispose of, discharge, or store nuclear, toxic chemical, or toxic biological wastes, including low-level radioactive materials, on the land or in the waters or airspace of the Federated States of Micronesia.

(c) The Congress of the Federated States of Micronesia notes that, in section 104(d) of U.S. Public Law 99-239, the Government of the United States acknowledges the policies of the Government of the Federated States of Micronesia and its understandings regarding the Compact. Nothing contained in such section shall be construed or interpreted, as affecting section 314 of the Compact in any way, or as relieving the
Government of the United States of its obligations and responsibilities under such section, or as imposing additional obligations and responsibilities on the Government of the Federated States of Micronesia.

(19) U.S. military facilities.

(a) The Congress of the Federated States of Micronesia notes that, under section 321 of the Compact, the Government of the Federated States of Micronesia is required to sympathetically consider requests from the Government of the United States for additional land for military areas and facilities, but is not required to grant such requests.

(b) It is the understanding of the Congress of the Federated States of Micronesia that the land and water areas identified in annex A of the Military Use and Operating Rights Agreement are reserved for the U.S. Coast Guard for purposes of operating and maintaining a Loran Station. Such areas shall not be used for other military or non-military purposes without specific authorization from the Government of the Federated States of Micronesia.

(20) Section 218. It is the understanding of the Congress of the Federated States of Micronesia that the grant assistance provided for the Compact will be transferred, in full, to the Federated States of Micronesia in accordance with the schedules provided for in the Compact and its related agreements, including the Agreement Concerning Procedures for
Implementation of United States Economic Assistance, Programs and Services Provided in the Compact of Free Association. It is the further understanding of the Congress that the Federated States of Micronesia is not required to obligate or expend such grant assistance as a condition for receipt of grant assistance to be provided in subsequent years, and may hold or invest such grant assistance if it deems appropriate.

(21) Section 219. In ratifying the Compact of Free Association and its related agreements, the Congress of the Federated States of Micronesia specifically notes and relies on section 219 of such Compact.

(22) Audit. In ratifying the Compact of Free Association and its related agreements, the Congress of the Federated States of Micronesia expresses the following understanding in relation to section 102(c) of U.S. Public Law 99-239:

(a) The third sentence of section 102(c)(1)(A) and the first sentence of section 102(c)(2)(B) of U.S. Public Law 99-239 shall not be construed or interpreted in a manner inconsistent with sections 451 through 453 of the Compact.

(b) The first sentence of section 102(c)(2)(B) of U.S. Public Law 99-239 is not intended to impose accounting or record-keeping requirements not otherwise required under generally acceptable accounting procedures; and

BE IT FURTHER RESOLVED that the Congress of the Federated
States of Micronesia, noting the critical importance of
education to the development needs of our Nation, the inadequacy
of the grants to be provided under section 216(a)(3) of the
Compact to replace the benefits of current U.S. post-secondary
education programs extended to the young people of the Federated
States of Micronesia, and the financial inability of the
Governments of the Federated States of Micronesia, the Republic
of Palau, and the Republic of the Marshall Islands to fully
provide for the continued operation of the College of
Micronesia, hereby reiterates the urgent request of the
Government of the Federated States of Micronesia that the
Congress of the United States, pursuant to section 224 of the
Compact, extend eligibility of the citizens of the Federated
States of Micronesia to participate in U.S. post-secondary
education programs, including, but not limited to, Pell grants,
SEOG, and college-work study programs, during the Compact
period; and

BE IT FURTHER RESOLVED that the President is authorized
to negotiate the additional agreements provided for in sections
102(a), 102(b), 102(c), 106, 111(c) and 404 of U.S. Public Law
99-239, and to negotiate the division of the education program
assistance between the Federated States of Micronesia and the
Republic of the Marshall Islands under section 105(i)(2) of U.S.
Public Law 99-239; PROVIDED that such agreements shall be
subject to ratification by the Congress of the Federated States
of Micronesia in accordance with sections 2(b) and 4 of article IX of the Constitution of the Federated States of Micronesia and to approval by at least three of the four State legislatures of the Federated States of Micronesia; and

BE IT FURTHER RESOLVED that, in accordance with FSM Public Law 4-13, the President of the Federated States of Micronesia has the approval of the Congress of the Federated States of Micronesia to agree, in accordance with section 411 of the Compact, to an effective date for and thereafter implement such Compact, having taken into account any procedures with respect to the United Nations for termination of the Trusteeship Agreement; PROVIDED that the President, in establishing and agreeing to an effective date for the Compact, shall consult with the Congress and State governments of the Federated States of Micronesia to ensure that adequate transitional arrangements have been undertaken; and PROVIDED FURTHER that implementation of the Compact shall be subject to the following conditions:

(1) Receipt of a notice of the U.S. Government's concurrence to the "Federated States of Micronesia First National Development Plan, 1985-1989" pursuant to section 211(b) of the Compact;

(2) Conclusion of the agreements provided for in sections 102(a), 102(b) and 102(c) of U.S. Public Law 99-239, completion of the U.S. Congressional review period specified in section 101(f)(2) of U.S. Public Law 99-239 with respect to such
agreements, and submission of such agreements to the Congress of
the Federated States of Micronesia for ratification pursuant to
sections 2(b) and (4) of article IX of the Constitution of the
Federated States of Micronesia and to the State legislatures for
approval by at least three of the four State legislatures;

(3) Conclusion of the agreement provided for in
section 111(c) of U.S. Public Law 99-239 and submission of such
agreement to the Congress of the Federated States of Micronesia
for ratification pursuant to sections 2(b) and 4 of article IX
of the Constitution of the Federated States of Micronesia and to
the State legislatures for approval by at least three of the
four State legislatures; and

(4) Certification by the President to the Congress of
the Federated States of Micronesia that adequate steps have been
taken to ensure full compliance by the Government of the United
States of America with the provisions of the "Agreement
Concerning Procedures for Implementation of United States
Economic Assistance, Programs and Services Provided in the
Compact of Free Association"; and

BE IT FURTHER RESOLVED that the agreement on the
division of Compa,t section 216 funds between the Government of
the Federated States of Micronesia and the Government of the
Marshall Islands, as reflected in the December 13, 1983 joint
letter to U.S. Ambassador Feder from the President of the
Republic of the Marshall Islands and the President of the
Federated States of Micronesia, is hereby ratified; PROVIDED
that the President of the Federated States of Micronesia shall
seek clarification of the percentages used in such letter as
they relate to the grant assistance to be provided under section
216 of the Compact, as amended by U.S. Public Law 99-239; and

BE IT FURTHER RESOLVED that the "Agreement on Internal
Budget and Finance Procedures under the Compact of Free
Association," as amended, is hereby approved and the President
is authorized to implement such agreement in accordance with its
terms; and

BE IT FURTHER RESOLVED that the "Memorandum of
Understanding with respect to the Division of Grant Assistance
under the Compact of Free Association among the National and
State Governments of the Federated States of Micronesia" is
hereby approved and the President is authorized to implement
such agreement in accordance with its terms; and

BE IT FURTHER RESOLVED that the President is authorized
to negotiate such amendments to the "Memorandum of Understanding
with respect to the Division of Grant Assistance under the
Compact of Free Association among the National and State
Governments of the Federated States of Micronesia" as may be
necessary to provide for the administration and division of the
grants and assistance to be provided under sections 105(i)(2)
and 111(b) of U.S. Public Law 99-239; and

BE IT FURTHER RESOLVED that nothing contained in this
resolution shall be construed or interpreted as affecting the
provisions of FSM Congressional Resolution No. 2-78 relating to
section 2 of article XIII of the Constitution of the Federated
States of Micronesia; and
BE IT FURTHER RESOLVED that certified copies of this
resolution be transmitted to the President of the Federated
States of Micronesia, the Secretary of External Affairs, the
Chairman of the Commission on Future Political Status and
Transition, the Governors of the States of Kosrae, Pohnpei, Truk
and Yap, and the Speakers of the State legislatures of Kosrae,
Pohnpei, Truk and Yap.

Date: 3-17-86

Introduced by: Isaac V. Figir