



THE FEDERATED STATES OF MICRONESIA

Chuuk Kosrae Pohnpei Yap



PRESENTATION OVERVIEW

- ◉ Overview of the United States Embassy in the FSM
- ◉ Overview of the FSM
- ◉ Compact of Free Association
- ◉ U.S. Government Federal Programs & Services
- ◉ Current Issues in the FSM
- ◉ 2023 and Beyond
- ◉ Questions





OVERVIEW OF THE UNITED STATES EMBASSY IN THE FSM

- Opened in 1986 on the island of Pohnpei which also hosts the country's capital
- Moved into a new chancery building in 2009





OVERVIEW OF THE UNITED STATES EMBASSY IN THE FSM

- ◉ Ambassador, Deputy Chief of Mission, Management Officer, Economic/Consular Officer, and 12 local hires (and 23 local guards)
- ◉ Country Team incorporates four additional federal agencies: U.S. Peace Corps, USDA NRCS, USDA RD, and DOI/OIA
- ◉ The Embassy receives about 600 visitors per year from various U.S. Federal Agencies including the Department of Defense
- ◉ Travel in the region is expensive and time consuming given the limited travel options and great distances



OVERVIEW OF THE UNITED STATES EMBASSY IN THE FSM

Goals

- ◎ **Goal 1: Security and Alliances - U.S.**
alliances and strategic partnerships in the Asia-Pacific materially advance efforts to deter and defend against military and non-military threats to the region and the United States; resolve disputes peacefully; adopt common positions on regional and global priorities; and confront emerging challenges that impact U.S. national interests.



OVERVIEW OF THE UNITED STATES EMBASSY IN THE FSM

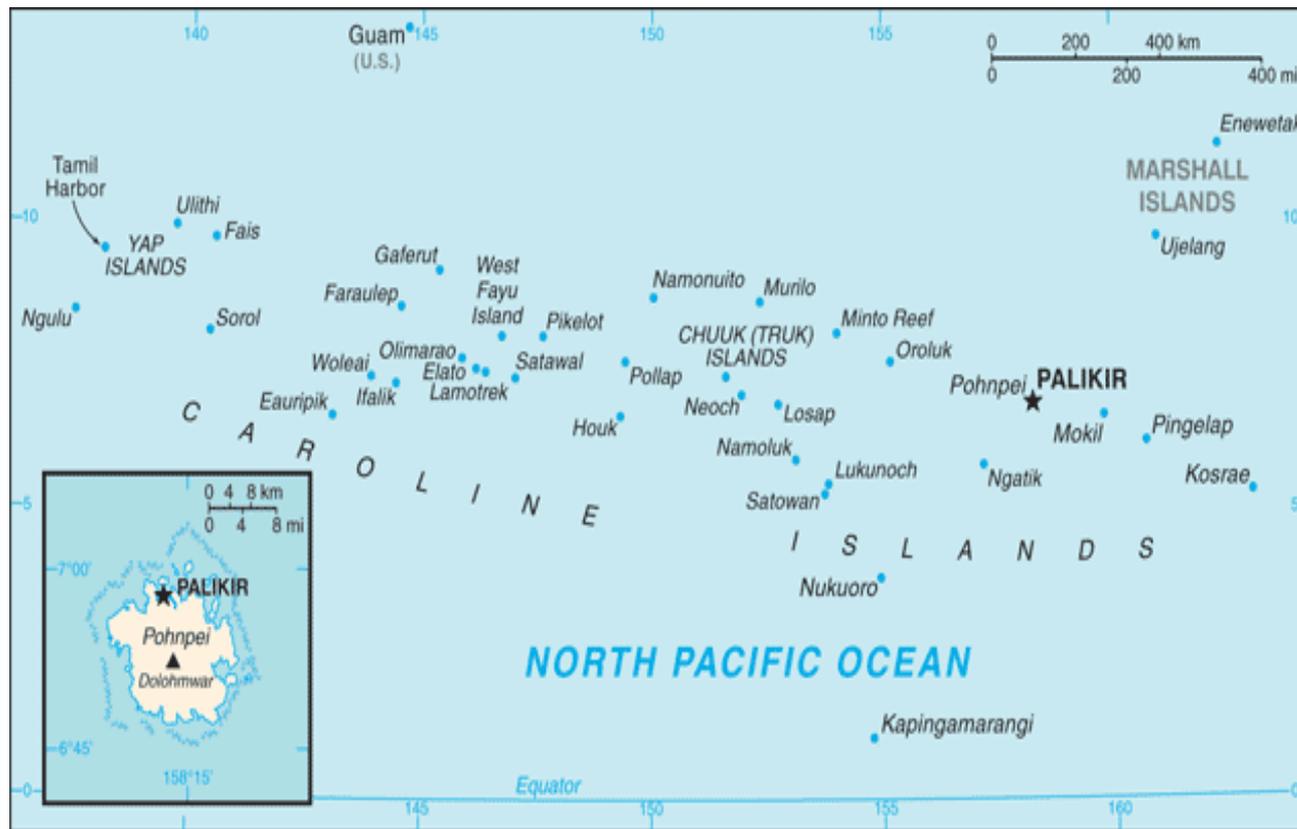
Goals

- ◎ **Goal 2: Democratic Development** - The United States advances strengthened regional commitment to democratic development and human rights and to addressing transnational challenges, including health threats and global climate change.



OVERVIEW OF THE FSM

- Over 4000 years ago Micronesian ancestors settled the Caroline Islands - a widely scattered archipelago in the western Pacific Ocean





OVERVIEW OF THE FSM

- Following World War II, these islands became part of the United Nations Trust Territory of the Pacific Islands, administered by the United States
- The eastern four island groups formed the Federated States of Micronesia in 1979 after adopting a constitution
- The FSM entered into a Compact of Free Association with the United States in 1986. This compact was amended in 2003.



OVERVIEW OF THE FSM

- ◎ Land area roughly 4 times the size of Washington DC
- ◎ Maritime claims:
 - Territorial sea: 12 nautical miles
 - Exclusive Economic Zone: 200 nautical miles
 - Total area of responsibility of the FSM is roughly a million square miles
- ◎ Population - 102,624
 - Chuuk 48,651; Pohnpei 35,981; Yap 11,376 and Kosrae 6,616
- ◎ Gross Domestic Product
 - \$314.6 million (\$111.7million are Compact and other U.S. Aid) (2013, est.)
 - Per capita: \$3,034



OVERVIEW OF THE FSM

- FSM's four priority areas of economic development
 - Agriculture, Energy, Fisheries and Tourism
- Economic activity consists of subsistence farming/fishing and the government which is largely funded by the Compact of Free Association's economic provisions. Fishing income derived through the vessel day scheme managed through Parties to the Nauru Agreement (PNA) in FY11 \$10.126 million, FY12 \$26.738 million and FY13 \$35.325 million. Income also derived through Micronesia Registration Advisors (MRA).
- The potential for tourism is hindered by isolation, lack of adequate facilities, lack of contractual enforcement, cultural practices and limited connections via air or sea.



OVERVIEW OF THE FSM

Flights

UNITED AIRLINES						
FLIGHT SCHEDULE INFORMATION (eff. August 1, 2013)						
Flight No.	Days	Station	Scheduled Arrival Time	Scheduled Departure Time	Check in times	Security screening closing time
UA 172	Mon/Fri	Guam (GUM)	Origin	8:20 AM		
	Mon/Fri	Chuuk (TKK)	10:04 AM	10:49 AM		
	Mon/Fri	Pohnpei (PNI)	1:04 PM	1:46 PM	10:46 AM to 12:16 PM	12:46 PM
	Mon/Fri	Kosrae (KSA)	2:47 PM	3:30 PM		
	Mon/Fri	Kwajalein (KWA)	5:40 PM	6:22 PM		
	Mon/Fri	Majuro (MAJ)	7:17 PM	8:05 PM		
	Mon/Fri	Honolulu (HNL)	2:50 AM	Termination		
UA 154	Mon/Fri	Honolulu (HNL)	Origin	7:25 AM		
	Tues/Sat	Majuro (MAJ)	10:34 AM	11:19 AM		
	Tues/Sat	Kwajalein (KWA)	12:14 PM	12:55 PM		
	Tues/Sat	Kosrae (KSA)	1:05 PM	1:45 PM		
	Tues/Sat	Pohnpei (PNI)	2:45 PM	3:26 PM	12:26 PM to 1:56 PM	2:26 PM
	Tues/Sat	Chuuk (TKK)	3:40 PM	4:21 PM		
	Tues/Sat	Guam (GUM)	5:55 PM	Termination		
UA 172	Wed	Guam (GUM)	Origin	9:20 AM		
	Wed	Chuuk (TKK)	11:04 AM	11:47 AM		
	Wed	Pohnpei (PNI)	2:02 PM	2:47 PM	11:47 AM to 1:17 PM	1:47 PM
	Wed	Kwajalein (KWA)	5:32 PM	6:15 PM		
	Wed	Majuro (MAJ)	7:10 PM	8:05 PM		
	Wed	Honolulu (HNL)	2:50 AM	Termination		
UA 154	Wed	Honolulu (HNL)	Origin	7:25 AM		
	Thurs	Majuro (MAJ)	10:34 AM	11:19 AM		
	Thurs	Kwajalein (KWA)	12:14 PM	12:57 PM		
	Thurs	Pohnpei (PNI)	1:42 PM	2:25 PM	11:25 AM - 12:55 PM	1:25 PM
	Thurs	Chuuk (TKK)	2:39 PM	3:26 PM		
	Thurs	Guam (GUM)	5:00 PM	Termination		
UA 136	Sun	Guam (GUM)	Origin	7:45 PM		
	Sun	Chuuk (TKK)	9:35PM	10:30 PM		
	Mon	Pohnpei (PNI)	12:50 AM	Termination	N/a	N/a
UA 155	Mon	Pohnpei (PNI)	Origin	1:45 AM	10:45 PM to 12:15 AM	1:45 AM
	Mon	Chuuk (TKK)	2:05 AM	3:00 AM		
	Mon	Guam (GUM)	4:40 AM	Termination		
UA 185	Sat	Guam (GUM)	Origin	8:25pm		
	Sat	Yap (YAP)	10:05pm			
UA 185	Tues	Guam (GUM)	Origin	11:00pm		
	Wed	Yap (YAP)	12:40 AM			
UA 186	Wed	Yap (YAP)		1:35 AM		
	Wed	Guam (GUM)	3:05 AM	Termination		
UA 186	Sun	Yap (YAP)		4:10 AM		
	SUN	Guam (GUM)	5:40 AM	Termination		

Note: Check-in opens 3 hours before departure and closes 90 minutes before departure.
Security screening closes 60 minutes before departure.



COMPACT OF FREE ASSOCIATION

What is it?

- ⦿ An international agreement between two **SOVEREIGN** nations
 - FSM, RMI, and Palau have “free association” agreements with the U.S.
 - Collectively known as the Freely Associated States
- ⦿ The Compact does not end unless one of the two countries decides to terminate the agreement





COMPACT OF FREE ASSOCIATION

Timeline

- ◎ 1986: U.S. & FSM established Compact of Free Association which included a 15-year economic assistance package
 - U.S. provided \$1.3 billion in grants and aid
- ◎ 2001-2003: Economic package temporarily extended during negotiations
- ◎ 2003: Compact of Free Association Amendments Act which included a 20-year economic assistance package (to Fiscal Year 2023)
 - U.S. will provide roughly \$2.1 billion
 - Includes a Trust Fund for the people of the FSM to provide an income stream beyond 2023 following end of grants



COMPACT OF FREE ASSOCIATION

Goals of the Amended Compact

- ◉ Continue economic assistance but improve accountability and effectiveness and self sufficiency
- ◉ Continue defense and security relationship
- ◉ Strengthen immigration provisions
- ◉ Lessen migration impact





COMPACT OF FREE ASSOCIATION

Amended Compact Assistance

- ◎ Sector Grants
 - Education
 - Health
 - Infrastructure
 - Environment
 - Private Sector Development
 - Capacity Building
- ◎ Supplemental Education Grant (SEG) - \$12.3m
- ◎ Humanitarian Assistance-FSM (HAFSM)
- ◎ Disaster Assistance Emergency Fund (DAEF)
- ◎ Compact Trust Fund



COMPACT OF FREE ASSOCIATION

Security & Defense Relations

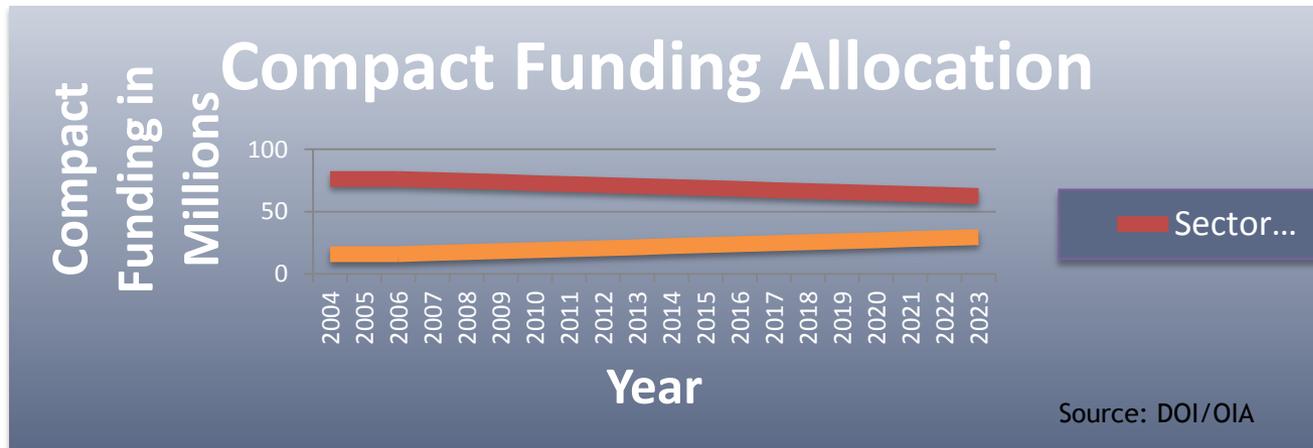
- “The Government of the United States has full authority and responsibility for security and defense matters in or relating to the Federated States of Micronesia.”
- FSM citizens may serve in the U.S. Armed Forces





COMPACT OF FREE ASSOCIATION Economic Assistance Provisions

- Direct economic assistance provided under the Compact sector grants will end in 2023
- Sector grants have decreased since 2007 as planned
- Deposits into the Trust Fund have increased since 2007 as planned

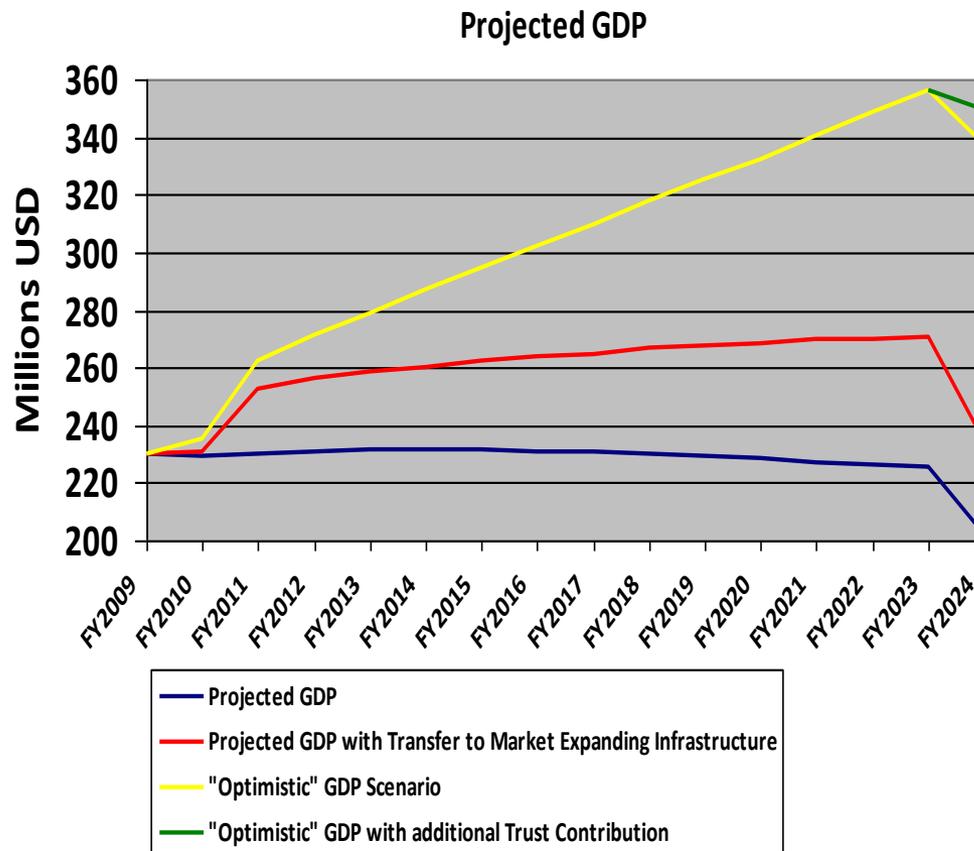




COMPACT OF FREE ASSOCIATION

Economic Outlook

- With the right policy changes, the FSM can outperform current predictions for the future of the economy
- However, current predictions suggest that the income from the Compact Trust Fund will not meet original expectations. The FSM expects to experience a significant shortfall and recession in FY2024, even under the most hopeful growth projections.



Source: DOI/OIA



COMPACT OF FREE ASSOCIATION

How Can FSM Prepare for 2024?

- ⦿ Compact Trust Fund - **ONE** source of revenue
- ⦿ Private Sector Development
- ⦿ Increase Government Revenues
- ⦿ Reduce Government Spending





U.S. GOVERNMENT FEDERAL PROGRAMS & SERVICES



Committed to the future of rural communities.



CURRENT ISSUES IN THE FSM

National Issues

- ◎ Elections where held in March 2015
 - FSM's new leadership will be appointed in May 2015
 - Leadership must pave way forward for FSM
- ◎ Reform (tax, education, health, environment)
- ◎ Capacity building
- ◎ Security (air, port and maritime, anti-trafficking...)





CURRENT ISSUES IN THE FSM

Chuuk State Issues

- ◉ Secession from the federation movement
- ◉ Education reform
- ◉ Multi-Drug Resistant-Tuberculosis (MDR-TB)
- ◉ Infrastructure (road, schools, land, transportation...)





CURRENT ISSUES IN THE FSM

Kosrae State Issues

- New administration
- Religious freedom
- State Hospital renovation
- Population decline
- Environment (Yela Ka Forest Preservation, Lelu Ruins...)





CURRENT ISSUES IN THE FSM

Pohnpei State Issues

- ⦿ Gubernatorial election in November
- ⦿ Environment (*Ping Da* wreck)





CURRENT ISSUES IN THE FSM

Yap State Issues

- ◉ New administration
- ◉ Exhibition and Travel Group (ETG)
- ◉ Target site for human smuggling
- ◉ Micro Game 2018





2023 AND BEYOND

- ◉ Will the authority under which each U.S. Federal Agency work in the FSM after 2023?
- ◉ What expertise can you provide?
- ◉ Need to collaborate to complement services
- ◉ Exploring other options with Millennium Challenge Corporation





QUESTIONS ?

