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AGREEMENT FOR IMPLEMENTATION  
 OF THE COMPACT OF FREE ASSOCIATION  
 BETWEEN  
 THE GOVERNMENT OF THE UNITED STATES  
 AND  
 THE GOVERNMENT OF THE REPUBLIC OF THE MARSHALL ISLANDS

PREAMBLE

THE GOVERNMENT OF THE REPUBLIC OF THE MARSHALL ISLANDS  
AND  
THE GOVERNMENT OF THE UNITED STATES

RECOGNIZING that the Compact of Free Association, signed by the Government of the United States and the Government of the Marshall Islands on 25 June 1983 (the Compact), has, along with the related agreements listed in Section 462 of the Compact, been approved by the governments of the Marshall Islands and the United States in accordance with their respective constitutional processes and with Section 411 of the Compact; and

AFFIRMING the common interest of the United States and the Marshall Islands in creating a close and mutually beneficial relationship through a free and voluntary association of their governments; and

DESIRING to bring the Compact fully into effect at the earliest possible date for their mutual benefit;

NOW, THEREFORE, AGREE that the Compact shall enter fully into force and effect on the date specified in this agreement and that provision for other related matters is made in the manner set forth in this agreement.

ARTICLE I  
COMPACT EFFECTIVE DATE

The Government of the United States and the Government of the Marshall Islands agree, pursuant to Section 411 of the Compact, that the effective date of the Compact shall be 21 October 1986. Pursuant to United States Public Law 99-349, and subject to the ultimate appropriation authority of the United States Congress, the economic assistance provisions of the Compact are effective from 1 October 1985. The agreements listed in Section 462 of the Compact and the additional agreements concluded as of the effective date of this agreement pursuant to the Compact, United States Public Law 99-239 and Mitijela Resolution No. 62 shall also enter into force on 21 October 1986.

In  
Compilation of Agreements Between the Government of the United States and the Freely Associated State of the Republic of the Marshall Islands (Washington: The President's Personal Representative for Micronesian Status Negotiations, 1987)

ARTICLE II  
ECONOMIC ASSISTANCE

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SECTION 1. Definitions. Except as otherwise provided in this agreement, the Definitions of Terms set forth in the "Agreement Concerning Procedures for the Implementation of United States Economic Assistance, Programs and Services Provided in the Compact of Free Association between the Government of the United States and the Government of the Marshall Islands" (the Fiscal Procedures Agreement) is by this reference incorporated in this agreement.

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SECTION 2. Fiscal Procedures. Funding available for the Marshall Islands under the Compact and United States Public Law 99-239 for the first and second years of the Compact, which years coincide with fiscal years 1986 and 1987, shall be provided pursuant to the Fiscal Procedures Agreement, except as otherwise provided by the procedures set forth in this agreement.

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SECTION 3. Designated Bank. Subject to the provisions of Article III of this agreement and in furtherance of Paragraph 1(a) of Article II of the Fiscal Procedures Agreement, the Government of the Marshall Islands designates, and the Government of the United States recognizes, the Bank of Hawaii for receipt of the funding specified in this agreement and the Fiscal Procedures Agreement.

SECTION 4. Fiscal Year 1986 Funding.

(a) As soon as practicable after the effective date of the Compact, the Government of the United States shall pay to the Government of the Marshall Islands for fiscal year 1986 funding designated in the Compact and United States Public Law 99-239 to be paid to the Marshall Islands for the first year of the Compact, less offsets for the fiscal year 1986 Department of the Interior operations grant of \$10.94 million and satellite communications grant of \$266,000 and the Department of Defense land use payments for the Kwajalein Missile Range (KMR) of \$10,032,338.00.

(b) In furtherance of Paragraph 1(b) of Article II of the Fiscal Procedures Agreement, the Government of the United States shall, as soon as practicable, notify the Government of the Marshall Islands of the total amounts of funding expected to be available for fiscal year 1986 pursuant to this agreement.

(c) In furtherance of Paragraphs 1(b), 2(c) and 3(b) of Article II of the Fiscal Procedures Agreement, the Government of the Marshall Islands provides, and the Government of the United States accepts, the following allocation schedule for the economic assistance funding designated in Title Two of the Compact:

(i) current account -- from funding specified in Section 211(a)(1) of the Compact the amount of \$15.20 million,

from funding in the adjustment account the amount that results from the operation of Section 217 of the Compact upon \$4.26 million, and the funding specified in Sections 213(a), 215(a), 216(a)(2) and 216(a)(3), and 221(b) of the Compact; and

(ii) capital account -- the balance of funding specified in Section 211(a)(1) of the Compact, the funding specified in Sections 215(b), 216(a)(1) and 216(b) of the Compact and the balance of funding in the adjustment account.

SECTION 5. Fiscal Year 1987 Funding.

(a) The Government of the United States shall pay to the Government of the Marshall Islands for fiscal year 1987 funding specified in the Compact and United States Public Law 99-239, to be paid to the Government of the Marshall Islands for the second year of the Compact. As soon as practicable after the effective date of the Compact, the Government of the United States shall pay to the Government of the Marshall Islands the first quarterly allocation of such funding, less offsets for the Department of the Interior operations grant and satellite communications grant paid in fiscal year 1987 and Department of Defense land use payments for KMR paid in fiscal year 1987.

(b) In furtherance of Paragraph 1(b) of Article II of the Fiscal Procedures Agreement, the Government of the United States shall, as soon as practicable, notify the Government of the Marshall Islands of the total amounts of funding expected to be available for fiscal year 1987 pursuant to this agreement, including the first transfer of funding in the adjustment account.

(c) In furtherance of Paragraphs 1(b), 2(c) and 3(b) of Article II of the Fiscal Procedures Agreement, the Government of the Marshall Islands provides, and the Government of the United States accepts, the following annual current/capital account allocation schedule and quarterly allocation schedule:

(i) current account -- from funding specified in Section 211(a)(1) of the Compact the amounts of \$15.66 million, from funding in the adjustment account the amount that results from the operation of Section 217 of the Compact upon \$4.26 million, and the funding specified in Sections 213(a), 215(a), 216(a) and 221(b) of the Compact. Except for funding specified in Section 216(a)(3) of the Compact which shall be paid with the first quarterly allocation, the quarterly allocation shall be in percentages of 30, 30, 20 and 20, unless modified by the Government of the Marshall Islands in accordance with the Fiscal Procedures Agreement; and

(ii) capital account -- the balance of funding specified in Section 211 of the Compact, the funding specified in Section 214 of the Compact, and the balance of funding in the adjustment account. Such capital account funding shall be obligated to the Marshall Islands Development Authority for

payment with the first quarterly allocation, except the funding in the adjustment account which is to be paid in the forth quarter pursuant to the Fiscal Procedures Agreement.

(d) The United States shall provide to the Marshall Islands funding specified in Section 219 of the Compact in accordance with its provisions and as determined by appropriations acts of the Government of the United States, including the funding provided pursuant to Project Grant Agreements between the Marshall Islands and the Trust Territory Government and other such grants of the Government of the United States appropriated for fiscal year 1986 and preceding fiscal years.

SECTION 6. Audits and Annual Reports. All audits and annual reports specified in the Fiscal Procedures Agreement for fiscal year 1986 shall be combined and filed with such audits and reports for fiscal year 1987.

SECTION 7. Federal Programs. The grants, programs and services of the Government of the United States set forth in the Compact and the related agreements listed in Section 462 of the Compact, and the grants, programs and services of the Government of the United States for which the Government of the Marshall Islands is eligible under United States Public Law 99-239, as amended, shall be made available to the Government of the Marshall Islands for the purposes and duration provided in the laws of the United States.

### ARTICLE III NUCLEAR CLAIMS SETTLEMENT

The Government of the United States shall transfer to the Marshall Islands for implementation of the "Agreement to Implement Section 177 of the Compact of Free Association between the Government of the United States and the Government of the Marshall Islands" the funding specified in Section 177 of the Compact as soon as practicable after the effective date of the Compact. In furtherance of Paragraph 1(a) of Article II of the Fiscal Procedures Agreement, the Government of the Marshall Islands designates, and the Government of the United States recognizes, the Irving Trust Company, Inc., as the Fund Manager for receipt of funding specified under Section 177 of the Compact.

### ARTICLE IV DEFENSE RELATED MATTERS

SECTION 1. Telecommunications. Recognizing that the Government of the Marshall Islands has, or will have, a complete and fully effective commercial international telecommunication system compatible with existing United States installations at KMR, the Government of the United States shall, upon the execution of this agreement, enter into negotiations with the Government of the

Marshall Islands to conclude an agreement to make use of the Government of the Marshall Islands telecommunication system, to the extent feasible, for non-official calls by United States personnel, in accordance with Article XVIII of the "Status of Forces Agreement Concluded Pursuant to Section 323 of The Compact of Free Association" (SOFA). The Government of the United States shall advise the Government of the Marshall Islands as soon as practicable of the existence of inadequacies, if any, in the present telecommunication system of the Government of the Marshall Islands.

SECTION 2. The Disposal of Surplus Equipment. In furtherance of Article XI of the SOFA, during the term of the "Agreement Regarding the Military Use and Operating Rights of the Government of the United States in the Marshall Islands Concluded Pursuant to Section 321 and 323 of the Compact of Free Association" (MUORA), KMR shall make excess property available to the Government of the Marshall Islands at the lowest possible price consistent with Department of Defense and other applicable regulations.

SECTION 3. Recognition, Landing Rights and Fees in respect to the Airline of the Marshall Islands.

(a) As of the effective date of the Compact, the Government of the United States and the Government of the Marshall Islands consent to the classification of the Airline of the Marshall Islands, Inc. (AMI), as a "Freely Associated State Air Carrier" pursuant to, and for the purposes of, Article IX, Paragraph 5(b), of the "Federal Programs and Services Agreement Concluded Pursuant to Article II of Title Two and Section 232 of the Compact of Free Association" (FPSA). After such classification, the operation of AMI as a "Freely Associated State Air Carrier" is, for the purposes of Article IX, Paragraphs 5(c)(d) and (e), of the FPSA, subject to the issuance of appropriate licensing authority by the United States Department of Transportation.

(b) The Government of the United States agrees to negotiate and conclude an agreement with the Government of the Marshall Islands consistent with the provisions of Article V, Section 2, of MUORA in respect to landing rights for and fees charged to AMI. The landing fees charged shall reflect the actual cost, direct and indirect, of servicing AMI aircraft, consistent with Department of Defense and Department of the Army regulations.

SECTION 4. Coastal Resource Atlases and Coastal Zone Management Plans for the Marshall Islands. Pursuant to Section 226 of the Compact, the Government of the Marshall Islands requests that the Government of the United States, at no compensation, provide to the Government of the Marshall Islands the services of the United States Corps of Engineers "Section 22 Planning Assistance to States" to prepare coastal resource atlases and coastal zone management plans for the Marshall Islands. The Government of the United States agrees to expeditiously consider this request.

ARTICLE V  
EFFECTIVE DATE

This agreement shall enter into force on 15 October 1986 and shall remain in force until the expiration or the termination of Title Two of the Compact.

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AGREEMENT FOR IMPLEMENTATION  
OF THE COMPACT OF FREE ASSOCIATION  
BETWEEN  
THE GOVERNMENT OF THE UNITED STATES  
AND  
THE GOVERNMENT OF THE REPUBLIC OF THE MARSHALL ISLANDS

DONE AT MAJURO, MARSHALL ISLANDS, THIS TENTH DAY OF OCTOBER,  
ONE THOUSAND, NINE HUNDRED AND EIGHTY-SIX

FOR THE GOVERNMENT

OF

THE UNITED STATES OF AMERICA



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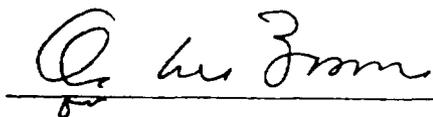
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DONE AT MAJURO, MARSHALL ISLANDS, THIS TENTH DAY OF OCTOBER,  
ONE THOUSAND, NINE HUNDRED AND EIGHTY-SIX

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OF

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AGREEMENT FOR IMPLEMENTATION  
OF THE COMPACT OF FREE ASSOCIATION  
BETWEEN  
THE GOVERNMENT OF THE UNITED STATES  
AND  
THE GOVERNMENT OF THE REPUBLIC OF THE MARSHALL ISLANDS  
AMENDMENT NO. 1

PREAMBLE

THE GOVERNMENT OF THE REPUBLIC OF THE MARSHALL ISLANDS  
AND  
THE GOVERNMENT OF THE UNITED STATES

AFFIRMING that the Compact of Free Association (the Compact) and its related agreements will enter into full force and effect on 21 October 1986 in accordance with the Agreement for Implementation of the Compact of Free Association between the Government of the United States and the Government of the Marshall Islands (the Agreement), signed on 10 October 1986 and entered into force on 15 October 1986; and

RECOGNIZING that after the signature and effective date of the Agreement, the United States Congress enacted legislation requiring adjustments to the terms of the Agreement; and

DESIRING to set forth further agreements and mutual understandings between them in conjunction with the effective date of the Compact;

NOW, THEREFORE, AGREE that this Amendment No. 1 is made a full and integral part of the Agreement and that provision for matters related to the entry into force of the Compact is made in the manner set forth in this Amendment No. 1 to the Agreement.

ARTICLE I  
AMENDMENTS TO THE AGREEMENT

The specified parts of the Agreement are amended as set forth below.

SECTION 1. Implementation. Article I of the Agreement is amended by deleting its second sentence.

SECTION 2. Fiscal Procedures. Section 2 of Article II of the Agreement is amended to read as follows:

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"SECTION 2. Fiscal Procedures. Funding available to the Government of the Marshall Islands under the Compact and United States Public Law 99-239 for the first year of the Compact, which year coincides with fiscal year 1987, shall be provided pursuant to the Fiscal Procedures Agreement, except as otherwise provided by the procedures set forth in this agreement."

SECTION 3. Fiscal Year 1986 Funding. Section 4 of Article II of the agreement is deleted.

SECTION 4. Fiscal Year 1987 Funding. Paragraph (a) of Section 5 of Article II of the Agreement is amended to read as follows:

"(a) The Government of the United States shall pay to the Government of the Marshall Islands for fiscal year 1987 funding specified in the Compact and United States Public Law 99-239, to be paid to the Government of the Marshall Islands for the first year of the Compact. As soon as practicable after the effective date of the Compact, the Government of the United States shall pay to the Government of the Marshall Islands the first quarterly allocation of such funding, less offsets for Department of Interior Operations grant and satellite communications grant paid in fiscal year 1987 and the Department of Defense land use payments for Kwajalein Missile Range (KMR) paid in fiscal year 1987."

SECTION 5. Current Account for Fiscal Year 1987. Subparagraph (i) of Paragraph (c) of Section 5 of Article II of the Agreement is amended to read as follows:

"(i) current account -- from funding specified in Section 211(a)(1) of the Compact the amount of \$15.66 million, from funding in the adjustment account the amount that results from the operation of Section 217 of the Compact upon \$4.26 million, and the funding specified in Sections 213(a), 215(a), 216(a)(2) and 216(a)(3), and 221(b) of the Compact. Except for funding specified in Section 216(a)(3) of the Compact which shall be paid with the first quarterly allocation, the quarterly allocations shall be in the percentages of 30, 30, 20 and 20, unless modified by the Government of the Marshall Islands in accordance with the Fiscal Procedures Agreement; and"

SECTION 6. Capital Account for Fiscal Year 1987. Subparagraph (ii) of Paragraph (c) of Section 5 of Article II of the Agreement is amended to read as follows:

"(ii) capital account -- the balance of the funding specified in Section 211(a)(1) of the Compact, the funding specified in Sections 215(b), 216(a)(1) and 216(b) of the

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Compact, and the balance of the funding in the adjustment account. Such capital account funding shall be obligated to the Marshall Islands Development Authority for payment with the first quarterly allocation, except funding in the adjustment account which is to be paid in the fourth quarter pursuant to the Fiscal Procedures Agreement."

SECTION 7. Section 6 of Article II of the Agreement is deleted.

SECTION 8. Federal Programs. Section 7 of Article II of the Agreement is amended to read as follows:

"Section 7. Federal Programs.

a) The grants, programs and services of the Government of the United States for which the Government of the Marshall Islands is eligible under United States Public Law 99-239, as amended, shall be made available to the Government of the Marshall Islands for the purposes and duration provided therein.

(b) The grants, programs and services of the Government of the United States for which the Marshall Islands is eligible pursuant to United States House Joint Resolution 626 shall, upon signature by the President of the United States of such House Joint Resolution, be made available to the Marshall Islands for the purposes and duration provided therein.

(c) The Government of the United States shall take such administrative action as is necessary, in accordance with the laws of the United States, to accomplish the purposes of this section."

## ARTICLE II GENERAL PROVISIONS

SECTION 1. Investment Development Fund. The Government of the Marshall Islands requests and that the \$6.0 million and the \$4.0 million contributions to the Investment Development Fund to be provided pursuant to Section 111(b)(1)(ii) of United States Public Law 99-239 be transferred to the Government of the Marshall Islands on the effective date of the Compact and on 1 October 1989, respectively. The Government of the United States shall sympathetically and expeditiously consider this request, and take whatever administrative or legislative actions are necessary to act on this request.

SECTION 2. Section 221(c) of the Compact. For purposes of Section 221(c) of the Compact, the "day preceding the effective date of this Compact" shall be the period 30 September 1986 through the day preceding the effective date of the Compact.

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SECTION 3. Transition. As of the effective date of the Compact, the Compact shall be the controlling and defining instrument of the relationship between the United States and the Republic of the Marshall Islands and the authority and responsibility of the Government of the United States and the Government of the Marshall Islands with respect to their relationship shall be as set forth in the Compact, as approved by United States Public Law 99-239, as amended, and Marshall Islands Nitijela Resolution 62. The Government of the United States recognizes that the people of the Republic of the Marshall Islands have and retain their sovereignty and, acting through the Government of the Marshall Islands, are self-governing.

ARTICLE III  
EFFECTIVE DATE AND DURATION

This Amendment No. 1 to the Agreement shall enter into force upon signature by the Signatory Governments and shall remain in effect for the duration of the Agreement.

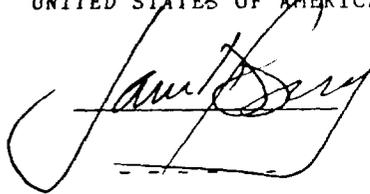
IN WITNESS WHEREOF, the undersigned, duly authorized, have signed this Amendment No. 1 to the Agreement Regarding Implementation of the Compact of Free Association Between the Government of the United States and the Government of the Republic of the Marshall Islands, which shall come into effect in accordance with its terms.

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AGREEMENT FOR IMPLEMENTATION  
OF THE COMPACT OF FREE ASSOCIATION  
BETWEEN  
THE GOVERNMENT OF THE UNITED STATES  
AND  
THE GOVERNMENT OF THE REPUBLIC OF THE MARSHALL ISLANDS  
AMENDMENT NO. 1

DONE AT MAJURO, REPUBLIC OF THE MARSHALL ISLANDS, THIS TWENTIETH  
DAY OF OCTOBER, ONE THOUSAND, NINE HUNDRED AND EIGHTY-SIX.

FOR THE GOVERNMENT  
OF THE  
UNITED STATES OF AMERICA



FOR THE GOVERNMENT  
OF THE  
REPUBLIC OF THE MARSHALL ISLANDS



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