



# COMPACT OF ASSOCIATION

***BETWEEN THE GOVERNMENTS OF THE  
FREE ASSOCIATED STATE OF PUERTO RICO AND  
THE UNITED STATES OF AMERICA***

*By*

***Senator Antonio J. Fas-Alzamora***

*Former President of the Senate of the Commonwealth of Puerto Rico  
Former Secretary General and Member of the Governing Board  
of the Popular Democratic Party*

***Ramón Luis Nieves, Esq.***  
*Counselor*

***José Ariel Nazario, Esq.***  
*Counselor*

***March, 2010***

***As amended on June 4, 2010***



# INDEX

	Page
INTRODUCTION – Sen. Antonio J. Fas-Alzamora.....	i
PREAMBLE.....	1
Definitions.....	2
TITLE ONE - GOVERNMENT RELATIONS	
Article I: Self-Government.....	4
Article II: Maritime Claims and Airspace.....	7
Article III: Citizenship.....	8
Article IV: Foreign Affairs.....	9
Article V: Representation.....	11
Article VI: Freedom of Movement and Immigration.....	11
Article VII: Labor.....	12
Article VIII: Communications.....	13
Article IX: Environmental Protection.....	13
TITLE TWO – ECONOMIC RELATIONS	
Article I: Sector Grants.....	18
Article II: Services and Programs.....	25
Article III: Administrative Provisions.....	27
Article IV: Trade.....	28
Article V: Finance and Taxation.....	29

	Page
TITLE THREE- SECURITY AND DEFENSE RELATIONS	
Article I: Authority and Responsibility.....	32
Article II: Defense Facilities and Operating Rights.....	35
Article III: Defense Treaties and International Security Agreements.....	36
Article IV: General Matters.....	37
TITLE FOUR -DISPUTE RESOLUTION, AMENDMENTS AND OTHER PROVISIONS	
Article I: Dispute Resolution.....	39
Article II: Compact Court.....	39
Article III: Jurisdiction of the Federal Court.....	41
Article IV Amendments and Other Provisions.....	42
Article V: Concluding Provisions.....	43

# INTRODUCTION

The **Compact of Association between the Governments of the Free Associated State of Puerto Rico and the United States of America** is the result of a twelve (12) month period of careful consideration and analysis regarding the future of the relationship between the People of Puerto Rico and the Government of the United States. The fundamental objective of this proposal is to provide Puerto Rico with tools and mechanisms to create a dynamic and productive economic model, as well as adequate social conditions to achieve quality of life for all Puerto Ricans.

The proposed Compact of Association is non-colonial and non-territorial in nature, and is based on the sovereignty of the People of Puerto Rico. It fully complies with international law; furthermore, it acknowledges the authority of our People to negotiate an honorable association with the United States.

This Compact is based on the community of interests developed between Puerto Rico and the United States during the course of over one hundred (100) years. Additionally, the Compact reaffirms the commitment of both countries to protect the fundamental freedoms of our citizens, in accordance with the values and rights recognized by the Constitutions of both nations and by our democratic traditions.

As an elected official who has served the People of Puerto Rico since 1976, I should point out that this Compact fully reflects the political aspirations expressed by my party, the Popular Democratic Party, as well as the preference of the majority of the People of Puerto Rico. Furthermore, the preparation of this Compact has benefited from the vast experience of the United States in the negotiation and administration of relationships of association. These experiences have certainly been used as a model, although adapted to the realities of the Puerto Rican situation, including the bond of American citizenship.

This proposal was first made public on March 8, 2010, before a distinguished audience that included the President and Vice president of my party, the current President of the Association of Mayors of Puerto Rico, elected members of the Puerto Rico Legislative Assembly, several mayors and legislators of the municipalities of Puerto Rico, members of the Academia, students, and the general public.

The Compact became an instant subject of discussion in the media, social networking sites such as Facebook, and, most significantly, between members of my party.

During the month of March, 2010, the Compact was thoroughly discussed on seven (7) public hearings held in different geographical areas of our main Island. It also has benefitted from comments and additional amendments offered by distinguished members of the Academia, legal and business community in Puerto Rico.

The initial Compact proposed in March was amended as a result of the hearings, attended by hundreds of citizens, and after reviewing suggestions and collaborations received during the process.

Several distinguished individuals contributed to the development of this proposal. However, I must recognize Mr. Ramón Luis Nieves, Esq., my main collaborator in this effort, as well as Mr. José Ariel Nazario, Esq., whose contributions have been extremely valuable.

I sincerely hope that this proposal becomes the basis of a dignified and democratic relationship between two Nations who are different in their origins, but who are united by political and legal bonds, as well as a history of friendship and collaboration.

**Antonio J. Fas-Alzamora**  
**Senator**

# **COMPACT OF ASSOCIATION**

## ***BETWEEN THE GOVERNMENTS OF THE FREE ASSOCIATED STATE OF PUERTO RICO AND THE UNITED STATES OF AMERICA***

### **PREAMBLE**

#### **THE GOVERNMENT OF THE FREE ASSOCIATED STATE OF PUERTO RICO AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA,**

*Recognizing* that the People of Puerto Rico are a Nation with their own cultural identity, history and language;

*Recognizing* the existence of a community of interests between the People of Puerto Rico and the Government of the United States of America;

*Recognizing* that the approval of the Constitution of the Commonwealth of Puerto Rico by the People of Puerto Rico and the Government of the United States was a significant step in the political development of the People of Puerto Rico;

*Taking note of* Resolution 23 of the Constitutional Convention of the Commonwealth of Puerto Rico, which expressed that “the People of Puerto Rico reserves its right to propose and accept modifications to the terms of its relationship with the United States of America, in order to assure that the terms of such relationship continue to reflect a freely concerted agreement” between the United States and the People of Puerto Rico;

*Taking note of* United Nations General Assembly Resolution (VIII), approved on 1953, which recognizes the mutual obligation of the United States of America and the People of Puerto Rico to pay due regard to requests for any change in the terms of their association;

*Recognizing* the continued democratic will of the People of Puerto Rico, expressed in several referenda, to develop its present relationship with the Government of the United States of America to a full measure of self government and international presence;

*Recognizing* their common desire to establish a new and mutually beneficial relationship based on the sovereignty and the freely-expressed wishes of the People of Puerto Rico;

*Affirming* that the People of Puerto Rico and the Government of the United States of America desire to maintain a close and mutually beneficial relationship through a voluntary association, including the bond of common citizenship;

*Affirming* that their Governments and their relationships as Governments are founded upon respect for equality, human rights and fundamental freedoms for all;

*Affirming* the interest of their Governments in promoting the economic advancement and self-sufficiency of the People of Puerto Rico:

NOW, THEREFORE, AGREE to enter into a relationship of association which provides a full measure of self-government for the People of Puerto Rico; and

FURTHER AGREE that the relationship of association and the respective rights and responsibilities of the Government of the United States of America and the Government of the Free Associated State of Puerto Rico in regard to this relationship of association derive from and are as set forth in this Compact.

### **Definitions**

As referred to in this Compact and related agreements,

(a) "Puerto Rico" refers to the archipelago composed by the main Island of Puerto Rico and to the adjacent islands and waters of those islands, which were ceded to the United States of America by the Kingdom of Spain by virtue of the Treaty of Paris of December 10, 1898, between the United States of America and the Kingdom of Spain, as well as the maritime and airspace jurisdiction recognized under this Compact;

(b) "United States" refers to the United States of America;



(c) “Free Associated State of Puerto Rico” or “Government of the Free Associated State of Puerto Rico” is the name assumed by the Government entity formerly known as “the Commonwealth of Puerto Rico”;

(d) “Compact” refers to this Compact of Association signed by the Governments of the Free Associated State of Puerto Rico and the United States of America;

(e) “Effective date of this Compact” refers to the meaning expressed on Title IV, Article IV, Section 3 of this Compact of Association.

(f) “Related agreements” refer to the agreements mentioned on Title IV, Article IV, Section 4 of this Compact, as well as other similar agreements negotiated between both Governments after the effective date of this Compact.

# **TITLE ONE**

## **GOVERNMENT RELATIONS**

### **Article I: Self-Government**

#### **Section 1**

(a) The People of Puerto Rico, acting through the Government established under the Constitution of the Free Associated State of Puerto Rico, are self-governing and have and retain their sovereignty. The approval of this Compact of Association by the People of Puerto Rico constitutes an exercise of their right to self-determination.

(b) The nature and contents of this Compact of Association were agreed by the parties in accordance with international law principles of self-determination, such as the ones established on United Nations Resolution 1541 (XV) of 1960 and United Nations Resolution 2625 (XXV) of 1970.

#### **Section 2**

(a) All obligations, responsibilities, rights and benefits of the Government of the United States which resulted from the Treaty of Paris of December 10, 1898, between the United States and the Kingdom of Spain, are terminated as of the date of this Compact, and no longer assumed and enjoyed by the Government of the United States.

(b) The Government of the United States hereby relinquishes its authority over Puerto Rico under Article IV, Section 3, Clause 2 of the Constitution of the United States, and enters into this Compact of Association by virtue of the authority granted under its Constitution to subscribe international agreements.

(c) The Puerto Rican Federal Relations Act, established under Public Law 600, July 3, 1950, 64 Stat. 314, as well as all other laws or parts of laws of the United States inconsistent with this Compact of Association, are hereby repealed.

#### **Section 3**

(a) The Governments of the United States and the Free Associated State of Puerto Rico have full authority to enter into this Compact

and its related agreements and to fulfill all of their respective responsibilities.

(b) This Compact of Association has the force and effect of a statute under the Supremacy Clause of the Constitution of the United States of America and the Constitution of the Free Associated State of Puerto Rico.

#### **Section 4**

(a) Except as otherwise provided in this Compact or its related agreements, and subject to subsection (b), the application of the laws and regulations of the United States ceases with respect to the Free Associated State of Puerto Rico.

(b) After the effective date of this Compact, the Free Associated State of Puerto Rico will only be subject to the laws and regulations of the United States related to the powers or functions delegated to the United States under this Compact and its related agreements; *provided that* the laws and regulations of the United States will continue applying in the Free Associated State of Puerto Rico for a provisional period of two (2) years after the effective date of this Compact, in order for the Government of the Free Associated State of Puerto Rico to conform its laws and regulations to the authority and responsibilities recognized by this Compact. The *United States-Puerto Rico Commission on Federal Laws*, created under section (c), will review the applicability to the Free Associated State of Puerto Rico of any amendments to the laws and regulations of the United States during the provisional period of two (2) years.

(c) A permanent *United States-Puerto Rico Commission on Federal Laws* will be created by the parties to this Compact after its effective date to review and make recommendations as to the applicability of the laws and regulations of the United States to the Free Associated of Puerto Rico. The Commission will consist of seven (7) members, four (4) appointed by the Free Associated State of Puerto Rico, and three (3) appointed by the United States, during a five-year term. At the time of death, resignation or removal of any of its members, his or her replacement shall be designated in the same manner as the replaced member, for the balance of the unexpired term of his or her predecessor. The principal duty of the Commission created herein will be to submit recommendations to the Legislative Assembly of Puerto Rico, the Congress of the United

States, and the Governments of each party to this Compact, in order to conform their laws and regulations to the provisions and principles of this Compact of Association. The parties to this Compact shall conclude a related agreement to define the functions of the Commission.

## **Section 5**

The Free Associated State of Puerto Rico hereby authorizes the Government of the United States to exercise such powers and perform such functions with respect to the Free Associated State of Puerto Rico as are specifically enumerated in this Compact and its related agreements. All other powers or functions are hereby reserved to the People of Puerto Rico.

## **Section 6**

Title to the property of the Government of the United States situated in Puerto Rico or acquired for or used by the Government of the United States in Puerto Rico on or before the day preceding the effective date of this Compact shall, without reimbursement or transfer of funds, vest in the Government of Puerto Rico as set forth in a related agreement which shall come into effect with this Compact. The provisions of this Section shall not apply to the use of the property of the Government of the United States for which the Government of the United States determines a continuing requirement for defense and security under Title III of this Compact, or for other purposes expressly agreed by the parties.

## **Section 7**

The parties to this Compact agree that full faith and credit shall be given to the public acts, records, and judicial proceedings of the Free Associated State of Puerto Rico, the United States, its States, territories and possessions.

## **Article II: Maritime Claims and Airspace**

### **Section 1**

(a) The Free Associated State of Puerto Rico shall exercise full control and authority over its Internal Waters; Territorial Sea; Navigable Waters; Contiguous zone and the Exclusive Economic Zone (EEZ), to the full extent recognized under international law.

(b) As provided by international law, the EEZ under the control of the Free Associated State of Puerto Rico is defined as the waters seaward of and adjacent to the territorial sea, not extending beyond 200 nautical miles from the territorial sea baseline. The Government of the Free Associated State of Puerto Rico shall control the EEZ for purposes such as: exploring and exploiting, conserving and managing the natural resources, whether living or non-living, of the waters superjacent to the seabed and of the seabed and its subsoil, and with regard to other activities for the economic exploitation and exploration of the zone, such as the production of energy from the water, currents, and winds; jurisdiction with regard to the establishment and use of artificial islands, installations, and structures; treasure salvage and exploration; marine scientific research and; the protection and preservation of the marine environment, among other functions or duties recognized under international law.

(c) In the exercise of its authority under this Article, the Government of the Free Associated State of Puerto Rico may establish agreements of mutual cooperation and assistance with the Government of the United States in furtherance of mutual interests in the EEZ.

### **Section 2**

(a) The Free Associated State of Puerto Rico shall exercise full control and authority over its airspace, including the development of air traffic rules, the assignment of the use of airspace, and control of its air traffic.

(b) The Government of the United States agrees to provide assistance and services to the Free Associated State of Puerto Rico thru the Federal Aviation Administration, in order to develop and

implement standards, share knowledge as to new aviation technology, developing and operating air traffic control and navigation, and implement controls to aircraft noise and other environmental effects of civil aviation.

### **Article III: Citizenship**

#### **Section 1**

(a) All persons born to a parent of Puerto Rican descent shall be citizens of the United States of America and the Free Associated State of Puerto Rico.

(b) All persons born in Puerto Rico, to parents who are not citizens of the United States, shall be citizens of the Free Associated State of Puerto Rico, and could apply for naturalization as a citizen of the United States as provided under the laws and regulations of the United States.

(c) Any citizen of the United States shall become a citizen of the Free Associated State of Puerto Rico after satisfying the requirements established under the laws and regulations of the Free Associated State of Puerto Rico.

#### **Section 2**

(a) No citizen of the Free Associated State of Puerto Rico shall be deprived from his or her status as a citizen of the United States, unless he or she voluntarily performs any act with the intention of relinquishing United States nationality, as provided by the *Immigration and Nationality Act of 1952*, as amended.

(b) After the effective date of this Compact, any amendments to the *Immigration and Nationality Act of 1952* which modify or add causes of loss of nationality, shall not impair or limit in any way the citizenship status of the United States citizens residing in or born in the Free Associated State of Puerto Rico.

### **Section 3**

(a) All citizens of the Free Associated State of Puerto Rico and the United States residing in Puerto Rico shall enjoy the fundamental rights guaranteed by the Constitution of the United States and the Constitution of the Free Associated State of Puerto Rico.

(b) Any amendments to the Constitution of the Free Associated State, formerly known as the *Commonwealth of Puerto Rico*, after the effective date of this Compact, shall not abolish any rights recognized under Section II of the Constitution of the Commonwealth of Puerto Rico (Bill of Rights).

(c) The rights, privileges, and immunities of citizens of the United States shall be respected in Puerto Rico to the same extent as though Puerto Rico were a State of the Union and subject to the provisions of paragraph I of Section 2 of Article IV of the Constitution of the United States.

## **Article IV: Foreign Affairs**

### **Section 1**

The Government of the Free Associated State of Puerto Rico has full capacity to conduct its foreign affairs, as provided under international public law.

### **Section 2**

The foreign affairs capacity of the Government of the Free Associated State of Puerto Rico includes:

(1) the conduct of its cultural, sporting, communications, consular, diplomatic, commercial, economic and trade relations, including negotiations for the receipt of developmental loans and grants and the conclusion of arrangements with other governments and international and intergovernmental organizations, including any matters specially benefiting its individual citizens;

(2) the conduct of foreign affairs relating to law of the sea and marine resources matters, including the harvesting, conservation,

exploration or exploitation of living and non-living resources from the sea, seabed or subsoil to the full extent recognized under international law.

### **Section 3**

(a) The Government of the United States recognizes that the Government of the Free Associated State of Puerto Rico has the capacity to enter into, in its own name and right, treaties and other international agreements, and to join regional and international organizations. The Free Associated State of Puerto Rico shall also have the capacity to negotiate new terms and conditions for its own benefit in multilateral treaties and agreements to which the entity formerly known as the *Commonwealth of Puerto Rico* was subject to prior to the effective date of this Compact.

(b) The Government of the United States shall support applications by the Government of the Free Associated State of Puerto Rico for membership or other participation in regional or international organizations.

(c) In the conduct of its foreign affairs, the Government of the Free Associated State of Puerto Rico confirms that it shall act in accordance with principles of international public law and shall settle its international disputes by peaceful means.

### **Section 4**

After the effective date of this Compact, the Government of the United States shall continue extending consular assistance to the citizens of the Free Associated State of Puerto Rico in those countries where no consular offices or embassies of the Free Associated State of Puerto Rico are established.

### **Section 5**

The Government of the United States and Government of the Free Associated State of Puerto Rico shall not be responsible for, nor obligated by, any actions taken by each other in the area of foreign affairs, except as may be expressly agreed.



## **Section 6**

As may be agreed from time to time, the Government of the United States shall provide diplomatic assistance to the Government of the Free Associated State of Puerto Rico, including access to embassies or consular offices of the United States by officers, employees or agents of the Government of the Free Associated State of Puerto Rico.

## **Article V: Representation**

### **Section 1**

The Governments of the United States and the Free Associated State of Puerto Rico may establish and maintain representation in their respective capital cities for the purpose of maintaining close and regular consultations on matters arising in the course of the relationship, and conducting other government business. The Governments of the United States and the Free Associated State of Puerto Rico may also establish any other offices as agreed from time to time.

### **Section 2**

The premises of such representative offices, as well as any property or archives of any kind (including electronic and physical archives), whenever located, shall be inviolable by The Governments of the United States and the Free Associated State of Puerto Rico, their officials, employees and agents. Official communications in transit shall be inviolable and accorded the freedom and protection accorded by recognized principles of international public law.

## **Article VI: Freedom of Movement and Immigration**

### **Section 1**

(a) Any and all citizens of the Free Associated State of Puerto Rico and the United States may freely enter into and lawfully engage in trade, crafts, professions and occupations, study, travel to and/or establish permanent residence in any State, territory or possession of the United States.

(b) Any person who is a citizen of the United States and resident of any State, territory or possession of the United States, may enter into, and lawfully engage in trade, crafts, professions and occupations, study, travel to and/or establish permanent residence in Puerto Rico.

## **Section 2**

The Government of the Free Associated State of Puerto Rico will create and operate its own system of resident and non-resident visas to control and regulate the entry of aliens into its territory. The Government of the United States will determine the admission of such aliens into any of its States, territories or possessions, pursuant to the *Immigration and Nationality Act of 1952*, as amended, and any other applicable laws and regulations of the United States.

## **Section 3**

The Free Associated State of Puerto Rico shall control the admission to Puerto Rico of aliens in possession of resident or non-resident visas issued by the Secretaries of Homeland Security and the Department of State of the Government of the United States.

## **Section 4**

The Government of the United States shall issue travel-related passports to all persons who are citizens of the United States and the Free Associated State of Puerto Rico. The Government of the Free Associated State of Puerto Rico shall also have the authority to issue travel-related passports to any of its citizens.

# **Article VII: Labor**

## **Section 1**

The Free Associated State of Puerto Rico shall have exclusive jurisdiction over all labor-management relations in Puerto Rico.

## **Section 2**

The Free Associated State of Puerto Rico shall exercise its authority over all labor-related matters under its Constitution, laws and regulations, including occupational safety and health, labor standards, wages and hours, worker's compensation, anti-discrimination law and employee benefits; *provided that* the exercise of such authority shall not impair rights vested to the workers as of the effective date of this Compact.

## **Section 3**

The permanent *United States-Puerto Rico Commission on Federal Laws* established under Title I of this Compact shall review all United States labor laws and regulations applicable to Puerto Rico as of the effective date of this Compact, in order to recommend any necessary and proper amendments to the Puerto Rico laws and regulations, to assure conformity with the provisions of this Compact.

## **Article VIII: Communications**

(a) The Free Associated State of Puerto Rico has full authority and responsibility to regulate its domestic and international communications.

(b) The Free Associated State of Puerto Rico shall permit the United States to operate telecommunication services in Puerto Rico to the extent necessary to fulfill its defense and security responsibilities under this Compact, in accordance with the terms of related agreements entered into pursuant to this Section.

## **Article IX: Environmental Protection**

### **Section 1**

The Governments of the United States and the Free Associated State of Puerto Rico declare that it is their policy to promote efforts to prevent or eliminate damage to the environment and biosphere and to enrich understanding of the natural resources of the Free Associated State of Puerto Rico.

## **Section 2**

(a) The Government of the Free Associated State of Puerto Rico shall exercise absolute authority over the protection of the environment, bodies of water, sites, ecology, living and non-living resources of Puerto Rico, as provided by the Constitution, laws and regulations of the Free Associated State of Puerto Rico.

(b) The Free Associated State of Puerto Rico agrees that its standards for environmental protection will not be inferior to the protections and standards provided by the environmental laws and regulations of the United States which were applicable to Puerto Rico at the effective date of this Compact.

## **Section 3**

The Government of the United States:

(a) shall continue to apply the environmental controls in effect as of the effective date of this Compact to those of its continuing activities subject to section 3(b), unless and until those controls are modified under sections 3(c) and 3(d);

(b) shall apply the *National Environmental Policy Act of 1969*, as amended, to its activities under the Compact and its related agreements;

(c) shall comply also, in the conduct of any activity requiring the preparation of an Environmental Impact Statement, with standards substantively similar to those required by the following laws of the United States, taking into account the particular environment of the Free Associated State of Puerto Rico: *the Endangered Species Act of 1973*, as amended; *the Clean Air Act*, as amended; *the Clean Water Act (Federal Water Pollution Control Act)*, as amended; *Title I of the Marine Protection, Research and Sanctuaries Act*, as amended; *the Toxic Substances Control Act*, as amended; *the Solid Waste Disposal Act*, as amended, and such other environmental protection laws of the United States and of the Free Associated State of Puerto Rico, as may be mutually agreed from time to time with the Free Associated State of Puerto Rico; and

(d) shall develop, prior to conducting any activity requiring the preparation of an Environmental Impact Statement under section

3(b), written standards and procedures, as agreed with the Free Associated State of Puerto Rico, to implement the substantive provisions of the laws made applicable to U.S. Government activities in the Free Associated State of Puerto Rico, pursuant to section 3(c).

#### **Section 4**

Section 3(a), including any standard or procedure applicable thereunder, and section 3(b) may be modified or superseded in whole or in part by agreement of the Government of the United States and the Free Associated State of Puerto Rico.

#### **Section 5**

(a) In the event that an Environmental Impact Statement is no longer required under the laws of the United States for major Federal actions significantly affecting the quality of the human environment, the regulatory regime established under sections 3(c) and 3(d) shall continue to apply to such activities of the Government of the United States until amended by mutual agreement.

(b) The laws of the United States referred to in section 3(c) shall apply to the activities of the Government of the United States under this Compact and its related agreements only to the extent provided for in this section.

#### **Section 6**

The Free Associated State of Puerto Rico may bring an action for judicial review for enforcement of the obligations of the Government of the United States arising under Section 3. The Compact Court established under Title IV of this Compact shall have jurisdiction over such action or activity, and over actions brought under section 3 which relate to the activities of the Government of the United States and its officers and employees, governed by section 1, provided that:

(a) Such actions may only be civil actions for any appropriate civil relief other than punitive damages against the Government of the United States or, where required by law, its officers in their official capacity; no criminal actions may arise under this section.

(b) Actions brought pursuant to this section may be initiated only by the Free Associated State of Puerto Rico.

(c) The Compact Court established under Title IV of this Compact shall have jurisdiction to issue all necessary processes, and the Government of the United States agrees to submit itself to the jurisdiction of this Court.

(d) The judicial remedy provided for in this section shall be the exclusive remedy for the judicial review or enforcement of the obligations of the Government of the United States under this Article and actions brought under section 3 which relate to the activities of the Government of the United States and its officers and employees governed by section 3.

### **Section 7**

(a) For the purpose of gathering data necessary to study the environmental effects of activities of the Government of the United States subject to the requirements of this Article, the Free Associated State of Puerto Rico shall be granted access to facilities operated by the Government of the United States in the Free Associated State of Puerto Rico, to the extent necessary for this purpose.

(b) The Government of the United States, in turn, shall be granted access to the Free Associated State of Puerto Rico for the purpose of gathering data necessary to discharge its obligations under this Article, except to the extent such access would unreasonably interfere with the exercise of the authority and responsibility of the Free Associated State of Puerto Rico as recognized under this Compact, and to the extent necessary for this purpose shall be granted access to documents and other information to the same extent similar access is provided to the Free Associated State of Puerto Rico under the *Freedom of Information Act*, 5 U.S.C. 552.

(c) The Government of the Free Associated State of Puerto Rico shall not impede efforts by the Government of the United States to comply with applicable standards and procedures.

### **Section 8**

The environment sector grant created pursuant to Title II of this

Compact shall support the efforts of the Government of the Free Associated State of Puerto Rico to protect its land and marine environment and to conserve and achieve sustainable use of its natural resources. These efforts include the ongoing development, adoption and enforcement of policies, laws and regulation in pursuit of the above stated goals; the reduction and prevention of environmental degradation and all forms of environmental pollution; adaptation to climate change; the protection of biological diversity, including the assurance of adequate legal and international treaty safeguards relating to the protection of botanical and other agro-ecological property belonging to the Free Associated State of Puerto Rico; the establishment and management of conservation (sustainable use) areas; environmental infrastructure planning, design construction, and operation; interaction and cooperation with non-governmental organizations; the promotion of increased environmental awareness in governmental and private sectors; and the promotion of increased involvement of the citizens of the Free Associated State of Puerto Rico in the process of conserving their country's environment and natural resources.

## **Section 9**

(a) The Government of the United States and the Government of the Free Associated State of Puerto Rico shall set forth on a related agreement provisions for the just and adequate settlement of all such claims which have arisen or will arise in regard to the residents of the Municipalities of Vieques and Culebra which have not as yet been compensated, related to the effects on the population and the environment of the military and naval activities of the Government of the United States in those Islands. This related agreement shall come into effect simultaneously with this Compact and shall remain in effect in accordance with its own terms.

(b) The Government of the United States shall provide to the Government of the Free Associated State of Puerto Rico, on a grant basis, the amount of \$\_\_\_\_\_<sup>1</sup> to be paid and distributed in accordance with the related agreement referred to in this Section, and shall provide the services and programs set forth therein.

---

<sup>1</sup> *The actual amount will be agreed during the negotiations of this Compact.*

## **TITLE TWO ECONOMIC RELATIONS**

### **Article I: Grant Assistance**

#### **Section 1 - Sector Grants**

(a) In order to assist the Government of the Free Associated State of Puerto Rico in its efforts to promote the economic advancement, budgetary self-reliance, and economic self-sufficiency of its People, and in recognition of the special relationship that exists between the Free Associated State of Puerto Rico and the United States, the Government of the United States shall provide assistance on a sector grant basis for an initial period of thirty (30) years, renewable for an additional thirty (30) year term, and thereafter by mutual agreement, in the amounts set forth in section 7 of this Article. Such grants shall be used for assistance in the sectors of education, health care, private sector development, non-profit organizations, the environment, public infrastructure, agricultural development, or for other sectors as mutually agreed. For each year such sector grant assistance is made available, the proposed division of this amount among these sectors shall be certified to the Government of the United States by the Government of the Free Associated State of Puerto Rico and shall be subject to the concurrence of the Government of the United States. In such case, the Government of the United States shall disburse the agreed upon amounts and monitor the use of such sector grants in accordance with the provisions of this Article and a related agreement which shall come into effect simultaneously with this Compact.

(b) The Governments of the United States and the Free Associated State of Puerto Rico agree that the annual amounts set forth in section 7 shall not be lesser than the total level of funding granted by the Government of the United States to Puerto Rico during the fiscal year preceding the effective date of this Compact. The Government of the United States may grant, annually, additional amounts to the ones set forth in section 7.



(c) The Governments of the United States and the Free Associated States of Puerto Rico agree that the grants set forth in Section 7 shall be directed to the following sectors:

(1) *Education.* United States grant assistance shall be made available in accordance with the plan described in subsection (d) of this section to support and improve the educational system of the Free Associated State of Puerto Rico, develop the human, financial, and material resources necessary to perform these services, and continue providing funds for post-secondary education in Puerto Rico, such as Pell Grants.

(2) *Health.* United States grant assistance shall be made available in accordance with the plan described in subsection (d) of this section to support and improve the delivery of preventive, curative and environmental care and develop the human, financial, and material resources necessary for the Government of the Free Associated State of Puerto Rico to perform these services, including restructuring the public health system to guarantee full access to health care for all citizens of the Free Associated State of Puerto Rico.

(3) *Private sector development.* United States grant assistance shall be made available in accordance with the plan described in subsection (d) of this section to support the efforts of the Government of the Free Associated State of Puerto Rico to assist in the development of local business activity, agricultural enterprises, community-based enterprises, cooperatives, housing, the attraction of foreign investment, and the promotion of research, development and innovation.

(4) *Non-Profit Organizations.* United States grant assistance shall be made available in accordance with the plan described in subsection (d) of this section to support bona fide and recognized non-profit organizations that provide services for the People of Puerto Rico, such as charitable, educational, scientific, cultural, artistic, sports, recreational and faith-based organizations.

(5) *Environment.* United States grant assistance shall be made available in accordance with the plan described in subsection (d) of this section to increase environmental protection; promote energy development and research and development

of alternative energy resources; conserve and achieve sustainable use of natural resources; and engage in environmental infrastructure planning, design construction and operation.

(6) *Public infrastructure.* United States annual grant assistance shall be made available in accordance with a list of specific projects included in the plan described in subsection (d) of this section to assist the Government of the Free Associated State of Puerto Rico in its efforts to provide adequate public infrastructure.

(7) *Agricultural development.* United States annual grant assistance shall be made available in accordance the plan described in subsection (d) of this section to assist the Government of the Free Associated State of Puerto Rico in the full development of its agricultural production, assistance for local agricultural business, export of local agricultural products, and to assume agricultural production for local consumption as national security issue.

(d) The Government of the Free Associated State of Puerto Rico shall prepare and maintain an official overall development plan. The plan shall be strategic in nature, and shall be continuously reviewed and updated through the annual budget process. Each of the sectors named in subsection (a) of this section, or other sectors as mutually agreed, shall be accorded specific treatment in the plan. Insofar as grants funds are involved, the plan shall be subject to the concurrence of the Government of the United States.

## **Section 2**

Regulations and policies normally applicable to United States financial assistance to its state and local governments, as reflected on a related agreement, shall apply to each sector grant described in section 1, and to grants administered under section 1 below, except as modified in the related agreements referred to in Title IV of this Compact. The Government of the United States, after annual consultations with the Free Associated State of Puerto Rico, may attach reasonable terms and conditions to ensure effective use of United States assistance and reasonable progress toward achieving program objectives. The Government of the United States may seek appropriate remedies for noncompliance with the terms and

conditions attached to the assistance, or for failure to comply with section 1, including withholding assistance.

### **Section 3**

(a) The Governments of the United States and the Free Associated State of Puerto Rico shall establish a *Joint Economic Management Committee* (JEMCO), composed of two members from the Government of the United States, two members from the Free Associated State of Puerto Rico, and a chairperson. The chairperson of JEMCO will initially be appointed by the Free Associated State of Puerto Rico for a five (5) year term. On the fifth anniversary of the effective date of this Compact, the Government of the United States will appoint the chairperson of JEMCO, for a five (5) year term. Thereafter, the chairperson shall be appointed on an alternative manner by each Government, for five (5) year terms. At the time of death, resignation or removal of any of its members, his or her replacement shall be designated in the same manner as the replaced member, for the balance of the unexpired term of his or her predecessor.

(b) JEMCO shall meet at least once each year to review the audits and reports required under this Title, evaluate the progress made by the Free Associated State of Puerto Rico in meeting the objectives identified in its plan described in subsection (b) of section 1, with particular focus on those parts of the plan dealing with the sectors identified in subsection (a) of section 1, identify problems encountered, and recommend ways to increase the effectiveness of the assistance made available by the United States under this Title. The establishment and operations of JEMCO shall be governed by a related agreement subscribed on or before the effective date of this Compact.

(c) JEMCO may retain professional services, including financial and administrative consultants, in order to assure compliance with the objectives specified on this Compact and the related agreement mentioned on this Section.

### **Section 4**

The Government of the Free Associated State of Puerto Rico shall report annually to the President of the United States on the use of United States sector grant assistance and other assistance and

progress in meeting mutually agreed program and economic goals. JEMCO shall review and comment on the report and make appropriate recommendations based thereon.

## **Section 5**

At the twenty eight (28<sup>th</sup>) anniversary of the date of this Compact, the Governments of the United States and the Free Associated State of Puerto Rico shall commence discussions and renegotiations of the amounts and other terms and conditions for the extension of the Sector Grants created under Section 1 of this Article. The second term of the Sector Grants shall not be lesser than the initial thirty (30) year period, and thereafter as mutually agreed. The renegotiation process will end on the thirtieth (30<sup>th</sup>) anniversary of the date of this Compact, unless the Governments of the United States and the Free Associated State of Puerto Rico agree on an extension, which shall not exceed two (2) years.

## **Section 6**

(a) The parties to this Compact agree to establish a Trust Fund. The Government of the United States shall contribute annually, for an initial term of thirty (30) years from the effective date of this Compact, the amounts set forth in section 7. The parties shall conclude a related agreement establishing the functions and operation of the Trust Fund. Upon termination of the annual financial assistance under section 1, the proceeds of the Trust Fund shall thereafter be used for the purposes described in section 1 or for other purposes agreed upon by the parties.

(b) The United States contribution into the Trust Fund described in subsection(a) of this section is conditioned on the Government of the Free Associated State of Puerto Rico contributing to the Trust Fund at least \$\_\_\_\_\_, prior to \_\_\_\_\_, 20\_\_.<sup>2</sup>

(c) The terms regarding the investment and management of funds and use of the income of the Trust Fund shall be set forth on the related agreement described in subsection (a) of this section. Funds derived from United States investment shall not be subject to Federal or state taxes in the United States or in the Free Associated State of Puerto Rico. The related agreement shall also provide for annual reports to the Governments of the United States and the

---

<sup>2</sup> *The actual amounts and dates will be agreed during the negotiations of this Compact.*

Free Associated State of Puerto Rico. The related agreement shall provide for appropriate distributions of trust fund proceeds to the Free Associated State of Puerto Rico and for appropriate remedies for the failure of the Free Associated State of Puerto Rico to use income of the Trust Fund for the annual grant purposes set forth in section 1. These remedies may include the return to the United States of the present market value of its contributions to the Trust Fund and the present market value of any undistributed income on the contributions of the United States.

**Section 7**

The funds described in sections 1 and 6 shall be made available as follows:

<b>Fiscal Year</b>	<b>Annual Section 1</b>	<b>Grants</b>	<b>Trust Fund Section 6</b>	<b>TOTAL</b>
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				

2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			

**Section 8**

The amounts stated in this Title shall be adjusted for each United States Fiscal Year by the percent which equals the percent which equals the percentage change of the United States Gross Domestic Product Implicit Price Deflator or \_\_\_\_ percent, whichever is greater, using the beginning of Fiscal Year 20\_\_ as a base.<sup>3</sup>

**Section 9**

If in any year the funds made available by the Government of the United States for that year pursuant to this Article are not completely obligated by the Government of the Free Associated State of Puerto Rico, the unobligated balances shall remain available, in addition to the funds to be provided in subsequent years.

---

<sup>3</sup> *The actual amounts and dates will be agreed during the negotiations of this Compact.*

## **Article II: Services and Program Assistance**

### **Section 1**

(a) The Government of the United States shall make available to the Government of the Free Associated State of Puerto Rico, as provided in a related agreement, all the services and programs that were available to the *Commonwealth of Puerto Rico* as to the effective date of this Compact, to the extent that such services and programs continue to be available to State and local governments of the United States.

(b) The Government of the United States shall make available to the Municipal governments of the Free Associated State of Puerto Rico, as provided in a related agreement, access to services, grants and loans, as recipients or sub recipients, to the extent that such services and programs continue to be available to the local governments of the United States.

(c) The Government of the Free Associated State of Puerto Rico may assume responsibility over services or programs provided by the Government of the United States in accordance with this section, subject to the related agreement mentioned in section 1(a) of this Article.

(d) After the effective date of this Compact, and in addition to the provisions in section 1(a) of this Article, the United States agrees to continue providing the Free Associated State of Puerto Rico access to programs and services from entities such as the *United States Postal Service, Environmental Protection Agency, United States Fish and Wildlife Service*, among others, as well as the Departments and administrative divisions of the Government of the United States.

(e) Except as provided elsewhere in this Compact or under a related agreement, all Federal domestic programs extended to or operating in the Free Associated State of Puerto Rico shall be subject to all applicable criteria, standards, reporting requirements, auditing procedures, and other rules and regulations applicable to such programs and services when operating in the United States.

## **Section 2**

(a) The Government of the United States and the Government of the Free Associated State of Puerto Rico may agree, from time to time, to extend to the Free Associated State of Puerto Rico additional United States grant assistance, services and programs, as provided under the laws of the United States. Unless inconsistent with such laws, or otherwise specifically precluded by the Government of the United States at the time such additional grant assistance, services, or programs are extended, the related agreement referred to in Title IV, Article IV, Section 4 of this Compact shall apply to any such assistance, services or programs mentioned in this Article.

(b) The Government of the United States may consider granting equal treatment to the citizens of the United States residing at the Free Associated State of Puerto Rico in the provisions and benefits of any programs or services to which they were entitled at the effective date of this Compact, or any other programs or services created thereafter, as they are provided to the citizens of the United States residing in the States of the Union.

## **Section 3**

The Government of the Free Associated State of Puerto Rico shall make available to the Government of the United States, at no cost, such land and facilities as may be necessary for the operations of the services and programs provided pursuant to this Article, while they are provided.

## **Section 4**

The Government of the Free Associated State of Puerto Rico may request technical assistance from the Federal agencies and institutions of the Government of the United States, which are authorized to grant such technical assistance in accordance with its laws.



## **Article III: Administrative Provisions**

### **Section 1**

The specific nature, extent and contractual arrangements of the services and programs provided for in section 1 of this Compact, as well as the legal status of agencies of the Government of the United States, their civilian employees and contractors, and the dependents of such personnel while present in the Free Associated State of Puerto Rico, and other arrangements in connection with the assistance, services, or programs furnished by the Government of the United States, are set forth in a related agreement which shall come into effect simultaneously with this Compact

### **Section 2**

Approval of this Compact by the Government of the United States, in accordance with its constitutional processes, shall constitute a pledge by the United States that the sums and amounts specified as sector grants in section 1 of this Compact shall be appropriated and paid to the Free Associated State of Puerto Rico for such period as those provisions of this Compact remain in force, subject to the terms and conditions of this Title and related agreements.

### **Section 3**

The Government of the Free Associated State of Puerto Rico pledges to cooperate with, permit, and assist if reasonably requested, designated and authorized representatives of the Government of the United States charged with investigating whether Compact funds, or any other assistance authorized under this Compact have, or are being, used for purposes other than those set forth in this Compact or its related agreements. In carrying out this investigative authority, such United States Government representatives may request that the Government of the Free Associated State of Puerto Rico subpoena documents and records and compel testimony in accordance with the laws and Constitution of the Free Associated State of Puerto Rico. Such assistance by the Government of the Free Associated State of Puerto Rico to the Government of the United States shall not be unreasonably withheld. The obligation of the Government of the Free Associated State of Puerto Rico to fulfill its pledge herein is a condition to its receiving payment of such funds or other assistance authorized under this Compact. The

Government of the United States shall pay any reasonable costs for extraordinary services executed by the Government of the Free Associated State of Puerto Rico in carrying out the provisions of this section.

#### **Section 4**

Funds held in trust by the Government of the United States in its official capacity, as of the effective date of this Compact such as Social Security, pensions and other vested benefits shall remain available as trust funds to their designated beneficiaries, administered by the Government of the United States. The citizens of the Free Associated State of Puerto Rico and the United States may continue making contributions to and receiving benefits from the Social Security Trust Fund of the United States.

#### **Section 5**

The citizens of the Free Associated State of Puerto Rico shall maintain any rights or benefits vested before or after the effective date of this Compact, such as Social Security benefits, pensions, health-related programs such as Medicare, as well as other work-related benefits (veterans, employees, former employees or retired employees of the Government of the United States).

### **Article IV: Trade**

#### **Section 1**

The Free Associated State of Puerto Rico is not included in the customs territory of the United States.

#### **Section 2**

The Free Associated State of Puerto Rico shall have full authority to impose tariffs, customs, and duties upon all articles imported into Puerto Rico from countries other than the United States.

#### **Section 3**

All merchandise and articles coming into the United States from the Free Associated State of Puerto Rico, and coming into the Free

Associated State of Puerto Rico from the United States, shall enter at the respective ports of entry free from any tariffs, duties or excise taxes, with the exception of certain products and merchandise specified in a related agreement. No export duties shall be levied or collected on exports from the Free Associated State of Puerto Rico.

#### **Section 4**

The Free Associated State of Puerto Rico shall have the option to enter as a participant, in its own name and right, into any trade or tax agreement that the United States has entered into at the effective date of this Compact.

#### **Section 5**

The Free Associated State of Puerto Rico shall be exempted from the coastwise shipping laws of the United States.

### **Article V: Finance and Taxation**

#### **Section 1**

The currency of the United States is the official circulating legal tender of the Free Associated State of Puerto Rico.

#### **Section 2**

United States banking, financial, monetary and securities laws and regulations will continue to apply to the Free Associated State of Puerto Rico after the effective date of this Compact. The *United States-Puerto Rico Commission on Federal Laws* created under Title I of this Compact will review the applicability of the United States banking, financial, monetary and securities laws and regulations to the Free Associated State of Puerto Rico, and make annual recommendations to the parties to this Compact. The Governments of the United States and the Free Associated State of Puerto Rico shall conclude a related agreement as to the applicability of the banking, financial, monetary and securities laws and regulations of the United States.

### **Section 3**

The Internal Revenue laws of the United States shall not apply to the Free Associated State of Puerto Rico; *provided, however*, that all taxes collected under the Internal Revenue laws of the United States on articles produced in the Free Associated State of Puerto Rico and transported to the United States, or consumed in the Islands of Puerto Rico, shall be returned to the Treasury of the Government of the Free Associated State of Puerto Rico.

### **Section 4**

A citizen of the Free Associated State of Puerto Rico, domiciled therein, shall be exempt from estate, gift, and generation-skipping transfer taxes imposed by the Government of the United States.

### **Section 5**

All bonds issued by the Government of the Free Associated State of Puerto Rico, or by its authority, shall be exempt from taxation by the Government of the United States, or by the Government of the Free Associated State of Puerto Rico or of any political or municipal subdivision thereof, or by any State, Territory, or possession, or by any county, municipality, or other municipal subdivision of any State, Territory, or possession of the United States, or by the District of Columbia.

(a) Bonds or other obligations of the Free Associated State of Puerto Rico, the entity formerly known as the *Commonwealth of Puerto Rico*, or any municipal government therein, payable solely from revenues derived from any public improvement or undertaking (which revenues may include transfers by agreement or otherwise from the regular funds of the issuer in respect of the use by it of the facilities afforded by such improvement or undertaking), and issued and sold to the United States or any agency or instrumentality thereof, shall not be considered public indebtedness of the issuer within the meaning of this section.

### **Section 6**

For purposes of section 274(h)(3)(A) of the United States Internal Revenue Code of 1986, the term *North American Area* shall include the Free Associated State of Puerto Rico.

## **Section 7**

The United States agrees to extend to the Free Associated State of Puerto Rico tax or non-tax incentives to attract private investments and enterprises. On or before two (2) years since the effective date of this Compact, the Government of the United States and the Government of the Free Associated State of Puerto Rico shall subscribe a related agreement regarding the tax or non-tax incentives mentioned under this Section.

# **TITLE THREE**

## **SECURITY AND DEFENSE RELATIONS**

### **Article I: Authority and Responsibility**

#### **Section 1**

The Government of the Free Associated State of Puerto Rico and the Government of the United States agree that the Government of the United States shall exercise the following security and defense matters in or relating to the Free Associated State of Puerto Rico:

(a) the obligation to defend the Free Associated State of Puerto Rico and its people from attack or threats;

(b) the option to foreclose access to or use of the Free Associated State of Puerto Rico by military personnel or for the military purposes of any third country; and

(c) the use of the military areas and facilities in the Free Associated State of Puerto Rico established prior to the date of entry into force of this Compact, and the option to establish additional areas and facilities, subject to mutual agreement and the terms of this Compact.

#### **Section 2**

The Government of the United States confirms that, in the exercise of this authority and responsibility under this Title, it shall act in accordance with the principles of international law, the Charter of the United Nations and the laws and regulations applicable to the Free Associated State of Puerto Rico related to environmental protection.

#### **Section 3**

The Free Associated State of Puerto Rico shall have sole authority and responsibility over its domestic security affairs.

## **Section 4**

(a) The Governments of the United States and the Free Associated State of Puerto Rico shall establish agreements of cooperation and assistance related to the following areas of mutual concern:

- (1) Unlawful traffic of drugs, firearms and explosives;
- (2) Organized crime;
- (3) White collar crime;
- (4) Mutual assistance and cooperation in the pursuit, capture, imprisonment and extradition of fugitives from justice and the transfer of prisoners;
- (5) Money laundering, fraud and counterfeiting;
- (6) Port security (air and maritime);
- (7) Coast Guard;
- (8) Illegal immigration;
- (9) Terrorism;
- (10) Human trafficking;
- (11) Cyber security;
- (12) Bioterrorism and Infectious disease epidemics and pandemics;
- (13) Natural disasters (including the continuation of assistance by the *Federal Emergency Management Agency*);
- (14) Monitoring and alerting of natural hazards (including the continuation of assistance by the *National Oceanic and Atmospheric Administration* and the *United States Geological Survey*).

(b) The Government of the United States and the Free Associated State of Puerto Rico may, from time to time, establish agreements as to other areas of mutual concern.

## **Section 5**

The Government of the United States may conduct within the lands, waters and airspace of the Free Associated State of Puerto Rico the activities and operations necessary for the exercise of its authority and responsibility under this Title, subject to terms established by mutual agreement between the Governments of the United States and the Free Associated State of Puerto Rico. Any disputes related to this Section shall be referred to dispute

resolution as established on Article Four of this Title.

## **Section 6**

(a) If the Government of the United States determines that the Free Associated State of Puerto Rico has committed an act that it considers incompatible with its authority and responsibility as established on this Title, the parties agree to submit to the dispute resolution process provided under Title Four of this Compact.

(b) The Free Associated State of Puerto Rico shall be afforded, on an expeditious basis, an opportunity to raise its concerns with the United States Secretary of State directly and the United States Secretary of Defense directly regarding any determination made in accordance with this section. Any disputes related to this Section shall be referred to dispute resolution as established on Article Four of this Title.

## **Section 7**

(a) The Government of the United States shall not, in the territory, airspace and waters subject to the jurisdiction of the Free Associated State of Puerto Rico:

(1) test by detonation or dispose of any nuclear weapon, nor test, dispose of, or discharge any toxic chemical or biological weapon;

(2) test, dispose of, or discharge any other radioactive, toxic chemical or biological materials in an amount or manner which would be hazardous to public health or safety.

(3) store, put in transit, or fly in the airspace above the Free Associated State of Puerto Rico, any toxic chemical weapon, any radioactive materials or any toxic chemical materials intended for weapon use.

(b) No material or substance referred to in this Section shall be stored in the Free Associated State of Puerto Rico, except in an amount and manner which would not be hazardous to public health or safety, and if such materials or substances are not intended for weapons use. In determining what shall be an amount



or manner which would be hazardous to public health or safety under this Section, the Government of the United States shall comply with any applicable international guidelines accepted by the Government of the United States, the laws of the United States and their implementing regulations, and the laws and regulations of the Free Associated State of Puerto Rico.

## **Section 8**

The Government of the United States may invite members of the armed forces of other countries to use military areas and facilities in the Free Associated State of Puerto Rico, in conjunction with and under the control of United States Armed Forces. Use by units of the armed forces of other countries of such military areas and facilities, other than for transit and overflight purposes, shall be subject to consultation with and, in the case of major units, approval by the Government of the Free Associated State of Puerto Rico.

## **Section 9**

The authority and responsibility of the Government of the United States under this Title may not be transferred or otherwise assigned.

# **Article II: Defense Facilities and Operating Rights**

## **Section 1**

(a) Specific arrangements for the establishment and use by the Government of the United States of military areas and facilities in the Free Associated State of Puerto Rico are set forth in related agreements which shall come into effect simultaneously with this Compact.

(b) If, in the exercise of its authority and responsibility under this Title, the Government of the United States requires the use of areas within the Free Associated State of Puerto Rico in addition to those for which specific arrangements are concluded pursuant this Section, it may request the Free Associated State of Puerto Rico to satisfy those requirements through leases or other arrangements. The Government of the Free Associated State of Puerto Rico shall

sympathetically consider any such request and shall establish suitable procedures to discuss it with and provide a prompt response to the Government of the United States.

(c) The Government of the United States recognizes and respects the scarcity and special importance of land in the Free Associated State of Puerto Rico, as well as the potential significant environmental impact of activities contemplated under this Title. In making any requests pursuant to this Section, the Government of the United States shall follow the policy of requesting the minimum area necessary to accomplish the required security and defense purpose, of requesting only the minimum interest in real property necessary to support such purpose, and of requesting first to satisfy its requirement through public real property, where available, rather than through private real property.

## **Section 2**

The Government of the United States shall provide and maintain fixed and floating aids to navigation in the Free Associated State of Puerto Rico at least to the extent necessary for the exercise of its authority and responsibility under this Title.

## **Section 3**

The military operating rights of the Government of the United States and the legal status and contractual arrangements of the United States Armed Forces, their members, and associated civilians, while present in the Free Associated State of Puerto Rico, are set forth on related agreements which shall come into effect simultaneously with this Compact.

# **Article III: Defense Treaties and International Security Agreements**

## **Section 1**

Subject to the terms of this Compact and its related agreements, the Government of the United States, exclusively, shall assume and enjoy, as to the Free Associated State of Puerto Rico, all obligations,

responsibilities, rights and benefits of any defense treaty or other international security agreement to which the Government of the United States is or may become a party which it determines to be applicable in the Free Associated State of Puerto Rico. The Free Associated State of Puerto Rico shall express its approval to the applicability to Puerto Rico of those defense treaties or international security agreements, in accordance with its constitutional processes.

## **Article IV: General Matters**

### **Section 1**

In the exercise of its authority and responsibility under this Title, the Government of the United States shall accord due respect to the authority and responsibility of the Free Associated State of Puerto Rico under this Compact, as well as the rights reserved by the People of Puerto Rico under the Constitution of the Free Associated State of Puerto Rico, to assure their well-being, as well as the protection of the environment.

### **Section 2**

(a) The Government of the United States shall not include the Free Associated State of Puerto Rico as a named party to a formal declaration of war without its consent. Such consent shall be formalized under the constitutional processes of the Free Associated State of Puerto Rico.

(b) Absent such consent, this Compact is without prejudice, on the ground of belligerence or the existence of a state of war, to any claims for damages which are advanced by the citizens subject to the jurisdiction of the Free Associated State of Puerto Rico, which arise out of armed conflict subsequent to the effective date of this Compact and which are:

(1) petitions to the Government of the United States for redress; or

(2) claims in any manner against the government, citizens, nationals or entities of any third country.

### **Section 3**

The Government of the United States recognizes, in view of the special relationship between the Government of the United States and the Free Associated State of Puerto Rico, that any attack on the Free Associated State of Puerto Rico would constitute a threat to the peace and security of the entire region and a danger to the United States. In the event of such an attack, the Government of the United States would take immediate action to meet the danger to the United States and to the Free Associated State of Puerto Rico in accordance with its constitutional processes.

### **Section 4**

(a) Any citizen of the United States subject to the jurisdiction of the Free Associated State of Puerto Rico shall be eligible to volunteer for service in the Armed Forces of the United States, as well as the Puerto Rico National Guard, but shall not be subject to involuntary induction into military service of the United States so long as such person does not establish habitual residence in the United States, its territories or possessions.

(b) Service in the Armed Forces of the United States, as well as the Puerto Rico National Guard, by the citizens of the Free Associated State of Puerto Rico, shall remain voluntary, even if the laws of the United States impose an involuntary induction (draft) upon its citizens.

# **TITLE FOUR DISPUTE RESOLUTION, AMENDMENTS AND OTHER PROVISIONS**

## **Article I: Dispute Resolution**

### **Section 1**

The Governments of the United States and the Free Associated State of Puerto Rico shall confer promptly, at the request of one of the Governments, on matters relating to the provisions of this Compact or of its related agreements.

### **Section 2**

In the event that after conferring pursuant to section 1, either the Government of the United States or the Free Associated State of Puerto Rico determines that there is a dispute and gives written notice thereof, the two Governments shall make a good faith effort to resolve the dispute between them.

### **Section 3**

If a dispute between the Government of the United States and the Free Associated State of Puerto Rico cannot be resolved within ninety (90) days of written notification in the manner provided in section 2, either party to the dispute may refer it to the *Joint Puerto Rico-United States Court* ("Compact Court") established on Article II of this Title.

## **Article II: Compact Court**

### **Section 1**

The parties to this Compact hereby establish a *Joint Puerto Rico-United States Court* ("Compact Court").

### **Section 2**

The Compact Court will be composed by one judge appointed by the Chief Executive of the Government of the United States, with the advice and consent of the Senate of the United States, one judge appointed by the Chief Executive of the Government of the Free Associated State of Puerto Rico, with the advice and consent of

the Senate of the Free Associated State of Puerto Rico, and a Chief Justice of the Compact Court selected by mutual agreement of the Government of the United States and the Free Associated State of Puerto Rico, subject to confirmation by the Senate of the United States and the Senate of the Free Associated State of Puerto Rico. The judges of the Compact Court shall serve for a term of fifteen (15) years. The Judges of the Compact Court may be impeached and removed for treason, bribes, felonies, or misdemeanors involving moral turpitude. The impeachment process shall be performed by the legislative body of the Government that designated the Judge and; in the case of the Chief Judge, by the legislative body agreed upon by both Governments. At the time of death, resignation or removal of any of its members, his or her replacement shall be designated in the same manner as the replaced member, for the balance of the unexpired term of his or her predecessor.

### **Section 3**

The jurisdiction of the Compact Court hereby established shall be limited to the following matters:

(a) Any dispute or controversy as to the interpretation of this Compact or its related agreements that arises between the Government of the United States and the Government of the Free Associated State of Puerto Rico. The decision shall be binding and final upon the two parties to the dispute, unless the two parties mutually agree that the decision shall be advisory and;

(b) Requests for an advisory opinion submitted by the Government of the United States and/or the Free Associated State of Puerto Rico regarding the interpretation of this Compact or its related agreements.

### **Section 4**

(a) A related agreement shall be concluded by the Governments of the United States and the Free Associated of Puerto Rico to provide for the operation of the Compact Court.

(b) The Compact Court has the authority to establish its rules, which shall not contravene the provisions of this Compact and its related agreements.

(c) The official languages of the Compact Court created herein shall be English and Spanish.

### **Article III: Jurisdiction of the Federal Court**

#### **Section 1**

The jurisdiction of the United States District Court for the District of Puerto Rico, as established by the laws of the United States as of the effective date of this Compact, is hereby abolished. All cases filed at such Court before the effective date of this Compact shall be disposed of in a period of two (2) years. After such period has elapsed, any active cases will be removed to the Courts designated by the United States.

#### **Section 2**

Subsequent to the effective date of this Compact, the jurisdiction of the United States Court formerly known as the “United States District Court for the District of Puerto Rico”, hereafter known as the “Federal Court”, shall be limited to cases or controversies arising under the following laws and regulations of the United States applicable to the Free Associated State of Puerto Rico or its citizens, as provided under this Compact or its related agreements:

*Laws and Regulations of the United States [...] <sup>4</sup>*

#### **Section 3**

The official languages of the Federal Court created herein shall be English and Spanish.

#### **Section 4**

The Government of the Free Associated State of Puerto Rico shall be immune from the jurisdiction of the courts of the United States, and the Government of the United States shall be immune from the jurisdiction of the courts of the Free Associated State of Puerto Rico.

---

<sup>4</sup> The list of laws and regulations shall be prepared during the negotiation of this Compact.

## **Article IV: Amendments and other Provisions**

### **Section 1**

(a) The provisions of this Compact and its related agreements may only be amended by mutual agreement of the Government of the Free Associated State of Puerto Rico and the Government of the United States, in accordance with their respective constitutional processes.

(b) Amendments to this Compact and its related agreements shall be compatible with the principles stated on the Preamble, and shall not diminish the legal capacity and sovereignty of the parties to this Compact, as well as all substantive areas of authority recognized to the People of Puerto Rico under this Compact and its related agreements.

### **Section 2**

This Compact may be terminated by mutual agreement of the Government of the Free Associated State of Puerto Rico and the Government of the United States, in accordance with their respective constitutional processes, and without prejudice to the continued application of Title II and the provisions of the Compact set forth therein, as well as related agreements implementing Title II of this Compact.

### **Section 3**

The Compact shall come into effect upon mutual agreement between the Government of the United States and the Government of the Free Associated State of Puerto Rico after a period of six (6) months subsequent to completion of the following:

(a) Signature by the representatives of the Government of the Free Associated State of Puerto Rico and the Government of the United States of America;

(b) Approval by the Government of the United States in accordance with its constitutional processes;

(c) Approval by the Government of the Free Associated State of Puerto Rico in accordance with its constitutional processes.



#### **Section 4**

The Government of the United States and the Government of the Free Associated State of Puerto Rico have concluded the following agreements related pursuant to this Compact, which shall become effective pursuant to their terms and the effective date of this Compact, as applicable:

*Related Agreements [...] <sup>5</sup>*

#### **Section 5**

The Governments of the Free Associated State of Puerto Rico and the United States of America agree to convene in periodic intergovernmental conferences, at the request of any party to this Compact, or by mutual agreement. The intergovernmental conferences shall be convened for any reason mutually agreed by the parties to this Compact, or to encourage the exchange of information, the resolution of disagreements as to the political relationship established on this Compact and its related agreements, as well as any administrative matters related to the any functions or areas exercised jointly or concurrently by the parties to this Compact.

### **Article V: Concluding Provisions**

#### **Section 1**

Both the Government of the United States and the Government of the Free Associated State of Puerto Rico shall take all necessary steps, of a general or particular character, as soon as reasonably possible, to ensure the conformity of its laws, regulations and administrative procedures with the provisions of this Compact.

---

<sup>5</sup> The list of related agreements shall be prepared during the negotiation of this Compact and its related agreements.

**Section 2**

The parties to this Compact shall possess an original English language version and an original Spanish language version. In case of any dispute, the parties agree that the English language version of this Compact shall control.

IN WITNESS WHEREOF, the undersigned, duly authorized, have signed this Compact of Association which shall enter into force upon the exchange of diplomatic notes by which the Government of the United States and the Government of the Free Associated State of Puerto Rico inform each other about the fulfillment of their respective requirements for entry into force.

DONE at \_\_\_\_\_, in duplicate, this \_\_\_\_\_ (\_\_\_\_) day of \_\_\_\_\_, 20\_\_\_\_, each text being equally authentic.

**FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA**

**FOR THE GOVERNMENT OF THE FREE ASSOCIATED STATE OF PUERTO RICO**

\_\_\_\_\_

\_\_\_\_\_



