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DA OF FOT EXEMPTIONSINSTRUCTIONS FOR MICRONESIAN	retained by S/S
STATUS NEGOTIATIONS	Reviewed by: Elijah Kelly Jr.  Date: 3-/2-87 19

(Dr. Kissinger's Memorandum to the Chairman, Under Secretaries Committee, July 20, 1971)

## Negotiating Scenario

The negotiating scenario will contain an initial position and three successive fall-back positions. If the problem cannot be resolved through any of these four approaches, a new look at the situation and a new authorization for a negotiating position will be sought from the President.

Position I - Offer a modified commonwealth relationship, with our concessions over our last negotiating position limited to restraint on the exercise of eminent domain and federal supremacy.

-- We will agree to limit our right of eminent domain by not exercising it to take land for public use, provided that our long-term needs for land--particularly in the Marianas and the Marshalls--are assured by prenegotiated arrangements.

-- We will agree to limit Federal supremacy by limiting the application of U.S. Federal laws, regulations and programs where practicable, legal, and not in derogation of U.S. interests. We will also agree to exercise Federal power only in the fields of foreign relations and defense, except as agreed by the Micronesians or as required by national emergency. This will also allow for increasing self-government among the Micronesians.

Position II - The same as Position I, except to offer in addition a provision for unilateral termination of the relationship, the offer being carefully circumscribed possibly through a complex procedure and becoming effective only after a specified period of years.

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-- Will depend on (a) Micronesian acceptance of the provisions of Position I and of this offer of unilateral termination as a basis for final agreement, and (b) prenegotiation of strategic arrangements (denial and basing rights) that will legally survive termination of the association.

Position III - If the Marianas District (and possibly one or more other districts) separately opt for some form of permanent association with the U.S. (territorial or commonwealth association), we will offer to the remaining districts as a group (a) a modified commonwealth association as defined in Positions 1 or II, or (b) a relationship of "free association" as defined in Position IV below.

Position IV - Offer a relationship of "free association" which will include negotiation of a compact terminable only by the consent of the U.S. and Micronesia.

- -- We will insist on exclusive control over foreign relations and defense and will seek a close relationship similar to that under a modified commonwealth to build up vested Micronesian interests in the association--participation in Federal domestic programs, access to the U.S. judicial system, rights of U.S. nationality, etc.
- -- We will insist on pre-negotiated arrangements which will provide for denial and basing rights and which will survive any termination of the "free association" relationship.