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TO : Ambassador Hummel  
Chairman, Inter-agency Group

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TTPI

FROM : IO

SUBJECT: TTPI: The Scope of Foreign Affairs

The 1970 report of the Micronesian Status Delegation appears to present us with the opportunity to handle the definition of the scope of our foreign affairs responsibility in a relatively non-contentious fashion. We should be able to agree with the Micronesians that we have plenary authority, that we are willing to discuss in advance the possibility of delegating that authority in areas of particular interests to Micronesia and that in all other areas we will consult as the issues arise.

In referring to a compact arrangement, the Micronesians said that, in their view, "the responsibility for external affairs and defense would be handled by the United States and it would therefore be necessary for the United States to retain sufficient powers in those areas to enable it to fulfill its responsibilities." The report then goes on to say that the compact "should provide...that in discharging its responsibilities in external affairs and defense, the United States would act in close consultation with the Government of Micronesia on all matters which affect Micronesia." Finally, the report suggests that the compact "should also provide that the government of Micronesia, subject to any exceptions, limitations, or conditions that may be appropriate, has authority to deal on behalf of Micronesia in certain specified matters in the field of external relations." (emphasis added throughout.)

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*query - whether there  
is sufficient  
clarification of  
what they are  
doing!*

The most important aspect of this Micronesian position is that, short of Position IV, it obviates the need for us to define the scope of our foreign relations authority. The Micronesians, if their position remains as stated in 1970, have in effect acknowledged that we should have authority in foreign affairs (and defense) - moreover it is an authority which they do not even claim to be giving us, but rather one which we retain. They express no particular interest in seeking to curtail the scope of that authority, being interested instead in exploring areas where we might be willing to release some of that authority to them. Not only does this position greatly simplify our task in dealing with the foreign affairs issue, but it also minimizes the points of contention between us. If we do not have to identify our authority on a specific subject and the Micronesians are not concerned, the issue should not surface.

At Position IV a precise definition of the scope of our authority would probably be required. Even if the Micronesians did not insist, the treaty setting forth the terms of the association would have to be clear as to those powers the Micronesians were agreeing that we might exercise. For the purposes of the October talks, however, even if we should get as far as Position IV, a more general description of our authority should suffice. We would say that we would have the authority to enter into treaties on behalf of Micronesia and to include Micronesia under the provisions of international agreements which we accepted; we would have the authority to represent and speak for Micronesia in international forums and on a bilateral basis; we would have authority regarding foreign entry of trade, investment, individuals, ships, planes and so on, into Micronesia; we would likewise have certain authority related to

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Micronesian contacts and relations with foreign countries - the extent of our authority being limited in large areas by the rights of individuals. We would in short have the same authority with respect to Micronesia that we have with the fifty states and the territories - none of which would rule out consultation with Micronesia on the exercise of that authority or even the delegation of that authority to Micronesia in specified areas under established conditions. This same general description could serve at Position I if the Micronesians position has altered and they seek some statement as to how we envisage our authority.

Regardless of whether we are forced to define the extent of our authority, as we see it, or not, we shall wish to respond to the concessions which the Micronesians have either requested or expressed an interest in relating to the foreign affairs field.

Both in terms of their substance (with a few exceptions) and the fact that they are not presented as "non-negotiable" demands, these points of concern do not appear to present any insurmountable problems. Certainly the concept of consultations is one we can accept - one which we would desire ourselves in order to avoid needless frictions and possible souring of the relationship. We would, moreover, expect it to work both ways. In this connection, John Dorrance's suggestion that a Liaison Office should be established in Micronesia after termination makes eminently good sense. It would emphasize our good faith in any commitment to consult.

We would, of course, have to alert the Micronesians to the fact that they would have to bear some of the responsibility for identifying areas of interest to them in the field of foreign relations. Therefore the advisability of their having an office in Washington, as well as our having one in Micronesia,

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is reinforced. The key element to the consultation process is that the final decision will have to remain with us. There is no indication that the Micronesians do not recognize this point. Therefore we should not belabor it, but we need in low key fashion to assure that this is accepted and there is no subsequent misunderstanding. *3*

*not clear!*

The idea of defining in advance certain areas in which Micronesia would be permitted to deal directly with foreign countries on its own behalf, presents no problems in principle. This was a possibility which we acknowledged in the May 1970 talks. Moreover, to the extent we can identify the areas in which the Micronesians might be interested in such arrangements (judging by their report, John Dorrance's reporting and other sources), our substantive problems do not appear to be major ones. Finally, since the Micronesians have recognized the possible need for limitations and conditions in such delegation of authority, we would not appear to be inviting unnecessary confrontation by opening such issues to discussion.

Therefore, we believe that in discussing the scope of foreign affairs we should take the initiative and raise the matter of possible delegation of authority, dealing with each of the specific areas we can identify as being of interest to the Micronesians. We should then invite them to raise other points without, of course, making any advance commitments. In general we would stress that in exercising our responsibility for Micronesia's foreign affairs we have a responsibility toward the American people and to the rest of the world as well as toward Micronesia. In delegating authority to Micronesia we could not delegate that responsibility. We would also stress the inter-relationship between foreign affairs and national security; *3* one of the central limitations we would *3*

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Have to place on any grant of authority to Micronesia would relate to dealings with powers presently or potentially hostile to the United States. BT  
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There follows a point by point discussion of areas in which we believe the Micronesians might be interested in some exercise of foreign relations authority:

Specific Issues

1. Membership in Specialized Agencies and Other International Organizations -- We would have no objection in principle to Micronesia becoming a member or associate member of a specialized agency or similar international organization which permits membership to non-independent political entities. We would, however, wish to consider each case on its individual merits. Micronesia would, of course, have to meet the membership qualifications established by the organization. (S)  
(a) (S)

2. Authority to Arrange Visits by Representatives of Such Organizations -- So long as such individuals were eligible for a visa, we would in general pose no objection to such visits. We would reserve the right in individual cases, where the possibility of threat to the national security might arise, to deny permission.

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3. Authority to Negotiate and Conclude Trade Agreements -- We would, in general, pose no objection to straight commercial trade transactions between Micronesia and foreign individuals or governments. We would in this situation, and others below, place certain restrictions on trade and other contacts with specific countries where questions of national security are involved. General trade agreements involving matters such as the establishment of tariffs, are another matter; however. In May 1970 we offered to allow Micronesia to have the same "free port" status now enjoyed by Guam, with the same restriction as to value added prior to export to the United States. (Note: We are still exploring the degree of flexibility which Micronesia might have within such a free port arrangement to set limited tariffs on goods. We hope to have a definitive position shortly.) In discussing this issue with the Micronesians, we will wish to stress their desire for free entry of goods into the United States. So long as they have such a privilege they must expect to be treated in large measure as part of the US tariff zone, with the free port option being a major concession beyond these limits.

4. Authority to Arrange Commercial Visits to and from Micronesia -- Within the limits of security consideration applying to certain countries such as \_\_\_\_\_ and the satisfaction of visa requirements, this should pose no problems.

5. Authority to Conclude Agreements on Aid, Cultural or Scientific Subjects with Other Countries or International Organizations -- We have no problems with cultural or scientific contacts with friendly countries or with international organizations of which we are members. Aid from other countries on a bilateral basis would have to remain in the category of matters which would be subject to consultation between Micronesia and the United States. We would

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not anticipate that Micronesia, benefiting from on-going US support, would receive extensive offers of outside assistance. We would also believe it appropriate if other developed nations chose first to offer available assistance to countries without such alternative sources of support. But, nevertheless, we have no objection in principle to Micronesia receiving needed assistance from other states. As for international assistance, we can state that, particularly in view of Micronesia's long ties to the United Nations and its predecessor, the League of Nations, we would be prepared to be flexible in this area. Again we would wish to consult and questions of priorities might arise, but essentially we believe that, within its fields of expertise, various UN organizations might be able to offer valuable assistance to Micronesia - a situation we would have every reason to welcome.

6. Authority to Conclude Emigration Agreements -- We will be unable to grant such authority so long as Micronesia has the right of free entry of its citizens into the United States. (We would note the residents of the West Indies Associated States no longer have such free entry into the UK, thus making it easy for the UK to grant this concession.) Again it is a question of what comes first in terms of Micronesian priorities. We would, however, be willing to examine any particular aspect of the immigration law which is a matter of concern to the Micronesians with the aim of trying to reach a suitable adjustment.

7. Authority to have a Representative on US Delegations to International Meetings -- In meetings of a strictly regional character, such as the South Pacific Conference, we would anticipate no difficulty in including Micronesian representation. In broader forums, however, we could make no commitment. As

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the Micronesians can appreciate, there are US territories which might desire the same privileges and argue that Micronesia was getting preferential treatment. We would, however, agree to review the agendas of any meetings relevant to Micronesian interests and in the case of the UN General Assembly or other meetings in New York, our Mission to the United Nations would, of course, be pleased to cooperate with any Micronesian representative present in New York - much as the Mission now cooperates with the representative of the Governor of Puerto Rico resident in New York.

8. Authority to Permit and Control Foreign Investment

With the end of the trusteeship, if not before, the United States would have no objection to Micronesia, under rules of its own choosing, permitting entry to foreign investment under restrictions similar to those now applicable in Guam and in the United States. In other words, there are certain industries and fields of investment (to be identified) which are closed to foreign investment and certain states which are denied access to US investment opportunities. These conditions are established on security grounds and would be applicable to Micronesia as well.

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