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ACTION INT-08

INFO OCT-01 10-12 EA-11 OEO-01 E-11 COM-08 CU-04 OMB-01

AID-20 CIAE-00 PM-06 H-02 INS-06 DEPARTMENT OF STATE AE/CD/MS/NSC-10

P-03 RSC-01 PRS-01 SS-14 USIA-12 RSE-02 DATE 3/17/87
REVIEWED BY 123568

P 101250Z APR 72
FM CINCPACREP GUAM/TTPI
TO SECSTATE
INFO SECDEFENSE
WHITE HOUSE

RDS <input type="checkbox"/> or XDS <input type="checkbox"/> EXT. DATE _____ TS AUTH. _____ REASON(S) _____ ENDORSE EXISTING MARKINGS <input type="checkbox"/> DECLASSIFIED <input checked="" type="checkbox"/> RELEASABLE <input checked="" type="checkbox"/> RELEASE DENIED <input type="checkbox"/> PA or FOI EXEMPTIONS _____	<i>Defense Dept. 4/10/72</i>
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C O N F I D E N T I A L
PASS TO INERIOR/DASTA/OSN. STATE FOR IO/UNP AND SPC. DEFENSE FOR
OSD/ISA AND JCS. WHITE HOUSE FOR MR HOLDRIDGE (NSC).
MICRONESIAN STATUS NEGOTIATIONS IN PALAU (U)

1. DURING COURSE OF PAST WEEK'S DISCUSSION WITH MICRONESIAN JOINT STATUS COMMITTEE WE HAVE SET OUT IN DETAIL REQUIREMENT THAT A FUTURE COMPACT GIVE U. S. FULL AUTHORITY OVER FOREIGN AFFAIRS AND DEFENSE AT SAME TIME CONCEDING OUR READINESS ALLOW MICRONESIANS AMPLE SCOPE FOR THE KIND OF COMMERCIAL EDUCATIONAL AND CULTURAL RELATIONS WITH THIRD COUNTRIES AND INTERNATIONAL ORGANIZATIONS THEY SAY THEY ARE INTERESTED IN.

2. IN INITIAL STATEMENT AND SUBSEQUENTLY WE HAVE MADE IT CLEAR THAT IF MICRONESIANS CAN GIVE SATISFACTION ON FOREIGN AFFAIRS AND DEFENSE WE WOULD BE PREPARED TO MOVE ON TO AND COULD EXPECT TO ARRIVE AT SATISF-

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FACTORY AGREEMENTS ON REMAINING ISSUES. MICRONESIAN REPOSSES HAVE BEEN DISAPPOINTING.

3. IN FOREIGN AFFAIRS MICRONESIANS HAVE POSITED A RELATIONSHIP IN WHICH THEY HAVE SOVEREIGN CONTROL. THEY ARE PREPARED TO DELEGATE A PORTION OF THAT CONTROL TO U.S. WHILE RESERVING TO THEMSELVES COMPLETE AUTHORITY ON TRADE AND COMMERCIAL MATTERS INCLUDING RIGHT TO MAKE GOVERNMENT

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TO GOVERNMENT AGREEMENTS. OUR REACTION TO THIS WAS THAT IT SOUNDED MORE LIKE INDEPENDENCE THAN THE KIND OF FREE ASSOCIATION WE HAD BEEN DISCUSSING WITH THEM OVER THE PAST THREE YEARS. AS SUCH, WE SAID, IT WAS UNACCEPTABLE TO U. S. WHICH HAD BEEN CONTEMPLATING, AND CONTINUED TO DO SO, AN ARRANGEMENT WHEREBY NEITHER SIDE DELEGATED AUTHORITY TO THE OTHER. RATHER MICRONESIA'S CONTROL OVER ITS INTERNAL AFFAIRS AND U.S. CONTROL OVER FOREIGN AFFAIRS AND DEFENSE WOULD STEM FROM A MUTUALLY-AGREED COMPACT TO BE FREELY APPROVED BY PEOPLE OF MICRONESIA.

4. ON THE DEFENSE QUESTION, WHILE ACCEPTING NOTION THAT U.S. WILL GENERALLY BE FREE TO EXERCISE ITS AUTHORITY IN MICRONESIA, STATUS COMMITTEE HAS USED LANGUAGE WHICH CIRCUMSCRIBES THAT AUTHORITY AND MAKES IT

NOT ONLY CONTINGENT ON CONSULTATION WITH FUTURE GOVERNMENT OF MICRONESIA BUT ALSO IN SOME INSTANCE SUBJECT TO MICRONESIAN CONSENT. SOME OF THE DIFFERENCES OF VIEWPOINT BETWEEN MICRONESIANS AND OURSELVES MAY

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BE SEMANTIC IN NATURE AND THEREFORE SUSCEPTIBLE OF BEING RESOLVED, BUT AS IT STANDS NOW MICRONESIAN POSITION IS NOT REPEAT NOT ACCEPTABLE AND THEY HAVE BEEN SO INFORMED.

5. IN SEPARATE PRESENTATION STATUS COMMITTEE OUTLINED FINANCIAL EXPECTATION WHICH ARE PLAINLY EXCESSIVE. WE HAVE MADE IT CLEAR THAT WHAT THEY CAN EXPECT WILL DEPEND ON NATURE OF FINAL AGREEMENT. IN ANY EVENT, WE WOULD BE UNABLE TO GIVE SERIOUS CONSIDERATION TO FINANCIAL ARRANGEMENTS.

IN ABSENCE OF ANY AGREEMENT ON KEY FOREIGN AFFAIRS AND DEFENSE ISSUES.

6. THIS BRIEF SUMMARY OF EXCHANGES SO FAR SHOULD MAKE IT CLEAR THERE IS NOT MUCH PROSPECT FOR AGREEMENT AT THIS SESSION. WE EXPECT MARIANAS DELEGATION TO MAKE STATEMENT, PROBABLY APRIL 10, THAT IT HOPES BEGIN SEPARATE NEGOTIATIONS WITH U.S. FOR CHANGE IN STATUS

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PROVIDING FOR CLOSE ASSOCIATION WITH U.S. WE INTEND MAKE BRIEF REPLY INDICATING OUR RECEPTIVITY TO THEIR RESPONSE.

7. WHILE JOINT COMMITTEE PRESENTING UNIFIED POSITION IN FORMAL SESSIONS, IT IS CLEAR THAT BASIC DIVISIONS WITHIN THEIR DELEGATION REMAIN. ANTICIPATE SESSION WILL ADJOURN AROUND 12 APRIL. AMBASSADOR FRANKLIN HAYDN WILLIAM SENDS.

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