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INFO OCT-01 IC-12 EA-11 L-03 PH-06 SA-03 INR-06 H-02 P-03

PRS-01 USIE-00 SS-14 E-11

DEPARTMENT OF STATE A/CDC/MR

NSAE-00 RSC-01 OMB-01 TRSI

REVIEWED by BAAS DATE 1/7/88

P 142149Z APR 72
FM CINCPACREP GUAM/TTPI
TO SECSTATE
INFO SEC DEFENSE
WHITE HOUSE

RELEASE DECLASSIFY
 EXCISE DECLASSIFY in PART
 DENY Non-responsive info.
FOI, EO or PA exemptions _____
TS authority to: _____

CLASSIFY as _____
 DOWNGRADE TS to () S or () C, OADR

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PASS TO INTERIOR/DASTAYOSN. STATE FOR IO/UNP, SPC, AND USIA DEFENSE FOR
OSD/ISA AND JCS. WHITE HOUSE FOR MR. HOLDRIDGE (NSC)
SUBJECT: MICRONESIAN STATUS NEGOTIATIONS IN PALAU
REF A: CINCPACREP GUAM/TTPI 121284Z APR 72
REF B: CINCPACREP GUAM/TTPI 121131Z APR 72

1. SUMMARY
1. FOURTH ROUND OF NEGOTIATIONS IN PALAU APRIL 2-13 HAS PROVIDED THE
FULLST AND MOST REALISTIC EXCHANGE YET HELD BETWEEN THE UNITED STATES
AND MICRONESIAN JOINT STATUS COMMITTEE ON WHERE WE ARE UNITED IN OUR
THINKING AND WHERE WE ARE DIVIDED. MICRONESIANS, AFTER FIRST TRYING TO
PROMOTE WHAT AMOUNTED TO A RELATIONS, IP BETWEEN INDEPENDENT STATES,
ACCEPTED OUR VIEW THAT ASSOCIATION WE WERE SEEKING WOULD RESULT IN A
COMPACT FROM WHICH WOULD STEM MICRONESIAN CONTROL OVER INTERNAL AFFAIRS

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AND U.S. CONTROL OVER FOREIGN AFFAIRS AND DEFENSE. MICRONESIANS HAD,
HOWEVER, MANY QUESTIONS AND QUALIFYING STATEMENTS TO WHICH WE REPLIED
BY INSISTING AGAIN THAT FULL AUTHORITY IN FOREIGN AFFAIRS AND DEFENSE

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MEANT EXACTLY THAT, AND IF THE MICRONESIANS ACCEPTED IT IN THAT SENSE, WE

WOULD BE PREPARED TO WORK OUT PROCEDURE FOR UNILATERAL TERMINATION TO SATISFY THEIR REQUIREMENT ON THAT SCORE.

2. BRIEFER EXCHANGES COVERED TRANSITION AND FINANCE. OUR APPROACH ON LATTER SUBJECT WAS AIMED PRINCIPALLY AT KNOCKING DOWN THEIR GROSSLY EXAGGERATED STATEMENT ON FINANCIAL EXPECTATIONS.

3. MARIANAS DELEGATION PRESENTED LETTER REQUESTING SEPARATE NEGOTIATIONS. WE AGREED TO DO SO. SEE REF B.

II. CHRONOLOGY

4. BRIEF CHRONOLOGICAL REVIEW WILL SUGGEST AMOUNT OF GIVE AND TAKE WHICH TOOK PLACE IN THESE TALKS. OPENING STATEMENTS (APRIL 3) OF BOTH SIDES UNDERLINED OPTIMISM ABOUT EVENTUALLY REACHING A SATISFACTORY SETTLEMENT. MICRONESIANS RESTATED THEIR COMMITMENT TO PRINCIPLE OF UNILATERAL TERMINATION OF A FUTURE COMPACT. U.S. SIDE STRESSED IMPORTANCE IT ATTACHES TO FULL AUTHORITY IN FOREIGN AFFAIRS AND DEFENSE WHICH, IF ACKNOWLEDGED BY MICRONESIANS, COULD

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LEAD TO MUTUALLY SATISFACTORY RESOLUTION OF TERMINATION ISSUE.

5. AT NEXT SESSION (APRIL 4) U.S. SIDE MADE DETAILED STATEMENT OF ITS REQUIREMENT FOR FULL AUTHORITY IN FOREIGN AFFAIRS AND DEFENSE. WE STRESSED FACT THAT AUTHORITY IN THESE FIELDS WOULD BE VESTED IN THE U.S. BY THE COMPACT. IN FOREIGN AFFAIRS U.S. WOULD HAVE SOLE AUTHORITY OVER GOVERNMENT-TO-GOVERNMENT AGREEMENTS BUT WOULD BE WILLING ASSIGN AUTHORITY TO MICRONESIA FOR DEALINGS ON A NON-GOVERNMENTAL OR QUASI-GOVERNMENTAL LEVEL IN AREAS OF TRADE, COMMERCE, AND CULTURAL EXCHANGE WHICH THEY WERE INTERESTED IN. AS FOR DEFENSE AUTHORITY WE SET FORTH STRATEGIC RATIONALE AND SAID WE EXPECTED THIS

AUTHORITY WOULD BE GROUPED INTO THREE PRIMARY CATEGORIES WHICH WOULD GIVE U.S. (A) COMPLETE RESPONSIBILITY FOR DEFENSE OF MICRONESIA; (B) ABILITY TO PREVENT THIRD PARTIES FROM USING MICRONESIA FOR MILITARY-RELATED PURPOSES; AND (C) RIGHT OF U.S. MILITARY BASES WHICH MIGHT BE ESTABLISHED IN MICRONESIA TO SUPPORT U.S. SECURITY RESPONSIBILITIES IN

PACIFIC OCEAN AREA.

6. AFTER CONCILIATORY TONE OF MICRONESIAN OPENING STATEMENT, THEIR REPLY (APRIL 6) ON FOREIGN AFFAIRS AND DEFENSE WAS DISQUIETING. AFTER

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RESTATING - FOR AT LEAST THE HUNDREDTH TIME - THEIR POSITION ON UNILATERAL TERMINATION, WHICH THEY WISHED TO BECOME EFFECTIVE FIVE YEARS AFTER THE

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ENTERING INTO FORCE OF THE COMPACT, THEY PROCEEDED TO DESCRIBE WHAT AMOUNTED TO A RELATIONSHIP BETWEEN INDEPENDENT STATES, WITH A FUTURE GOVERNMENT OF MICRONESIA "DELEGATING" AUTHORITY TO THE U.S. IN DEFENSE MATTERS AND WITH IMPORTANT QUALIFICATIONS WITH REGARD TO (A) WHAT CONSTITUTES A DEFENSE MATTER, (B) WHAT "STANDARDS AND CRITERIA" WOULD GOVERN DEFENSE ACTIVITIES, (C) MICRONESIAN CONSENT IF THERE ARE "SIGNIFICANT" CHANGES IN THE USE TO WHICH U.S. FACILITIES WOULD BE PUT. IN FOREIGN AFFAIRS THE U.S., AFTER RECOGNIZING THE "FUNDAMENTAL SOVEREIGNTY OF THE STATE OF MICRONESIA," WOULD BE ESSENTIALLY THE "AGENT OF THE GOVERNMENT OF MICRONESIA" IN MATTERS DELEGATED TO IT. THIS DELEGATION WOULD APPLY TO "EXTERNAL RELATIONS OF MICRONESIA WHICH BEAR SIGNIFICANTLY ON INTERNATIONAL SECURITY MATTERS," BUT THE GOVERNMENT OF MICRONESIA WOULD RESERVE TO ITSELF AUTHORITY TO NEGOTIATE AND CONSUMMATE ARRANGEMENTS ON TRADE, COMMERCE, AND CULTURAL AFFAIRS OF DIRECT INTEREST TO IT.

7. U.S. REPLY (APRIL 8) CONCENTRATED ON WHAT SEEMED TO BE FUNDAMENTAL DIVERGENCES BETWEEN THE TWO SIDES ON THE NATURE OF A FUTURE RELATIONSHIP. MICRONESIANS HAD TALKED ABOUT A "SOVERIGN STATE WITH FULL AUTHORITY OVER INTERNAL AND EXTERNAL AFFAIRS" WHICH MIGHT DELEGATE LIMITED AUTHORITY TO U.S. IN FOREIGN AFFAIRS AND DEFENSE.

PAGE FIVE RUHNSAA C O N F I D E N T I A L
THE U.S. FOR ITS PART WAS TALKING ABOUT, AND HAD BEEN DOING SO FROM THE BEGINNING, A COMPACT WHEREBY MICRONESIAN PEOPLE WOULD VEST AUTHORITY

FOR INTERNAL AFFAIRS IN GOVERNMENT OF MICRONESIA AND FOREIGN AFFAIRS AND DEFENSE IN USG. AFTER REITERATING CONCESSIONS ALREADY MADE TO BASIC MICRONESIAN INTERESTS ON LAND AND LAWS AND U.S. WILLINGNESS TO CONSULT WITH A FUTURE GOVERNMENT ON FOREIGN AFFAIRS AND DEFENSE MATTERS OF SPECIAL INTEREST TO IT, U.S. SIDE REAFFIRMED ITS REQUIREMENT

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FOR "FULL" AUTHORITY IN THESE AREAS OF SPECIAL CONCERN TO U.S. WE ALSO TOUCHED ON PROBLEMS OF TRANSITION - DRAFTING OF CONSTITUTION AND DEVELOPING A NEW GOVERNMENTAL STRUCTURE TO TAKE OVER ONCE THE TRUSTEESHIP IS ENDED.

8. AT SAME SESSION (APRIL 8) STATUS COMMITTEE GAVE ITS VIEWS ON FINANCE AND TRANSITION. ON FINANCE IT ASKED FAVORABLE CONSIDERATION OF

AID AT THE LEVEL OF \$50 MILLION ANNUALLY FOR ECONOMIC SUPPORT AND \$50 MILLION FOR DENIAL AND BASING PRIVILEGES - AN ANNUAL TOTAL OF \$100 MILLION - WITH APPROPRIATE ADJUSTMENTS TO REFLECT POSSIBLE INFLATION OR DEVALUATION. TRANSITIONAL STEPS CONTEMPLATED INCLUDED ESTABLISHMENT OF AN EXECUTIVE COUNCIL TO TAKE OVER FROM PRESENT TTPI GOVERNMENT.

9. AT THE NEXT SESSION (APRIL 10) STATUS COMMITTEE BACKTRACKED

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SIGNIFICANTLY ON ITS EXTREME POSITION ON FOREIGN AFFAIRS AND DEFENSE, ACCEPTING THE PROPOSITION THAT THE PEOPLE OF MICRONESIA WOULD VEST SOME POWERS IN THE GOVERNMENT OF MICRONESIA AND OTHERS (UNSPECIFIED) WOULD BE VESTED IN THE USG. AFTER MAKING THIS CONCESSION, HOWEVER, STATUS COMMITTEE WENT ON TO EMPLOY EXPLANATORY LANGUAGE WHICH VITIATED PRINCIPLE WHICH THEY HAD JUST ENUNCIATED AND INDICATED THAT USG POWERS IN FOREIGN AFFAIRS WOULD BE AS AGENT OF GOVERNMENT OF MICRONESIA.

10. U.S. REPLY (APRIL 11) ACCEPTED THE PRINCIPLE DESCRIBED BY STATUS COMMITTEE THE PRECEDING DAY BUT TOOK EXCEPTION TO QUALIFICATIONS AND CAVEATS WHICH THE MICRONESIANS HAD ADDED. WE SAID THAT IF WE WERE CORRECT IN OUR INTERPRETATION, THEN WE BELIEVED THE MICRONESIANS HAD MET OUR FUNDAMENTAL REQUIREMENT FOR FULL CONTROL OVER FOREIGN AFFAIRS AND DEFENSE. IF THIS WAS IN FACT THE CASE, WE WOULD BE PREPARED TO WORK OUT A UNILATERAL TERMINATION PROCEDURE, TO BECOME EFFECTIVE FIFTEEN YEARS AFTER THE COMPACT ENTERS INTO FORCE, ALTHOUGH WE HAD SAID AT HANA, AND

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CONTINUED TO BELIEVE, THAT TERMINATION BY MUTUAL CONSENT PROVIDED IMPORTANT SAFEGUARDS FOR BOTH SIDES.

11. AT FOLLOWING SESSION (APRIL 12) STATUS COMMITTEE STATED ITS BELIEF THAT "GENERAL AGREEMENT IN PRINCIPLE HAS BEEN REACHED IN THE AREAS OF FOREIGN AFFAIRS AND DEFENSE," THOUGH DETAILS AND NUANCES OF GP-4

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C O N F I D E N T I A L SECTION TWO OF TWO
POSSIBLE DIFFERENCES REMAINED WHICH WOULD BE BETTER EXPLORED IN FURTHER
NEGOTIATIONS ON DOCUMENTS WHICH WILL BECOME PART OF OVERALL AGREEMENT.

COMMITTEE WENT ON, HOWEVER, TO PRESENT ITS "SUMMARY OF AGREEMENT"
WHICH BACKTRACKED ON FOREIGN AFFAIRS ACTIVITIES WHICH AFFECTED IT,
AND INCLUDED A NUMBER OF "AGREEMENTS" ON AREAS NOT DISCUSSED OR ON WHICH

WE HAD EXPLICITLY DISAGREED. JOINT SUBCOMMITTEE EFFORT TO MODIFY
LANGUAGE FAILED, AND SENATOR SALII INSISTED ON CHARACTERIZING HIS
UNILATERAL SUMMARY AS MICRONESIAN VIEW AS TO AGREEMENT REACHED.

12. FOLLOWING THAT STATEMENT BOTH DELEGATIONS WENT INTO
EXECUTIVE SESSION TO DISCUSS MARIANAS REQUEST FOR SEPARATE STATUS
NEGOTIATIONS. WE READ MARIANAS STATEMENT AND U.S. REPLY TO STATUS
COMMITTEE REQUESTED THEY BE INSERTED INTO RECORD.

13. LAST DAY OF TALKS (APRIL 13) PRODUCED JOINT COMMUNIQUE
WHICH ACKNOWLEDGED THAT CMPACT WILL VEST AUTHORITY OVER FOREIGN
AFFAIRS AND DEFENSE IN U.S. AND MUTUAL SECURITY AGREEMENT IN EVENT
OF TERMINATION. TEXT BY SEPTEL.

III. CONCLUSION AND COMMENT

14. OUR TENTATIVE JUDGMENT AT CONCLUSION OF PALAU TALKS IS THAT
BOTH SIDES HAVE MOVED LONG WAY TOWARDS GENUINE ACCORD. AGREEMENT IN
PRINCIPLE ON FOREIGN AFFAIRS, DEFENSE, AND TERMINATION REPRESENTS

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MAJOR ACCOMMODATION OF INTERESTS BOTH SIDES. MICRONESIAN CONCESSIONS
ON FOREIGN AFFAIRS AND DEFENSE SUGGEST THEY GENUINELY WANT A FINAL
ACCORD. NUANCES, QUALIFICATIONS, AND CAVEATS, NOT TO MENTION FINANCIAL

QUESTION, ALL OF WHICH THEY HAVE WRITTEN INTO THE RECORD, INDICATE
THERE ARE MAJOR, BUT NOT NECESSARILY INSOLUBLE, ARGUMENTS LYING AHEAD
OF US. OUR DEALING WITH THESE ISSUES SHOULD BE CONSIDERABLE SIMPLIFIED

HOWEVER, NOT THAT MARIANAS HAVE BEEN FACTORED OUT OF THE EQUATION.

15. SENATOR SALII HAS HAD A TOUGH TIME KEEPING STATUS COMMITTEE
IN LINE, WHAT WITH MARIANAS DELEGATION VEERING OFF IN ONE DIRECTION
AND "INDEPENDENCE" FACTION, LED BY TRUKESE, IN ANOTHER. THESE DIVERGENT

TENDENCIES NO DOUBT ACCOUNT FOR THE CONSTANT REAPPEARANCE OF QUALIFYING

STATEMENTS WHICH HAVE BEEN SLIPPED INTO THEIR PRESENTATIONS AFTER
WHAT APPEARS TO BE A PLAIN STATEMENT OF PRINCIPLE. FACT THAT
SALII HAS MANAGED AS WELL AS HE HAS IS NO MEAN TRIBUTE TO HIS PER-
SEVERANCE AND SKILL UNDER WHAT WE THINK HAVE BEEN STRONG PRESSURES
HAVING ARRIVED AT "AGREEMENT IN PRINCIPLE" HE SEEMS EAGER TO MOVE
ON TO TECHNICAL DISCUSSIONS AND DOCUMENT DRAFTING BY SUB-GROUPS
AS SOON AS POSSIBLE IN WASHINGTON, POSSIBLY BEGINNING IN JUNE. THIS
DESIRE AUGURS WELL FOR THE FUTURE IN THAT WE COULD GET AWAY FROM THE
STEREOTYPED FORMALISM OF MEETINGS WITH THE ENTIRE STATUS COMMITTEE

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AND INTO A FORUM WHERE DISCUSSION AND NEGOTIATION OF PRECISE INTENT
AND LANGUAGE WOULD BE POSSIBLE. AMBASSADOR WILLIAMS SENDS.
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