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INFO SEC DEFENSE (2/LI/S ELVO) XE GENERATE HOUSE
DEPARTMENT OF STATE A/CDC/MR
C C N F I D E N T I A L (SECTION ONE OF TWO)
PASS TO INTERIOR/DASTA/OSN. STATE FOR ID/UNP, SPC, AND USIA DEFENSE FOR
GSDZISA AND JCS. WHITE HOUSE FOR MR. HOLDRIDGE (NSC)
SUBJECT: MICHONESIAN STATUS NEGOTIATIONS IN PALAU
REF AS CINCPACREP GUAM/TTPI 1012542 APR 72
RUF & CINCPACREP GUAM/ITPI 1211312 APR 72
I & SUMMARY
1. FOURTH ROUND OF NEGOTIATIONS IN PALAU APRIL 2-13 HAS PROVIDED THE
FULLEST AND MOST REALISTIC EXCHANGE YES HELD BETWEEN THE UNITED STATES
APD MICRONESIAN JUIRT STATUS COMMITTEE ON WHERE WE ARE UNITED IN OUR
THINKING AND WERE WE ARE DIVIDED. MICRONESIANS, AFTER FIRST TRYING TO
PROMOTE WHAT AMOUNTED TO A RELATIONS, IP HETWEEN INDEPENDENT STATES,
ACCEPTED OUR VIEW THAT ASSOCIATION WE WERE SEEKING WOULD RESULT IN A
COMPACT FROM WHICH WOULD STEM MICRONESIAN CONTROL OVER INTERNAL AFFAIRS
CONTROL FROM HOULD OT AN ANALY CONTROL OVER INTERNAL AFFAIRS
PAGE TWO RUHNSAA1409 C O N F I D E N T I A I

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

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REPLY (APRIL 6) ON FOREIGN AFFAIRS AND DEFENSE WAS DISQUIETING. AFTER

FACIFIC OCEAN AREA. 6. AFTER CONCILIATORY TONE OF MICRONESIAN OPENING STATEMENT, THEIR

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

PAGE THEEE RUHNSAA1409 C O N F I D E N T I A L LEED TO MUTUALLY GAT SPACTORY RESOLUTION OF TERMINATION ISSUE: 5. AT NEXT SESSION (APRIL 4) U.S. SIDE MADE DETAILED STATEMENT OF ITO 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-GOVERN-MERTAL OR OU-SI-GOVERNMENTAL LEVEL IN AREAS OF TRADE, COMMERCE, AND CULTURAL EXCHANGE WHICH THEY WERE INTERESTED IN: AS FOR DEFENSE AUTHORITY WE SET FORTH STARATEGIC RATIONALE AE ND SAID WE EXPECTED THIS

4. ERIEF CHRCHOLOGICAL 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-STATISFACTORY SETTLEMENT. MICRONESIANS RESTATED THEIR COMMITMENT TO PRINCIPLE OF UNILATERAL TERMINATION OF A FUTURE COMPACT. U.S. SIDE SIRESED IMPOPTANCE IT ATTACHES TO FULL AUTHORITY IN FOREIGN AFFAIRS AND DEFENSE WHICH. IF ACKNOWLEDGED BY MICRONESIANS, COULD

NEGOTIATIONS: WE AGREED TO DO SO. SEE REF B.

SATISFY THEIR REQUIREMENT ON THAT SCORES 2. BRIEFER EXCHANGES COVERED TRANSITION AND FINANCE. OUR APPROACH ON LATTER SUBJECT WAS AIMED PRINCIPALLY AT KNOCKING DOWN THEIR GROSSLY EXAGGERATED STATEMENT ON FINANCIAL EXPECTATIONSS 3. MARIANAS DELEGATION PRESENTED LETTER REQUESTING SEPARATE

MEANT EXACTLY THAT, AND IF THE MICROMESIANS ACCEPTED IT IN THAT SENSE, WE Would be prepared to work out procedure for unilated termination to

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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

PAGE FOUR RUHNSAA1409 C O N F I D E N T I A L 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 CRITERIAM WOULD GOVERN DEFENSE ACTIVITIES, (C) MICRONESIAN CONSENT IF THERE ARE "SIGNIFICANT" CHANGES IN THE USE TO WHICH U.S. FACILITIES HOULD BE PUT. IN FOREIGN AFFAIRS THE U.S., AFTER RECOGNIZING THE " FURDAMENTAL SOVEREIGNTY OF THE STATE OF MICRONESIA, " WOULD BE ESGENTIALLY THE "AGENT OF THE GOVERNMENT OF MICRONESIA" IN MATTERS DELEGATED TO IT. THIS DELEGATION HOULD 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 CONSUMATE ARRANGEMENTS ON TRADE, CONMERCE, AND CULTURAL AFFAIRS OF DIRECT INTEREST TO IT.

7. U.S REPLY (APRIL 8) CONCENTRATED ON WHAT SEEMED TO BE FUNDAMEN-TAL

DIVERGENCES BETWEEN THE TWO SIDES ON THE NATURE OF A FUTURE RELATION-SHIPT

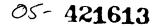
MICRONESIANS HAD TALKED ABOUT A "SOVERIGN STATE WITH FULL AUTHORITY OVER INTERNAL AND EXTERNAL AFFAIRS" WHICH MIGHT DELEGATE LIMITED AUTHORITY TO U.S. IN FUREIGN AFFAIRS AND DEFENSE.

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 AUTHORIT

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 OF IT, U.S. SIDE REAFFIRMED ITS REQUIREMENT

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OUT A UNILATERAL TERMINATION PROCEDURE, TO BECOME EFFECTIVE FIFTEEN YEARS AFTER THE COMPACT ENTERS INTO FORCE, ALTHOUGH WE HAD SAID AT HANA, AND

MET OUR FUNDAMENTAL REGUIREMENT FOR FULL CONTROL OVER FOREIGN AFFAIRS AND DEFENSE. IF THIS WAS IN FACT THE CASE, WE WOULD BE PREPARED TO WORK

STATUS COMMITTEE THE PRECEDING DAY BUT TOOK EXCEPTION TO QUALIFICATIONS

AND CAVEATS WHICH THE MOCRONESIANS HAD ADDED. WE SAID THAT IF WE WERE CORRECT IN OUR INTERPRETATION, THEN WE BELIEVEDTHE MICRONESIANS HAD

10. U.S. REPLY (APRIL 11) ACCEPTED THE PRINCIPLE DESCRIBED BY

AFFAIRS WOULD BE AS AGENT OF GOVERNMENT OF MICRONESIA.

WHICH THEY HAD JUST ENUNCATED AND INDICATED THAT USG POWERS IN FOREIGN

-E VESTED IN THE USG. AFTER MAKING THIS CONCESSION, HOWEVER, STATUS COMMITTEE WENT ON TO EMPLOY EXPLANATORY LANGUAGE WHICH VITIATED PRINC IPLE

ACCEPTING THE PROPOSITION THAT THE PEOPLE OF MICRONESIA WOULD VEST SOME POWERS IN THE GOVERNMENT OF MICRONESIA AND OTHERS (UNSPECIFIED) WOULD

PAGE SIX RUHNSAA1409 C O N F I D E N T I A L SIGNIFICANTLY ON ITS EXTREME POSITION ON FOREIGN AFFAIRS AND DEFENSE,

9. AT THE NEXT SESSION (APRIL 1)) STATUS COMMITTEE BACKTRACKED

--WITH APPROPRIATE ADJUSTMENTS TO REFLECT POSSIBLE INFLATION OR DEVALUTATION. TRANSITIONAL STEPS CONTEMPLATED INCLUDED ESTABLISHMENT OF AN EXECUTIVE COUNCIL TO TAKE OVER FROM PRESENT TTPI

ATD AT THE LEVEL OF ANNUALLY FOR ECONOMIC SUPPORT AND FOR DENIAL AND BASING PRIVILEGES -- AN ANNUAL TOTAL OF

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

TOUCHED ON PROBLEMS OF TRANSITION - DRAFTING OF CONSTITUTION AND DEVELOPING A NEW GOVERNMENTAL STRUCTURE TO TAKE OVER ONCE THE

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FOR "FULL" AUTHORITY IN THESE AREAS OF SPECIAL CONCERN TO U.S. WE ALSO

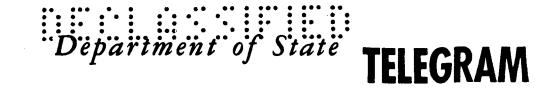
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GOVERNMENT.





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

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

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 of onwhich

WE HAD EXPLICITLY DISAGREED. JOIN SUBCOMMITTEE EFFORT TO HEDIFY 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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PAGE TWO RUHNSAA1412 C O N F I D E N T I A L 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 STEREDTYPED FORMALISM OF MEETINGS WITH THE ENTIRE STATUS COMMITTEE

PAGE THREE RUHNSAA1412 C O N F I D E N T I A L AND INTO A FORUM WHERE DISCUSSION AND NEGOTIATION OF PRECISE INTENT AND LANGUAGE WOULD BE POSSIBLE. AMBASSADOR WILLIAMS SENDS; GP-4

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