

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

5543

~~SECRET~~

ACTION
July 27, 1972

MEMORANDUM FOR: THE PRESIDENT ^{HAS SEEN.}
FROM: HENRY A. KISSINGER *HK*
SUBJECT: Micronesian Status Negotiations: U.S.
Financial Support Under the Compact
of Association

The Under Secretaries Committee has recommended that Ambassador Haydn Williams, your Personal Representative for Micronesian Status Negotiations, be authorized to discuss with Micronesian representatives specific levels of U.S. financial support under the Compact of Association which he is now negotiating with them. The Committee proposed that Ambassador Williams be authorized to negotiate annual payments in the range of \$25-50 million. The payments would be related to our continuing control of Micronesia's foreign affairs and defense, including the specification of U.S. land requirements for security purposes.

This range of payments seems reasonable to me, given the Micronesians proposal of last April for annual payments of \$100 million, as well as our current budget of approximately \$75 million for Micronesia. (The Mariana Islands would not be included under this financial arrangement, since they have opted for separate negotiations leading toward a closer political association. We would also save the cost of the salaries of U.S. citizens currently on the payroll.)

RECOMMENDATION:

That you approve my authorizing Ambassador Williams to negotiate future U.S. financial support for Micronesia under the Compact of Association in the annual range of \$25-50 million.

Approve *[Signature]*

Disapprove _____

27/A

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by F. Graboske, National Security Council