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I-12800

September 13, 1972

MEMORANDUM FOR CAPTAIN GORDON SCHULLER, ISA/EA&PR

SUBJECT: Working Paper - Titles IV through XL- COMPACT - TTPI

These comments intended for use in working sessions will be brief:

Section 401 - Financial Provisions.

I recommend that this section be rewritten to convey the tone that the United States is making its funds and financial assistance available primarily for the benefit and welfare of the people of Micronesia, coupled with its and the United States interest in providing for the defense and security of the territory and of the South Pacific.

Section 402.

— No comment.

Section 403.

Rewrite to indicate that the costs of providing these services are intended for the benefit of the people of Micronesia, and that the services are intended to be in the interest of both Micronesia and the United States.

Section 404.

Delete. Amendment is covered elsewhere in the instrument.

Section 601. Micronesian Control of Imports.

Add on proviso: "and subject to such provisions as are set forth in Annex " (The Annex referred to will be the SOFA).

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Section 602. Treatment of Micronesian Goods.

Omit second sentence. The first sentence should be reworded to read:

"The United States will admit goods of Micronesian origin without duty into the United States in accordance with its laws and prodedures."

Section 603. MFN.

Rewrite. "The Government of Micronesia will admit into Micronesia goods of United States origin on terms no less favorable than those extended to other non-Micronesian goods." Reason. This formula keeps door open for preferential treatment.

Section 604 - Aviation, etc.

Para. (d) - rewrite.

Introduce in appropriate language the overriding power and procedures to be vested in the FAA; also introduce appropriate language relating to IATA regulations.

Para. (a) - rewrite.

Note that IMCO and IATA among other agencies operate through various standards and instruments. Present wording is therefore inaccurate.

Section 701.

Delete. Not needed in the compact.

Section 702.

This must be added to United States law.

Section 703.

Rewrite since 702 should be deleted. Also shorten. Query use of last sentence.

Section 801.

Query para. (b). United States immigration laws are restrictive in nature; instead of (b) as written use a most-favored nation clause.

Section 802.

This should be in United States law. Delete.

Title X - Environment.

Omit "required by law" in the last sentence. Replace with the term "applied".

Section 1001.

Replade last phrase: "or as mutually agreed."

Section 1102.

Para (a). Use 25 years. 15 years is insufficient time to establish our foreign relations base. Also would indicate that we are dealing - potentially - with a short time span.

Para (b) (3). Leads to a need to provide a separate termination clause for defense rights, etc. Proposed clause is defective however because:

- it does not refer to the sections which are not subject to termination;
- it does not provide for treaties etc. to remain in effect upon termination - particularly those relating to defense powers.
- it does not provide for some foreign affairs powers to remain in effect to extent they affect defense powers.

Title V. Comments are the subject of another working paper.

SIGNED

Harry H. Almond, Jr.
Office of Assistant General Counsel
International Affairs

cc: GC
Chron
Circulating
File:TTPI ←
Capt. Crowe (of Interior), Mr. Barringer, FMRA

R/C/A/H

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