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TITLE VI
TRADE AND COMMERCE

Micronesian
Control of
Imports

Section 601

The Government of Micronesia may establish, change or eliminate import duties and other regulations including internal charges, laws and conditions governing the importation of and commerce in goods from outside of Micronesia, subject only to compatibility with relevant United States international obligations, other provisions of this Compact and other agreements between Micronesia and the United States.

Treatment
of Micro-
nesian and
U.S. Goods

Section 602

Terms governing [the entry of] ^{treated} [United States
goods into Micronesia and of Micronesian goods
into the United States shall be no less favorable
than [those governing ^{the} entry of] goods [from] ^{of} any
other country.

M.F.N. and
national

Section 602 Footnote

Interior may furnish additional language.

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*and GOM will
enforce.*

Aviation and
Maritime
Commerce

Section 603

(a) In the exercise of its authority and responsibility under Section 201(a), the Government of the United States will apply to Micronesia appropriate international treaties, agreements and standards ^{and regulations} which relate to air and maritime commerce.

(b) The Government of the United States agrees to obtain the consent of the Government of Micronesia before granting any new authority to any United States or foreign air carrier for international air commerce to or from Micronesia, except for aircraft operated for or under the control of the Government of the United States in connection with activities under Title III.

(c) The Government of Micronesia will enforce applicable international standards and regulations.

(d) The Government of Micronesia will be responsible for the regulation of domestic air and maritime commerce between points wholly within the territory of Micronesia.

*Should U.S.
certify all
foreign aircraft*

Section 603 Footnotes

Mr. deGraffenreid proposes following language as possible fallback. Softer tone than original, which follows format given to Micronesians in August.

"(a) International air and maritime commercial treaties and agreements may be extended to Micronesia pursuant to the provisions of Titles II and V.

"(b) Applicable international standards and regulations shall be enforced by the Government of Micronesia.

"(c) All air and maritime commerce conducted wholly within Micronesia shall be under the authority of the Government of Micronesia. Foreign and international air and marine commerce shall be under the authority of the Government of the United States; provided however, that no new authority shall be granted to any United States or foreign air carrier for international air commerce to or from Micronesia without the prior consent of the Government of Micronesia."

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TITLE VII
CITIZENSHIP AND NATIONALITY

Section 701

Every citizen of Micronesia who either was a citizen of the Trust Territory of the Pacific Islands on the day preceding the effective date of this Compact, or who thereafter becomes a citizen of Micronesia by birth, and who has not taken any affirmative step to preserve or acquire any foreign citizenship or nationality, shall be a national but not a citizen of the United States.

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Section 702

Any person described in Section 701 who is a citizen or a national of a foreign country shall cease to be a national of the United States within one year after the effective date of this Compact, or within six months after becoming 21 years of age, whichever comes later, unless he renounces that foreign citizenship or nationality.

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TITLE VIII

IMMIGRATION AND TRAVEL

US Citizens
in Micronesia

Section 801

(a) The Government of Micronesia may regulate immigration and entry of non-Micronesians into Micronesia, consistent with the foreign affairs and defense responsibilities of the United States.

(b) Micronesian provisions applicable to entry and exit of United States citizens to and from Micronesia shall not be more restrictive than the comparable United States regulations governing Micronesians who are United States nationals.

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Micronesians
in U.S.

Section 802

Citizens of Micronesia who are United States nationals shall be free to enter, reside in or leave the United States at any time in accordance with the laws of the United States. Citizens of Micronesia who are not United States nationals shall be accorded treatment as aliens for these purposes.

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Section 802 Footnote

Fallback: substitute "on the same basis as other nationals of the United States" for "in accordance with the laws of the United States" if the Micronesians find the latter too restrictive.

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TITLE IX
REPRESENTATION AND CONSULTATION

Resident
Offices

Section 901

The Governments of the United States and of
Micronesia agree to establish in the central seat
of Government of Micronesia and in Washington, D. C.,
respectively, official Resident Offices for the
purpose of maintaining close and regular consulta-
tions on matters of mutual interest to them.

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TITLE X
ENVIRONMENT

Section 1001

In the conduct of its activities in Micronesia,
the Government of the United States will endeavor to
protect the surrounding environment from permanent or
irreparable damage by adherence to ^{the same} standards ~~no less~~
~~stringent than those required~~ ^{exercised} by United States law. ^{set}

*by adherence to
the same standards*

TITLE X Footnote

This is the catchall section. If demanded by the Micronesians, we can include the following language on

Dispute Settlement:

(as disagreements)
Disputes between the Government of Micronesia and the Government of the United States which relate to the interpretation or application of the provisions of this Compact shall be settled by negotiation between those governments or by any other appropriate procedure to which they may mutually agree.

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9/18/72 (See footnote
concerning clearance
status.)

TITLE XI

AMENDMENT AND TERMINATION

Amendment

Section 1101

This Compact may be amended at any time by
agreement of the parties.

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Termination Section 1102

(a) This Compact may be terminated at any time by mutual consent of the parties.

(b) After the expiration of the first fifteen years following its entry into force it may also be terminated unilaterally by either party in accordance with the following provisions:

(1) This Compact may be terminated by the Government of the United States in accordance with its established constitutional processes.

(2) This Compact may be terminated by the Government of Micronesia upon the affirmative vote of two-thirds of the members of the Micronesian legislature (or of each chamber thereof if the legislature is bicameral; or a two-thirds vote of the legislators voting individually if the central legislative function is organized on a basis other than one-legislator-one-vote) and the approval in referendum of two-thirds of the Micronesian people eligible to vote in any local or general election. At least ninety days must

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elapse between introduction of such a measure in the legislature and its approval by that legislature, and at least sixty days must elapse between the time of final legislative approval and the date of the public referendum.

- (3) Termination of this Compact shall in no way alter the rights and obligations of the United States or of Micronesia with regard to base rights or other security agreements which may have been mutually concluded before or during the operation of this Compact. Such agreements shall be terminable only according to their own provisions.
- (4) If termination is effected by unilateral Micronesian action, that termination shall not suspend or terminate the provisions of Section 304 of this Compact concerning denial of the territory of Micronesia to other countries.

(c) If termination of this Compact is effected pursuant to Section 1102(a), that termination shall become effective on a date mutually agreed by the parties. If termination is effected pursuant to

Section 1102(b) without mutual consent, that termination shall be effective not less than one year from the date that the appropriate criteria of that subsection are satisfied.

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Section 1103

If termination of this Compact is effected by Micronesian action pursuant to Section 1102 (b), any administrative district of the Government of Micronesia, as currently recognized by the Government of the United States in the administration of the Trust Territory of the Pacific Islands, may elect, by affirmative vote of two-thirds of the residents of that district entitled to vote in any local or general elections, to seek a continued relationship with the Government of the United States under the terms and for such time as may be agreed to by the Governments of that district and the United States.

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TITLE XI FOOTNOTE

Section 1101 is acceptable to all.

Section 1102 has been modified to reflect changes suggested during discussion. With that qualification, it is satisfactory to all drafting Committee participants except that DOD does not concur with Section 1102 (a) (3), and proposes instead the following language, as a separate subsection 1102 (b):

"Unilateral termination of this Compact shall not alter the authority, responsibility, rights and obligations of the United States Government and of the Government of Micronesia relating to defense which are contained in Title III and in Annex B, and in the agreements referred to therein. Those provisions shall continue in force, except as otherwise agreed, after the remainder of this Compact is terminated, or, in the case of the land use agreements specified in Annex B, for as long as the terms of those agreements may provide."

Section 1103 newly drafted, not cleared. DASTA, Interior raised questions concerning the desirability of this provision in his memorandum of Aug. 30 to you.

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TITLE XII

APPROVAL OF THE COMPACT AND EFFECTIVE DATE

Section 1201

The Compact shall be approved:

(a) by the United States according to its constitutional processes;

(b) by a referendum to be held in Micronesia, if a majority of the voters vote in favor of the Compact.

All persons who would be eligible to vote in elections to the Congress of Micronesia, if such elections were held on the day the referendum is conducted, shall be eligible to vote in the referendum.

(c) in determining whether a majority has voted for or against the Compact, only the affirmative and the negative votes shall be counted.

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Section 1202

The President of the United States will issue a proclamation announcing a date mutually acceptable to the United States Government and the Government of Micronesia at which the Compact will come into effect, after he finds:

1. That the Compact has been approved as provided for in Section 1301; and that
2. The people of Micronesia have adopted a Constitution which complies with the requirements of Section 101 of the Compact; and that
3. The requirements of the United States for the use of land and water areas set forth in Title III of this Compact have been satisfied; and that
4. The jurisdictional agreement set forth in Section 305 of the Compact has been concluded; and that
5. The Strategic Trusteeship between the United States and the Security Council of the United Nations for the former Japanese Mandated Islands, approved by the President of the United States on July 18, 1947, has been terminated or will terminate upon the issuance of such proclamation.

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SECTION 1202.

The President of the United States will issue a proclamation announcing a date mutually acceptable to the United States Government and Micronesia at which the Compact will come into effect, after he finds:

1. That the Compact has been approved as provided for in Section 1201; and that
2. The People of Micronesia have adopted a Constitution which complies with the requirements of Section 101 of the Compact; and that
3. The requirements of the United States for the use of land and water areas set forth in Title III of this Compact have been satisfied; and that
4. The jurisdictional and extradition agreements set forth in Sections 305 and 505, respectively, of the Compact have been concluded; and that
5. The Strategic Trusteeship between the United States and the Security Council of the United Nations for the former Japanese Mandated Islands, approved by the President of the United States on July 18, 1947, has been terminated or will terminate upon the issuance of such proclamation.