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ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

20 NOV 1972

In reply refer to:
I-28482/72

INTERNATIONAL
SECURITY AFFAIRS

MEMORANDUM FOR AMBASSADOR FRANKLYN HAYDN WILLIAMS, OFFICE OF
MICRONESIAN STATUS NEGOTIATIONS, DEPARTMENT OF THE
INTERIOR

SUBJECT: Marianas Status Negotiations

The Guam/Marianas area, both from a strategic and political viewpoint, offers a long-range potential for developing a major U.S. joint Service base complex to support the stationing of U.S. Forces and activities.

During the October 1971 round of status negotiations between the United States and Micronesia, it became apparent that the Mariana district of the TTPI would opt for a settlement, separate from the other districts, that calls for close ties with the United States. Subsequent events have developed to the point where the formal opening of separate negotiations with the Marianas is scheduled to take place in early December. It is understood the opening session will not involve specific substantive negotiations. Rather, it is desirable to offer as much information as possible, yet avoid specifics of exact acreages and monies.

Accordingly, the attachment is provided as a proposed opening statement strategy which is designed to lay the ground work for future substantive talks. Specific options and fall-back positions, together with dollar ranges, will be provided prior to the second round of talks with the Marianas.

Dennis J. Doollin
Deputy Assistant Secretary

Attachments

Classified by Dir, EAPR
SUBJECT TO GENERAL DECLASSIFICATION SCHEDULE OF
EXECUTIVE ORDER 11652. AUTOMATICALLY DECLASSIFIED
AT TWO YEAR INTERVALS. DECLASSIFIED ON 31 Dec 80

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PROPOSED NEGOTIATING STRATEGY

LAND REQUIREMENTS

MARIANA ISLANDS

TRUST TERRITORY OF PACIFIC ISLANDS

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MARIANA ISLANDS NEGOTIATION

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A PROPOSED NEGOTIATING STRATEGY FOR OBTAINING
US DEFENSE REQUIREMENTS IN THE MARIANA ISLANDS (U)

1. (S) Background

a. On June 24, 1971, the Joint Chiefs of Staff forwarded a report (JCSM 301-71, June 24, 1971) to the Secretary of Defense which established future military land requirements in the Trust Territory of the Pacific Islands (TTPI), specifying 16,518 acres to be the minimum land requirements on Tinian Island. However, on July 12, 1971, it was subsequently specified (MJCS 206-71, July 12, 1971) that control over all of Tinian Island was a desirable objective.

b. On September 9, 1971, the Secretary of Defense approved and forwarded to the President's Personal Representative for Micronesian Status Negotiations the long-term requirements for military basing options in the TTPI.

c. Subsequently, it has been found that the report referred to in subparagraph a above did not consider land necessary to satisfy ammunition safety radius requirements around the Tinian port when transferring ammunition. This will add at least 2,000 acres around the port to previously established minimum military requirements for a new total of at least 18,518 acres.

d. During the October 1971 round of status negotiations between the US and the Micronesians, it became apparent that the Mariana District would opt for a settlement, separate from the rest of the TTPI, that calls for closer relationship with the US.

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2. (U) Recapitulation Land Acreages in Affected Mariana Area

<u>Tinian Island</u>	<u>Acreage</u>
Privately Owned Lands	1,077
"Retention" Lands	8,882
Public Lands	<u>16,241</u>
Total	26,200

<u>Saipan Island</u>	<u>Acreage</u>
Privately Owned Lands	7,634
"Retention" Lands	5,156
Public Lands	<u>17,030</u>
Total	29,820

3. (C) Introduction to Negotiations

Formal negotiations should be initiated on the theme that the DoD has made a series of studies aimed toward specifically identifying necessary future military land requirements in the Mariana Islands and Guam. As a result, a minimum land requirements package has been developed, and the US is now prepared to negotiate for these lands. Throughout these negotiations, several general considerations should be kept in mind which may help the Micronesian negotiators to understand the rationale behind the US requirements. These considerations are:

- a. The location of bases and activities in overseas areas usually involves a choice between alternative locations, including the alternative of mobile forces primarily based in the continental US.

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Without detailing the advantages and disadvantages of every alternative, the choice of proposing a new US base in the Marianas is deemed most desirable at the present time. This assumes that these negotiations will produce arrangements which permit locating proposed military facilities in the Marianas rather than forcing early development at less desirable sites elsewhere.

b. To facilitate the discharge of its increased Defense responsibilities for this area, the US plans to develop a joint Service military base on the island of Tinian. In addition, the US desires to reserve the capability to locate certain satellite activities (maintenance, communications, industrial and storage) on Saipan.

c. The integration of DoD land requirements into one homogeneous area is necessary to minimize construction and support costs associated with operational facilities. Such integration facilitates operational movement, minimizes transportation and communication costs, and facilitates the construction of common-use facilities (eliminates duplication). The development of these operational facilities on homogeneous land areas which are separated from the civilian community will also minimize interference with civil activities, facilitate security and protect against population encroachment.

The chief US negotiator should then state that the requirements which the US will present and the methods of compensation and settlements which will be offered were developed with a view toward achieving the consolidation of operational activities on Tinian, while attempting to

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meet civil desires for maximum employment opportunities on Saipan. In addition to the monies which will be paid for land and improvements, the tangible fringe benefits of civilian employment, local purchases and military payrolls cannot be overlooked. It is conceivable that the US proposals, when implemented, will speed Micronesia's economic equalization with Guam.

a. The concept which has been developed envisions a total land requirement in the Mariana District of 27,000 plus acres--the 26,200 acres of Tinian, 800 acres more or less on Saipan (principally for use as industrial/community areas), and the .35 square miles (224 acres plus) of Farralon de Medinilla Island (presently used as a target area).

b. On these lands, the US proposes to develop, following an agreement with the Marianas District government, a joint Service airfield/logistic facility on Tinian and the rehabilitation of Tinian Harbor. Over the longer term, the US could CONSIDER the development of facilities for basing additional forces on Tinian and locating industrial/supply facilities, currently located in other countries, to Tanapag Harbor and Isley Field.

c. The US will adequately compensate all affected parties under PL 91-646 for the land, improvements, and local moves associated with development planning.

d. To accomplish these proposals, it is desired that the US Government acquire ownership (title) to all retained and acquired lands as discussed in "a" above.

4. (C) Assumptions

In the development of a negotiating strategy, certain assumptions must necessarily be made. While not all encompassing, the significant assumptions made for the Tinian negotiations are as follows:

a. The Mariana District will opt for a close political relationship with the US: that of territory, possession or commonwealth.

b. The Mariana District will be independent of the Congress of Micronesia and negotiations may be conducted in good faith by the US with the District Government on the assurance that agreements will be binding and not require ratification by the Micronesian Congress.

c. The right of eminent domain will not flow to the US from the District Government.

d. Acquisition of whatever real estate interest is needed will be handled by the District Government for the US Government up to and including, if necessary, the acquisition of privately owned property by right of eminent domain or the quieting of title through eminent domain proceedings.

e. Rights in the present retained lands on Saipan or Tinian may or may not have a value for exchange or new acquisition purposes.

5. (C) Limiting Conditions

Certain legal or practical considerations will limit this negotiation as follows:

a. Congressional authorization and funding are required to implement any negotiated settlement and such condition must be clearly

stated at the commencement of any discussions.

b. Congress may be reluctant to discard prior payments for land use pursuant to PL 82-155 and may thus fail to appropriate all the monies needed for an acquisition program that disregards retention rights.

c. A complete tri-service construction program cannot be engineered and programmed in time for submission in the FY 1974 MilCon. The bulk of military construction will be spread over several years.

d. Ex gratia payments cannot be justified as part of a military construction or land purchase package.

6. (U) Additional Benefits for Local Area

In addition to actual payments for land acquisition, additional tangible benefits will flow to the local economy:

- a. Infusion of new DoD payrolls.
- b. New civilian employment.
- c. Development of civilian service industries.
- d. Local purchases.
- e. Infusion of construction funds with resultant employment and possible subcontracting.
- f. Improvement of quality of life.
- g. Availability of technical-medical expertise.
- h. Protection under US flag.

7. (U) Negotiating Positions

The attached negotiating positions are arranged in declining order of desirability from the optimum position of free land to that of full payment.

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BASIC NEGOTIATING POSITION (Optimum)

REQUIREMENT

1. Fee title, at no cost to the US, for all public lands and retained land on the Island of Tinian.
2. Fee title, at no cost to the US, for the island of Farallon de Medinilla.
3. Retention by the US of indefinite right to use 800 acres of land on Saipan.
4. Acquisition, by the US, of the privately owned lands on Tinian.

CONSIDERATION

1. Relinquishment by the US of Use and Occupancy Rights in balance of Marianas except for 800 acres on Saipan required for support facilities, _____ acres at Isley Field and _____ acres at Tanapag Harbor.
2. Purchase by the US, through the Marianas District Government, at fair market value, of the privately owned acreage (1,077 acres) and improvements on Tinian. Cost of relocation of families and individuals to be borne by the US under the principles enunciated by PL 91-646, The Uniform Relocation and Real Property Acquisition Policies Act of 1970. Acquisition of 1,077 acres of land, exclusive of improvements, would be subject to appraisal but is estimated at \$1,000 per acre, or \$1,077,000 for programming purposes. Improvements would likewise be paid for in accordance with current appraisals and for programming purposes only may be estimated not to exceed \$1,500,000 for a total package of approximately \$2,577,000.

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Under PL 91-646, reimbursable relocation expenses would include: (1) the actual reasonable expense in moving the head of a household, his family, business, farm operation or other personal property; (2) actual direct losses of tangible personal property as a result of moving or discontinuing a farm operation or business but not to exceed an amount equal to the reasonable expenses that would have been to relocate such property; and (3) actual reasonable expenses in searching for a replacement business or farm. It is estimated that allowable relocation expenses could increase this package by an additional \$400,000.

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SECONDARY POSITION (POSITION 2)
(Primary Fallback Position)

BASIC ASSUMPTION: Rights in retained lands have a value for exchange for lands needed in fee.

REQUIREMENT

1. Fee title to the US for all public lands and retained lands on Tinian.
2. Fee title to the US for all privately owned lands on Tinian.
3. Retention by the US of indefinite term right to use 800 acres on Saipan.
4. Fee title to the US to the Island of Farallon de Medinilla.

CONSIDERATION

1. Acquisition by the US through the District Government of the privately owned lands on Tinian at the current appraised fair market value as outlined in the basic negotiating position (\$2,577,000). Relocation expenses will likewise be paid for under the provisions of PL 91-646.
2. Acquisition of clear fee title to the 8,882 acres of retained lands on Tinian in consideration for the economic benefits which will accrue to the Mariana District.
3. Acquisition of clear fee title to 5,500 acres of the 16,241 acres of public lands on Tinian in exchange for relinquishment by the US of all but 800 acres of retained land on Saipan (4,356 acres plus).
4. Acquisition of the remaining 10,741 acres of public land on

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Tinian on the basis of a maximum \$600 per acre for approximately 2,198 acres of marginal land (\$1,318,800) and \$1,000 per acre maximum for the remaining 8,543 acres (\$8,543,000) for a maximum total of \$9,861,800. Realizing that all land on Tinian does not fall into two price categories, the negotiations must be caveated that these are maximum amounts subject to appraisal.

Position 2a

Assuming that retention rights have questionable negotiating value.

Step 2a above could be amended by the offer of \$100 per acre for clear title to the 8,882 acres of retained land on Tinian for a total of \$888,200.

Summary of Position 2 costs (exclusive of relocation costs):

Basic Position	\$12,439,000
Position 2a	\$13,327,000

POSITION 3

REQUIREMENTS

1. Fee title to the US for all public lands and retained lands on Tinian.
2. Fee title to the US for all privately owned lands on Tinian.
3. Retention by the US of indefinite term right to use 800 acres on Saipan.
4. Fee title to the US to the Island of Farallon de Medinilla.

CONSIDERATION

1. Acquisition by the US through the District Government of the privately owned lands on Tinian at the current appraised fair market value as outlined in the basic negotiating position (\$2,577,000).

Relocation expenses will likewise be paid for under the provisions of PL 91-646.

2. In consideration of the economic benefits which will accrue to the Mariana District, the District Government will convey at no cost to the US, all public lands and clear title to retention lands remaining on Tinian. The deed of conveyance for this land will contain a reverter provision that in the event the property so conveyed is no longer required for US military purposes, title will revert without consideration to the District Government of Micronesia.

Position 3a

Assuming that the District Government is reluctant to relinquish title under 3 above, a nominal cost, 50 year lease in favor of the

US for all retention lands and public lands would be acceptable.

Position 3b

In the event that a nominal cost lease is unacceptable to the District Government, the US would be prepared to make an annual rental payment for a 50 year lease calculated on the following basis:

8,882 acres Retention Land on Tinian (in effect open ended lease land now)	0
5,500 acres Public Lands to be exchanged for Saipan retention lands	0
2,198 acres Marginal Tinian Lands X \$600 acre maximum fee value X 10 percent	\$131,880
8,543 acres Remaining Public Lands X \$1,000 acre maximum fee value X 10 percent	\$854,300
Total Annual Rental	\$986,180

Position 3c

In the event a one time rental payment is desired in lieu of annual payments, an offer not to exceed 50 percent of \$9,861,800 or \$4,930,900 could be justified.

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POSITION 4

REQUIREMENTS

1. Retention by the US of indefinite term rights to use 800 acres on Saipan.
2. Fee title to the US to the Island of Farallon de Medinilla.
3. Fee title to 18,518 acres of Tinian, being a mixture of private lands, retention lands and other public lands.

CONSIDERATION

1. Relinquishment of retention lands on Tinian in exchange for fee title to other public lands on Tinian needed for the creation of a homogeneous area. No monetary consideration would be exchanged.
2. Fair market payment at current appraised value for privately owned lands around Tinian Harbor and elsewhere needed for the making of a US contiguous area. Relocation payments would be made to the maximum allowable by PL 91-646.
3. Relinquishment of all but 800 acres of Saipan retention lands in exchange for fee title to lands of equal value on Tinian.
4. Fair market payment at current appraised value for the balance of the public lands needed to complete the 18,518 acre acquisition. Land costs would vary from \$600 to \$1,000 per acre depending on location and desirability.

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POSITION 5

ASSUMPTION: Present retention rights have no negotiating value on legal basis that "past consideration is no consideration."

REQUIREMENTS

1. Fee title to all public lands on the Island of Tinian.
2. Fee title to privately owned lands on Tinian.
3. Fee title to Island of Farallon de Medinilla.
4. Continuation of retention rights to 800 acres retained lands on Saipan.

CONSIDERATION

1. Acquisition of fee title to privately owned lands at current appraised fair market value. Relocation costs to be paid at the maximum amounts allowed by PL 91-646. Real property acquisition costs estimated for programming purposes not to exceed \$2,577,000. Relocation cost could add additional \$400,000 to this amount.

2. Continuation of all retention rights to lands on Saipan on an indefinite basis.

3. Acquisition of public lands and retention lands on Tinian (approximately 25,123 acres) at current appraised fair market value. Value of land will run from \$600 to \$1,000 per acre but for programming purposes an average \$850 per acre or total of \$21,355,000 should be considered as the maximum amount supportable in the absence of appraisals.