

MICRONESIAN STATUS
NEGOTIATIONS: ROUND 7

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CLOSING

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Statement of the Micronesian Delegation - 11/21/73

Ambassador Williams, members of the United States Delegation:

We have now reached a point at which, we believe, it is necessary for the United States Delegation to make some key decisions. We believe that the present round of talks has successfully focused the attention of both delegations on some major areas on which the failure or success of negotiations for a Compact of Free Association will be determined.

We are, as we have previously stated, very pleased that it has been possible for the two sides to agree on the principles for the return of public land. This has permitted us to go forward with the discussions of the very important issue of the level of financial support to be granted by the United States to the Government of Micronesia in the first years following the termination of the trusteeship. It has been and remains our position that we cannot usefully discuss the remaining details of the proposed Compact of Free Association until it becomes clear that there is a substantial likelihood that we can reach agreement on the question of financial support. At the present time, our positions are very wide apart. It has been possible for us to agree to a large extent on the structure of the section on finances, on the procedures to be followed, and on associated matters. On the matter of the level of financial support itself, however, we are sorry to have to recognize that no progress has been made. Our initial proposal, advanced a year and a half ago in Koror was for an overall level of \$100 million annually for the first ten years, plus the continuation of the existing U.S. federal programs provided in Micronesia. Your proposal, advanced this week for the first time,

would involve a level of support totalling between \$40 and \$41 million annually for the six districts of Micronesia plus the continued provision of the services afforded by the Federal Aviation Administration, the postal service, and the weather service.

Since these respective propositions have been advanced the United States Delegation has been unwilling to make any significant improvement in its offer. We, on the other hand, have been willing to reduce our request by \$20 million annually and to accept a significant diminution in the federal programs to be offered without compensation subsequent to termination of the trusteeship.

Because of this wide gap and the apparently unyielding stance of your delegation, we have had to conclude that we cannot usefully proceed with the discussions of the remaining sections of a Compact of Free Association until this gap is substantially narrowed. Regardless of the ability of our delegations to adjust remaining differences, the Compact is not one which the Joint Committee would be willing to recommend to the Congress of Micronesia if it contains figures which approximate those in your current proposal.

Accordingly, the Joint Committee desires at this time to present to you and the members of your delegation alternative ways by which it may be possible for us to break the present deadlock and proceed toward the completion of a Compact of Free Association.

The immediate problem, as we have suggested, is the vast difference between us on the level of financing to be provided by the United States. You have suggested that this difference reflects a difference in approach. As we understand your position, the termination of the trusteeship should bring

about a significant reduction in the amount of U.S. money directed toward Micronesia. You have suggested that, instead, we should pursue other possible sources of financial support and investment. For our part, we regard the status of free association, as presently contemplated by both delegations, as one which involves a most appreciable measure of continuing United States involvement in Micronesia. Titles II and III as negotiated ad referendum in July 1972 would commit the Government of Micronesia to allow a virtual U. S. domination of Micronesian foreign affairs and the liberal use of Micronesian territory for U.S. security purposes. We are firmly of the view that the level of U.S. financial support embodied in your present proposal is totally inadequate to justify this degree of continuing association between Micronesia and the United States.

For purposes of proceeding with the negotiations, we would therefore suggest as one possible approach that we accept the proposition that the amount of financial support to be provided by the United States will be far less than we had anticipated in reaching this stage in our negotiations. We would hope, from your comments, that this offer can be somewhat improved. We would therefore be prepared now to resume the discussion of the other sections of the Compact. On this basis, however, it would be necessary for us to reevaluate the nature of the association and to reopen for substantial modification the provisions on which tentative agreement has previously been reached. Specifically, we would contemplate a significant curtailment of the degree of authority to be delegated to the United States in foreign affairs and defense matters under Titles II and III.

If you desire to proceed on this basis, we are ready to do so. It should be noted, however, that the Committee could not undertake to recommend affirmatively to the Congress of Micronesia a Compact of this nature and with these levels of support. We would, however, be willing to present such a Compact to the Congress for its consideration and action.

The alternate course is for both sides to continue to view the status of free association under the concepts that have previously guided our negotiations. Such a status, as we have pointed out, would contemplate a continuing relationship which is close and lasting. It would, because of its intimacy, seriously restrict the ability of Micronesia to attract investment from other countries and the creation of profitable trade relationships. We are prepared now, as we have been in the past, to go ahead with the negotiations of a Compact thus structured. We must repeat for the record, however, what we have asserted to you in our informal discussions. We cannot go ahead with the negotiations of a Compact structured around these concepts unless the United States Delegation is willing at this point to meet us at least half way in our financial requests. It is our understanding that you are not prepared at this point to make any such financial proposals. Under these circumstances, completion of negotiations of a Compact designed to bring about a continuing and close association would be fruitless.

The Joint Committee thus proposes that you give consideration to these alternative approaches. If you desire now to negotiate on the assumption of a lower level of financial support, more consonant with your proposal than with ours, we are prepared to do so immediately but would only do so on the

the mutual recognition that the status to be developed would be one of far looser association than that which we have thus far envisioned. If you do not desire to proceed with the negotiations on this basis, we would then request that you take the action necessary to permit the continuance of our negotiations on the basis of our previous assumption. In the latter event, the Committee will stand ready to resume these negotiations at such time as you can present to us a proposal which would be consistent with the adoption of a Compact under which the United States and Micronesia would become closely associated. We are not prepared to conclude a Compact under which we would grant rights of the character set forth in the drafts of Titles II and III in return for a level of support such as has been proposed. In our view, we would be giving too much for too little return.

As you know, the next session of the Congress of Micronesia will begin the second Monday of January of next year. At that time, it will be the responsibility of the Joint Committee to report to the Congress on the negotiating situation and the prospects for their success. It is my hope that you will be able to present a proposal to us prior to that time which will permit the resumption and, hopefully, the successful conclusion of these negotiations. In the absence of some proposal from you which affords such promise it will be the responsibility of the Committee to advise the Congress that the talks on free association have proven to be unproductive and that some other course should now be considered.