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talks on status of Trust Isles collapse over fund impasse

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WASHINGTON — The seventh round of status talks on the political future of the U.S. Trust Territory of the Pacific Islands broke down here yesterday in an impasse over how much money the United States would provide a Micronesian-run government.

The breakdown came as a surprise in view of previous reports of harmony and progress. Some U.S. sources had expressed hope the two sides could complete work on a draft agreement on the Trust Territory's future status.

THE COLLAPSE of this seventh round of talks once again left most uncertain the outcome of the four-year-old negotiations between a Congress of Micronesia committee and the Nixon Administration.

Micronesian committee members were not immediately available, but an American source quoted them as saying they were going home to discuss the differences with the United States. The Congress of Micronesia meets in January.

Meanwhile, separate U.S. negotiations with leaders of the Trust Territory's Marianas Islands District are expected to continue, with the next session to begin in Saipan Dec. 6.

Those year-old talks have been much smoother than the deadlock-plagued negotiations for the other five districts. Marianas leaders want a separate commonwealth or special territorial status with permanent and close ties to the United States.

TALKS FOR the other five districts are aimed at a status called "free association" which would leave defense and foreign affairs in U.S. hands but give Micronesians internal self-government and an option for full independence later if desired.

An American source said the two sides that had been meeting in Washington for over a week "did not part in anger, and both expressed disappointment." It was agreed the gap on money was just too wide, he said.

THE DIFFERENCE over future finances was said to involve Micronesian requests for about twice as much as the United States was offering.

The United States now provides about \$60 million a year to operate programs and build public-works projects in the mid-Pacific territory of some 110,000 people it runs under a United Nations trusteeship agreement.

A U.S. source said the final Micronesian position in talks here was for between \$90 million and \$100 million. It was a request made in the name of six districts, although it's understood the Marianas will be going its own way.

THE U.S. position was an offer of \$43.5 million a year for operating the five districts on a free-association basis. So even making

allowances for the one-district difference, the gap is substantial.

Before the seventh round began, The Honolulu Advertiser quoted Micronesian leaders from Saipan as saying they planned to make one more try at an agreement, and if that failed their Congress might opt for a new bargaining position, perhaps one that made independence an equal goal in future talks. It has been listed as a second prospect to free association.