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In Regret:

Talks Quit

Gannett News Service

WASHINGTON —The seventh round of Micronesian status negotiations ended here late Wednesday afternoon on notes of regret by both sides that they were unable to get beyond the question of how much money the Pacific islands could expect under their proposed "free association" agreement with the United States.

Sen. Lazarus Salii, head of the Micronesian negotiating team, and U.S. Ambassador Franklin Hayden Williams met during the morning in an attempt to close the estimated \$40 million gap, but failed to reach enough of a compromise to permit the talks to continue.

The Micronesians had made settlement of the financial question a condition for proceeding into other areas of discussion on the proposed compact that is aimed at replacing the existing United Nations trusteeship arrangement with the U.S. Williams said the U.S. was firm in its refusal to accept the approximate \$80 to \$100 million package the Micronesians requested, but he urged that the talks detour around this issue and move to complete the draft of the compact document.

This round of talks opened a week ago and was expected to last through next week, if necessary, to finish the drafting work on the agreement for a new relationship between the U.S.

MLSC Wins Its Fight

Page 3

and the Trust Territory it has managed since the end of World War II. Negotiators were generally working toward an arrangement whereby the U.S. would run the military and foreign affairs of the islands while keeping hands off the domestic government.

The Micronesians, who are now getting about \$60 million a year as a Trust Territory, have asked for \$100 million a year for the first 10 years of the compact plus the continuation of existing federal programs for Micronesia. The U.S. figure has been closer to \$40 million plus postal, weather and federal airport services. U.S. spokesmen say the figure would not have to be as high as the current level because there would be no Trust Territory government support there.

In an attempt to encourage compromise, Salii offered an \$80 million package, which Williams found too high also. In another offer, Salii was understood to have put forth \$60 million coupled with the

(Continued on page 19)

Talks Break Off

(Continued from page 1)
proposed re-opening of the defense and foreign affairs titles of the agreement already completed. This Williams also rejected, particularly as a condition for advancing the talks.

"We regret that we simply cannot proceed per your suggestion on the basis of our accepting in advance positions you insist must be met as a pre-condition for continuing the negotiations...our positions are very wide apart," Williams said in his statement closing the round.

Salii's statement, which opened the plenary session putting an end to the round, charged that "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 offered without compensation subsequent to termination of the trusteeship."

The final formal session in the Interior Department was polite and friendly. Members of each side shook hands, wished each other happy Thanksgiving and pleasant trips home. No date was suggested for resumption of the status talks.

Williams said he thought the talks had cleared a major hurdle in settling last week the question of distributing the public lands to local control. He recalled that this had at one time been considered a formidable stumbling block. The talks, he said, have always progressed with the knowledge that they would be "long difficult, very complex and that a great deal of patience, trust and understanding would be required of both parties." He was confident there would be another round.

"I am disappointed with our failure to make greater progress, but I do not despair," Williams said. "Many of you, I am sure, share with us a sense of disappointment that our expectations have not been realized."

Williams said the failure was "not due to a lack of desire or good will on either side but rather to honest conceptual differences, and in terms of expectations, wide differences with respect to future financial arrangements. I regret that these differences seem to have been so great in your mind that you find it necessary to put off completing the draft compact until your financial conditions were met."

Salii said he too regretted that the talks were closing sooner than expected, but he said it would be "fruitless" to go ahead negotiating "unless the United States delegation is willing at this point to meet us at least halfway in our financial requests."

Salii recalled that the proposed compact "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." This arrangement is worth more money than the U.S. is offering Salii said.

Williams said that Micronesia was seeking a sum of money that would make it more dependent on the U.S. than it is now, rather than give it the independence it is bargaining for