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RTTCZYUW RUHNSAA9276 3540624-CCCC-RUHNSAA.
ZNY CCCCC
R 200551Z DEC 73
FM CINCPACREP GUAM/TTPI GUAM MARIANA ISLANDS
TO RUEHC/SECSTATE WASHINGTON DC
RUWJAJA/COMTWELVE SAN FRANCISCO CA
RUEADNW/WHITE HOUSE WASHINGTON DC
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RUEHDT/US MISSION TO UN NEW YORK NY
RUEHBAC/AMEMB CANBERRA AS
RUMVC/AMEMB MANILA RP
RUEHKO/AMEMB TOKYO JA
RUEHBAZ/AMEMB WELLINGTON NZ
BT

MAIL
TRENT

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FROM STATUS LNO 213
PASS INTERIOR FOR OMSN ACTION.
PASS INTERIOR FOR DOTA INFO
COMTWELVE FOR AMB WILLIAMS
WHITE HOUSE FOR NSG

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STATE FOR BA/ANP; IO/UNP
DEFENSE FOR OSD/ISA, CSAP FOR PR XO
PASS JUSTICE FOR MARGUSE (OLC)

USUN FOR AMB WHITE
AMEMBASSIES CANBERRA, MANILA, TOKYO, WELLINGTON FOR POL
MARIANAS STATUS NEGOTIATIONS; SUMMARY AND COMMENTS

A. STATUS LNO 213
1. THIRD SESSION OF MARIANAS STATUS NEGOTIATIONS WHICH BEGAN
SEPTEMBER 6 ENDED DECEMBER 19 AFTER TWO WEEKS OF INTENSIVE BUT
PROFITABLE JOINT EFFORT, FINAL COMMUNIQUE REPORTED REEYEL; DIS-
CUSSION FOLLOWED AGENDA CLOSELY AS FOLLOWS:

- A. POLITICAL AND LEGAL:
 - (1) FUTURE POLITICAL STATUS
 - (2) CITIZENSHIP AND NATIONALITY
 - (3) APPLICABILITY OF U, S, TAX LAWS
 - (4) APPLICABILITY OF U, S, CUSTOMS DUTIES AND EXCISE TAXES
 - (5) GENERAL APPLICABILITY OF FEDERAL LAWS.
- B. TRANSITIONAL PLANNING AND PROGRAMS
- C. ECONOMICS AND FINANCE
- D. LAND

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- (1) RETURN OF PUBLIC LANDS
- (2) U. S. MILITARY LAND REQUIREMENTS

2. FOLLOWING ARE SUMMARIES OF DISCUSSION AND ACTIONS IN THESE AREAS:

A. STATUS, SHORTLY AFTER TALKS GOT UNDERWAY U.S. TABLED DRAFT "COVENANT" WITH PROPOSED PREAMBLE, GENERAL PRINCIPLES AND ARTICLES OF AGREEMENT COVERING STATUS, ITEMS ON AGENDA AND ADDED ARTICLES AS REMAINING TOPICS OF AGENDA WERE REACHED, MARIANAS DEL HAD NO OFFICIAL COMMENT BUT INFORMAL CONVERSATIONS WITH MPSC INDICATE FEW OBJECTIONS TO U.S. DRAFT.

B. MAJOR ATTENTION FOCUSED ON MARIANAS POLITICAL STATUS COMMISSION (MPSC) INSISTENCE ON FORMAL RECOGNITION BY USG OF MAXIMUM LOCAL SELF-GOVERNMENT.

C. IN RESPONSE U.S. NOTED THAT HISTORICALLY U.S. CONGRESS HAS NOT INTERFERED IN INTERNAL AFFAIRS OF ITS TERRITORIES, MPSC PROPOSED THAT IN ADDITION TO MAKING FUNDAMENTAL RELATIONSHIP MODIFIABLE ONLY BY MUTUAL CONSENT, U. S. LIMIT FEDERAL AUTHORITY IN MARIANAS TO EXTENT IT WOULD WERE MARIANAS A STATE OF THE UNION. WITH RESPECT LATTER, U.S. SAID NO BUT AGREED ITS AUTHORITY IN MARIANAS AFTER TERMINATION OF TRUSTEESHIP WILL BE SUBJECT TO

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LIMITATIONS SET FORTH IN STATUS AGREEMENT; FURTHER SAID U.S. EXECUTIVE AND CONGRESS UNWILLING TO GIVE MARIANAS STATUS SUPERIOR IN THIS REGARD TO THAT OF OTHER U.S. TERRITORIES; AGREED THAT SPECIFIED FUNDAMENTAL PROVISIONS OF THE STATUS AGREEMENT WOULD BE SUBJECT TO AMENDMENT OR REPEAL ONLY BY MUTUAL CONSENT. U.S. NOTED THAT EXCEPT WHERE SO SPECIFIED USG WOULD HOLD FULL PLENARY POWER UNDER ARTICLE IV, SEC 3, PARA 2, OF U.S. CONSTITUTION. JOINT LEGAL GROUP IS TO IDENTIFY AND EXAMINE DURING RECESS WHICH PROVISIONS OF STATUS AGREEMENT WILL BE DEEMED FUNDAMENTAL TO LOCAL SELF-GOVERNMENT; U.S. CITIZENSHIP; IT WAS AGREED WITH CERTAIN EXCEPTIONS THAT ALL RESIDENTS OF THE MARIANAS WOULD BECOME U.S. CITIZENS AFTER COMMONWEALTH IS ESTABLISHED, WITH U.S. NATIONAL OPTION PROVIDED FOR THOSE NOT DESIRING U.S. CITIZENSHIP AT THAT TIME. PROVISIONS OUTLINING A CAREFULLY CIRCUMSCRIBED CLASS OF INDIVIDUALS AND PROCEDURES FOR CITIZENSHIP QUALIFICATION WERE AGREED TO. JOINT LEGAL GROUP IS TO EXPLORE FURTHER HOW THIS OPTION RELATES TO U.S. NATIONALS AND ALIENS NOW RESIDING IN MARIANAS;

4. APPLICABILITY OF U.S. TAX LAWS; NO SIGNIFICANTLY DISAGREEMENTS IN THIS AREA. NATIVE RESIDENTS OF NEW MARIANAS COMMONWEALTH WOULD BE SUBJECT TO FEDERAL INCOME TAX ONLY ON U.S. SOURCE INCOME--NOT ON

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INCOME EARNED IN MARIANAS; SUCH PERSONS WOULD ALSO NOT BE SUBJECT TO FEDERAL ESTATE AND GIFT TAXATION EXCEPT WITH RESPECT TO PROPERTY SITUATED IN U.S. OUTSIDE MARIANAS; FUTURE GOVERNMENT OF MARIANAS WILL HAVE EXCLUSIVE POWER OVER LOCAL INTERNAL REVENUE LAWS;

5. CUSTOMS DUTIES AND EXCISE TAXES; AGREEMENTS REACHED WITH LITTLE

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DEBATE, MARIANAS WILL HAVE AUTHORITY, NO RIGHT, TO ENACT LOCAL CUSTOMS LAWS, UNITED STATES WOULD BE FREE TO INTERVENE IN THIS AREA SHOULD INTERNATIONAL OBLIGATIONS SO REQUIRE, ON 50 PERCENT LIMITATION DELEGATIONS WILL EXPLORE FURTHER WHETHER HIGH LIMITATION ON CERTAIN PRODUCTS MIGHT BE WARRANTED, THIS IS SAME ARRANGEMENT THAT ALREADY EXISTS WITH RESPECT TO IMPORTS FROM OTHER INSULAR POSSESSIONS OF THE U.S.

6. TRANSITION PLANNING, RECOGNIZING NEED TO ENSURE ORDERLY PROGRESSION OF MARIANAS TOWARD SELF-GOVERNING COMMONWEALTH, U.S.; PROPOSED JOINT APPROACH TO TRANSITION PLANNING AND PROGRAMMING (PHASE I) TO BEGIN WHEN AGREEMENT IS SIGNED AND TERMINATE WHEN NEW GOVERNMENT IS ESTABLISHED, HOLDING OF CONSTITUTIONAL CONVENTION AND REFERENDUM IN THIS PERIOD, TOGETHER WITH GOVERNMENT REORGANIZATION AND LEGISLATIVE PLANNING WERE RECOGNIZED AS UNILATERAL MARIANAS ACTIVITIES ALSO REQUIRING U.S. FUNDING, FOR MANAGEMENT OF PHASE I JOINT PROGRAMMING.

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U.S. PROPOSED JOINT COMMISSION TO BE SERVED BY JOINT SECRETARIAT;
U.S. PROPOSAL SET U.S. FUNDING FOR PHASE I AT \$2,455 MILLION, DIFFERENCES ON THIS ASPECT OF NEGOTIATIONS PROVIDED LENGTHIEST DEBATE IN COURSE OF TALKS, MPSC URGED THAT PHASE I FUNDS BE MADE AVAILABLE AFTER NEXT ROUND AND THAT FIGURE EARLIER PROPOSED OF TOTAL OF \$4.7 MILLION BE RETAINED, DIFFERENCES CENTERED MAINLY ON CONCEPTUAL DIFFERENCES ON SPEED OF ECONOMIC DEVELOPMENT AND ON QUESTION OF NEED FOR SUBSTANTIAL OUTLAY FOR PHYSICAL PLANNING, SITUATION WAS RESOLVED BY APPROVAL OF U.S. SUGGESTION OF U.S.-FUNDED JOINT AD HOC COMMITTEE TO PREPARE DETAILED WORK PLAN, TIMETABLE, ORGANIZATIONAL STRUCTURE AND BUDGET FOR TRANSITION PLANNING, COMMITTEE IS TO REPORT TO CHAIRMEN NO LATER THAN MARCH 1, 1974.

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FM CINCPACREP GUAM/TTPI GUAM MARIANA ISLANDS

TO RUEHC/SECSTATE WASHINGTON DC

RUEADWW/WHITE HOUSE WASHINGTON DC

RUEKJCS/UCS WASHINGTON DC

RUEKJCS/SECDEF WASHINGTON DC

RUMQHQ/A/CINCPAC HONOLULU HI

RUEHDT/US MISSION TO UN NEW YORK NY

RUEHBAC/AMEMB CANBERRA AS

RUMVC/AMEMB MANILA RP

RUEHKO/AMEMB TOKYO JA

RUEHBAZ/AMEMB WELLINGTON NZ

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C O N F I D E N T I A L FINAL SECTION OF II
7. ECONOMICS AND FINANCE. IN DISCUSSION OF FINANCE AND ECONOMICS
DURING PERIOD AFTER SELF-GOVERNMENT WILL HAVE BEEN ACHIEVED (PHASE II)
U.S. REVIEWED MPSC PROPOSALS OF PREVIOUS SESSION AND STRESSED NEED IN
BUILDING TOWARD SELF-SUFFICIENCY THAT GOVERNMENT OPERATIONS AND
CAPITAL IMPROVEMENT PROJECTS DO NOT OUT-DISTANCE CAPACITY OF THE

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ECONOMY TO SUPPORT THEM, AS SPELLED OUT IN JOINT COMMUNIQUE, U.S.
PROPOSALS REPRESENTED APPROXIMATELY \$11.5 MILLION OF DIRECT ASSISTANCE
ANNUALLY FOR FIRST FIVE YEARS OF COMMONWEALTH AFTER CHANGE OF STATUS
PLUS \$3 MILLION ANNUAL ESTIMATED VALUE OF FEDERAL PROGRAMS AND
SERVICES. THIS WOULD BE AUGMENTED BY LAND PAYMENTS, VARIOUS FORMS OF
INDIRECT ASSISTANCE AND ECONOMIC BENEFITS. U.S. STRESSED DESIRE TO
FACILITATE ECONOMIC SELF-SUFFICIENCY AND HIGHER STANDARDS OF LIVING
RATHER THAN CONTINUED DEPENDENCY EXTERNAL AID. MPSC PAPER REPLYING
TO U.S. PHASE II GOALS SHOWED DISAGREEMENT WITH MAJOR U.S. ASSUMPTIONS
REGARDING DANGER OF EXHORBITANT GOVERNMENT OPERATIONS COSTS, HIGH CIPB
AND RAPID POPULATION INCREASE AND SUGGESTED THAT TECHNICAL EXPERTS
STUDY MATTER DURING INTERIM BEFORE NEXT ROUND.

B. TRANSITION, U.S. DELEGATION ORALLY OUTLINED TO MARIANAS OUR
IDEAS OF TRANSITION PROCESS FROM SIGNING OF AGREEMENT TO FINAL
ESTABLISHMENT OF COMMONWEALTH, POINTED OUT THAT THIS PROCESS WOULD
INVOLVE (1) APPROVAL OF AGREEMENT BY U.S. AND MARIANAS; (2) APPROVAL
OF NEW CONSTITUTION BY MARIANAS; (3) ESTABLISHMENT OF INTERIM GOVERN-
MENT FOR MARIANAS WHICH WOULD ENTAIL PUTTING INTO EFFECT THOSE PARTS
OF AGREEMENT AND MARIANAS CONSTITUTION WHICH ARE NOT IN CONFLICT WITH
TRUSTEESHIP AGREEMENT, AND ESTABLISHMENT OF SEPARATE ADMINISTRATION

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FOR MARIANAS; (4) AND FINALLY, UPON TERMINATION OF TRUSTEESHIP AGREEMENT, ESTABLISHMENT OF COMMONWEALTH UNDER U.S. SOVEREIGNTY AND PUTTING INFO FORCE OF REMAINDER OF AGREEMENT AND OF CONSTITUTION OF MARIANAS. DUE TO PROXIMITY OF ADJOURNMENT MARIANAS DID NOT RESPOND TO OR COMMENT ON THIS TOPIC.

9. LAND: THREE ONE-HALF DAYS OF THE SESSION WERE DEVOTED TO SUBJECT OF U.S. PUBLIC LAND POLICY APPLICATION AND SATISFACTION OF U.S. LAND REQUIREMENTS IN MARIANAS.

A. RE PUBLIC LANDS MPSC ACCEPTED NOVEMBER 2, 1973; U.S. POLICY STATEMENT WITH SOME GRACE BUT ARGUED AT LENGTH THAT U.S. SHOULD ALSO COMPLETE CADASTRAL PROGRAM ON PRIVATE LAND. U.S. AFTER CONSULTING IT HEADQUARTERS AND DISTAD SUCCEEDED IN CONVINCING MPSC PRIVATE SURVEYS IN CRITICAL AREAS WOULD PROBABLY BE FINISHED UNDER NORMAL CONDITIONS AND WITH NECESSARY OVERLAP FROM PUBLIC LAND SURVEYS IN SAME TIME FRAME AS PUBLIC LAND SURVEY.

B. WITH REGARD TO SATISFACTION OF U.S. LAND REQUIREMENTS POSITION OF BOTH SIDES WAS FURTHER CLARIFIED FROM MAY-JUNE 1973 TALKS. INFORMAL COMMUNICATION BETWEEN U.S. AND MARIANAS NEGOTIATORS WERE SUFFICIENTLY CANDID TO MAKE IT APPARENT THAT MPSC WAS NOT IN FACT OPPOSED TO U.S. LAND REQUIREMENTS BUT NEEDED CONSIDERABLE ADDITIONAL TIME TO DISCUSS

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U.S. NEEDS WITH THEIR CONSTITUENTS. THEY PARTICULARLY DESIRED TIME TO DISCUSS WITH THEIR CONSTITUENTS MUTUAL BENEFITS TO BE DERIVED FROM U.S. MILITARY PRESENCE THAT WILL EMERGE FROM AN AGREEMENT WITH U.S. ON ITS LAND NEEDS. FURTHER INDICATIONS OF MPSC INTENTIONS TO MEET THE U.S. REQUIREMENT FOR TWO THIRDS OF TINIAN INCLUDING AREA WITHIN SAFETY ARC WERE REINFORCED DURING INFORMAL MEETING BETWEEN AMBASSADOR WILLIAMS, MPSC CHARMAN PANGELINAN, CO-CHAIRMAN SANTOS AND TINIAN REPRESENTATIVE CRUZ. DURING THIS MEETING ALL THREE MARIANAS SAID THE U.S. WOULD GET TWO-THIRDS OF TINIAN AND THAT THEY WOULD WORK ACTIVELY TO GAIN SUPPORT OF PEOPLE DURING THE NEXT FEW MONTHS, INCLUDING RELOCATION SAN JOSE VILLAGE.

C. IN MEANTIME, ABOVE MPSC COMMITMENT IN FORM OF FORMAL PROPOSAL REPRESENTS A POSITION FROM WHICH MOVEMENT TOWARD SUBSEQUENT AGREEMENT WITH U.S. MINIMUM LAND NEEDS SHOULD BE SIMPLIFIED.
10. COMMENT, MOST MARKED, AND PERHAPS FUNDAMENTALLY MOST IMPORTANT ASPECT OF SESSION WAS SUSTAINED ATMOSPHERE OF EASY AND COMFORTABLE FRIENDLINESS BETWEEN TWO DELEGATIONS. MPSC GREATLY IMPROVED IN CALIBRE AND COMPETENCE BY ADDITION OF PETE TENORIO, AND TO LESSER BUT LIVELY DEGREE BY JOE CRUZ, TURNED IN IMPRESSIVE PERFORMANCE OF STUDY, DISCIPLINE, ZEAL AND HARD WORK; ALTHOUGH COMMISSION'S COUNSEL AND

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ADVISORS WERE PROMINENTLY ON HAND AND ON OCCASION PARTICIPATED AT CHAIRMAN'S REQUEST IN DISCUSSIONS, MEMBERS THEMSELVES CLEARLY HEED THE INITIATIVE. SIGNIFICANT NEW ASPECT IN THIS ROUND WAS EVIDENCE OF COMMITMENT ON PART OF MPSC; IN PREVIOUS ROUND LAST MAY-JUNE, MEMBERS APPEARED TO BE RATHER CAUTIOUSLY FEELING THEIR WAY WITH SOME HESITATION

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OVER UNFAMILIAR GROUP TOWARD POLITICAL UNION WITH U.S. NOW, THEY SAY THEY HAVE MADE THEIR DECISION; THEY ARE COMMITTED AND HAVE BECOME MORE FAMILIAR WITH MEANS AND MATERIAL OF NEGOTIATION. THEY ARE DOING THEIR OWN POLITICAL EDUCATION IN SCHOOLS AND PUBLIC MEETING AND WHILED AS CHAIRMAN PANGELINAN NOTED IN HIS CLOSING REMARKS, MUCH WORK REMAINS TO BE DONE, HE COULD ALSO SAY MORE INFORMALLY AND WITH WELL-EARNED PRIDE AFTERWARD, "WE REALLY HAVE ACCOMPLISHED A LOT", THIS IS OUR ASSESSMENT AS WELL. WHILE, AS POINTED OUT REPEATEDLY IN LASY DAYS WORKING SESSION, MPSC FEELS NEED NOW IS FOR TIME TO DIGEST AND EXPLAIN ACCOMPLISHMENTS OF ROUND II, BOTH SIDES RECONGNIZE IT WILL BE IMPORTANT TO PRESERVE MOMENTUM GAINED DURING PAST TWO WEEKS AND WORK OUT PRACTICAL MEANS OF KEEPING IN CLOSE WORKING CONTACT, AD HOC COMMITTEE ON ECONOMICS AND FINANCE SHOULD BE IMPORTANT AID TO THIS END, BOTH DELEGATIONS LOOK FORWARD TO COMPLETION OF INTERIM WORK ENABLING RESUMPTION OF TALKS IN EARLY SPRING. TRENT.

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