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NSC UNDER SECRETARIES COMMITTEE

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MEMORANDUM FOR THE PRESIDENT

Subject: Micronesian Future Political Status

On April 12, 1974 Ambassador F. Haydn Williams, your Personal Representative for Micronesian Status Negotiations, reported to you on his recent informal talks at Carmel, California with the Co-Chairmen of the Congress of Micronesia's Joint Committee on Future Status. As he indicates in his report, Ambassador Williams has reached *ad referendum* agreement with the Co-Chairmen on a Compact of Free Association, and on the transitional arrangements leading to ultimate termination of the trusteeship agreement and implementation of a free association relationship.

Ambassador Williams points out that several elements of these agreements are either in conflict with the letter (but not the spirit) of your previous negotiating instructions to him, or are not fully covered by the same instructions.

- 1. Your instructions state that any agreement to a unilateral termination provision in the Compact must

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be conditioned on inclusion within the Compact of provisions for survivability of US basing and other defense requirements for at least fifty years beyond the date of any termination of the Compact. The Micronesians were unable to accept this provision, but proposed a provision which requires that any termination of the Compact take place only after successful negotiation of a mutual security agreement covering US defense requirements in Micronesia following termination. The effect of this provision is to require mutual consent to termination of a free association relationship between Micronesia and the US. The Ambassador recommends your approval of this proposal.

2. Your present instructions do not authorize specific levels of US assistance to Micronesia following the first fifteen years of the relationship, but leave such assistance to future negotiations. The Micronesians were unable to accept this. A proposed compromise recommended by the Ambassador for your approval is that -- pending any agreement on new levels of assistance -- US financial assistance would continue

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after the first fifteen years, but at reduced rates following the same descending scale established for the first fifteen years of the Compact relationship.

3. The tentative agreements also provide for a six-year transition period during which there would be an accelerated Capital Improvements Program (CIP) ranging from \$20 million in FY 1975 up to \$35 million in FY 1978, and down to a low of \$15 million in FY 1980. During this same period grants for operations in Micronesia would drop from \$55 million in FY 1975 to \$45 million in FY 1980.

These proposals are important elements of the *ad referendum* agreements reached with the Micronesian Co-Chairmen at Carmel.

The NSC Under Secretaries Committee has reviewed the above elements of the agreements tentatively arrived at by Ambassador Williams, and endorses Ambassador Williams' recommendations.

The Committee additionally believes that implementation of these recommendations, if they are approved, should take into account the following important considerations.

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1. A long transition period preceding implementation of the Compact may result in events which could lead to Micronesian demands to renegotiate key provisions of the Compact. In these circumstances, an effort should be made to shorten to the extent possible the transition period between agreement on the Compact of Free Association, and implementation of that Compact through termination of the trusteeship. If necessary, the six-year transitional CIP program could continue to full term independently of earlier termination of the trusteeship and implementation of the new political relationship.

2. An effort should also be made to arrange for a plebiscite on the Compact of Free Association prior to, rather than following, the Micronesian Constitutional Convention in order to assure that the Convention will operate within an agreed political status framework approved by the people of Micronesia.

It is likely that Ambassador Williams will meet with the Micronesian Joint Committee in June. We therefore hope that you will consider and approve new instructions for the Ambassador at an early date. The Ambassador has now made considerable progress

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toward resolution of Micronesia's future political status in a manner calculated to serve US interests. His ability to conclude these negotiations satisfactorily in the near future will be affected by the decisions stemming from his April 12 report.

Kenneth Rush
Chairman

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