

THE WHITE HOUSE

WASHINGTON

Old Executive Office Bldg.

Room 361

Washington, D.C. 20506

June 18, 1974

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Dear Mr. President:

I am pleased to report that further progress was made in the just concluded fourth round of negotiations with the Northern Marianas leading to the eventual termination of our U.N. Trusteeship over these islands and their joining the United States in a permanent political union as a free expression of their right of self-determination. The talks were held on Saipan from May 15 to 31. A copy of the final joint communique is attached for your information.

The previous rounds of talks had concentrated on the political nature of the proposed relationship, possible financial arrangements and the extent of future military land requirements in the Northern Marianas. Agreements had been reached that the Northern Marianas would become a self-governing commonwealth within the definition of an American territory under full U.S. sovereignty. These basic understandings were reaffirmed last month. Agreements, however, had not been previously reached on the levels and duration of U.S. financial support under a new status nor on the land to be acquired for military purposes. Consequently the last round of talks centered on the unfinished business of land and finance in that order.

The question of land and especially the military use of land had become a highly emotional issue due in part to the partisan exploitation of the issue by local politicians, in part to the unique importance attached to scarce land by the inhabitants of small islands and in part to the controversy over the military use or non-use of land on nearby Guam. American expatriates, some with vested land interests, also are playing a behind the scenes role in influencing local attitudes toward the acquisition of land for military purposes, in particular on Tinian.

Finally after a number of long joint working sessions and briefings, joint public meetings, several days of internal debate within the Marianas Political Status Commission (MPSC) and private exchanges, the MPSC agreed to all of the stated U.S. military land requirements. These included the continued exclusive use of Farallon de Medinilla as a target island, two

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by B. Reger, National Security Council

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small parcels of land on Saipan for contingency purposes and the acquisition of approximately 2/3 of the island of Tinian including its only harbor. Acceptance of these requirements by the MPSC fully satisfies the Department of Defense stated needs and my instructions of May 9, 1973.

The decision to accede to the U.S. land requests was a difficult one politically speaking for the MPSC to make given the aforementioned concerns and the organized opposition to the so called military land takeover. It is likely that some opposition will continue and land may indeed still be an issue at the time of the plebiscite.

The sale of the land to the federal government according to the MPSC would be politically unacceptable to the people. It has therefore proposed a lease arrangement for 50 years with an automatic renewal provision for an additional 50 years at the option of the United States. The issue of purchase versus lease, has yet to be resolved. Also the terms of the arrangement including the determination of a fair market value price and methods of payment remain to be negotiated. These questions and others, such as joint use of harbor and airport facilities and leasing arrangements for unused military land, are to be turned over to a Joint Land Committee which both parties agreed to establish without delay.

In the discussion on economics and finance the MPSC sought clear and firm assurances that the U.S. Government would give special consideration to the start-up needs of the Marianas as they attempted to achieve higher standards of living after the new political union was effected. The MPSC asked in particular that the initial period of guaranteed U.S. support cover a seven year time span rather than the five year period we had offered earlier. Given the earlier commitment to the Micronesian Joint Committee on Future Status, guaranteeing to the other districts of the Trust Territory assistance on a declining scale over a fifteen year period, and the need to establish and maintain a favorable comparison between Commonwealth and Free Association, I did not think the MPSC's request was unreasonable. I therefore agreed to recommend to you that our initial offer of a guaranteed annual level of financial support for a five year period be extended to seven years as requested by the MPSC.

With respect to the annual levels of financial support for capital improvement programs, government operations and economic development loans the two sides were initially far apart. The MPSC's original demands of last May have since been greatly reduced and were lowered even further during the course of the last talks, particularly their support requirements for government operations. However, review of the Marianas projected ne-

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in the face of rising costs produced compelling argument for at least some of the additional funds they were requesting.

In the case of capital improvements the U.S. proposal to earmark additional funds for the neglected islands of Rota and Tinian proved to be very appealing and politically advantageous to both sides, especially against the background of the withdrawal of the earlier American offer to relocate the village of San Jose for safety reasons related to the loading and unloading of ammunition. The 28% increase in district government operating costs over the past year justified additional funds in this category. With respect to loans it was felt that it was politically important to hold out the promise of a counter source of local capital for development purposes to lessen the dependence on and the attractiveness of and the availability of foreign capital, especially from Japan.

Given all of these considerations I agreed to recommend to you approval of an additional one million per year for capital improvement projects on Tinian and Rota (\$500,000 each) raising our earlier offer from \$3 to \$4 million, an additional \$500,000 per year for government operations, raising the level from \$7.5 to \$8 million annually, and \$500,000 per year for small loans to farmers and fishermen and for agricultural and marine cooperatives, raising the annual amount to \$1.5 million. The sum of the tentative agreements reached is \$13.5 million per year in constant 1975 dollars, exclusive of federal programs and services. This figure exceeds the upper limit of my instructions by some \$1.5 million per year. It was made clear that I was not authorized to make a commitment for this additional amount. I do however recommend now that the new agreed financial levels as negotiated be approved.

Agreement was also reached on the organization, the work-plan and a budget for transitional planning which will include a series of political, economic and social studies, a constitutional convention and referendum, and a status plebiscite. It was agreed that the transitional phase would begin with the signing of an agreement and end with the installation of the new government of the Northern Marianas under a locally approved constitution. Both sides agreed to set the beginning of FY 1977 as the target date for the end of the transition period. I also agreed in accordance with my instructions that the United States would fund the extraordinary costs attributed to the change of status. It is estimated that \$1.5 million will be required to cover the presently agreed transition plan.

Finally, the talks in Saipan took up at the request of the MPSC the question of separate administration for the Marianas prior to the termination of the Trusteeship Agreement. The MPS

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took a strong and positive stand favoring early administrative action by the United States in this regard. I agreed that the United States would take the matter under advisement. I believe that the Department of the Interior with the advice of the NSC Under Secretaries Committee should give immediate and high priority attention to reaching a decision on this question since time is of great importance.

I also wish to say again that the Administration should not overlook the significance of the signs of growing unrest in Guam over the political status issue and other related questions. The negotiations with the Northern Marianas have upset some in Guam who feel that Saipan and the other islands in the Northern Marianas, which were once enemy islands, will be joining the American political family with a far superior political status than Guam now enjoys after 76 years under the American flag. Some others would appear to be using the status issue in Guam and the Marianas talks simply as a political weapon and to further personal political ambitions. In any case Guam feels neglected and needs to be made to feel that it is not being forgotten and overlooked by the federal government in favor of the Northern Marianas. This could cause real difficulty with Congress. It is a situation that needs careful study and steady attention in Washington with a view in particular to offering adjustments in the political status of Guam, if at all possible, before the new arrangements for the Northern Marianas are sent to the U.S. Congress for approval. I understand the Under Secretaries Committee will shortly forward to you a study embracing this issue.

In the meantime the objective of concluding the negotiations with the Northern Marianas will be pursued on a priority basis. The joint land committee referred to earlier will be conducting sub-negotiations and a senior joint drafting committee will be working on a number of remaining substantive questions of a legal and technical nature and the language of the final draft agreement. Mr. James Wilson, the U.S. Deputy Representative for Marianas and Micronesian Status Negotiations will be responsible for these two important activities. Hopefully, enough progress will be made to schedule the next full round of formal talks sometime in the early fall. Conceivably this could be the occasion for the signing of our agreement.

Further formal talks however must await your decision on the following: (1) extending the initial period of guaranteed financial assistance to the new Commonwealth of the Northern Marianas from five years to seven years. (2) Raising the total annual level of financial assistance provided for in my instructions from \$12 million to \$13.5 million annually, and (3) authorizing

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the special funding to cover transition costs and an early request to the Congress for \$1.5 million for this purpose.

Very respectfully yours,

Haydn Williams

Franklin Haydn Williams

Enc:

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OFFICE FOR MICRONESIAN STATUS NEGOTIATIONS

WASHINGTON, D.C. 20240

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Attached to
22/d :

May 31, 1974

MARIANAS IV - FINAL COMMUNIQUE

The following is the text of the Joint Communique issued Saipan May 31, 1974 at the conclusion of Round Four of the Marianas Status Negotiations. The communique was signed by the President's Personal Representative for Micronesia Status Negotiations, Ambassador Franklin Haydn Williams, the Chairman of the Marianas Political Status Commission, Edward DLG Pangelinan and the Vice-Chairman, Vicente N. Santos:

Begin text:

"From May 15 to May 31, 1974, the Marianas Political Status Commission and the U.S. Delegation met for the Fourth Session of negotiations aimed at achieving the long held desire of the people of the Mariana Islands for political union between the present Mariana Islands District of the Trust Territory of the Pacific Islands and the United States.

The session consisted of several working meetings held on Saipan and public meetings held on Rota and Tinian. These entailed a continued and progressive discussion of matters raised in earlier rounds, including questions concerning the basic political nature of the proposed commonwealth relationship, land, economic and financial assistance, transition and the nature of the formal status agreement to be entered into. The public meetings offered an opportunity to discuss with many of the people of the Mariana Islands District the progress which has been achieved and the issues which remain to be resolved.

During these discussions the delegations affirmed the basic decisions reached in earlier sessions with respect to the future political relationship between the Northern Marianas and the United States which include the establishment of a commonwealth of the Northern Marianas under U.S. sovereignty with maximum internal self-government, including the right of the people to draft and adopt their own constitution and to establish local courts to administer local laws.

Land

A summary of the tentative agreements reached on land requirements follows:

Released on

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under provisions of E.O. 12356

By B. Reget, National Security Council

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1. Farallon de Medinilla: This island consisting of 229 acres (93 hectares) will continue to be made available to the United States as a target area. Maximum safety precautions will be enforced by the United States.

2. Tanapag harbor area, approximately 197 acres (78 hectares) in the southern portion of the Tanapag Harbor area, now under military retention, will be made available for future contingency use by the United States, most of this land will be used by the United States for the development of an American Memorial Park which will be used as a recreation area by the people of the Marianas. Preliminary plans for the park call for cleared beaches, an amphitheatre, a family picnic area, an arboretum, a swimming pool and other athletic facilities in addition to a monument. Land in the Tanapag Harbor area not used for the memorial park or for military purposes will be made available to the future Government of the Northern Marianas for possible sub-lease for civilian harbor-related activities. There are no current plans for military use of this area. Subject to the limitations imposed by any future military use, the United States has agreed to permit maximum feasible joint use of any land and facilities which are developed for military purposes.

3. Isely Field area. Approximately 482 acres (193 hectares) south of and adjacent to the southern runway of Isely Field and within the south boundary road also will be made available for future contingency use by the U.S. forces. As at Tanapag Harbor, this land will be made available to the future government of the Northern Marianas for use or lease for industrial or agricultural purposes compatible with possible future military use.

4. Tinian. Approximately 17,475 acres (6,993 hectares) will be made available for the development of a joint service military base in accordance with the plans newly presented by the United States. These plans reduced the acreage required by approximately 1,200 acres (485 hectares) and eliminated the necessity for relocating San José Village. The United States will carefully reevaluate its military land needs in the area south and east of the northeastern portion of the proposed runway in order to make as much of this land as possible immediately available to the government of the Northern Marianas under a land use arrangement for agricultural and other purposes compatible with planned military activities.

Joint use arrangements for both the new West Field and the rehabilitated San José Harbor will be under the civilian control of the Marianas Government except during times of national emergency, consistent with military

requirements, land will be made available under a land use arrangement in the San Jose Harbor area for civilian harbor-oriented activities. In addition, there will be maximum civilian use of land within the base itself for agricultural, fishing, recreational and other purposes including access through the base area to northern beaches compatible with respect to local community needs for public utility services. The U.S. offered to improve the road from San José Village to the Marpo Valley and north into the base area by the construction of a by-pass road to the civilian air terminal and around the airbase. Opportunity will be provided for the development of a commercially operated ferry system between Saipan and Tinian and possibly Rota.

The United States indicated its intent to relinquish its use rights on all remaining military retention land in the Northern Marianas not covered by the new agreement - some 4,691 acres (1,898 hectares) - and to return them to the public domain at a time to be agreed but no later than the date when the formal status agreement becomes effective.

The two delegations discussed whether the land could be made available to the United States by lease or purchase and methods of determining fair market value. A Joint Land Committee has been appointed by the Marianas Political Status Commission and the President's Personal Representative to consider the exact details of specific requirements and means, procedures and terms for acquisition of land by the U.S. Government.

It was agreed that the consideration and development of appropriate safeguards in the area of eminent domain would be referred to the Joint Drafting Committee referred to below. The question of how to implement the prior agreement that the Marianas Government will have the authority to prohibit the alienation of land to persons not of Marianas descent was also referred to the Joint Drafting Committee. This committee will consider as well limitations on the amount of public lands which might be made available to or held by any one individual.

Economics and Finance

A report by the Joint Ad Hoc Preparatory Committee on Transition established at the Third Negotiating Session last December was approved. The report outlined a proposed program of studies and events to take place between the time of the signing of a political status agreement and the establishment of a new government of the Northern Marianas under its own constitution. These studies will include

those related to government organization and planning for the Marianas Constitutional Convention, research and planning for government reorganization and the initial legislative program, and research on U.S. Federal Programs and services. There would also be studies related to economic and social development planning, fiscal and revenue planning, physical planning and study of the impact of relocation of the capital of the Trust Territory. The events anticipated to take place include a political status education program and status plebiscite, a constitutional convention, a constitutional education program and constitutional referendum and finally the election of a new government.

A Joint Commission on Transition, consisting of representatives of the Marianas and the United States, will be established to provide continuing consultation and policy guidance on all matters related to the change in political status. To assist the commission, a Joint Secretariat consisting of six highly qualified professionals, is to be established to develop transition plans and schedules, conduct basic economic studies, arrange for the employment of experts and administer funds to be made available by the United States for these activities in the amount of \$1.2 million.

The two delegations tentatively agreed on a initial 7-year program of U.S. financial assistance to begin following the installation of a new Government of the Northern Marianas in accordance with a popularly approved constitution. This could be as early as July 1976. Under this tentative agreement the U.S. will provide \$13.5 million for each of these years in direct financial grants as follows: A grant of \$8 million a year to help meet the cost of government operations; a grant of \$1.5 million a year to the future Government of the Northern Marianas to be used for economic development loans, with \$500 thousand a year of this amount to be reserved for small loans to farmers and fishermen and to agricultural and marine cooperatives; and a grant of \$4 million a year for capital improvement projects of which at the Marianas Political Status Commission request, \$500 thousand a year will be reserved for Rota and \$500 thousand a year for Tinian because of the urgent development needs on those islands. U.S. assistance will be provided in constant 1975 dollars.

In addition, a wide range of services and assistance under regular U.S. Federal programs will be available. The United States estimates the value of federal services and assistance at \$3 million a year. The total direct annual assistance is thus estimated at \$16.5 million. This does not include potential additional income from military construction and a growing military presence and spending.

Federal funds will augment the commonwealth's other growing financial resources from internal taxes, anticipated rebates of U.S. Federal income taxes after the new status becomes effective and income from public lands. All of these resources would be directed toward assuring the economic development of the Northern Marianas, higher personal income and living standards for the people, capital improvements for social and economic growth, as well as improved public services.

Commonwealth of the Northern Marianas Status Agreement

In the light of the progress achieved, both parties agreed to the establishment of a joint drafting committee whose members (1) will be charged with the preparation of a status agreement in keeping with the tentative agreements reached to date; and (2) will have the authority to draft subject to the approval of their principals specific language for the provisions to be included in the agreement. Their draft will be presented to the Marianas Political Status Commission and the United States at the next negotiating session. It was reaffirmed that any final agreement will have to be approved by the Marianas District Legislature, the people of the Mariana Islands District in a plebiscite, and by the United States Congress.

Separate Administration

The final substantive item of discussion centered on the Marianas Political Status Commission's request for consideration of early transition to self-government and the possible separate administration of the Marianas District prior to the termination of the Trusteeship Agreement. The Commission shared its preliminary views with the United States delegation for the purpose of opening a dialogue on this important subject. The U.S. in turn promised to take the matter under advisement and both parties agreed that further study and consultation on this question should be carried forward prior to the next negotiating session.

The members of the Marianas Political Status Commission and the U.S. Delegation expressed appreciation for the warm hospitality extended to them by the people of Rota, Tinian and Saipan and for all the courtesies and cooperation received from the authorities of the TTPI Headquarters and the Marianas District Government.

No firm date was set for the next meeting but it is expected that it will take place in the early Fall. In the meantime, informal consultations will continue and technical legal and drafting experts will be meeting in accordance

with the agreements reached and recorded in this joint
communiqué."

Date: May 31, 1974

For the Marianas:

Edward DLG Pangelinan
Chairman, Marianas
Political Status
Commission

Vicente N. Santos
Co-Chairman, Marianas
Political Status Commission

For the United States;

Franklin Haydn Williams
The President's Personal
Representative for Marianas
Status Negotiations