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Draft Memorandum to the President

Ambassador Franklin Haydn Williams, your Personal Representative for Micronesian Status Negotiations, reported to you on June 18, 1974 concerning the most recent round of status talks with the Mariana Islands Political Status Commission (MPSC). These talks resulted in considerable progress toward establishment of a commonwealth relationship between the United States and the Northern Mariana Islands of the Trust Territory of the Pacific Islands, especially in the areas of defense land requirements and future US financial assistance to the Northern Marianas.

Agreement in some areas was reached on an ad referendum basis. Final agreement on several aspects of a future financial relationship requires minor amendment of Ambassador Williams' current negotiating instructions, as approved by you on May 9, 1973.

1. The Ambassador is presently authorized to negotiate guaranteed US assistance to a new Commonwealth of the Northern Marianas for a reasonable period of time. The Ambassador initially proposed a period of five years. Based on his most recent talks with the MPSC, he now recommends that this period be seven years.

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2. Your present instructions to Ambassador Williams limit the maximum level of US financial assistance during the above period to \$12 million annually, in constant 1975 dollars. Based on the same talks, Ambassador Williams recommends that this ceiling be increased to \$13.5 million annually in constant 1975 dollars.

3. Your present instructions provide that the Ambassador can commit the US Government to assist in funding transitional costs which will be necessary in connection with planning for and implementation of the new commonwealth relationship. Based on these most recent talks, he estimates that approximately \$1.5 million in US assistance will be required for these purposes, and asks for your approval of an early request to the Congress for appropriation of this amount.

The NSC Under Secretaries Committee has reviewed Ambassador Williams' report to you and has examined the above recommendations. The Committee believes that the recommendations are justified by the report, and requests your approval of these recommendations to assure prompt and satisfactory conclusion of the current status negotiations with the Northern Mariana Islands.

Ambassador Williams has also noted the MPSC's interest in establishment of an early separate administration for the Northern Mariana Islands, prior to termination of the

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Trusteeship Agreement, but under that agreement. It is anticipated that a formal request for such separate administration, as an appropriate transitional step to commonwealth status, may be made by the District Legislature of the Northern Mariana Islands in the near future. The NSC Under Secretaries Committee agrees that such a separate administration should be established following a formal request by the District Legislature. Authority for such action is provided in existing Executive Orders and the Trusteeship Agreement, and is also provided for in Ambassador Williams' current negotiating instructions. No decision is required by you on this matter. The character of a separate administration, implementation procedures, and timing will, of course, require inter-departmental coordination and may also require decisions, as suggested by Ambassador Williams, by the NSC Under Secretaries Committee.

Chairman

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