

Re: Cmdr. Whitehead
8/10/74

COM Receives Status Compact

(Continued from page 1)

U.S. defense responsibility. "The government of the U.S. may conduct the activities and operations within the land, waters and air space of Micronesia necessary for the exercise of its responsibility and authority," the document states.

Another section states that if the U.S. government "requires the use of areas within Micronesia in addition to those specified in Annex B," requests may be made to Micronesia and the two "shall negotiate in good faith to achieve on reasonable terms an agreement for the use of such areas."

Section 304 specifies that "the U.S. government may invite military units of other countries acting in conjunction with and under control of U.S. forces to utilize such military facilities and areas."

Title IV, the financial provision, has been a stumbling block in previous negotiations. Micronesia has asked \$80 million a year assistance and the U.S. has offered \$35 million.

The figures in the draft compact are \$35 million annually the first five years, \$30 million the next five and \$25 million the next five. Also included in proposed U.S. payments is a \$12.5 million annual grant for capital improvements for five years,

then \$11 million annually the next five years and \$9.5 million annually the next five.

The U.S. government also will make financial assistance available on a long-term, low-interest loan basis for economic development projects at an annual amount of \$5 million for 15 years. Some \$2.5 million will be reserved for the district level and the remainder is to increase capital of the Micronesian Development Bank or other financial institutions involved in loan or equities financing.

Title V deals with applicable laws and states: "The statutory law of the U.S. applicable to TT on the day preceding the effective date of this compact shall not be applicable to Micronesia."

Title VI covers trade and commerce and reads: "The government of Micronesia shall have the power to regulate domestic air and maritime commerce between points each of which is within Micronesia to the extent that such regulation does not conflict with the treaties and international agreements applicable to Micronesia pursuant to section 501 (a) and the authority of the U.S. pursuant to Title II of this compact."

The joint committee on future status said complete agreement has not been reached

on Titles VII and VIII which deal with citizenship, nationality, immigration and travel.

Title IX provides for resident offices to be established in Washington and the Micronesian central seat of government to maintain close and regular consultation.

Title X deals with the interpretation or application of compact provisions and states that in the case of any dispute the governments of Micronesia and the U.S. "shall negotiate in good faith in an effort to settle the dispute."

Island Reef, or Babelthup Airfield/Airai site), the right to improve that airfield to meet military requirements and specifications and the right to develop an exclusive use area for aircraft parking, maintenance and operational support facilities."

On Babelthup, the "right to acquire 7,000 acres for exclusive use, along with the right for nonexclusive use of an adjacent area encompassing 30,000 acres for intermittent ground force training and maneuvers" is sought.

"Continuing rights to occasional or emergency use of all harbors, waters and airfields throughout Micronesia" also is being asked for by the U.S.

If during the transition period the Marianas District requests and the U.S. agrees to separate administration of that district, the annual level of agreed funding for government operations and the capital improvement program would be adjusted, according to the compact.

the termination of this compact,"

Title XI deals with approval and effective date of the compact.

It provides that "This compact will be approved by Micronesia if a majority of at least 55 percent of those voting in a plebiscite to be held in Micronesia vote in favor of the compact... The compact shall not become effective, however, in any district in which two-thirds of those voting have voted against the compact. Such district shall be given an immediate opportunity to negotiate with the U.S. with respect to that district's future political status."

Annex A specifies activities Micronesia may undertake with the stipulation that: "Upon notification by the government of the U.S. that an activity proposed or engaged in by the government of Micronesia... conflicts or is likely to conflict with the international commitments, responsibilities or policies of the U.S., the government of Micronesia will refrain from or promptly terminate such activity."

Annex B is concerned with another controversial area—land. It provides for U.S. land use rights in the Marshalls, Palau and Marianas, spelling out U.S. rights on Kwajalein, Bikini and Eniwetok Atolls in the Marshalls.

In Palau, "access and anchorage rights in Malakal Harbor and adjacent waters, together with rights to acquire 40 acres for use within the Malakal Harbor area, composed of submerged land to be filled adjacent to fast land," has been requested by the U.S., along with "rights for the joint use of an airfield capable of supporting military jet aircraft (the proposed airfield at Garteru

in the event either government gives notice of its intention to terminate this compact... the U.S. rights and uses in the land and waters covered by then existing leases and the rights of denial set forth... shall be embodied in a mutual security agreement... which shall enter into force simultaneously with

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