

SECRET

II. Review of Basic U.S. Objectives and Interests

A. (U) Political Aspects

1. The U.S. has several fundamental and important political interests in Micronesia and obligations to its peoples under the Trusteeship Agreement with the U.N. Security Council. These must be observed and respected.

2. The U.S. has a strong vested interest in a stable, friendly and peaceful Micronesia. Hence, we must reinforce the close and amicable relationship established over the past thirty years with its peoples.

3. Over and above any specific interests, the U.S. has a general concern for the long-term welfare of the people of Micronesia and intends to do whatever is possible to assist them in attaining not only a greater measure of self-government but the economic and social goals judged to be necessary of desirable. This long recognized both by Congress and Executive Branch.

4. While we have not felt it possible to grant an immediate full measure of self-government to the Micronesians in the past, primarily because of the lack of internal political cohesion and economic development, since 1969 we have been dedicated to as rapid as possible progress towards full internal self-government and to the termination of the Trusteeship at an early date. After next spring this will be the last remaining Trusteeship out of the original eleven established after WW II.

5. With respect to the Marianas, we are hopeful that the peoples of Guam and the Northern Marianas will eventually decide

SECRET

to form a political union, as part of the American political family, but recognize current difficulties, standing in way of doing this now in view of disparity in size and economic strength

6. Finally, the U.S. is desirous of gaining international acceptance of the agreed status arrangements. In this respect, one of the objectives we have in mind is the approval of the status agreements by appropriate elements of the U.N., although we are not prepared to accept a veto by or delay in the implementation of the agreements once they have been approved by the peoples of Micronesia and the U.S. Congress.

#. B. Strategic

1. (U) General

a. U.S. strategic policy in the Pacific has special meaning in the case of Micronesia, which embraces major segment of the Pacific. Major elements are that while U.S. will look to nations directly threatened to assume primary responsibility for their internal defense, it will provide a nuclear "umbrella" and protection against intervention of another major power, for allies and countries whose survival is deemed in our national interest. For this need to be able to support U.S. forces in the area as far forward as possible and to deny area to possibly hostile powers.

2. (U) Pacific Area - General

- Need for a super power standoff in area.

-- Emphasis on peacetime measures to be taken by U.S. to carry out responsibilities as far as international peace and security are concerned.

400283

SECRET

- Reasons for creation of strategic trust still exist.

-- Forward basing of U.S. forces remains essential in interest of speed, flexibility of response and credibility of deterrent and intentions.

-- Denial of area to foreign powers for military purposes.

--- missile, air, naval bases.

--- threat to control of air and sea lines of communication in central Pacific.

-- Creation of a stable environment for trade and development.

-- Reassurance to our allies of our continuing interest and ability to play a stabilizing role.

- Basing

-- Present U.S. basing structure in Western Pacific could (and has already to some extent) become subject to unforeseen political and other pressures which might deprive U.S. of operational flexibility and therefore produce need for alternate basing sites in area.

3. (S) Tinian

(U) - As basing agreements in other parts of the Western Pacific have become more tenuous, Tinian has become an increasingly desirable and realistic location for forward basing.

(U) - Need is immediate, not contingent. Complementary to Guam.

400284

(U) - Recognized since beginning these negotiations that joint service base for air and logistics support and much needed

SECRET

maneuver area was highly desirable in this area established in an environment which was as politically stable as possible.

(U) -- Assumption now is that Marianas Island District TTPI will have taken steps to join U.S. in a commonwealth status thus providing assured availability over the foreseeable future.

(U) - Tinian will be developed into a military base complex by the Services to satisfy near term operational requirements. These are:

(S) (1) an alternate location for strategic missions denied by reversion of Okinawa.

-- Facilities to support the surveillance and the LOC in Pacific including in the process the defense of the rest of Micronesia and assure its denial to others.

-- Provide for USMC combined air and ground training - a current requirements.

-- Preserves alternative location in Western Pacific for U.S. forces in event of base denial in more forward areas (e.g., Korea, Philippines, Japan, Thailand).

-- Alternate airfield for aircraft on trans-Pacific flights diverted from Guam and aircraft carriers operating off shore.

(S) - Provides complex in Mariana Islands chain not subject to increasing political pressures and urban encroachment of Guam.

-- Pressures on Navy to relocate NAS Agaña.

-- Overcrowded conditions on Andersen AFB in the past.

400285

SECRET

atives and

-- No land for expansion on Guam to

accommodate activities planned for Tinian.

l fundamenS)

- Reduces balance of payments problem.

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4. (U) Other Marianas requirements contingent in nature only

nt with the

5. (U) Marshall Islands - Kwajalein

spected.

- Research and development requirement in foreseeable

ong vested ture.

sia. Hence)

-- Location for both operational and development

ip establishsile tests.

-- No alternative site.

y specific it

-- Considerable U.S. investment in extensive

g-term welf:ilities.

whatever is

6. (U) Palau (Koror and Babelthuap)

ater measure

- Great potential for future development of a

is judged to istic, cantonment, airfield, maneuver area and harbor facility.

y Congress an

-- No current plans to construct any faciliti

t felt it postation forces in Palau.

-- Use of maneuver area is a near term requir

ment to the M

ack of interna.

-- U.S. is negotiating for options only.

e 1969 we have

- 800 miles closer to South China Sea than Guam.

towards full

-- Desirable fallback position for U.S. base

the Trusteeshi

the last remainent of loss of base rights in Philippines.

lished after WW

o the Marianas,

orthern Mariana

U.S. Objectives and ss in the Marianas Negotiations

1 Aspects

... now completed the fourth session of talks with the
... Status Commission May 15-31 in Saipan.

has several fundamental
Micronesia and obligations were very successful and agreement was reached
... Agreement with the issues.

... draft of the agreement is presently being written
... has a strong vested interest to be ready for consideration by early-October.

Elements of Agreement

... relationship established elements of the agreement thus far as set out in
... Joint Communique are commonwealth for the Northern
... peoples.

... U.S. sovereignty upon termination of the trustee-
... U.S. financial support over an initial seven year
... U.S. military land requirements on
... only a greater measure than.

... social goals judged to be vital for a future union with Guam remains open.

... commonwealth, the citizens of the Northern Marianas

... we have not felt it possible either U.S. citizens or nationals.

... self-governing with a popularly elected governo

... and will have the right to draft and adopt their

... and to establish local courts to administer local

... progress towards full to having a federal court.

... final approval of the agreement and the new Mariana

... before the Trusteeship is ended the new arrangement

... even established after written on an interim basis with the new government

... respects as it would after the ending of the

... for those few features which might be incompatib

with the Trusteeship Agreement.

- The Marianas District has now asked to be administered separately from the rest of Micronesia even before that time and we expect to grant that request just as soon as the new agreement is approved by the people of the Marianas and before it can be implemented.

B. Military Bases.

- Approximately 17,475 acres will be made available on the northern two-thirds of the island of Tinian for the development of a joint services military base.

- The Marianas will make available to the United States the entire island of Farallon de Medinilla, consisting of 229 acres, to be used as a live ammunition target area.

- The Marianas will also make available 197 acres in the southern portion of Tanapag Harbor on Saipan most of which will be developed into an American living memorial park honoring the dead of WW II to be used for public recreation purposes, the remainder being set aside for future contingency military purposes but leased back to the GOM for purposes compatible with that military use.

- Approximately 482 acres south and adjacent to the southern runway of Isley Field on Saipan will be made available for future contingency use by U.S. forces on a similar basis.

- The United States will relinquish its use rights to all remaining military retention lands in the Northern Marianas, approximately 4,691 acres, and return them to the public domain.

C. Financial Features

- The United States will provide financial support to the new

400288

commonwealth over an initial period of seven years in the form of assistance for budgetary support and economic development so as to facilitate the achievement of economic self-sufficiency and higher standards of living for the people of the Marianas. These amounts are subject to renegotiation at the end of the seven years.

- With the approval of Congress, the United States will provide annually in constant dollars \$13.5 million in direct grants for support of government operations after the installation of the new government.

- These direct grants will consist of \$8 million for support of government operations, \$1.5 million for economic development loans with \$500,000 of this amount reserved for small loans to farmers, fishermen and agricultural cooperatives, and \$4 million a year for Capital Improvement Projects, of which \$500,000 a year will be reserved for the islands of Rota and Tinian.

- In addition, the people of the Northern Marianas would be eligible for a wide range of federal programs at a value estimated at some \$3 million a year.

- With approval of Congress, \$1.2 million will be made available to the Marianas District Legislature to conduct basic economic studies, develop transition plans and to arrange for the employment of experts.

- The United States would also, with the approval of Congress rebate to the treasury of the Northern Marianas all customs duties and federal income taxes derived from the commonwealth of the Northern Marianas; the proceeds of all taxes collected under the

400289

internal revenue laws of the United States on articles produced in the Marianas and transported to the United States, its territories or possessions, or consumed in the Marianas; the proceeds of any other taxes which may be levied by the Congress of the United States on the inhabitants of the Marianas; and all quarantine, passport, immigration and naturalization fees collected in the Marianas Commonwealth. Finally, the Marianas would be expected to benefit increasingly in financial terms from the buildup of U.S. military facilities and personnel. In particular, it would receive as rebates all of the income taxes on U.S. military personnel stationed in the Marianas.

D. Outstanding Issues

- Issues remaining to be settled concern development of a formula to permit the voluntary limitation of the plenary powers of the federal government within the commonwealth in certain specified areas of the commonwealth internal affairs, requested exception for the commonwealth from certain federal laws applying to other U.S. territories, and detailed land negotiations including terms of acquisition of the land, whether it will be leased or purchased, whether it will be paid for by lump sum or in periodic installments and the negotiation of the price to be paid.

- The new commonwealth would like to be excepted from such laws as the Jones Act, the minimum wage law and others which they contend create a hardship on an outlying new territory. They would also like to be excepted from the application of the Federal Internal Revenue Code to its citizens at least during the early days of the commonwealth.

- These issues are presently being discussed at the technical level and will be negotiated out at the next session.

E. Prospects for the Future

- For the future, it is now anticipated that it may be possible to hold a fifth and final negotiating round in early November, provided outstanding issues can be solved.

- The first of these will be agreement on land related issues, especially price and terms of acquisition of the land needed for military use.

- If all goes well, approval of the agreement by the Marianas District Legislature could take place in December and preparations for a plebiscite begun at that time.

- Preparations for a constitutional convention should also begin at that time.

- A plebiscite on the commonwealth agreement might be held as early as March of 1975.

- If accepted by the people, the Secretary of the Interior is then expected to order the administrative separation of the Marianas from the rest of the Trust Territory.

- The approved status agreement would then be submitted to the U.S. Congress for its approval.

- In the fall, a constitution being written, it will be presented to the people for their approval and if approved will be given to the U.S. Congress for its approval.

- In July 1975, with Congress approval the new commonwealth government will take office.

- After approval of their own new status agreement by the people

400291

districts of the TTPI - both that agreement and the commonwealth agreement would be given to the U.N. with a view to ending the trusteeship and the trusteeship agreement will end simultaneously for all parts of Micronesia.