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REPORT TO PRESIDENT ON JOINT COMMITTEE SEVEN AND MARIANAS THREE

- Introduction

- Reference to November 28 letter transmitting report on Round Seven.
- Back to back negotiations first with JCFS in November and then MPSC in December.
- Instructions call for priority to Marianas and making this the more attractive package.
- Congressional leadership in Senate concurs.
- Marianas comparison a major factor behind decision not to capitulate to JCFS demands in November.

- Marianas Three

- Results exceeded original expectations.
- Record attached.
- First two of three principal elements (sovereignty, foreign affairs and defense responsibilities and military land) largely met and third appears well on the way with probability that U.S. minimums and more will be met.
- No question on U.S. sovereignty or unilateral termination.
- Agreement to limit exercise of Federal authority however in internal affairs but only in specific areas.
- U.S. citizenship or nationality firm.
- On finance and attractive U.S. offer which contrasts most favorably with offer to JCFS.

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- \$11.5 million for 5 years (just under ceiling).
- Plus Federal programs, plus land payments.
- Additional revenues later from tax rebates and presence of U.S. military forces.
- On military land Target Island and Saipan (with park) look good.
- Tinian probably 2/3, though not all.
- Problem on lease vs. purchase and metes and bounds.
- Atmosphere: positive and committed.
- Resume formal negotiations in spring with technical level discussions meanwhile.
- Favorable contrast with JCFS Seven.
- Recap on JCFS Seven.
 - Positive accomplishments despite failure to agree on money.
 - Public land issue on ways to settlement.
 - 180% turn around on Palau options.
 - Tabling of U.S. draft.
 - Substantial agreement on text of remaining key articles.
 - Two major remaining issues: finance and termination.
 - On finance:
 - Believe we can settle well below Marianas demands at approximately present level of assistance.
 - Will probably require major CIP effort in 5 years or so remaining before trusteeship ends to provide head start.
 - Recommend Interior work up new CIP.
 - Will also require new negotiating ceiling and

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- On Termination
 - JCFS language in some ways tougher than ours.
 - Indications 15 years minimum may be feasible for compact.
 - Trouble possibly with 65 years (15 plus 50 post-compact)- Recommend 50 total including 15.
 - Trouble on form of survivability - JCFS desire for post-compact defense treaty.
 - Subject to unilateral abrogation.
 - Could have trouble in Congress (SFRC).
 - Favorable Micronesian comment and press on U.S. position.
- Future prospects.
 - Saliu attitude.
 - Agreement on technical level discussions.
 - Proposal for informal sessions to reach agreement in principle prior to scheduling new formal meeting in Spring.
- Other problems remaining.
 - Marianas and Guam.
 - Guamanian sensibilities.
 - Need for equal or better treatment than Marianas.
 - Need positive recommendation on this from forthcoming NSC/USC Study.
 - Need to sell product to U.S. Congress.
 - Continuing consultations.
 - Need for strong and consistent military argument.
 - Misgivings over Puerto Rico and need for careful coordination within U.S. Government.

- Conclusions

- Probable Marianas 1974 wind-up.
- Possible JCFS 1974 wind-up.
- Caution on derailment by COM but hope for avoidance through joint action to keep up momentum of talks.