

DEPARTMENT OF DEFENSE

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SECT 60 OF 17165

ACTION

DISTR CJCS(01) DJS(03) SJCS(03) J3(06) J4(08) J5(02) NMCC SECDEF(04)
SECDEF: ASD:IL(02) ASD:ISA(10) DEPARTMENT OF STATE A/CDC/MR
:DIA(15) MCCC CMC CSAF
CNO WASH DC
CSA WASH DC
FILE(1)

REVIEWED BY BH3 DATE 4/25/88
 RELEASE DECLASSIFY
 EXCISE DECLASSIFY in PART
 DENY Non-responsive info.
FOI, EO or PA exemptions _____ TS authority to: _____

(058)

TRANSIT/252209Z/261052Z/012:43TOR0261050 CLASSIFY as _____ OADR
ZNY CCCCC ZOC STATE
() DOWNGRADE TS to () S or () C, OADR

RR RUHNSAA RUESWO RUEHBAC RUEHBAZ RUEHDT RUHQHQA RUWJAJA
DE RUEHC #7165 0260613

ZNY CCCCC ZZH
R 252209Z JAN 74

EM SECSTATE WASHDC

TO RUHNSAA/CINCPACREP GUAM/TTPI
INFO RUESWO/AMEMBASSY TOKYO 2098
RUEHBAC/AMEMBASSY CANBERRA 3077
RUEHBAZ/AMEMBASSY WELLINGTON 8103
RUEHDT/USMISSION USUN NEW YORK 5314
RUHQHQA/CINCPAC HONO HAWAII
RUWJAJA/COMTWELVE SAN FRANCISCO CALIF
BT

NOFORN

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TTPI

C O N F I D E N T I A L STATE 017165

NOFORN

E. O. 11652: GDS

TAGS: US, TO, EGEN

SUBJ: TTPI FOREIGN INVESTMENT POLICY--GUIDELINES TO PRO-
TECT US AND MICRONESIAN INTERESTS

FROM STATE AND INTERIOR

CINCPACREP PASS TO TTPI HICOM AND STATUS LNO TRENT, SAIPAN
CINCPAC ALSO FOR POLAD
COMTWELVE FOR AMBASSADOR WILLIAMS

1. THIS MESSAGE EYES ONLY FOR HICOM JOHNSTON, DEPHICOM
COLEMAN, AND STATUS LNO TRENT. EXCEPT AS OTHERWISE NOTED

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DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY _____ DATE _____
CLASSIFICATION EXTENDED
RDS or XDS EXT. DATE _____
TS AUTH. _____ REASON(S) _____
ENDORSE EXISTING MARKINGS
DECLASSIFIED RELEASABLE
RELEASE DENIED
PA or FOI EXEMPTIONS _____

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BELOW, IT MUST NOT BE SEEN BY OR DISCUSSED WITH ANY OTHER PERSONS IN TTPI.

2. AS INDICATED IN SECINTERIOR'S STATEMENT ON NEW FOREIGN INVESTMENT POLICY FOR MICRONESIA, HICOM WILL RETAIN REVIEW AUTHORITY ON FOREIGN INVESTMENT APPLICATIONS. SPECIFICALLY HICOM MUST ASSURE THAT ANY INVESTMENT PROPOSAL IS NOT INCONSISTENT WITH US OBLIGATIONS UNDER TRUSTEESHIP AGREEMENT, TRUST TERRITORY LAWS AND REGULATIONS, AND US NATIONAL SECURITY INTERESTS. FOLLOWING PROVIDES SPECIFIC CATEGORIES OF FOREIGN INVESTMENT WHICH COULD BE IN CONFLICT WITH ABOVE CONCERNS.

A. ANY INVESTMENT PROPOSAL COMING (DIRECTLY OR INDIRECTLY) FROM ANY COMMUNIST STATE, ALSO ANY INVESTMENT PROPOSAL FROM ANY OTHER STATE WHICH PROVIDES FOR COMMUNIST STATE PARTICIPATION IN THE WAY OF EITHER CAPITAL OR HUMAN RESOURCES.

B. ANY INVESTMENT PROPOSAL (US OR NON-US) WHICH MAY INVOLVE LAND PRESENTLY IN USE BY US GOVERNMENT, OR UNDER NEGOTIATION TO SATISFY US LAND REQUIREMENTS (MILITARY OR CIVILIAN), E.G. RELEVANT LANDS ON BIKINI ATOLL, KWAJALEIN ATOLL, SAIPAN, TINIAN, BABELTHUAP, KOROR, AND FAROLLON DE MEDINILLA. THESE RESTRAINTS WILL BE FURTHER REFINED AS SPECIFIC LANDS DELINEATED BY SURVEY AND LEASING ARRANGEMENTS.

C. ANY FOREIGN INVESTMENT WHICH HOLDS SIGNIFICANT POTENTIAL FOR NON-US OR NON-MICRONESIAN CONTROL OR DOMINATION OF SEA OR AIR TRANSPORTATION BETWEEN DISTRICTS, OF PUBLIC UTILITIES (POWER AND WATER), OF TELECOMMUNICATIONS FACILITIES OR INFORMATION MEDIA, OR OF POL STORAGE AND DISTRIBUTION.

D. ANY FOREIGN INVESTMENT PROVIDING FOR NON-US OR NON-MICRONESIAN CONTROL OF SHIP (INCLUDING FISHING VESSELS) REPAIR OR SERVICING FACILITIES.

E. ANY SINGLE NON-US FOREIGN INVESTMENT OR COMBINATION BY SEVERAL NATIONALS OR ASSOCIATIONS OF A SINGLE FOREIGN STATE WHICH COULD RESULT IN: (1) CONTROL OF A

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POTENTIALLY IMPORTANT AND BROAD SECTOR OF THE MICRONESIAN ECONOMY BY THE NATIONALS OF SINGLE FOREIGN STATE, OR (2) SIMILAR FOREIGN CONTROL OR DOMINATION OF THE ECONOMIC LIFE OF AN INDIVIDUAL DISTRICT.

3. INVESTMENT PROPOSALS PROVIDING FOR LESS THAN 50 PERCENT NON-US OR NON-MICRONESIAN EQUITY CAPITAL OR OTHERWISE NOT PROVIDING FOR NON-US OR NON-MICRONESIAN MANAGERIAL OR POLICY CONTROL FALL OUTSIDE CATEGORIES (C), (D), AND (E) ABOVE. HOWEVER, ANY PROPOSAL FOR SUBSEQUENT ADDITIVE EQUITY CAPITAL OR OTHER CHANGES LEADING TO NON-US OR NON-MICRONESIAN CONTROL OF THE VENTURE WOULD PLACE SUCH VENTURES WITHIN THESE CATEGORIES.

4. REGARDING HANDLING OF ANY INVESTMENT PROPOSALS WHICH WOULD APPEAR TO FALL WITHIN ANY OF CATEGORIES LISTED PARA ONE ABOVE, HICOM SHOULD ADVISE INTERIOR/DOA WHO WILL, IN CONSULTATION APPROPRIATE US AGENCIES, DEVELOP GUIDANCE FOR HICOM'S HANDLING OF APPLICATION.

5. REGARDING APPLICATIONS FALLING INTO CATEGORIES (C), (D), AND (E) ABOVE, WE ASSUME MICRONESIAN LEADERSHIP WILL SHARE OUR CONCERNS ON FOREIGN DOMINATION AND WILL THEMSELVES FAVOR POSITIVE CONTROLS IN THESE AREAS. IT IS, OF COURSE, VAS LY PREFERABLE FOR HICOM TO DISAPPROVE INVESTMENT APPLICATIONS ON BASIS MICRONESIAN GUIDANCE RATHER THAN INSTRUCTIONS FROM USG. IN THESE CIRCUMSTANCES, HICOM SHOULD INITIATE DISCUSSIONS SOONEST WITH RESOURCES AND DEVELOPMENT COMMITTEES OF CONGRESS OF MICRONESIA IN EFFORT DEVELOP MICRONESIAN GUIDELINES FOR CONTROLS WHICH WILL ADEQUATELY COVER NOT ONLY THESE, BUT ANY OTHER MICRONESIAN AREAS OF CONCERN REGARDING CHARACTER AND LEVELS OF FOREIGN INVESTMENT.

6. OWING FOREIGN AFFAIRS IMPLICATIONS ABOVE GUIDANCE, STATUS LNO MUST BE KEPT FULLY INFORMED OF ALL INVESTMENT PROPOSALS WHICH MAY FALL INTO CATEGORIES LISTED PARA ONE ABOVE, AND ALSO SHOULD BE CONSULTED ON DEVELOPMENT OF INTERNAL PROCEDURES FOR MONITORING OF ALL INVESTMENT PROPOSALS.

7. FURTHER, GIVEN POLITICAL SENSITIVITY THIS INSTRUCTION AND IMPORTANCE PROPER MONITORING FOREIGN INVESTMENT,

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HICOM'S REVIEW AUTHORITY AND RESPONSIBILITIES AS DEFINED
IN THIS INSTRUCTION ARE TO BE EXERCISED AT ALL TIMES
PERSONALLY BY HICOM OR, IN HIS ABSENCE, DEPHICOM. UNDER
NO CIRCUMSTANCES ARE THESE RESPONSIBILITIES TO BE DELEGA-
TED TO ANY OTHER OFFICIAL. ON OCCASIONS WHEN BOTH HICOM
AND DEPHICOM AWAY FROM SAIPAN, ANY INVESTMENT APPLI-
CATIONS SHOULD BE HELD FOR THEIR RETURN. KISSINGER

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