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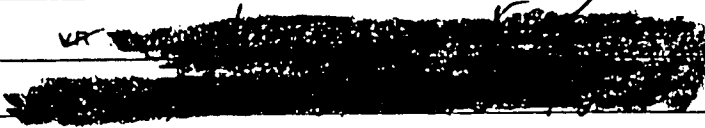
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1) HOC
2) Bkgnd: Pol - STA 74

E.O. 11652: GDS

TAGS: PFOR, TQ, US

SUBJECT: (U) MICRONESIAN STATUS NEGOTIATIONS (F) 7

PASS TO STATUS LNO BEFORESEN 132000 KUS PTG
COMTWELVE FOR AMBASSADOR WILLIAMS

1. (C) SUMMARY: U.S. AND MICRONESIAN PRINCIPAL NEGOTIATORS MET INFORMALLY IN HONOLULU OCTOBER 29 AND 32. MAJOR ITEMS DISCUSSED WERE (1) TRANSFER OF TITLE OF PUBLIC LANDS TO DISTRICTS INCLUDING HICOM VETO OF COM LAND BILL AND SUBSEQUENT RESOLUTION OF PALAU DISTRICT LEGISLATURE, (2) JCFS PROPOSED CHANGES IN JULY 12 GUAM DRAFT COMPACT, (3) SALII/WHITE INTERPRETATION OF COMPACT CONTAINED IN SEPTEMBER 9 LETTER TO WILLIAMS, (4) VARIOUS ISSUES RELATED TO PROVAL PROCESS INCLUDING A PLEBISCITE ON FREE ASSOCIATION AND

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MARIANAS PLEBISCITE ON COMMONWEALTH, AND (5) TRANSITION. ON TRANSFER OF TITLE TO DISTRICTS WILLIAMS STATED U.S. POLICY REMAINED UNCHANGED AND THAT U.S. INTENDED TO PROCEED AS OUTLINED IN HICOM'S VETO OF COM LAND BILL. SALII AFTER SOME FANCY FOOTWORK REVERSED HIS KOPOP STANCE AND S TRANSFER OF PUBLIC LAND TITLE TO PALAU COULD BE BY EXECUTIVE ACTION. AT SAME TIME HE ASKED WHETHER U.S. WOULD BE WILLING TO CONSULT COM AND PALAU LEADERSHIP ON TERMS OF THE EXECUTIVE ORDER. U.S. ANSWER WAS AFFIRMATIVE. TENTATIVE AGREEMENT AND UNDERSTANDING REACHED ON PROPOSED MICRONESIAN

CHANGES IN DRAFT COMPACT AND ON SALII/WHITE FOUR INTERPRETATIVE POINTS. DISCUSSION OF APPROVAL PROCESS AND TIME-TABLE USEFUL BUT NON-CONCLUSIVE AND PLACED ON AGENDA FOR NEXT FORMAL ROUND OF TALKS AS WAS THE TRANSITION ITEM. PALAU OPTIONS, SEPARATE MARIANAS NEGOTIATIONS AND WHEN U.S. WILL BE WILLING TO SIGN COMPACT REMAIN MOST DIFFICULT AND MOST CONTROVERSIAL ISSUES.

2. (U) AMBASSADOR WILLIAMS AND DEPUTY U.S. REPRESENTATIVE JAMES WILSON MET INFORMALLY WITH THE JCFS CO-CHAIRMAN SALII AND SILK AT CINCPAC GUEST HOUSE TUESDAY AND WEDNESDAY OCT 29 AND 30. TOM JOHNSON (STATE/L) SERVED AS LEGAL COUNSEL FOR U.S. SIDE AND PAUL WAFNKE AND MIKE WHITE SERVED IN SAKE CAPACITY FOR MICRONESIANS.

3. (C) OPENING SESSION BEGAN WITH DISCUSSIONS OF LAND TRANSFER PROBLEM, RECENT ACTIONS OF PALAU LEGISLATURE, SALII SAIPAN DEPARTURE STATEMENT TO PRESS AND IMPACT THESE DEVELOPMENTS ON STATUS TALKS. CONTRARY TO EARLIER INDICATIONS (STATUS LNO CSS AND 3020 AND TTPI NO. 629). SALII IN RELATIVELY SUBMISSIVE IF NOT CHASTENED MOOD, PERHAPS REFLECTING INFLUENCE OF WAFNKE AT THEIR INTERNAL PREPARATORY MEETING ON MONDAY AND THE INITIAL STRONG U.S. STANCE REGARDING FIRMNESS ITS POSITION ON HOLDING TO STATED SECRETARY OF INTERIOR POLICY ON LAND TRANSFER AND INTENTION TO PROCEED BY EXECUTIVE ACTION IF SO REQUESTED AND IF REQUESTING DISTRICT COMPLIED WITH DECLARED PRE-CONDITION. SALII RESPONDED TO POINTED QUESTIONS ABOUT PALAU WITH MILD EXPOSITIONS OF RECENT EVENTS IN KOPOP, BLANDLY EXPLAINING THAT BEFORE HIS ARRIVAL THE DISTRICT LEGISLATURE HAD BEEN WORKING ON RESOLUTIONS REQUESTING HICOM TO RETURN PUBLIC LAND TO PALAU BY EXECUTIVE ACTION. ACCORDING TO SALII

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SURSEQUENT 180 DEGREE TURN AROUND DUE TO LEGISLATURE CONCERN OVER TWO ISSUES: EMINENT DOMAIN POWERS TO BE RETAINED BY TPII GOVERNMENT AND U.S. MILITARY RETENTION LAND. WILLIAMS ASKED WHETHER THERE WAS ANY MISUNDERSTANDING IN PALAU OVER WHAT LAND WOULD BE RETURNED SINCE IT WAS REPORTED THAT SALII HAD SAID PALAUANS OF THE OPINION MORE LAND WOULD BE RETURNED SINCE IT WAS REPORTED THAT MORE LAND WOULD BE RETURNED UNDER COM BILL THAN THROUGH TRANSFER BY EXECUTIVE ACTION. WILLIAMS SAID HE HOPED PALAUANS UNDERSTOOD THAT THERE WAS NO MILITARY RETENTION LAND IN PALAU AND THAT LANDS BEING CONSIDERED UNDER ANNEX B WOULD BE INCLUDED IN TRANSFER. SALII SAID PALAUANS AWARE OF ALL OF THIS BUT HE EVADED DIRECT ANSWER FIRST QUESTION. SALII LAZELY WENT ON TO SAY THAT PALAU CONCERNED OVER U.S. RETENTION OF MILITARY LAND IN MARIANAS. WILLIAMS SAID HE

GREATLY SURPRISED THAT PALAU WOULD DECLINE OPPORTUNITY TO GAIN TITLE TO ITS OWN PUBLIC LANDS BECAUSE OF A MARIANAS QUESTION AND BECAUSE OF NON-ISSUE SUCH AS EMINENT DOMAIN SINCE LATTER HAD ONLY BEEN EXERCISED ON RARE OCCASIONS AND ONLY AFTER DUE PROCESS. WILLIAMS SAID THERE APPEARED TO BE NO MAJOR DIFFERENCE IN PRINCIPLE OVER TRANSFER OF TITLE FROM CENTRAL GOVERNMENT TO DISTRICTS SINCE JCFS HAD GONE ON RECORD HAVING APPROVED U.S. POLICY STATEMENT LAST NOVEMBER AND COM BILL DID NOT DISPUTE BASIC POLICY DECISION TO TRANSFER TITLE TO REQUESTING DISTRICTS. DIFFERENCES SEEMED TO BE LARGELY CENTERED ON PROCEDURAL AND JURISDICTIONAL QUESTIONS. WILLIAMS SAID U.S. DESIRE WAS TO ACCOMMODATE WISHES OF MICRONESIANS BUT WENT ON TO SAY IF COM INSISTED ON MAKING ISSUE OVER ULTIMATE AUTHORITIES AND RESPONSIBILITIES OF UNITED STATES DURING REMAINING YEARS OF TRUSTEESHIP THEN CONGRESS OF MICRONESIA HAD FIGHT ON ITS HANDS. WAPNKE SAID THERE WAS NO QUESTION WHERE ULTIMATE POWERS RESTED AND COM RECOGNIZED THIS FACT. WHITE HOWEVER ATTEMPTED TO MAKE CASE THAT U.S. LAND TRANSFER POLICY WAS NEGOTIATED AGREEMENT BETWEEN JCFS AND UNITED STATES AND THEREFORE WAS NOT SUBJECT TO UNILATERAL U.S. INTERPRETATION. RECORD ON THIS SCOPE WAS SET STRAIGHT AND WHITE DROPPED HIS ARGUMENT.

4. (C) SALII COMPLAINED THAT COM NOT FULLY AWARE U.S. GOVERNMENT POSITION ON TRANSFER QUESTION AT TIME OF ENACTMENT OF SB 296. SAID TPII ADMINISTRATION WITNESSES HAD

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NOT MADE STRONG CASE FOR U.S. AND HAD NOT MADE IT CLEAR WHAT BASIC U.S. GOVERNMENT CONCERNS WERE. HE WENT ON TO SAY THAT CONTROVERSY OVER LAND TRANSFER QUESTION BETWEEN COM AND UNITED STATES COULD HAVE BEEN AVOIDED IF THERE HAD BEEN DIRECT NEGOTIATIONS BETWEEN CONGRESS AND U.S. GOVERNMENT. THIS VIEW WAS SUPPORTED BY WHITE AND WAPNKE. WILLIAMS REJECTED IT SAYING TTPI ADMINISTRATION BILL AND TESTIMONY TTPI ATTORNEY GENERAL HAD SET FORTH WHAT U.S. WOULD ACCEPT AND WHAT U.S. WOULD REJECT. SALII ALSO REMEMBERED THAT WILSON HAD GONE OVER SAME GROUND WITH HIM AT CARMEL LAST APRIL. SALII PROCEEDED TO ASK WHAT U.S. INTENDED TO DO NOW AND WHEN TOLD AGAIN THAT EXECUTIVE ACTION WOULD BE TAKEN BUT ONLY UPON REQUEST SALII SAID, "IT'S THE RESULT THAT COUNTS AND NOT THE METHOD AND I DO NOT RULE OUT TRANSFER BY EXECUTIVE ACTION". HE THEN INQUIRED ABOUT THE PROGRESS BEING MADE IN PROMULGATING AN EXECUTIVE ORDER AND ASKED IF COM AND PALAU LEADERSHIP COULD BE CONSULTED ON LANGUAGE OF THE ORDER. AFTER STRONG DISMISSAL OF WHITE'S CONTENTION THAT COM WOULD HAVE TO GIVE ADVANCE APPROVAL TO EXECUTIVE ORDER WILLIAMS AGREED

TO CONSIDER SALII'S REQUEST. HE SAID HE WOULD CHECK MATTER OUT WITH INTERIOR. ON FOLLOWING DAY WILLIAMS SAID U.S. WOULD CONSULT WITH MICRONESIANS BUT ONCE AGAIN HAD TO SHOOT DOWN WHITE'S ATTEMPT TO INSIST ON NECESSITY OF COM CONSENT BEFORE ISSUANCE OF ORDER. SALII TOLD HE WOULD BE ADVISED ON MODALITIES OF CONSULTATION AFTER FURTHER DISCUSSION BETWEEN INTERIOR IN WASHINGTON AND HICOM IN SAIPAN.

5. (C) IN PURSUING SALII'S NEWEST POSITION, THAT "IT IS THE RESULT THAT COUNTS AND NOT THE METHOD" WILLIAMS OUTLINED STEPS THAT PALAU WOULD HAVE TO TAKE BEFORE TITLE TO ITS PUBLIC LANDS WOULD BE TRANSFERRED BY EXECUTIVE ACTION AND BEFORE NEGOTIATIONS FOR LAND OPTIONS CALLED FOR IN ANNEX F COULD BEGIN. IT WAS MADE CLEAR THAT UNITED STATES WAS IN NO GREAT HURRY SINCE ALL IT WAS SEEKING WERE OPTIONS FOR POSSIBLE FUTURE USE BUT TIMING FACTOR WAS IMPORTANT SINCE STATUS NEGOTIATIONS AND COMPACT COULD NOT BE COMPLETED UNTIL SUCH LAND ARRANGEMENTS HAVE BEEN SATISFACTORILY NEGOTIATED. WILLIAMS WENT ON TO SAY THAT FIRST PALAU WOULD HAVE TO REQUEST TRANSFER, SECOND IT WOULD HAVE TO CREATE BY LEGISLATION A LEGAL ENTITY TO RECEIVE TITLE

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AND THIRD PALAU LEGISLATURE WOULD HAVE TO CREATE PAAUAN NEGOTIATING AUTHORITY WHICH WOULD HAVE POWER TO COMMIT AND SIGN LAND APPANGEMENTS WITH UNITED STATES. IN RESPONSE SALII ~~NOTE OF LESS DISMISSED TWO RECENT PALAU RESOLUTIONS~~ BY SAYING HE DID NOT THINK ACTUAL NEGOTIATIONS OF OPTIONS WOULD TAKE VERY LONG ONCE EXACT EXTENT AND LOCATION OF U.S. LAND NEEDS WERE MADE KNOWN. HE SAID ADDITIONALLY HE MIGHT ASK PALAU TO BEGIN TO GET ITSELF ORGANIZED IN ANTICIPATION OF TRANSFER OF PUBLIC LANDS TO THAT DISTRICT BY EXECUTIVE ACTION. HE ALSO SAID THAT WHILE HE WANTED U.S. TO CHANNEL ITS CONTACTS WITH PALAU OVER LAND THROUGH JCFS, HE ACKNOWLEDGED LONG MISGIVINGS ON THE PART OF PALAU REGARDING COM AND JCFS INVOLVEMENT IN LOCAL LAND NEGOTIATIONS WITH UNITED STATES. AT END OF THIS DISCUSSION SALII ASKED FOR LETTER REVIEWING AGAIN VARIOUS STEPS THAT WOULD HAVE TO BE TAKEN TO EXPEDITE PALAU LAND NEGOTIATIONS.

6. (C) FOLLOWING LAND DISCUSSIONS SALII SUGGESTED TALKS PROCEED WITH JCFS PROPOSED CHANGES IN DRAFT COMPACT. HE SAID THEY WERE ALSO INTERESTED IN DISCUSSING TRANSITION INCLUDING PROPOSED LEVELS OF FUNDING AND INCREASED POWER OF COM DURING REMAINING YEARS OF TRUSTEESHIP, PLANS FOR SEPARATE ADMINISTRATION OF MAPIANAS, AND FINALLY SAIPAN-TOKYO ROUTE CASE.

7. (C) FOLLOWING AGREEMENTS AND UNDERSTANDINGS REACHED ON DRAFT COMPACT.

A. U.S. REJECTED PROPOSED TITLE CHANGE AND SALII DROPPED MATTER.

B. U.S. SAID PROPOSED ADDITION TO PREAMBLE NOT ACCEPTABLE AND MATTER DROPPED.

C. U.S. AGREED TO JCFS CHANGE TO SECTION 101 WITH UNDERSTANDING THAT UNITED STATES AT SAME TIME REJECTED INTERPRETATION OF CHANGE IN SALII-WHITE SEPTEMBER 9 LETTER.

D. U.S. ALTERNATIVE LANGUAGE FOR SECTIONS 102, 201 AND 301 ACCEPTED. (I.E., SECTIONS 201 AND 301 MODIFIED TO CONFORM WITH LANGUAGE OF PRESENT 102)

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E. TENTATIVE AGREEMENT ON NEW LANGUAGE FOR SECTION 202: "PROVIDED, HOWEVER THAT ANY TREATY OR INTERNATIONAL AGREEMENT WHICH IN ITS EFFECT RELATES EXCLUSIVELY TO MICRONESIA, OR PREDOMINATELY TO MICRONESIA, PATHER THAN THE UNITED STATES WILL BE APPLIED TO MICRONESIA ONLY WITH THE CONSENT OF THE GOVERNMENT OF MICRONESIA". U.S. RESEVED FINAL APPROVAL OF THIS NEW LAUAGE PENDING FURTHER WASHINGTON REVIEWS AND CLEARANCE.

F. JCFS PROPOSED CHANGE IN SECTION 406(D) ACCEPTED.

G. JCFS PROPOSED CHANGE IN SECTION 601 ACCEPTED. AFTEP U.S. EXPLANATION OF PRACTICAL CONSEQUENCES OF JCFS PROPOSED MAJOR CHANGES IN TITLE 7 & 8, SALII SAID THEY WOULD DROP THEM LEAVING ONLY MINOR CHANGES IN LANGUAGE WHICH WERE AGREED TO. MICRONESIANS CONCERNED BY IMPORT OF U.S. REFUSAL TO DROP "BY BIRTH" CLAUSE AND ASKED FOR U.S. OPINION ON HOW MICRONESIAN NATURALIZED CITIZENS COULD BECOME U.S. NATIONALS. U.S. AGREED TO REVIEW THIS QUESTION AND IN END SALII INDICATED HE WANTED TO DEFER TAKING FINAL POSITION ON TITLES 7 & 8 PENDING FURTHER STUDY AND CONSULTATION.

H U.S. REJECTED PROPOSED ADDITION OF MARIANAS LAND REQUIREMENT TO ANNEX B STATING JCFS HAD BEEN PUT ON NOTICE JULY 1972 THAT U.S. CONSIDERED THE COMPACT TO APPLY ONLY TO CAROLINES AND MARSHALLS. SALII, WARKE AND WHITE ALL TOOK POSITION THAT COMPACT APPLIED TO MARIANAS AS WELL AND ALL BOTH SIDES COULD DO WAS TO AGREE TO DISAGREE ON THIS ISSUE.

I. (C) WITH REGARD TO 9 SEPTEMBER LETTER GIVING SALII-WHITE INTERPRETATIONS OF KEY SECTIONS DRAFT COMPACT SALII SAID NO NEED TO DISCUSS THEM SINCE THEY WERE SIMPLY THEIR OWN VIEWS AND NO RESPONSE FROM UNITED STATES WAS NEEDED. WILLIAMS SAID U.S. WISHED IN ANY CASE TO MAKE ITS COUNTER-VIEWS KNOWN FOR RECOFD IN ORDEP TO AVOID ANY LATER MIS-UNDERSTANDINGS. WARKE ADVISED SALII THAT QUESTIONS RAISED BY 9 SEPTEMBER LETTER SHOULD BE ADDRESSED. RESULTS WERE AS FOLLOWS:

A. U.S. REJECTED CONTENTION THAT SECTION 302(B) DID NOT GIVE U.S. RIGHT TO USE ANY OF THE LANDS AND WATERS OF

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MICRONESIA OTHER THAN THOSE SPECIFIED IN ANNEX B EXCEPT FOR TRANSIT PRIVILEGES. OTHER THAN WHITE'S ARGUMENT, NO DETERMINED EFFORT MADE TO DEFEND RESTRICTIVE POSITION TAKEN IN 9 SEPTEMBER LETTER. AT CONCLUSION OF THIS ITEM SALII POSED NO OBJECTIONS TO U.S. SUMMARY STATEMENT REGARDING FULL RIGHTS U.S. MILITARY TO USE MICRONESIAN AIR, LAND AND WATER TO CARRY OUT ITS DEFENSE MISSION AS PROVIDED FOR IN TITLE THREE AND IN PARTICULAR SECTION 302(B) AND IN ANNEX B(A)(3).

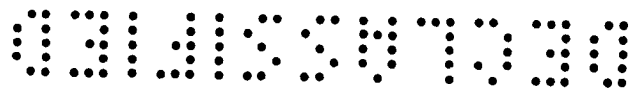
B. U.S. FLATLY REJECTED SALII-WHITE INTERPRETATION OF SECTION 303(D)2 THAT LIMITATION ON STORAGE OF WEAPONS AND PROVISIONS FOR PROTECTING ENVIRONMENT WOULD BE DEALT WITH IN ATUAL LAND USE LEASES. WILLIAMS SAID THESE QUESTIONS COVERED BY AGREEMENT IN SECTION 303(D) AND SECTION 506. INITIAL REFUSAL MICRONESIANS AND THEIR COUNSELS TO ACCEPT THIS POSITION PROMPTED U.S. TO STATE THERE COULD BE NO AGREEMENT ON COMPACT UNTIL PRIMACY OF PROVISIONS OF 303(D) OVER ANY SUBORDINATE AGREEMENT UNDERSTOOD AND ACCEPTED BY JCFS. AT FINAL SESSION ON WEDNESDAY SALII SAID THEIR VIEWS ON STORAGE QUESTION SHULD BE TREATED AS "AN EXPRESSION OF CONCERN ONLY". WARNKE ADDED THAT JCFS RECOGNIZED LIMITATIONS COULD NOT BE INSISTED ON AS PART OF LEASE ARRANGEMENTS SINCE SECTION 303(D) IS CONTROLLING. U.S. ACCEPTED SALII AND WARNKE STATEMENTS AS BEING REPUDIATION OF INTERPRETATION ON THIS SUBJECT CONTAINED IN 9 SEPTEMBER LETTER.

C. U.S. AGREED WITH JCFS POINT 3 IN SEPTEMBER 9 LETTER ON NON-ASSIGNABILITY OF RIGHTS.

D. REGARDING RIGHT TO CONSIDER POSITIONS OF COMPACT NULL AND VOID AND RIGHT TO TERMINATE UNILATERALLY IN EVENT OF MATERIAL BREACH WARNKE ARGUED THIS NOTHING MORE THAN NORMAL RULE OF INHERENT LAW WHETHER DOMESTIC OR NATIONAL.

WILSON POINTED OUT OTHER REMEDIES AVAILABLE AND VIRTUAL IMPOSSIBILITY OF DETERMINING RELATIVE MATERIALITY OF BREACH. MATTER LEFT THAT LAW WOULD SPEAK FOR ITSELF. U.S. WILL COMMENT IN PILING ON THIS SUBJECT AND OTHER POINTS IN 9 SEPTEMBER LETTER FOR RECORD.

S. (C) BEFORE LEAVING COMPACT DISCUSSION WILLIAMS SAID



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SALII SHOULD BE AWARE OF POSSIBILITY U.S. MIGHT PROPOSE SOME CHANGE IN TITLE ELEVEN CALLING FOR NEGOTIATIONS OF POST-TERMINATION SECURITY ARRANGEMENT PRIOR TO SIGNATURE OF COMPACT RATHER THAN DURING TWO YEAR GRACE PERIOD.

SALII EXPRESSED DISMAY AT THIS AND POINTED OUT THAT CARMEL TERMINATION FORMULA REPRESENTED MAJOR MICRONESIAN CONCESSION ON PRINCIPLE OF UNILATERAL TERMINATION AND ANY CHANGE WOULD CAUSE GREAT DIFFICULTY. WARNKE SAID REOPENING OF THIS MATTER WOULD BE SERIOUS AND DANGEROUS MOVE AND HE WOULD STRONGLY ADVISE AGAINST SUCH ACTION. HE FELT U.S. SECURITY INTERESTS MORE THAN ADEQUATELY SAFEGUARDED BY CURRENT LANGUAGE WHICH WAS ALREADY TOO ONE-SIDED IN FAVOR OF UNITED STATES. HE SAID FURTHERMORE DIFFICULT IF NOT IMPOSSIBLE TO PRE-GUESS NATURE OF U.S. SECURITY REQUIREMENTS IN MICRONESIA IN 1997 OR LATER. SALII SAID HE HOPED WILLIAMS WOULD LET HIM KNOW JUST AS SOON AS POSSIBLE IF UNITED STATES WAS GOING TO PROPOSE REVIEW AND REVISION OF TITLE ELEVEN. MATTER WAS LEFT THERE.

10. (C) SALII SAID SETIK AND OLTER WERE QUESTIONING ADEQUACY OF U.S. FUNDING LEVELS MENTIONED FOR TRANSITION PERIOD AND DURING POST-TRUSTEESHIP PERIOD. BOTH SETIK AND OLTER DISTURBED THAT COM JOINT BUDGET COMMITTEES AREN'T INVOLVED IN DECISION AND SALII WITHOUT GREAT ENTHUSIASM GAVE WILLIAMS COPY OF LETTER FROM SETIK ON SUBJECT BUT HE MADE NO EFFORT TO DEFEND SUBSTANCE OF LETTER. NEITHER DID HE ATTEMPT TO REFUTE WILLIAMS-WILSON COUNTER-COMMENTS AND HE SEEMED ANXIOUS TO DROP THIS SUBJECT ESPECIALLY WHEN TOLD THAT EFFORT TO RAISE AUTHORIZATION CEILING TO PROPOSED LEVELS IN DRAFT TRANSITION LETTER WAS RECEIVING RATHER COOL RECEPTION ON HILL.

11. (C) SALII, WARNKE AND WHITE MADE MAJOR PITCH TO INVOLVE WILLIAMS IN FORTHCOMING CAB HEARINGS ON SAIPAN ROUTE CASE. ALL SAID CAB ADMINISTRATIVE REVIEW JUDGE HAD MISINTERPRETED STATE AND INTERIOR'S LETTERS. THESE LETTERS ACCORDING TO WARNKE AND WHITE CLEARLY INTENDED THAT MORE WEIGHT SHOULD BE GIVEN VIEWS OF COM THAN LOCAL LEGISLATURES SINCE FORMER REPRESENTED ALL PEOPLE OF MICRONESIA AND MICRONESIAN-WIDE INTERESTS. WILLIAMS WAS ASKED TO TESTIFY

TO THIS EFFECT AND WAS ALSO ASKED STRAIGHT-OUT WHETHER HE WOULD SUPPORT CONGRESS OF MICRONESIA'S POSITION WHICH

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FAVORED CONTINENTAL OVER PAN AMERICAN. WARNKE AND WHITE BOTH ARGUED (WITH SLIGHT SUGGESTION OF THREAT) THAT THIS ROUTE CASE HAD STATUS IMPLICATIONS WHICH U.S. SHOULD BE CONCERNED ABOUT. THEY SAID MICRONESIA WAS WATCHING TO SEE HOW UNITED STATES HANDLED THEIR LEGITIMATE INTERESTS IN SAIPAN/OKYO ROUTE CASE AS AN INDICATION OF WHAT MICRONESIA COULD EXPECT FROM U.S. IF THEY WERE TO ENTER INTO FREE ASSOCIATION RELATIONSHIP WITH AUTHORITY FOR FOREIGN AFFAIRS BEING VESTED IN UNITED STATES. WILLIAMS RESPONDED THAT HE HAD KEPT COMPLETELY OUT OF ROUTE CASE DELIBERATELY AND THAT HE HAD NO COMMENT ON THE MATTER AT ALL. FURTHER PRODDING ELICITED FURTHER NO COMMENT FROM WILLIAMS WHICH CLEARLY DISPLEASED SALII, WHITE AND ALSO WARNKE.

12. (C) ON ISSUE OF MARIANAS SEPARATISM WHICH AROSE IN CONNECTION WITH SEVERAL ITEMS ON AGENDA U.S. POSITION REPEATED NUMBER OF TIMES. WILLIAMS STATED FLATLY THAT U.S. POSITION WAS UNCHANGED AND COULD NOT CHANGE WITH RESPECT TO RIGHT OF PEOPLE OF MARIANAS TO CHOOSE OWN FUTURE POLITICAL STATUS AND THAT SEPARATE NEGOTIATIONS WERE PROCEEDING SATISFACTORILY. SALII IGNORING ALL THAT HAD BEEN SAID STATED EQUALLY FLATLY THAT ALL SIX DISTRICTS MUST VOTE FIRST ON COMPACT OF FREE ASSOCIATION AND IF ANY DISTRICT WERE TO REJECT COMPACT BY TWO-THIRDS VOTE THEN AND ONLY THEN WOULD THAT DISTRICT BE FREE TO ENTER INTO SEPARATE NEGOTIATIONS WITH UNITED STATES. BOTH SALII AND WARNKE REMINDED BY DIRECT QUOTES FROM CARMEL MEMCONS THAT THIS REPRESENTED A SWITCH IN THEIR POSITION. WILLIAMS SAID THAT THEIR CHANGE IN POSITION WOULD NOT AFFECT U.S. POLICY WHICH WAS TO GIVE MARIANAS, WHEN THEY WERE READY, RIGHT TO VOTE ON COMMONWEALTH WITH VOTERS BEING MADE FULLY AWARE OF ALTERNATIVES. IF COMMONWEALTH REJECTED UNITED STATES WOULD CERTAINLY THEN BE WILLING TO SEE MARIANAS VOTE ON FREE ASSOCIATION AMONG OTHER ALTERNATIVES. U.S. AGREED THAT IN THAT EVENT COMPACT LANGUAGE WOULD BE MODIFIED TO INCLUDE MARIANAS. CLEARLY THERE IS NO MEETING OF MINDS ON MARIANAS. JOBS LINE SEEMS TO BE HARDENING AND WE CAN EXPECT CONTINUED DETERMINED AND SUSTAINED EFFORTS ON PART OF SALII AND HIS COLLEAGUES INCLUDING WARNKE TO FORCE FREE ASSOCIATION VOTE ON MARIANAS PRIOR TO COMMONWEALTH VOTE OR AT LEAST SIMULTANEOUSLY.

13. (C) SALII RAISED VETO OF AMENDMENT TO CONCON BILL IN

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RELAYED MANNER. HE DID NOT CHALLENGE U.S. AUTHORITY AND RESPONSIBILITY WITH RESPECT TO PLEBISCITE AS HE DID AT GUAM. REGARDING TIMING OF PLEBISCITE ON COMPACT SALII ONCE

AGAIN SAID SHOWED HIS FLEXIBILITY BY ANOTHER ABOUT FACE. HE SAID THAT CONSIDERING ALL FACTORS FREE ASSOCIATION PLEBISCITE SHOULD PROBABLY PRECED REFERENDUM ON CONSTITUTION. UNITED STATES SAID QUESTION OF PROCEDURE, TIMING AND WHAT SHOULD BE ON BALLOT SHOULD BE PLACE ON AGENDA FOR MICRONESIA VIII AND THAT UNITED STATES WANTED FULL MICRONESIAN PARTICIPATION AND COOPERATION IN PLANNING FOR THE PLEBISCITE. WILLIAMS WENT ON TO ASK SALII WHETHER PONAPE RESOLUTION ON AN INDEPENDENCE ALTERNATIVE WAS GOING TO BE PUSHER. SALII CONTRARY TO HIS EARLIER POSITION THAT PLEBISCITE SHOULD BE SIMPLE YES OR NO VOTE FOR FREE ASSOCIATION REPLIED THAT IT WAS NOW HIS THINKING THAT AN INDEPENDENCE ALTERNATIVE PROBABLY SHOULD BE PLACED ON BALLOT. WARWICK SAID HE HAD CONSISTENTLY ADVISED AGAINST THIS AND THAT TURN-DOWN OF THE COMPACT WOULD THEN OBVIOUSLY OPEN WAY TO THE INDEPENDENCE ALTERNATIVE WHICH WAS SOMETHING TO BE DECLARED AND NOT NEGOTIATED. U.S. CHOSE NOT TO COMMENT OTHER THAN TO REPEAT THAT ALL QUESTIONS RELATED TO PLEBISCITE INCLUDING WHAT WAS TO BE ON BALLOT SHOULD BE DISCUSSED AT NEXT FORMAL SESSION.

14. (C) REGARDING TRANSITION WILSON NOTED LIMITATION ON APPLYING TREATIES OR AGREEMENTS RELATING EXCLUSIVELY OR PREDOMINATELY TO MICRONESIA UNDER SECTION 220 OF COMPACT COULD ALSO APPLY IN TRANSITION PERIOD. WILSON WENT ON TO SAY THAT LEVEL OF POSTAL, WEATHER AND FAA SERVICES WOULD NOT BE REDUCED DURING TRANSITION PERIOD AND MICRONESIA WOULD CONTINUE TO BE ELIGIBLE FOR OTHER FEDERAL PROGRAMS AND SERVICES BUT WOULD HAVE TO FOLLOW NORMAL RULES SO FAR AS LEVELS CONCERNED. AS FOR INCREASED MICRONESIAN PARTICIPATION IN BUDGET PROCESS DURING TRANSITION SALII WAS ADVISED THAT INTERIOR STILL WAITING FOR PROVIDED RESPONSE FROM SETIK AND OLTEP TO EARLIER REQUEST FOR SPECIFIC SUGGESTIONS OTHER THAN BLOCK GRANT FUNDS. SALII ADDED A NEW ITEM BY SAYING COM WANTED VOICE IN APPROVAL ALL LEASES OF PUBLIC AND PRIVATE LAND TO NON-MICRONESIANS DURING REMAINDER OF TRUSTEESHIP IN ORDER TO AVOID DE FACTO INDENTURE OF LAND RESOURCES IN POST TRUSTEESHIP PERIOD. WARWICK SAID JCFS WOULD SEND US A PAPER ON THIS SUBJECT.

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15. (C) THE LAST ITEM DISCUSSED CAUSED CONSIDERABLE FIRE-
 WORKS. BEGAN BY WILLIAMS SAYING SALII MIGHT BE INTERESTED
 IN KNOWING MARIANAS TENTATIVELY SCHEDULED FOR DECEMBER
 2 IN SAIPAN. SALII THEN ASKED WHAT WAS U.S. THINKING ON
 TIMING OF FINAL FORMAL FOUND FOR SIGNING OF COMPACT.
 WILLIAMS SAID HE COULDN'T GUESS BECAUSE HE DIDN'T KNOW HOW
 LONG IT WOULD TAKE TO COMPLETE NEGOTIATIONS FOR PALAU LAND

OPTIONS. SALII, WARNE AND WHITE ALL EXPLODED ON HEARING
 THIS SAYING THIS WAS COMPLETELY NEW U.S. POSITION AND IF
 UNITED STATES MEANT THAT NEGOTIATIONS FOR PALAU OPTIONS
 HAD TO BE FINISHED BEFORE UNITED STATES WOULD APPROVE COM-
 PACT THIS COULD MEAN END OF STATUS NEGOTIATIONS. WILLIAMS
 SAID THIS WAS PRECISELY WHAT UNITED STATES MEANT AND THIS
 HAD BEEN U.S. POSITION SINCE JULY 1972 AND HAS BEEN RE-
 PEATED AND REPEATED SEVERAL TIMES SINCE THAT DATE. HE
 SAID COMPACT STATES ANNEX B IS INTEGRAL PART OF COMPACT
 AND ANNEX B CLEARLY STATES THAT LAND ARRANGEMENTS CALLED
 FOR ARE TO BE LISTED IN COMPACT. WARNE AROUED THAT COM-
 PACT COULD BE APPROVED AND SIGNED WITH UNDERSTANDING LAND
 ARRANGEMENTS WOULD HAVE TO BE CONCLUDED BEFORE COMPACT
 COULD COME INTO EFFECT. WILLIAMS SAID UNITED STATES WOULD
 NOT APPROVE AND SIGN AN INCOMPLETE DOCUMENT AND NEITHER
 COMPACT NOR ANNEX B WOULD BE COMPLETE UNTIL LAND ARRANGE-
 MENTS CALLED FOR HAD BEEN CONCLUDED. SALII AND
 WARNE THEN SAID THEY COULD AGREE TO THIS AND FINAL SIGNA-
 TURE COULD AWAIT CONCLUSION OF PALAU NEGOTIATIONS. HOWEVER
 FOR FIRST TIME THEY SAID JOINT COMMITTEE ON FUTURE STATUS
 HAD TO GET APPROVAL FROM FULL COM OF BASIC PRINCIPLES
 CONTAINED IN AGREED COMPACT BEFORE CONGRESS OF MICRONESIA
 WOULD AUTHORIZE INITIATION OF PALAU LAND NEGOTIATIONS.
 SALII SAID THAT IN ORDER FOR JOCS TO PRESENT COMPACT TO
 COM HE NEEDED CLEAR EVIDENCE IN WRITING THAT UNITED STATES
 HAD APPROVED COMPACT. WILLIAMS SAID THIS WAS NOT POSSIBLE
 FOR SAME REASONS GIVEN EARLIER. WARNE OBVIOUSLY SEEKING
 A COMPROMISE ASKED IF SOME PROVISIONS LANGUAGE COULD BE
 GIVEN THE JOCS THAT U.S. APPROVED COMPACT ON ASSUMPTION
 OTHER PARTS WOULD BE AGREED TO BEFORE ACTUAL SIGNATURE.
 WILLIAMS MADE CLEAR HIS LACK OF ENTHUSIASM FOR THIS
 APPROACH BUT AGREED TO CONSIDER REQUEST WITHOUT MAKING ANY
 COMMITMENT. SALII SAID HE HOPED UNITED STATES WOULD GIVE
 HIM SOME KIND OF ASSURANCE IN WRITING OF ITS APPROVAL OF

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