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Washington, D.C. 20520

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April 8, 1974

MEMORANDUM FOR THE RECORD

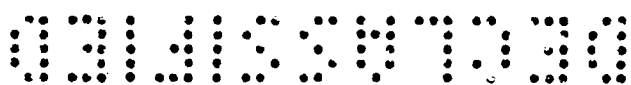
Subject: Micronesian Negotiations

Jim Wilson called to provide an initial fill-in on the Micronesian negotiations last week with Salii. In sum, he felt that Haydn Williams and himself had been most successful, ending up with a draft compact agreed to ad referendum. The essential elements of the agreement as outlined by Wilson were as follows:

1. The financial package calls for \$55 million annually to be started during the transitional period.
2. With respect to the termination clause also contested previously, the Micronesians agreed to a 15-year initial term in which termination would be by mutual consent. In the following period they offered a formula which provided for a de facto mutual consent for termination. Either party could at that stage give unilateral notification to terminate the compact, but before termination took place negotiation of a mutual assistance treaty would be required. Full U.S. assistance would continue during the first two years of negotiation before being gradually diminished.
3. The Micronesians proposed a two-stage 6-year transitional period. In the first stage which would take two years, the compact would be approved by a plebiscite vote. The Micronesians would be given no options in this plebiscite but to vote for or against the compact. During this period a constitution would also be drafted and put to a vote. The plebiscite on the compact and the referendum on the constitution are scheduled for April 1976.

The second stage lasting for four years would bring into effect the new constitution and provide time for Congressional approval and termination of the UN trusteeship. Wilson said that the Micronesians wanted a very gradual transition. The effect of this arrangement would be to provide for a minimum of 23 years of U.S. control.

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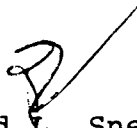
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4. The Micronesians accepted the Marianas separation, assuming that they vote for Commonwealth status.

5. During the discussions neither side raised the question of "independence." Wilson felt that the Micronesians are much concerned by being left on their own and by the possibility that other districts might seek separate status; therefore, they are anxious to work out a draft compact quickly.

6. Salii will be meeting with his full Committee on April 17 to submit the draft compact. Haydn Williams and Wilson are somewhat doubtful that he can sell the agreement.



Richard L. Sneider
Deputy Assistant Secretary for
East Asian and Pacific Affairs

cc: Mr. Ingersoll
Mr. Hummel
EA/ANP
D - Mr. Samuels

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