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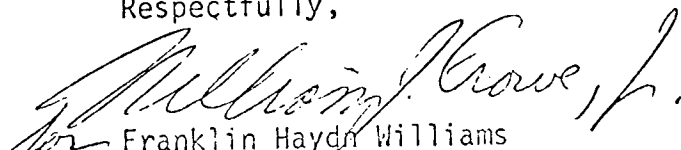
May 24, 1972

Dear Mr. Under Secretary:

Attached herewith is a report on the Micronesian Future Status Negotiations held at Koror, Palau, April 2 - 13, 1972.

The Office for Micronesian Status Negotiations will be happy to answer any questions you may have regarding the report and I will, of course, be available for any consultations that the Under Secretaries Committee may desire.

Respectfully,


for Franklin Haydn Williams
The President's Personal Representative
for Micronesian Status Negotiation

Attachment

The Honorable
John N. Irwin II
Chairman
Under Secretaries Committee
Department of State
Washington, D.C. 20520

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REPORT TO THE UNDER SECRETARIES COMMITTEE

Negotiations with Micronesian Joint
Status Committee
Koror, Palau, April 2-13, 1972

Introduction

The Fourth Round of negotiations on Micronesia's future political status took place in Koror, Palau, April 2-13, 1972. These talks were the most candid and realistic yet held with the Joint Status Committee and have moved us closer to our overall objective: the development of an association which would provide for Micronesian internal self-government, U.S. control over foreign affairs and defense, and an end to the UN Trusteeship.

No new talks have yet been scheduled. The kind of formal exchange which has characterized the negotiations up to this point may have outlived its usefulness; for the future, negotiations could well be conducted in small sub-committees prior to the drafting of the actual language of a Compact and subsidiary agreements.

A major event which occurred during the Palau talks was the formal request of the Marianas members of the Joint Status Committee for separate negotiations leading to political union with the United States. The U.S. Delegation responded affirmatively to this request.

In addition to briefings within the Executive Branch, Ambassador Williams intends to brief the interested committees of both houses of Congress on the talks.

Summary of Outcome

The Palau talks produced basic agreement on the principles which would define a future relationship between the United States and Micronesia. These can be summarized as follows:

1. The authority and responsibilities of the parties will be defined in and flow from a Compact.
2. The United States will exercise full authority in foreign affairs and defense.

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3. After an initial period during which a Compact can be terminated by mutual consent only, termination on a unilateral basis will be permissible.
4. U.S. defense authority and responsibilities, as well as land leases and options, would survive the termination of a Compact.

In addition to these points, agreements already covered at Hana concerning Micronesian control over land and laws were reaffirmed.

These agreements in principle provide a framework for a final agreement to be reached with the remaining five districts of Micronesia. The great difficulty of translating the generalized principles agreed to into the hard language of a workable Compact ought not to be understated, however. The Micronesians have made it perfectly clear that there are many "nuances and details," particularly with regard to foreign affairs and defense, which will have to be worked out. What this adds up to, as a reading of the transcript will confirm, is that the Micronesians are willing enough to concede principle in these crucial areas, so long as they are free to interpret them as they choose.

Chronology of Talks

Senator Salii opened the sessions by saying the Micronesians were "approaching these talks in a spirit of greater optimism than had prevailed at the beginning of prior sessions and that this optimism was warranted by the substantial progress made at Hana." The U.S. side stated that it shared this optimism and reaffirmed the tentative agreements reached at Hana on Micronesian control of laws and of lands. Continuing, the U.S. said that a number of substantive issues remained to be resolved, some of which were basic to its interests and responsibilities. Full U.S. authority over foreign affairs and defense was singled out, with emphasis that these two areas were as basic to our interests as control over land and laws were to the Micronesians. The U.S. said further that "with three rounds of talks behind us, we should be reaching the point where both sides should be able soon to determine whether there is or whether there is not, a reasonable basis for agreement between us along the lines we are now pursuing."

The talks then centered on the nature of a future relationship, foreign affairs, defense, transitional arrangements, finance, and possible termination of the relationship.

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Nature of Compact. It was agreed that the future relationship would be governed by a Compact out of which the rights and obligations of each side would flow. This Compact, before it came into force, would be submitted to the Congresses of Micronesia and of the United States for approval, then submitted to the people of Micronesia for approval in a plebiscite, which would be an exercise of their sovereign right of self-determination.

It was agreed that the governance of Micronesia's internal affairs would be determined by Micronesia's own Constitution. As an important transitional step to Micronesia's future status, the U.S. Delegation proposed at Koror the early convening of a broadly representative constitutional convention to begin the task of determining the structure of Micronesia's future government and the relationships between the central government and the districts. The Joint Committee said that it was their intent to propose the adoption of enabling legislation for such a convention.

Foreign Affairs. Just as authority over internal affairs would be vested in a future government of Micronesia, it was agreed that the people of Micronesia, by approval of the Compact, would vest responsibility and authority for foreign affairs in the Government of the United States.

The U.S. Delegation made clear that Micronesia would be encouraged to participate in appropriate regional and other international organizations and could solicit and obtain assistance from such organizations as the UN specialized agencies. Further, a Micronesian government would be free to enter into non-governmental agreements with foreign private or government-owned development and trading banks, export-import banks, economic and technical assistance agencies, and similar institutions for the purpose of promoting trade, investment, and foreign assistance in the way of loans, grants, and technical aid. The U.S. Delegation also reaffirmed its statements, made at Hana, that foreign investment, trade, alienation of land, and immigration are all matters which would be within the jurisdiction of a Micronesian government.

The U.S. Delegation further said that while the U.S. Government would reserve the right to make government-to-government agreements it would enter into negotiations relating to matters of purely Micronesian concern only at the request of the Micronesian Government, and would conclude such agreements only with the participation and consent of the Micronesian Government.

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Defense. Approval of the Compact would also vest defense authority and responsibilities in the U.S. Government. The U.S. would have: (a) complete responsibility for the defense of Micronesia; (b) the ability to prevent other foreign powers from using Micronesia for military purposes; and (c) the right to use U.S. military bases in Micronesia to support U.S. security responsibilities in the Pacific Ocean area.

The U.S. Delegation made clear that the Micronesian Government would be consulted on defense and other security matters directly affecting Micronesia. The U.S. Delegation further pointed out that Micronesia need not be involved against its will in conflicts which do not concern Micronesia. Micronesians would not be subject to induction in the armed forces of the United States, unless they are permanent residents of the U.S. Relationships between Micronesia and U.S. armed forces stationed there would be governed by a jurisdictional agreement to go into effect simultaneously with the Compact.

Termination. The question of possible means of terminating a future Compact was obviously one of major import to the Joint Committee because of the latter's mandate from the Congress of Micronesia. The U.S. Delegation reiterated its belief that its proposal for termination of a Compact by mutual consent would best assure protection of Micronesian interests and provide the security and stability so essential to Micronesia's development. Nevertheless, the U.S. did not "intend to impose or force an unwanted friendship and association on Micronesia against the will of its people." Accordingly, the U.S. Delegation agreed that, after a certain period of years, either party would have the right unilaterally to terminate the Compact. Termination procedures remain to be worked out, including the length of the initial period during which termination could be by mutual consent only. At Koror the U.S. proposed this period should be fifteen years. The Micronesians proposed five years.

Should the Compact be terminated, U.S. land leases and options for defense purposes would still run their full term. A mutual security arrangement, negotiated before the signing of the Compact, would come into force simultaneously with termination.

Finances. Views on our possible future financial relationships were exchanged at Koror. The Micronesians began by asking in effect for consideration of a \$100 million annual subsidy. The U.S. position was that this request was far out of line with reality and that, in any case, resolution of this vital issue

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required answers to many questions before any detailed arrangements could be arrived at. Far more information on Micronesia's future requirements, on the nature of its fiscal policies and institutions, on the categories of U.S. programs and services desired, and on the degree to which Micronesia can rely on assistance from other governments and international organizations is needed. The U.S. Delegation proposed that the future financial relationship be the subject of a joint U.S.-Micronesian study. But, in the final analysis, U.S. financial obligations would be determined by the character of the political relationship.

Transition. The U.S. Delegation stated that it envisaged two basic areas of transitional change: first, the need to plan and implement the details of the future relationship in such areas as the operation of federal programs and services, defense, foreign affairs, and financial arrangement. It will be especially important, in this area of change, to give early attention to negotiation of U.S. defense land arrangements, a jurisdictional agreement relating to U.S. armed forces that might be stationed in Micronesia, and to the future applicability of U.S. laws and programs. These and other areas of transitional change might best be considered initially by a joint study.

The second major area of transitional change will involve the turnover of internal administrative and financial responsibilities to a new government of Micronesia, as well as steps in that direction to be taken by both the United States and Micronesia during the remaining years of the Trusteeship. Concrete steps will depend primarily on the nature and structure of the Micronesian Government.

Major Negotiating Tasks Ahead

The Marianas. The request by the Marianas representatives for separate negotiations leading to a close political union with the United States gives an unusual opportunity to meet an important part of U.S. defense and security needs in Micronesia. Talks with the Marianas to work out the mechanism for direct union of the Marianas with the United States, to take effect when the Trusteeship ends, should commence promptly. In this regard, there would appear to be no legal barrier to prevent the United States from taking interim administrative steps to separate the Marianas from the rest of Micronesia. And if the negotiations with the remaining districts drag out such a step may be indicated. The U.S. would then be able to work out arrangements with the Marianas completely divorced from the Congress of Micronesia and the Joint Status Committee. The obligation to the latter would be the necessity of keeping them informed. Negotiations with the Marianas would encompass the following broad fields:

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- (1) Political Status - Whether the Marianas would be integrated as a separate unincorporated territory of the United States; whether it would be integrated with Guam; or whether some unique status will have to be devised.
- (2) Negotiations leading to the prompt purchase or lease of lands for military purposes in the Marianas.

A negotiating schedule may be worked out within the next few weeks since the Marianas representatives will be in New York and Washington the end of May to participate in the Trusteeship Council meeting.

The Rest of Micronesia. Future negotiations with the remaining districts of Micronesia probably can be handled in small sub-committees discussing specific issues and working out language for the necessary agreements. These would include:

- (1) A draft Compact;
- (2) Agreement for land use for military purposes;
- (3) Survival of U.S. defense authority in the event of a termination of a Compact;
- (4) Financial relationships; and
- (5) Transitional steps leading to an eventual end of the Trusteeship.

It is only reasonable to expect unusual drafting problems in discussions with the Micronesians on these subjects. While the talks at Palau produced agreement in principle on some of these matters, with the notable exception of finances, the Micronesians went to great lengths to qualify their agreement. They will no doubt continue to seek to vitiate full U.S. authority in foreign affairs and defense. Any further accommodation to Micronesian desires in these fields would not be in the interest of the U.S. Consequently, it will be necessary to maintain a firm line in the drafting process which will guarantee these powers to the United States.

It should also be borne in mind that the splitting off of the Marianas is likely to add to the already unsettled and divisive situation existing in Micronesia today. The unity of the remaining districts is fragile and many Micronesians believe that it is an artificial one. Our present position which has been taken publicly is that the U.S. will

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continue to seek a common solution for the other five districts. This policy should now be reexamined in the light of developments at Koror.

It is clear that there is no ground swell of opinion in Micronesia calling for an early termination of the Trusteeship Agreement. To the contrary there is some concern being voiced in all of the districts that movement toward change in status may be too swift; that the pressure for an early settlement is coming from a small minority within Micronesia and from external sources; and that a much wider popular participation in the decisions of the status question is needed. In fact, a few Micronesian leaders have privately stated that possibly the majority of the people if given a free voice would vote for the status quo, if this alternative were presented to them along with other possible choices. This opinion, of course, overlooks the ability of the Congress of Micronesia to influence or lead the electorate and to insure that its policies on status are accepted. In essence, there is considerable difference of opinion among the people as to the proper course for Micronesia, but no one knows exactly the strength of the varying elements.

The lack of unity and accord among Micronesians has not as yet resulted in any tangible pressure on the Joint Status Committee. However, this dissidence could conceivably come to the surface as the Micronesians address the very complex internal problems of establishing their own government, e.g., drafting a constitution. In turn, such a development could erode or reorient the Micronesian negotiating position. In any event, these factors bear watching and it would not appear at this time that there is any need for the United States to go beyond the positions taken at Hana and Koror.