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Mr. Froebe 16

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE  
WASHINGTON, D. C. 20301

17 December 1971

In reply refer to:  
I-15904/71

INTERNATIONAL SECURITY AFFAIRS

MEMORANDUM FOR AMBASSADOR HUMMEL, CHAIRMAN, INTER-AGENCY GROUP  
FOR MICRONESIAN STATUS NEGOTIATIONS

SUBJECT: Foreign Investment in Micronesia

REFERENCE: Department of State 25 August 1971 Memorandum -  
Same Subject

As requested, reference has been reviewed. The following comments are submitted as personal opinions in order to promote inter-agency discussion at future meetings.

In general, while not sympathetic with all of the opinions presented (mainly concerning Japan), I am in agreement with the majority of views expressed. The paper is well thought out and clearly expresses the alternatives available.

I have no objection to the introduction of foreign investment in the TTPI. On the contrary, I agree it is desirable. I do believe, however, that it is most important to first accomplish the following prior to any change from the present status:

- An agreed and signed compact between Micronesians and U.S. This would seem necessary from both a security viewpoint and a negotiating lever standpoint.
- We should have a prior agreement with the administration on the subject of what countries would be excluded (for security reasons), what specific types of investment would be denied (for security reasons), and what specific geographic areas would be excluded. All of the foregoing could be mutually reviewed and updated/negated as required by evolutionary changes in world political/military/economic developments.

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With the above accomplishments in mind, it is believed option C presents the best course of action to follow. It is considered to give the most freedom to the Micronesians without introducing areas for future friction.



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