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THE DEPUTY SECRETARY OF STATE
WASHINGTON

NSC UNDER SECRETARIES COMMITTEE

SECRET

April 13, 1973

MEMORANDUM FOR THE PRESIDENT

Subject: Negotiations on the Future Status
of the Marianas District of the
Trust Territory of the Pacific Islands

I attach a staff study (Annex A) prepared by the Interagency Group for Micronesian Status Negotiations and submitted through Ambassador Franklin Haydn Williams to the Under Secretaries Committee. The study provides options and recommendations for the negotiation of a permanent association with the Mariana Islands District of the Trust Territory of the Pacific Islands, together with proposed negotiating instructions for Ambassador Williams.

The points requiring your decision are these:

(a) Approval of the negotiating objectives (pp. i-ii of the summary; pp. 10-11 of the study), which are fully concurred in by the Under Secretaries Committee, except OMB (See Annex B).

(b) Approval of the type of status to be offered the Marianas (pp. ii-iv of the summary; pp. 12-22 of the study). The Under Secretaries Committee recommends that Commonwealth status be offered initially, but that Ambassador Williams be authorized to negotiate unincorporated territorial status or integration with Guam if the Marianans should prefer either of these.

(c) Approval of the type of military land acquisition proposals to be presented to the Marianas (pp. iv-ix of the summary; pp. 31-34 of the study). The military land options

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are stated in terms of an initial maximum position (purchase or lease of the entire island of Tinian and relocation of its population off the island; joint use agreement for Isley Field, the civilian airport on Saipan; purchase or lease of 500 acres adjacent to that airport; purchase or lease of 320 acres at Tanapag Harbor, Saipan; purchase or lease of the entire island of Farallon de Medinilla), through successive fallback positions to the minimum position of purchase or lease of 18,515 acres on Tinian and relocation of the population to the southeast corner of that island, and purchase or lease of the entire island of Farallon de Medinilla.

-- The Under Secretaries Committee recommends that Ambassador Williams begin the negotiation with the maximum land alternative. 1/ 2/

(d) Approval of an assistance package for the Marianas made up of three components; direct grants, federal programs and services, and short-term transitional costs (pp. ix-x of the summary; pp. 41-45, 48-49 of the study). The Under Secretaries Committee recommends that Ambassador Williams be authorized to offer up to \$12 million annually in direct grants for a period of up to five years, while making clear that this is subject to Congressional approval and funding. The Committee also recommends that Ambassador Williams be given flexible authority to negotiate special assistance to cover short-term transitional costs related to implementation of the

1/ For position of Department of Justice see Page 34 of the Staff Study.

2/ OMB recommendation. That the Ambassador be instructed to negotiate the lease or purchase of the least amount of land required for military purposes.



new status for the Marianas, and be authorized to inform the Marianas delegation that the US intends to be responsive to Marianan requests for the extension of federal programs to the Marianas. 3/

(e) Approval of negotiating flexibility with regard to land purchase or lease costs and relocation of population costs (pp. x-xi of the summary; pp. 45-48 of the study). The Under Secretaries Committee recommends that Ambassador Williams be granted considerable flexibility in this area, but be instructed to consult closely with the Departments of Defense and Interior in arriving at final proposals.

(f) Approval of authority to negotiate with the Marianans the implementation of the status agreement, to the extent feasible, prior to the termination of the Trusteeship as a whole if necessary (pp. xi-xiii of the summary; pp. 50-54 of the study). The Under Secretaries Committee recommends that Ambassador Williams be granted this authority.

(g) Approval of consultation with the Congress on the substance and implementation of an agreement with the Marianas (pp. xii-xiii of the summary; pp. 52-54 of the study). The Under Secretaries Committee recommends that Ambassador Williams be instructed to initiate consultations with the Congress on these matters.

3/ OMB Recommendations. That the Ambassador negotiate the minimum amount of direct grant assistance consistent with mutual agreement on program needs and that any guarantee of a specific amount of direct grant assistance for any year or years can be made only after approval by the Director of OMB. Further, that the Ambassador be specifically instructed not to negotiate any rebate of Federal income tax revenues to the Marianas. Finally, that the Secretary of the Treasury review any variation in the ordinary application of Federal tax laws to U.S. citizens that the Marianas delegation might propose before a U.S. position on any such proposal is taken in the negotiations.

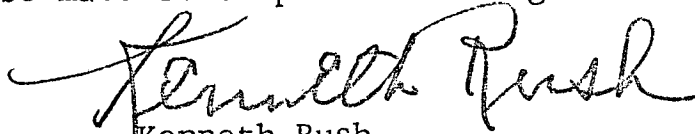


These several points are embodied in the Draft Instructions for the President's Personal Representative (pp. xxi-xxvi of the summary). The Under Secretaries Committee recommends that these be approved and formally issued to Ambassador Williams.

In addition to these matters on which your decision is needed now, the study also discusses certain other issues. These are: action to be taken in event of interference by the Congress of Micronesia in the Marianas negotiations (pp. xiii-xiv of the summary; pp. 57-60 of the study); the question of termination of the Trusteeship (pp. xiv-xvi of the summary; pp. 55-56 of the study); and the question of relocation of the capital of the Trust Territory away from Saipan once agreement with the Marianas is reached (p. xvi of the summary; p. 54 of the study).

While not a participant in the drafting of this study, upon review of the completed study OMB has submitted comments contrary to the combined position and recommendations of the Departments of State, Defense, Interior and Justice. At the request of OMB these comments have been included as supplemental Annex B.

In December 1972, when initial talks with the Marianas delegation were held, Ambassador Williams expressed the hope that a second round could be held in April 1973. Since it does not appear that we will be able to keep to this schedule, the Marianas delegation has suggested a meeting in early May. The Under Secretaries Committee recommends that the next round be held as soon as possible, and that every effort be made to complete this negotiation on a priority basis.


Kenneth Rush
Chairman

Attachments:

- Annex A - The Staff Study
- Annex B - The Memorandum from OMB

