

REVIEW OF MICRONESIAN STATUS NEGOTIATIONS

CONTENTS

I. BACKGROUND

- A. Description of Trust Territory of the Pacific Islands (TTPI - Micronesia)
- B. Origins of the Trusteeship
- C. Negotiations 1969-1972
- D. Political Pressures in the TTPI - including Pressure for Independence.
- E. Economic Prospects for TTPI.
- F. Assumptions About Mariana Islands (substance & timing)
- G. Next Action Required.

II. U.S. INTERESTS AND NEGOTIATING OBJECTIVES

- A. Basic Purpose
- B. U.S. Interests
  - 1. Strategic
  - 2. Political
  - 3. Economic
- C. Primary (minimum) Negotiating Objectives.
- D. Secondary (flexible) Negotiating Objectives

III. ADVISABILITY OF CONTINUING TO NEGOTIATE WITH JCFS.

- A. Background and Current Problems
- B. Negotiations with District/traditional leadership
- C. Direct Popular Referendum
- D. Continued negotiations with JCFS.
- E. Timing of Negotiations
- F. Recommendations

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E.O. 12958, Sec. 3.5

State Dept. Guidelines

By HR, NARA, Date 9/14/99

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IV. REVIEW U.S. APPROACH

- A. Original goal modified commonwealth but has dropped aside; should it be revived?
- B. Free Association is current course; should U.S. continue?
- C. Micronesians have requested eventual negotiation of independence issue; should U.S. take a position?
- D. Policy with respect to fragmentation of TTPI
- E. Timing.

V. U.S. POSITIONS ON INDEPENDENCE OPTION

- A. Commitment under Trusteeship Agreement
- B. Strategic Imperatives.

VI. RELATIONSHIP OF PUBLIC LAND PROBLEMS TO NEGOTIATING ENVIRONMENT

- A. Importance of Land to Micronesians
- B. Current Legal Status of Public Lands
- C. Current U.S. Negotiating Position
- D. Issues to be resolved
- E. Parties to Land Agreements
- F. Means to Resolve Issues and Meet U.S. Requirements
- G. Relationship of A Public Lands Solution to Marianas Negotiations

VII. U.S. LAND REQUIREMENTS AND RELATED ISSUES

- A. Non-Military Land Requirements
- B. U.S. Military Land Requirements (Justification and Rationale)
- C. Related Land Issues
  - 1. Return of Public Lands
  - 2. Survival of Micronesian Leases
  - 3. Survival of U.S. Strategic Rights
  - 4. Land Survey Requirement in Palau
  - 5. Possibility of No Agreement on Palau Land Requirements



VIII U.S. FINANCIAL ASSISTANCE

- A. Close or arms length relationship, e.g., quid pro quo arrangement.
- B. Costs over 15, 25, 50 years.
- C. Range of Recommended Financial proposal.
- D. Financial arrangements in event of termination.

IX. U. N. PROBLEMS

X. TRANSITIONAL PROBLEMS

- A. Constitutional Convention
- B. Political Education
- C. Timing of Transitional Phase
- D. Structure and sequence of plebiscite or plebiscites.

XI. CONGRESSIONAL LIAISON

- A. Role of Congress in approval process
- B. Congressional thoughts on financial relationship

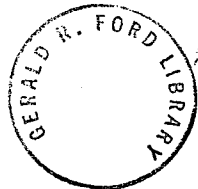
XII. RECOMMENDATIONS

- A. Negotiating "procedure and strategy"
- B. Executive action (including new negotiating instructions - see attachment)
- C. Legislative action.

ANNEXES

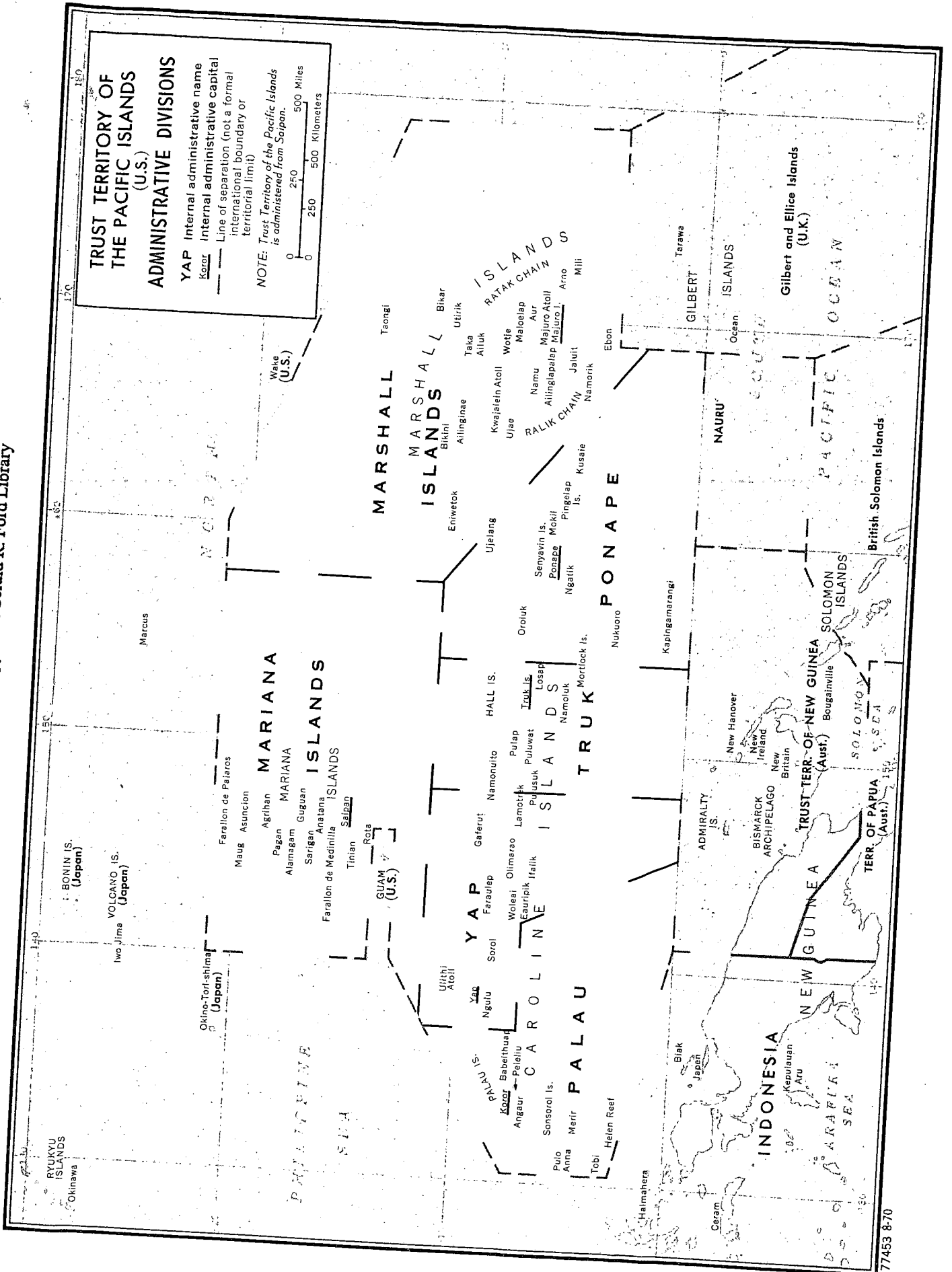
- A. DOD JUSTIFICATION FOR MILITARY LAND REQUIREMENTS IN THE PALAUS
- B. DOD ASSESSMENT OF U.S. STRATEGIC INTEREST AND OBJECTIVES IN MICRONESIA

ATTACHMENT: Recommended new negotiating instructions.



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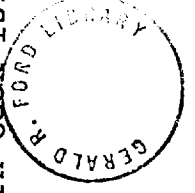
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NAME	STATUS	AREA	POPULATION	ECONOMIC DATA
1. Papua New Guinea	Independent, <u>UN member</u>	183,540 sq mi	2,714,000	GNP - \$1.3 b. ('73)
2. Fiji	Independent, <u>UN member</u>	7,055	575,000	GNP - \$329 m. ('73) \$600 per cap.
3. Tonga	Independent Kingdom	385	101,000	GDP - \$1.5 b. ('74) \$1,500 per cap.
4. Western Samoa	Independent	1,100	160,000	GNP - \$38 m. \$260 per cap.
5. Nauru	Independent	8.2	7,000	GNP - \$28 m. ('70) \$4,000 per cap.
6. Gilbert Isls, Tuvalu	Independent in '77 Independent in '76		67,000	GDP - \$740 per cap. ('74)
7. Guam	US organized, unincorporated territory	209	107,000	GNP - \$2,651 per cap. ('75)
8. Northern Marianas	Part of US Trust Territory; to be commonwealth of US		13,000	) ) ) ) ) ) ) )
9. Caroline & Marshall Isls	US Trust Territory; future status under discussion		90,000	GNP - \$125 m. ('75) \$1,000 per cap.



10. American Samoa	Unorganized and unincorporated US territory	76	27,159	
11. Cook Isls	Free Association with New Zealand; NZ controls foreign affairs	93	19,000	GDP - \$400 per cap. (73)
12. British Solomons	British Protectorate	11,500	193,000	GDP - \$29m. (71)
13. French Polynesia	French Overseas territory	1,544	120,000	GDP - \$259 m. (70) \$1,963 per cap. (71)
14. New Caledonia	French Overseas territory	8,500	136,000	GNP - \$193 m. \$1,800 per cap. (71)
15. Wallis and Futuna	French overseas territory	80	9,000	
16. New Hebrides	UK-France Condominium	5,700	97,000	
17. Wake, Johnston, Baker, Howland, Jarvis, Palmyra, Washington, Fanning, Midway - all US controlled islands administered by Dept of Interior.				
18. US and UK both claim 18 Pacific islands, including Canton, Enderbury, Hull, Christmans and Funafuti.				
19. US and New Zealand both claim 7 Pacific islands - Union island and Northern Cook Islands.				



## REVIEW OF MICRONESIAN STATUS NEGOTIATIONS

### I. BACKGROUND

#### A. Description of Trust Territory of the Pacific Islands (TTPI-Micronesia)

The TTPI embraces some 3,000,000 square miles of the Western Pacific Ocean, including more than 2,000 islands and islets, but with less than 745 square miles of land area. These islands are grouped into three major archipelagoes; the Carolines, the Marshalls and the Marianas. The latter archipelago includes Guam, which is an incorporated territory of the U.S., and is not a part of the Trust Territory. Temperatures generally range from the mid-70's to the mid-80's and are relatively uniform. Rainfall is heavy and humidity averages 80 percent. Seasonal changes vary throughout the islands but on most islands there are pronounced wet and dry seasons. Further, the Islands of the Territory lie in an area of the Western Pacific where major ocean storms both develop and strike.

The TTPI is divided into six administrative districts which generally correspond to the major ethnic and language divisions of the territory. However, the total population approximates only 110,000 people.

Micronesians.

Physically, they are characterized by medium stature, brown skin, straight to wavy hair, relatively little face and body hair, and rather high cheekbones. People of the Eastern Carolines tend to have stronger Malaysian characteristics than those elsewhere in the region. A true Polynesian type is found only in Kapengamarangi and Nujuoro. Today's Chamorro inhabitants of the Mariana Islands differ considerably from the original

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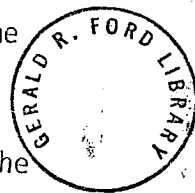
Chamorro inhabitants whose skeletal remains indicate that they were a large-boned, tall and robust people. A complex blending of several racial elements over a number of generations has produced the Chamorro of today.

The Mariana Islands were discovered and claimed for Spain by Magellan in 1521. The Portugese first sailed to Yap (1526) and the Spanish discovered the Marshalls. However, the Marshalls were named after an English Captain (Marshall) who explored the islands in 1788. The Spanish gradually extended their administrative domain from the Marianas throughout the Caroline and Marshall Islands by the late 19th century but in 1886 formally conceded the Marshalls to Germany.

Following the Spanish-American War (1898) the U.S. acquired Guam, but Spain sold its remaining Micronesian possessions to Germany. During WW I, Germany in turn lost Micronesia to the Japanese, who kept the islands (initially under a League of Nations Mandate) and subsequently fortified key areas as part of their expansion plans for WW II.

In February 1944, the U.S. began its exhaustive and bloody campaign of driving the Japanese from their fortified islands. The task was completed by October of 1944, with U.S. facilities built and abandoned as the war proceded toward the Japanese homeland. It was from the large bases on Saipan and Tinian that the U.S. initiated the aerial bombardment of Japan that brought about the final surrender of the Japanese in August 1945.

Economic life centers principally on employment afforded by the totally U.S. subsidized Trust Territory Government. However, tourism,



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small service industries, agricultural activity and fishing (Tuna) with a related small marine (construction and repair) industry, affords some employment opportunities. Nonetheless, prospects for a TTPI economy that will support the growing population above a subsistence level, without a large continuing U.S. subsidy, is minimal.

B. Origins of the Trusteeship

After capture and occupation, these islands became subject to United States authority in accordance with the international law of belligerent occupation. The war had a devastating effect on many of the islands - their economy, food production and people. In spite of these problems there was a strong sentiment, particularly from the U.S. military, for annexation. However, such a course would have been embarrassing to the U.S. international policy of opposition to colonialism and territorial acquisition by force. The U.S. was at that time encouraging its colonial allies to grant self-government to their possessions and encouraging other nations who had gained territory from the war to return those territories to the jurisdiction of the people within unified historical boundaries.

This was the situation confronting the United States that inspired the adoption of a compromise course of action wherein the U.S. would agree to govern these islands under a unique trusteeship (Strategic Trust), which in effect left the U.S. with a totally dependent ward and an obligation to develop Micronesia "toward self-government or independence as may be appropriate to the particular circumstances" but with a virtually unlimited legal authority to use their lands and waters for military purposes and to deny access to all other foreign powers.



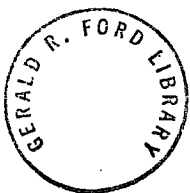
This draft trusteeship agreement was formally submitted to the Security Council of the United Nations on February 17, 1947, and unanimously approved after slight modification on April 2nd. This agreement came into being on July 18th when President Harry S. Truman approved it on behalf of the United States with authorization of Congress. On the same day, the President delegated responsibility for the civil administration of the islands on an interim basis to the Secretary of the Navy and commissioned the Commander-in-Chief of the United States Pacific Fleet, then Admiral Louis E. Denfield, as the First High Commissioner of the Trust Territory of the Pacific Islands.

Administrative responsibility for the Trust Territory went from the Secretary of the Navy to the Secretary of the Interior, effective July 1, 1951.

Although the Trust Territory was under supervision of the Interior, the islands of the northern Marianas, comprising the Saipan district, were administered by the U.S. Department of the Navy until May 7, 1962. On this date the northern Marianas were turned over to the Secretary of the Interior for administration, and all the islands of Micronesia were finally consolidated under the control of the civilian High Commissioner. Following the transfer of the northern Marianas, the headquarters and offices of the High Commissioner were moved from Guam to their present location on Saipan.

In spite of this strong U.S. authority to control Micronesia, the U.S. (under the trusteeship) did not have de jure sovereignty over the area. Therefore, pressures have been building within the United Nations and Micronesia itself, which have restricted U.S. freedom of action in Micronesia whenever adverse impacts on world opinion may outweigh the immediate needs of the U.S. The fact that all other U.N. trusteeships (except New Guinea) have

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gradually been granted independence may or may not be a valid reason for speeding another solution for the TTPI, which is a unique (one-of-a-kind) Trust encompassing a truly unique un-cohesive grouping of islands and peoples.

C. Negotiations, 1969 - 1972

Because U.S. strategic interests in the Western Pacific (see below) require a close relationship between Micronesia and the United States over the long-term, in the 1960's the U.S. Government began to consider means of terminating the Trusteeship under U.S. sovereignty. The U.S. Government opened formal discussions with the Micronesians in October, 1969, with the initial objective of extending full American sovereignty over the Islands. On that occasion, the Micronesian Status Committee reserved comment, except to note that the attachment of Micronesians to the land, and USG desires for options on its future use, presented prickly problems for resolution. Shortly thereafter (January 1970), the Micronesian Political Status Delegation (MPSD) rejected an organic act proffered by the U.S., which would have made Micronesia an unincorporated U.S. territory. The MPSD was particularly concerned that the organic act would have given the U.S. the unlimited right of eminent domain and that it made no provision for a local constitution. According to the MPSD spokesman, there could be no negotiations unless the USG was willing to grant Micronesia the right to make its own constitution.

At the Second Round of discussions in Saipan, in May 1970, the U.S. presented a "Commonwealth Proposal" to the MPSD, providing for internal Micronesian self-government under a constitution devised locally and a carefully circumscribed right of eminent domain. The Micronesian Delegation was unwilling to concede the U.S. a qualified right of eminent domain, balked



at the extension of federal supremacy to the Islands as envisaged under the commonwealth, and expressed displeasure that the proposed arrangement did not provide for the right of unilateral termination. The MPSD, recalling that its mandate from the Micronesian Congress directed an examination of free association and independence, concluded that Micronesia's best course would be free association with the U.S., but under four "non-negotiable principles". The principles appeared tantamount to independence: in that inter alia, Micronesia would be recognized as a sovereign entity possessing the right to choose between independence and free association and, derivatively, the right to revoke any compact of free association it might conclude with the U.S. However, the two sides agreed to recess the talks to study each other's proposals further. In July, 1970, the MPSD reported that it was unable to accept the "Commonwealth Proposal". It proposed instead, a self-governing state of Micronesia in free association with the U.S. through a "Compact of Free Association" revocable unilaterally by either party. In August, 1970, the Congress of Micronesia confirmed, in a resolution, its commitment to the four "non-negotiable principles" which the MPSD spokesman had enunciated at Saipan.

Following the President's appointment in April, 1971, of Franklin Haydn Williams as his Personal Representative to direct the Micronesian negotiations, and the White House's subsequent issuance of negotiating instructions, the Third Round of talks on future status was held at Hana, Hawaii, in October, 1971, with what had now become Micronesia's Joint Committee on Future Status (JCFS). Finding the situation unpropitious for pushing discussion of a commonwealth arrangement, the American Delegation joined in preliminary exploration of the elements of a Compact Association, as desired by the JCFS. Although the troublesome issue of unilateral termination remained

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unresolved, the Hana round marked some progress toward a compact of association which would safeguard U.S. defense and foreign affairs interests, while allowing Micronesia virtual internal autonomy, including, specifically, control over Micronesian land and laws. The talks also recognized the desire of the Marianas for a closer association with the U.S. than the other Districts of Micronesia seemed prepared to accept, pointing up the need for the U.S. to develop a separate solution for the Marianas.

At the Fourth Round of talks in Koror, Palau in April, 1972, the negotiators appeared to reach agreement in principle on a compact of association, under which the U.S. would exercise full authority in foreign affairs and defense, with the further understanding that while unilateral termination would be possible after an initial specified period, U.S. defense authority and responsibilities, as well as land leases and options, would survive any termination of the compact. However, in its internal summary of the negotiations, the U.S. Delegation recognized that progress toward final agreement might be slow, since the JCFS had declared at Palau that despite agreement in principle, there were many "nuances and details" on the defense/foreign affairs relationships still to be discussed.

The lengthy Fifth Round of discussions in Washington in July, 1972, developed mutually agreed draft language for the preamble, internal affairs, foreign affairs, and defense responsibilities sections (Titles) of the Compact. It was further decided that later in the year the two sides would work toward resolution of the financial and other aspects of an agreement, only briefly discussed up to that point, and discuss the major issues of termination and transition procedures.

A few weeks before the negotiations resumed at Barbers Point, Hawaii



in October, 1972, the Micronesian Congress, dissatisfied with the defense and foreign affairs portions of the embryonic draft compact, and spurred on by those few members of the JCFS favoring Micronesian independence, passed Senate Joint Resolution 117, instruction the JCFS to negotiate with the U.S. and independence option which the Micronesian people and their leaders could examine along with the compact of free association still under negotiation. Unfortunately, those members of the JCFS allegedly most in favor of the compact did nothing either before, or at the time of the Congress vote, to counter criticism of the draft compact.

When the negotiations' Sixth Round opened in Hawaii, the American Delegation asked searching questions about the Micronesians' negotiating objectives, pointing out that it had been the U.S. understanding that after the Micronesian rejection in 1970 of unilateral U.S. proposals and the subsequent Hana and Palau agreements, that the two sides would jointly seek through negotiations a single solution of Free Association to be endorsed by both the U.S. and Micronesian Delegations.

After extensive internal consultation, the JCFS said that while free association with the U.S. was still its primary objective, it now wished to negotiate concurrently an independence option, since "the only acceptable type of plebiscite must include a choice of more than one political alternative". The JCFS asked whether the U.S. had a position on independence. The American Delegation's reply requested the JCFS to indicate their concept of the appropriate elements of an independence option, but the JCFS parried by declaring such discussion would be premature and "diversionary" from the major goal of completing the draft compact of free association during this round, a task with which the JCFS wished to proceed. Given the many uncertainties newly beclouding the negotiations, including



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obvious divisions within the Micronesian Delegation, the President's Personal Representative decided it would be unwise to continue drafting a compact and fully reveal U.S. terms for free association until the USG had an opportunity to reassess carefully the entire Micronesian situation, including particularly the response the USG should make to the JCFS's request to negotiate an independence option. The JCFS agreed to a pause in negotiations so both sides could undertake necessary internal consultations. This study summarizes the USG's reassessment.

D. Political Pressures in the TTPI; Growing Demand for an Independence Option

The majority of Micronesia's 110,000 people are politically unsophisticated and have only a hazy idea of the issues involved in current discussions of Micronesia's future political status. There is in each of the TTPI's six districts, however, a small but growing elite composed of traditional village leaders, elected politicians, civil servants in the TTPI Administration, and youths who have been exposed to higher education outside the Territory, which has manifested steadily increasing interest in the status question since the establishment of the Micronesian Congress and the district legislature in 1965 ushered in the era of public participation in government. Moreover, during the last three years of negotiations, the elite has begun to arouse interest in the status issue somewhat more broadly in their societies. The elite themselves seem to have widely differing views on future status -- for the most part formed impressionistically and often emotionally, with little examination of the political/defense/economic implications of alternative post-Trusteeship arrangements. Some differences reflect regional biases and antipathies; illustratively, the Marshall and Ponape Districts sometimes appear more suspicious of the Palau and Truk Districts than of the U.S. and are thus perhaps inclined toward a closer relationship with the U.S. than that desired by the Trukese and Palauans, thought to be toward the "independence" end of the

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spectrum. Other differences relate to age and education levels with, for example, many of the younger Micronesians who have been educated outside the Territory more vociferously demanding independence than are their elders. And, finally, of course, we should note that to date there has been available in the public domain even among the independence advocates little factual information about the consequences of various solutions to the status question on which to base an informed debate.

While competent observers believe the Micronesian advocates of outright independence for the TTPI are still in a small minority, it is evident that their number, stridency and influence have steadily increased since independence sentiment first manifested itself in the mid-1960's. Contributing to the spread of this sentiment have been: contagious examples of other dependent territories, including island groups in the Pacific, recently making their way to independence with UN approbation and encouragement; a growing reluctance world-wide to becoming irrevocably locked into big-power defense arrangements; and a chorus of advice from

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some expatriate Americans in Micronesia and sympathizers on the radical fringe of American academia about the inherent right and duty of dependent peoples to seize unfettered control of their destinies. Some independence advocates simply proceed from a spirit of contrariness: it is presumed the U.S. does not wish to offer independence; therefore, independence is the obvious cause to support.

It seems probable that a prolonged period of indecision about Micronesia's future status would see further steady accretions to the ranks of the independence advocates. Those favoring independence have to date been more articulate and forceful than their other compatriots, partly because the concept they are urging more readily lends itself to over-simplification, and can more easily be used to pluck at primordial yearnings (e.g., it is easy to play on Micronesians' attachment to the land by arguing that only under independence will they have unrestricted control of it) than do more esoteric concepts like commonwealth and free association, particularly when the content of these latter, as they would apply to Micronesia, have not yet been refined to the point where they can be presented to the public for discussion of their immediate and long-run implications.

The TTPI's geographical setting, and the repeated emphasis the U.S. and others have placed on its strategic importance, may by now have given the Micronesians exaggerated notions of the financial and other costs the U.S. -- or third countries, for that matter -- would be willing to bear to sustain a long-term relationship with the Islands. Some advocates of independence are thought to have taken their stand as a bargaining counter: if the U.S. seems firmly opposed to independence, perhaps it can be nudged or frightened into extensive concessions to obtain a tighter



relationship. Other supporters of independence argue that because of over-riding American strategic interests, Micronesia will, as an independent nation, be able to extract more financial support from the U.S. over time in return for a defense relationship than under an arrangement granting the U.S. responsibility for Micronesia's defense and foreign affairs.

The views described in the preceding paragraph point up the need for the U.S. to be prepared at the next round of negotiations to outline in fairly specific terms the financial parameters of those various solutions to the status question it is prepared to consider seriously. If, for example, a decision is made to negotiate an independence option, as well as one for free association, it is important that the respective price-tag ranges be manifest, so that negotiators for the other side can glimpse the boundaries of reality and form a more precise idea of where Micronesia's economic interests lie. This should also greatly enhance the prospects for subsequent enlightened debate in Micronesian society at large on the desirability of alternative forms of association with the U.S. (The drafters of this study strongly believe that while other, largely psychic, factors are doubtless important to the Micronesians, the economic component of future arrangements could ultimately be controlling).

#### E. Economic Prospects for the TTPI

Without heavy outside subsidization in resources and manpower, the TTPI is not, and will not be for as far into the future as we can peer, a viable economic entity. The Islands' miniscule total land area consists mostly of small atolls, widely dispersed across an area as large as the continental United States. Except for limited deposits of phosphate, natural resources (apart from marine resources) are practically non-existent.



Moreover, the far-flung population has neither the necessary skills, nor a cultural bent toward the regular, prolonged labor we normally associate with establishing a modern infrastructure and sustaining any significant degree of industrialization. There is only limited scope for the indigenous handicraft industry, which has traditionally woven from reeds and copra low-cost items facing considerable competition from other countries in the Pacific region.

Studies of Micronesia's economic prospects have concluded there is room for modest development in agriculture, the fishing industry, and tourism. However, to date the Territory's chief cash crop has been copra, a substance whose world price has steadily declined because of a glut on the world market originating in South and Southeast Asia. The Micronesians are reluctant to fish beyond the great reefs, but have begun exploiting in a small way some of the region's rich tuna grounds, in association with an American company, and with some technical/managerial assistance from the Japanese. There have been perceptible advances in tourism the last 5 years, with new airports and hotels now gracing the district centers. About 20,000 tourists, mostly Japanese, visited the TTPI last year, but while that figure may in time increase several fold, there are clear limits to the tourist earnings these small islands can expect. Most of these earnings have been, and will be, in the Marianas. Thus, it seems impossible for Micronesia to generate internally more than a fraction of the \$40 to \$50 million which previous surveys of the Territory's economic prospects have concluded can be absorbed and effectively utilized annually. (Current annual U.S. budget support and project aid assistance total approximately \$55 million. Federal economic/social programs add an additional \$15 million to the overall U.S. contribution to Micronesia). A few Micronesian leaders, resentful of the cultural changes attendant upon enlarged U.S. economic inputs the past five years, argue that Micronesia would be better off spiritually and psychologically as an independent country making do with its own resources and efforts, supplemented

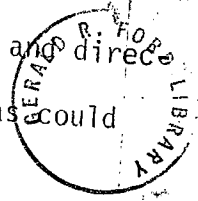
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perhaps by whatever small-scale assistance it could obtain from international organizations, and by occasional loans from its Pacific neighbors. This is clearly not the view of the majority of the elite, however. Having experienced relatively big budgets at home in recent years, and with repeated opportunities to observe in Japan, Guam, Hawaii, and the continental United States the accelerated pace of economic advance outside the TTPI, most of Micronesia's elite would consider anything significantly smaller than the present rate of local economic activity to be intolerable retrogression. One of the Micronesians' over-riding objectives, therefore, is to assure the continued inflow of substantial financial resources under the most propitious political circumstances.

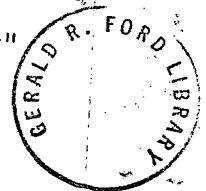
F. Basic Assumptions about the Marianas: Ultimate Status and Timing

Because of their geographical position, the Marianas relate more directly to America's ability to fulfill its long-term Pacific defense responsibilities outlined above than does the rest of Micronesia. Thus assured base rights in the Marianas are more essential than elsewhere in the TTPI, although it would be necessary to reevaluate alternatives <sup>elsewhere</sup> in the Territory if Marianas base options were not available. Since the Marianas are on record as favoring a close continuing relationship with the U.S., including the establishment of American bases, and since, at the Marianas' request, they and the U.S. have already opened negotiations toward that end, it is assumed that the U.S. will be able to conclude in the relatively near future -- hopefully within the next year to 18 months -- an acceptable concord with the Marianas meeting essential base needs in that District. While a type of commonwealth status presently seems one of the more likely U.S.-Marianas relationships, it is premature to predict the ultimate form. The nature of the final relationship and the progress of negotiations toward it, could depend in part on the pace and direction of U.S. negotiations with the rest of Micronesia, as the Marianas could



find advantage in scrutinizing the latter to identify targets of opportunity (particularly in the financial field) for exploitation in their own negotiations. However, the Marianas' expressed intention of establishing at an early date a relationship clearly differentiating them from the rest of Micronesia suggests they will wish to press expeditiously forward an accord on their future status regardless of what happens in the other set of negotiations. A more likely interplay between the two sets of negotiations lies in the other direction, with the Marianas talks forcing the pace of the discussions with the JCFS: As the immediate and long-term benefits to the Marianas of the relationship they are negotiating with the U.S. become apparent publicly, there could develop internally within the JCFS, and from within Micronesia directed at the JCFS, pressures to find a formula for settlement which would be equally advantageous for the remainder of Micronesia.

Once agreement is reached with the Marianas, its schedule for total implementation will be simplified if U.S. negotiations with the remainder of Micronesia are also sufficiently near a satisfactory conclusion to warrant a U.S. move to end the Trusteeship Agreement. However, if, as is likely, the Marianas negotiations proceed toward a conclusion more rapidly than the discussions with the Micronesians, the USG will, according to present plans, be prepared to extend to the Marianas interim administrative arrangements, immediately affording the Marianas some of the civic and other benefits of their agreed relationship with the U.S. This could have the effect either of forcing the pace of the U.S.-Micronesian negotiations, if the JCFS begins to feel the pressures alluded to above, or, conversely of bringing negotiations with the Micronesians to a complete impasse, as the Micronesian Congress begins to elaborate its presently embryonic charge that the U.S. is "illegally" fragmenting Micronesia.



G. Next Action (Steps) Required

It is recognized that the United States should continue to actively pursue a political status for Micronesia that will meet U.S. objectives and that continued momentum is essential to the active interest of everyone concerned. However, in view of the difficulties described above, the methodology and precise nature of the next steps of the negotiation process are unclear.

The U.S. negotiators are currently operating under instructions nearly two years old that were based on factors that are, in some cases, no longer applicable or current. In many cases these instructions do not, or may not, adequately address new circumstances and alternatives that have now arisen. These areas of issue include or may include:

1. Future U.S. cooperation with and actions toward the Joint Committee on Future Status (JCFS) and the Congress of Micronesia.
2. The fundamental U.S. approach including the status options that may be supported.
3. U.S. position on Micronesian Independence <sup>and</sup> ~~on~~ variances to the options.
4. U.S. land requirements and disposition of public lands, including the range of compensation alternatives that are available.
5. Termination as it applies to all status options including survival of U.S. strategic rights.
6. Specific ranges of U.S. financial assistance for all status options.
7. Effect of U.N. pressures on negotiations and the best U.S. approach.
8. The U.S. approach and actions toward transitional aspects including; a Micronesian Constitutional Convention, political education and public information, plebiscites, and timing of U.S. actions.
9. Involvement of Congress.



Thus, the necessity to re-analyze and re-evaluate the above issues in order to provide sound recommendations on U.S. policy, as the basis for a sound and cohesive U.S. negotiation approach, is the purpose of the following study.

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II. U.S. INTERESTS AND NEGOTIATING OBJECTIVES

A. Purpose

The basic U.S. purpose is to find in consultation with the Micronesians a mutually acceptable formula for terminating the Trusteeship which will be consonant with the Trusteeship Agreement by providing the essentials of self-determination, while protecting U.S. strategic interests in the Western Pacific.

B. U.S. Interests

1. Strategic

The U.S. bears an unqualified obligation to assure the defense of American territory in the Pacific including the TTPI's near-neighbor Guam, and more distant, but still readily accessible from Micronesia, Wake Island, Midway Island, Johnston Island and Hawaii: In addition, the U.S., a major Pacific power, has obligations through several mutual defense treaties to the Philippines, Republic of China, Korea and Japan, as well as a broader role of helping to maintain stability in the Pacific and East Asia during an epoch of considerable political and military fluidity. While neither China nor the Soviet Union presently has bases in the West-Central or Southern Pacific, the Soviet Navy has in the last five years markedly increased its mobile strength in the region. As the number of independent, economically weak mini-states in the Pacific increases, so does the likelihood of instability which could result in a more permanent Soviet, and perhaps eventually, Chinese presence in the area.

The islands of the TTPI could, in foreign hands, conceivably serve as naval/air bases, or missile launching sites to threaten Guam, Hawaii, and the Continental United States, and would constitute a major threat to U.S. ability to maintain sea and air communications through the Central

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Pacific. (A parallel study on the Mariana Islands emphasizes that Guam's security is particularly tied to U.S. control of the Marianas). Thus, the major U.S. strategic interest is continuing authority for denying access to the TTPI to all foreign powers.

However, almost equally important is the U.S. interests in the costly strategic missile testing facilities on Kwajalein and providing for future U.S. contingency basing requirements in the Marianas Islands and on Palau in the Western Carolines.

## 2. Political.

The enduring U.S. interests in the political structure and operation of Micronesia are limited to evolving government structures and laws that assure (1) Continuing full U.S. authority in defense matters to include assurances of land needs; (2) Continuing full authority in all matters which relate to the foreign affairs of Micronesia; (3) Security for and continued U.S. control over U.S. governmental services that may be provided for in the status agreement and; (4) A structure that would assure Micronesian disposition of U.S. funds in an efficient and equitable manner, acceptable to the U.S. Congress.

## 3. Economic

Enduring U.S. economic interests in Micronesia is minimal, particularly from the prospects of economic values accruing to the U.S. However, because Micronesia's deficient economic prospects will not support the rising expectation of their people for the foreseeable future, the U.S. is interested in maximizing areas of feasible economic growth as a means of reducing U.S. subsidies which could theoretically be required in perpetuity.



C. Primary Negotiating Objectives

The above U.S. interests translate into the following minimum required negotiating objectives.

1. Denial Authority. Regardless of later U.S. Government decisions on forward basing growing out of, inter alia, new generations of strategic and tactical weaponry, it would appear the U.S.'s tactical ability to fulfill over the long-term its two-fold responsibility for defense of U.S. territory in the Pacific, and continued contribution to general stability in the region, will be importantly conditioned by the extent to which it can deny to potentially hostile powers military access to the TTPI. Hence, in terminating the Trusteeship, the U.S. must assure either as an explicit part of a compact of association, or as part of a treaty accompanying an act of independence, that such denial would be for a minimum period of 50 years.

2. Retention of U.S. Facilities. While future arms limitations negotiations and U.S. research and development decisions will determine the necessity and ultimate time-frame for retention of the current Kwajalein research and development facility, the USG should negotiate its retention for a minimum of twenty years, an adequate period during which to undertake additional testing of the present generation of strategic weapons and their derivatives, to amortize further the huge investment already entailed, and to determine whether retention of an additional period is necessary, or whether, if such a facility in the region has continuing relevance, it might be appropriately relocated to areas under more direct U.S. Control.

3. Assured Provisions for Future Base Requirements. It is essential the U.S. have extensive, assured, long-term base rights in the Marianas, as an adjunct to and to protect the Guam military complex. (Both the parallel study and sub-paragraph I.F. of this paper, regarding assumption



about arrangements with the Marianas address this question in detail). Previous studies of U.S. interests in Micronesia have concluded that it would also be highly desirable to have base options elsewhere in the islands, particularly on Palau in the Western Carolines, as a hedge against the possibility that the U.S. might decide, or be asked, to withdraw all military units from Japan, the Ryukyus, and the Subic Bay Complex in the Philippines. In its current negotiations instructions, the White House, while noting the strong desirability of rights on Palau, authorized the President's Personal Representative to forego insistence on those rights as a last concession to gain Micronesian acquiescence to a compact of free association. The Department of Defense, however, believing there is today a greater likelihood of U.S. evacuations of present bases in the areas mentioned above than had been anticipated as recently as two to three years ago, now considers an option on base rights in Palau essential, if the U.S. is to fulfill its role as a stabilizing force in the Western and Southern Pacific and the eastern part of the Indian Ocean, and hence wishes to have the negotiating instructions on this point reconsidered. It would seem, however, that before revising the negotiating instructions to state the essentiality of rights on Palau as a minimum requirement, the USG must resolve the broader question, of its likely forward basing policy over the next 25-35 years.

4. Authority over Foreign Affairs: To protect U.S. strategic interests in Micronesia full authority over all matters relating to foreign affairs goes hand in hand with full defense authority. Secondly, so long as the U.S. remains closely tied to the U.S. by Defense matters, funding subsidies, economic arrangements, government service agencies, or by citizenship/U.S. National status, Foreign Affairs must be controlled



by the U.S. to prevent conflict with U.S. national policy. During the Fifth Round of discussions in July 1972 apparent agreement was reached on these minimum foreign affairs requirements. Although these agreements have been subsequently questioned by elements of the Micronesian Congress, there is a sound basis for assuming that few problems will be encountered in future talks on this issue.

5. A Stable and Friendly Micronesian Government and Population:

To provide for stability, the new Micronesian government should be based on an agreed constitution, have fiscal/economic viability and provide for reasonable satisfaction of political, economic and traditional aspirations of its citizenry. It should also assure provisions and lines of responsibility/authority whereby the United States could not become the logical and popular whipping boy for inadequacies and failures of the successor government.

D. Secondary (Flexible) Negotiating Objectives

While not critical to near-term U.S. interests, the following objectives are highly desirable to the U.S. particularly from the long-range viewpoint whereby criticism, complications, confusion and friction may result if such objectives are not achieved.

1. Prevent Interference with the Mariana Negotiations

The status arrangements with the COM and its JCFS should be so structured as to minimize interference with the separate Mariana negotiations and to profit (from the U.S. viewpoint) from any favorable results arising from those negotiations.

2. Minimize long-term U.S. Financial Commitments

Financial arrangements under a new political status must keep the financial obligations of the United States within reasonable bounds and relevant to the character of the future relationship, for the long-term in particular.



Current parameters of Financial Guidance permit indefinite annual commitments of up to \$60,000,000 to a population of only 80,000. Further the JCFS has asked for an annual commitment of \$100,000,000.

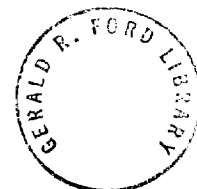
Financial arrangements should be reviewable at periodic intervals, and need to encourage self-sufficiency, <sup>thus</sup> discouraging permanent dependency on high levels of funding support from the U.S.

3. Simple Political, Economic, and Administrative Relationships

The new agreement should provide for political, economic and administrative relationships that are unfettered by unnecessary red tape and unbalanced (or weighted) against the U.S. over the long-term. Trade, and the interchange of people and activities should be on a quid-pro-quo basis. Further, a new status arrangement should provide fundamental agreements that would prevent Micronesia with its high level of U.S. subsidies from becoming a focal point for burgeoning U.S. Gold Flow and trade deficits.

4. To Obtain United Nations Approval

The new status agreement and its methodology for popular referendum and approval should fulfill U.S. obligations under the Trusteeship Agreement and obtain United Nations approval, or at least approval of a majority of the Security Council. While final determinations on whether the United States has fulfilled its obligations under the Trusteeship Agreement and whether the United States should support specific alternatives and commitments must remain with the United States, U.N. approval of a new agreement offers tremendous advantages to the United States in any future endeavors within this world body.



5. Smooth Transition to the New Political Status

Arrangements should be made to facilitate a smooth transition into the new status. Such transition should be a consideration in arriving at many of the agreements. It is to the advantage of the U.S. that conflicts and confusion of transition are minimized particularly if U.N. approval proves difficult to obtain.

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III. ADVISABILITY OF CONTINUING TO NEGOTIATE WITH JCFS

1. BACKGROUND & CURRENT PROBLEMS

The broader problems of Micronesian disunity, increasing sentiment for independence, a hardening of anti-U.S. attitudes, and confusion within Micronesia with respect to all status related issues, are covered in Section I of this study. A related and basic problem has been and continues to be the character of the Congress of Micronesia and its JCFS -- the U.S. negotiating opposites.

U.S. strategy in the past has been based on three critical assumptions.

(1) Any agreements entered into by the JCFS would be endorsed within the Congress by the Committee as a whole, and supported by its constituent members. (2) The representative character of the JCFS, and its endorsement of any agreement, would assure favorable consideration by the Congress, and ultimately permit joint submission of an agreed-upon status package to the Micronesian people by the U.S. Government and Congress of Micronesia. (3) The representative character of the Congress would assure popular acceptance of the jointly-sponsored status package. Today, there is reasonable doubt that any of these assumptions are adequately accurate.

With regard to the Committee itself, a significant minority of the Committee (at the Ponape Special Session of the Congress in August, 1972) repudiated those elements of the draft Compact of Free Association agreed to by the Committee during the July status talks in Washington. The Committee's official endorsement was lukewarm, and the Congress took no action on the draft. Instead, the Congress adopted a resolution instructing its Committee to negotiate an independence option in parallel with the free association option. At the subsequent September status talks in Hawaii, the JCFS excused the above behavior on the grounds that it was not practicable to obtain Congressional endorsement

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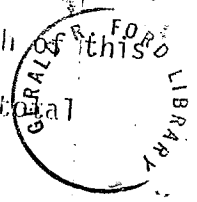
of only a partially completed draft Compact. The independence resolution, it was pointed out, was designed to assure that the Micronesian Congress and ultimately the Micronesian people have a full understanding of the two options that they anticipate will be part of any ultimate act of self-determination.

The Committee, in response to questioning from Ambassador Williams, did reaffirm that it would endorse and recommend to the Congress any complete draft Compact that it agrees to in the course of negotiations. But the Committee also stated that any of its members in opposition to the Compact would be free to enter a minority report, and oppose the Compact or any portions thereof.

The Committee (at the September talks) also stated what had become obvious. The JCFS cannot automatically assure that whatever it agrees to will be adopted by the Congress and recommended to the Micronesian public. As there are divisions in the JCFS which will be aired in any debate in the Congress, so are there divisions within the Congress. However, the Committee is fairly representative of Congressional factions, and we probably can assume that the majority view of the JCFS will ultimately be that of the Congress. If this latter assumption is correct, the Congress of Micronesia ultimately will endorse any Compact agreed to by a majority of the JCFS, but a significant minority of the Congress will be outspoken opponents, and will campaign against the Compact at the district level. This problem appears especially serious in Truk and possibly Palau.

As to the third assumption, there is no question but that a significant proportion of Micronesia's leadership without the Congress (Primarily traditional and elected district leaders), as well as other Micronesians, is concerned over their exclusion from the status resolution processes. Many of these same Micronesians also believe that the Congress is moving too fast and perhaps too radically toward termination of the trusteeship. However, it is also true that much of this concern reflects no more than pique over non-involvement, and flows from total

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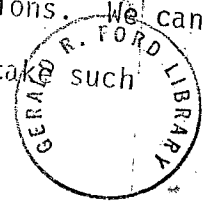
ignorance as to what is going on in the negotiations. Further, past precedents, (including Micronesian cultural patterns) give us every reason to believe that, in the final analysis, the Micronesian people will endorse whatever they are told to endorse by their political leaders. While freedom of expression is increasingly a part of Micronesian life, freedom of action most decidedly is not. The vast majority of Micronesians will vote on any issue as they are directed by their individual or corporate leadership. (our own ability to influence public attitudes and decisions on status is, on the other hand, limited not only by cultural factors, but also by those of language, race, and general distrust.) In these circumstances, three alternative courses of action are discussed below.

2. Negotiations with District/Traditional Leadership

By and large the elected and traditional leadership within the districts of Micronesia is more conservative than that in the Congress of Micronesia, and is more in touch with "Taro-Root" sentiment. Given these factors, it can be argued that the district leadership of Micronesia would be more sympathetic to our status proposals than has been the Congress of Micronesia. However, the practical and political problems associated with district-level negotiations appear, at least at this time, to be oppressive or perhaps insurmountable. These include the following:

- The general level of education and sophistication of district leadership is so low that the "communications" problem would be difficult at best.
- So long as our negotiating goal remains a common status for the five districts, achievement of a single status solution through five series of negotiations would appear to be an impractical and probably impossible goal.
- Implementation of this course of action assumes that each of the five district legislatures would establish appropriate negotiating delegations. We can reasonably assume that at least one or two districts would refuse to take such action in deference to their respective Congressional delegations.

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-- The Congress of Micronesia would vigorously oppose such a course, and accuse us of attempting to fragment further Micronesia. They may take the issue to the UN, including the Committee of 24. Any status agreements we might negotiate with the districts would have very rough sledding in New York.

-- Assuming we did manage to negotiate status settlements with each of the districts, which would apply to all five of them, the central government of Micronesia probably would have as its leadership many of the people we had alienated in the process of bypassing the Congress of Micronesia: the present Congressional leadership. This could increase the difficulty of relationships with the new Micronesian Government in some areas of critical importance to us, such as foreign affairs responsibilities.

3. Direct Popular Referendum on Future Status

We theoretically can bypass the Congress of Micronesia with an unilaterally sponsored act of self-determination. Thus, we could control timing, determine the options and define option content. In addition, the referendum would likely be preceded by a massive political education campaign. Such a course could permit us to determine unilaterally the character of Micronesia's future relationship with the United States. However, the disadvantages and practical obstacles associated with this course of action weigh heavily against adoption until further negotiations are attempted. Among the problems we would face, the following are the most significant.

-- To minimize protest within Micronesia, as well as international condemnation, the act should not be a simple "yes or no" referendum on association. It should probably include an unqualified independence option, which if offered, would also give the U.S. a justification to test voter sentiment on commonwealth.

-- The cultural problems inherent to any contest of wills with the

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Congress of Micronesia are formidable, and have already been described. The language barriers would also be enormous and work against us. Any political education campaign would have to be conducted in the 12 languages of Micronesia. Our opponents would have the advantage of dealing with complex issues in their own language on their own ground.

-- This alternative could effectively alienate the very leaders with whom we would have to negotiate the implementing details of any status arrangement approved in the referendum. Their alienation conceivably could result in a flat refusal by the Congress of Micronesia and others to negotiate and implement the arrangements.

-- The same applies to our land requirements in Palau and the Marshall Islands. To some extent we may have to negotiate with the separate districts on land without the benefit of assistance from an alienated Micronesian leadership.

-- It is very possible that the Congress of Micronesia would call for a public boycott of any such unilaterally staged act. Such a boycott could reduce public participation to well under half of Micronesia's eligible voters. Such action (especially if coupled with a boycott of implementing negotiations) could effectively derogate the utility of the act of self-determination in terms of Micronesian and international acceptance of its results, and make implementation very difficult.

-- If a new status could be successfully implemented under this course of action, there would be a risk that the alienated and frustrated opponents of the new Micronesian Government to include some members of the government, would seek to undo that relationship at every opportunity.

-- Finally, there is the risk that the Congress of Micronesia, rather than declaring a boycott of the act of self-determination, could mount a possibly successful campaign directed at one of the following goals: (a) a majority vote



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for any independence option; (b) a "no" vote to all options; or (c) a write-in "independence option" in any referendum that did not include independence.

4. Continued Negotiations with Joint Committee on Future Status (JCFS)

The remaining course open to us is to continue negotiating with the JCFS with the goals of: (a) completion of a draft Compact of Free Association; (b) endorsement by the Congress of Micronesia of the Compact; and (c) submission of the Compact to the people of Micronesia in a jointly sponsored referendum. Despite all of the problems outlined at the beginning of this section, this would appear to be the course most calculated to assure formulation of a form of status most acceptable to Micronesian key leaders. It also is the course most likely to assure that our land requirements are met, within a political relationship that will be reasonably amicable and thus stable.

Despite our past problems with this course, there are indications that further rounds of talks may be productive in terms of completing the remaining provisions of a Compact of Free Association. The composition of the new JCFS has been altered slightly in our favor with new members opposed to independence, and extremely influential within the Congress and the JCFS itself. There are solid signs that the new committee is anxious to address pragmatically the issues involved in working out remaining Compact provisions. This may in fact flow from the defeat (during the November Congressional elections) of three independence advocates, two of whom were key leaders in the Micronesian independence movement.

Therefore, and for reasons indicated elsewhere in this study, it will be markedly advantageous in future negotiations for the President's Personal Representative to be able to tackle headon the independence question. This could be done in such a manner as to enhance our bargaining leverage in the negotiations for a Compact of Free Association. With regard to the latter

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the issues that remain are among the most sensitive and difficult to address. There will be a need not only to assure maximum negotiating leverage on our part, but also to make clear that we have reached the outer limits of an association arrangement which will be acceptable to us. The Micronesians must be forced to a decision on whether they are prepared to accept arrangements which are sufficiently attractive to the U.S. to warrant the fiscal and other responsibilities we will have. If not, they must fully understand the financial and other consequences of independence.

5. Timing of Negotiations

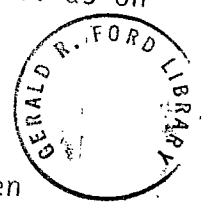
The factors which determine the timing of future negotiations are also in great measure strong arguments for the negotiating course. The JCFS has informally suggested that the next round of negotiations be in May in Washington. We have tentatively agreed to the suggested timing and venue, "subject to further consultations within the executive branch". Our reasons are as follow:

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-- This study was underway when the Micronesian proposal was made and can be completed before that date. Further, it was made clear to all participating agencies that we had no real choice but to provide a tentative but positive response.

-- The United Nations Visiting Mission currently in Micronesia will be meeting with the Congress of Micronesia. The very fact that tentative arrangements for further negotiations are in hand should significantly and positively influence that Mission's Report to the UN Trusteeship Council. On the other hand, no U.S. response, or a negative response to the Micronesian invitation for further talks would have a major negative impact on that Mission's report, as well as on the deliberations and actions of the Congress itself.

-- If nothing else during the past three years of negotiating off an on with the Micronesians, we have learned that long delays between negotiating rounds have often resulted in a hardening of Micronesian positions,



and development of wider divisions among the Micronesians -- the latter to our disadvantage and the former an indication that time has been operating on the side of those who favor independence or a much looser form of association than is presently contemplated. Continuing uncertainty about the character of the Compact provisions which remain to be drafted has created a situation wherein our opponents in Micronesia have used these uncertainties in a major campaign involving the "big lie" technique.

-- The Micronesians may soon convene a Constitutional Convention. Since the Micronesian Constitution must be, in any free association relationship, consistent with the Compact of Free Association, it is imperative that the Convention have a completed draft compact to serve as the "terms of reference" for that constitution. If the compact is not complete when the Convention meets, we can be certain that the Micronesians will write their constitution in such a manner as to require further concessions from us in completing the Compact of Free Association. The Congressional negotiators would state that they could not agree to anything in the compact that would be in conflict with the product of their Constitutional Convention.

-- The Congress of Micronesia apparently intends to mount its own political education program in Micronesia. It is vastly preferable that the campaign focus on a draft compact approved by a majority of the Congress, than on various abstract concepts. This, of course, requires early conclusion of compact negotiations.

-- Early completion of a draft compact should assure early Micronesian attention to Micronesia's future internal arrangements and the divisive issues that exist in that territory. The focusing of Micronesian attention on those problems and issues will to some extent take the heat off our administration, the U.S., and deflect attention from ongoing separate negotiations for our land requirements.



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RECOMMENDATION

In the above circumstances, we believe it highly desirable to meet with the JCFS in May or early June, and maintain pressure on the Micronesians in terms of working out as rapidly as possible the remaining provisions of a Compact of Free Association. If the May or subsequent negotiations fail to make progress toward that goal, we can again review the possibility of unilateral moves toward an act of self-determination. Should that course ultimately become necessary, additional negotiations will pinpoint further the problem areas that will have to be addressed in any unilateral status offer.

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VI. RELATIONSHIP OF PUBLIC LANDS PROBLEMS TO NEGOTIATING ENVIRONMENT

A. IMPORTANCE OF LAND TO MICRONESIANS

Throughout most of Micronesia the public lands question is second only to future political status as an issue in Micronesian-American relationships. In Palau, it tends to be the dominant political, economic, and social issue. Conflict with the TTPI administration, internal clan and political rivalries, and negative attitudes toward US future political status proposals in large measure all flow from land concerns. The significance of land to Micronesians cannot be overstated. The political and social status of individuals, families, and of clans is linked directly to possession of land. The tie is by our standards mystic and of a highly emotional character. More pragmatically, land is the only asset and bargaining chip the Micronesians have---and they are all too well aware of that factor.

Against the above background, it is no small thing that 60 percent of Micronesia's land area is TTPI public domain "inherited" from the Japanese and prior foreign administrations. The Micronesians argue that these lands were initially acquired by force, guile, or other unjust or illegal means and that they should have long ago been

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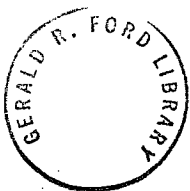
returned to their "rightful owners," or to the control of the districts. In most instances the claimants are traditional municipalities, clans, traditional leaders, or extended family units. Pending the return of these lands, many Micronesians have resisted cooperation with and implementation of various TTPI land programs involving cadastral surveys, homesteading of public lands, and other activities involving TTPI administration control or use of any lands--public or private. The magnitude of the problem in any district relates directly to the amount of public land in that district:

<u>District</u>	<u>Public Lands as Percent of Total Land Area</u>
Palau	68%
Yap	4%
Truk	17%
Ponape	66%
Marshall Islands	13%

B. Current Legal Status of Public Lands

The present legal and administrative situation is as follows. (a) All public lands are held in trust by the TTPI administration for the Micronesian people. (TTPI courts consistently have rejected individual Micronesian claims to public lands by sustaining the TTPI administration's "inherited" title to these lands.) (b) Legislative authority over public lands is somewhat confused with both the Congress of Micronesia and the various district legislatures having some legislative authority over the disposition and use of public lands. (c) The Trust Territory Admin-

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istration, within the framework of TTPI legislation, has executive branch authority over the disposition and use of public lands. The Secretary of Interior has over-riding or plenary legislative and executive authority. The TTPI Administration has eminent domain authority, which it can exercise on behalf of the U.S. Government. Most public lands are unoccupied, serve no productive use, and are not needed for public purposes.

The Congress of Micronesia does in fact have the legislative authority necessary to effect transfer of the public lands to the districts, but past efforts in this direction have been vetoed by the High Commissioner on various grounds. (One bill would have stripped the TTPI administration of eminent domain powers.) But, as a practical matter, the Congress does not appear to have adequate political authority to enter into land agreements with the US Government which would be accepted by any district. Likewise, at least with respect to public lands, the districts do not presently have sufficient legal or other authority to enter into binding agreements. In short, on land, we presently have no one with whom to negotiate our post-trusteeship land requirements as they affect public lands.

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C. Current U.S. Government Negotiating Position on Land Issues

Since the October, 1971 Hana talks, the U.S. Delegation has consistently held to the following positions with respect to land issues.



1. Our military and civil land requirements (as leases and options) would be negotiated prior to termination of the trusteeship, would be an integral part of the status settlement, and would go into effect at termination of the trusteeship.

2. Should emergency U.S. military requirements for land arise in the post-trusteeship period, the Micronesian Government would "negotiate in good faith the temporary use of land by the U.S. in emergency situations."

3. At termination of the trusteeship, title to all TTPI public lands would be transferred to the new Micronesian Government.

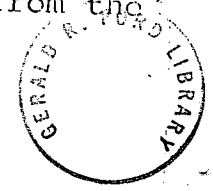
4. The U.S. would have no eminent domain authority following termination of the trusteeship.

D. Issues to be Resolved

1. "Return of Public Lands" and Land Management -- The district level leadership of Micronesia is unified in one respect; there is nearly universal agreement that TTPI public lands should be returned to the districts in one manner or another, and that all legislative and executive authority over land matters, i.e. land management, should be at the district level. Truk and Palau are particularly adamant in demanding immediate return of public lands and district control of all lands. However, attitudes on the ultimate disposition of TTPI public lands vary between districts. Some favor simple transfer of title from the

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TTPI Government to the district administrations, while others (especially Palau) demand an immediate transfer from the TTPI Government to individual claimants--mainly Palauan clans and municipalities. Any transfer of public lands to the districts is complicated by the fact that there exist no corporate entities at the district level (other than municipalities with often conflicting claims) which could receive title to public lands. A transfer of public lands to district governments would require either a chartering of those governments, or establishment of district public lands trust boards entitled to receive and dispose of public lands. There also are historical disputes between various claimants in each district which could take years to settle. This fact alone would make difficult direct transfers of titles to claimants, and would leave unresolved the question of public lands for which there are no individual claimants (other than the districts as a whole).

In the meantime, lands issues remain a festering sore in our relationships with the Micronesians. The atmosphere surrounding status negotiations has been soured by land issues to the point that progress to date is seriously threatened.

2. Land Acquisition -- During the Hana, Koror, and Washington talks in 1971 and 1972 it had been envisaged by the U.S. Delegation that our land requirements would be

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negotiated with the JCFS, or some other authorized body of the Congress of Micronesia. It would then be the responsibility of the Congress of Micronesia to assure that the districts and land claimants or owners concerned would accept the negotiated leases and options. Whether land acquisition arrangements would ultimately be directly between the U.S. Government and the landowners, with Micronesian district governments, or with a future Micronesian central government was never resolved.

In the past year, however, it has become increasingly clear that the leadership in those districts where we have military land requirements (Palau and the Marshalls), are not prepared to permit the Congress of Micronesia to negotiate on its behalf. Furthermore, the Congress itself has taken no formal position one way or another on who should negotiate our land requirements or be the lessor. The dilemma we face is thus twofold: On the one hand the only body which (at least theoretically) has the legal authority to negotiate our land requirements (the Congress of Micronesia) has been reluctant to enter into meaningful land negotiations. Even if it should do so, it is extremely unlikely that the concerned districts would accept the product of those negotiations. On the other hand (at least in Palau), most of our requirements are for public lands with the consequence that there is no authoritative body which can "deliver" our land requirements pending a transfer of public lands to the districts.

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E. Parties to Land Agreements

Although it has become clear that our land negotiations should be at the district level, it may be the Micronesians will desire that actual leases will be with a future Micronesian Government -- with the latter acting as an agent for landowners. We should be prepared to be flexible and meet Micronesian requirements as to who will be the lessors. However, there would be distinct advantages to having the Micronesian Government as a lessor -- not the least of which would be the relative ease of holding a government liable for performance on leases. Assuming such an arrangement would also permit the Micronesian Government to share in the compensation for leases, there would also be advantages to that government.

In the above circumstances, if there proves to be any choice in the matter, the President's Personal Representative should seek land arrangements which provide for the Micronesian Government to be the lessor or leasing agent for private lessors.

F. Means to Resolve Land Issues and Meet U.S. Land Requirements

Any resolution of the land problem in Micronesia must, to be effective, satisfy several basic requirements. (a) It must permit clear determination of who can negotiate our land requirements in a manner acceptable to not only the U.S. Government, but also to any future Micronesian Government. (b) It must establish procedures for early turnover of TTPI public lands and land management to the districts in a manner sufficiently flexible for the differing circumstances of each district. (c) Transfer of public lands and the land management function must be accomplished

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8

in a manner generally acceptable to the Congress of Micronesia to assure that the basic status negotiations are not endangered. (d) Resolution of the public lands issue should be accomplished in a manner most likely to assure that our military land requirements are satisfied. (e) Any transfer of public lands, and of the land management function to the districts, must reserve to the TTPI administration continuing eminent domain authority, and also carry certain other conditions as detailed below.

As indicated, resolution of the land problem in Micronesia requires an early transfer of public lands and of the land management function from the TTPI administration to the districts. The mechanics, timing and conditions of the transfer are the issues.

Such a transfer can be effected by one of two alternative courses. The TTPI administration could draft appropriate legislation for adoption by the Congress of Micronesia. However, past experience with land issues in the Congress indicates that it is unlikely to take the necessary early action (in part because of its reluctance to divest itself of authority in an area so important to Micronesia's future). Even if such legislation should be adopted, it could be amended in such a manner (e.g. an effort to strip the TTPI administration of existing eminent domain authority) that the High Commissioner would be forced to veto it. On the whole, then, any effort to achieve a transfer through the Congress of Micronesia is likely to be counterproductive.

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9

Alternatively, the transfer of public lands and land management to the districts could be accomplished via a Department of the Interior Secretarial Order. This would permit the U.S. to control the timing and conditions of transfer in such a manner as to best serve and satisfy our land requirements. However, to minimize damage to U.S. relationships with the Congress of Micronesia (especially with respect to the ongoing status negotiations), the timing and character of the transfer should be developed, to the extent practicable, in consultation with not only the TTPI administration, but also the Congressional and district leadership of Micronesia.

(In consulting with the Congressional leadership on this course, it is conceivable that leadership may offer or even insist upon taking the lead in adopting such legislation. If the leadership indicates a willingness to adopt satisfactory legislation with no serious delay, that course could be tested with the understanding that any Congressional failure to take early and acceptable action will precipitate U.S. Government action by Secretarial Order. Congressional action would require a Special Session of the Congress; the next regular session will not be held until early 1974.)

There is little doubt but that a good many Congressional feathers will be ruffled by taking the Secretarial Order route. However, this should be more than offset by the

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fact that we will have been responsive to district level leadership wishes--and indeed to those of many individual members of the Congress. In these circumstances, the Congress will not gain much public support for any criticism it may offer.

The Secretarial Order would have to contain the following elements.

a) The Order would provide the basic authority for transfer of public lands and all land management functions to the districts.

b) As an essential implementation step in the transfer process, each district legislature would have to expand the authority of existing district land commissions or establish a public lands trust board. The primary role of either body would be to implement, at the district level, all land transfers. In those instances where there are undisputed claims to public lands, title could be transferred directly to the claimants. Where there are disputes, or where there are no claimants, the board or commission could receive and hold in trust title to the land pending local decisions on ultimate disposition of the land.

c) Each district legislature would be required (prior to title transfers) to authorize the newly established land board or the local land commission to assume all land management functions for their district. Authorization for such action would be provided for in the Secretarial Order.

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11

d) The actual transfer of public lands would also be conditioned on the prior establishment of a district-level authority authorized to negotiate, as agent for land-owners, all future leasing requirements of the TTPI administration and of the U.S. Government (in particular U.S. military land requirements).

e) Any transfer of public lands would be subject to the following reservations to remain in effect until termination of the trusteeship.

-- The TTPI administration would retain eminent domain authority.

-- Public lands currently in use by the TTPI administration for public buildings or other public purposes would remain TTPI public domain at least through termination of the trusteeship.

-- Existing leases of public lands and homestead rights must remain in effect, although actual title to such lands could be transferred to the districts or other claimants.

-- Marine or off-shore lands would remain under territorial jurisdiction.

-- Any transfer of interest in lands to non-TTPI citizens, by lease or whatever means, must be approved (as at present) by the TTPI administration.

An issue that immediately arises is whether the proposed transfer should be linked to or conditioned upon satis-

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faction of our Palau land requirements (there is no logical linkage with the Kwajelein requirement; that atoll is not within the public domain).

As noted, the Palauans have conditioned any negotiations for our requirements on a prior transfer of public lands. Yet there is no firm guarantee the Palauans would negotiate in good faith following a transfer. Through informal discussions with Palauan leaders, the following approaches could be tested.

1) Following specific identification of our land requirements in Palau, the Secretarial Order could be issued, and arrangements for the transfer could be set in train simultaneously with the negotiations for our land requirements. However, actual transfer of all public TTPI lands would be withheld pending a satisfactory agreement on the Palau options. This course would be deeply resented not only by the Palauans, but also by all other Micronesians.

2) Same as (1) above, but only those lands which are required for the Palau options would be withheld pending satisfaction of our land requirements.

3) Land negotiations would commence simultaneously with preparations for the transfer, and the latter would not be conditioned upon satisfaction of our requirements in Palau. Safeguards in this instance would be twofold.

(a) The U.S. Government could withhold final agreement

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a status settlement, and termination of the trusteeship, pending satisfaction of the Palau land requirements. (b) So long as the trusteeship agreement remained in effect, the TTPI administration could exercise eminent domain authority on behalf of the U.S. Government.

It is unlikely that the Palauans will readily accept either of the first two approaches described above, but they should be tested through informal talks with the Palauan leadership prior to adopting the third course.

There remains the Kwajelein requirements in the Marshalls, and civilian federal agency requirements in all five districts. The transfer of the land management function to the districts -- and the associated establishment by the districts of land negotiating authorities -- would establish the necessary local bodies with which the U.S. could negotiate these requirements.

G. Relationship of A Public Lands Solution to the Mariana Negotiations

The proposed land transfer of public lands and land management functions to the districts will also considerably ease our land negotiations in the Mariana Islands. The Congress of Micronesia could in no way intervene with thos negotiations, and the prospects for early agreement on and implementation of our land requirements in the Marianas would be considerably enhanced.

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13  
17

conclusion of the Palau land negotiations; (b) to withhold indefinitely (with that course's attendant risks) implementation of Micronesia's new status pending ultimate and satisfactory conclusion of the Palau land negotiations; or (c) to proceed to implement to the extent possible Micronesia's new status, but within the framework of the trusteeship with an American High Commissioner retaining eminent domain authority. If course (b) or (c) is adopted, the trusteeship agreement could be terminated immediately upon satisfactory conclusion of the Palau land negotiations.

Any such decision must be based on an assessment of political and other conditions at that time, including whether there remains any realistic prospect for a successful conclusion of the Palau land negotiations at a future date.

Two basic factors will have to be taken into account.

(a) Nowhere in the world today, except possibly in the event of a war emergency, can the U.S. Government reasonably expect to construct and operate military installations in the face of a hostile population and government. (b) A primary justification for the Palau options requirement has been the assumption that Palau lands, under a suitable political settlement, would provide a politically secure area for the construction of facilities to replace those in less politically secure areas. If Palauan resistance to U.S. land requirements proves to be so significant that



agreement is not possible, or is reached only through political arm-twisting techniques, then the utility of those options may be virtually nil. Indeed, it is quite conceivable that the Palauans, following sufficient arm-twisting, could technically meet our land requirements with option or lease agreements--but with no intention whatsoever of ever permitting the actual construction of U.S. facilities. Such action would be fully consistent with the Palauan culture and negotiating tactics.

In these circumstances, the U.S. if it faces major resistance to its land requirements in Palau, would do well to consider at that time whether (a) the Palau land requirements are in fact of any practical value, and (b) whether continuing pressure for those requirements in the face of hostility or outright rejection will be worth the damage to our broader political and strategic interests in Micronesia.

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15



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ANNEX A

DOD JUSTIFICATION FOR MILITARY LAND  
REQUIREMENTS IN THE PALAUS

1. In order to determine the importance and the need for a contingency U.S. Navy base and Marine maneuver area in the Palau District it is appropriate to consider the extent and role the existing Philippine base complex plays in supporting Navy and Marine mission requirements and national policy.

a. The Navy's real estate holdings in the Philippines (Subic Bay, Cubi Points & San Miguel) comprise over 41,800 acres. The available Marine maneuver areas comprise over 83,000 acres. The major activities located there include a naval base, a naval air station, a supply depot, a ship repair facility, a magazine, and a communications station. To man the complex requires 1,300 officers and men and 1,300 civilians. The magnitude of operations and support services is thus considerable. During 1972, the supply depot received 759,206 measurement tons of material for distribution to fleet and local units, and the ship repair facility performed an average of 4495 man days of production work per day on Pacific Fleet ships. The piers at the naval base are capable of supplying shore generated electrical power, fresh water and fuel. There is sufficient room for nesting of destroyer type ships,

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Annex



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and there are 120 anchorages available. The naval air station accommodates and supports and anti-submarine patrol squadron with 9 P-3 aircraft, a carrier onboard delivery (COD) squadron with 15 aircraft, varying numbers of transient aircraft, and, as required, a carrier air wing.

b. These Philippine bases play an important role in supporting the US military forces employed in carrying out US policy and providing a presence which contributes to maintaining a regional balance of power in the Southwestern Pacific area. If use of all or part of these bases were denied to the U.S. without a possible fallback base in the region, the U.S. would be unable to adequately support forces afloat and our Southwestern Pacific Allies because of the extreme distances involved. It must be remembered that over 95% of all support for the Vietnam war was provided by ship. Therefore, it is in the national interest and necessary under the strategy of forward basing to have an option for another Southwestern Pacific naval base and Marine maneuver area should circumstances warrant.

c. In considering all aspects associated with possible locations for a future contingency support base, the Palau district was determined to be the only location

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possessing the potential for possible future development of even a limited forward support base.

2. The Palaus are unique in meeting Navy needs.

Their strategic location is of considerable import. They are almost 800 miles closer to the South China Sea and the Indian Ocean than locations in the Marianas.

a. Thus a ship at normal transit speed would reduce by four days the time required for a round trip if the ship can use the Palaus rather than Guam or the Marianas.

b. A Radius of 1,500 miles from the Palaus encompasses a major portion of the South China Sea. A similar arc from the Marianas does not reach beyond the Philippines. This difference is especially significant for at least two reasons:

(1) Experience and analysis substantiate that Naval forces are most economically employed when areas of operations are within 1,200 to 1,500 miles of logistic support bases. Beyond that distance, the number of required combatant and replenishment ships rises sharply;

(2) P-3 anti-submarine patrol aircraft are effectively employed within operating radius of 1,500 miles.

c. The ability to stage from the Palaus also permits advanced defense of Guam and Tinian and avoids complete concentration of military facilities in the Marianas, which

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would limit flexibility and increase risk.

3. The physical characteristics of the Palaus are equally important. Malakal Harbor is an excellent "harbor within a harbor." There are additional supplementary anchorages nearby. Babelthuap's large area and sparse population permit its use without significant interference with the island's residents. If necessary during wartime, military facilities could undergo emergency expansion on Babelthuap. These attributes are not duplicated elsewhere in the TTPI west of Guam.

4. The minimum requirements, as described in Secretary Laird's 9 September 1971 letter, will provide, at best, only a partial hedge against loss of existing bases or unsatisfactory limitations on the use of these bases. This risk was accepted in recognition of Micronesian reluctance to part with land and the attitude of many Palauans toward the US. However, these requirements represent the absolute minimum basing options which prudence dictates and are a non-negotiable minimum.

5. It is apparent that the Palauans are concerned about US plans for installations on their islands. The Palauan's interest in these plans is appreciated. Their queries can best be answered by explaining that the exact time and nature of development of facilities is dependent on many variables, including the future of other Pacific bases, political

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decisions concerning US forces in Asia, and the relative priority of military construction projects elsewhere in the world.

6. The Navy has no plans for early development in the Palaus. However, the following hypothetical minimum and maximum conceptual development sequences may be useful for informational purposes.

a. If US basing and force levels in WESTPAC remain stable, the development and use of the Palaus would probably be on a very small scale.

(1) Initially, ship visits may be expected in Malakal Harbor.

(2) A master plan would be developed for Navy facilities and the joint-use airfield.

(3) The Navy will also assist in development of a master plan for civilian development of the island. These plans would be developed by Navy and local representatives to take advantage of Navy experience and expertise and to ensure that the requirements of both users (civilian and military) are adequately provided for and are compatible.

(4) Airfield construction would follow. Upon completion of the runway, patrol aircraft could be

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staged from the airfield at the rate of several each month.

(5) If circumstances warrant, options may be exercised and minor construction undertaken on the three sites. This could include administrative and living facilities on Babelthuap for possibly 20 to 50 men, a small support building at the airfield and an administrative building at Malakal harbor. It is also expected that storage facilities for POL and ammunition will be constructed on Babelthuap.

(6) Marine Corps use of the maneuver area, or portions thereof, will probably be on an intermittent basis each year.

b. If the need arises for a significant relocation of WESTPAC base facilities, or if there is a major increase of Naval forces in this area, the following expansion could be envisioned for the Palaus.

(1) The use of Malakal Harbor and Komebail Lagoon for a fleet anchorage (occasional use by up to 10 or 15 ships).

(2) Placing a tender and floating dry dock in Malakal Harbor for maintenance and repair of submarines and destroyers.

(3) Completing land fill in the 40-acre area in Malakal

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Harbor and construction to provide for alongside berthing and bunkering and for logistic and administrative facilities.

(4) Expansion of storage facilities on Babelthuap for additional prepositioned war reserve stocks of POL and ammunition and operational stores.

(5) Construction of a communications facility at the Babelthuap site.

(6) Expansion of administrative and personnel support facilities (quarters, offices, medical facility, warehouses, sales outlets, recreation facilities, etc) for up to approximately 1,000 military personnel.

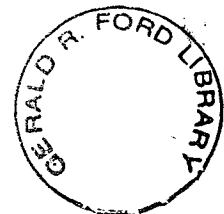
(7) Periodic use of the maneuver area for ground force training.

(8) Construction at the airfield of up to approximately 100,000 square yards of parking apron, construction of a hangar and aircrew alert facility and ancillary buildings (e.g., line shack, GSE facility, Wash rack).

(9) Operating a patrol squadron (9 P-3 aircraft) or detachment (2 to 6 P-3's) from the airfield and occasional use by carrier air wing aircraft (intermittent presence of up to approximately 10 to 30 aircraft).

c. For the construction of the Joint-use airfield, the Navy is amenable to participation at Airai or another

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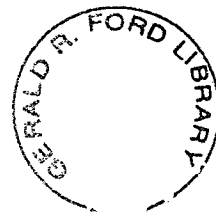
site. The intent of the Navy's contribution of up to \$9 million is to ensure that the airfield meets its requirements for flight activity and that there is adequate area provided for Navy facilities, as described in the development scenario, and a reasonable degree of future expansion, if needed.

d. Some of the facilities for the support of ships will be located at some distance from Malakal Harbor. This division was necessary in order to overcome the problem that Malakal Harbor is the only suitable protected harbor, but 2,000 acres of land near the harbor to accommodate DOD munitions safety criteria is not likely to be available for Navy use. In addition, the unloading, loading and storage of ammunition and POL are well-suited to an isolated location. The disadvantages of use of this remote site must be accepted in order to provide an appropriate site for some functions which should be distant from population centers. Three alternate sites have been selected, one of which will be negotiated for with the Palauans during the US land survey team visit.

e. It may be suggested that all support facilities for ships be collocated at the single 2,000 acre site on the West Coast of Babelthuap. However, this proposal fails to recognize that the use of Malakal Harbor is critical to an

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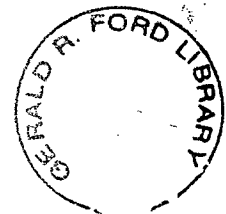
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effective support facility in this area.

(1) Malakal Harbor is the sole site which provides adequate sheltered anchorage and berthing. Protection from wind and sea is present in virtually a full circle. In contrast, the lagoon on the West Coast between the barrier reef and the islands is open to winds from the southwest through the northwest. Winds from these directions exist about 20% of the time. From July through October the wind is from these unsheltered directions well over 50% of the time. The conditions in the anchorage area in the lagoon are described as troublesome with west winds and untenable at times during strong northwesterly winds. As the Palaus are in or near the "typhoon belt", it is also noteworthy that, although Malakal Harbor cannot provide shelter for very high typhoon force winds, there are many instances when moderately high winds from a typhoon skirting the islands make the lagoon unusable while Malakal Harbor remains adequately sheltered. These factors are important for even infrequent transient ship use, but they are crucial in selecting a site where destroyers and submarines can nest alongside a tender, for locating a floating dry dock, for berthing service craft and boats and for the construction of a wharf or pier for

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alongside berthing, bunkering, repair and services.

(2) The proximity of Malakal Harbor to the population center and the probable site of industrial growth is also important. Koror and its environs would provide the civilian work force for the support facility, fresh produce and other commodities, the advantages of at least some measure of urban development and would eventually provide supplemental industrial support. The boost to the economy and infrastructure of the Palaus provided thereby should be of tangible benefit to the residents.

(3) Malakal Harbor is unmatched West of Guam for the proposed use. Its value warrants the effort which may be required to assure access, anchorage rights and to obtain the 40-acre site.

7. The Navy desires to cooperate fully with the Palauans in selecting sites which are mutually agreeable, in ensuring the compatibility of military and civilian facilities and in protecting ecological and sociological interests. The Navy is convinced that by working and planning together that, with little inconvenience, the Palauans will benefit from economic growth, and expanded infrastructure, improved harbor and airport facilities, and from the facilities, and from the assistance that can be provided in their community planning during the development of facilities which future needs may

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dictate. Assuring the acquisition of required basing options is important to the Navy and they are hopeful that the forthcoming land discussions can serve to apprise the Palauans that these are provisions for long-term contingency development, reduce their apprehensions about an undesirable or inordinate military presence and assure them of US intentions to plan with them for future development so as to avoid adverse impact on their plans, their environment and their people.

8. Justification for a 30,000 Acre Maneuver Area on Babelthuap.

- a. The Marine Corps has expressed a minimum requirement for an option to maneuver/train on 30,000 acres of Babelthuap as a contingency option to provide training/maneuver areas in the future should circumstances dictate.
- b. Guidance by higher authority calls for 2/3 Marine Amphibious Force to be deployed in the Western Pacific as part of the PACOM forces postured to meet mutual defense commitments and to respond to contingencies.
- c. Maintaining an acceptable level of training readiness for WESTPAC Marine forces for commitments and contingencies makes it mandatory that sufficient training areas be available for utilization. Babelthuap, due to its central location in the Western Pacific, size and terrain, satisfies this requirement.

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d. Training areas are presently limited and those available to the Marine Corps are being degraded through encroachment, restrictions and/or denial to a point that in the future, they may not be totally or partially available to support the requisite training.

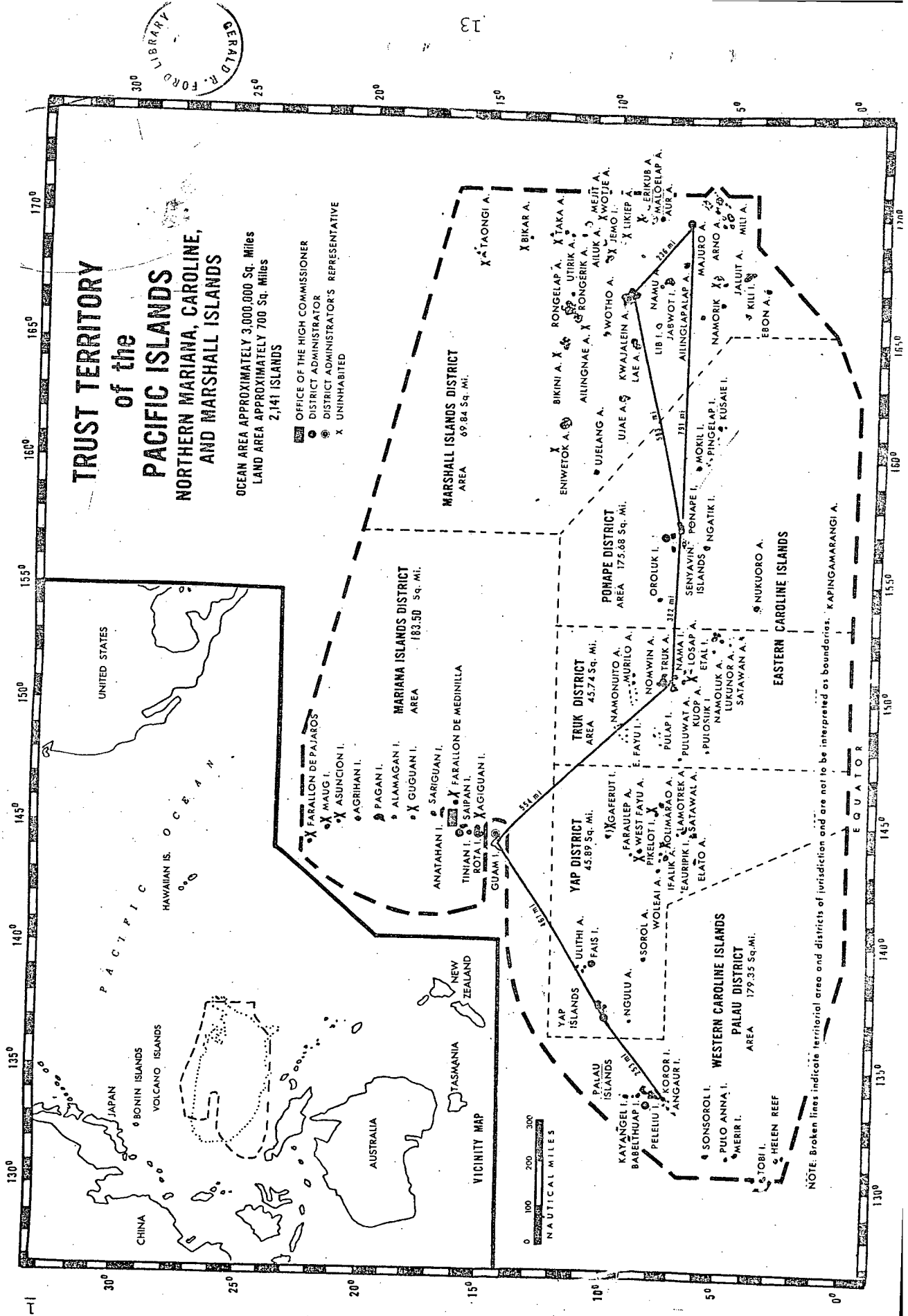
e. The size of the area is dictated by the requirement to provide sufficient maneuver area for the largest unit anticipated to utilize the area. Currently, it is anticipated that training exercises up to a Marine Amphibious Brigade (MAB) level will be conducted on Babelthuap. A notional MAB, consisting of a ground combat element, an air combat element, a combat support element, a combat service support element and naval support forces, numbering approximately 11,200 personnel would probably be the maximum size organization to utilize this area.

f. Based on this notional MAB, the Marine Corps requirement for a maneuver/training area is actually 70,560 acres (computed on 6.3 acres per man; ref: FM 101-10-1). Training/maneuvers can be successfully accomplished with some degradation, however, on less than half (30,000 acres) of the required acreage, e.g., by further reducing either the scope of the exercise or the task organization of the notional MAB.

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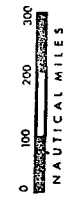
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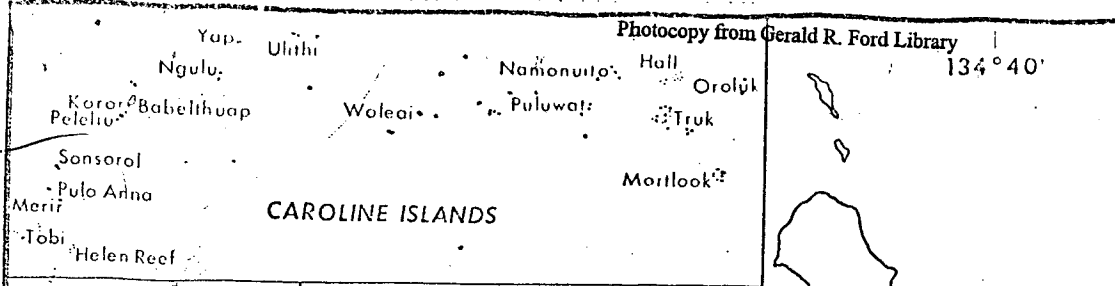
# TRUST TERRITORY of the PACIFIC ISLANDS NORTHERN MARIANA, CAROLINE, AND MARSHALL ISLANDS

OCEAN AREA APPROXIMATELY 3,000,000 Sq. Miles  
LAND AREA APPROXIMATELY 700 Sq. Miles  
2,141 ISLANDS

- OFFICE OF THE HIGH COMMISSIONER
- DISTRICT ADMINISTRATOR
- ⊙ DISTRICT ADMINISTRATOR'S REPRESENTATIVE
- X UNINHABITED



NOTE: Broken lines indicate territorial area and districts of jurisdiction and are not to be interpreted as boundaries.



**BABELTHUAP  
(CAROLINE ISLANDS)**

LOGISTICS COMMUNICATION  
CANTONMENT/SITE

MANEUVER AREA

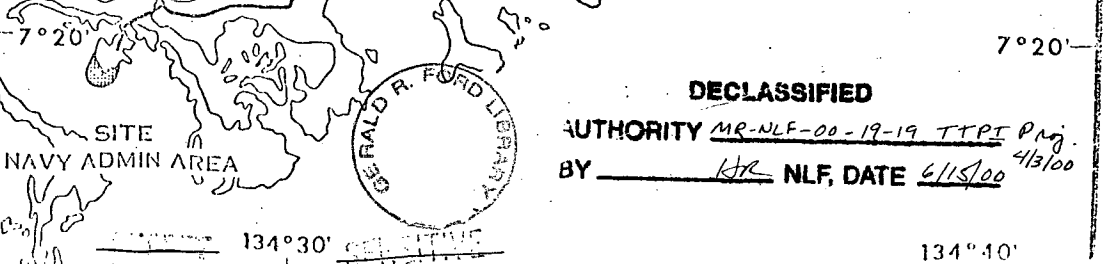
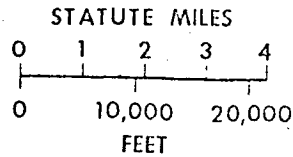
KAMIYANGUAR

Airai Field

RUNWAY

KOROR

SITE  
NAVY ADMIN AREA



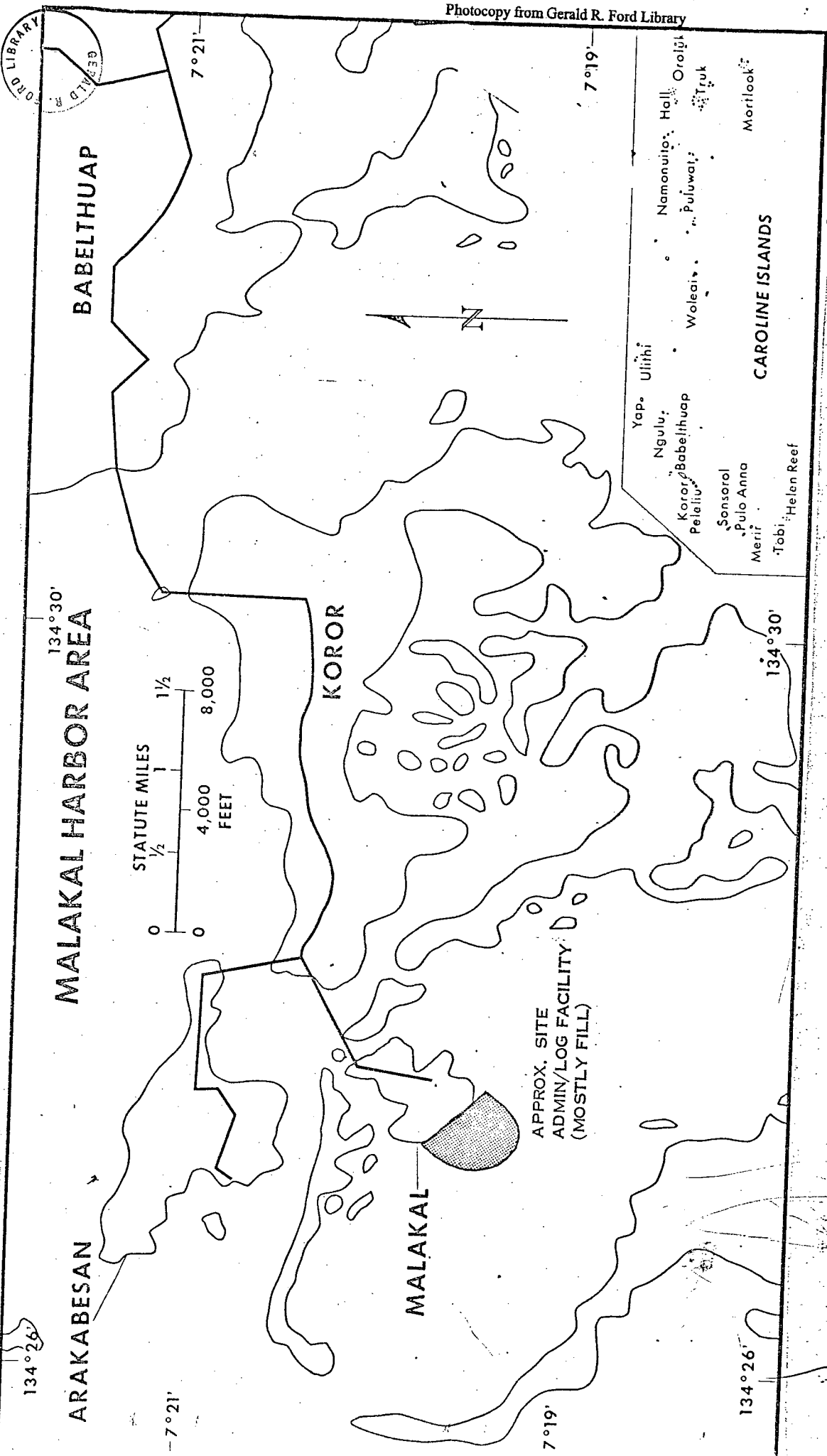
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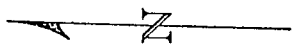
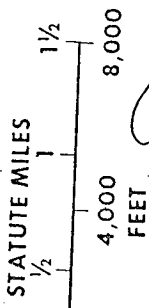
134°30' MALAKAL HARBOR AREA

BABELTHUAP

KOROR

MALAKAL

APPROX. SITE ADMIN/LOG FACILITY (MOSTLY FILL)



- Yap
- Ulithi
- Ngulu
- Koror
- Babelthuap
- Peletiu
- Sonsorol
- Pulo Anna
- Merir
- Tobi
- Helen Reef
- Woleai
- Puluwat
- Namounito
- Hall
- Oroluk
- Truk
- Mortlock

CAROLINE ISLANDS

134°26'

ARAKABESAN

7°21'

7°21'

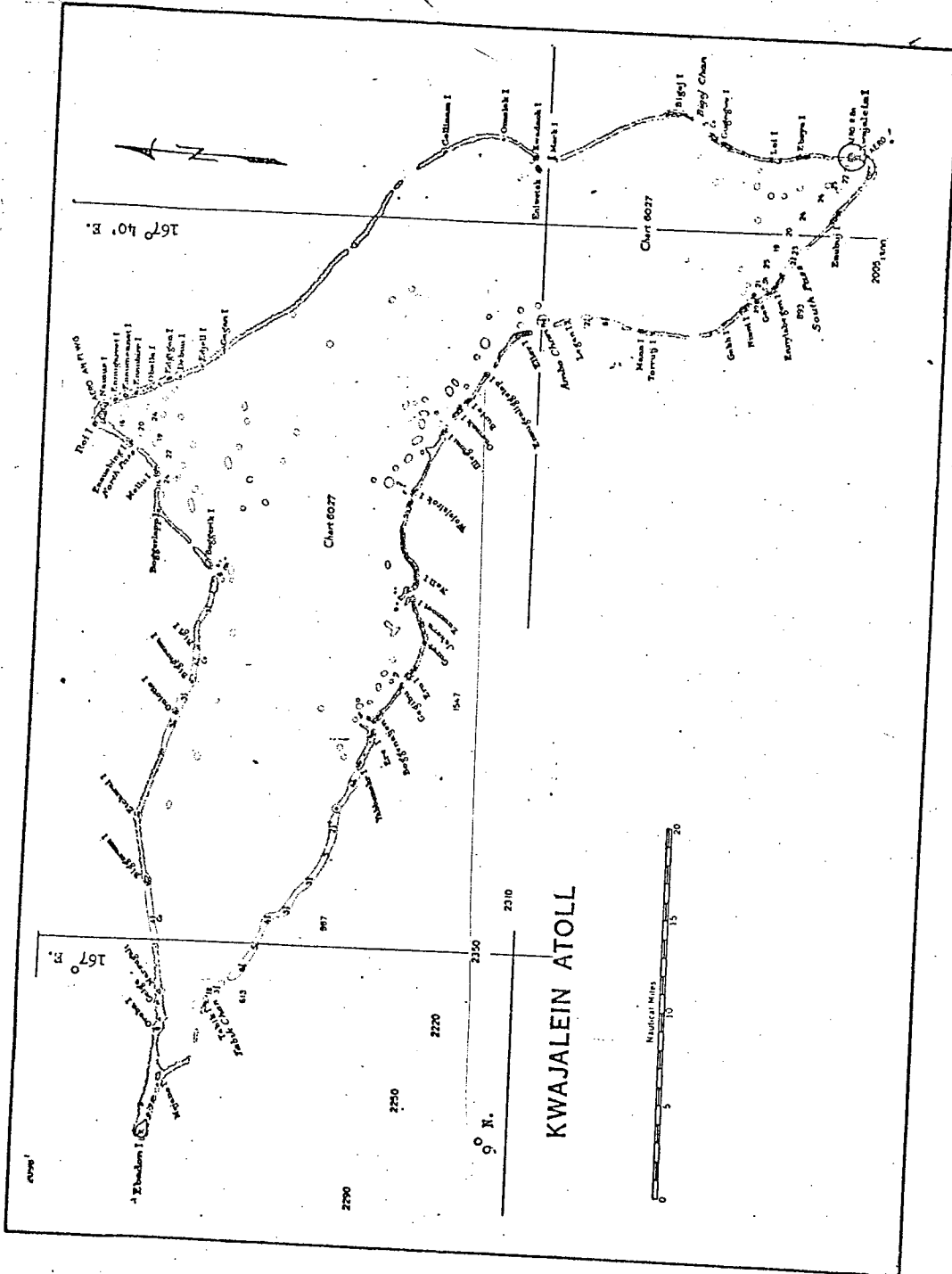
7°19'

7°19'

134°26'

134°30'

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Interest and Objectives in Micronesia  
CREATION DATE . . . . . 1972?  
VOLUME . . . . . 17 pages  
COLLECTION/SERIES/FOLDER ID . 033700026  
COLLECTION TITLE . . . . . NATIONAL SECURITY ADVISER. NSC STAFF  
FOR EAST ASIAN AND PACIFIC AFFAIRS:  
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DOD ASSESSMENT OF US STRATEGIC INTEREST AND OBJECTIVES  
IN MICRONESIA

1. US Strategic Interest and Objectives

a. The security of the United States depends, in large part, on our ability to control the Pacific Ocean area. Such control will be required as long as military forces must be moved through or are required to function in the area and as long as it is necessary to deny to the enemy positions from which attacks of any kind may be launched against the United States or its possessions. Our base system in the Pacific is an amalgum of key locations providing a US presence which assists deterrence to aggression and facilitates exploitation of the mobility of US Forces to rapidly reinforce allies if deterrence fails. Control of any portion of the area must be denied to potential enemies. The cost of lives, time, and resources paid by the United States in World War II to secure control of the Pacific is a direct measure of the vital need to establish and maintain unquestioned US control of this area.

b. US interest in Micronesia is based in part upon its military-strategic value. The area provides positions of potential military value for the defense of Hawaii, Guam, the Panama Canal, Australia, New Zealand, and of the United States. The area is also a zone of transit, the continued control of which is basic to the fulfillment of

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MR-NLF-00-19-20

By TTPI, NARA, Date 4/19/00

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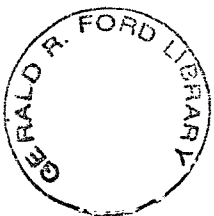


US Asian and Pacific security commitments under SEATO and ANZUS and under the bilateral treaties with Japan, the Republic of Korea, the Republic of China, and the Republic of the Philippines. The islands in the Pacific area are important sites for the network of transport and communications facilities essential to the maintenance of normal contact between the United States and the countries of Asia and Australasia.

c. The value of the area to the United States has been enhanced considerably by recent developments in military and space technology. The progress of the US earth satellite program has also increased its significance. In the interests of its longer range military and space programs, the USSR will be attentive to any political development that offers hope of cracking the Western power monopoly in the Pacific area.

d. There are presently discernible factors, including a deficit in the US balance of payments and growing political pressures against US bases in some countries, which probably will result in some additional limitations and restrictions on the use of the existing Far East bases. It is conceivable that continuing US military presence in some of the countries may be restricted seriously or jeopardized by the local political environment. Should future circumstances result in continued limitations and restrictions on the use of existing bases on foreign soil, use of Guam and the TTPI could well become a critical

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consideration in effective military operations in the Western Pacific.

e. In view of the developing PRC nuclear capability, Guam and the TTPI can be expected to become of more strategic importance to the United States. As the PRC threat evolves, there may be a requirement to adjust the US posture to provide an additional dispersal of military forces on territory under complete US control.

2. Specific Considerations

a. By nature of their location, across the lines of communication to existing Far East bases, the islands of the TTPI provide logistical fallback sites for our present forward basing posture. Together with Guam, these islands could fulfill a wide range of requirements that could develop under various contingencies. The isolation of some of these islands and their sparse population make them ideal sites for weapons and other equipment testing programs, space launch, recovery, telemetry and control stations, underwater surveillance test operations, and bases for application of future technological advances. The basic national strategy for the East Asia/Western Pacific area envisions US forward deployed forces, together with the military forces of our allies in the area, providing a deterrence to potential enemies, and a capability to defeat aggression if deterrence fails. Implicit in this forward strategy is the requirement for forward bases for US land, sea and air forces as well as logistic, communications

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and intelligence facilities. These forward bases can be located in allied countries, on US territories in the Western Pacific, or in areas that will be politically associated with the US.

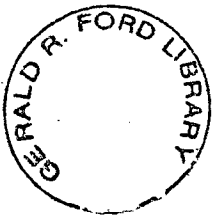
b. Increasing Reliance on "Hard Bases":

(1) Assurance of Availability

(a) Several factors weigh against continued reliance on US bases on foreign territory. Among them are the declining cohesiveness of our alliances, and the internal political reliability in many of the countries in Asia, both of which make tenuous any US military presence in Asia that is dependent upon foreign basing rights. Thus, US bases in allied countries may be termed "soft" as a reflection of their vulnerability to host nation withdrawal/restriction of basing rights, and political pressure for reduced foreign (US) presence in their country.

(b) Forward bases on US territory, and on territory over which the US exercises sovereign control or that which is politically associated with the US are not susceptible to political pressures or constraints from a foreign nation. The use of these "hard" bases is subject only to national decisions on such issues as Congressional appropriations; the acquisition of land for base development and expansion; and, the types and sizes of forces to be based there. Other aspects which favor the use of US territories or areas that are politically associated with the US, are the opportunity

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to acquire or retain options for prospective military bases, and the ability to obtain reentry rights where forward bases are abandoned or are shared with commercial enterprises. These options are generally not available in foreign countries.

(c) In summary, the assurance of availability of bases over which the US is sovereign or are located in areas that are politically associated with the US is considerably greater than on foreign soil. This fact alone dictates that Micronesia must remain associated with the US and that increased efforts should be directed toward acquiring adequate forward bases and basing rights in Micronesia to ensure that the US is able to maintain a forward defense posture in Asia in the event that basing of US forces in allied countries becomes untenable.

(2) Other Advantages. Maintenance of an adequate forward base structure in Micronesia provides a number of important advantages:

(a) US as Pacific power. US military bases in the Western Pacific serve as a convincing demonstration of the US's intent to remain an East Asia/Western Pacific power, and to maintain sufficient forward deployed military power to fill our commitments to our allies and protect US interests in that area. The existence of these bases also serves as a tacit reminder to other Asian powers that the US exercises sovereignty over territory in the Pacific

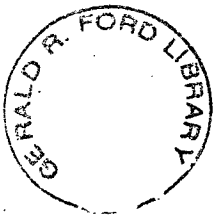
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Basin, hence it is a resident Western Pacific power -- a geographical neighbor to the nation Asian littoral.

(b) Lateral leverage on host nations. Host nations tend to inflate the US's dependence upon bases in their countries, and to believe that these bases are more important to the US than to the host nations. Consequently our allies consider that our reliance on these bases gives them considerable bargaining power with, and leverage over, the US. These host nations may demand increased material benefits (a quid pro quo) in return for static US basing rights. Increased US emphasis on use of present "hard" bases and development of new ones will exercise lateral leverage on nations which are host to "soft" bases in East Asia, in two respects. By improving the US's "hard" base structure and thereby increasing our forward base options, it should undercut host government attempts to raise the material quid required in return for US "soft" bases. The US's reduced reliance upon "soft" bases may cause host nations to reappraise their interests in a US base presence, quite possibly concluding that they in fact attach a greater value to the continuation of the bases than the US itself does. Hence, application of this lateral leverage will likely enhance US prospects of retaining "soft" bases in East Asia on reasonable terms.

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(c) Balance of payments. Increased use of bases on US sovereign territory or in areas that are politically affiliated with the US and concomitant reduction of forces deployed on foreign soil, would substantially decrease the foreign exchange outflow and thereby improve the US's balance of payments in Asia. A significant percentage of our military foreign expenditures thus saved would be redirected into the economics of the US and Micronesia, both through expanded base development and the impact of US forces on the local economy.

(d) Political mobility. US forces based in Micronesia will have immunity from foreign basing constraints. Therefore, in the event of further erosion of current bases they will provide the political mobility essential to a strategy that emphasizes flexibility and freedom of maneuver, even though these bases are not as strategically located to potential objective areas as present forward bases.

c. Were unfriendly powers to achieve footholds in the TTPI, the United States would be faced with essentially the same situation that existed prior to World War II when the Japanese controlled these islands. Such footholds could provide unfriendly powers with refueling bases, missile control stations, submarine bases, and other military

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facilities detrimental to the interests of the United States. The TTPI in unfriendly hands would present a formidable threat to the security of the United States, and the military value of US installations on Guam would be largely neutralized.

d. Japan has emerged as a world economic power and greater efforts are being made to project this power and influence into the TTPI and elsewhere. US strategy and actions should work toward insuring that Japan develops appropriately in harmony with US security interests. However, this should not preclude provision for alternatives should Japanese interests prove inimical to US interests in the Asian-Pacific area.

e. The strategic importance of the TTPI was recognized by the UN Security Council in 1947 when it was designated a strategic area. This importance has increased as the United States has been called upon to discharge its obligations as a Pacific power. As political pressures grow to restrict or eliminate US use of bases and facilities in the Far East, the importance of permanent US military control of the TTPI becomes increasingly evident.

f. The TTPI and Guam are so located as to permit surveillance and defense of the major air and sea lanes from the United States to the PRC, Southeast Asia, and the Southwest Pacific. Submarine and surface ships patrolling the Philippine Sea can be supported logistically, eliminating the requirement to return to Hawaii, approximately 2,500 miles more distant. These locations

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are well-suited for monitoring Soviet and PRC submarine activities. A capability exists at Tinian, Saipan, and Babelthuap, to build airfields and other strategic military facilities capable of supporting major operations. These areas have been subjected to detailed analyses as they relate to our post-Vietnam defense posture and minimum military land requirements to support our basing options and strategic interests have been developed. Should the stationing of major PACOM Forces in Southeast Asia, Okinawa, and elsewhere be further restricted during the post-Vietnam, mid- and long-range periods, possible future use of the TTPI includes, but is not limited to, the following:

(1) Marianas Islands:

(a) Bases for strategic air, tactical air, Navy air ASW patrol squadrons, missiles, airlift, [REDACTED] conventional weapons storage, POL, communications, maintenance and supply, port facility, army depot supply and maintenance unit, and Marine forces, possibly to MAF level. Additionally, an aerial bombing range could be accommodated.

(b) Guam is the westernmost of US territorial bases in the Pacific. [REDACTED]

[REDACTED] there, as will be general purpose naval forces in the near future. However, population pressure and economic development in Guam sharply limit

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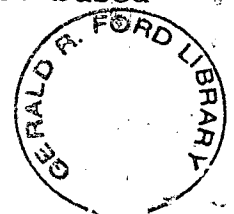
the land on the island available for any future significant expansion of current US military facilities.

(c) The Department of Defense has identified a requirement for a US military complex on the island of Tinian. This complex would provide a relocation site for the strategic forces and activities previously situated on Okinawa prior to its reversion; would support the surveillance and Defense of Micronesia, and the lines of communication in the Pacific; and would preserve a fallback location in the Western Pacific in the event US base rights in Japan, Okinawa, and Taiwan were terminated or unduly restricted.

(d) The base development plan for Tinian includes reactivation and improvement of an airfield on the middle part of the island; restoration of the harbor; development of a port facility and a logistics complex and establishment of a Joint Service maneuver and training area. When fully developed, this military complex would be capable of supporting Air Force strategic, tactical and theater airlift squadrons; an Army depot supply and maintenance unit, a NIKE artillery defense battery, and a Special Forces unit; a Navy ASW patrol squadron; and USMC ground forces up to MAF size.

(e) The Marianas Islands are well located strategically. Mainland Asia is easily within range of B-52s operating from the Marianas. Forces based

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there are well situated for protection of the Central Pacific LOCs and the increasingly important LOCs between Australia and Japan. Because of their distance from mainland Asia, the Marianas are less vulnerable to attack from the continent than more western US bases. However, this distance is somewhat disadvantageous with respect to the radius of action and closure time of US forces based in the Marianas area having to respond to a crisis on the mainland or in the offshore islands of our East Asian allies. Also, because of their distance from the extreme reaches of Southeast Asia, forces based in the Marianas could, provide only a marginal degree of protection to the vital LOCs and choke points between the Indian and Pacific Oceans.

(f) In summary, retention of existing bases on Guam, and acquisition of additional bases in the Marianas are important to the maintenance of an adequate forward defense posture in the Western Pacific in the 1970s. However, a military base structure in the Marianas could only paritally compensate for loss of existing bases in East Asia.

(2) Palau Islands:

(a) Basing options are necessary for future development of a logistics, cantonment, munitions storage, and communications complex; USMC maneuver area; airfield; and harbor facilities.

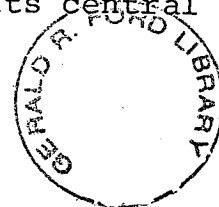


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(b) Of the island groups in the TTPI, the Palaus possess perhaps the greatest potential because of their strategic location. They are almost 800 miles closer to the South China Sea and the Indian Ocean than the Marianas. Within 1500 miles from the Palaus are Okinawa, Taiwan, the Philippines, Australia most of the China Sea, and almost all of the Indonesian all of the LOCs between Japan and Australia. Because of their proximity to Southeast Asia, the Palaus are the most desirable alternate or fallback location for US bases in event of loss of base rights in the Philippines. A US base in the Palaus would provide continued access to the increasingly important Southwest Pacific area, as well as constitute a key defense outpost on the western fringe of Micronesia.

(c) If basing rights on foreign soil were revoked, US bases in the Palaus and in the Marianas 800 miles to the northeast would in effect form a forward defense perimeter across the mid-latitudes, and would constitute the western most basing posture achievable in the Western Pacific. Mobile US forces operating from the Palaus would possess an important advantage over Marianas-based forces: they could provide protection to the Indian Ocean-Western Pacific LOCs, especially where they pass through the critical choke points in the Indonesian archipelago. By virtue of its central

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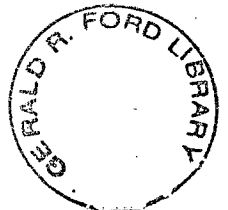


location, a US base in the Palaus would be able to support operations in the Western Pacific, in the Indian Ocean, or, if the need should arise, on the mainland of Southeast Asia. The base's proximity to the Marianas would permit the base complexes in the two island groups and mobile forces from both areas to be mutually supporting.

(d) Although the strategic value of a fallback base in the Palaus is widely recognized, planning for this base has been accorded lower priority than development of a military complex on Tinian. As has been noted above, the Marianas lack the geographical proximity to the Southwest Pacific which the Palaus provide, consequently neither Tinian nor Guam is an acceptable substitute for a military complex in the Palaus. Further, a complete dependence upon US military facilities in the Marianas would limit the flexibility of, and increase the risk to, forward deployed forces in the Western Pacific.

(e) It is therefore important that US base requirements in the Palaus be recognized and that appropriate action be taken to reserve the required real estate as a hedge against loss of existing East Asian bases, especially in the Philippines. A master base development plan must be tailored to

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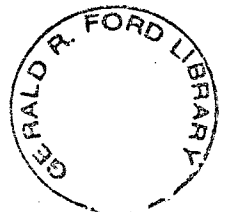
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provide support for the highly mobile forces which will constitute the US's forward military presence in Asia in the future. Hence, use of a deep water, well sheltered harbor and development of modest port facilities adjacent to the harbor would be essential. The Palau base complex should also include an airfield capable of supporting military jet aircraft operations and a logistic support base; and reserved real estate for use as a ground force maneuver/training area.

(f) The US's intent to avoid future involvement in a land war on the mainland of Asia is apparent. Nevertheless, as stated in the Nixon Doctrine, we are committed to support our allies. Hence, the focus of attention is shifting to forward support bases and to the protection of the vital lines of communication which link our allies and our support bases with each other, and with the rest of the Free World. The Palaus' proximity to our allies in the Southwestern Pacific, and to the Indian Ocean and Western Pacific LOCs which converge in the Indonesian archipelago, is a strategic advantage which is unmatched by any other area in Asia over which the US exercises control.

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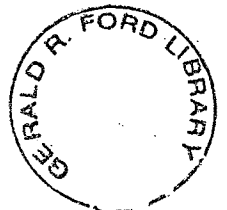


For the future security of US interests in Asia, it is essential that the US obtain an option to establish a forward base in the Palau Islands which could serve either as a fallback from the Philippines or as an additional base to meet as yet unforeseen circumstances.

(3) Marshall Islands: Of particular significance is the value of the Marshall Islands to the research and development programs of the Department of Defense. Kwajalein is the location for both operational and research and development missile tests, penetration studies, and tests of ballistic missile defenses. The requirement for the use of Kwajalein in the research and development program is expected to continue for the foreseeable future. US investment in facilities on Kwajalein are extensive and there is no suitable alternative presently available.

g. Ocean areas and islands such as the TTPI are becoming increasingly important to mid- and long-term US strategy. Previous consideration of the importance of oceans and islands has been primarily in relation to maintaining air and sea lines of communication. In the future, the growing economic value of the resources available and exploitable from the oceans will increase their importance. In addition, as pressures increase against US presence

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in forward allied areas, greater reliance may have to be placed on use of US-owned or controlled islands to insure continued protection of US security interests. US national policy should assure the continued unfettered use of the TTPI for both military and economic purposes. We should seek positively to reverse any trends toward termination of US interests in the area.

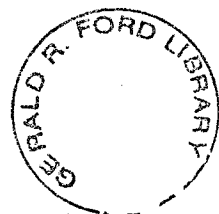
3. Summary

a. The security of the United States will continue to depend in large part on US ability to monitor and control, as necessary, the sea and air space of the Pacific Ocean area and to meet and counter communist strength in the forward Asian-Pacific regions. The TTPI, under close political association with the US, would contribute to the accomplishment of these objectives.

b. It is essential, because of the cessation of hostilities in South Vietnam, that redeployment of US Forces assures a military force posture which will permit rapid and decisive reaction to fulfill Asian and Pacific commitments. For this reason, the posthostilities posture of US Forces would be enhanced significantly by the option for military bases and associated facilities in the TTPI.

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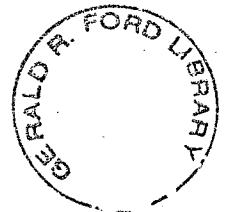
c. The United States should continue to oppose any withdrawal of US Forces from our present Pacific forward base structure. However, if the intensifying political pressures cause future denial or curtailment in the use of our forward bases, the TTPI provides the only real estate, with the exception of Guam, on which the required capability to project US power into the Western Pacific could be based. Current US control of the TTPI, favorable balance of payments considerations, and potential for US sovereignty and/or jurisdiction offer the possibilities of long-term stability required for planning of a base structure.

d. Kwajalein will remain strategically significant in view of its importance to DOD research and development programs.

e. In addition to the strategic importance of the TTPI for future US military development, the location and expanse of the TTPI make it imperative that we continue to deny these islands to possible enemies. The TTPI in the hands of unfriendly powers would present a formidable threat to the security of the United States. In particular, the vulnerability of Guam, surrounded by the TTPI, would be significantly increased.

f. DOD has repeatedly expressed the view, both to the President and to the Congress, that the TTPI is essential to our national security interests.

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VII. U.S. LAND REQUIREMENTS AND RELATED ISSUES

Land has been the most sensitive single question in the Micronesian Status Negotiations to date and promises to continue to be a significant issue in future negotiations with the JCFS. It is not simply a matter of the extent of U.S. land requirements but also extends to the arrangements for their acquisition and for protecting both public and private land. First, what is the extent of U.S. land requirements in the TTPI, less the Marianas District?

A. Non-Military Land Requirements (All Districts)

1. Besides the Defense Department, three other federal agencies, the National Weather Service, Postal Service and Coast Guard, have land holdings and requirements which are all located in the Palau District. They are on Koror and consist of 1.577 acres for the National Weather Service, 0.47 acres for the Postal Service, and 14.17 acres (Anguar) for the Coast Guard.

2. In addition, it is anticipated that 6.0 additional acres on Koror will be required for use through FY 78 by these agencies.

3. Additional but minor federal agency land requirements are likely to emerge with time.

4. There probably will be no major problem in negotiating satisfactory leases for these requirements, since they relate to services being provided to Micronesia. The question of who will negotiate the leases (and be the lessor) can be resolved as part of the larger question of military land requirement negotiations.

B. U.S. Military Land Requirements, Justification and Rationale

1. U.S. military requirements in the TTPI, less the Marianas District, are predicated on an assessment of the

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strategic importance of the area and on the amount of land necessary to support current and future U.S. objectives (Annex contains a DOD assessment of US strategic interests and objectives in the area). From the overall strategic point of view the combination of Guam, the Marianas, and Palau offers the only near-term, mid and long-range potential in the Western Pacific for the development of major U.S. joint service base complexes. This combination will support current requirements and the "fallback" of some, but by no means all, of the U.S. forces and activities now located at existing forward Western Pacific bases in the likely event that additional relocations are required as the result of evolving limitations and restrictions on the use of current bases. In addition, the Marshall District will continue to satisfy known and contemplated research and development requirements.

2. On March 31, 1971, the statement of US strategic interests with respect to the TTPI (NSC - U/DM 62) was concurred in by the interested executive departments and forwarded to the President. What follows is consistent with and an elaboration upon the basic statement, which remains valid with regard to land requirements.

3. The specific land requirements contained herein are founded largely upon certain factors which are believed to be enduring interests of the United States

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in the TTPI. The geographic location of the Trust Territory and its western most islands assume a greater importance to U.S. Asian and Pacific Basin commitments and interests in the post Vietnam era. The interests of concern include the U.S. ability to:

(a) Maintain a forward Pacific Basin presence in support of the U.S. role as a Pacific power and impliment a defense-in-depth in the Pacific to the West of the State of Hawaii.

(b) Dispersion of U.S. forces in the Trust Territory.

(c) Meet security contingencies in the Western Pacific and the Indian Ocean.

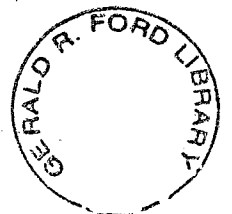
(d) Maintain credible geographic evidence of a U.S. Nuclear and conventional deterrent in Asia and the Pacific Basin.

(e) Meet treaty commitments to Asian and Pacific Basin Allies.

(f) Defend the Trust Territory and deter maritime encroachment by the USSR or other maritime powers.

(g) Defend the vital U.S. interests of Hawaii, Guam, and the Marianas (with the establishment of the Tinian base).

(h) More adequately defend the lines of communications and sea lanes through the Central Pacific and assure freedom of transit for trade and transit of essential strategic materials.



(i) Deny foreign military presence in the Trust Territory.

(j) Maintain a U.S. presence to promote regional stability in East Asia and the Pacific Basin.

(k) Meet future contingencies and satisfy research and development (R&D) requirements.

4. The following facts and evident trends are pertinent to any definition of US military land needs in the Palau District.

(a) Population pressure and economic development will continue both in Guam, Micronesia, and elsewhere in the Western Pacific; this will progressively diminish the land available for US military purposes.

(b) Current US bases in the Western Pacific (e.g., in Japan, including Okinawa, Taiwan and Philippines) are experiencing political pressures and decisions which could deprive the US of operating flexibility to an increasing extent, with a tendency to limit the use of bases to the immediate defense of the country in which they are located.

(c) Threats against US interests could arise in the future not only from countries which today appear potentially hostile but also from those with whom we currently have good relations or even defense commitments; for example, bases could be established by governments hostile to the US in the wake of political turmoil in various Pacific Islands.

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(d) Of the strategic and critical material imports the US must obtain from external sources (i.e., from beyond the North American continent and the Caribbean) in a period of emergency, about 38% in dollar value (\$600 million annually) would be obtained by sea transport through the Central Pacific. This includes 32 of the 72 items on the Office of Emergency Planning (OEP) List of Strategic and Critical Material. In the future, US reliance on these overseas sources is expected to increase markedly as will the importance of lines of communications through sea areas adjoining Micronesia.

5. It should be noted that:

(a) The advent of strategic nuclear powers with advanced technology and IBM capabilities in the post WWII era in no way obviates the requirement for the facilities and logistic capabilities to carry out conventional strategy and tactics. On the contrary, history has shown that limited (conventional) warfare has been the rule in the post WWII nuclear age.

(b) Political and technical developments are not static and cannot be predicted with certainty; the security of the US requires the attainment of a position of flexibility with regard to future options and alternatives to take account of events that are unforeseeable today.



6. US ability to exercise eminent domain in a new political relationship with the Southern Districts of the TTPI would best assure our ability to satisfy possible future basing requirements beyond those which can be predicted with relative certainty and satisfied in advance, since land generally is not a marketable commodity in Micronesia. Should an unrestricted exercise of eminent domain not be possible, virtually any reasonable limitations (e.g., national emergency declared by the President; rights obtainable limited to long-term lease) would be better than not having this right at all. Negotiations to date, however, positively indicate that the U.S. will enjoy no form of eminent domain authority upon termination of the trust. In view of this fact the acquisition of required military land prior to termination becomes a necessity.

7. In the post-Vietnam period the requirement will continue for the forward deployment of US forces in the Western Pacific to deter aggression and enable the US to fulfill its treaty commitments. A guaranteed Pacific base structure to support the forward deployment posture of US forces will be necessary.

8. Guam and the TTPI provide the only conceivable real estate on which the required capability to project US power into the Western Pacific could be based should intensifying political pressures cause future denial or curtailment in the use of our present forward Asian bases.

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9. To support the rationale contained in the preceding paragraphs, a detailed basing concept for Guam and the TTPI was developed to be used for planning purposes during the FY 73-80 time frame. The basing concept reflects five alternative basing patterns keyed to different circumstances and related decisions the US could make concerning a Western Pacific base structure.. The basing patterns are:

(a) Retain US bases in the Philippines, and Japan, including Okinawa, to the extent permitted, and continue use of existing facilities in Korea, Taiwan, and mainland SEA. Would result in the lowest requirement for bases in Guam and the TTPI.

(b) Retain US bases in the Philippines, and Japan, including Okinawa, to the extent permitted, and develop additional facilities in Korea and Taiwan. Result in limited requirement for bases in Guam and the TTPI.

(c) Retain US bases in the Philippines, and Japan, including Okinawa, to extent permitted, but do not develop additional facilities in Korea and Taiwan. Also would result in limited requirement for bases in Guam and TTPI.

(d) Withdraw all US forces from Japan, including Okinawa, and retain bases in the Philippines to extent permitted, and develop additional facilities in Korea and Taiwan. Result in substantial increase in the requirement for bases in Guam and TTPI.



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(e) Withdraw all US forces from Philippines, and Japan, including Okinawa, but do not develop additional facilities in Korea and Taiwan. Would result in greatest requirement for bases in Guam and TTPI.

The JCS approved the study for planning purposes and, of the five basing options, they concluded that the first one most nearly fulfilled US requirements. However, the JCS stressed that service and diplomatic planning should be directed toward any one of the other basing patterns should circumstances dictate. This then has served as the basis for the subsequent development of military land requirements and planning concepts in the Palau and Marshall Districts.

10. In arriving at specific land requirements (which the Department of Defense considers minimal, reasonable, and if anything understated), Defense used the following guidelines:

(a) Certain land is of such overriding, long-term importance that the U.S. should acquire it as soon as possible -- even if the ability to exercise eminent domain is retained.

(b) The importance of land in the Micronesian culture and the political realities in the TTPI should be taken into consideration to the maximum extent practicable.

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(c) Joint Service basing should be employed to preclude duplication and minimize requirements.

(d) Land of least relative economic value to the people of the Palau and Marshall Districts should be specified wherever there is a choice.

(e) Possible basing afloat and anticipated improvements in sea and air mobility should also be considered.

11. In order to determine the importance and the need for a contingency U.S. Navy base and a Marine maneuver area in the Palau District, it is appropriate to consider the extent and role the existing Philippine base complex plays in supporting Navy and Marine mission requirements and national policy.

(a) The Navy's real estate holdings in the Philippines (Subic Bay, Cubi Point & San Miguel) comprise over 41,800 acres. The available Marine maneuver areas comprise over 83,000 acres. The major activities located there include a naval base, a naval air station, a supply depot, a ship repair facility, a magazine, and a communications station. To man the complex requires 1,300 officers and men and 1,300 civilians. The magnitude of operations and support services is thus considerable. During 1972, the supply depot received 759,206 measurement tons of material for distribution to fleet and local units, and the ship

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repair facility performed an average of 4495 man days of production work per day on Pacific Fleet ships. The piers at the naval base are capable of supplying shore generated electrical power, fresh water and fuel. There is sufficient room for nesting of destroyer type ships, and there are 120 anchorages available. The naval air station accommodates and supports an anti-submarine patrol squadron with 9 P-3 aircraft, a carrier onboard delivery (COD) squadron with 15 aircraft, varying numbers of transient aircraft, and, as required, a carrier air wing.

(b) These Philippine bases play an important role in supporting the US military forces employed in carrying out U.S. policy and provide a presence which contributes to maintaining a regional balance of power in the Southwestern Pacific area. If use of all or part of these bases were denied to the U.S. without a possible fallback base in the region, the U.S. would be unable to adequately support forces afloat and our Southwestern Pacific allies because of the extreme distances involved. It must be remembered that over 95% of all support for the Vietnam war was provided by ship. Therefore, it is in the national interest and necessary under the strategy of forward basing to have an option for another Southwestern Pacific naval base and Marine maneuver area should future circumstances warrant.

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(c) In considering all aspects associated with possible locations for a future contingency support base the Palau district was determined to be the only location possessing the potential for possible future development of even a limited forward support base (see Annex ).

12. Based on a thorough assessment of all of the above factors, the following minimum long-term real property is required in the Palau District (2,040 dedicated (full time use) acres plus 30,000 occasional use (lease back) out of a total of 114,336 available acres) and the Marshall District (1,321 acres out of a total of 44,698 available acres). In brief, these land requirements would ensure continuation of options that are required not only for the foreseeable future, but for the most part permanently.

(a) Palau District (See Annex A for detailed justification of Military land requirements)

(1) Babelthuap (2,000 dedicated acres plus 30,000 occasional use (lease back acres)(See Annexes )

a. The option to acquire 2,000 acres for use as a logistics, cantonment, munitions storage, and communications complex is essential and considered a non-negotiable minimum and the option to use 30,000 acres as a Marine maneuver area. This will provide some of the



basing and training options for the Navy and Marine Corps as were specified in detail in the aforementioned basing study. Detailed justification for the Babelthuap land requirements are contained in Annex .

b. Joint use rights on an airfield capable of supporting military jet operations is required. The existing Airai field, on Babelthuap (See Annexes ) constructed by US appropriated funds, should be made available for joint civil military use. A clear-cut option to participate on a joint-use basis in any such project that may be undertaken is required.

(b) Koror (40 acres - See Annex A ) Access and anchorage rights are required in Malakal Harbor. Acquisition of sufficient land and fill rights within the Malakal Harbor area for a small shore-based administrative and logistics facility is required to support periodic use of the harbor. Exact site of the 40 acres needed is negotiable. Detailed justification for the Koror harbor site is contained in Annex .

(c) Marshall District

(1) Kwajalein (1,320 acres) Retention of current land holdings associated with the missile testing facility and continuation of long-term leases and



other use agreements, both current and pending is required.

(2) Bikini (1.9 acres) Retention of 1.9 acres presently held is required for emplacement of future, unmanned instrumentation.

13. It should be recognized clearly that satisfaction of only these minimum requirements entails acceptance of a number of inherent and associated strategic risks. In particular, it must be emphasized that lands required for ground force use in Palau will only support staging and training of forces of units of up to brigade size, and a limited administrative, cantonment, logistics, and communications complex. In the light of all relevant circumstances, it is believed that the land needs are reasonable and, if anything, understated National Security requirements, moreover, of which basing options are an important part, are the only real justification we will have in asking the US Congress to enter into a new relationship with the Southern Districts of the TTPI involving the continuation of a substantial level of financial support. Accordingly, the above requirements should be approached as an irreducible minimum.

C. Related Land Issues

1. Return of Public Lands -- All evidence to date indicates that the return of public lands is the immediate and central issue which must be resolved prior to any mutually agreeable solution

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to the U.S. land requirements. Recent developments have occurred which imperil prospects for reaching a political status agreement with the JCFS of the COM which would satisfy US land requirements in Palau.

a. The COM in August 1972 raised the independence issue and took the position that US land requirements previously agreed to with the JCFS were not an absolute minimum but were open to review and revision.

b. The JCFS announced in October 1972 its intention to hold hearings in Palau concerning local receptiveness to a US military presence and land requirements.

c. A large amount of anti-US rhetoric resulted during the November 1972 COM elctions in Palau over the land issue.

d. On 20 November 1972 Palauan leaders, in a signed declaration, stated their opposition to US military bases and called for the cancellation of a planned visit to Palau by a US land team.

e. From 19 through 21 December 1972, Ambassador Williams, Capt Crowe, and Senator Salii, Chariman of the JCFS, visited Palau and conferred with the traditional and elected Palauan leaders who signed the anti-military declaration on 20 November 1972. Palauan leaders

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believe that the US has dragged its feet on the return of their public lands and that this is the number one problem of the status negotiations. They denied that the declaration was an expression of anti-US or anti-military feeling. Rather, it was an indication of how deeply the Palauans feel about their land. The definite implication by the Palauans was that if the US will move effectively to return their public lands to the municipalities and clans, they will in turn be willing to entertain serious negotiations on US land needs. This same feeling was voiced to the UN visiting mission during their February-March 1973 tour of the TTPI. During its stay in the Palau district the UN visiting mission heard little opposition to a US military presence, as such. However, they frequently encountered the argument that settlement of private claims to public land must precede any negotiations for military land requirements. In fact, the two most important traditional chiefs stated that once the public land issue was resolved they would welcome such negotiations. This view was echoed by a number of village magistrates. Additionally, the acting Ibedul stated that there was no basic feeling against granting U.S. military land requirements in

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Palau and that the traditional and elected leaders were prepared to welcome a land survey team. However, before actual negotiations could be undertaken, and before Palauan agreement could be secured concerning the Compact Annex as now worded, public land in the district would have to be returned to the municipalities. In short, the acting Ibedul stated the 20 November 1972 declaration was a dead issue, providing public lands were returned. Therefore, in view of the preceeding, it is believed that resolution of this issue would remove any potential hostile environment in the Palau district and acquisition of U.S. military land requirements remain a viable goal. The U.S. is prepared to send a land survey team to Palau at the earliest possible date. The team will be politically, militarily, and technically oriented. Its purpose will be to: dispel rumors and resolve issues concerning military land requirements in Palau, through discussions with the Micronesian land sub-committee and other interested parties; visit selected sites, and present the Micronesian land sub-committee with maps depicting the sites selected to meet US land requirements. Subject to JCFS approval it is recommended that the US Land Survey Team

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visit Palau as soon as possible.

It is readily apparent from the results of political status negotiations to date and the reports of Ambassador Williams' trip to Palau in December 1972 that return of public land will be a key issue during future negotiations with the JCFS and that realization of US military land requirements will not be possible until the JCFS and Palauans can be assured that public land will be returned. It is recommended that action be initiated as soon as possible by the USG to return public land to the Palau District in exchange for guarantees for minimum US land requirements as contained herein. A detailed discussion of land problems and their impact on military land requirements and the manner in which public land could be returned to the Palau District is contained in Annex .

## 2. Survival of Micronesian Leases

### a. Background

(1) The US operates extensive missile test facilities on islands of the Kwajalein Atoll, under the authority of its UN Trusteeship responsibility. US rights, however, are not secured on through inter-governmental agreements. Instead, they are based on two sets of leases;

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(a) Between traditional landowners and the Trust Territory Government; and

(b) A second set, generally identical in content with the first, between the TTPI and the US Government.

(2) The leases currently in effect with respect to Kwajalein were negotiated beginning in 1960, but in some cases have been backdated to the time of original US occupation during World War II. The master land settlement agreement covering Kwajalein, for example, runs for 99 years beginning in February 1944. However, it was concluded in 1964, and is subject to review every 5 years.

(3) The formal leases in many cases recite only a nominal consideration, but the actual price was established at \$1,000 an acre, except for the basic Kwajalein land settlement agreement itself, for which a total consideration of \$750,000 was paid.

(4) An unusual situation exists with respect to Roi-Namur Islands, where the title of the former Japanese occupiers was apparently invalid. Following a decision to this effect by the TTPI Claims Administrator in 1964, DOD has been negotiating with the traditional landowners, who have asked \$7,000 an acre compared to the US offer of \$1,000 an acre, plus interest.



(5) The current US military investment of facilities and equipment in the Kwajalein Atoll is approximately \$750 million, of which about \$100 million is located on Roi-Namur.

b. Compact Provisions

(1) Section 303(e) of the proposed Compact of Free Association, accepted by Micronesian representatives in July 1972, provides that rights and uses specified in agreements existing upon its entry into force shall, at US option, extend for the period specified in the Compact, unless a particular agreement provides for a longer term. Furthermore, whenever such agreements are extended, their terms relating to payment will continue in effect, unless amended by mutual consent.

(2) Section 501 of the draft Compact, not yet discussed with Micronesian representatives, provides that international agreements applicable to the TTPI on the entry into force of the compact shall be applicable to Micronesia. If agreed to by the Micronesian representatives, this would place their Government squarely in

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the shoes of the TTPI so far as existing leases are concerned.

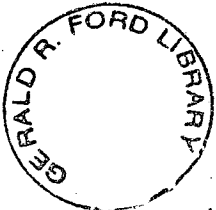
c. Other Considerations

(1) Notwithstanding the foregoing legal provisions, recent experience with other emerging independent nations (e.g., the Bahamas) may suggest that a new Micronesian Government will desire renegotiation of preexisting agreements, and not merely accept them without change. However, the unique traditions of local (district) land control throughout Micronesia would indicate that the Micronesian Government may not have the authority or knowledge to so negotiate.

(2) It is not clear as to who the US must negotiate with concerning land in Micronesia. Prior to further negotiation of any agreements with regard to leases, the US must be satisfied with respect to who has the power and authority to commit the Micronesian land under question--the JFSC, the Districts involved, or the traditional landowners.

(3) Historically, the rentals paid for use of lands in the Trust Territory of the Pacific Islands have been the result of negotiations on the basis that both sides considered the amount paid was fair and reasonable. The reason no appraisal was obtained was that the normal concepts of valuation require a

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money economy in which the value of goods and services are related to a value in exchange theory. In other words, there must be an economic advantage to the ownership of real property in order for an appraiser to estimate the value of the property which is the amount which in all probability the property would be sold or leased. The Marshallese do not have a word equivalent for "value." The concept of "price" is understood but only in the sense that it depends on the user and the planned use of the property. When the negotiations with the traditional leader, Iroij Lejellon Kabua, reached an impasse due to his exorbitant asking price, an attempt was made to have a valuation study prepared and a contact was entered into with Mr. Roy Hambleton, an independent real estate appraiser from Hawaii. An analysis of the study completed by that individual concluded that traditional real estate appraisal techniques are inappropriate for this type of problem and the basis of Mr. Hambleton's study was too conjectural and speculative. The value conclusions by Mr. Hambleton cannot be supported and should not be used for negotiations. The reviewing appraiser recommended that the past negotiated amounts constituted the most reasonable basis for all future negotiations. Any change in traditional methods and

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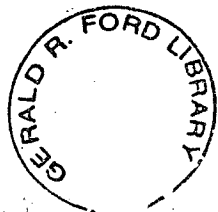
levels of payment would generate increased pressures to renegotiate all leases. This pressure would increase proportionately with the increase in the level of payment.

(4) US requirements for missile testing in Kwajalein are expected to continue for at least another decade.



d. Land Acquisition in the Marshall Islands -- Our military land requirements in the Marshall Islands relate exclusively to retention of Kwajelein Atoll with its Missile Range facilities. The public lands issues described in foregoing pages do not seriously affect these requirements, since Kwajelein land is private and for the most part already under various leases. Employment on Kwajelein and rents for Kwajelein land are the "bread and butter" of the Marshall Islands. The issue is not whether our requirements will be met, but instead relates to leasing terms and costs. Marshallese leaders have indicated that they are prepared to meet our requirements, but also have made clear that they will wish to renegotiate all existing leases, with new leases to take effect upon termination of the trusteeship. Undoubtedly they anticipate much increased rentals. Although there is no question as to which Marshallese have authority to negotiate leases for Kwajelein, the Congress of Micronesia does prefer that we negotiate through that body, and that future leases be with a future Micronesian Government. These tactics are designed to assure that a future Micronesian Government will have access to Kwajelein rental monies. It is extremely doubtful that the Marshallese leadership will accept such an arrangement. But, as previously indicated, there have been no decisions by either the Marshallese leadership or the Congress of Micronesia on whom we should negotiate with. This problem can be resolved through a transfer of land

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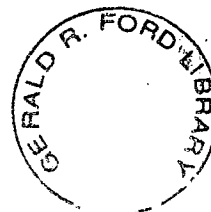


management responsibilities from the TTPI administration to the districts.

e. Land Acquisition in the Palau District -- Two closely inter-related obstacles must be overcome with respect to our land requirements in the Palau District.

(1) There is deep-rooted antipathy toward any potential military presence. This is partially based on a real fear that any major military presence could result in Palau again becoming a major battlefield in any future war. Memories of World War II are still traumatic. Beyond this concern, Palauans have a deep attachment to their traditional culture, dislike foreigners, and fear the impact of a major U.S. military presence on their traditional society. The importance of land to the Palauan culture and leadership patterns is also a factor. The acquisition on lease of lands will be resisted by some elements regardless of purpose. These concerns are played upon by a group of young, educated Palauans, and some Palauan leaders, who are not only anti-military, but also pro-independence. Counter-balancing these factors is the simple fact that money truly talks in Palau; many key Palauan leaders quite clearly are prepared to scuttle their concerns and principles for adequate compensation. Much of the very vocal and articulate opposition to our Palauan land requirements, as expressed in recent months, also is clearly a bargaining tactic designed to establish the best possible negotiating position.

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for military related purposes;

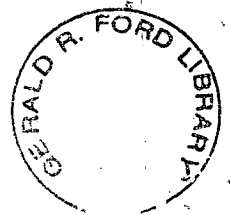
(2) The United States must have the exclusive right to maintain land, sea and air based operations in Micronesian territory - these rights must be enduring for a minimum of 50 years;

(3) The maintenance of international peace and security is to be furnished, and alien hegemony over Micronesia is to be avoided, by stabilizing the area under a United States security umbrella.

c. These objectives of the United States are protected in the proposed U.S. draft Compact. The major problem which the United States must face is how to continue to protect these objectives in the event of unilateral termination of the Compact by Micronesia.

d. The draft Compact presently envisions that in the event of unilateral termination most of the foreign affairs and commercial rights which the United States will enjoy under the Compact will terminate. However, the envisioned, (not yet negotiated) defense provisions specifically call for the defense powers and authority to survive as legal rights for a period, depending upon the negotiations, extending beyond 50 years as a minimum, even though the Compact itself is terminated and even though Micronesia may then seek to become independent of the exercise of further foreign affairs competence by the United States.

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stated that, if the U.S. does not agree to this condition prior to the next round of status negotiations, the JCFS will proceed to negotiate our future status relationship "on the basis that no land in Palau District will be made available to the United States."

The past U.S. position that our land requirements will be negotiated prior to a release of public lands to a new Micronesian Government is not accepted at any level in Palau. Indeed, a primary reason for Palauan insistence upon an early and direct return of Palauan lands is the fear that any future Micronesian Government might attempt to use control of public lands as a lever on Palau with respect to a sharing of option payments for Palauan lands.

In the present circumstances, it is abundantly clear that, with respect to our land requirements in Palau, an essential element of any land settlement will be an early transfer of public lands from the TTPI Administration to Palau. The precise timing and mechanics of the transfer may be negotiable.

Any transfer of public lands to Palauan claimants will by no means completely "clear the decks" with respect to Palau land negotiations. There are disputes between Palauan claimants to public lands which may take years to resolve. Additionally, while most of our land requirements relate to lands presently within the public domain, privately-held lands are also involved. The potential number of lessors is thus high and probably unmanageable in terms of our ability to negotiate directly with them any agreement which would satisfy all present and potential landholders. In these circumstances it will be essential for the Palauans to establish a negotiating authority

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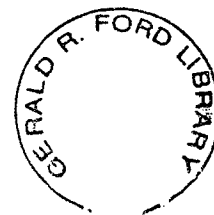
act as agent for all potential lessors.

f. Options

(1) To seek, in all future discussions with Micronesian representatives, their acceptance of terms identical to those of Sections 303(e) and 501 of the draft Compact referred to above. As the successor state to the TTPI, Micronesia would be legally bound to honor the formal obligations of the TTPI. There is, however, an inherent weakness to this course of action, the newly constituted Micronesian Government may be unable to compel performance by the traditional land-owners concerned, since in all likelihood it will not have the power to exercise the right of eminent domain. In the absence of such a right, the final decision will rest with the traditional owners. The US negotiators must insist on an answer from the JCFS with regard to whether they have the authority and power to negotiate and deliver the lands being considered. They must be able to satisfy US negotiators on this question.

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(2) To the extent necessary, but ONLY if required to do so, renegotiate with the new Micronesian Government; or the body determined to possess the power to negotiate, the terms of existing leases, taking into account the social needs of those displaced by US military activities. In this connection, it will be important to bargain toughly but fairly with respect to Roi-Namur, since any substantially increased rental there above \$1,000 an acre will greatly increase the pressures for renegotiation of other existing leases.

(3) Should there be any diminution of the military requirement for current leases, seek their prompt cancellation, in order to return the land to its traditional owners and reduce unnecessary expenditures.

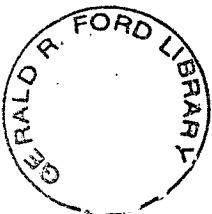
3. Survival of United States Strategic Rights Upon Unilateral Termination of the Proposed Compact of Free Association -- (See Annex B for detailed assessment of strategic interests and objectives)

the United States objectives in Micronesia are primarily concerned with the strategic military value which Micronesia offers in the Pacific. These objectives should be preserved in any proposed agreement with Micronesia in the rights relating to defense powers and defense authority.

At least three factors associated with United States objectives may be discerned:

(1) Foreign armed forces must be denied the right to use Micronesian territory or territorial waters

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for military related purposes;

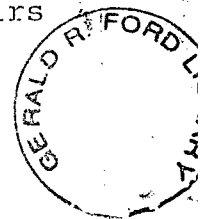
(2) The United States must have the exclusive right to maintain land, sea and air based operations in Micronesian territory - these rights must be enduring for a minimum of 50 years;

(3) The maintenance of international peace and security is to be furnished, and alien hegemony over Micronesia is to be avoided, by stabilizing the area under a United States security umbrella.

b. These objectives of the United States are protected in the proposed U.S. draft Compact. The major problem which the United States must face is how to continue to protect these objectives in the event of unilateral termination of the Compact by Micronesia.

c. The draft Compact presently envisions that in the event of unilateral termination most of the foreign affairs and commercial rights which the United States will enjoy under the Compact will terminate. However, the envisioned, (not yet negotiated) defense provisions specifically call for the defense powers and authority to survive as legal rights for a period, depending upon the negotiations, extending beyond 50 years as a minimum, even though the Compact itself is terminated and even though Micronesia may then seek to become independent of the exercise of further foreign affairs competence by the United States.

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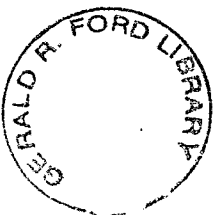


d. It should be noted however by way of caution that since, with unilateral termination, the Micronesians can denounce not only the Compact but also the conditions calling for survival of United States defense powers and authority. They would in that event no longer be effective even though such conduct by Micronesia would present a breach of the Compact. Hence, to this end, friendly relations with the Micronesians is important to United States objectives.

e. Alternatives: A number of options for ensuring protection of United States defense authority and powers are available some of which may be combined:

(1) The United States might purchase, or seek long term (99-50 years) leases of sites in Micronesia for the exercise of defense powers. This form of protection would be reinforced if the United States could also secure either exclusive control or a form of "sovereignty" over those sites. The United States claims to the lawful use of these sites in the event of a breach in relations with Micronesia would then be treated analogously to those of Guantanamo in Cuba.

(2) The United States may and should insist upon the survival of defense powers and authority in the Compact to be negotiated with Micronesia. The protection afforded by these provisions extends beyond the protection afforded under a purchase or lease of



sites in the sense that these provisions provide for freedom of movement over the entire territory of Micronesia and not solely within the base areas.

(3) Measures may be negotiated by the United States, and made part of the Compact, intended to prevent or retard the process by which the Micronesian exercise of unilateral termination will take place. For example, unilateral termination may be made effective and contingent upon a referendum of the Micronesian people, wherein a two-thirds vote of Micronesian adults is needed to terminate the Compact.

(4) The United States can adopt and pursue policies and measures intended to lead to closer Micronesian ties with the United States. On the other hand, this option is not presently believed to be feasible because it appears to be a reverse of current trends. But it should not be dismissed out of hand since its feasibility depends on political considerations. Its feasibility might be enhanced by strong commercial and economic ties by Micronesia relative to those established by Micronesia with other countries (Japan). This would have a two-fold effect of encouraging friendlier relations with the U.S. and possible resultant closer relationship desires.

(5) The United States can seek base operating rights and establish those rights by an appropriate agreement. This option would differ and extend

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beyond the present United States negotiating objective which calls for a SOFA (Status of Forces) arrangement in Micronesia. This option does not possess the guarantees desired and suggests Micronesian sovereignty.

(6) The United States might seek a mutual security agreement, with the understanding that this arrangement is based upon Micronesia entering into such an agreement with the United States on the basis of sovereign equality. It could be negotiated in the present negotiations to be included in the Compact but to become effective upon unilateral termination. It could, if friendly relations are anticipated be negotiated at the time of unilateral termination. It is evident that in any event such a mutual security agreement is dependent upon good relations between the two countries but that negotiation of the mutual security agreement will tend to shape or set the stage for future relations at the outset.

(7) The United States can consider the continuation of the existing Strategic Trust Agreement. This option is not available unless there is a complete breakdown in the negotiations. The continuation of the Strategic Trust Agreement would be justified before the United Nations on the argument and principle that the Micronesians had not reached the stage of political maturity to

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negotiate their independence. It is evident that this argument would require the Micronesian negotiating team to accept it. There is little likelihood this would be the case. In order to pursue this option the U.S. would have to be prepared to accept world criticism.

(8) The United States may consider at this time or at a later time splitting off individual Micronesian territorial districts as is being done with the Marianas. If this option is entertained, policy assessments must be made with respect to the impact upon getting a desirable Compact with the remaining districts in Micronesia, or, alternatively, the desirability of accepting an arrangement with the Marianas and other districts and letting the remainder of Micronesia become independent, subject to continued denial.

(9) The United States might, depending upon the course of the negotiations, bargain with the Micronesians for an extended term prior to the time that unilateral termination will be exercisable, (e.g., 50 years) in return for an agreed amount of economic and financial aid to the Micronesians. Present Micronesian negotiating tactics and positions suggest that this approach might be fruitful.

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(10) The United States might reserve, in the event that none of the above options can be negotiated, the understanding that Micronesian territory and territorial waters shall be neutralized. This objective may require the participation of the United States Security Council. In any event, it is not considered a desirable option.

(11) Apart from the above options, the United States might negotiate an undertaking by Micronesia to deny its territory and territorial waters to

(a) All alien powers, or to

(b) All alien powers except the United States. This is the weakest position which the United States might take because it is based entirely upon good faith compliance by Micronesia and there are no separate ties, as in the other options, to promote good faith.

f. Recommendation. The interests and objectives of the United States would best be served and guaranteed by achieving the combined objectives of options, a, b, c, and d.

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#### 4. Land Survey Requirement in Palau

In 1972 the U.S. Delegation proposed to send a "land survey team" to Palau to identify and discuss U.S. land requirements in that district. This would be a major preliminary to formal negotiations. For various reasons it has been necessary to postpone on several occasions the dispatch of that team, although the Palauans anticipate its early arrival. Given the complexity of not only the Palau land negotiations, but also of the contemplated transfer of public lands and land management functions to the districts, this team should be dispatched to Micronesia at the earliest possible date. Its mission should be twofold:

(a) In consultation with the TTPI administration and appropriate Micronesian leaders, it should work out the precise terms, conditions, and reservations relating to a public lands transfer throughout Micronesia. The Secretarial Order and subsequent implementation of that order would be based on the recommendations of that team. (b) The team should also lay the groundwork for formal land negotiations in the Marshalls and Palau, with particular reference to means of linking a land transfer to our land requirements in Palau.

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5. Possibility of No Agreement on Palau Land Requirements

Even with a transfer of public lands to Palau it is possible that the Palauans will not agree to military land requirements in that district, or will attempt to attach unacceptable conditions to any agreement. Should this situation persist following conclusion of an otherwise satisfactory status settlement, and of agreements for all other land requirements in Micronesia, the President's Personal Representative should then seek from the Under Secretaries an early decision on whether: (a) to proceed to implementation of Micronesia's new status without successful

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