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DEPARTMENT OF STATE
WASHINGTON

May 24, 1974

NSC UNDER SECRETARIES COMMITTEE

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NSC-U/DM-98D

MEMORANDUM FOR THE PRESIDENT

Subject: Micronesian Future Political Status

On April 12, 1974 Ambassador F. Haydn Williams, your Personal Representative for Micronesian Status Negotiations, reported to you on his recent informal talks at Carmel, California with the Co-Chairmen of the Congress of Micronesia's Joint Committee on Future Status. As he indicates in his report, Ambassador Williams has reached ad referendum agreement with the Co-Chairmen on a Compact of Free Association, and on the transitional arrangements leading to ultimate termination of the trusteeship agreement and implementation of a free association relationship.

Ambassador Williams points out that several elements of these agreements either exceed the letter (but not the spirit) of your previous negotiating instructions to him or are not fully covered by the same instructions.

1. Your instructions state that any agreement to a unilateral termination provision in the Compact must be conditioned on inclusion within the Compact of provisions for survivability of US basing and other defense requirements for at least fifty years beyond the date of any termination of the Compact. The Micronesians were

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-2-

unable to accept this provision, but proposed a provision which requires that any termination of the Compact take place only after successful negotiation of a mutual security agreement covering US defense requirements in Micronesia following termination. The effect of this provision is to require mutual consent to termination of a free association relationship between Micronesia and the US. The Ambassador recommends your approval of this proposal.

2. Your present instructions do not authorize specific levels of US assistance to Micronesia following the first fifteen years of the relationship, but leave such assistance to future negotiations. The Micronesians were unable to accept this. A proposed compromise recommended by the Ambassador for your approval is that -- pending any agreement on new levels of assistance -- US financial assistance would continue after the first fifteen years, but at reduced rates following the same descending scale established for the first fifteen years of the Compact relationship.

3. The tentative agreements also provide for a six-year transition period during which there would be an accelerated Capital Improvements Program ranging from \$20 million in FY 1975 up to \$35 million in FY 1978, and down to a low of \$15 million in FY 1980 for six districts. During this same period grants for operations in Micronesia would drop from \$55 million in FY 1975 to \$45 million in FY 1980 for six districts. The Ambassador's most recent instructions on this subject, approved by you on March 29, 1974, provide:

"You may commit the US Government to provide a terminal five-year Capital Improvements Program of no less than \$15 million per annum for the five districts of Micronesia, the program to be developed by the Department of

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the Interior, to begin in FY-75, and to be subject to the approval of the US Congress."

These three proposals are important elements of the ad referendum agreements reached with the Micronesian Co-Chairmen at Carmel.

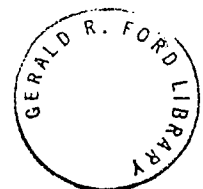
The Departments of State, Defense, Justice, and of the Interior, the Joint Chiefs of Staff, and the Office of Micronesian Status Negotiations have reviewed the above elements of the agreements tentatively arrived at by Ambassador Williams, and endorse Ambassador Williams' recommendations.

The Departments of State, Defense, Justice, and of the Interior, and the Joint Chiefs of Staff also believe that implementation of these recommendations, if they are approved, should take into account the following important consideration and recommendation.

A Micronesian Constitutional Convention is scheduled to convene in 1975. In order to assure that the Convention will operate within an agreed political status framework approved by the people of Micronesia, a major effort should be made to arrange for a plebiscite on the Compact of Free Association prior to, rather than following, that Convention. These agencies, in offering this recommendation, are aware that it may prove impractical to adjust the timing of the plebiscite as desired. In this connection, the Office of Micronesian Status Negotiations notes that, if the Constitutional Convention is held on schedule in April, 1975, there would be insufficient time to complete the Compact negotiations, allow for Congress of Micronesian consideration of the Compact, and to conduct an appropriate political education program prior to a plebiscite preceding the convention.

The Department of Defense and the Joint Chiefs of Staff additionally comment that, considering the history of the negotiations and the political realities in Micronesia, the

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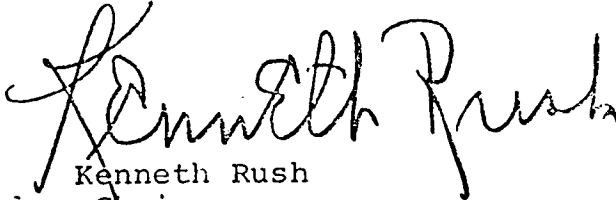
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-4-

tentative agreement on a Compact of Free Association reached by Ambassador Williams and the Co-Chairmen of the Micronesian Joint Committee is a remarkable achievement. Nevertheless, a number of difficult obstacles remain to be overcome, such as negotiation of defense land requirements, and of a jurisdictional agreement similar to a status of forces agreement.

It is likely that Ambassador Williams will meet again with the Co-Chairmen of the Micronesian Joint Committee in mid-June. We therefore hope that you will consider and approve new instructions for the Ambassador at an early date. The Ambassador has now made considerable progress toward resolution of Micronesia's future political status in a manner calculated to serve US interests. His ability to conclude these negotiations satisfactorily in the near future will be affected by the decisions stemming from his April 12 report.


Kenneth Rush
Chairman

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