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MEMORANDUM

THE WHITE HOUSE
WASHINGTON

ACTION

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February 6, 1975

MEMORANDUM FOR:

THE PRESIDENT

FROM:

HENRY A. KISSINGER *HK*

SUBJECT:

Micronesia: Final Stage of Negotiations
with the Northern Marianas

At Tab B is a memorandum to you from the Chairman of the Under Secretaries Committee forwarding a memorandum from Ambassador F. Haydn Williams, your Personal Representative for Micronesian Status Negotiations. Ambassador Williams reports that he has completed the negotiation of a new U.S. relationship with the Northern Marianas District of the Trust Territory of the Pacific Islands (TTPI). He requests authority to sign a covenant embodying this relationship ad referendum with Marianas representatives this week, and asks for additional authority from you on two points in order to sign the covenant.

Since 1971, Ambassador Williams has been negotiating a new U.S. relationship with the Trust Territory. We have important contingency military basing interests in the TTPI, particularly in the Northern Marianas District. In 1972, the Northern Marianas District decided that it wanted a separate and closer relationship with the U.S. than that desired by the other five districts of the TTPI.

The covenant which Williams has negotiated with the Northern Marianas will retain U.S. sovereignty over it, including U.S. control of its foreign affairs and defense and satisfaction of our military land requirements there, but will give the Northern Marianas complete internal self-government under a self-drafted constitution. They have accepted the commonwealth status which we offered. This arrangement will also facilitate future integration of the Northern Marianas with Guam, which is geographically a part of the same archipelago; as you will recall, you have just approved our negotiation of a new U.S. relationship with Guam.

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State, Defense, and Interior have approved the draft covenant. Ambassador Williams has also consulted closely with key members of Congress throughout his negotiation.

The two points of additional authority which Williams seeks from you are:

-- That the annual level of U.S. direct financial grant assistance to the Northern Marianas be raised from the presently authorized \$12 million to \$14 million for an initial period of seven years. Williams believes the increase is needed to strengthen the weak economic infrastructure on the islands of Tinian and Rota, where we have important military basing requirements.

-- That the U.S. make a one-time grant of \$2 million to develop and maintain, as a World War II memorial park, about three quarters of the harbor area on Saipan which we have reserved for military contingency purposes. The device of a memorial park would make this land more readily available in an emergency and would satisfy local political needs.

The Under Secretaries Committee supports these recommendations. Ambassador Williams has also made recommendations on three policy implementation issues which concern land leasing arrangements, timing of a plebescite, and Congressional briefings; Williams has agreed that the USC can handle these issues.

OMB Views

OMB asks (Tab C) that you review the covenant before Ambassador Williams signs it with the following points in mind:

1. That this will be the last opportunity to review the draft covenant before it goes to the Congress and United Nations.
2. That U.S. military basing needs in the Marianas are considerably less than in 1972 when we began separate negotiations with the Northern Marianas, and that the proposed level of financial assistance -- based upon earlier estimates of our needs -- is now too high.
3. That the lease, rather than the purchase, of land for U.S. military bases in the Northern Marianas is contrary to Congressional policy.

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4. That the lease of military contingency lands in the Northern Marianas back to the Northern Marianas Government (NMG) or to others by means other than competitive bidding is contrary to normal U.S. policy and amounts to an indirect subsidy for the NMG and present users. (Williams has agreed to lease 6,000 acres back to the NMG and present users at \$1 per acre per year.)
5. That the covenant provides for Presidential, rather than Congressional, approval of a constitution which the Northern Marianas would draft for themselves.
6. That the \$14 million annual ceiling for the first seven years, together with the indirect federal financial assistance contemplated, is too high, and would generate demands for increased direct federal assistance in our other territories.

OMB makes no specific comment on Ambassador Williams' request for \$2 million to establish a memorial park on Saipan.

My Views

I agree with the recommendations of Ambassador Williams, which have been endorsed by the Chairman of the Under Secretaries Committee and are supported by State, Defense and Interior.

As regards the points raised by OMB (in the order they were presented above):

1. This will not be the last opportunity for Executive Branch review of the covenant. Ambassador Williams is signing the agreement ad referendum. As a practical matter, Ambassador Williams has carefully coordinated the agreement with the departments and agencies concerned throughout his negotiations, and has the Under Secretaries Committee's approval.
2. I cannot agree that U.S. basing needs in the Marianas are less than in 1972. The urgency of our requirements has lessened somewhat, however, the wisdom of preserving, in the agreement, our ability to meet future needs is clear.
3. Leasing, as well as purchasing, of land for U.S. military bases was authorized by President Nixon's basic instruction. Ambassador

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Williams has found Congressional reactions on this aspect mixed: some favor purchase, while some say they would approve only a lease. Ambassador Williams tried up through the last stage of negotiations to purchase the lands, but was unable to do so, principally because of the islanders' almost religious attachment to their land. Leasing exceptions have been approved for other military land transactions and, in view of the negotiating history, I believe should be allowed in this case.

- 4. Leasing military contingency lands back to the Northern Marianas Government or to others by other than competitive bidding is, as OMB contends, not our normal policy. However, the military services frequently depart from this policy, and Defense has approved in principle Ambassador Williams' doing so in this instance.
- 5. The covenant provides for, but does not require, Congressional as well as Presidential approval of the Constitution. This matter is still under review. In view of the close collaboration with the Congress that has taken place during negotiation of the covenant, we do not anticipate difficulty and would have no inhibitions about submission of the Constitution to the Congress. This matter need not be decided at this time however.
- 6. The increase in the annual ceiling on direct federal assistance to the Northern Marianas from \$12 to \$14 million does represent a modestly disproportionate funding for the Marianas in comparison to amounts given to other territories. It was the unanimous view of the interested agencies, however, that this marginal increase was warranted in view of the relatively backward state of the Marianas' economy and the need to accelerate its development, thereby facilitating its future integration with Guam which enjoys a much more advanced level of development. The greater amount will also enable us to conclude the Marianas negotiations promptly and will have a favorable impact on our negotiations with the other five districts of Micronesia.

A draft instruction to Ambassador Williams approving his recommendations is at Tab A.

RECOMMENDATION:

That you approve my signing the draft instruction to Ambassador Williams at Tab A.

Approve 409 Disapprove _____



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