

PREAMBLE

THE UNITED STATES OF AMERICA AND THE PEOPLE OF MICRONESIA,
Recognizing that among the responsibilities of the United States as Administering Authority of the Trust Territory of the Pacific Islands is the obligation to promote the development of the people of Micronesia toward self-government or independence, in accordance with their freely-expressed wishes and as appropriate to the particular circumstances of Micronesia, and

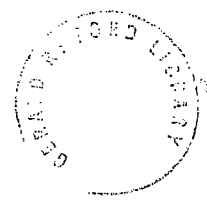
Recognizing their common interests in the development of a new political status for the people of Micronesia to replace the present Trusteeship,

NOW, THEREFORE, AGREE that the approval of this Compact of Free Association by the people of Micronesia, through an exercise of their sovereign right of self-determination, and by the Government of the United States, shall determine the respective rights and responsibilities of the Government of the United States and the Government of the Federated States of Micronesia, hereinafter known as the Government of Micronesia.

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TITLE I

Internal Affairs

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Section 101

The people of Micronesia have the sovereign and inherent right to adopt their own constitution and form of Government and to amend or change any such constitution or form of Government at any time provided that the Constitution and laws of Micronesia shall not infringe upon the responsibilities and rights vested in the Government of the United States and the Government of Micronesia and its States as a result of the approval of the Compact by the people of Micronesia, and by the Government of the United States.

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Section 102

The duly constituted Government of Micronesia shall have full responsibility for and authority over the internal affairs of Micronesia.

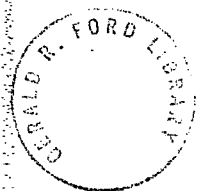
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Section 103

The people of Micronesia, in the exercise of their rights of self-determination, may in the event of termination of this Compact freely choose their own future political status in accordance with Title XI of this Compact.

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TITLE II

Foreign Affairs

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Section 201

(a) The Government of the United States shall have full responsibility for and authority over the foreign affairs of Micronesia.

(b) The Government of the United States and the Government of Micronesia shall consult at the request of either of them on matters of mutual concern relating to foreign affairs.

(c) Without derogating from its powers under this Title, the United States will respect the principle that the Government of Micronesia has full responsibility for and authority over the internal affairs of Micronesia.

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Section 202

The authority of the United States under Section 201 includes the right to apply to Micronesia any appropriate treaty or other international agreement to which the United States is a party provided, however, that no treaty or other international agreement, or provision thereof, which in its effect relates exclusively to Micronesia, or predominantly to Micronesia rather than to the United States, will be applied to Micronesia if the Government of Micronesia objects to such application.

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Section 203

In the exercise of its authority under Section 201, the Government of the United States undertakes the following responsibilities:

(a) The Government of the United States will extend consular assistance and diplomatic protection to citizens of Micronesia traveling outside of Micronesia and of the United States.

(b) The Government of the United States will give sympathetic consideration to applications by foreign countries for the establishment of Consulates in Micronesia, subject in each case to assurance from the Government of Micronesia that it would welcome the establishment of such a Consulate. The Government of the United States and the Government of Micronesia shall establish arrangements for the joint accreditation of foreign consular officers in Micronesia.

(c) The Government of the United States will facilitate Micronesian activity in the areas for which the Government of Micronesia may exercise responsibility under Annex A, which is an integral part of this Compact.

Section 204

In accordance with the terms of Annex A, the Government of Micronesia may undertake the activities specified therein.

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TITLE III

Defense

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Section 301

The Government of the United States shall have full responsibility for and authority over defense matters in Micronesia.

Section 302

(a) The defense responsibility and authority of the United States Government provided for in Section 301 include:

- (1) The defense of Micronesia, its people and territory, from attack or threats thereof;
- (2) The right to prevent third parties from using the territory of Micronesia for military purposes; and
- (3) The use of United States military bases which are established in Micronesia for the security of the United States, and to support its responsibilities for the maintenance of international peace and security.

(b) The Government of the United States may conduct the activities and operations within the lands, waters and airspace of Micronesia necessary for the exercise of its responsibility and authority under Section 302(a).

Section 303

(a) The Government of the United States shall have the exclusive right to establish, maintain and use military areas and facilities in Micronesia pursuant to Paragraphs (b), (c) and (d) of this Section, the unencumbered right to protect all United States military facilities

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in Micronesia, and full freedom of use and access to all facilities and areas used for the conduct of military activities.

(b) The Government of Micronesia, and its States and subdivisions thereof, shall assure the United States the rights and uses in the lands and waters specified in Paragraph I of Annex B, which is an integral part of this Compact.

(c) The Government of Micronesia, and its States and subdivisions thereof, shall establish suitable procedures to provide a prompt response to a request by the United States Government for those rights and uses specified in Paragraph II of Annex B, and the State or subdivision thereof directly concerned shall negotiate in good faith to achieve on reasonable terms an agreement for such rights and uses within one year after the effective date of this Compact.

(d) If in the exercise of its authority and responsibilities under this Title the United States Government requires the use of areas within Micronesia in addition to those specified in Annex B, requests may be made of the Government of Micronesia to satisfy these requirements. The Government of Micronesia and its States and subdivisions thereof, shall establish suitable procedures to provide a prompt response by the State or subdivision thereof directly concerned to any such request by the United States, and such State or subdivision thereof shall negotiate in good faith to achieve on reasonable terms an agreement for the use of such areas.

(e) The agreements for the lands and waters listed in Annex B shall conform with the provisions of this Compact and such agreements shall not

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contain any limitations on the use of such lands and waters which conflict with the basic authorities and responsibilities of the United States under Sections 301, 302 and 303 of this Title.

(f) The rights and uses specified in this Compact and in agreements existing upon the entry into force of this Compact, shall at the option of the United States extend in full force and effect for the period of this Compact, unless a particular agreement provides for a shorter or longer term. Whenever agreements are extended, the terms of such agreements relating to payments shall continue until agreement on new terms is reached.

Section 304

(a) No country other than the United States shall enjoy the right to conduct military activities or to establish and maintain military facilities and areas within the territory of Micronesia at any time, except as provided in Paragraph (b) of this section.

(b) The United States Government may invite military units of other countries acting in conjunction with and under control of United States forces to utilize such military facilities and areas.

(c) The rights accorded the United States in Paragraphs (a) and (b) may not be assigned to any other country.

Section 305

The legal status of United States military personnel, of United States citizen civilian employees, and of their dependents, while present in Micronesia, shall be established by mutual agreement between the Government of Micronesia and the Government of the United States. That jurisdictional agreement shall come into force simultaneously with the Compact.

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Section 306

Citizens of Micronesia who are otherwise qualified in accordance with United States law shall be eligible to volunteer for service in the Armed Forces of the United States, but shall not be subject to involuntary induction into military service unless they become permanent residents of the United States, as determined by United States law.

Section 307

The Government of the United States and the Government of Micronesia shall consult at any time requested by either of them on matters relating to defense. While not derogating from its full responsibility and authority in this area, the United States will to the extent possible without prejudice to its fulfillment of its defense responsibilities accommodate the expressed wishes of the Government of Micronesia.

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TITLE IV

Finance

Section 401

(a) The Government of the United States, in order to advance the economic and social welfare of the people of Micronesia and in recognition of the special relationship that has existed and continues to exist between the United States and Micronesia, agrees to provide on a grant basis to the Government of Micronesia and its States \$48 million annually for the first five years of this Compact, \$45 million annually for the next five years, and \$42 million annually for the next five years.

(b) Of the funds provided under Section 401(a), \$6 million annually will be allocated to the national Government of Micronesia to assist in providing common and essential services to the people of the States of Micronesia.

(c) The remainder of the funds provided under Section 401(a) will be allocated equitably to the States of Micronesia in accordance with the following formula:

These funds will be for the use of the State governments in support of government operations, capital improvements, and other programs within each State.

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Section 402

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(a) The Government of the United States will also make available to the Government of Micronesia and its States financial assistance on a grant basis for a Micronesian Loan Fund to promote economic development throughout all of Micronesia in an annual amount of \$9 million for the first five years of this Compact, \$7 million for the next five years, and \$5 million for the next five years.

(b) Of these amounts one-half will be allocated equitably among the State governments for loans for business, agriculture, and marine development, on the basis set forth in Section 401(c).

(c) The remaining one-half will be retained by the Government of Micronesia to increase the operating capital of Micronesian financial institutions involved in loan or equity financing for larger scale loans than those encompassed by the small business loan funds at the State level.

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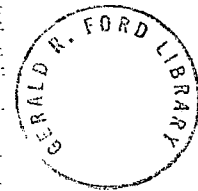
Section 403

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(a) The Government of the United States shall provide the Government of Micronesia, and its States, without compensation, the services of the U.S. Postal Service, the U.S. Weather Service and the U.S. Federal Aviation Administration. The level of such services in each State shall be that extended to that State during United States Fiscal Year 1976. The Government of Micronesia, and its States and subdivisions, shall make provision for the use of land necessary for such purposes at no cost to the United States Government.

(b) The Government of the United States and the Government of Micronesia from time to time may agree upon the extension of additional federal programs and services to Micronesia.

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(c) Neither the Government of Micronesia nor any State thereof may impose taxes or other levies upon United States property or personnel, or the personal property of such personnel, present in Micronesia in connection with a service or program furnished by the United States under Section 403(a) of this Compact.

Section 404

The Government of Micronesia and the Government of the United States shall negotiate in good faith as to the amounts of economic assistance, as provided for in this Title, for periods subsequent to the first fifteen years after the effective date of this Compact. Pending agreement on new amounts of such assistance the United States will continue assistance to the Government of Micronesia and its States under Section 401(a), (b) and (c) and 403(a) subject to the gradually descending five year scales established in Section 401(a) as may be adjusted pursuant to Section 405(b) of this Compact.

Section 405

(a) If in any year the funds to be provided for that year under Section 401 are not completely used, the unused balance shall remain available to the Government of Micronesia and the States in addition to the funds to be provided in subsequent years.

(b) Sections 401 and 402 will be reviewed by the Government of Micronesia and the Government of the United States at the time of the effective date of the Compact and at five year intervals thereafter or more frequently at the request of either government to take into account changes in economic conditions and in the purchasing power of U.S. currency since the beginning of U.S. Fiscal Year 1976.

(c) The Government of Micronesia and the U.S. General Accounting

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or shall become applicable to Micronesia prior to or after the effective date of this Compact. A treaty or international agreement shall be presumed to be self-executing if the United States has not enacted implementing legislation for itself at the time of its proclamation by the President of the United States.

(b) The Government of Micronesia and its States and subdivisions thereof will enact whatever domestic legislation is appropriate or required to enforce or implement those treaties and international agreements applicable to Micronesia pursuant to Section 501(a) of this Compact which are not self-executing. Pending the enactment of such legislation, the Government of Micronesia and its States and subdivisions thereof shall apply as internal law the principles of the implementing legislation enacted by the United States.

(c) The Government of Micronesia and its States will undertake to comply with and to enforce faithfully the treaties, international agreements and laws set forth in subsections (a) and (b) of this section.

Section 503

(a) The Government of Micronesia and its States will adopt and enforce such measures as may be necessary (1) to protect the personnel, property, installations, services, programs and official information maintained by the Government of the United States in Micronesia pursuant to this Compact, and (2) to ensure the effective implementation of the services and programs provided by the Government of the United States in Micronesia pursuant to this Compact. Such

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measures shall include appropriate and adequate civil and criminal remedies against:

- (1) Fraud against the Government of the United States.
- (2) Theft, embezzlement or destruction of property belonging to or in the custody of the Government of the United States; or the theft or unauthorized use of official information of the Government of the United States.
- (3) Interference with the operation of installations, programs or services maintained by the Government of the United States in Micronesia pursuant to this Compact.

(b) In the event the Government of Micronesia or its States do not adopt and enforce the measures required by subsection (a) of this section, the related programs or services extended by the United States to Micronesia under Section 403 may then be withheld to the extent that the implementation or operation of such programs or services is thereby seriously and unreasonably impeded.

(c) The Government of the United States may, with the approval of the Government of Micronesia, provide investigative and enforcement services to insure compliance with the laws and regulations relating to services and programs extended to Micronesia by the United States pursuant to this Compact.



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Section 504

Except as otherwise provided in Title X:

(a) Nothing in this Compact shall be construed as constituting a submission of either the Government of Micronesia or the Government of the United States to the jurisdiction of the courts of the other.

(b) The Court of Claims of either of the governments shall not have jurisdiction over any claim against either of the governments growing out of or dependent upon this Compact.

(c) The provisions of Section 1346(b) and of Chapter 171, Title 28, United States Code shall not be applicable to any claim arising in Micronesia.

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Section 505

The Government of Micronesia and the Government of the United States will cooperate with each other in the pursuit, capture, imprisonment and delivery to appropriate authorities of fugitives from justice who have fled from the jurisdiction of one Government to that of the other. The precise terms of this mutual obligation shall be the subject of a later separate agreement between the Government of Micronesia and the Government of the United States.

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Section 506

In the conduct of its activities in Micronesia the Government of the United States will endeavor to protect the surrounding environment from permanent or irreparable damage by adherence to standards no less restrictive than those established by United States law, except as otherwise may be agreed.

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TITLE VI

Trade and Commerce

Section 601

The Government of Micronesia will have the authority to establish, change or eliminate import and export duties and other regulations, including internal charges, laws and conditions governing the importation and exportation of and commerce in goods to and from Micronesia, except as otherwise provided in this Compact or as otherwise agreed.

Section 602

(a) In order to promote the development of the Micronesian economy the United States will, to the greatest extent feasible, give sympathetic consideration to requests for preferential conditions for the importation of goods of Micronesian origin into the United States.

(b) The United States and Micronesia will each accord to products of the other treatment no less favorable than that accorded like products of any foreign country with respect to customs duties and charges of a similar nature and with respect to laws and regulations relating to importation, exportation, taxation, sale, distribution, storage and use, except as otherwise agreed.

Section 603

(a) The Government of Micronesia shall have the power to regulate domestic air and maritime commerce between points each of which is within Micronesia to the extent that such regulation does not conflict with the treaties and international agreements applicable to Micronesia

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pursuant to Title II of this Compact and does not conflict with appropriate regulations of the Federal Aviation Agency.

(b)) The Government of the United States shall obtain the consent of the Government of Micronesia before granting any new authority to any United States or foreign air carrier for international air commerce to or from Micronesia, except for aircraft operated for or under the control of the Government of the United States in connection with activities under Title III.

Section 604

The currency of the United States will continue to be the official legal tender for Micronesia until such time as the Government of Micronesia acts to institute its own currency. The terms and conditions of an appropriate currency transitional period shall be as mutually agreed.

Section 605

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TITLE VII

Citizenship and Nationality

Section 701

Every person who is a citizen of the Trust Territory of the Pacific Islands on the day preceding the effective date of this Compact, or who thereafter becomes a citizen of Micronesia by birth, and who has not taken any affirmative step to preserve or acquire any citizenship or nationality of any country other than Micronesia or the United States, shall be given the privileges of a national of the United States for the purposes of entry, exit, and establishment of residence in the United States, as set forth in Section 801(b), and for the purpose of engaging in occupations in the United States.

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Section 702

Any person described in Section 701 who is a citizen or national of a country other than Micronesia or the United States shall cease to have the privileges of a national of the United States within one year after the effective date of this Compact, or within six months after becoming 18 years of age, whichever comes later, unless he renounces that citizenship or nationality.

TITLE VIII

Immigration and Travel

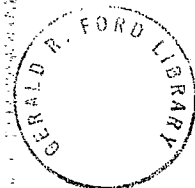
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Section 801

(a) The Government of Micronesia shall have the power to regulate immigration and entry of persons who are not citizens of Micronesia, except as provided in this Compact or as otherwise agreed.

(b) Citizens and nationals of the United States who are not citizens of Micronesia shall be free to enter and exit Micronesia but not to establish residence in Micronesia except with the consent of the Government of Micronesia. Citizens of Micronesia who have the privileges of nationals of the United States shall be free to enter

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and exit the United States, its territories and possessions, but not to establish residence in the territories or possessions of the United States except with the consent of the Government of the United States. Citizens of Micronesia who are not United States citizens or who do not have the privileges of nationals of the United States shall be accorded treatment as aliens.

(c) Micronesian provisions applicable to entry and exit to and from Micronesia by citizens and nationals of the United States and personnel sent to Micronesia pursuant to Section 403 of this Compact shall not be more restrictive than the comparable United States regulations governing those Micronesian citizens who have the privileges of United States nationals.

TITLE IX

Representation and Consultation

Section 901

The Governments of the United States and of Micronesia agree to establish at the central seat of Government of Micronesia and in Washington, D.C., respectively, Resident Offices for the purposes of maintaining close and regular consultations on matters of mutual interest. The privileges and immunities respecting the Resident Offices shall be set forth in Annex C, which is an integral part of this Compact.

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TITLE X

Dispute Settlement

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Section 1001

(a) In the event of a dispute which relates to the interpretation or application of the provisions of this Compact, the Government of Micronesia and the Government of the United States shall negotiate in good faith in an effort to settle the dispute.

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(b) If the negotiations provided for in Section 1001(a) do not result in a settlement of the dispute in a manner satisfactory to both Governments within a reasonable period of time, then either Government may resort to litigation as provided in Section 1001(d) below, or both Governments may agree to refer the dispute to arbitration in accordance with Section 1001(c).

(c) In accordance with Section 1001(b) the Governments of the United States and of Micronesia may agree to refer a dispute to an Arbitration Board. Those Governments may decide to request either an advisory or a binding decision of the Board. Unless the two Governments otherwise agree, the Arbitration Board shall consist of five (5) persons, two members to be selected by the Government submitting the dispute to the Arbitration Board, two members to be selected by the other Government within twenty (20) days after notification of the selection by the Government submitting the dispute, and the fifth member, who shall act as chairman, to be selected by a majority decision of the four members selected by the Governments. If the members initially appointed are unable to agree on the fifth member within sixty (60) days after the selection of the fourth member, the fifth member shall be selected by the

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Chief Judge of the United States Court of Appeals for the Ninth Circuit. All members of the Arbitration Board shall be citizens of the United States or of Micronesia. The costs of the Arbitration Board shall be shared equally by the two Governments.

(d) In accordance with Section 1001(b), either Government may submit a dispute arising under the interpretation or application of this Compact, at its election, to the United States District Court for the District of Hawaii, to the United States District Court for the District of Columbia, or to the United States Court of Claims if the subject matter of the dispute is within the general competence of that court. Those courts shall have jurisdiction to hear these disputes and to issue the necessary processes, and the Governments of the United States and the Government of Micronesia agree to submit themselves to such jurisdiction and processes for the purposes of this Section 1001(d). It is intended that any such disputes will constitute cases or controversies which are justifiable in those courts and that the undertakings of the Government of the United States and the Government of Micronesia and its States provided for in this Compact will be enforceable in those courts.

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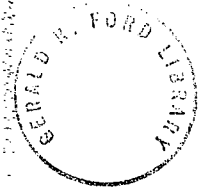
TITLE XI

Amendment and Change of Status

Section 1101

This Compact may be amended at any time by mutual consent of the Government of Micronesia and the Government of the United States.

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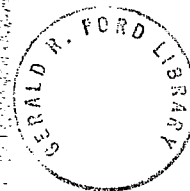


Section 1102

(a) This Compact may be terminated at any time by mutual consent of the Government of Micronesia and the Government of the United States.

(b) After the expiration of the first fifteen years following its entry into force, this Compact may also be terminated unilaterally (1) by the Government of the United States in accordance with its constitutional processes, such termination to be effective on a date not earlier than two years following receipt by the Government of Micronesia of notice of the Government of the United States' intention to terminate; or (2) by the Government of Micronesia by referring the issue to the legislatures of the States. The legislature of each State shall determine the manner in which the vote of the people of that State shall be taken. If at least 55% of the vote shall favor termination in at least two-thirds of the States of Micronesia, the Government of Micronesia shall upon certification of the results of the vote on this issue give notice thereof to the Government of the United States and may take action to terminate the Compact effective on a date not earlier than two years following such notice, subject to the provisions of Section 1103. The action of the Government of Micronesia and the termination of the Compact shall not be applicable to any State of Micronesia in which at least 55% of the vote has been against termination.

(c) During the period of two years prior to the effective date of termination set forth under the provisions of Section 1102(b), any State in which at least 55% of the vote has been against termination shall be given the opportunity to negotiate with the United States with respect to



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that State's future political status. Upon the effective date of termination, if an agreement has not been concluded with respect to the future political status of any such State, all relevant provisions of this Compact shall continue in full force and effect with respect to the State except that by agreement between the United States and that State an appropriate adjustment will be made in the level of financial aid to be provided to that State by United States under Title IV.

Section 1103

(a) In the event of the termination of this Compact pursuant to Section 1102(b), the rights and uses of the United States in the lands and waters of Micronesia covered by then-existing leases and use agreements shall continue for the terms thereof, and the rights of denial set forth in Section 302 and the jurisdictional agreement set forth in Section 305 of this Compact shall continue in force until changed or terminated by mutual consent.

(b) In the event the Compact is terminated pursuant to the provisions of Section 1102(b), the Government of Micronesia and the Government of the United States shall negotiate in good faith for amounts of economic assistance to be provided thereafter. Until such agreement is reached, but for no longer than a two-year period, the amounts of assistance provided under Sections 401(a), (b), (c) and 403(a) shall continue in effect, as adjusted equitably to reflect the decision of any State not to terminate, and the provisions of Section 404 shall not apply.

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TITLE XII

Approval of the Compact and Effective Date

Section 1201

(a) This Compact will be approved by Micronesia if at least 55% of those voting in a plebiscite to be held in Micronesia vote in favor of the Compact, including a majority in at least four of the six States of Micronesia. All persons who would be eligible to vote in elections for the Congress of Micronesia, if such elections were held on the date the plebiscite is conducted, shall be eligible to vote in the plebiscite. In determining whether the required majority has voted for or against the Compact, only the affirmative and the negative votes shall be counted. The Compact shall not become effective, however, in any State in which at least 55% of those voting have voted against the Compact. The provisions of the Compact shall be adjusted appropriately by agreement to be applicable only to the remaining States of Micronesia.

(b) This Compact will be approved by the United States in accordance with its constitutional processes.

Section 1202

The President of the United States shall issue a proclamation announcing a date mutually acceptable to the Governments of the United States and Micronesia at which the Compact will come into effect, when he finds:

1. That the Compact has been approved as provided for in Section 1201; and that

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2. The people of Micronesia have adopted a Constitution pursuant to Section 101 of the Compact; and that
3. The Trusteeship Agreement between the United States and the Security Council of the United Nations for the former Japanese Mandated Islands has been terminated or will terminate on the day on which the Compact becomes effective.



ANNEX A

I. The Government of Micronesia may undertake the following activities pursuant to Section 204 of the Compact.

(a) The Government of Micronesia may seek associate or other appropriate membership for which Micronesia may be eligible in regional organizations, United Nations Specialized Agencies, or their subsidiary bodies, of which the United States is a member. The Government of the United States will sponsor such applications and will give sympathetic consideration to requests from the Government of Micronesia to apply for appropriate membership in any other such organizations in which the United States is not a member. The Government of the United States will assist Micronesia in training personnel to participate in these organizations.

(b) The Government of Micronesia may negotiate and conclude in the name of Micronesia agreements of a cultural, educational, financial, scientific or technical nature that apply only to Micronesia with any international organization in which Micronesia is a member.

(c) The Government of Micronesia shall be consulted in the negotiation of agreements specified in Paragraph I(e) of this Annex, and shall be afforded an opportunity to participate in the negotiation of international agreements entered into by the United States to the extent that Micronesia could object to the application of such agreements under Title II, Section 202, of this Compact.

(d) The Government of Micronesia may establish temporary or permanent representation of Micronesia trade or other commercial

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interests in foreign countries, or accept foreign trade or commercial representation in Micronesia.

(e) The Government of Micronesia may request the Government of the United States to negotiate with foreign countries agreements of a commercial, cultural, educational, financial, scientific or technical nature which shall apply to Micronesia. The Government of the United States shall give sympathetic consideration to such requests.

II. In advance of undertaking any initiative pursuant to its discretion under Paragraph I of this Annex, the Government of Micronesia shall inform the Government of the United States of its proposed action and shall keep the Government of the United States fully informed of the progress and conduct of such activities.

III. The Government of the United States will promptly notify the Government of Micronesia if it appears that any proposal or activity of the Government of Micronesia pursuant to this Annex conflicts with the international obligations or responsibilities of the Government of the United States or if it is likely to lead to such conflict. In accordance with Section 201(b) of this Compact the Government of the United States will consult as requested with the Government of Micronesia and will seek to consult before issuing a notification pursuant to this paragraph.

IV. Upon notification by the Government of the United States that an activity proposed or engaged in by the Government of Micronesia pursuant to this Annex conflicts or is likely to conflict with the exercise of



responsibilities assumed by the U.S. under this Compact, or under its international obligations or basic security interests, the Government of Micronesia will refrain from or promptly discontinue such activity.

V. Any disputes arising with respect to the application of Annex A shall be subject to the dispute settlement procedure of Title X.



ANNEX B

I. Pursuant to Sections 302 and 303 of the Compact, the parties agree that the rights and uses of the United States in lands and waters of Micronesia include:

(a) Marshall Islands

- (1) Within the Kwajalein Atoll, continuing rights for the use of those lands and waters associated with and currently controlled as part of the Kwajalein Missile Range, the land portion of which encompasses approximately 1,320 acres.
- (2) In the Bikini Atoll, continuing rights for use of 1.91 acres of Ourukaen and Eniman islets, and to use the pier, airfield and boat landing on Eneu Island.
- (3) In the Eniwetok Atoll, retention of such rights as may be negotiated upon return of the atoll.

(b) Continuing rights to occasional or emergency use of all harbors, waters and airfields throughout Micronesia.

(c) Continuing rights to use of existing Coast Guard facilities.

II. Pursuant to Sections 302 and 303 of the Compact, the following specified rights and uses in the Palau Islands shall be negotiated in good faith.

(a) Access and anchorage rights in Malakal harbor and adjacent waters, together with rights to acquire 40 acres for use within the Malakal harbor area, composed of submerged land to be filled and

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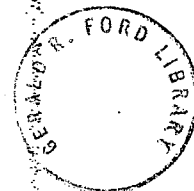
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adjacent fast land.

(b) Rights for the joint use of an airfield capable of supporting military jet aircraft at Babelthuap airfield/Airai site, the right to improve that airfield to meet military requirements and specifications and the right to develop an exclusive use area for aircraft parking, maintenance and operational support facilities.

(c) On the island of Babelthuap the right to acquire 2,000 acres for exclusive use, along with the right for non-exclusive use of an adjacent area encompassing 30,000 acres, for intermittent ground force training and maneuvers.

III. All future agreements concluded for the use of lands and waters in Micronesia and all modifications to any agreement under this Title, shall conform to the provisions of this Compact.



ANNEX C

I. The Governments of Micronesia and of the United States, and the heads of their respective Resident Offices, shall be exempt from all national, regional or municipal dues and taxes in respect of the premises of their respective Resident Offices, whether owned or leased, other than such as represent payment for specific services rendered.

II. Any person employed by the Government of Micronesia in its Resident Office who is neither a citizen nor a permanent resident of the United States, or any person employed by the Government of the United States in its Resident Office who is neither a citizen nor a permanent resident of Micronesia, shall be exempt from income and social security taxes levied under the laws of the host Government or any of its States with respect to income which is paid from funds provided by the employing Government or any agency thereof and upon which they are subject to the income or social security tax laws of the employing Government or any other other Government and from taxes on the purchase, ownership, use or disposition of personal movable property (including automobiles) intended for their own use. Such employees and members of their families shall receive the same treatment with respect to the payment of customs and import and export duties on personal effects, equipment and supplies imported into the territory of the other Government for their own use, and with respect to other duties and fees, as is accorded by the Government of the United States to diplomatic personnel of foreign countries resident in the United States, subject only to the limitation

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that continuous customs free entry shall be limited to personnel, including their families, of comparable grade to the diplomatic personnel accorded continuous customs free entry by the United States.

III. The premises of the Resident Offices including the residences of the Heads of the Resident Office shall be inviolable. Neither the agents of the Government of Micronesia nor those of the Government of the United States may enter the premises of the other Government's Resident Office except with the consent of the head of that Resident Office or someone authorized to act on his behalf.

IV. The premises of each Government's Resident Office, their furnishings and other property thereon and the means of transport of the Resident Office shall be immune from search, requisition, attachment or execution, except insofar as such immunity is expressly waived by the head of the Resident Office or someone authorized to act on his behalf.

V. Any person employed by either the Government of Micronesia or the Government of the United States in its Resident Office who is also a citizen of the employing Government shall enjoy immunity from the criminal jurisdiction of the other Government or its States. This immunity shall extend to all members of the family of such a person forming a part of his household, if they are not citizens of the receiving Government.

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Handwritten signatures and initials:
A large signature on the left, followed by the number "3".
A signature that looks like "RM" with "RAM" written above it.
A signature that looks like "M" with "R" written below it.
A signature that looks like "P" with "R" written below it.
A circular stamp containing the text "GERALD R. FORD LIBRARY".
A small circular stamp containing the text "Hie.".

Initialed on June 2, 1976 at Saipan, Mariana Islands

For Joint Committee on Future Status
of the Congress of Micronesia:

Personal Representative of
President of the United States:

LAZARUS E. SALII
EKPAW W. SILK
PETRUS TUN
ISIDORO RUDIMCH
BAILEY OLTER
RESIO MOSES
TOSIWO NAKAYAMA
JOHN MANGEFEL
AMBILOS IEHSI

F. HAYDN WILLIAMS

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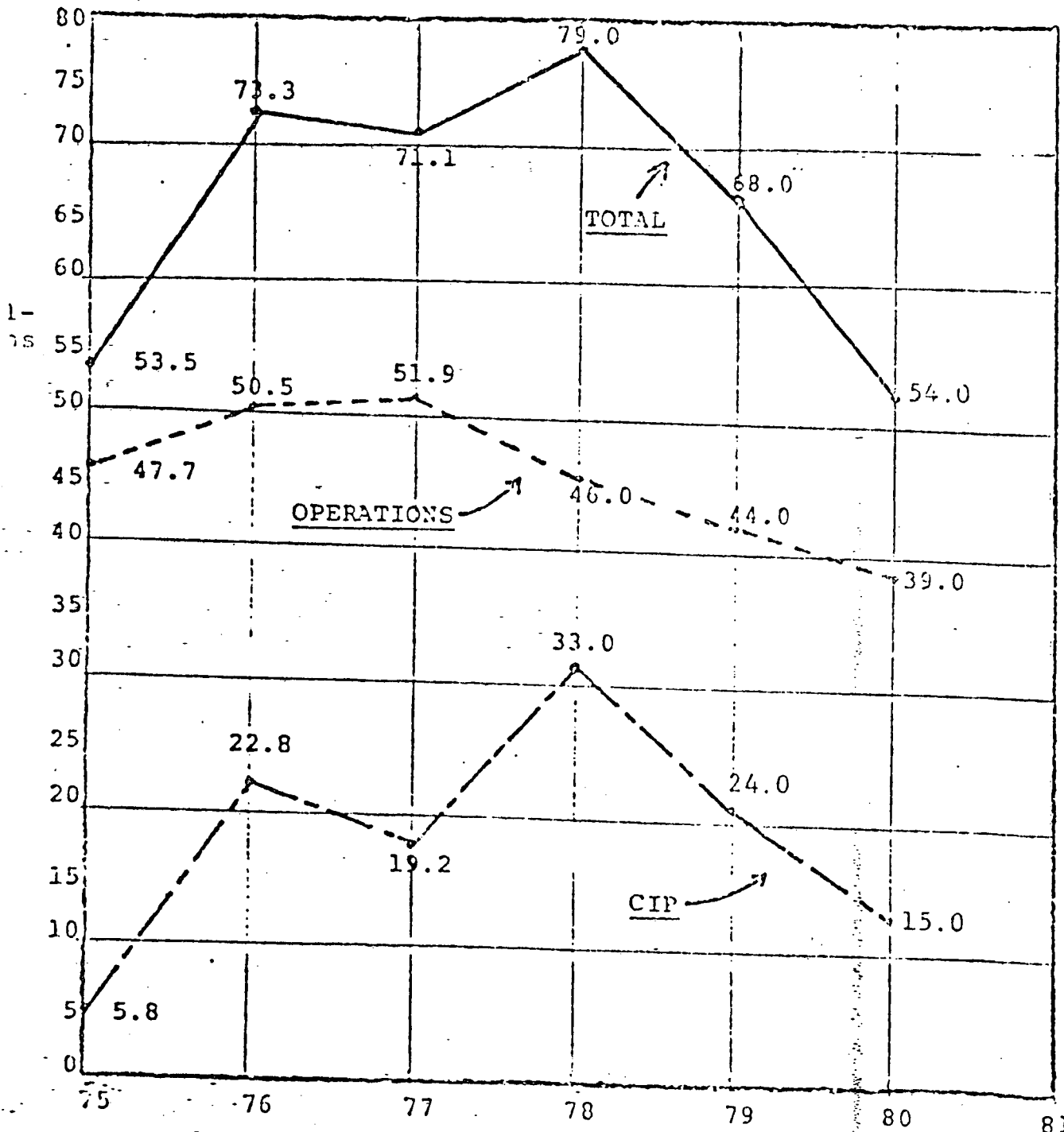
United States Department of the Interior

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Add \$10-20 million per year for non-Interior Department federal programs.

FEDERAL FUNDING FOR THE TRUST TERRITORY OF THE PACIFIC ISLANDS (excluding Northern Marianas)



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FISCAL YEAR

FY's 78, 79 and 80 are amounts proposed by Department of the Interior and are expressed in FY-75 dollars (not adjusted for inflation). Terr-4

