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THE DEPUTY SECRETARY OF STATE
WASHINGTON

NSC UNDER SECRETARIES COMMITTEE

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October 15, 1976

MEMORANDUM FOR MR. BRENT SCOWCROFT

THE WHITE HOUSE

Subject: Interim Communication with Micronesian
Status Commission

More than four months ago, in the last negotiating round on the Compact of Free Association, the Micronesians pressed for a Compact provision on marine resources raising potential problems for our global Law of the Sea negotiations. The US negotiator has not to date been authorized to offer any substantive proposals on this question. Meanwhile, we have come under increasing pressure from the Districts of Palau and the Marshalls to open separate talks on their future political status. Key Marshall leaders now are declaring their preference for complete independence from the United States. We have noted a growing doubt among Micronesian leaders as to whether the United States remains dedicated to the concept of a unified Micronesia. The new Chief Micronesian negotiator states that he wishes to resist the separatist tendencies. He is meeting now in Saipan with his Commission to plan resumption of negotiations and has asked for a statement of the United States' ideas on marine resources.

The principal departments directly concerned with this matter, i.e. State, Defense, Interior, and Justice, agree that the response contained in the attached draft letter from Ambassador Manhard to Chairman Amaraich should be made. It is important that this proposal be made well before the Commission's current meeting ends early next week. The letter does not make concessions. The beneficial rights concept

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provides nothing more than what the Micronesians are now entitled to under the Trusteeship Agreement, which places Micronesia in a different legal position from any territory under the sovereignty of the United States, which position would continue under the status of Free Association. Furthermore, it is clearly in the US interests to discourage further separatism in Micronesia by encouraging a positive attitude toward conclusion of a single compact by our informal recognition through Manhard's letter of a basic Micronesian interest and right. The proposed response fully protects US authority for foreign affairs and defense in Micronesia, as already provided in the Compact, and it makes no commitment regarding any of the specific, complex Law of the Sea questions.

It would not appear that this step would arouse any significant congressional concern. We agree with Ambassador Manhard that this approach should be made so as to set the stage for a subsequent resumption of constructive negotiations. We expect, of course, to seek further Presidential instructions later to resolve the specific technical questions involved in the Micronesian marine resources issue.

Recommendation:

That you authorize Ambassador Manhard's despatch of the attached letter.

C. W. Robinson
 Charles W. Robinson
 Chairman

Attachment:

Draft Letter to
 Andon Amaraich

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DRAFT LETTER

Andon Amaraich
Chairman, Commission on Future Political
Status and Transition
Congress of Micronesia

Dear Chairman Amaraich:

I appreciated the opportunity to meet with you in Honolulu on September 24 and to discuss how we might make progress on the two remaining incomplete sections of the initialled Compact of Free Association.

In response to your request that we make some suggestion regarding the marine resources question in Section 605 for consideration by your Commission at its current meeting in Saipan, let me assure you that the United States shares the desire of the people of Micronesia that Micronesia progress toward economic self reliance; further the United States is prepared to negotiate on the basis that the benefits derived from exploitation of the living and non-living resources off the coasts of Micronesia accrue to the people of Micronesia. Enunciation of this principle in the Compact would, of course, have to be in accordance with international law and subject to international agreements now or hereafter applicable, and compatible with the provisions of Titles II and III

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of the Compact. I believe we could have a statement of principle in Section 605 with detailed arrangements contained in a separate annex.

In addition to the marine resources issue, the formula for sharing of US financial assistance among the States called for in Section 401(c) still remains to be decided. While this is not a matter at issue between the United States and Micronesia, we nevertheless believe that it would be in our mutual interest to resolve this matter expeditiously. Therefore, I feel it might be helpful to suggest the following formula as one possible solution:

"(c) The remainder of the funds provided under Section 401(a) will be allocated annually to the States of Micronesia in accordance with the following formula: One-third to each State on an equal basis and two-thirds to each State on a proportional population basis. These funds will be for the use of the respective State governments in support of government operations, capital improvements, and other

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programs within each State."

The above suggestions are made in an attempt to move forward toward mutually acceptable solutions as rapidly as possible. I would appreciate hearing the views of your Commission regarding these suggestions and any other views you may wish to present as a result of your Commission's current meeting.

Sincerely,

Philip W. Manhard
Acting Representative for
Micronesian Status Negotiations