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POLICY REVIEW COMMITTEE MEETING

April 28, 1977

Time and Place: 10:00 - 10:50 a.m., White House Situation Room

Subject: Micronesia Status Negotiations (PRM-19)

Participants:

State

Secretary Cyrus Vance  
Matthew Nimetz  
John Baker

Transportation

Chester Davenport  
Captain James Randle

Defense

Charles W. Duncan  
Robert P. Hilton

OMB

W. Bowman Cutter  
Bob Bauerlein

JCS

Lt. Gen. William Smith

Commerce

Dr. Sidney Harman  
Howard Pollock

Justice

John Harman  
Michael Egan

OMSN

Amb. Philip Manhard  
Mary Vance Trent

Interior

Secretary Cecil Andrus  
Ruth Van Cleve

NSC

Zbigniew Brzezinski  
Michael Armacost

Political Status Options

All participants agreed that the most desirable outcome would be a Compact of Free Association between the U. S. and a united Micronesia providing maximum local autonomy to the Micronesians, reserving foreign affairs and defense responsibilities for the United States. It was recognized, however, that this may not be achievable, and that essential U. S. interests could be preserved through a special treaty relationship with an independent Micronesia. Pressures for fragmentation in Micronesia may well have become irreversible, moreover, and we cannot foreclose the possibility that some districts will opt for

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independence while others (presumably the Marshalls and Palau, which are most interested in separate status negotiations and in which our primary tangible security interests are at stake) would seek a Free Association agreement with us. All agreed that we should conduct the negotiations in a way which makes clear that we are prepared to extend the Micronesians the choice of independence. This is essential to maintain consistency with our current approach to the Namibia problem and to enhance future prospects for UN approval of the termination of the Trusteeship agreement.

Recommendation: That the U. S. negotiator should be instructed to seek a Free Association agreement with a united Micronesia, and should utilize the leverage available to us through such means as financial arrangements and our position on marine resources to achieve that result. The negotiator's instructions, however, should provide him sufficient latitude to accept other status arrangements, should this be necessary to achieve an agreement which protects essential U. S. interests. Fallback positions should include (1) a special treaty relationship with an independent Micronesia, and (2) a combination of Free Association with those districts which desire it, and a special treaty relationship with others should they opt for independence. The negotiator would be instructed to report back to the Policy Review Committee before exercising the fallback option.

Agency Views: All agencies support the recommendation.

APPROVE         ✓         DISAPPROVE   

Financial Arrangements

All participants agreed that the level of our Post-Trusteeship financial support for Micronesia should be contingent on the nature of our political relationship; that financial benefits accruing to the Micronesians under a Free Association formula should be visibly less than those conferred on the Northern Marianas but should exceed the level of financial commitment the U. S. would extend to an independent Micronesia.

Recommendation: That the chief negotiator be authorized to offer at his discretion the following financial assistance, with the understanding that such assistance is contingent on ultimate approval by the U. S. Government.

1. No more than \$60 million annually in grant assistance for no more than 15 years after Trusteeship termination.
2. Continuation of U. S. postal, weather, and FAA services at FY-76 levels of activity.
3. \$10-25 million for one-time costs of relocating the capital from Saipan, contingent upon the number of districts served by this installation.
4. No more than \$10 million annually, as necessary to obtain satisfactory and legally binding agreements covering exclusive U. S. use of all land, waters, and airspace required by the Kwajalein Missile Range and its activities for no less than 15 years after Trusteeship termination.
5. Up to \$3 million on a one-time basis to obtain a long-term lease of land required for U. S. defense purposes in Palau.
6. No more than \$5 million annually to be provided to Micronesia on a dollar-for-dollar matching basis, to establish, in coordination with the Departments of Interior and Transportation, a surveillance and enforcement capability for the area.

Agency Views: Cy Vance, Cecil Andrus, Charlie Duncan, and Zbig Brzezinski all expressed the belief that an agreement which protects U. S. interests in Micronesia is well worth this level of financial compensation. None of the other agency representatives demurred.

APPROVE \_\_\_\_\_  \_\_\_\_\_ DISAPPROVE \_\_\_\_\_

Termination Date

All agencies agreed that we should reaffirm through a public statement, issued in your name, our intention to make every effort to terminate the Trusteeship by the end of 1991. Such a reaffirmation is consistent with the timetable we have previously guaranteed to the U. S. Senate and the U. N. Trusteeship Council, and would serve our interest in moving toward an early agreement.

APPROVE \_\_\_\_\_  \_\_\_\_\_ DISAPPROVE \_\_\_\_\_

Marine Resource Jurisdiction within the Framework of a Free Association Agreement

In the past this has been the most contentious issue. The Micronesians have taken the position that they must exercise a large measure of direct control over their marine resources. The basic question for us is how much jurisdiction over marine resources we should be prepared to relinquish to them in order to achieve a Free Association agreement.

-- Option A would allow the U.S. to retain full foreign affairs and defense responsibility including the authority to negotiate international marine resource agreements on Micronesia's behalf, but gives the Micronesians internal marine resource management authority as well as all economic benefits from exploitation.

-- Option B would offer the Micronesians jurisdiction and authority (including competence to negotiate and conclude international agreements) over their marine resources subject to a U.S. veto on actions which conflict with U.S. marine resource policy, international obligations, or security interests.

-- Option C would offer the Micronesians jurisdiction and authority over their marine resources subject to a conditional U.S. veto for actions which the U.S. deemed in conflict with its international obligations or basic security interests, but not for actions in conflict with U.S. international marine resource policy.

-- Option D would offer the Micronesians authority over all foreign affairs except security matters but subject to the conditional veto described in Option C above.

Agency Views: All agencies agree that Option A is most desirable, and should be our starting position; but there is substantial doubt as to whether the Micronesians will accept it. None of the PRC participants regarded Option B as a useful fallback position, since if the Micronesians reject Option A, they are likely to reject Option B as well. Nor do any agencies support Option D as a fallback; in many respects it is tantamount to independence, yet leaves the U.S. with residual defense responsibilities.

Recommendation: That the negotiator be instructed to seek Option A, but should be authorized to utilize Option C as a fallback position. If all members agreed that our overall objective should be an equitable and

and mutually advantageous Free Association agreement, and that we should utilize the leverage afforded by flexibility on the marine resource issue to achieve this decisive political aim.

APPROVE       ✓      

DISAPPROVE           

Institutional Arrangements. The issue is: What arrangements within the U.S. Government should we make for conducting and supporting the negotiations?

In the past the negotiations have been conducted by a Personal Representative of the President; departmental recommendations concerning the negotiations were coordinated by the NSC Under Secretaries Committee, supported by the NSC Inter-agency Group on Micronesia, chaired by the President's Personal Representative; the negotiation was supported by the Office of Micronesian Status Negotiations (housed in Interior; staffed by Defense, State, and Interior; financed by funds provided by State and Defense though administered by Interior). At present the position of the President's Personal Representative is unfilled; and the negotiations are being supervised by Acting Representative Philip Manhard; the Under Secretaries Committee has been abolished, and relocation of its responsibilities concerning Micronesia are in abeyance pending decisions resulting from this study.

Three alternative arrangements were considered, but the PRC reached no consensus:

A. Arrangement A would have an NSC ad hoc group chaired by the Counselor at State reporting to the NSC Policy Review Committee, chaired by the Secretary of State. The negotiator and staff would be located in State.

B. Arrangement B would have an NSC ad hoc group chaired by the Counselor at State reporting to the NSC PRC Committee chaired by the President's Assistant for National Security Affairs. The negotiator would be a Special Representative of the President and would remain in Interior with his staff.

C. Arrangement C would have the NSC ad hoc group chaired by the negotiator (Special Representative of the President) reporting to the NSC PRC, chaired by the President's Assistant for National Security Affairs. The negotiator and staff would be located in the NSC (Office of

(Note: Arrangement A locates the responsibility and authority for managing the negotiations primarily in State. Arrangement B would leave the Counselor at State in charge of the NSC ad hoc group, but seeks to assuage other agency concerns by making the negotiator a Representative of the President, giving him an NSC "hat" and putting the Assistant for National Security Affairs in charge of the Policy Review Committee for this matter. Arrangement C further enhances the independent role of the negotiator by making him Chairman of the NSC Working Group.)

Agency representatives expressed a variety of preferences on this question:

- On balance, State favors Arrangement B.
- Interior would prefer Arrangement C, but would find Arrangement B acceptable.
- JCS prefers Arrangement C.
- Justice prefers Arrangement C.
- Transportation prefers Arrangement C.
- OMB prefers Arrangement B.
- NSC prefers Arrangement B.
- The Office of Micronesian Status Negotiations favors Arrangement C.

Your decision:

Arrangement A \_\_\_\_\_  
 Arrangement B ✓ \_\_\_\_\_  
 Arrangement C \_\_\_\_\_

It was agreed that the NSC AC will be Commission Memoranda would be immediately prepared detailing negotiating instructions following your review and decisions on these issues.