

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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SECRET

April 3, 1978

MEMORANDUM FOR

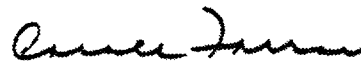
The Vice President
The Secretary of State
The Secretary of Defense
The Attorney General
The Secretary of the Interior
The Secretary of Commerce
The Secretary of Transportation
The Director, Office of Management and Budget
Special Representative for Micronesian
Status Negotiations
Chairman, Joint Chiefs of Staff
Director of Central Intelligence

SUBJECT: Micronesian Political Status Negotiations

A Policy Review Committee meeting has been scheduled for April 4 at 3:30 to review principles of free association on which Ambassador Rosenblatt plans to seek formal agreement with the three Micronesian parties (the Central Districts, Palau, Marshall Island) in talks which will convene on Friday, April 7 in Hawaii. Attachment A sets forth the proposed principles along with brief analysis of their provisions. The approach embodied in these principles reflects, with one exception, a consensus of the Interagency Group on Micronesia. OMB takes issue with that part of principle 8 which maintains that if the U.S. terminates unilaterally, economic assistance will be sustained at originally agreed levels. OMB regards such an undertaking politically unwise and contrary to existing negotiating guidelines. Our chief negotiator believes failure to incorporate this in the principles would seriously jeopardize the negotiation. Principles 6 and 7 also stretch to the limits the negotiating authority specified in PD/NSC-11 (attached at Tab B).

The PRC will focus on these issues:

- Do these principles adequately protect U.S. interests?
- Will they find support on the Hill?


Christine Dodson
Staff Secretary *fd*

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