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THE WHITE HOUSE
WASHINGTON

3166 ^{FE}
Zbig. You
all can make
some adjustments
within totals.
J

May 29, 1979

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI *ZB*
SUBJECT: Revision of Instructions for the
Micronesian Status Negotiations (C)

The Micronesian status negotiations are entering the final stage

[Redacted]
In January, the Micronesians rejected the U. S. offer authorized under PD-11 (\$75 million annual commitment, certain Federal services, and a total of \$18 million in one-time payments) and asked for three or four times the amount. The Micronesians also wanted most of the money loaded on to the front five years of the fifteen-year agreement and adjusted for inflation. (S)

[Redacted]
(S)

[Redacted]
(S)

80
dated by
and initials

OMB (Tab C) believes that we have conceded too much already in the negotiations, that we already have plans to fund the major capital improvement projects for which provision is made in the offer, that additional capital improvement projects do not make economic sense, and that the future viability of the islands will depend on getting them off the U. S. dole. They believe that the "front-end loaded" figure will become the basis for future negotiations. (S)

*State, NSC, Interior, Defense, Justice, Commerce, Transportation, Energy, JSC, OMB, and the Office of Micronesian Status Negotiations.

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Review May 26, 1985

2/4/00 NSC NLG-00-88
4/26/02

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OMB recommends no increase in the maximum average annual payment if inflation adjustment is permitted, [REDACTED] less front-end loading; and more inflation adjustment if the Micronesians agree to the lower annual payment figures. The Department of Justice associates itself with the OMB position. (S)

The OMB position is sound from the budgetary and fiscal points of view. [REDACTED]

[REDACTED] I would agree that the "front-end loaded" figure is likely to become the negotiating floor in future years.

[REDACTED]
(S)

I believe that our stated policy of terminating the trusteeship in 1981 and agreement on the free association relationship which we are currently negotiating will most effectively guarantee our security and defense interests in the Pacific. I believe that we should move these negotiations forward, [REDACTED]

[REDACTED] (S)

OMB has asked that consideration of the [REDACTED] million one-time payment on nuclear claims, and authorization for continued related services, be deferred without prejudice until it has studied the proposal. I support this request. (S)

Recommendation

[REDACTED]
(S)

Approve _____ Disapprove _____

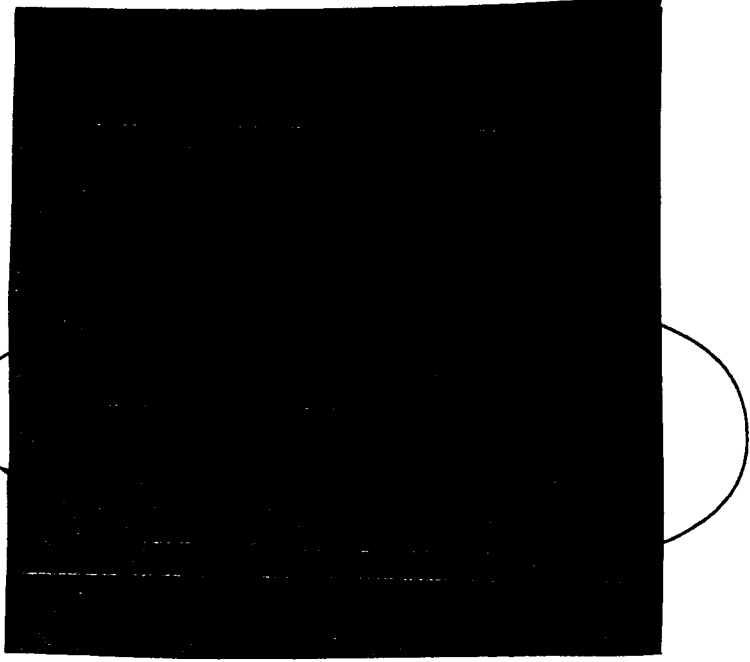
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Components of [redacted] Million Annual Average

Interagency Group
Recommendations
(In Millions)

OMB
Recommendations Present
Authority



\$60	Yearly average grant assistance. For operations and infrastructure development. [redacted]
10	Annual cost for Kwajalein Missile Range requirements. (No change.)
0	Scholarship fund for post-secondary education. [redacted]
5	Fishery zone surveillance. (Reduced from PD-11 authority of \$5 million yearly on matching basis.)
<u>0</u>	Value of health and medical services currently provided. [redacted]
\$75	

Aif Micronesians insist on inflation adjustment.

Bif Micronesians will drop the inflation adjustment and agree to no review during the life of the Compact.

7/6/88 NSC

NLC 700-88