



THE PRESIDENT'S PERSONAL REPRESENTATIVE  
FOR MICRONESIAN STATUS NEGOTIATIONS  
WASHINGTON, D.C. 20240

December 11, 1979

MEMORANDUM FOR JEFF FARROW

SUBJECT: Status of the Micronesian Status Negotiations

Background: At the end of the Ford Administration the talks, which had already been going on for eight years, had broken off in complete deadlock.

The Carter Administration established the conditions for renewal of the negotiations in October 1977. One of the conditions was that we were now negotiating with three separate parties, the Marshall Islands, Palau and what is now the Federated States of Micronesia.

In April of 1978 at Hilo, Hawaii agreement in principle was signed on the nature of the "free association" relationship which the parties would thenceforth strive to fashion in the negotiations (copy attached). Under this arrangement the Micronesians would occupy an unprecedented political status somewhere between full independence and territorial status. The U.S. would remain in full control of defense matters and would obligate itself to specified levels of economic aid, both of which would endure for a fixed term of 15 years and thereafter as mutually agreed. The Micronesians would manage their own domestic and foreign affairs, subject to a U.S. "veto" of actions inconsistent with our defense role. Free association could be terminated by any signatory unilaterally as to itself (presumably in favor of independence), but U.S. military rights and aid obligations would not be so terminable and would continue for their full term regardless of political status. A single Compact of Free Association is to be executed by the U.S. and the three Micronesian parties, but it will set up separate bilateral relationships between the U.S. and each Micronesian state.

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Intense and difficult negotiations with the three Micronesian commissions over the text of the Compact itself followed Hilo. A low point last Spring was followed by a successful effort in the summer to achieve a resolution in principle of the two major outstanding issues with the Marshall Islands Government (MIG) and the Government of the Federated States of Micronesia (GFSM). These issues were levels of U.S. financial assistance and Micronesians' access to U.S. Courts to enforce U.S. environmental standards against the U.S. military in Micronesia under free association.

Meanwhile the situation in Palau began to take an ominous turn. Efforts by oppositionists to unseat the local leadership focussed on a constitutional convention which convened last January. The convention, defying the leadership, drafted a constitution certain particulars of which were also unacceptable to the USG as a basis for free association. The proponents of the constitution used it as a nationalistic rallying point around which they defeated the old leadership in several referenda and in the September 4 elections for a new Palau Legislature, which will take over on January 3, 1980. Thus, at least since the legislature elections, Palau has been unable to field a negotiating team which commands public support and the new group which will take over in January supports a constitution which the U.S. finds incompatible with free association.

At present the negotiating situation is as follows with each of the three Micronesian states:

1. The Marshall Islands and the Federated States of Micronesia: Both are extremely anxious to conclude the negotiations soon and to initial a Compact with the U.S. Both have agreed to meet with the U.S. in Kona, Hawaii January 7-14 in a negotiating round which they hope will conclude with an initialling. Discussions with lawyers for both parties to clear up the last remaining Compact issues have been going very well since last summer and only one major make-or-break issue remains; the Micronesian demand for increased inflation protection. This has been referred to the President for decision. We feel reasonably confident that the remaining unresolved issues can be solved before or at Kona.

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(a) The Marshalls. Agreed to the postponement of the Kona meeting from mid-December to January 7 only with the utmost reluctance. They will come to the January meeting only upon the express understanding that it will result in an initialling. Further postponement of the meeting will be seen as Administration acquiescence in Burton's demands (which are known throughout Micronesia) and would almost certainly result in a disintegration of the negotiation process and serious pressure on the U.S. missile testing facility at Kwajalein in the Marshalls.

(b) The Federated States of Micronesia. The FSM leadership, while equally anxious to conclude the negotiations, fears the U.S. will not address the inflation adjustment issue, thereby making it politically impossible for them to initial at Kona and setting in motion political forces that could destroy both the negotiations and the Federation.

2. Palau. Recent U.S. contacts with the Palau leadership that will take over in January have been promising. While the leadership appears anxious to attend the Kona meeting, they have cautioned that they will probably not be in a position to join in initialling the Compact then.

[REDACTED] we will continue to insist that the constitution must be amended if there is to be free association. Agreement has been reached with the new leadership for a member of the U.S. negotiating team to go to Palau this week to brief the members of the new legislature on the negotiations, and the Chief U.S. negotiator will meet with the new leadership in Honolulu next week for detailed discussions.

  
Peter R. Rosenblatt

Attachment

## STATEMENT OF AGREED PRINCIPLES FOR FREE ASSOCIATION

1. An agreement of free association will be concluded on a government-to-government basis and executed prior to termination of the United Nations trusteeship. During the life of the agreement the political status of the peoples of Micronesia shall remain that of free association as distinguished from independence. The agreement will be subject to the implementing authority of the United States Congress.

2. The agreement of free association will be put to a United Nations observed plebiscite.

3. Constitutional arrangements for the governance of Micronesia shall be in accord with the political status of free association as set forth in these principles.

4. The peoples of Micronesia will enjoy full internal self-government.

5. The United States will have full authority and responsibility for security and defense matters in or relating to Micronesia, including the establishment of necessary military facilities and the exercise of appropriate operating rights. The peoples of Micronesia will refrain from actions which the United States determines after appropriate consultations to be incompatible with its authority and responsibility for security and defense matters in or relating to Micronesia. This authority and responsibility will be assured for 15 years, and thereafter as mutually agreed. Specific land arrangements will remain in effect according to their terms which shall be negotiated prior to the end of the Trusteeship Agreement.

6. The peoples of Micronesia will have authority and responsibility for their foreign affairs including marine resources. They will consult with the United States in the exercise of this authority and will refrain from actions which the United States determines to be incompatible with its authority and responsibility for security and defense matters in or relating to Micronesia. The United States may act on behalf of the peoples of Micronesia in the area of foreign affairs as mutually agreed from time to time.

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7. The agreement will permit unilateral termination of the free association political status by the processes through which it was entered and set forth in the agreement and subject to the continuation of the United States defense authority and responsibility as set forth in Principle 5, but any plebiscite terminating the free association political status will not require United Nations observation.

8. Should the free association political status be mutually terminated the United States' economic assistance shall continue as mutually agreed. Should the United States terminate the free association relationship, its economic assistance to Micronesia shall continue at the levels and for the term initially agreed. If the agreement is otherwise terminated the United States shall no longer be obligated to provide the same amounts of economic assistance for the remainder of the term initially agreed.

An early free association agreement based on the foregoing eight principles shall be pursued by the parties.

Hilo, Hawaii

April 9, 1978

COMMITTEE ON FUTURE POLITICAL STATUS OF THE COMMISSION ON  
FUTURE POLITICAL STATUS AND TRANSITION

By *Al Rife*  
Chairman

MARSHALL ISLANDS POLITICAL STATUS COMMISSION

By *John T. ...*  
Chairman

FALAN POLITICAL STATUS COMMISSION

By *Roman Tmetali*  
Chairman

UNITED STATES OF AMERICA

By *Henry R. ...*  
President's Personal Representative to the  
Negotiations on the Future Political Status  
of Micronesia