



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

January 8, 1980

Honorable Phillip Burton  
Chairman  
Subcommittee on National Parks  
and Insular Affairs  
Committee on Interior and Insular Affairs  
House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

The Administration has given intense consideration to the views expressed in your letter to me of November 1, 1979 and to the exchange of views which occurred at your meeting with Administration representatives on the evening of December 11.

The Micronesian political status negotiations will not be concluded prior to the 1980 national election. Conclusion of the negotiations requires agreement on wording of the Compact itself and months of negotiation on various agreements subsidiary to and dependent upon the Compact.

Negotiation of the Compact with the Government of the Marshall Islands (MI) and the Federated States of Micronesia (FSM) has reached a very advanced stage. Both governments appear desirous of completing this phase of the negotiations promptly.

Meaningful negotiations with Palau have not been possible recently but they will shortly be resumed now that the newly elected Palau Legislature has taken office. We do not know what positions the new Palauan leadership will take though we have conducted an encouraging preliminary meeting with them to brief them on the negotiations. We intend to continue this process at the forthcoming round of status negotiations and doubt that the Palauans will be in any position to enter into any commitments there.

In light of this overall negotiating situation, and in an effort to promote full agreement on U.S. objectives in the negotiations, the Administration is prepared to support the following measures:

1. The so-called "federal programs containment policy" of November 1978 will be replaced by a new pre-termination policy which will be worked out in consultation with the Congress.

2. The current draft Compact will be revised to incorporate an increase in the 3% inflation adjustment ceiling effective on the sixth year of free association, to the lower of 7% or 2/3 the Gross National Product Implicit Price Deflator, beginning with the first year of free association.

3. The draft Compact will be revised to express the U.S. Government's agreement to consider requests by the Micronesian governments for extension of federal health and education programs under free association. We would expect to work with the Congress in formulating the U.S. Government position before the Compact is signed or offered for Congressional approval.

4. As you know, the next round of status negotiations will commence tomorrow in Kona, Hawaii. The Administration is pleased to learn that House of Representatives staff may be included in the U.S. delegation. A similar invitation has been extended to, and accepted by the Senate.

Finally, I should like to emphasize the spirit of friendship and cooperation in which the negotiations are being conducted. While no party has secured all of its objectives the Administration and, we strongly believe, each of the Micronesian parties will be prepared to support the draft Compact upon its completion.

The Administration continues to look forward to an opportunity to brief you, the other members of your committee and committee staff with respect to the negotiations. We appreciate your continued interest and participation in the work of defining Micronesia's future political status and your expression of your concerns to us.

-3-

Similar letters have been sent to Representatives  
Lagomarsino and Clausen.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Peter R. Rosenblatt". The signature is written in a cursive style with large, sweeping letters.

Peter R. Rosenblatt  
Ambassador