

JUN 4 1980

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June 4, 1980

The Honorable Peter Rosenblatt
The President's Personal Representative
for Micronesian Status Negotiations
Department of Interior
18th and C Streets
Room 3358

Dear Mr. Ambassador:

As you know I have just returned from Hawaii where I met with the Chairman and the two Vice-chairmen of the Palaun Commission on Status and Transition. I have been instructed by the Chairman to communicate to you the Commission's desires with respect to the meetings in Guam beginning on June 16, 1980.

On June 16 and 17 the Commission would like you and your staff to discuss in depth certain provisions of the Compact. The Commission would like you to come prepared to:

- (1) designate the property in Palau in which the U.S. government or the Government of the Trust Territory of the Pacific Islands has title and the property "for which the Government of the United States determines a continuing requirement" pursuant to section 234 of the Compact;
- (2) designate the land in Palau which the Government of the United States wants to use: (a) for military purposes pursuant to section 321; or (b) for purposes of providing program assistance pursuant to section 225;
- (3) discuss the meaning of section 314 relating to toxic and radioactive materials (particularly the meaning of "for transit and overflight purposes") and discuss the relationship of section 314 to related provisions in the proposed Palaun Constitution;

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(4) explain the bases for the \$7 million and \$6 million levels for current account operations contained in section 211(a)(1) of the Compact;

(5) explain what the GNP Implicit Price Deflator is, how it is derived, how subject to change it is, and the bases for the "two-thirds or seven percent, whichever is less" formula in section 217 of the Compact; and

(6) explain what capital infrastructure projects the U.S. recommends be contained in the section 212 agreement and the proposed timetable for completing such projects as well as the estimated values of such projects (expressed in 1980 dollars).

During these presentations the Commission members will pose questions in order to clarify the factual context in which the Compact negotiations will take place. This approach is intended to provide a base of common understanding which should facilitate the negotiating phase of the meetings.

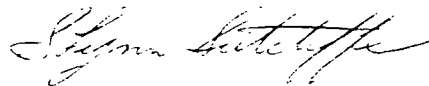
The Commission would like to have the parties meet independently on June 18, 1980 and prepare for the negotiations. The Commission would present to you at the end of the day on the 18th a proposed agenda for the negotiations.

The Commission would like negotiations to occur on June 19 and 20. The Commission hopes that many issues can be resolved to the satisfaction of both parties during these two days of negotiations and that remaining issues can be framed to facilitate future resolution.

Between now and June 16, 1980 the Commission will be meeting and preparing for the Guam meetings. I will be trying to prepare briefing materials for their use and would very much appreciate working closely with you and your staff.

I look forward to discussing the approach to the Guam meetings outlined in this letter at your earliest convenience.

Sincerely yours,



S. Lynn Sutcliffe