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National Security
Decision Directive 52

August 20, 1982

The Future Political Status of Micronesia
Palau

The Chief Status Negotiator is authorized, at his discretion, to increase the funding level of the Compact of Free Association for Palau by an amount not to exceed \$60 million. This amount, which may be paid at one time and during the first year of the relationship, should be invested in a fashion which will produce payments to Palau beyond the initial fifteen year funding period of the Compact as well as earlier payments within that period. In return for this, the Chief Status Negotiator must obtain Palauan agreement to an extension of the terms of the Compact to fifty years, the land-use rights set forth in the initialed Military Use and Operating Rights Agreement, the elimination of any payment terms from that document, and a mutual security arrangement, including the U.S. right of strategic denial, which will survive until mutually terminated. (S)

The Chief Status Negotiator will attempt to include provisions in the Compact or its related agreements which reduce the possibility that Palau might opt unilaterally to terminate the political relationship. Special attention should also be paid to lessening Palau's dependence on the United States. (S)

The Micronesia Interagency Group should develop recommendations outlining the conditions under which a similar extension of the provisions of the Compact could be applied to the Marshall Islands and the Federated States of Micronesia, should either so request prior to termination of the Trusteeship Agreement. (S)

This Directive supersedes any conflicting provisions of Presidential Directive/NSC 34 of April 7, 1978, Presidential Directive/NSC 49 of June 6, 1979, the National Security Memorandum of October 8, 1980, NSDD-10 of September 28, 1981, but otherwise reaffirms the contents of the Directives. (U)

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National Security Council

Ronald Reagan

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