

United States Department of State

Washington, D.C. 20520

June 2, 1986

Mr. John Cooney  
Deputy General Counsel  
Office of Management and Budget  
Washington, D.C. 20301-2400

Dear Mr. Cooney:

This is to inform you that the Departments of State and Defense have met to discuss their differences on the draft Executive Order on post-termination management of Micronesia circulated by Ms Diane Weinstein to the interagency group on April 1, 1986. I am pleased to advise you that both Departments have reached full agreement on recommending to OMB the following changes:

Section 2.

Add a new sentence: "This section shall not apply to services provided by the Department of Defense to the Freely Associated States, or to activities pursuant to Section 1 of this Order."

This, we believe, makes clear that Section 2, in covering programs and activities designed and funded for the FAS, is not intended to give the Secretary of the Interior responsibility for services provided to the FAS by the Departments of State and Defense incidental to their normal operations. For the Department of State these would include consular functions and the conduct of relations.

Section 3(a) line 1.

After "there is established", add "within the National Security Council system".

This Interior Department language fix ensures that the Interagency Group will operate under the aegis of the NSC, as originally contemplated.

Section 3(d)(2)

Delete "which shall be an interagency office".

State and Defense have agreed separately on the responsibilities of Defense personnel to be assigned to the Office of Freely Associated States Affairs.



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Section 3(d)(2)

Change first sentence, lines 3 and 4, to read "to whom the Secretaries of State, Defense, and Interior may delegate any or all of their respective authority and responsibility as described in this Order."

Defense wishes to preserve the option of delegating some or all of its authority, and Interior should likewise have the same option should it also wish to delegate some or all of its authority.

Section 3(d)(3)

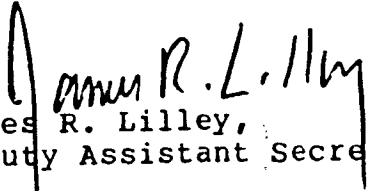
Change "seconded" to "assigned".

For the sake of clarity and to conform to normal usage.

Section 5, third sentence.

To clarify, change to "Nothing in this Order shall be construed to impair the authority and responsibility of the Secretary of Defense for security and defense matters in or relating to the Freely Associated States."

Sincerely,

  
James R. Lilley,  
Deputy Assistant Secretary



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#### EXPLANATION OF PROPOSED EXECUTIVE ORDER

The President's signature of the Compact of Free Association enacting legislation, P.L. 99-239, gives rise to the requirement that the executive branch organize itself for the management of the new free association relationship in a manner consistent with the provisions of that legislation, specifically Section 105(b). Other guidance controlling substantive determinations made with respect to executive branch organization are the President's directive on the subject (NSDD 10 of September 21, 1981) and the imperative to accomplish the organization through the most efficient use of existing personnel and fiscal resources.

In establishing an executive branch structure, the draft order is based upon the discrete authorities and responsibilities vested in the Secretaries of State and Interior in the legislation, and also establishes the interagency group authorized in the legislation.

The review and clearance process for this draft EO should proceed as expeditiously as possible in light of the Administration's desire to bring the compact into full force and effect at an early date.