



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 23, 1986

SEP 23 9 28 AM '86

MEMORANDUM FOR THE PRESIDENT

FROM: James Miller III
Director

SUBJECT: Proposed Executive Order Entitled "Management of the Compact of Free Association with The Republic of the Marshall Islands, The Federated States of Micronesia, and The Republic of Palau"

SUMMARY: This memorandum forwards for your consideration a proposed Executive order, submitted by the Office of Micronesian Status Negotiations, that would delegate certain authorities vested by law in the President and establish the internal Executive Branch procedures necessary to govern United States relations with the Freely Associated States of Micronesia after the termination of the United Nations Trusteeship Agreement.

BACKGROUND: The United States currently administers the Trust Territory of the Pacific Islands pursuant to a Trusteeship Agreement with the United Nations Security Council. Over the last few years, the United States has negotiated a Compact of Free Association with the Governments of the Trust Territory, which will lead to self-governing status in free association with the United States. In January 1986, Congress passed legislation approving and providing for implementation of the Compact with respect to the Marshall Islands and the Federated States of Micronesia. Congress currently is considering legislation to approve a separate, but very similar Compact with respect to Palau. The proposed Executive order will establish the administrative relationships for administering the Compact and the implementing legislation.

Crepe the above titles here instead of "Trust Territory"

There has been substantial Congressional interest in the contents of the proposed order. ^{Some of} This concern reflects the continuation of a sharp disagreement between the oversight committees for the Department for the Interior, which has had principal responsibility for administration of the Trust Territory, and for the Department of State, which will have a more active role in the future, when relations with the Freely Associated States are conducted on a government-to-government basis.

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DESCRIPTION: The proposed order will establish an Interagency Group on Freely Associated States' Affairs to provide policy guidance to Executive departments and agencies. Establishment of the Interagency group is consistent with National Security Decision Directive 10, which set forth the management structure for future relations with the Freely Associated States. The Group will be chaired by the Secretary of State and will provide general policy advice to all Federal agencies that will administer programs in the Freely Associated States. The agencies will be responsible for following this advice in the conduct of their responsibilities. The Group also will serve as an appeal channel for any disputes ^{to} which the agencies are unable to ^{resolve} reach agreement among themselves. ~~In order to support the Interagency Group~~ ^{the proposal} will create an office of Freely Associated States' Affairs in the Department of State. That office also will be responsible for discharging the State Department's responsibilities under the order.

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The proposed Executive order delegates to the Secretary of State responsibility for the conduct of government-to-government relations with the Freely Associated States. The order also ~~authorizes the Secretary of the Interior to supervise the~~ ^{programs} ~~activities of other agencies conducting activities in the~~ Freely Associated States, although such activities will be sharply diminished under the negotiated Compact agreement. With certain exceptions, Interior thus will have oversight responsibilities and the right to consult and provide policy guidance to other Federal departments and agencies concerning the day-to-day implementation of these programs.

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The proposal also delegates certain administrative responsibilities to the Departments of State and Interior. Of these authorities, the most significant is the authority delegated to the Secretary of State to report to Congress, with the concurrence of the Secretary of Defense, on determinations made regarding security and defense.

★ Congress has yet to approve the Compact and adopt implementing legislation for Palau. By its terms, however, the proposed Executive order applies to relations with all three Governments of the Freely Associated States, so that the order will apply automatically to Palau, and will not have to be reissued, as soon as Congress enacts the necessary legislation.

delegates to the ~~Department~~ ^{Secretary} of Interior the responsibility for coordinating and monitoring all economic and financial programs and assistance to

★ Starred sections will need revision if this goes to President after Congress passes Palau Compact.

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The proposed Executive order has been circulated to the affected agencies for comment on three occasions. The principal issues concerned the legal effect of Interior's authority to supervise other agencies in performing their functions and the authority of the InterAgency Group with respect to Interior. The agencies ultimately reached an understanding about their working relationships under these provisions. The proposal has been revised to reflect these agreements. As revised, none of the affected agencies objects to the proposed order.

RECOMMENDATION. I recommend that you sign the proposed Executive order.

Attachment