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EXECUTIVE SECRETARIAT (O/DCI)

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TO:		ACTION	INFO	DATE	INITIAL
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SUSPENSE DATE:

Remarks:

To 18: Doubt if anything expected from us. But please check para 18.

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EXECUTIVE SECRETARY
J. J. [Signature]
 Date

EXECUTIVE REGISTRY
 FILE # L-116

THE WHITE HOUSE
WASHINGTON

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June 6, 1979

Presidential Directive/NSC-49

TO: The Vice President
The Secretary of State
The Secretary of Defense

ALSO: The Attorney General
The Secretary of the Interior
The Secretary of Commerce
The Secretary of Transportation
The Director, Office of Management and Budget
The United States Representative to the
United Nations
The Director of Central Intelligence
The Chairman, Joint Chiefs of Staff
The Office of Micronesian Status Negotiations

SUBJECT: Micronesian Status Negotiations (C)

The President has reviewed the recommendations of the Micronesia Inter-agency Group and has directed that the following financial arrangements replace the itemized list in PD/NSC-11. Aside from these modifications, the negotiating guidelines in PD/NSC-11 and PD/NSC-34 remain in force. (C)

The Chief Negotiator is authorized to offer the following financial assistance, with the understanding that such assistance is contingent on the ultimate approval by the U. S. Congress: (S)

1. No more than a \$75 million annual average in grant assistance for the first fifteen years after trusteeship termination. (S)
2. No more than \$10 million annually for exclusive U. S. use of all land, waters, and airspace required by the Kwajalein Missile Range and its activities for no less than 15 years. (S)
3. \$3 million annually for a U. S. contribution to a scholarship fund to finance post-secondary education of citizens of the three Micronesian entities in U. S. institutions. Continue eligibility after trusteeship termination so that those then enrolled in U. S. universities may finish their studies. (S)

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Classified by Zbigniew Brzezinski

Revised on June 4, 1985

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4. \$1 million annually for fishery zone surveillance and enforcement and a \$2 million one-time grant, either prior to or after termination, for the capital investment necessary for this program. (S)

5. The dollar value annually of the Federal categorical health services and medical assistance programs applied to the Trust Territory of the Pacific Islands during the calendar year immediately preceding the termination date of the trusteeship (limited to \$2 million annually). (S)

6. The negotiator may commit up to \$110 million annually for the first five years for the above five items with commensurately lower annual sums for the next ten years in order to maintain a 15-year annual average of \$91 million. (S)

7. U. S. Postal, weather, FAA, CAB, and Communication Management services at the levels equivalent to those applicable to the Trust Territory of the Pacific Islands during the calendar year immediately preceding the termination date of the trusteeship. The Micronesia Interagency Group is authorized to approve the extension of limited additional U. S. technical services of like character on a case-by-case basis. (S)

8. A U. S. commitment to completion of specific construction projects and to the use of military construction units (such as military Civil Action Teams in Palau) in lieu of direct cash grants for construction use in Palau is contingent on securing land use arrangements there. This is to be funded from the overall yearly grant. (S)

9. \$15 million as a one-time transitional grant for relocation of the Trust Territory headquarters, to be negotiated by the High Commissioner and channeled through the Department of the Interior budget. This should be allocated for use before the trusteeship ends. (S)

10. No more than \$750,000 to be spent by the U. S. Coast Guard to convert eighteen specified buoys in the Trust Territory to civilian use. (S)

11. To accord special tax treatment to investment in Micronesia by U. S. persons and special tax treatment of U. S. income derived by Micronesian persons. (S)

12. A U. S. commitment to provide disaster relief to the extent currently provided. (S)

13. The \$3 million one-time payment previously authorized for Palau land leases is eliminated. The military land and operating rights required for U. S. defense purposes in Palau will be furnished without additional compensation as part of the overall economic package. (S)

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14. Funding during the 15-year period of free association shall be adjusted for inflation as follows:

-- Annual adjustment of the lesser of the change in the Gross National Product Implicit Price Deflator or 3 percent.

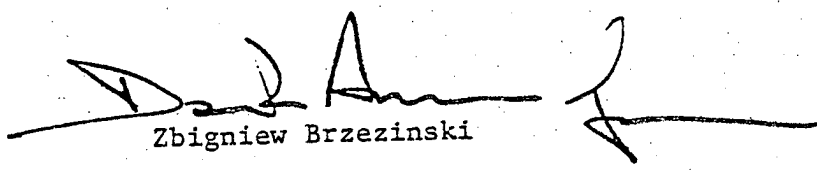
-- Adjustment would be measured additively, not compounded.

-- The base number to be adjusted would be the amount originally authorized for the year in question.

-- Adjustment would commence in the sixth year.

-- There shall not be a review of financial arrangements at five-year intervals. (S)

15. On the subject of claims resulting from the U. S. nuclear weapons testing program in the Northern Marshall Islands, the President has deferred his decision. A single memo containing views of all agencies should be submitted expeditiously. (S)


Zbigniew Brzezinski

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