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Discussions on the Future of the TTPI

Wednesday, October 15, 1969

Discussions with the Micronesian delegation took place both in informal sessions in the morning and early afternoon, and in a longer formal session in the afternoon. During the informal sessions, Assistant Secretary Loesch explained in detail our latest proposal on the land question. Loesch felt that there was division among the Micronesians on the land question, with some supporting our position. Mr. Kaiser, a Special Assistant to Secretary Hickel, explained to the Micronesians that we had gone as far as we can on the land issue. He reportedly said that we were pushing for a decision now and explained to them why it was in their interests to agree quickly. (Note: The nature of this explanation was not fully explained, but it apparently related to the question of Congressional interest and future funding.)

In the early afternoon informal meeting the Micronesians said that our land proposal was not acceptable -- that, as Assistant Secretary Loesch had suspected, their minimum position was that Micronesians had to have the final say in matters of land acquisition. The Micronesians did table draft language on five of their other eleven points: (1) Banking, Currency and Postal; (2) Shipping, Aviation and Communications; (3) Citizen Entry into United States; (4) Tariffs; and (5) Laws with Respect to Micronesia; Finance (all attached).

The formal afternoon session was devoted entirely to a discussion of Micronesian war claims, with the Department's special representative on this issue, Mr. Steve Schwebel, handling the brunt of our presentation.

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Schwebel gave a general run-down on the negotiations and dealt with each of the five questions, leaving appropriate points on 4 and 5 to Interior. (In fact, question 4 was never answered.) After this presentation there was an extensive question period in which the Micronesians continued to raise questions on all of their five original points as well as to specifically raise the central question in their minds: why were we not consulted about these arrangements? Schwebel tried to answer all the points, saying on the question of consultation that in most international negotiations it is very hard to consult with the people or their representatives -- that this was true in the US as well as in Micronesia. Schwebel was able to clear up some misunderstandings, but in many cases the Micronesians were clearly not satisfied. |

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In general there appeared to be considerable ill feeling among the Micronesians on the claims issue, ranging to the extreme of Senator Olter who felt we had acted mainly to further our relations with Japan and that we should now let the agreement lapse rather than permit the implementation of the numerous provisions to which he was opposed.

Interior asked the Micronesians for their ideas on how the evaluation of the claims should be carried out and said that Micronesian participation was definitely desired. This may be a subject of discussion at the meetings -- one informal and one formal -- scheduled for Thursday.

Note: Senator Olter said he was leaving for Florida Thursday night. How this will affect the continuation of discussions is not clear.

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BANKING, CURRENCY, POSTAL

SEC. Micronesia shall be entitled to maintain and use United States currency as its medium of exchange, and to that end the following laws are amended to add "Micronesia" immediately after "Liberia."

SEC. Micronesia shall be entitled to maintain and use United States postal services at the same rates and on the same terms as apply in Hawaii, and to that end the following laws are amended to add "Micronesia" immediately after "Virgin Islands."

SEC. The banking services and particularly the federal reserve and federal deposit insurance systems of the United States shall apply to Micronesia as they presently do to Hawaii, and to that end the following laws are amended by inserting immediately after "Virgin Islands" the word "Micronesia."

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SHIPPING, AVIATION AND COMMUNICATIONS

SEC. It is the desire of Micronesia and the United States that, so far as feasible, the same laws, treaties, conventions, rules and regulations govern as to shipping, aviation and communications in, to and from Micronesia as apply to Hawaii, subject always to the unique features of Micronesia.

SEC. To this end and for this purpose the government of Micronesia shall formally indicate, after survey by the Commission set up in sec. _____, what laws, treaties, executive agreements, conventions or rules and regulations on shipping, aviation and communications shall apply to Micronesia and to what extent.

SEC. No law, treaty, agreement, conventions, rule or regulation hereafter brought into effect by the United States shall apply as to Micronesia except after consultation and consent by the government of Micronesia.

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CITIZEN ENTRY INTO UNITED STATES

SEC. Whether or not Micronesian citizens are made United States citizens or have and carry United States passports, all such citizens of whatever age, sex or condition shall at all times have free entry for any period into the United States and its territories or possessions free of any restrictions and for any purpose, and while therein to engage in education, employment, business or other activity not inimical to the safety and security of the United States.

To this end and for this purpose, the following laws of the United States are amended as follows:

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TARIFFS

SEC. It is the intent hereof that Micronesian products shall enter the United States and its territories free of United States duty and that United States products, upon the authorization by Micronesia by specific legislation, may enter Micronesia freed of any United States export duty, and/or Micronesian entry duty, and to that end

SEC. (a) The following sections of the Tariff Act of 1930, as amended, are hereby amended by inserting "Micronesia", immediately after "Johnston Island", each place it appears therein:

(1) Section 401(k) (19 U.S.C., sec. 1401(k)).

(2) Section 557(a) (19 U.S.C., sec. 1557 (a)).

(3) Section 562 (19 U.S.C., sec. 1562).

(b) Section 401(a) of the Anti-Smuggling Act, as amended (19 U.S.C. sec. 1709(a)), is hereby amended by inserting "Micronesia", immediately after "Johnston Island".

(c) Sections 542, 544, and 545 of Title 18 of the United States Code are hereby amended by inserting "Micronesia", immediately after "Johnston Island", each place it appears therein.

(d) For the purpose of the Tariff Schedules of the United States, Micronesia shall be entitled to the same privileges as the insular possessions of the United States which are outside the custom territories of the United States.

(e) This section shall apply with respect to articles entered or withdrawn from warehouse, for consumption after the effective date of this Act.

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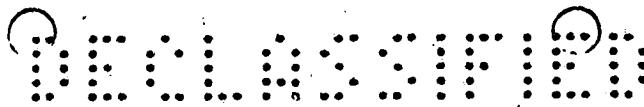
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SEC. Micronesia is granted the right, upon its request and proper provision of Micronesian law, to have one or more "free ports" or "free trade zones" in so far as and in the manner provided in sections 81(a) to 81(u) of 19 U.S.C. as amended.

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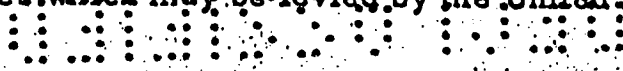


U.S. LAWS WITH RESPECT TO MICRONESIA; FINANCE

SEC. 1. Upon the effective date of this Act, no new legislation or act of the United States of America shall extend, or be deemed to extend, to Micronesia as part of its law, unless it is expressly declared in such act or law that Micronesia through its constitutional process has requested and consented to its being enacted and being made applicable to Micronesia.

SEC. 2. A Statutory Survey Commission is hereby created, consisting of fourteen members, seven of whom shall be appointed by the President of the United States and the other seven members to be appointed by the Congress of Micronesia. This Commission shall survey the Federal statutes and recommend within one year of the effective date of this Act to both the United State's Congress and the Congress of Micronesia those laws of the United States which the Commission recommends shall apply or not apply to Micronesia. The Commission shall meet and coordinate its work with the members of the Constitutional Convention herein before authorized to be created pursuant to this Act. The Congress of Micronesia shall review the recommendations of the Commission and shall in turn recommend to the United States Congress those laws which it recommends shall apply to Micronesia.

SEC. 3. Effective on the first day of July following the effective date of this Act, all customs duties derived from Micronesia, the proceeds of all taxes collected under the internal revenue laws of the United States, its territories and possessions, or consumed in Micronesia, and the proceeds of any other taxes which may be levied by the United States Congress and



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all quarantine, passport, immigration and naturalization fees collected in Micronesia shall be paid into the treasury of the Government of Micronesia and shall be expended as the legislature of Micronesia may by law prescribe.

SEC. 4. The Government of Micronesia shall have authority and power to enact such tax laws and other revenue laws for the support of public works and other essential government services in Micronesia. There shall be a Micronesian Government Account and such other public funds or accounts as may be provided by the legislature of Micronesia. No taxation shall be imposed except by law. All taxes and other revenues and money raised or received by the Government of Micronesia shall be paid into the Micronesian Government Account unless required or permitted by law to be paid into any other public fund or account.

SEC. 5. (a) As soon as possible after the end of each fiscal year, the chief executive of the Government of Micronesia shall certify to the Secretary of the Treasury of the United States the net amount of revenue raised by the Government of Micronesia pursuant to its tax laws and other revenue laws during the preceding fiscal year.

There shall thereafter each year be transferred and paid over to the Government of Micronesia, from funds in the United States Treasury not otherwise appropriated, a sum equal to the net amount of revenue raised by the Government of Micronesia, as certified by the chief

executive of the Micronesian Government.

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(b) Until such time as funds available to the Government of Micronesia are sufficient to meet the obligations of the Government, there is hereby authorized to be appropriated by the Congress of the United States such additional sums as may be necessary to pay such obligations.

SEC. 6. The collection, receipt, custody, banking, issue, expenditure, care, management of money credited or to be credited to the Micronesian Government Account or to any other public fund or account shall be as prescribed by law.

SEC. 7. The Government of Micronesia shall provide for the auditing of its financial books by an auditor who shall be the auditor of the Micronesian Government Account and of all other public funds or accounts, and of the accounts of all departments and offices of the Government of Micronesia and of such other public, statutory, or local authorities or bodies as may be provided by law.

SEC. 8. No provision of this Act shall be construed to prohibit the Government of Micronesia from negotiating and concluding agreements for financial and technical assistance or of a cultural or scientific nature with any other country.

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