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DEPARTMENT OF STATE A/CDC/MR  
 FEB. 25 1987

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MAR 30 1971

**Honorable Henry M. Jackson**  
**Chairman, Committee on Interior**  
**and Insular Affairs**  
**United States Senate**

Dear Mr. Chairman:

Thank you for your letter of February 24, 1971, in which you requested the views of the Department of State on S. 860, "a bill relating to the Trust Territory of the Pacific Islands." Before commenting specifically on the various titles of S. 860, the Department would observe in general that it supports Titles I and III of the bill, but does not favor enactment of Title V, has reservations on the inclusion of Title II in a multi-faceted bill of this sort, and asks for deferral of action on Title IV. The Department's views on the various titles of S. 860 follow:

TITLE I

Title I, "Economic development of the Trust Territory of the Pacific Islands," would, if enacted into law, authorize an additional appropriation to the Trust Territory Economic Development Loan Fund to create a total fund of \$5 million.

Although the Department of State defers to the Department of The Interior for detailed comments as to the specific terms of the title, such as the amount of the additional appropriation authorized and the terms of granting loans, we fully endorse the goal of expanding the Fund and would approve enactment of Title I.

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20/UNP: DJ Sutter

From a foreign policy standpoint, expansion of the Fund would not only help fulfill our obligations as the Trust Territory Administering Power, but would help erase long-standing and acknowledged weaknesses in our efforts to foster the private sector of the economy which have been the subject of international attention. In this regard, the 1970 session of the UN Trusteeship Council attached importance to the Fund and welcomed the statement of The United States Special Representative, High Commissioner Johnston, that an attempt was being made to increase the Fund to \$5 million.

## TITLE II

Title II, "Contributions to certain inhabitants of the Trust Territory of the Pacific Islands," consists of two chapters, the first of which would authorize an ex gratia contribution to certain inhabitants of the Trust Territory who suffered damages during the Second World War, and establish a Micronesian Special Commission to adjudicate these claims. The Department fully endorsed and testified on behalf of similar separate legislation at the 91st Congress. This legislation was and is still necessary to implement the Executive Agreement of April 18, 1969 between the Government of Japan and the United States Government. At that time Assistant Secretary De Palma pointed out the long-standing interest of the United Nations in doing justice to the Micronesian people by satisfying their legitimate claims which had been pending for far too long. These views are even more valid now with the passage of one more year and increased Micronesian dissatisfaction and United Nations impatience over the long delay.

Chapter 2 deals with noncombat claims arising after the securing of the various islands by the Armed Forces of the United States and prior to July 1, 1951. These claims, commonly referred to as "post-secure" claims, do not involve a foreign power but the United Nations has shown considerable, if more recent, interest in seeing this category of claims adjudicated and paid.

The Department, therefore, has an interest in the intent of Chapter 2 to provide for prompt payment of all valid "post-secure" claims.

The Department of State was somewhat troubled by the proposal submitted in the 91st Congress to deal with both categories of claims in one piece of legislation. We expressed the view then that, while both categories deserved urgent settlement and there was a certain rationale in combining both categories of claims into one bill, we considered it more important that the settlement of war claims not be delayed.

While implementation of the 1969 Agreement is still of paramount importance, we now believe, on balance, that it is advisable to seek joint action on both categories of claims. However, the coupling of Title II with other unrelated proposals dealing with Micronesia does raise concerns similar to those which were expressed last year. Apart from the merits of the various titles of S. 860, we believe that settlement of Micronesian claims is even more important now than it was a year ago. We therefore believe that early enactment of the separate proposal, S.J.R. 35, as suggested in the Department of Interior letter of January 28, 1971, is preferable to the inclusion of Title II in S. 860.

### TITLE III

Title III, "Free entry of citizens of the Trust Territory of the Pacific Islands," would, if enacted into law, permit citizens of the Trust Territory to enter the United States without visas either as non-immigrants or as permanent residents.

Under the present law, Micronesians entering the United States as non-immigrants are exempt from visa requirements. However, those desiring to become permanent residents of the United States must meet quantitative

and qualitative restrictions and requirements that are applicable to other aliens born in the Eastern Hemisphere. Title III would exempt Micronesians from all except certain serious qualitative restrictions. The Department is in sympathy with these objectives.

#### TITLE IV

Title IV, "Tariff schedules relating to the Trust Territory of the Pacific Islands," would, if enacted into law, amend the tariff schedules of the United States to accord to the Trust Territory the same tariff treatment provided for the insular possessions of the United States.

From a foreign policy standpoint, tariff preferences for Micronesian goods entering the United States would help fulfill our obligations as Administering Authority to foster the Trust Territory's economic development. In 1970, at its 37th session, the United Nation Trusteeship Council took note of the statement of the United States Special Representative that legislation to eliminate the tariff barrier on Micronesian goods imported into the United States had been introduced in the U.S. Congress and hoped that these tariff barriers would soon be removed.

The title would establish new U.S. tariff preferences beyond those already extended to the Trust Territory of the Pacific Islands for copra and coconut oil (Tariff Schedules of the United States, items 175.11, 175.12, 176.05, 176.08, 176.09, 176.10 and 176.12). We believe that appropriate trade preferences are justifiable because of the special responsibility the United States has for the Trust Territory and for the welfare of its inhabitants. We hope that improved access to the U.S. market will lead to increased sales of Trust Territory products, new investment, and new employment opportunities, and thus help bring about a higher standard of living for Trust Territory inhabitants. However, the Administration has

not yet determined its position as to appropriate trade preferences for the Trust Territory of the Pacific Islands. The Department would therefore urge that the Committee defer action on this Title pending development of such a position.

Provision for trade preferences would not be inconsistent with our international obligations in the trade field, inasmuch as the United States already has obtained a waiver in the GATT to permit the establishment of preferential treatment for imports into the United States from the Trust Territory of the Pacific Islands (see Basic Instruments and Selected Documents, GATT, Volume II, page 9). We note in this connection, that the language of Title IV authorizes the withdrawal, under certain circumstances, of preferential treatment for articles the export of which threatens to cause substantial injury to the competitive trade of GATT member nations.

We note that Title IV excludes from the benefit of the preference fishery products processed from fish or fish products landed from foreign-flag vessels. This provision would not deprive foreign fishermen of any present commercial opportunities in the Trust Territory because there is as yet no fish canning facility in the Territory. Nor would the proposed legislation adversely affect opportunities for foreign fishermen to dispose of their tuna catch to fish-freezing factories (one exists on Palau) for freezing and subsequent export to the United States since tuna is admitted into the United States duty-free.

#### TITLE V

Title V, "Citizens of the Trust Territory of the Pacific Islands serving in Armed Forces," would amend Title 10 of the United States Code to provide that nationals of the United States and citizens of the Trust Territory

of the Pacific Islands may be accepted for original enlistment in the Army and Air Force in time of peace. The Department of State perceives no objection to those provisions of the title which would enable nationals of the United States to be accepted for enlistment in the Army and Air Force. However, the question of enlistment of citizens of the Trust Territory of the Pacific Islands requires special attention.

As you know, the United States administers the Trust Territory under the terms of a Trusteeship Agreement with the United Nations Security Council and in accordance with the United Nations Charter. The question of the use of volunteer forces from the Trust Territory invites attention to Article 84 of the United Nations Charter, which reads:

"It shall be the duty of the administering authority to ensure that the trust territory shall play its part in the maintenance of international peace and security. To this end the administering authority may make use of volunteer forces, facilities, and assistance from the trust territory in carrying out the obligations towards the Security Council undertaken in this regard by the administering authority, as well as for local defense and the maintenance of law and order within the trust territory."

Article 5 of the Trusteeship Agreement is also pertinent. It states:

"In discharging its obligations under Article 76(a) and Article 84, of the Charter, the Administering Authority shall ensure that the trust territory shall play its part, in accordance with the Charter of the United Nations, in the maintenance

of international peace and security. To this end, the administering authority shall be entitled:

'1. to establish naval, military, and air bases and to erect fortifications in the trust territory;

'2. to station and employ armed forces in the territory; and

'3. to make use of volunteer forces facilities and assistance from the trust territory in carrying out the obligations towards the Security Council undertaken in this regard by the administering authority, as well as for the local defense and the maintenance of law and order within the trust territory."

Thus, the United Nations Charter and the Trusteeship Agreement with the Security Council provide for the use of volunteer forces from the Trust Territory only for purposes of local defense, the maintenance of law and order within the Trust Territory, and in carrying out certain obligations in the maintenance of international peace and security undertaken towards the Security Council by the United States.

The enlistment of the Trust Territory citizens in the armed forces of the United States, provided for in Title V, is not limited to the purposes stated in Article 84 of the United Nations Charter and Article 5 of the Trusteeship Agreement. Without establishing a special regime for Trust Territory volunteers, we do not see how such enlistments could be so limited. Accordingly, in view of the pertinent provisions of the Charter and Trusteeship Agreement, the Department does not favor enactment of Title V.

In summary, the Department supports the aims of S. 860 except for that portion of Title V dealing with Trust Territory. We would, however, wish that action on Title IV be deferred. Finally, we would not wish to see any of the other objectives of the bill delayed as the result of being combined in such an extensive legislative package. Our concerns in this regard are particularly strong with reference to Title II, the objectives and importance of which we have described above.

The Department has been advised by the Office of Management and Budget that from the standpoint of the Administration's program there is no objection to the submission of this report.

Sincerely yours,

David M. Abshire  
Assistant Secretary for  
Congressional Relations

Clearances:

IO/UNP - Mr. Peale *pe*  
IO/UNP - Mr. Armitage (Draft) *AR*  
IO - Mr. De Palma *HP*  
L/UNA - Mr. Stowe *st*  
E/GCP - Mr. Graner *gr*  
SCA/VO - Mr. Scully *sc*

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JERRY T. VERKLER, STAFF DIRECTOR

United States Senate

COMMITTEE ON  
 INTERIOR AND INSULAR AFFAIRS

February 24, 1971

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The Secretary of State  
 Department of State  
 Washington, D.C. 20520

My dear Mr. Secretary:

The Senate Committee on Interior and Insular Affairs is herewith transmitting S. 860 for your study and report thereon.

It is requested that 50 copies of your report on this bill be supplied for the use of the Committee, the subcommittee, and the staff.

It is the hope of the Committee that your report may be submitted within 30 days, or that we be advised if any delay beyond this time period is necessary.

Sincerely yours,

*Henry M. Jackson*

Henry M. Jackson  
 Chairman

Enclosure

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 Relating to Trust Territory of the Pacific  
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