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# United States Department of the Interior

OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240

TRP1

20 September 1972

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MEMORANDUM

To: IAG Drafting Group

From: Tom Whittington

Subject: Compact Provisions on Trade and Commerce

Attached are revised Sections 602 and 603 on reciprocal entry of goods into Micronesia and the U.S., as prepared by the Interior International Affairs Office. Within Section 603, Subsection 1 is our initial position; our fallback position would include Subsections 2-4. It should be noted that there is some negotiating margin within Subsection 4.

*Tom Whittington*  
Tom Whittington

P.S. Included is a draft of Title V and Section 1202 by Herman Marcuse.

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T: Compact provisions on trade  
& commerce, initial and fallback  
positions, Sections 602 & 603

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US 9/19/72

Section 602  
~~502~~

The Government of Micronesia shall accord to goods and commerce from the United States from whatever place and by whatever type of carrier arriving, treatment no less favorable than that accorded like products of any third country in all matters relative to: (a) customs duties, as well as other charges, regulations and formalities levied upon or in connection with importation and exportation; and (b) internal taxation, sale, distribution, storage and use. The same rule shall apply with respect to the international transfer of payments for imports and exports.

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603  
ection 503

1. The Government of the United States shall accord to goods and commerce from Micronesia ~~[from whatever place and by whatever type of carrier arriving]~~ treatment no less favorable than that accorded like products of any third country in all matters relative to: (a) customs duties, as well as other charges, regulations and formalities levied upon or in connection with importation and exportation; and (b) internal taxation, sale, distribution, storage and use. The same rule shall apply with respect to the international transfer of payments for imports and exports.

2. All articles the growth or product of Micronesia, or manufactured or produced in Micronesia which do not contain foreign materials to the value of more than 50 percent of their total value, coming to the customs territory of the United States directly and all articles previously imported into the customs territory of the United States with payment of all applicable duties and taxes imposed upon or by reason of importation which were shipped from the United States without remission refund or drawback of such duties or taxes directly to Micronesia from which they are being returned by direct shipment, are exempt from duty.

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3. In determining whether an article produced or manufactured in Micronesia contains foreign materials to the value of more than 50 percent, no material shall be considered foreign which, at the time such article is entered, may be imported into the customs territory from a foreign country and entered free of duty.

4. Articles excepted from the provisions of Section 503, paragraph 2. above are:

(Watches)

(Tuna)

(Textiles)

(Shoes)

(Petroleum)

(Other)

## TITLE V

Applicable Laws

TTP 1

SECTION 501.

(a) The treaties, international agreements, and generally recognized principles of international law applicable to the Trust Territory of the Pacific Islands on the day preceding the effective date of this Compact shall be applicable to Micronesia, as well as the treaties and international agreements made applicable to Micronesia pursuant to Section 202 of this Compact.

(b) The statutory law of the United States applicable to the Trust Territory of the Pacific Islands on the day preceding the effective day of this Compact shall not be applicable to Micronesia except as otherwise provided in this Compact or in other agreements between the United States and Micronesia.

SECTION 502.

(a) Treaties and international agreements applicable to Micronesia shall have the force of internal law in Micronesia without the need of implementing legislation if they are self-executing, regardless of whether such treaties or international agreements became applicable to Micronesia prior to or after the effective date of this Compact. A treaty or international agreement shall be presumed to be self-executing, if the United States has not enacted implementing legislation at the time of its proclamation by the President.

(b) The Government of Micronesia agrees to enact whatever domestic legislation is appropriate or required to enforce or implement those treaties, international agreements, and generally recognized principles of international law applicable to Micronesia pursuant to Section 501(a) of this Compact which are not self-executing. Such implementing legislation shall follow the corresponding legislation enacted by the United States as closely as possible, consistent with local conditions. The implementing legislation enacted by the United States shall, however, have the force of internal law in Micronesia (1) pending the enactment of the Micronesian

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legislation provided for in this subsection; or (2) if in the opinion of the United States, the legislation enacted by the Government of Micronesia fails to implement adequately any treaty, international agreement, or generally recognized principle of international law, and the Government of the United States so notifies the Government of Micronesia.

(c) The Government of Micronesia undertakes to comply with and to enforce faithfully the treaties, international agreements, and generally recognized principles of international law and laws set forth in subsections (a) and (b) of this section.



SECTION 503.

(a) The Government of Micronesia shall adopt and enforce the procedures necessary (1) to protect the personnel, property, installations, services, programs, and official information maintained by the Government of the United States in Micronesia pursuant to this Compact, and (2) to implement such services and programs. Such procedures shall follow the corresponding United States statutes and regulations as closely as possible, consistent with local conditions. Such procedures shall include appropriate and adequate civil and criminal remedies against:

1. Fraud against the Government of the United States.
2. Theft, embezzlement, or destruction of property belonging to or in the custody of the Government of the United States; or the  
and  
theft, /unauthorized use of official information of the Government of the United States.
3. Interference with the operation of installations, programs, or services maintained by the Government of the United States in Micronesia pursuant to this Compact.

(b) If Micronesia fails to establish the procedures provided for in subsection (a) of this section, the pertinent statutes and regulations of the United States shall have the force of internal law in Micronesia, pending the enactment of such legislation by Micronesia.

SECTION 504.

(a) Nothing in this Compact shall be construed as constituting a submission of the United States to the jurisdiction of any of the courts of Micronesia.

(b) The United States Court of Claims shall not have jurisdiction over any claim against the United States growing out of or dependent upon this Compact.

(c) The provisions of section 1346(b) and of chapter 171, title 28, United States Code shall not be applicable to any claim arising in Micronesia.

SECTION 505.

Provision shall be made by mutual agreement for the pursuit, capture, imprisonment, and delivery of fugitives from justice. Such agreement shall come into force simultaneously with this Compact; its duration shall not be dependent upon the continuation in effect of this Compact.