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DRAFT TERMS OF REFERENCE FOR WORKING GROUP ON ECONOMICS AND FINANCE

August 21, 1973

The Joint Working Group on Economics and Finance will undertake a technical review of the financial requirements of the Marianas and the implications for future U.S. economic and financial assistance to the Marianas. This joint study will be aimed toward assisting the two delegations in their development of an appropriate future financial relationship between the U.S. and the Marianas following the termination of the Trusteeship Agreement.

Although it is recognized that the group may not be able to reach a complete unanimity of views, it will aim its efforts towards expediting the overall negotiations by identifying the areas of agreement and those to be resolved.

The group will meet in Washington or in the Mariana Islands and may, as necessary, seek expert technical assistance from outside the respective delegations or otherwise seek relevant local data.

The group should report its findings and recommendations to the Marianas Political Status Commission and the President's Personal Representative as soon as possible, but no later than three weeks in advance of the next negotiating session.

Specifically, the group will study:

1. The timing, range, cost and funding of planning activities envisaged in Phase I of the Marianas position paper.
2. The following questions suggested by Phase II of the Marianas position papers:
 - a. The cost of government operations and programs in the Marianas.
 - b. The nature and extent of internal revenues likely to be generated in the Marianas during the period covered by Phase II (1975-1981), including:
 - (1) The impact on anticipated revenues of current United States plans for construction and operation of a military facility in the Marianas.

(2) The impact of projected economic growth in the economy on Marianas Government revenues.

- c. The phasing of expenditures on capital improvements in economic and social infrastructure in line with absorptive capacity and relevance of such improvements to achieving the economic development goals of the Marianas.
- d. An examination of the institutional and economic policy requirements of a viable economic development strategy in the Marianas.
- e. The extent to which certain of the Marianas' developmental needs might be met from current U.S. Federal services and programs available to the States and Territories.
- f. Prospects for private U.S. and other off-shore investments in the Marianas as a possible substitute for some U.S. Government economic development funding.