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FM CINCPACREP GUAM/TTP: GUAM MARIANA ISLANDS
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SECTION

C O N F I D E N T I A L
 FROM STATUS LNO 213
 PASS INTERIOR FOR OMSN ACTION
 PASS INTERIOR FOR DOTA INFO
 COMTWELVE FOR AMB WILLIAMS
 WHITE HOUSE FOR NSC

MICRO ONLY

STATE FOR EA/ANP, ID/UNP
 DEFENSE FOR GSD/ISA, CSAF FOR PR XO
 PASS JUSTICE FOR MARCUSE (OLC)
 USUN FOR AMB WHITE
 AMEMBASSIES CANBERRA, MANILA, TOKYO, WELLINGTON FOR POL
 MARIANAS STATUS NEGOTIATIONS: SUMMARY AND COMMENTS
 A. STATUS LNO 213
 1. THIRD SESSION OF MARIANAS STATUS NEGOTIATIONS WHICH BEGAN
 SEPTEMBER 6 ENDED DECEMBER 19 AFTER TWO WEEKS OF INTENSIVE BUT
 PROFITABLE JOINT EFFORT. FINAL COMMUNIQUE REPORTED REFTEL. DIS-
 CUSSION FOLLOWED AGENDA CLOSELY AS FOLLOWS:

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- A. POLITICAL AND LEGAL
 - (1) FUTURE POLITICAL STATUS
 - (2) CITIZENSHIP AND NATIONALITY
 - (3) APPLICABILITY OF U. S. TAX LAWS
 - (4) APPLICABILITY OF U. S. CUSTOMS DUTIES AND EXCISE TAXES
 - (5) GENERAL APPLICABILITY OF FEDERAL LAWS.
- B. TRANSITIONAL PLANNING AND PROGRAMS
- C. ECONOMICS AND FINANCE
- D. LAND

- (1) RETURN OF PUBLIC LANDS
- (2) U. S. MILITARY LAND REQUIREMENTS

2. FOLLOWING ARE SUMMARIES OF DISCUSSION AND ACTIONS IN THESE AREAS:

A. STATUS. SHORTLY AFTER TALKS GOT UNDERWAY U.S. TABLED DRAFT "COVENANT" WITH PROPOSED PREAMBLE, GENERAL PRINCIPLES AND ARTICLES OF AGREEMENT COVERING STATUS, ITEMS ON AGENDA AND ADDED ARTICLES AS REMAINING TOPICS OF AGENDA WERE REACHED. MARIANAS DEL HAD NO OFFICIAL COMMENT BUT INFORMAL CONVERSATIONS WITH MPSC INDICATE FEW OBJECTIONS TO U.S. DRAFT.

B. MAJOR ATTENTION FOCUSED ON MARIANAS POLITICAL STATUS COMMISSION (MPSC) INSISTENCE ON FORMAL RECOGNITION BY USG OF MAXIMUM LOCAL SELF-GOVERNMENT.

C. IN RESPONSE U.S. NOTED THAT HISTORICALLY U.S. CONGRESS HAS NOT INTERFERED IN INTERNAL AFFAIRS OF ITS TERRITORIES. MPSC PROPOSED THAT IN ADDITION TO MAKING FUNDAMENTAL RELATIONSHIP MODIFIABLE ONLY BY MUTUAL CONSENT, U. S. LIMIT FEDERAL AUTHORITY IN MARIANAS TO EXTENT IT WOULD WERE MARIANAS A STATE OF THE UNION. WITH RESPECT LATTER, U.S. SAID NO BUT AGREED ITS AUTHORITY IN MARIANAS AFTER TERMINATION OF TRUSTEESHIP WILL BE SUBJECT TO

LIMITATIONS SET FORTH IN STATUS AGREEMENT. FURTHER SAID U.S. EXECUTIVE AND CONGRESS UNWILLING TO GIVE MARIANAS STATUS SUPERIOR IN THIS REGARD TO THAT OF OTHER U.S. TERRITORIES. AGREED THAT SPECIFIED FUNDAMENTAL PROVISIONS OF THE STATUS AGREEMENT WOULD BE SUBJECT TO AMENDMENT OR REPEAL ONLY BY MUTUAL CONSENT. U.S. NOTED THAT EXCEPT WHERE SPECIFIED USG WOULD HOLD FULL PLENARY POWER UNDER ARTICLE IV, SEC 3, PARA 2, OF U.S. CONSTITUTION. JOINT LEGAL GROUP IS TO IDENTIFY AND EXAMINE DURING RECESS WHICH PROVISIONS OF STATUS AGREEMENT WOULD BE DEEMED FUNDAMENTAL TO LOCAL SELF-GOVERNMENT.

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3. CITIZENSHIP. IT WAS AGREED WITH CERTAIN EXCEPTIONS THAT ALL RESIDENTS OF THE MARIANAS WOULD BECOME U.S. CITIZENS AFTER COMMONWEALTH IS ESTABLISHED, WITH U.S. NATIONAL OPTION PROVIDED FOR THOSE NOT DESIRING U.S. CITIZENSHIP AT THAT TIME. PROVISIONS OUTLINING A CAREFULLY CIRCUMSCRIBED CLASS OF INDIVIDUALS AND PROCEDURES FOR CITIZENSHIP QUALIFICATION WERE AGREED TO. JOINT LEGAL GROUP IS TO EXPLORE FURTHER HOW THIS OPTION RELATES TO U.S. NATIONALS AND ALIENS NOW RESIDING IN MARIANAS.

4. APPLICABILITY OF U.S. TAX LAWS. NO SIGNIFICANTY DISAGREEMENTS IN THIS AREA. NATIVE RESIDENTS OF NEW MARIANAS COMMONWEALTH WOULD BE SUBJECT TO FEDERAL INCOME TAX ONLY ON U.S. SOURCE INCOME--NOT ON

INCOME EARNED IN MARIANAS. SUCH PERSONS WOULD ALSO NOT BE SUBJECT TO FEDERAL ESTATE AND GIFT TAXATION EXCEPT WITH RESPECT TO PROPERTY SITUATED IN U.S. OUTSIDE MARIANAS. FUTURE GOVERNMENT OF MARIANAS WILL HAVE EXCLUSIVE POWER OVER LOCAL INTERNAL REVENUE LAWS.

5. CUSTOMS DUTIES AND EXCISE TAXES. AGREEMENTS REACHED WITH LITTLE DEBATE. MARIANAS WILL HAVE AUTHORITY, NO RIGHT, TO ENACT LOCAL CUSTOMS LAWS. UNITED STATES WOULD BE FREE TO INTERVENE IN THIS AREA SHOULD INTERNATIONAL OBLIGATIONS SO REQUIRE. ON 50 PERCENT LIMITATION DELEGATIONS WILL EXPLORE FURTHER WHEATHER HIGH LIMITATION ON CERTAIN PRODUCTS MIGHT BE WARRANTED. THIS IS SAME ARRANGEMENT THAT ALREADY EXISTS WITH RESPECT TO IMPORTS FROM OTHER INSULAR POSSESSIONS OF THE US.

6. TRANSITION PLANNING. RECONGNIZING NEED TO ENSURE ORDERLY PROGRESSION OF MARIANAS TOWARD SELF-GOVERNING COMMONWEALTH, U.S. PROPOSED JOINT APPROACH TO TRANSITION PLANNING AND PROGRAMMING (PHASE I) TO BEGIN WHEN AGREEMENT IS SIGNED AND TERMINATE WHEN NEW GOVERNMENT IS ESTABLISHED. HOLDING OF CONSTITUTIONAL CONVENTION AND REFERENDUM IN THIS PERIOD, TOGETHER WITH GOVERNMENT REORGANIZATION AND LEGISLATIVE PLANNING WERE RECOGNIZED AS UNILATERAL MARIANAS ACTIVITIES. ALSO REQUIRING U.S. FUNDING. FOR MANAGEMENT OF PHASE I JOINT PROGRAMING,

U.S. PROPOSED JOINT COMMISSION TO BE SERVED BY JOINT SECRETARIAT. U.S. PROPOSAL SET U.S. FUNDING FOR PHASE I AT \$2.455 MILLION. DIFFERENCES ON THIS ASPECT OF NEGOTIATIONS PROVIDED LENGTHIEST DEBATE IN COURSE OF TALKS. MPSC URGED THAT PHASE I FUNDS BE MADE AVAILABLE AFTER NEXT ROUND AND THAT FIGURE EARLIER PROPOSED OF TOTAL OF \$4.7 MILLION BE RETAINED. DIFFERENCES CENTERED MAINLY ON CONCEPTUAL DIFFERENCES ON SPEED OF ECONOMIC DEVELOPMENT AND ON QUESTION OF NEED

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FOR SUBSTANTIAL OUTLAY FOR PHYSICAL PLANNING. SITUATION WAS RESOLVED BY APPROVAL OF U.S. SUGGESTION OF U.S.-FUNDED JOINT AD HOC COMMITTEE TO PREPARE DETAILED WORK PLAN, TIMETABLE, ORGANIZATIONAL STRUCTURE AND BUDGET FOR TRANSITION PLANNING. COMMITTEE IS TO REPORT TO CHAIRMEN NO LATER THAN MARCH 1, 1974.
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TO RUEHC/SECSTATE WASHINGTON DC
RUWJAAA/COMTWELVE SAN FRANCISCO CA
RUEADWW/WHITE HOUSE WASHINGTON DC
RUEKJCS/JCS WASHINGTON DC
RUEKJCS/SECDEF WASHINGTON DC
RUHQHQA/CINCPAC HONOLULU HI
RUEHDT/US MISSION TO UN NEW YORK NY
RUEHBAC/AMEMB CANBERRA AS
RUMVC/AMEMB MANILA RP
RUEHKO/AMEMB TOKYO JA
RUEHBAZ/AMEMB WELLINGTON NZ

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7. ECONOMICS AND FINANCE. IN DISCUSSION OF FINANCE AND ECONOMICS DURING PERIOD AFTER SELF-GOVERNMENT WILL HAVE BEEN ACHIEVED (PHASE II) U.S. REVIEWED MPSC PROPOSALS OF PREVIOUS SESSION AND STRESSED NEED IN BUILDING TOWARD SELF-SUFFICIENCY THAT GOVERNMENT OPERATIONS AND CAPITAL IMPROVEMENT PROJECTS DO NOT OUT-DISTANCE CAPACITY OF THE

ECONOMY TO SUPPORT THEM. AS SPELLED OUT IN JOINT COMMUNIQUE, U.S. PROPOSALS REPRESENTED APPROXIMATELY \$11.5 MILLION OF DIRECT ASSISTANCE ANNUALLY FOR FIRST FIVE YEARS OF COMMONWEALTH AFTER CHANGE OF STATUS PLUS \$3 MILLION ANNUAL ESTIMATED VALUE OF FEDERAL PROGRAMS AND SERVICES. THIS WOULD BE AUGMENTED BY LAND PAYMENTS, VARIOUS FORMS OF INDIRECT ASSISTANCE AND ECONOMIC BENEFITS. U.S. STRESSED DESIRE TO FACILITATE ECONOMIC SELF-SUFFICIENCY AND HIGHER STANDARDS OF LIVING RATHER THAN CONTINUED DEPENDENCY EXTERNAL AID. MPSC PAPER REPLYING TO U.S. PHASE II GOALS SHOWED DISAGREEMENT WITH MAJOR U.S. ASSUMPTIONS REGARDING DANGER OF EXHORBITANT GOVERNMENT OPERATIONS COSTS, HIGH CIP, AND RAPID POPULATION INCREASE AND SUGGESTED THAT TECHNICAL EXPERTS

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STUDY MATTER DURING INTERIM BEFORE NEXT ROUND.
 8. TRANSITION: U.S. DELEGATION ORALLY OUTLINED TO MARIANAS OUR IDEAS OF TRANSITION PROCESS FROM SIGNING OF AGREEMENT TO FINAL ESTABLISHMENT OF COMMONWEALTH. POINTED OUT THAT THIS PROCESS WOULD INVOLVE (1) APPROVAL OF AGREEMENT BY U.S. AND MARIANAS; (2) APPROVAL OF NEW CONSTITUTION BY MARIANAS; (3) ESTABLISHMENT OF INTERIM GOVERNMENT FOR MARIANAS WHICH WOULD ENTAIL PUTTING INTO EFFECT THOSE PARTS OF AGREEMENT AND MARIANAS CONSTITUTION WHICH ARE NOT IN CONFLICT WITH TRUSTEESHIP AGREEMENT, AND ESTABLISHMENT OF SEPARATE ADMINISTRATION

FOR MARIANAS; (4) AND FINALLY, UPON TERMINATION OF TRUSTEESHIP AGREEMENT, ESTABLISHMENT OF COMMONWEALTH UNDER U.S. SOVEREIGNTY AND PUTTING INTO FORCE OF REMAINDER OF AGREEMENT AND OF CONSTITUTION OF MARIANAS. DUE TO PROXIMITY OF ADJOURNMENT MARIANAS DID NOT RESPOND TO OR COMMENT ON THIS TOPIC.

9. LAND: THREE ONE-HALF DAYS OF THE SESSION WERE DEVOTED TO SUBJECT OF U.S. PUBLIC LAND POLICY APPLICATION AND SATISFACTION OF U.S. LAND REQUIREMENTS IN MARIANAS.

A. RE PUBLIC LANDS MPSC ACCEPTED NOVEMBER 2, 1973, U.S. POLICY STATEMENT WITH SOME GRACE BUT ARGUED AT LENGTH THAT U.S. SHOULD ALSO COMPLETE CADASTRAL PROGRAM ON PRIVATE LAND. U.S. AFTER CONSULTING TT HEADQUARTERS AND DISTAD SUCCEEDED IN CONVINCING MPSC PRIVATE SURVEYS IN CRITICAL AREAS WOULD PROBABLY BE FINISHED UNDER NORMAL CONDITIONS AND WITH NECESSARY OVERLAP FROM PUBLIC LAND SURVEYS IN SAME TIME FRAME AS PUBLIC LAND SURVEY.

B. WITH REGARD TO SATISFACTION OF U.S. LAND REQUIREMENTS POSITION OF BOTH SIDES WAS FURTHER CLARIFIED FROM MAY-JUNE 1973 TALKS. INFORMAL COMMUNICATION BETWEEN U.S. AND MARIANAS NEGOTIATORS WERE SUFFICIENTLY CANDID TO MAKE IT APPARENT THAT MPSC WAS NOT IN FACT OPPOSED TO U.S. LAND REQUIREMENTS BUT NEEDED CONSIDERABLE ADDITIONAL TIME TO DISCUSS

U.S. NEEDS WITH THEIR CONSTITUENTS. THEY PARTICULARLY DESIRED TIME TO DISCUSS WITH THEIR CONSTITUENTS MUTUAL BENEFITS TO BE DERIVED FROM U.S. MILITARY PRESENCE THAT WILL EMERGE FROM AN AGREEMENT WITH U.S. ON ITS LAND NEEDS. FURTHER INDICATIONS OF MPSC INTENTIONS TO MEET THE U.S. REQUIREMENT FOR TWO THIRDS OF TINIAN INCLUDING AREA WITHIN SAFETY ARC WERE REINFORCED DURING INFORMAL MEETING BETWEEN AMBASSADOR WILLIAMS, MPSC CHARMAN PANGELINAN, CO-CHAIRMAN SANTOS AND TINIAN REPRESENTATIVE CRUZ. DURING THIS MEETING ALL THREE MARIANAS SAID THE U.S. WOULD GET TWO-THIRDS OF TINIAN AND THAT THEY WOULD WORK

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ACTIVELY TO GAIN SUPPORT OF PEOPLE DURING THE NEXT FEW MONTHS, INCLUDING RELOCATION SAN JOSE VILLAGE.

C. IN MEANTIME, ABOVE MPSC COMMITMENT IN FORM OF FORMAL PROPOSAL REPRESENTS A POSITION FROM WHICH MOVEMENT TOWARD SUBSEQUENT AGREEMENT WITH U.S. MINIMUM LAND NEEDS SHOULD BE SIMPLIFIED.

10. COMMENT: MOST MARKED, AND PERHAPS FUNDAMENTALLY MOST IMPORTANT ASPECT OF SESSION WAS SUSTAINED ATMOSPHERE OF EASY AND COMFORTABLE FRIENDLINESS BETWEEN TWO DELEGATIONS. MPSC GREATLY IMPROVED IN CALIBRE AND COMPETENCE BY ADDITION OF PETE TENORIO, AND TO LESSER BUT LIVELY DEGREE BY JOE CRUZ, TURNED IN IMPRESSIVE PERFORMANCE OF STUDY, DISCIPLINE, ZEAL AND HARD WORK. ALTHOUGH COMMISSION'S COUNSEL AND ADVISORS WERE PROMINENTLY ON HAND AND ON OCCASION PARTICIPATED AT CHAIRMAN'S REQUEST IN DISCUSSIONS, MEMBERS THEMSELVES CLEARLY HELD THE INITIATIVE. SIGNIFICANT NEW ASPECT IN THIS ROUND WAS EVIDENCE OF COMMITMENT ON PART OF MPSC, IN PREVIOUS ROUND LAST MAY-JUNE, MEMBERS APPEARED TO BE RATHER CAUTIOUSLY FEELING THEIR WAY WITH SOME HESITATION OVER UNFAMILIAR GROUP TOWARD POLITICAL UNION WITH U.S. NOW, THEY SAY THEY HAVE MADE THEIR DECISION; THEY ARE COMMITTED AND HAVE BECOME MORE FAMILIAR WITH MEANS AND MATERIAL OF NEGOTIATION. THEY ARE DOING THEIR OWN POLITICAL EDUCATION IN SCHOOLS AND PUBLIC MEETING AND WHILE, AS CHAIRMAN PANGELINAN NOTED IN HIS CLOSING REMARKS, MUCH WORK REMAINS TO BE DONE, HE COULD ALSO SAY MORE INFORMALLY AND WITH WELL-EARNED PRIDE AFTERWARD, "WE REALLY HAVE ACCOMPLISHED A LOT". THIS IS OUR ASSESSMENT AS WELL. WHILE, AS POINTED OUT REPEATEDLY IN LASY DAY'S WORKING SESSION, MPSC FEELS NEED NOW IS FOR TIME TO DIGEST AND EXPLAIN ACCOMPLISHMENTS OF ROUND II, BOTH SIDES RECONGNIZE IT WILL BE IMPORTANT TO PRESERVE MOMENTUM GAINED DURING PAST TWO WEEKS AND WORK OUT PRACTICAL MEANS OF KEEPING IN CLOSE WORKING CONTACT. AD HOC COMMITTEE ON ECONOMICS AND FINANCE SHOULD BE IMPORTANT AID TO THIS END, BOTH DELEGATIONS LOOK FORWARD TO COMPLETION OF INTERIM WORK ENABLING RESUMPTION OF TALKS IN EARLY SPRING. TRENT.

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