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TRANSIT/200740Z/201518Z/007:38TOR3541508
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RUHNBAA/TT LNO KWAJALEIN MARSHALL ISLANDS
RUHNSAA/COMNAVMARIANAS GUAM MARIANAS ISLANDS
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RUWJAJA/COMTWELVE SAN FRANCISCO CA
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SECTION 01 OF 06
COMTWELVE PASS INFO FOR AMB WILLIAMS
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(MARIANAS TALKS TERMED SUCCESSFUL)

SAIPAN, DEC. 20(MNS)---ENDING TWO WEEKS OF NEGOTIATIONS TOWARD A NEW POLITICAL STATUS FOR THE PEOPLE OF SAIPAN, TINIAN, ROTA AND THE NORTHERN MARIANA ISLANDS, THE CHAIRMEN OF THE TWO DELEGATIONS DECLARED PUBLICLY WEDNESDAY (DEC. 19) ON SAIPAN THAT THE TALKS HAS ACHIEVED SUBSTANTIAL PROGRESS.

AMBASSADOR F. MAYON WILLIAMS FOR THE UNITED STATE AND SENATOR EDWARD DLG. PANGELINAN FOR THE MARIANAS, MADE BRIEF PUBLIC STATEMENTS AT THE CLOSING PLENARY SESSION OF THE TALKS, LATE WEDNESDAY AFTERNOON IN THE DINING ROOM OF SAIPAN'S ROYAL TAGA HOTEL.

SPEAKING OF THE "JUSTIFIABLE PRIDE" THE TWO SIDES CAN TAKE IN THE ACCOMPLISHMENTS OF THIS THIRD ROUND OF NEGOTIATIONS, AMBASSADOR WILLIAMS, WHO SPOKE FIRST, SAID THIS ROUND HAS "ADVANCED US SIGNIFICANTLY NEARER THE ATTAINMENT OF OUR JOINT GOAL OF A STATUS AGREEMENT WHICH WILL ASSURE THE PEOPLE OF THE MARIANAS A SECURE PLACE IN THE AMERICA POLITICAL SYSTEM UNDER CONDITIONS AFFORDING THEM MAXIMUM RESPONSIBILITY FOR THEIR OWN SELF-GOVERNMENT AND THE FULLEST EXPRESSION OF THEIR UNIQUE CULTURAL HERITAGE, A HERITAGE WHICH HAS ENRICHED AND WILL CONTINUE TO ENRICH THE LARGER AMERICAN FAMILY."

SAYING THAT THE JOINT COMMUNIQUE RELEASED AT THE CONCLUSION OF THE TALKS (SEE COMMUNIQUE TEXT WHICH FOLLOWS) IS A REFLECTION OF THE EXTENSIVE GROUND COVERED DURING THE TALKS, THE AMBASSADOR SAID: "THIS SESSION BROUGHT AN ESSENTIAL EXPANSION OF SOME OF OUR UNDERSTANDINGS OF LAST APRING AND HAS PAVED THE WAY FOR FURTHER DETAILED DISCUSSIONS OF SPECIFIC ISSUES TO BE UNDERTAKEN BY WORKING GROUPS FROM THE DELEGATIONS DURING THE RECESS IN THE TALKS, AND BY THE FULL DELEGATIONS AT THEIR NEXT ESSSION."

THE AMBASSADOR SUMMARIZED THE MAJOR ACCOMPLISHMENTS OF THE SESSION AS: "ONE, A NUMBER OF IMPORTANT UNDERSTANDINGS ON COMPLEX CONSTITUTIONAL, LEGAL AND FISCAL MATTERS-- INCLUDING CITIZENSHIP AND NATIONALITY, THE APPLICABILITY OF FEDERAL LAW, THE PROTECTION OF THE RIGHT OF LOCAL SELF-GOVERNMENT, AND CUSTOMS AND INTERNAL REVENUE; TWO, AGREEMENT TO ESTABLISH FURTHWITH AN AD HOC PREPARATORY COMMITTEE TO PREPARE A DETAILED WORK PLAN, TIMETABLE, ORGANIZATIONAL STRUCTURE, AND BUDGET FOR TRANSITION PLANNING, IN RECOGNITION OF THE CRITICAL IMPORTANCE OF SUCH ADVANCE PLANNING TO ENSURE THE ORDERLY ASSUMPTION OF RESPONSIBILITY

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BY A NEW GOVERNMENT OF THE MARIANAS FOLLOWING THE ADOPTION OF A LOCAL CONSTITUTION; THREE, AN EXAMINATION OF THE PACE AND DIRECTION IN WHICH THE ECONOMY OF THE MARIANAS IS LIKELY TO DEVELOP AND THE OPPORTUNITY THIS PRESENTED FOR THE U.S. TO PRESENT A SPECIFIC PROPOSAL OF U.S. FINANCIAL ASSISTANCE DURING THE FIRST FIVE YEARS FOLLOWING THE INSTALLATION OF YOUR NEW GOVERNMENT...; AND FOUR, AN EXPLORATION OF SUCH QUESTIONS RELATING TO LAND IN THE MARIANAS AS THE RECENT U.S. POLICY DECISION TO RETURN PUBLIC LAND TO LOCAL CONTROL AND THE RELATED INTENSIFIED LAND CADASTER PROGRAM, AND U.S. LAND NEEDS IN THESE ISLANDS."

REGARDING LAND, WILLIAMS SAID THE U.S. "APPRECIATES" THE UNDERSTANDING OF THE MARIANAS DELEGATION REGARDING ITS MINIMAL MILITARY LAND REQUIREMENTS, AND THE DELEGATION'S "GENERAL AGREEMENT TO ACCOMMODATE THEM." HE ADDED THAT "DURING THE PRESENT SESSION WE HAVE REACHED A FAIRLY EXTENSIVE UNDERSTANDING ON HOW THE LAND NEEDS IN QUESTION CAN BE SATISFIED."

ALTHOUGH MUCH WAS ACCOMPLISHED DURING THE NEGOTIATIONS, AMBASSADOR WILLIAMS SAID MUCH STILL REMAINS TO BE DONE. HE SAID LEGAL AND ECONOMIC WORKING GROUPS WILL RESUME THEIR DISCUSSIONS EARLY IN THE NEW YEAR, AND THE TRANSITION STUDY COMMITTEE WILL IMMEDIATELY UNDERTAKE "AN INTENSIVE, DETAILED EXAMINATION OF WAYS IN WHICH THE TRANSITION TO A NEW GOVERNMENT CAN BEST BE EXPEDITED AND FACILITATED SO THAT IT CAN MAKE RECOMMENDATIONS TO THE CHAIRMEN OF THE TWO DELEGATIONS BY MARCH 1."

SENATOR PANGELINAN'S STATEMENT WAS ALSO BRIEF, BUT IN ADDITION HE READ INTO THE RECORD, ON BEHALF OF BOTH DELEGATIONS, THE ENTIRE TEXT OF THE OFFICIAL JOINT COMMUNIQUE, WHICH BOTH HE AND AMBASSADOR WILLIAMS FORMALLY SIGNED DURING THE PLENARY SESSION.

"WHEN I REVIEW THE JOINT COMMUNIQUE THAT WE ARE ISSUING HERE TODAY, AND REFLECT UPON THE PROGRESS THAT WE HAVE MADE IN TWO SHORT WEEKS, I FEEL VERY SATISFIED WITH OUR ACCOMPLISHMENTS," PANGELINAN SAID.

"NOW THAT THIS SESSION IS CONCLUDED," HE CONTINUED, "THE MEMBERS (OF THE MARIANAS DELEGATION) HAVE PLEDGED THEMSELVES TO TAKE THE FRUITS OF OUR LABORS TO THE PEOPLE. WE KNOW THAT IT MAY BE DIFFICULT TO RELATE THE SIGNIFICANCE OF THESE NEGOTIATIONS TO THE EVERYDAY LIFE OF THE PEOPLE OF MARIANAS, BUT WE ARE DETERMINED TO UNDERTAKE THIS TASK. THIS IS, AFTER ALL, OUR RESPONSIBILITY SINCE WE PARTICIPATE

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IN THESE NEGOTIATIONS ONLY AS REPRESENTATIVES OF THE PEOPLE.

"WE APPRECIATE THE WILLINGNESS OF THE UNITED STATES' TO UNDERSTAND THE POLITICAL COMPLEXITIES INVOLVED IN THESE NEGOTIATIONS," THE SENATOR ADDED. "CONSULTATION WITH THE PEOPLE OF THE MARIANAS TAKES TIME AND EFFORT, PARTICULARLY WHEN THE ISSUES INVOLVED ARE AS SENSITIVE AND SIGNIFICANT AS THOSE WHICH WE HAVE BEEN DISCUSSING IN THESE NEGOTIATIONS."

BOTH SENATOR PANGELINAN AND AMBASSADOR WILLIAMS CONCLUDED THEIR REMARKS BY WISHING THE MEMBERS OF THE OPPOSITE DELEGATIONS A MERRY CHRISTMAS AND BEST WISHES FOR THE NEW YEAR.

(JOINT COMMUNIQUE)

SAIPAN, DEC. 20, (MNS)---HERE IS THE COMPLETE TEXT OF THE OFFICIAL JOINT COMMUNIQUE ISSUED AT THE CONCLUSION OF THE THIRD ROUND OF MARIANAS STATUS NEGOTIATIONS WEDNESDAY (DEC. 19) ON SAIPAN:

"FROM DECEMBER 6 TO DECEMBER 19, 1973, THE MARIANAS POLITICAL STATUS COMMISSION AND THE PRESIDENT'S PERSONAL REPRESENTATIVE MET IN SAIPAN FOR THE THIRD SESSION OF NEGOTIATIONS AIMED AT ACHIEVING POLITICAL UNION BETWEEN THE PRESENT MARIANA ISLANDS DISTRICT OF THE TRUST TERRITORY OF THE PACIFIC ISLANDS (HEREINAFTER CALLED THE MARIANAS) AND THE UNITED STATES.

"THE SESSION CONSISTED OF PUBLIC PLENARY OPENING AND CLOSING MEETINGS, MANY WORKING MEETINGS OF THE FULL DELEGATIONS AND DISCUSSIONS BETWEEN SUB-PANELS OF ADVISERS ON TECHNICAL MATTERS. THE DISCUSSIONS DEALT INITIALLY WITH CONSTITUTIONAL,

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LEGAL AND FISCAL ASPECTS OF THE FUTURE POLITICAL RELATIONSHIP
WITHIN THE FRAMEWORK OF A COMMONWEALTH OF THE MARIANAS UNDER THE

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SOVEREIGNTY OF THE UNITED STATES. THE DISCUSSION THEN MOVED TO ECONOMIC AND FINANCIAL ASSISTANCE, LAND MATTERS INCLUDING UNITED STATES LAND REQUIREMENTS, AND METHODS OF ASSURING AN ORDERLY TRANSITION TO THE NEW POLITICAL STATUS, INCLUDING U.S. ASSISTANCE FOR THE PLANNING AND IMPLEMENTATION OF NECESSARY TRANSITION MEASURES.

"DURING THIS SESSION OF THE NEGOTIATIONS THE PARTIES ARRIVED AT SEVERAL SPECIFIC AGREEMENTS WITHIN THE BROAD AREAS OF UNDERSTANDING REACHED LAST MAY AND JUNE. WHILE A VARIETY OF SPECIFIC FORMULATIONS WERE DISCUSSED, THERE WAS NO ATTEMPT TO AGREE ON LANGUAGE FOR A FINAL AGREEMENT. THE TWO SIDES REAFFIRMED THAT ANY SUCH FINAL AGREEMENT MUST BE APPROVED BY THE MARIANAS DISTRICT LEGISLATURE, THE PEOPLE OF THE MARIANAS IN A PLEBSCITE, AND THE UNITED STATES CONGRESS.

"BOTH DELEGATIONS AGREE THAT THIS SESSION HAS RESULTED IN SUBSTANTIAL PROGRESS TOWARD THE MUTUAL GOAL OF A SECURE AND ENDURING PLACE IN THE AMERICAN POLITICAL FAMILY FOR THE PEOPLE OF THE MARIANAS. MUCH WORK, HOWEVER, REMAINS TO BE DONE ON A RANGE OF COMPLEX ISSUES BEFORE THE SIGNING OF A FINAL AGREEMENT. TO THIS END, A NUMBER OF TECHNICAL QUESTIONS HAVE BEEN REFERRED TO PANELS OF EXPERTS FOR FURTHER STUDY BETWEEN NEGOTIATING SESSIONS.

"THE TENTATIVE AGREEMENTS ARE SET FORTH BELOW:

"THE NATURE OF THE POLITICAL RELATIONSHIP:

"LOCAL SELF-GOVERNMENT

"IT WAS AGREED THAT SPECIFIED FUNDAMENTAL PROVISIONS OF THE STATUS AGREEMENT, INCLUDING CERTAIN PROVISIONS DESIGNED TO ASSURE MAXIMUM SELF-GOVERNMENT TO THE FUTURE COMMONWEALTH OF THE MARIANAS MAY NOT BE AMENDED OR REPEALED EXCEPT BY MUTUAL CONSENT OF THE PARTIES. TO THIS EXTENT UNITED STATES AUTHORITY IN THE MARIANAS WOULD NOT BE PLENARY. THE STATUS AGREEMENT WOULD BE DRAFTED SO AS TO REFLECT CLEARLY THE INTENTION OF THE UNITED STATES AND THE MARIANAS POLITICAL STATUS COMMISSION THAT THIS UNDERTAKING BE ENFORCEABLE IN THE FEDERAL COURTS. SPECIFIC RECOGNITION WOULD ALSO BE MADE OF THE FACT THAT APPROVAL OF THE STATUS AGREEMENT BY THE PEOPLE OF THE MARIANAS WOULD CONSTITUTE A SOVEREIGN ACT OF SELF-DETERMINATION.

"FOLLOWING THIS SESSION OF THE NEGOTIATIONS, THE JOINT LEGAL WORKING GROUP WILL BEGIN TO DRAFT THOSE PROVISIONS OF THE STATUS AGREEMENT MOST DIRECTLY RELATING TO LOCAL SELF-GOVERNMENT TO WHICH THE MUTUAL CONSENT PROVISION WILL APPLY. THE RESULT OF THESE EFFORTS WILL BE REFERRED TO THE MARIANAS POLITICAL STATUS COMMISSION AND THE PRESIDENT'S

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PERSONNEL REPRESENTATIVE TO DETERMINE WHETHER THE RESPECTIVE INTERESTS OF THE PARTIES WOULD BE ADEQUATELY PROTECTED,

"CITIZENSHIP AND NATIONALITY

"WITH CERTAIN EXCEPTIONS, PERSONS BORN IN THE MARIANAS PRIOR TO THE ESTABLISHMENT OF THE COMMONWEALTH, AND CERTAIN CLASSES OF PERSONS RESIDING BUT NOT BORN IN THE MARIANAS WOULD BECOME UNITED STATES CITIZENS.

"ANY SUCH PERSON NOT WISHING TO BE A UNITED STATES CITIZEN WOULD HAVE THE RIGHT TO BECOME A "NATIONAL BUT NOT A CITIZEN" OF THE UNITED STATES BY MAKING A DECLARATION TO THAT EFFECT IN COURT.

"PERSONS BORN IN THE MARIANAS AFTER THE ESTABLISHMENT OF THE COMMONWEALTH WOULD BECOME CITIZENS OF THE UNITED STATES AT BIRTH, WITH VERY LIMITED EXCEPTIONS PERSONS BORN OVERSEAS OF PARENTS WHO BECAME UNITED STATES CITIZENS AS A RESULT OF THESE PROVISIONS WOULD ALSO BECOME CITIZENS AT BIRTH.

"THE PARTIES WILL EXPLORE FURTHER, THROUGH THE JOINT LEGAL WORKING GROUP, QUESTIONS RELATING TO THE RIGHT OF NATIONALS AND ALIENS RESIDING IN THE MARIANAS AFTER THE ESTABLISHMENT OF THE COMMONWEALTH TO BECOME NATURALIZED CITIZENS OF THE UNITED STATES.

"APPLICABILITY OF FEDERAL LAWS

"THE PARTIES WILL EXPLORE, THROUGH THE JOINT LEGAL WORKING GROUP A GENERAL FORMULA TO GOVERN THE INTERIM APPLICABILITY OF EXISTING FEDERAL LAWS IN THE FUTURE COMMONWEALTH OF THE MARIANAS.

"SUCH A FORMULA SHOULD BE CONSISTENT WITH OTHER PROVISIONS OF THE STATUS AGREEMENT NOW BEING NEGOTIATED AND SHOULD TAKE INTO ACCOUNT THE BODY OF FEDERAL LEGISLATION PRESENTLY APPLICABLE TO THE TRUST TERRITORY. EACH SIDE WILL BE FREE TO PROPOSE ANY SPECIFIC EXCEPTIONS WHICH APPEAR NECESSARY.

"AT AN APPROPRIATE TIME AFTER THE STATUS AGREEMENT IS SIGNED, A JOINT COMMISSION ON FEDERAL LAWS WILL UNDERTAKE A DETAILED STUDY OF RELEVANT FEDERAL LEGISLATION AND WILL MAKE APPROPRIATE SPECIFIC RECOMMENDATIONS TO THE UNITED STATES CONGRESS REGARDING THE FUTURE APPLICABILITY OF SUCH LEGISLATION IN THE MARIANAS.

"UNITED STATES FEDERAL INCOME, ESTATE AND GIFT TAXATION

"THOSE PERSONS WHO RESIDE IN THE MARIANAS AND NOT IN ANY OTHER PART OF THE UNITED STATES, AND WHO BECOME UNITED STATES CITIZENS OR NATIONALS PURSUANT TO THE STATUS AGREEMENT WOULD BE SUBJECT TO FEDERAL INCOME TAX ONLY ON UNITED STATES SOURCE INCOME, NOT ON INCOME EARNED IN THE MARIANAS. SUCH PERSONS WOULD ALSO NOT BE SUBJECT TO UNITED STATES GIFT AND ESTATE TAXATION EXCEPT WITH RESPECT TO PROPERTY SITUATED IN THE UNITED STATES OUTSIDE THE MARIANAS.

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"IT WAS AGREED THAT THE TAX TREATMENT PROVIDED FOR IN SECTION 901 OF THE INTERNAL REVENUE CODE WOULD BE EXTENDED TO OTHER UNITED STATES CITIZENS AND TO UNITED STATES CORPORATIONS DOING BUSINESS IN THE MARIANAS SO THAT, IN SUBSTANCE, THEY WOULD NOT BE SUBJECT TO UNITED STATES FEDERAL INCOME TAX ON ANY FOREIGN SOURCE INCOME (INCLUDING INCOME EARNED IN THE MARIANAS) IF THEY DERIVE A CERTAIN PERCENTAGE OF THEIR GROSS INCOME FROM SOURCES WITHIN THE MARIANAS AND OTHER UNITED STATES POSSESSIONS DERIVE A CERTAIN PORTION OF SUCH INCOME FROM THE ACTIVE CONDUCT OF A TRADE OR BUSINESS IN THE MARIANAS AND OTHER UNITED STATES POSSESSIONS.

"SECTION 872(B)(4) OF THE INTERNAL REVENUE CODE, WHICH PROVIDES THAT INCOME DERIVED FROM A SERIES E OR H UNITED STATES SAVINGS BOND IS EXEMPT FROM TAX IF AN INDIVIDUAL ACQUIRED THE BOND WHILE A RESIDENT OF THE TRUST TERRITORY, WOULD BE AMENDED TO CONTINUE ITS APPLICATION IN THE MARIANAS UNDER THE NEW POLITICAL STATUS -- AT LEAST WITH RESPECT TO BONDS ACQUIRED PRIOR TO THE ESTABLISHMENT OF THE COMMONWEALTH.

"THE FUTURE GOVERNMENT OF THE MARIANAS WOULD HAVE EXCLUSIVE POWER TO ENACT, AMEND OR REPEAL ITS INTERNAL REVENUE LAWS. THE PEOPLE OF THE MARIANAS ARE COMMITTED TO SHOULDERING AN INCREASING LOCAL TAX BURDEN, CONSISTENT WITH THEIR STAGE OF ECONOMIC DEVELOPMENT, AS PART OF THEIR EFFORT TO ACHIEVE ECONOMIC SELF-SUFFICIENCY. THE PROVISIONS OF THE STATUS AGREEMENT REGARDING UNITED STATES FINANCIAL ASSISTANCE TO THE MARIANAS WILL REFLECT THIS COMMITMENT.

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RUHHBAA/TT LNO KWAJALEIN MARSHALL ISLANDS
RUHNSAA/COMNAVMARIANAS GUAM MARIANAS ISLANDS
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"ALTERNATIVE LOCAL TAX LAWS, INCLUDING FORMS OF PROGRESSIVE
INCOME TAX AND OTHER TAXES WILL BE INTENSIVELY STUDIED DURING THE

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TRANSITIONAL PLANNING PERIOD. BOTH PARTIES RECOGNIZE, HOWEVER, THAT A LOCAL INCOME TAX LAW BASED ON THE FEDERAL INTERNAL REVENUE CODE, SUCH AS THAT CURRENTLY ENFORCED ON GUAM, MAY NOT BE APPROPRIATE AT THE PRESENT STAGE OF ECONOMIC DEVELOPMENT IN THE MARIANAS.

"CUSTOMS DUTIES AND EXCISE TAXES

"THE MARIANAS WOULD NOT BE INCLUDED IN THE CUSTOMS TERRITORY OF THE UNITED STATES.

"THE GOVERNMENT OF THE MARIANAS WOULD HAVE THE AUTHORITY TO ESTABLISH A "DUTY-FREE PORT" AND TO ENACT LOCAL CUSTOMS LAWS RELATING TO IMPORTS FROM FOREIGN COUNTRIES, PROVIDED THAT THIS AUTHORITY WOULD BE EXERCISED IN A MANNER CONSISTENT WITH THE INTERNATIONAL OBLIGATIONS OF THE UNITED STATES -- INCLUDING THE GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT).

"EXPORTS FROM THE MARIANAS ENTERING THE CUSTOMS TERRITORY OF THE UNITED STATES WOULD BE FREE OF ANY IMPORT DUTY SUBJECT TO THE SAME CONDITIONS NOW APPLICABLE TO THE TERRITORY OF GUAM. THE AGREEMENT OF THE UNITED STATES TO ALLOW DUTY FREE ENTRY OF EXPORTS FROM THE MARIANAS IS SUBJECT TO THE CONDITION THAT SUCH TREATMENT NOT BE INCONSISTENT WITH UNITED STATES INTERNATIONAL OBLIGATIONS. THE UNITED STATES WILL, IF NECESSARY IN ORDER TO CARRY OUT THIS AGREEMENT, ENDEAVOR TO OBTAIN A SPECIAL EXEMPTION TO THE GATT. EXPORTS FROM THE MARIANAS WOULD NOT BE ENTITLED TO ENTER THE UNITED STATES FREE OF IMPORT DUTY IF MORE THAN 50 PERCENT OF THE VALUE OF THE PRODUCT DERIVED FROM FOREIGN MATERIALS. THE PARTIES WILL EXPLORE FURTHER WHETHER THE ECONOMIC CIRCUMSTANCES OF THE MARIANAS WOULD WARRANT A HIGHER PERCENTAGE LIMITATION OF FOREIGN MATERIAL WITH REGARD TO CERTAIN PRODUCTS.

"THE UNITED STATES WOULD SEEK TO OBTAIN FROM FOREIGN COUNTRIES FAVORABLE TREATMENT OF EXPORTS FROM THE MARIANAS.

"THE UNITED STATES WOULD CONSULT FULLY WITH THE GOVERNMENT OF THE MARIANAS IN THIS REGARD. IN PARTICULAR, THE UNITED STATES WOULD ENCOURAGE OTHER COUNTRIES TO CONSIDER THE MARIANAS A "DEVELOPING TERRITORY" WITHIN THE MEANING OF THE JUNE 25, 1971 GATT WAIVER REGARDING PREFERENTIAL TARIFF TREATMENT FOR GOODS FROM DEVELOPING COUNTRIES AND TERRITORIES.

"THE GOVERNMENT OF THE MARIANAS WOULD HAVE THE AUTHORITY TO IMPOSE DUTIES ON EXPORTS FROM ITS TERRITORY.

"THE AUTHORITY OF THE GOVERNMENT OF THE MARIANAS TO ENACT LOCAL INTERNAL REVENUE LAWS WOULD INCLUDE THE AUTHORITY TO IMPOSE EXCISE TAXES ON THE MANUFACTURE OR SALE OF GOODS. THE GOVERNMENT OF THE MARIANAS WOULD ALSO BE AUTHORIZED TO IMPOSE EXCISE TAXES ON GOODS IMPORTED INTO ITS TERRITORY PROVIDED SUCH TAXES WERE

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CONSISTENT WITH THE INTERNATIONAL OBLIGATIONS OF THE UNITED STATES,
"TRANSITION PLANNING AND PROGRAM

"THE MARIANAS POLITICAL STATUS COMMISSION AND THE UNITED STATES AGREED ON THE GENERAL NATURE AND RANGE OF PLANNING, PROGRAMS, AND ACTIVITIES WHICH WOULD TAKE PLACE DURING THE PERIOD BETWEEN THE SIGNING OF THE STATUS AGREEMENT AND THE INSTALLATION OF THE NEW GOVERNMENT, REFERRED TO AS THE TRANSITION PERIOD. THESE ACTIVITIES ARE NECESSARY TO ENABLE THE NEW GOVERNMENT TO ASSUME RESPONSIBILITY FOR LOCAL SELF-GOVERNMENT IN AN ORDERLY WAY AND TO MOVE PURPOSE-FULLY TOWARD THE REALIZATION OF THE MARIANAS' ECONOMIC GOALS OF A HIGHER STANDARD OF LIVING AND ULTIMATE SELF-SUFFICIENCY.

"THE SCOPE OF ACTIVITIES DURING THE TRANSITION PERIOD WOULD INCLUDE: CAREFUL ADVANCE PLANNING FOR AND IMPLEMENTATION OF A POLITICAL EDUCATION PROGRAM; A PLEBISCITE ON FUTURE STATUS; A CONSTITUTIONAL CONVENTION AND REFERENDUM; ADVANCE PLANNING, INCLUDING LEGAL STUDIES, RELATING TO THE ORGANIZATIONAL STRUCTURE AND INITIAL LEGISLATIVE PROGRAM OF THE NEW COMMONWEALTH GOVERNMENT; EXTENSIVE PLANNING TO IDENTIFY SPECIFIC ECONOMIC, SOCIAL, AND PHYSICAL INFRASTRUCTURE NEEDS; STUDIES TO DEVELOP AN APPROPRIATE GOVERNMENT FISCAL AND REVENUE SYSTEM; AND AN EXAMINATION OF THE ECONOMIC AND SOCIAL IMPACT ON THE MARIANAS OF A RELOCATION OF THE CAPITAL OF MICRONESIA.

"THE UNITED STATES HAS AGREED TO FUND THESE ACTIVITIES DURING THE TRANSITION PERIOD. THIS NEGOTIATING SESSION DID NOT SET A PRECISE TIMETABLE OR ESTABLISH SPECIFIC FUNDING LEVELS FOR THESE ACTIVITIES. HOWEVER, A JOINT AD HOC PREPARATORY COMMITTEE WILL BE ESTABLISHED TO PREPARE A DETAILED WORK PLAN, TIMETABLE, ORGANIZATION STRUCTURE, AND BUDGET. THE UNITED STATES WILL SEEK FUNDS IMMEDIATELY TO UNDERWRITE THE WORK OF THIS INTERIM COMMITTEE.

"THE AD HOC PREPARATORY COMMITTEE WILL REPORT TO THE CHAIRMAN OF THE TWO DELEGATIONS NO LATER THAN MARCH 1, 1974 ON THE RESULTS OF ITS DELIBERATIONS.

THE CHAIRMEN WILL MEET INFORMALLY SHORTLY THEREAFTER, AND BEFORE THE NEXT SESSION OF NEGOTIATIONS, TO DISCUSS HOW TO PROCEED REGARDING IMPLEMENTATION OF THE RECOMMENDATIONS OF THE AD HOC PREPARATORY COMMITTEE.

"ECONOMICS AND FINANCE

"THE MARIANAS POLITICAL STATUS COMMISSION AND THE UNITED STATE EXCHANGED VIEWS ON THE LIKELY DIRECTION AND PACE OF ECONOMIC DEVELOPMENT IN THE MARIANAS FOLLOWING THE CHANGE IN POLITICAL STATUS. THEY EXAMINED APPROACHES TO REALIZING THE MUTUALLY AGREED ECONOMIC GOALS OF A STEADILY RISING STANDARD

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OF LIVING AND THE ISLANDS' PROGRESSIVE MOVEMENT TOWARD SELF-SUFFICIENCY. BETWEEN NEGOTIATING SESSIONS EXPERTS REPRESENTING THE DELEGATIONS WILL DISCUSS FURTHER THE MANNER IN WHICH A BALANCED PROGRAM OF ECONOMIC DEVELOPMENT MIGHT BE DESIGNED WHICH WOULD REFLECT AND BE CONSISTENT WITH BOTH THE MARIANAS' DEMONSTRABLE NEEDS AND THE ECONOMIC RESOURCES LIKELY TO BE AVAILABLE TO THE NEW GOVERNMENT.

"UNDER THE ARRANGEMENTS PROPOSED BY THE UNITED STATES, DIRECT AND INDIRECT FINANCIAL SUPPORT WOULD BE PROVIDED THE NEW GOVERNMENT OF THE MARIANAS, ONCE IT WAS ESTABLISHED.

"THE UNITED STATES HAS PROPOSED THE FOLLOWING GUARANTEED LEVELS OF DIRECT ASSISTANCE FOR THE FIRST FIVE YEARS, WHICH WOULD BE REVIEWED BEFORE THE END OF THAT PERIOD TO DETERMINE FUTURE LEVELS OF U.S. FINANCIAL SUPPORT:

- (1) \$7.5 MILLION ANNUALLY FOR BUDGETARY SUPPORT FOR GOVERNMENT OPERATIONS;
- (2) \$3 MILLION ANNUALLY FOR CAPITAL IMPROVEMENT PROJECTS; AND
- (3) \$1 MILLION ANNUAL GRANT TO A MARIANAS DEVELOPMENT LOAN FUND, REPLACING THE TRUST TERRITORY ECONOMIC DEVELOPMENT LOAN FUND.

"IN ADDITION, AN ESTIMATED \$3 MILLION WOULD BE MADE AVAILABLE ANNUALLY TO THE MARIANAS IN THE FORM OF FEDERAL GOVERNMENT PROGRAMS AND SERVICES OF THE TYPE AVAILABLE TO OTHER TERRITORIES.

"TAKEN TOGETHER THESE WOULD REPRESENT APPROXIMATELY \$14.5 MILLION OF DIRECT ASSISTANCE ANNUALLY.

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ACTION J5(02) ASD:(SA(14))
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 ASD:PA(01) GC(01) DIA:
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 RUMNSAA/COMNAV MARIANAS GUAM MARIANAS ISLANDS
 RUMNSAA/CINCPACREP GUAM/TIPI GUAM MARIANAS ISLANDS
 RUMHUA/CINCPAC HONOLULU HI
 RUMHPPA/NAVINSERVE GUAM MARIANAS ISLANDS
 RUMJAJA/COMTSELVE SAN FRANCISCO CA
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 RUMJCS/SECDEF WASHINGTON DC
 RUMJCS/JCS WASHINGTON DC
 RUMAAA/CNO WASHINGTON DC
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 RUMVAAA/CINCPACAF HICKAM AFB HI
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 *TO BE ADDED TO THIS ORDER OF VARIOUS TYPES OF DIRECT
 ASSISTANCE WOULD BE THE SPONTANEOUS AERIAL FLIGHTS TO THE MARIANAS

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FROM PAYMENT MADE BY THE UNITED STATES FOR THE USE OF LAND FOR PUBLIC PURPOSES, INCLUDING MILITARY USES, IN AN AMOUNT STILL TO BE WORKED OUT.

"UNDER THE HEADING OF INDIRECT ASSISTANCE THAT WOULD ACCRUE TO THE NEW GOVERNMENT, THE UNITED STATES AGREED TO REBATE TO THE COMMONWEALTH ALL CUSTOMS DUTIES, EXCISE TAXES AND FEDERAL INCOME TAXES COLLECTED BY THE UNITED STATES GOVERNMENT AND DERIVED FROM THE MARIANAS. THESE REBATES ARE EXPECTED TO BUILD UP AT THE END OF FIVE YEARS TO A LEVEL OF \$4-5 MILLION ANNUALLY AS ADDED REVENUE FOR THE MARIANAS AND COULD BE EXPENDED FOR SUCH CONSTRUCTIVE PURPOSES AS THE MARIANAS MIGHT DECIDE.

"NOT INCLUDED IN ANY OF THE FOREGOING WOULD BE THE INDIRECT ECONOMIC BENEFITS TO THE ECONOMY AS A WHOLE, RESULTING FROM THE ESTABLISHMENT AND MAINTENANCE OF A U.S. MILITARY BASE COMPLEX IN THE MARIANAS. THOUGH THE EXACT AMOUNT IS DIFFICULT TO DETERMINE, THE BENEFITS BOTH TO THE MARIANAS' TREASURY AND THE PEOPLE ARE LIKELY TO BE VERY SUBSTANTIAL IN THE UNITED STATES' VIEW.

"ADDITIONALLY, THE UNITED STATES ANTICIPATES THAT THE MARIANAS ECONOMY WOULD BE GROWING AS A RESULT OF THE ADDED FINANCIAL RESOURCES PROVIDED THROUGH UNITED STATES GRANTS AND EXPENDITURES AS WELL AS PRIVATE INVESTMENT, AND THAT CONSEQUENTLY THE DOMESTIC TAX BASE WOULD BE EXPANDING SHARPLY. TO THIS WOULD BE ADDED INCOME FROM THE DISPOSAL AND LEASE OF PUBLIC LANDS.

"AT THIS SESSION, NO ATTEMPT WAS MADE TO REACH DEFINITIVE AGREEMENTS ON UNITED STATES FINANCIAL ASSISTANCE TO THE FUTURE COMMONWEALTH GOVERNMENT. THE MARIANAS POLITICAL STATUS COMMISSION NOTED THAT ITS OWN DETAILED STUDIES TO DATE INDICATE THAT A HIGHER LEVEL OF EXTERNAL ASSISTANCE THAN THAT PROVIDED BY THE U.S. PROPOSALS WOULD BE REQUIRED DURING THE FIRST FIVE YEARS UNDER THE COMMONWEALTH ARRANGEMENT. HOWEVER, THE COMMISSION HAS AGREED TO GIVE THE U.S. PROPOSALS CAREFUL CONSIDERATION AND TO REEVALUATE ITS OWN STUDIES DURING THE PERIOD BEFORE THE NEXT SESSION OF THE NEGOTIATIONS.

"LAND

"DISCUSSIONS OF LAND INVOLVED TWO CENTRAL TOPICS; (1) THE APPLICATION OF THE NEW U.S. PUBLIC LAND POLICY TO THE MARIANAS, INCLUDING THE IMPLICATION OF THE CADASTRAL SURVEY PROGRAM AND MARIANAS PLANS FOR HANDLING PUBLIC LANDS WHEN THEY ARE TRANSFERRED TO THE DISTRICT, AND (2) THE SATISFACTION OF U.S. GOVERNMENT REQUIREMENTS FOR LAND IN THE MARIANAS.

"U.S. POLICY ON PUBLIC LAND

"WITH REGARD TO PUBLIC LAND THE MARIANAS POLITICAL STATUS

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COMMISSION EXPRESSED ITS SATISFACTION WITH THE U.S. POLICY STATEMENT OF NOVEMBER 2, 1973, NOTING THAT IT MEETS THE DESIRES AND ASPIRATIONS OF THE PEOPLE FOR THE RETURN OF PUBLIC LAND TO THE DISTRICT. IT WAS RECOGNIZED THAT RESPONSIBILITY FOR IMPLEMENTATION OF THIS POLICY IN THE MARIANAS RESTS WITH THE MARIANAS DISTRICT LEGISLATURE, THE TRUST TERRITORY ADMINISTRATION AND THE UNITED STATES DEPARTMENT OF THE INTERIOR. HOWEVER, THE UNITED STATES DELEGATION WILL ASSIST THE MARIANAS POLITICAL STATUS COMMISSION IN ITS EFFORTS TO ASSURE THE PROMPT IMPLEMENTATION OF THE POLICY IN THE MARIANAS. IMPLEMENTATION WILL INCLUDE COMPLETION OF THE LAND CADASTER PROGRAM FOR PUBLIC LAND AND A CONCOMITANT ACCELERATION OF PRIVATE LAND SURVEYS, LEADING TO A FINAL SETTLEMENT OF OUTSTANDING CLAIMS AND EARLY COMPLETION OF THE LAND ADJUDICATION PROCESS.

"THE MARIANAS POLITICAL STATUS COMMISSION INDICATED ITS INTENTION TO RECOMMEND THE ESTABLISHMENT OF A NON-PROFIT CORPORATION CONTROLLED BY THE PEOPLE TO RECEIVE AND ADMINISTER PUBLIC LANDS ONCE THEY ARE TRANSFERRED TO THE MARIANAS DISTRICT, WHICH WILL CONTINUE IN OPERATION UNTIL PUBLIC LANDS CAN BE TURNED OVER TO A NEW GOVERNMENT OF THE MARIANAS. THE CORPORATION WOULD ALSO BE RESPONSIBLE FOR MAKING THE NECESSARY PUBLIC LANDS AVAILABLE TO THE UNITED STATES GOVERNMENT UNDER TERMS SET FORTH IN THE FINAL STATUS AGREEMENT.

"THERE WAS GENERAL AGREEMENT THAT MILITARY RETENTION LAND NOT NEEDED FOR MILITARY PURPOSES WOULD BE RETURNED TO THE PUBLIC DOMAIN. THE FUTURE USE OF THE REMAINING MILITARY RETENTION LANDS IS A MATTER FOR NEGOTIATION BY THE TWO DELEGATIONS IN THESE STATUS TALKS.

UNITED STATES LAND REQUIREMENTS

"THE SATISFACTION OF U.S. MILITARY NEEDS IN THE MARIANAS WAS THE SUBJECT OF SEVERAL DISCUSSIONS BETWEEN THE MARIANAS POLITICAL STATUS COMMISSION AND THE UNITED STATES DELEGATION. THE MARIANAS POLITICAL STATUS COMMISSION PROPOSED THAT UNITED STATES REQUIREMENTS BE MET THROUGH A COMBINATION OF LONG TERM LEASES FOR FIFTY YEARS RENEWABLE AT THE END OF THAT PERIOD AND RESTRICTIVE COVENANTS MADE APPLICABLE TO OTHER AREAS LIMITING CIVILIAN USES TO THOSE COMPATIBLE WITH FUTURE U.S. MILITARY NEEDS. SPECIFICALLY, THE MARIANAS POLITICAL STATUS COMMISSION PROPOSED THE FOLLOWING:

"PEARALLON DE MEDINILLA - THE UNITED STATES WOULD BE ABLE TO LEASE ALL OF THIS SMALL, UNINHABITED ISLAND FOR CONTINUED USE AS A TARGET AREA, SUBJECT TO THE FILING BY THE UNITED STATES MILITARY FORCES OF AN ENVIRONMENTAL IMPACT STATEMENT.

"TANAPAG HARBOR, SAIPAN - THE UNITED STATES WOULD BE ABLE

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TO USE THE HARBOR JOINTLY UNDER CIVILIAN CONTROL, WITH RESPECT TO THE UNITED STATES REQUEST FOR 320 ACRES ADJACENT TO THE HARBOR AND SOUTH OF CHARLIE LOCK, THE MARIANAS POLITICAL STATUS COMMISSION PROPOSED THAT ALL MILITARY RETENTION LAND IN THIS AREA BE RETURNED TO THE PUBLIC DOMAIN, THE MARIANAS POLITICAL STATUS COMMISSION WOULD, HOWEVER, ENTER INTO APPROPRIATE AGREEMENTS TO RESTRICT THE CIVILIAN USE OF THE 320 ACRES REQUESTED BY THE UNITED STATES SO AS TO BE CONSISTENT WITH ITS POSSIBLE FUTURE MILITARY USE AND WOULD MAKE THAT LAND AVAILABLE TO THE UNITED STATES LATER IF NEEDED.

"ISLEY FIELD, SAIPAN - THE FIELD WILL BE UNDER CIVILIAN CONTROL AND WILL CONTINUE TO BE AVAILABLE TO THE U.S. MILITARY FORCES ON A JOINT USE BASIS. 200 ACRES OF LAND LOCATED NEAR THE SOUTH END OF THE FIELD WOULD BE LEASED BY THE UNITED STATES AND AN ADJOINING 250 ACRES WOULD BE MADE SUBJECT TO RESTRICTIVE COVENANTS LIKE THOSE PROPOSED FOR TANAPAG.

"TINIAN ISLAND - NEGOTIATIONS WOULD CONTINUE FOR A LEASE MEETING UNITED STATES NEEDS FOR A JOINT SERVICE MILITARY BASE COMPLEX INCLUDING HARBOR FACILITIES TO BE USED ON A JOINT BASIS, AN OPERATIONAL AIRFIELD WITH RELATED FACILITIES, THE AIRFIELD TO BE OPEN FOR CIVILIAN USE, AN AMMUNITION AND LOGISTICS SUPPORT FACILITY, AN AIR, SEA AND LAND MANUEVER AND TRAINING AREA.

"THE UNITED STATES INDICATED THAT IT CONTINUED TO PREFER PURCHASE OF NEEDED LAND AREAS FOLLOWING TERMINATION OF THE TRUSTEESHIP, ON PARALAN DE PABINILLA IT PROPOSED TO GO FORWARD WITH THE NEGOTIATIONS TO ACQUIRE THE ISLAND AND SAID IT WOULD

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