

(JOHNSTON SPEAKS TO BUSINESS GROUP)

SAIPAN, APRIL 22 (MNS)---TRUST TERRITORY HIGH COMMISSIONER EDWARD E. JOHNSTON TOLD THE JAPAN-HAWAII ECONOMIC COUNCIL IN HAWAII RECENTLY THAT A NEW POLICY HAS OPENED UP MICRONESIA TO FOREIGN INVESTMENTS, BUT MICRONESIANS ARE GOING TO BE VERY SELECTIVE ABOUT THE KIND OF INVESTMENTS THAT ARE MADE IN THE AREA. THE HIGH COMMISSIONER SPOKE TO THE GROUP DURING A BRIEF STOP-OVER IN HAWAII ON HIS WAY BACK TO SAIPAN FROM WASHINGTON.

JOHNSTON TOLD THE COUNCIL THAT FOREIGN INVESTMENT IN MICRONESIA BY NATIONS OTHER THAN THE UNITED STATES BECAME POSSIBLE APRIL 1 WITH THE LIFTING OF THE "MOST FAVORED NATION CLAUSE" BY INTERIOR SECRETARY ROGERS C.B. MORTON. BEFORE THEN, THE U.S. GOVERNMENT HAD LIMITED EQUITY CAPITAL INVESTMENT TO MICRONESIANS AND U.S. CITIZENS, WITH ONE EXCEPTION, A MINOR HOTEL INVESTMENT BY THE REPUBLIC OF NAURU, WHICH IS NOT A MEMBER OF THE UNITED NATIONS.

THE POLICY CHANGE WILL MAKE POSSIBLE INVESTMENTS BY COUNTRIES WHICH HAVE EXPRESSED INCREASING INTEREST IN THE AREA, INCLUDING JAPAN, KOREA AND THE PHILIPPINES. HOWEVER, JOHNSTON NOTED, "SHORTLY AFTER SECRETARY MORTON'S RECENT ANNOUNCEMENT OF THE NEW FOREIGN INVESTMENT POLICY THE CONGRESS OF MICRONESIA, THEN IN SESSION, TOOK TWO IMPORTANT ACTIONS.

"ONE," THE HICOM EXPLAINED, "THEY PASSED A RESOLUTION URGING THE HIGH COMMISSIONER AND EACH OF THE SIX DISTRICT ECONOMIC DEVELOPMENT BOARDS TO USE EXTREME CAUTION IN THE GRANTING OF ANY FOREIGN INVESTMENT PERMITS; AND SECONDLY, THEY PASSED LEGISLATION STRENGTHENING THE ECONOMIC DEVELOPMENT BOARDS AND PROVIDING THAT ALL MEMBERS OF EACH BOARD MUST BE MICRONESIAN CITIZENS."

THE MICRONESIANS ARE NOT JUST INTERESTED IN INVESTMENTS WHICH WILL CREATE A LARGE NUMBER OF JOBS OR AUGMENT THEIR SMALL TAX BASE," HE SAID. "TO DATE THEY HAVE BEEN VERY INSISTENT THAT EVERY MAJOR BUSINESS VENTURE HAVE A SUBSTANTIAL PERCENTAGE OF MICRONESIAN OWNERSHIP AND PARTICIPATION IN MANAGEMENT."

HE SAID PROGRESS HAD BEEN MADE TOWARD MAKING THE AREA MORE SELF-SUFFICIENT IN FOOD PRODUCTION, WITH SOME VEGETABLES AND FRUITS AVAILABLE FOR EXPORTS. HE INDICATED THAT TWO DISTRICTS HAVE NOW BECOME TOTALLY SELF-SUFFICIENT IN EGG PRODUCTION, AND "WITHIN THE NEXT FEW YEARS," THE TRUST TERRITORY WILL BE PRODUCING ALL ITS OWN CHICKENS AND EGGS.

IN THE AREA OF TOURISM, JOHNSTON SAID: "TOURISM IS ALREADY DEVELOPING RAPIDLY. BY THE END OF THE YEAR WE WILL HAVE MORE THAN 1100 HOTEL ROOMS IN ALL DISTRICTS." CONTINENTAL AIRLINES OPENED 84 ROOMS OF A NEW HOTEL IN SAIPAN LAST MONTH AND PLANS TO OPEN ANOTHER 100 ROOMS IN JUNE OR JULY. ANOTHER 200 ROOM HOTEL IS ALSO UNDER CONSTRUCTION IN SAIPAN BY INTER-CONTINENTAL HOTELS. THE HICOM ESTIMATED SOME 60,000 VISITORS IN 1974.

THE OTHER ECONOMIC AREA THAT THE HIGH COMMISSIONER SPOKE OF IS MARINE RESOURCES. "THERE IS CERTAINLY ROOM FOR MAJOR INVESTMENT TO TAP THE VAST FISHERIES RESOURCES IN OUR THREE MILLION SQUARE MILES OF OCEAN, AND MANY MAJOR COMPANIES BOTH IN THE UNITED STATES AND JAPAN HAVE SHOWN AN INTEREST IN THIS AREA," THE HICOM SAID. THE PACIFIC ISLANDS DEVELOPMENT COMMISSION, WHICH CONSISTS OF CHIEF EXECUTIVES OF HAWAII, GUAM, AMERICAN SAMOA AND THE TRUST TERRITORY, IS NOW MAKING A MAJOR EFFORT TO SECURE U.S. FEDERAL FUNDS OF UP TO \$3 MILLION FOR TUNA RESEARCH, HE STATED.

(ESG TASK FORCE MEETINGS ON TRUK)

TRUK, APRIL 22 (MNS)---COORDINATION OF DISTRICT AND HEADQUARTERS EFFORTS IN THE EDUCATION FOR SELF-GOVERNMENT PROGRAM AND PREPARATION OF TRUK DISTRICT VOTERS FOR THE UP-COMING ELECTION OF DELEGATES TO THE MICRONESIAN CONSTITUTIONAL CONVENTION WERE THE SUBJECTS OF A TWO-DAY MEETING HELD IN TRUK

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LAST WEEK, ACCORDING TO INFORMATION OFFICER NOHA RUBEN. DISCUSSIONS INVOLVED MEMBERS OF THE HEADQUARTERS AND TRUK TASK FORCES AND REPRESENTATIVES OF THE TRUK DISTRICT DEPARTMENT OF EDUCATION.

CHAIRMAN OF THE HEADQUARTERS TASK FORCE STRIK YOMA AND SEVERAL MEMBERS OF THE TASK FORCE DISCUSSED, AMONG OTHER THINGS, THE PRESENT NEGOTIATIONS GOING ON BETWEEN THE UNITED STATES AND MICRONESIA AND THE CONSTITUTIONAL CONVENTION WHICH WILL BE HELD TO DRAFT A CONSTITUTION FOR THE INTERNAL GOVERNMENT OF MICRONESIA.

IT WAS AGREED DURING THE MEETING THAT THE DISTRICT TASK FORCE SHOULD TAKE MORE INITIATIVE IN DEVELOPING PROGRAMS DEVOTED TO ITS OWN NEEDS. YOMA TOLD THE TRUK TASK FORCE THAT EACH DISTRICT HAS ITS OWN UNIQUE SITUATION, AND THAT THE MOST IMPORTANT SERVICE THE LOCAL TASK FORCE CAN DO IS TO GO OUT AND MEET WITH THE PEOPLE AND EXPLAIN TO THEM WHAT IS GOING ON CONCERNING VARIOUS ASPECTS OF EDUCATION FOR SELF-GOVERNMENT.

YOMA ALSO TOLD THE LOCAL TASK FORCE THAT THE HEADQUARTERS ESG TASK FORCE WILL HELP BY PROVIDING MATERIALS DEALING WITH THE OVER-ALL PROGRAM OF EDUCATION FOR SELF-GOVERNMENT FOR THE WHOLE TERRITORY AND THAT EACH DISTRICT TASK FORCE CAN UTILIZE THE INFORMATION TO BUILD ITS PROGRAM.

YOMA ALSO SUGGESTED THAT THE LOCAL TASK FORCES MIGHT CONSIDER INVITING A MEMBER OF THE CONGRESS OF MICRONESIA OR A REPRESENTATIVE FROM AMBASSADOR WILLIAMS OFFICE TO ACCOMPANY THE LOCAL TASK FORCE REPRESENTATIVES IN FIELD WORK DEALING DIRECTLY WITH THE PEOPLE.

THE HEADQUARTERS ESG TASK FORCE WENT ON TO BRIEF THE LOCAL TASK FORCE IN TRUK ON PLANS FOR FUTURE PROJECTS. ON HAND WAS JIM KLEIST, MASS MEDIA SPECIALIST, WHO DISCUSSED PLANS FOR FILMING PARTS OF THE UPCOMING CONSTITUTIONAL CONVENTION AND MAKING THE FILMS AVAILABLE FOR THE LOCAL MOVIE HOUSES AND THE GENERAL MICRONESIAN PUBLIC. KLEIST ALSO DISCUSSED PLANS TO PURCHASE PORTABLE EQUIPMENT TO SHOW SLIDES AND TAPE RECORDERS THAT LOCAL TASK FORCES COULD CARRY TO MEETINGS TO ASSIST IN DISCUSSIONS.

ANOTHER MEMBER OF THE HEADQUARTERS TASK FORCE, SAM MCPHETRES, TOLD THE TRUK TASK FORCE THAT TWO BOOKLETS ON ECONOMICS ARE BEING PREPARED AND WILL BE DISTRIBUTED TO THE DISTRICT FOR THEIR USE. HE SAID THE BOOKLETS CONTAIN INFORMATION THAT WILL ENABLE THE PEOPLE TO HAVE A BETTER UNDERSTANDING OF THE ECONOMIC SITUATION IN MICRONESIA AND HOW THEY MIGHT STAND UNDER DIFFERENT FORMS OF GOVERNMENT.

IN A SIMILAR MEETING WITH SCHOOL TEACHERS, OTHER EDUCATIONAL ADMINISTRATORS AND EDUCATION STAFF MEMBERS, THE ESG GROUP EXPRESSED THE DESIRE TO STIMULATE THE PRODUCTION OF APPROPRIATE SOCIAL STUDIES MATERIALS AND TO STIMULATE STUDENT GOVERNMENT SYSTEMS IN THE HIGH SCHOOLS, SO THAT STUDENTS WILL UNDERSTAND THE PROCESS OF GOVERNMENT THROUGH PERSONAL EXPERIENCE. THE HEADQUARTERS TASK FORCE EXPLAINED THAT THEY HAD A GOAL NOT ONLY TO PREPARE THE PEOPLE TO VOTE IN A PLEBISCITE, BUT ALSO TO HELP MICRONESIANS BECOME PARTICIPATING CITIZENS.

THE LATTER PART OF THE MEETING WAS SPENT IN DISCUSSING THE VARIOUS POLITICAL ALTERNATIVES FOR MICRONESIA AS WELL AS THE UPCOMING CONSTITUTIONAL CONVENTION AND HOW THE ESG TASK FORCES CAN COPE WITH THE PROBLEMS FACING THEM IN THE PROCESS OF DEVELOPING EDUCATION PROGRAMS FOR MICRONESIA.

THE HEADQUARTERS GROUP LATER SPLIT INTO TWO GROUPS--ONE GROUP VISITED DUBLON JUNIOR HIGH SCHOOL, THE OTHER FAICHUK JUNIOR HIGH SCHOOL ON TOL. A SPOKESMAN FOR THE HEADQUARTERS TASK FORCE INDICATED THAT THE "LEVEL OF UNDERSTANDING OF THE STATUS ISSUES AND THE CONSTITUTIONAL CONVENTION WAS FAIRLY LOW AMONG THE STUDENTS OF BOTH HIGH SCHOOLS." HOWEVER, THE INTEREST THEY EXPRESSED IN THE PROGRAM IS HIGH AS WAS INDICATED BY THE PENETRATING QUESTIONS THE STUDENTS ASKED. IN DUBLON, THE STUDENTS SAID THEY WOULD LIKE TO LEARN MORE THROUGH PERSON-TO-PERSON MEETINGS, BOOKS AND MOVIES. IT WAS REPORTED THAT "THERE SEEMED TO BE MORE

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AWARENESS OF AND INTEREST IN STATUS CHOICES THAN IN THE CONSTITUTIONAL CONVENTION AT BOTH SCHOOLS, AND CONFUSION EXISTS REGARDING THE RELATIONSHIP OF THE TWO. ACCORDING TO THE SPOKESMAN, BOTH MEETINGS ARE JUDGED TO HAVE BEEN VALUABLE AND PRODUCTIVE.

THE TRUK VISITATION CONCLUDED WITH A LUNCHEON INVOLVING REPRESENTATIVES OF BOTH THE HEADQUARTERS AND TRUK DISTRICT TASK FORCES, THE DISTRICT ADMINISTRATOR, THE SPEAKER OF THE DISTRICT LEGISLATURE AND SEVERAL OTHER OFFICIALS OF THE TRUK DISTRICT ADMINISTRATION.

VISITS TO PALAU AND YAP ARE PLANNED FOR APRIL 24 TO MAY 1ST, AND AN ALL-DAY MEETING WITH THE MARIANAS DISTRICT TASK FORCE ON MAY 3RD WILL COMPLETE THE FIRST ROUND OF VISITATIONS THROUGH WHICH THE HEADQUARTERS TASK FORCE HOPES TO BUILD A BETTER COORDINATED PROGRAM OF EDUCATION FOR SELF-GOVERNMENT THROUGHOUT THE TRUST TERRITORY.

(WASHINGTON'S ATTITUDE ON MARSHALLS ACTS)

WASHINGTON, APRIL 22 (GANNET NEWS SERVICE)---THE MARSHALL ISLANDS THREAT TO STAY HOME FROM THE MICRONESIAN CONSTITUTIONAL CONVENTION AND POSSIBLE PULL OUT OF THE CONGRESS MICRONESIA WILL HAVE LITTLE EFFECT ON U.S. POLICIES TOWARD THE TRUST TERRITORY, OFFICIALS AT THE DEPARTMENTS OF STATE AND INTERIOR SAID IN WASHINGTON LAST WEEK. THE U.S. REACTION ON THE RECENT MARSHALLS DEVELOPMENTS WAS CARRIED IN SATURDAY'S EDITION OF GUAM'S PACIFIC DAILY NEWS.

BARRY BALLOW, A SPOKESMAN FOR THE OFFICE OF THE MICRONESIAN STATUS NEGOTIATIONS, SAID ANY INTENTIONS OF THE MARSHALL ISLANDERS AT THIS POINT DO NOT CHANGE THE UNITED STATES' BASIC POSITION THAT NEGOTIATIONS SHOULD PROCEED WITH A UNITED TRUST TERRITORY. U.S. AMBASSADOR FOR MICRONESIAN STATUS NEGOTIATIONS FRANKLIN HAYDN WILLIAMS ENUNCIATED THIS POSITION LAST YEAR IN MAY AT MAJURO, BALLOW NOTED, AND IT REMAINS THE COUNTRY'S POLICY.

JOHN DORRANCE, A STATE DEPARTMENT OFFICIAL, SAID HE WAS WATCHING THE MARSHALLS SITUATION BUT THOUGHT IT WAS TOO EARLY TO DETERMINE HOW SERIOUS THE SEPARATIST THREAT IS. DORRANCE SAID HE SEES NO DANGER AS YET TO CONTINUED PROGRESS.

FRED RADEWAGEN, ASSISTANT DIRECTOR OF THE INTERIOR DEPARTMENT'S OFFICE OF TERRITORIES, SAID HE AND STANLEY S. CARPENTER, THE DIRECTOR, ARE AWAITING A FULLER REPORT ON THE ACTIONS OF THE MARSHALLS DISTRICT LEGISLATURE. RADEWAGEN SAID THE TERRITORIES OFFICE WILL CONTINUE TO ADMINISTER ITS PROGRAMS IN THE MARSHALLS JUST AS IT DOES WITH OTHER TT DISTRICTS.

A CONSENSUS OF OFFICIALS FAMILIAR WITH PACIFIC MATTERS IN WASHINGTON SUGGESTED A "WAIT-AND-SEE" ATTITUDE, AT LEAST UNTIL THE START OF A SPECIAL SESSION OF THE CONGRESS OF MICRONESIA LATER THIS YEAR AND THE SCHEDULED ELECTIONS IN JUNE OF DELEGATES TO THE MICRONESIAN CONSTITUTIONAL CONVENTION. IF THE MARSHALLESE DO NOT GO TO THE CONGRESS AND DO NOT PUT UP ANY CANDIDATES FOR DELEGATES ON THEIR BALLOTS, THEN OFFICIALS IN WASHINGTON WILL TAKE THE SITUATION MORE SERIOUSLY, THE GANNETT NEWS SERVICE STORY SAID.

(PERSONNEL MANAGEMENT COURSE)

KOLONIA, APRIL 22 (MNS)---A PERSONNEL MANAGEMENT COURSE IS BEING CONDUCTED IN PONAPE DISTRICT THIS WEEK WITH MANAGEMENT REPRESENTATIVES OF ALL DISTRICT DEPARTMENTS ATTENDING. THE COURSE DEALS WITH THE NEW PERSONNEL REGULATIONS WHICH THE TRUST TERRITORY PERSONNEL BOARD AND THE HIGH COMMISSIONER APPROVED RECENTLY, ACCORDING TO PONAPE RADIO STATION MANAGER HALVERSON JOHNNY.

THE REGULATIONS BECAME EFFECTIVE LAST MONTH AND IT IS REQUIRED THAT ALL SUPERVISORS/MANAGERS BE FAMILIAR WITH THEM SO THEY CAN UTILIZE THE REGULATIONS PROPERLY IN THEIR ROLES AS PERSONNEL MANAGERS.



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AND OMSN WILL CLEAR WITH INTERESTED WASHINGTON AGENCIES. FOLLOWING SUMMARY OF HIGHLIGHTS IS FYI ONLY PENDING SUCH CLEARANCES.

2. INITIAL FOCUS OF DISCUSSIONS WAS ON FINANCE ISSUE, WITH PARTICULAR EMPHASIS ON TRANSITION PERIOD BETWEEN NOW AND END OF TRUSTEESHIP. U.S. PROPOSED FLEXIBLE SIX YEAR PROGRAM IN TWO STAGES. FIRST STAGE WOULD BEGIN IN FY 1975 AND END WHEN MICRONESIAN PEOPLE HAD APPROVED COMPACT. DURING THIS PERIOD COMPACT WOULD BE AGREED TO BUT WOULD NOT BE SIGNED UNTIL MILITARY LANDS NEGOTIATIONS HAD BEEN COMPLETED AND AGREED AMOUNTS FOR LAND PAYMENTS HAD BEEN INSERTED IN TITLE IV OF COMPACT. COMPACT WOULD THEN GO TO COM FOR APPROVAL AND THEREAFTER TO PLEBISCITE. MEANWHILE, ACCORDING TO SALII TIMETABLE, MICRONESIAN CONSTITUTION WOULD HAVE BEEN DRAWN UP BY CONVENTION HELD NEXT APRIL WHEN STATUS AGREEMENT HAD BEEN COMPLETED AND WOULD BE PUT TO MICRONESIAN PEOPLE IN REFERENDUM A YEAR LATER, I.E., APRIL 1976, PREFERABLY WITH STATUS AGREEMENT GOING TO PLEBISCITE SIMULTANEOUSLY. CHANGE IN LENGTH OF TIME REQUIRED PRIOR TO APPROVAL OF STATUS AGREEMENT COULD SHORTEN OR LENGTHEN STAGE I, BUT TENTATIVE TARGET DATE IS JUNE 30, 1976. CIP WOULD BE STEPPED UP IN THIS PERIOD.

3. STAGE II WOULD BEGIN WHENEVER STAGE I ENDED AND WOULD LAST APPROXIMATELY FOUR YEARS. DURING THIS TIME COMPACT WOULD GO THROUGH U.S. CONGRESS, AND MICRONESIAN GOVERNMENT ESTABLISHED UNDER NEW CONSTITUTION (IF IT HAD BEEN APPROVED) WOULD BE GRADUALLY PHASED IN. U.S. WOULD UNDERTAKE SIGNIFICANT INCREASE IN CIP IN EARLY YEARS CUTTING BACK IN LAST TWO YEARS OF STAGE II. U.S. WOULD MEANWHILE BE TAKING NECESSARY ACTION IN U.N. TO TERMINATE TRUSTEESHIP.

4. BOTH SIDES AGREED ON NECESSITY FOR HOLDING DOWN COSTS OF GOVERNMENT OPERATIONS DURING TRANSITION PERIOD, WITH U.S. CONTRIBUTION DROPPING FROM FY 1975-76 HIGH AS MICRONESIAN'S INTERNAL REVENUES HOPEFULLY INCREASED AND SAVINGS WERE REALIZED THROUGH GOVERNMENT REORGANIZATION, PROGRESSIVE ELIMINATION OF EXPATRIATE PERSONNEL, ETC. ON ASSUMPTION OF TWO YEAR STAGE I, LEVELS OF U.S. SUPPORT TO BE RECOMMENDED IN CONSTANT DOLLARS FOR GOVERNMENT OPERATIONS IN ALL SIX DISTRICTS WOULD BE AS FOLLOWS (IN MILLIONS OF DOLLARS):

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CIP OPERATIONS

STAGE I:	FY 1975	20	55
	FY 1976	25	55
STAGE II:	FY 1977	30	54
	FY 1978	35	52
	FY 1979	20	50
	FY 1980	15	45

5. WITH RESPECT TO POST-TRUSTESHIP U.S. FINANCIAL SUPPORT SALII ACCEPTED U.S. PROPOSAL FOR 15 YEAR PROGRAM FOR FIVE DISTRICTS IN CONSTANT DOLLARS CONSTRUCTED ON DESCENDING SCALE AS FOLLOWS (MILLIONS OF DOLLARS):

CIP OPERATIONS

FIRST 5 YEARS, EACH YEAR	12.5	35
SECOND 5 YEARS, EACH YEAR	11	30
THIRD 5 YEARS, EACH YEAR	9.5	25

IN ADDITION, U.S. OFFERED DOLS 5 MILLION ANNUALLY IN REPAYABLE LOANS AND CONTINUATION OF U.S. FAA, WEATHER BUREAU AND POST OFFICE SERVICES ESTIMATED AT VALUE OF DOLS 2.5 MILLION ANNUALLY. LEVELS TO BE REVIEWED AT 5 YEAR INTERVALS AND END OF 15 YEAR PERIOD AMOUNTS OF FUTURE ASSISTANCE TO BE RENEGOTIATED, WITH ASSISTANCE TO CONTINUE AT PROGRESSIVELY DESCENDING RATE WHILE NEGOTIATIONS WERE PROCEEDING. (LAST POINT REPRESENTS COMPROMISE FROM SALII ORIGINAL INSISTENCE THAT LEVEL OF LAST 5 YEAR PERIOD CONTINUE INDEFINITELY WHILE NEGOTIATIONS PROCEEDING IN ORDER TO GIVE FUTURE MICRONESIAN GOVERNMENT SOME NEGOTIATING LEVERAGE).

6. ON TERMINATION PROVISIONS AND SURVIVAL OF U.S. DEFENSE INTERESTS IN MICRONESIA, SALII ACCEPTED WITHOUT ARGUMENT U.S. POSITION THAT UNILATERAL TERMINATION SHOULD NOT BE POSSIBLE UNTIL COMPACT IN EFFECT FOR MINIMUM OF 15 YEARS, AND AGREED TO TWO YEARS GRACE PERIOD AFTER NOTIFICATION OF INTENT TO TERMINATE. UNWILLING, HOWEVER, TO ACCEPT U.S. NOTION THAT U.S. BASE RIGHT AND DENIAL RIGHTS WOULD SURVIVE TERMINATION FOR ANY SET PERIOD OF YEARS. AFTER LONG DISCUSSIONS U.S.

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AGREED TO MICRONESIAN FORMULA UNDER WHICH TERMINATION WOULD NOT BECOME EFFECTIVE UNTIL U.S. AND MICRONESIA HAD NEGOTIATED MUTUAL SECURITY AGREEMENT EMBODYING U.S. BASE AND DENIAL RIGHTS. THIS IN EFFECT WOULD GIVE U.S. ABILITY TO NEGATE UNILATERAL TERMINATION IF TERMS OF MUTUAL SECURITY AGREEMENT NOT SATISFACTORY. IN ADDITION, HOWEVER, UNDER ORIGINAL SALII PROPOSAL U.S. ASSISTANCE TO MICRONESIA COULD NOT BE REDUCED BELOW WHATEVER LEVEL IT HAD REACHED AT TIME OF TERMINATION NOTICE AND WOULD CONTINUE INDEFINITELY WHILE MUTUAL SECURITY AGREEMENT BEING NEGOTIATED. FINAL COMPROMISE PROVIDES THAT ASSISTANCE CANNOT BE REDUCED FOR TWO YEAR PERIOD. IF AGREEMENT NOT REACHED BY THEN DECREASING SCALE WOULD BE RESUMED.

7. ON REMAINING TERMS IN DRAFT COMPACT SALII ACCEPTED U.S. DRAFT WITH ONLY MINOR CHANGES. CIVIL AVIATION SECTION IN TITLE VI MODIFIED SLIGHTLY. TITLE X REWRITTEN TO PROVIDE FOR THREE MAN PANEL ADVISORY ARBITRATION PROCEDURE IN EVENT OF DISPUTES. AT SALII'S REQUEST NEW LANGUAGE ADDED TO TITLE XII PROVIDING THAT IN EVENT THREE-QUARTERS OF VOTERS IN ANY DISTRICT DECIDE AGAINST COMPACT IN PLEBISCITE COMPACT WILL NOT APPLY TO THAT DISTRICT, EVEN THOUGH MAJORITY OF VOTERS IN TTPI VOTE IN FAVOR, AND THAT DISTRICT WILL BE FREE TO NEGOTIATE OWN FUTURE STATUS ARRANGEMENTS WITH U.S. WILLIAMS ACCEPTED THIS WITH PROVISIO THAT U.S. CONSIDERS COMPACT TO APPLY ONLY TO CAROLINES AND MARSHALLS AND THAT THIS POSITION HAD BEEN MADE CLEAR AT THE OUTSET OF THE WASHINGTON TALKS OF 1972.

SALII SAID HE UNDERSTOOD AND ASSUMED MARIANAS WOULD HAVE VOTED ON COMMONWEALTH STATUS PRIOR TO PLEBISCITE IN OTHER DISTRICTS ON FREE ASSOCIATION. IF MAJORITY IN MARIANAS APPROVED COMMONWEALTH, MATTER WOULD BE ENDED. IF NOT, HE ASSUMED MARIANAS WOULD BE GIVEN OPPORTUNITY TO VOTE WITH REST OF TTPI ON COMPACT WHICH WOULD BE ADJUSTED AS REQUIRED TO MAKE THIS POSSIBLE. WILLIAMS AGREED. SALII ALSO STATED VOLUNTARILY AND EMPHATICALLY IN SILK AND OLTER'S PRESENCE THAT HE EXPECTED COMPACT TO BE PUT TO YES OR NO VOTE IN TTPI WITHOUT ALTERNATIVES. IF COMPACT IS REJECTED OTHER OPTIONS COULD THEN BE NEGOTIATED BUT HE WOULD NOT WANT TO NEGOTIATE THESE BEFORE THAT TIME. THIS VIEW STRONGLY SUPPORTED BY WARNKE.

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8. WILLIAMS AND SALII AGREED THAT NEITHER TEXT OF NEW DRAFT COMPACT NOR SPECIFICS OF AGREEMENT WOULD BE RELEASED TO PUBLIC PRIOR TO NEXT FORMAL ROUND AND THAT MEDIA INQUIRIES WOULD BE ANSWERED WITH GENERAL EXPRESSIONS OF ENCOURAGEMENT AND SATISFACTION WITH PROGRESS OF INFORMAL TALKS. TEXTS OF DRAFT WILL BE PROVIDED TO ADDRESSEES FOR INFORMATION BUT SHOULD BE HANDLED AS CONFIDENTIAL UNTIL ADVISED OTHERWISE.  
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