

JOINT COMMITTEE ON FUTURE STATUS
CONGRESS OF MICRONESIA
Saipan, Mariana Islands 96950
"MICRONESIA"

03
17

Sen. Lazarus Salii, Chairman
Rep. Ekpap Silik, Co-Chairman

MEMORANDUM

May 13, 1974

Sen. Tosiwo Nakayama
Sen. Andon Amaraich
Sen. Balley Olter
Sen. Edward DLG. Pangellnan
Sen. Petrus Tun
Sen. Roman Tmetuchi
Sen. Amata Kabua
Sen. Ambilos Iehsi
Sen. John Mangafel
Rep. Herman Q. Guerrero

To : All Members, JCFS
From : Chairman, JCFS
Subject: Transmittal of Draft Compact

Enclosed for your information and file are the draft Compact (Guam 4/19/74) and the minutes of the meeting between Chairman Salii and Ambassador Williams held on Guam on May 11, 1974.

Lazarus E. Salii
LAZARUS E. SALII

Enclosures

08637

Minutes of Meeting between Senator Sali and Ambassador Williams on
Guam, May 11, 1974.

This meeting was held on Guam at the request of Ambassador Williams. The Chairman of the Joint Committee and the Ambassador briefed each other on the reaction of their principals to the Carmel agreements.

U.S. Reaction:

Ambassador Williams stated that he has sent a report on the Carmel talks to the President which contains his recommendations on two points on which the Ambassador exceeded his authority in Carmel. These were (1) his agreement to commit United States financial support for Micronesia beyond 15 years, and (2) his agreement that a mutual security treaty will be negotiated before termination of the Compact instead of being concluded before the Compact goes into effect. The Ambassador was still waiting to hear a reply but expressed confidence that the White House and Secretary Kissinger will accept his recommendations.

The Ambassador also stated that his office was in the process of drafting a statement which will commit the U.S. side in writing to the financial support and budget figures given in Carmel from 1975 to 1980. This statement, to be signed by the Ambassador, will be given to the Chairman for his review in July. Although the statement will bear the signature of the Ambassador rather than that of the President himself, the Ambassador assured the Chairman that the statement will be the position of the President and the Executive Branch. The Ambassador also states that he had consulted with the leadership of the House and Senate and their key staff members, and therefore he foresaw no difficulty in getting approval from Congress. It was firmly understood between the Ambassador and the Chairman that if Congress did not give its approval, the Micronesian side was not bound to its side of the bargain.

Micronesian Reaction:

(1) Transition. On the length of the transition period, the Chairman reported that while there were some persons who thought it was too short or too long, the general reaction was that it was reasonable. The Ambassador stated that if it was the desire of the Micronesians to shorten the transition period, "we would be amicable".

The Chairman stated that the JCFS has no difficulty with the levels of funding for the transition period, but it was the strong position of this Committee, the Joint Committee on Budget and Program and of the High Commissioner (Oyler and Quinn) that full flexibility and authority should be given to the Congress of Micronesia for the use of these funds, and the U.S. should not insist that certain amounts will be used for CIP and others for operations and programs.

The Ambassador stated that this sounded reasonable and would discuss it with Interior. The Chairman stated that everyone in Carmel had agreed that Micronesia should retain a planner (development economist) to plan how best to use the transition funds and to tie the transition expenditures to the planning for the post-trusteeship period. The Chairman stressed that in order to do a good planning job, Micronesia needed full flexibility and authority over the transition funds. Again the Ambassador stated that this sounded logical and reasonable and would explore it in Washington but was unable to give a firm response. But the Ambassador stated that he would recommend that this flexibility and authority start with stage II of the transition in 1977.

On the question of the planner, the Chairman stated it was the position of JCFS that this person or firm would work for the Congress of Micronesia and the U.S. would assist in the expenses. The Chairman stated it would cost a minimum of \$250,000, which the Ambassador thought might be too low. The Ambassador asked that this matter be put on the agenda for the June meeting. The Ambassador mentioned the possibility of getting a Ford Foundation Grant to do this work.

The Chairman presented the reaction of the Joint Committee to the Compact agreements reached in Carmel. The Committee proposed certain changes and all of these were put in a draft form and presented in writing by the Chairman to the Ambassador. (See attached JCFS Guam draft.)

The Chairman brought up the question of the relocation of the capitol of Micronesia, stating it was the position of the Micronesian side that the U.S. should bear the cost of relocation. The Ambassador expressed some doubt about funding the entire relocation cost. It was the understanding of the two that this was an extraordinary cost item for the transition and was not included in the figures presented at Carmel or the figures in Title IV. This item would also be discussed in June..

The Ambassador and the Chairman scheduled a Carmel-type meeting for June 15. After this meeting (on Guam) there will be a trip to Palau to check with the Palauan leadership about the survey options.

CHAIRMAN SALII

08639

PREAMBLE

The United States of America and the People of Micronesia,
Recognizing that among the responsibilities of the Government of the United States as Administering Authority of the Trust Territory of the Pacific Islands is the obligation to promote the development of the inhabitants of that territory toward self-government or independence, and

Recognizing their common interest in developing a new political status for the people of Micronesia to replace the present trusteeship,

AGREE to establish through this Compact of Free Association a system of self-government appropriate to the particular circumstances of Micronesia and its people and in accordance with the freely expressed wishes of the people concerned. This Compact, approved by the people of Micronesia through their sovereign right of self-determination and by the Government of the United States, shall determine the respective rights and responsibilities of the Government of Micronesia and the Government of the United States.

TITLE I
INTERNAL AFFAIRS

Section 101

The people of Micronesia have the right to adopt their own constitution and form of government and to amend or change any such constitution or form of government at any time, provided that the constitution and laws of Micronesia shall remain consistent with the provisions of this Compact, and shall guarantee to the inhabitants of Micronesia their fundamental human rights and shall establish a governmental structure consistent with the principles of democracy.

Section 102

The duly constituted Government of Micronesia shall have full responsibility for and authority over the internal affairs of Micronesia.

Section 103

The people of Micronesia, in the exercise of their right of self-determination, may in the event of termination of this Compact freely choose their own future political status in accordance with Title XI of this Compact.

TITLE II
FOREIGN AFFAIRS

Section 201

(A) FOR THE DURATION OF THIS COMPACT, THE RESPONSIBILITY FOR AND AUTHORITY OVER THE FOREIGN AFFAIRS OF MICRONESIA, SUBJECT TO THE PROVISIONS OF THIS COMPACT, SHALL BE DELEGATED TO THE UNITED STATES.

(B) AT THE REQUEST OF EITHER PARTY TO THIS COMPACT, THE GOVERNMENTS OF MICRONESIA AND THE UNITED STATES SHALL CONSULT ON ANY MATTER OF MUTUAL CONCERN RELATING TO FOREIGN AFFAIRS. IN THE EXERCISE OF ITS RESPONSIBILITIES IN FOREIGN AFFAIRS, THE UNITED STATES SHALL NOT INTERFERE IN THE INTERNAL AFFAIRS OF MICRONESIA, UNLESS WITH THE EXPRESS CONSENT OF THE GOVERNMENT OF MICRONESIA.

Section 202

THE UNITED STATES SHALL NEGOTIATE AND MAY CONCLUDE SUCH INTERNATIONAL TREATIES AND AGREEMENTS WHICH RELATE EXCLUSIVELY OR PREDOMINANTLY TO MICRONESIA ONLY AT THE ADVISE AND CONSENT OF THE GOVERNMENT OF MICRONESIA. OTHER PERTINENT INTERNATIONAL TREATIES OR AGREEMENTS TO WHICH THE UNITED STATES IS A PARTY MAY ALSO BE MADE APPLICABLE TO MICRONESIA.

Section 203

In the exercise of its authority under Section 201, the Government of the United States undertakes the following responsibilities:

(a) The Government of the United States will extend consular assistance and diplomatic protection to citizens of Micronesia traveling outside of Micronesia and of the United States.

(b) The Government of the United States will give sympathetic consideration to applications by foreign countries for the establishment of Consulates in Micronesia, subject in each case to assurance from the Government of Micronesia that it would welcome the establishment of such a Consulate. The Government of the United States and the Government of Micronesia shall establish arrangements for the joint accreditation of foreign consular officers in Micronesia.

(c) The Government of the United States will facilitate Micronesian activity in the areas for which the Government of Micronesia may exercise responsibility under Annex A.

Section 204

(A) NOTWITHSTANDING THE PROVISIONS OF SECTION 201, THE GOVERNMENT OF MICRONESIA MAY UNDERTAKE THE ACTIVITIES SPECIFIED IN ANNEX A OF THIS COMPACT.

08643

TITLE III

DEFENSE

Section 301

The Government of the United States shall have full responsibility for and authority over all matters which relate to defense in Micronesia.

Section 302

(a) The defense responsibility and authority of the United States Government provided for in Section 301 shall include:

- (1) The defense of Micronesia, its people and territory, from attack or threats thereof;
- (2) The right to prevent third parties from using the territory of Micronesia for military purposes; and
- (3) The use of United States military bases which are established in Micronesia for the security of the United States, and to support its responsibilities for the maintenance of international peace and security.

(b) The Government of the United States may conduct all activities and operations on the lands and waters in the territory of Micronesia necessary for the exercise of its responsibility and authority under Section 302(a).

Section 303

(a) The Government of the United States shall have the exclusive right to establish, maintain and use military areas and

C8644

facilities in Micronesia, the unencumbered right to protect all United States military facilities in Micronesia, and full freedom of use and access to all facilities and areas used for the conduct of military activities.

(b) The Government of Micronesia shall assure the United States the rights and uses in the lands and waters specified in Annex B, which shall be an integral part of this Compact.

(c) If in the exercise of its authority and responsibilities under this Title the United States Government requires the use of areas within the territory of Micronesia in addition to those specified in Annex B, on the effective date of the Compact, requests may be made of the Government of Micronesia to satisfy these requirements. The Government of Micronesia shall establish suitable procedures to provide prompt response to any such request by the United States, and shall negotiate in good faith to achieve on reasonable terms an agreement for the use of such areas.

(d) The agreements for the lands and waters listed in Annex B shall conform with the provisions of this Compact and such agreements shall not contain any limitations on the use of such lands and waters which conflict with the basic authorities and responsibilities of the United States under Sections 301, 302, and 303 of this Title.

(e) The rights and uses specified in this Compact, and in agreements existing upon the entry into force of this Compact, shall at the option of the United States extend in full force and effect for the period of this Compact, unless a particular agreement provides

08645

for a longer term. Whenever agreements are extended, the terms of such agreements relating to payment shall continue, unless amended by mutual agreement.

Section 304

(a) No country other than the United States shall enjoy the right to conduct military activities or to establish and maintain military facilities and areas within the territory of Micronesia at any time.

(b) The United States Government may invite military units of other countries acting in conjunction with and under control of United States forces to utilize such military facilities and areas.

(c) The rights accorded the United States in paragraphs (a) and (b) above may not be assigned to any other country.

Section 305

The legal status of United States military personnel, of United States citizen civilian employees, and of their dependents, while stationed in Micronesia shall be established by mutual agreement. That jurisdictional agreement shall come into force simultaneously with this Compact.

Section 306

Citizens of Micronesia who are otherwise qualified in accordance with United States law shall be eligible to volunteer for service in the Armed Forces of the United States, but shall not be subject to involuntary induction into military service unless they become permanent residents of the United States, as determined by United States law.

08646

Section 307

The Government of the United States and the Government of Micronesia shall consult at any time requested by either of them on matters relating to defense. While not derogating from its full responsibility and authority in this area, the United States will to the extent possible without prejudice to the fulfillment of its defense responsibilities accommodate the expressed wishes of the Government of Micronesia.

08647

TITLE IV
FINANCIAL PROVISIONS

Section 401

The Government of the United States, in order to advance the economic and social welfare of the people of Micronesia and in recognition of the special relationship that has existed and continues to exist between the United States and Micronesia, agrees to provide on a grant basis to the Government of Micronesia \$35 million annually for the first five years of this Compact, \$30 million annually for the next five years and \$25 million annually for the next five years. These funds will be for use by the Government of Micronesia for programs and operations of that Government or any sub-division thereof as authorized by the Government of Micronesia.

Section 402

The Government of the United States shall make available to the Government of Micronesia \$_____ to cover compensation paid at fair market value for the purposes specified in Title III.

Section 403

(a) The Government of the United States agrees to provide the Government of Micronesia, without compensation, the services of the U.S. Postal Service, U.S. Weather Service and U.S. Federal Aviation Administration. The levels of such services shall be that extended to the Trust Territory of the Pacific Islands on the date of the signature of

08648

this Compact. The Government of Micronesia AGREES TO make arrangements to provide for the use of land necessary for such purposes at no cost to the United States Government.

(b) The Government of the United States and the Government of Micronesia from time to time may agree upon the extension of additional federal programs and services to Micronesia. Unless otherwise agreed, the cost of such additional programs and services will be charged against the overall assistance figure in Section 401.

(c) The Government of Micronesia may not impose taxes or other levies upon United States property or personnel, or the personal property of such personnel, present in Micronesia in connection with a service or program furnished by the United States under Section 403(a) of this Compact.

Section 404

(a) The Government of the United States will provide on a grant basis to a Government of Micronesia Capital Improvement Program Fund \$12.5 million annually for the first five years of this Compact, \$11 million annually for the next five years and \$9.5 million annually for the next five years. THE GOVERNMENT OF MICRONESIA SHALL HAVE THE AUTHORITY TO TRANSFER UP TO 15 PERCENT OF THE CAPITAL IMPROVEMENT PROGRAM FUND IN ANY GIVEN YEAR TO SUPPLEMENT THE AMOUNTS PROVIDED FOR IN SECTION 401.

(b) The Government of the United States will also make available to the Government of Micronesia financial assistance on a loan basis for economic development projects in an annual amount of \$10 MILLION FOR THE FIRST FIVE YEARS OF THIS COMPACT; \$7 MILLION FOR THE NEXT FIVE YEARS; AND

08649

\$5 MILLION FOR THE FOLLOWING FIVE YEARS, subject to the terms of long-term low interest loan agreements between the Government of the United States and the Government of Micronesia. Of the \$10 MILLION ANNUAL LOAN FOR THE FIRST FIVE YEARS, \$6 MILLION WILL BE RESERVED FOR ALLOCATION TO A DISTRICT GOVERNMENT LOAN FUND FOR SMALL BUSINESS LOANS AT THE DISTRICT LEVEL; OF THE \$7 MILLION ANNUAL LOAN FOR THE SECOND FIVE YEAR PERIOD, \$5 MILLION SHALL BE RESERVED TO THIS DISTRICT GOVERNMENT LOAN FUND FOR THE SAME PURPOSE; AND OF THE \$5 MILLION ANNUAL LOAN FOR THE THIRD FIVE YEAR PERIOD, \$2.5 MILLION SHALL ALSO BE RESERVED TO EACH DISTRICT GOVERNMENT LOAN FUND FOR THIS PURPOSE. The remainder of the funds will be retained at the central government level for increasing the capital of the Micronesian Development Bank or other financial institutions involved in loan or equity financing of economic development projects of larger scale than those encompassed by the small business loan funds.

Section 405

The Government of Micronesia and the Government of the United States shall negotiate in good faith as to the amounts of economic assistance, as is provided for in this Title, for periods subsequent to the first fifteen years after the effective date of this Compact. Pending agreement on new amounts of such assistance the United States will continue assistance to the Government of Micronesia under Sections 401, 403 and 404(a)&(b) subject to the gradually descending five year scales established in Sections 401 and 404(a) as adjusted pursuant to Section 406 of this Compact.

08650

Section 406

(a) The dollar amounts stipulated in Sections 401 and 404(a) & (b) will be adjusted annually during the fifteen year period to reflect, as necessary, the change in purchasing power of U.S. currency as reflected by changes in the official United States Government retail price index.

(b) The provisions of this Title will remain in effect for the duration of this Compact. Sections 401, 403(a) and 404 will be reviewed by the Government of Micronesia and the Government of the United States at five year intervals from the effective date of this Compact and adjusted as appropriate taking into account changing economic conditions.

08651

TITLE V

APPLICABLE LAWS

(The Joint Committee had some questions on the impact of Title V on other titles. Members also wanted a list of all treaties applicable to the Trust Territory now. Another concern: What guarantee is there that no attempt will be made to make a horde of other treaties applicable to the Trust Territory two weeks before termination? Pending answers to these questions, the Joint Committee made no decision on Title V.)

08652

TITLE VI
TRADE AND COMMERCE

Section 601

The Government of Micronesia will have the authority to establish, change or eliminate import duties and other regulations, including internal charges, laws and conditions governing the importation of and commerce in goods from outside of Micronesia, except as otherwise provided in this Compact.

Section 602

(a) The Government of the United States and the Government of Micronesia will each accord to products of the other treatment no less favorable than that accorded like products of any foreign country with respect to customs duties and charges of a similar nature and with respect to laws and regulations relating to importation, exportation, taxation, sale, distribution, storage and use, except as otherwise agreed.

Section 603

(a) The Government of Micronesia shall have the power to regulate domestic air and maritime commerce between points wholly within the territory of Micronesia to the extent that such regulation does not infringe on the treaties, agreements and standards established pursuant to Section 201(a) of this Compact and does not conflict with appropriate regulations of the Federal Aviation Agency.

(b) THE GOVERNMENT OF THE UNITED STATES AGREES TO OBTAIN CONSENT OF THE GOVERNMENT OF MICRONESIA BEFORE GRANTING ANY NEW AUTHORITY TO ANY

UNITED STATES OR FOREIGN AIR CARRIER FOR INTERNATIONAL AIR COMMERCE TO OR FROM MICRONESIA, EXCEPT FOR AIRCRAFT OPERATED FOR OR UNDER THE CONTROL OF THE GOVERNMENT OF THE UNITED STATES IN CONNECTION WITH ACTIVITIES UNDER TITLE III.

Section 604

WILL

THE CURRENCY OF THE UNITED STATES / CONTINUE TO BE THE OFFICIAL LEGAL TENDER FOR MICRONESIA UNTIL SUCH TIME AS THE GOVERNMENT OF MICRONESIA ACTS TO INSTITUTE ITS OWN CURRENCY. THE TERMS AND CONDITIONS OF AN APPROPRIATE CURRENCY TRANSITIONAL PERIOD SHALL BE AS MUTUALLY AGREED.

08654

TITLE VII
CITIZENSHIP AND NATIONALITY

(The Joint Committee decided to eliminate Titles VII and VIII. With respect to Title VII, the Committee felt that the privileges which will be accorded Micronesian citizens under their status as U.S. nationals were of extreme importance to Micronesia. However, the Committee felt that under Sub-section (b) of Title VIII, which provides for reciprocal treatment to U.S. citizens by Micronesia, would impose a threat to Micronesia so great that the Committee was willing to forego the privileges under Title VII in order to eliminate the reciprocal treatment under Title VIII to U.S. citizens. If it is the firm position of the United States that reciprocal treatment must be provided, the Committee would stand on this decision to eliminate Titles VII and VIII. The Committee would suggest that the United States delegation explore the possibility of retaining Title VII and eliminating the section on reciprocity in Title VIII.)

TITLE VIII

IMMIGRATION AND TRAVEL

Section 801

(a) The Government of Micronesia shall have the power to regulate immigration and entry of persons who are not citizens of Micronesia into Micronesia.

(b) IMMIGRATION AND TRAVEL BETWEEN MICRONESIA AND THE U.S. BY CITIZENS OF MICRONESIA AND CITIZENS OF U.S. SHALL BE SUBJECT TO AGREEMENT BETWEEN THE GOVERNMENTS OF MICRONESIA AND THE U.S.

08656

TITLE IX

REPRESENTATION AND CONSULTATION

Section 901

The Governments of the United States and of Micronesia agree to establish at the central seat of Government of Micronesia and in Washington, D.C., respectively, official Resident Offices for the purpose of maintaining close and regular consultations on matters of mutual interest to them. The privileges and immunities respecting the Resident Offices shall be as set forth in Annex C.

08657

TITLE X
DISPUTE SETTLEMENT

Section 1001

IN THE EVENT OF A DISPUTE WHICH RELATES TO THE INTERPRETATION OR APPLICATION OF THE PROVISIONS OF THIS COMPACT, THE GOVERNMENT OF MICRONESIA AND THE GOVERNMENT OF THE UNITED STATES SHALL NEGOTIATE IN GOOD FAITH IN AN EFFORT TO SETTLE THE DISPUTE.

TITLE XI

AMENDMENT AND CHANGE OF STATUS

Section 1101

This Compact may be amended at any time by mutual consent of the Government of Micronesia and the Government of the United States.

Section 1102

(a) This Compact may be terminated at any time by mutual consent of the Government of Micronesia and the Government of the United States.

(b) After the expiration of the first fifteen years following its entry into force this Compact may also be terminated unilaterally by the Government of the United States in accordance with its constitutional processes, such termination to be effective on a date not earlier than two years following receipt by the Government of Micronesia of notice of the Government of the United States' intention to terminate; or the Government of Micronesia may initiate termination of this Compact by referring the issue to the people of Micronesia eligible to vote in any local or general election as defined in the Constitution of Micronesia. If two-thirds or more of such voters shall favor termination, including a two-thirds majority in each of at least two-thirds of the districts of Micronesia, the Government of Micronesia shall upon certification of the results of the vote on this issue be free to enact legislation terminating the Compact effective on a date not earlier than two years following such enactment. The Act of the Government of Micronesia and the termination of the Compact shall not be applicable to any district of Micronesia in which a TWO-THIRDS majority of the voters have voted against termination.

(c) During the period of two years prior to the effective date of

termination set forth under the provisions of Section 1102(b), any district in which a TWO-THIRDS majority of the voters has voted against termination shall be given the opportunity to negotiate with the United States with respect to that district's future political status. Upon the effective date of termination, if an agreement has not been concluded with respect to the future political status of any such district, all relevant provisions of this Compact shall continue in full force and effect with respect to that district subject to agreement of the United States and that district upon an appropriate reduction in the level of financial aid to be provided to that district by the United States under Title IV.

Section 1103

(a) In the event of termination of this Compact pursuant to Section 1102(b) and before such termination may become effective, the United States rights and uses in the lands and waters covered by then existing leases and the rights of denial set forth in Section 302 of this Compact shall be embodied in a mutual security agreement between the Government of Micronesia and the Government of the United States.

(b) The parties shall negotiate in good faith to complete such mutual security agreement within two years of the action taken to terminate this Compact and the amounts of assistance provided under Sections 401, 403 and 404(a) and (b) shall not be further reduced in that two-year period during which the provisions of Section 405 shall not apply.

08660

TITLE XII

APPROVAL OF THE COMPACT AND EFFECTIVE DATE

Section 1201

(a) This Compact will be approved by Micronesia if a TWO-THIRDS majority of those voting in a plebiscite to be held in Micronesia vote in favor of the Compact, except that the Compact shall not become effective in any district in which TWO-THIRDS of the voters have voted FOR the Compact. Such district shall be given an immediate opportunity to negotiate with the United States with respect to that district's future political status. All persons who would be eligible to vote in elections for the Congress of Micronesia, if such elections were TO BE held on the day the plebiscite is conducted, shall be eligible to vote in the plebiscite. In determining whether a majority has voted for or against the Compact, only the affirmative and the negative votes shall be counted.

(b) This Compact will be approved by the United States in accordance with its constitutional processes.

Section 1202

The President of the United States shall issue a proclamation announcing a date mutually acceptable to the United States Government and Micronesia at which the Compact will come into effect, when he finds:

1. THAT THE COMPACT HAS BEEN APPROVED AS PROVIDED FOR IN SECTION 1201; AND THAT

2. THE PEOPLE OF MICRONESIA HAVE ADOPTED A CONSTITUTION PURSUANT TO SECTION 101 OF THE COMPACT; AND THAT

3. THE TRUSTEESHIP AGREEMENT BETWEEN THE UNITED STATES AND THE SECURITY COUNCIL OF THE UNITED NATIONS FOR THE FORMER JAPANESE MANDATED ISLANDS, HAS BEEN TERMINATED OR WILL TERMINATE ON THE DAY ON WHICH THE COMPACT BECOMES EFFECTIVE.

08662

ANNEX A

I. The Government of Micronesia may undertake the following activities pursuant to Section 204 of the Compact.

(a) The Government of Micronesia may seek associate or other appropriate membership for which Micronesia may be eligible in regional organizations, United Nations Specialized Agencies, or their subsidiary bodies, of which the United States is a member. The Government of the United States will sponsor such applications and will give sympathetic consideration to requests from the Government of Micronesia to apply for appropriate membership in other such organizations in which the United States is not a member. The United States will assist Micronesia in training personnel to participate in these organizations.

(b) The Government of Micronesia may negotiate and conclude in the name of Micronesia agreements of a cultural, educational, financial, scientific or technical nature that apply only to Micronesia with any international organization in which Micronesia is a member.

(c) The Government of Micronesia may establish temporary or permanent representation of Micronesian trade or other commercial interests in foreign countries, or accept foreign trade or commercial representation in Micronesia.

(d) The Government of Micronesia may request the Government of the United States to negotiate with foreign countries agreements

08663

of a commercial, cultural, educational, financial, scientific or technical nature which shall apply to Micronesia. The Government of the United States shall give sympathetic consideration to such requests.

II. In advance of undertaking any initiative pursuant to its discretion under Paragraph I of this Annex, the Government of Micronesia shall inform the Government of the United States of its proposed action and shall keep the Government of the United States fully informed of the progress and conduct of such activities.

III. The Government of the United States will promptly notify the Government of Micronesia if it appears that any proposal or activity of the Government of Micronesia pursuant to this Annex conflicts with the international commitments, responsibilities or policies of the Government of the United States or if it is likely to lead to such conflict. In accordance with Section 201(b) of this Compact the Government of the United States will consult as requested with the Government of Micronesia and will seek to consult before issuing a notification pursuant to this paragraph.

IV. Upon notification by the Government of the United States that an activity proposed or engaged in by the Government of Micronesia pursuant to this Annex conflicts or is likely to conflict with the international commitments, responsibilities or policies of the United States, the Government of Micronesia will refrain from or promptly terminate such activity.

08664

ANNEX B

(a) Pursuant to Sections 302 and 303 of the Compact, the parties agree that the rights and uses of the United States in the lands and waters of Micronesia shall include:

(1) Marshall Islands

- a) Within the Kwajalein Atoll, continuing rights for the use of those lands and waters associated with and currently controlled as part of the Kwajalein Missile Range, the land portion of which encompasses approximately 1,320 acres.
- b) In the Bikini Atoll, continuing rights for use of 1.91 acres of Ourukaen and Eniman islets, and to use the pier, airfield and boat landing on Eneu Island.
- c) In the Eniwetok Atoll, retention of such use rights as may be negotiated upon return of the atoll.

(2) Palau Islands

- a) Access and anchorage rights in Malakal harbor and adjacent waters, together with rights to acquire 40 acres for use within the Malakal harbor area, composed of submerged land to be filled and adjacent fast land.
- b) Rights for the joint use of an airfield capable of supporting military jet aircraft (the proposed airfield at Garreru Island reef, or Babelthuap airfield/Airai site), the right to

improve that airfield to meet military requirements and specifications and the right to develop an exclusive use area for aircraft parking, maintenance and operational support facilities.

c) On the island of Babelthuap the right to acquire 2,000 acres for exclusive use, along with the right for non-exclusive use of an adjacent area encompassing 30,000 acres, for intermitten ground force training and maneuvers.

(3) Continuing rights to occasional or emergency use of all harbors, waters and airfields throughout Micronesia.

(4) Continuing rights to use of existing Coast Guard facilities.

(b) Agreements for lands and waters specified in paragraph (a) above are listed below. All agreements for the use of lands and waters concluded after the effective date of this Compact, and all modifications to any agreement under this Title, shall conform to the provisions of this Compact and shall be listed in this Annex.

ANNEX C

(a) The Governments of Micronesia and of the United States, and the heads of their respective Resident Offices, shall be exempt from all national, regional or municipal dues and taxes in respect of the premises of their respective Resident Offices, whether owned or leased, other than such as represent payment for specific services rendered.

(b) Any person employed by the Government of Micronesia in its Resident Office who is neither a citizen nor a permanent resident of the United States, or any person employed by the Government of the United States in its Resident Office who is neither a citizen nor a permanent resident of Micronesia, shall be exempt from income and social security taxes levied under the laws of the host Government with respect to income which is paid from funds provided by the employing Government or any agency thereof and upon which they are subject to the income or social security tax laws of the employing Government or any other Government and from taxes on the purchase, ownership, use or disposition of personal movable property (including automobiles) intended for their own use. Such employees and members of their families shall receive the same treatment with respect to the payment of customs and import and export duties on personal effects, equipment and supplies imported into the territory of the other Government for their own use, and with respect to other duties and fees, as is accorded by the Government of the United States to diplomatic personnel of foreign countries resident

08667

in the United States, subject only to the limitation that continuous customs free entry shall be limited to personnel, including their families, of comparable grade to the diplomatic personnel accorded continuous customs free entry by the United States.

(c) The premises of the Resident Offices shall be inviolable. Neither the agents of the Government of Micronesia nor those of the Government of the United States may enter the premises of the other Government's Resident Office except with the consent of the head of that Resident Office.

(d) The premises of each Government's Resident Office, their furnishings and other property thereon and the means of transport of the Resident Office shall be immune from search, requisition, attachment or execution, except insofar as such immunity is expressly waived by the head of the Resident Office or someone authorized to act on his behalf.

(e) Any person employed by either the Government of Micronesia or the Government of the United States in its Resident Office who is also a citizen of the employing Government shall enjoy immunity from the criminal jurisdiction of the other Government. This immunity shall extend to all members of the family of such a person forming part of his household, if they are not citizens of the receiving Government.

08668

JOINT COMMITTEE ON FUTURE STATUS
CONGRESS OF MICRONESIA
Saipan, Mariana Islands 96950
"MICRONESIA"

Sen. Lazarus Salii, Chairman
Rep. Ekpap Slik, Co-Chairman

MEMORANDUM

May 13, 1974

Sen. Tosiwo Nakayama
Sen. Andon Amaralch
Sen. Bailey Oiler
Sen. Edward DLG. Pangelinan
Sen. Petrus Tun
Sen. Roman Tmetuchi
Sen. Amata Kabua
Sen. Amblios Iehsi
Sen. John Mangefel
Rep. Herman Q. Guerrero

To : All Members, JCFS
From : Chairman, JCFS
Subject: Transmittal of Draft Compact

Enclosed for your information and file are the draft Compact (Guam 4/19/74) and the minutes of the meeting between Chairman Salii and Ambassador Williams held on Guam on May 11, 1974.

Lazarus E. Salii
LAZARUS E. SALII

Enclosures

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