

(ALL USERS: PLEASE CREDIT CONGRESS OF MICRONESIA)
(BOUNTY FROM THE OCEAN)---BY JOHN ROSARIO

SAIPAN, MAY 24 (CONGRESS RELEASE)---WHILE MICRONESIANS
HAVE TRADITIONALLY LOOKED TO THE OCEAN TO PROVIDE FOR
THEIR BASIC NEEDS, ISLANDERS IN THE HALL AND NAMONUITO
ATOLLS IN THE TRUK DISTRICT WERE RECENTLY AMAZED TO LEARN
THAT THE SEA COULD ALSO PROVIDE BEER, MOTOR SCOOTERS,
LUMBER AND CANNED GOODS. 1974
11

ACCORDING TO DAVID WEISEROT, A LEGAL INTERN FROM
UCLA WHO IS ASSIGNED TO THE CONGRESS OF MICRONESIA, THE
PEOPLE ON FANANI ISLAND FOUND A VAN CONTAINING 9,000 CASES
OF SCHLITZ BEER. HE REPORTED THAT A LOCAL MISSIONARY,
CONCERNED THAT HIS PEOPLE MIGHT KEEP THE BEER AND CONSUME
IT WITH FRIENDS AND RELATIVES, PERSUADED THEM TO SELL IT.
THE PEOPLE ON FANANI FINALLY DECIDED TO SELL THE 9,000
CASES OF BEER TO STORES ON MOENI, TRUK'S DISTRICT CENTER,
AT \$5.50 A CASE.

WEISEROT, A STAFF ATTORNEY, ACCOMPANIED THE CONGRESS
OF MICRONESIA'S JOINT COMMITTEE ON RESOURCES AND
DEVELOPMENT ON A FACT-FINDING MISSION TO THE DISTRICTS
CONCERNING FISHERIES AND FISHING COOPERATIVES.

THE LEGAL INTERN FROM UCLA RELATED THAT THE PEOPLE
ON PISERACH ISLAND IN THE NAMONUITO ATOLL ALSO FOUND A VAN
LOADED WITH MOTOR SCOOTERS AND CASES OF SPAM, CANNED CORNED
BEEF, AND 300 SHEETS OF PLYWOOD. THE PEOPLE ON ONARI
FOUND A COPRA SACK FILLED WITH SCHLITZ AND OLYMPIA BEER.

IT IS BELIEVED THAT THE TWO VANS ARE AMONG THE 76
CONTAINERS, ALL PONAPE-BOUND CARGO, WHICH SANK ON APRIL 8
NEAR TRUK DISTRICT WHEN A BARGE UNDER TOW BROKE APART IN
HEAVY SEAS WITH A REPORTED LOSS OF APPROXIMATELY \$3-MILLION.
WHILE A FULL ACCOUNTING OF THE LOSS WAS NOT AVAILABLE,
THIS ESTIMATE INCLUDED THE VALUE OF THE CONTAINERIZED
CARGO AND PREPAID FREIGHT CHARGES FILED BY TRANSPAC
RECEIVER JOHN MEADOWS AND TRUST TERRITORY TRANSPORTATION
OFFICIALS AGAINST LUZON STEVEDORING COMPANY.

THE LUZON STEVEDORING COMPANY OF THE PHILIPPINES
WAS HIRED TO TAKE THE CONTAINERS FROM GUAM TO PONAPE BY
TRANSPACIFIC LINES RECEIVER MEADOWS IN AN ATTEMPT TO CLEAR
A BACKLOG OF CONTAINERS AT THE GUAM COMMERCIAL PORT.

THE FATE OF THE 74 REMAINING CONTAINERS IS STILL A
MYSTERY. IT INCLUDED THIRTY-THREE CONTAINERS OF MIXED
CARGO, INCLUDING FOOD AND OTHER GENERAL ITEMS; TWELVE
CONTAINERS OF BEVERAGES AND LIQUOR; FOURTEEN CONTAINERS
OF RICE; ONE CONTAINER EACH OF GROCERIES, POWDER, SOAP,
PAINT, AND FLOUR; ONE CONTAINER FULL OF U.S. MAIL; AND
NINE CONTAINERS OF CHICKEN FEED.

THERE HAVE BEEN NO OTHER REPORTED "LANDINGS" OF
CARGO VANS IN THE OTHER OUTER ISLANDS OF TRUK, BUT IT CAN
BE ASSUMED THAT PEOPLE ON THE OTHER ISLANDS WILL BE
LOOKING OUT FOR MORE SUCH "BOUNTY" FROM MICRONESIA'S
MARINE RESOURCES IN THE FUTURE.

(YAP WATER DECLARED SAFE)

SAIPAN, MAY 24 (MNS)---YAP'S WATER WAS DECLARED SAFE
THIS WEEK AFTER PAUL DEFALCO, REGIONAL ADMINISTRATOR
OF THE ENVIRONMENTAL PROTECTION AGENCY IN SAN FRANCISCO
AND SEBASTIAN ONGESII, ACTING EXECUTIVE OFFICER OF THE
TT ENVIRONMENTAL PROTECTION BOARD BROUGHT TO YAP RESULTS
OF WATER SAMPLES ANALYZED AT THE STATE HEALTH LABORATORY
IN SAN FRANCISCO. 08739

DEFALCO AND ONGESII TRAVELLED TO YAP TO EVALUATE
THE SITUATION FOLLOWING A PESTICIDE SPILL (SODIUM ARSENIC).
ANALYSIS OF WATER TAKEN FROM THE SPILL INDICATED THAT

THE WATER DOES NOT VIOLATE STANDARDS FOR ARSENIC'S PRESENCE IN THE WATER; THEREFORE, THE WATER, FOR ALL PRACTICAL PURPOSES IS SAFE, ACCORDING TO ONGESII.

DEFALCO ALSO BROUGHT IN A TISSUE ANALYSIS TAKEN FROM A MAN WHO WAS ALLEGED TO HAVE DIED FROM THE ARSENIC. "THE ANALYSIS INDICATED NO TRACE OF PESTICIDE IN THE TISSUE," ONGESSII SAID. THE MAN IS PRESUMED TO HAVE DIED FROM OTHER CAUSES.

ADDITIONAL SAMPLES ARE CONTINUOUSLY BEING TAKEN TO THE ENVIRONMENTAL PROTECTION AGENCY IN SAN FRANCISCO FOR FURTHER ANALYSIS. IT WAS ALSO FOUND, ACCORDING TO ONGESII, THAT MOST OF THE PESTICIDE WAS TRAPPED INSIDE TWO SEPTIC TANKS AND VERY LITTLE ACTUALLY SPILLED INTO THE STREAM.

ALL OF THE REMAINING PESTICIDES, INCLUDING THE CONTENTS OF THE SEPTIC TANKS, HAVE BEEN TRANSFERRED TO NEW CONTAINERS. THEY WILL BE TRANSPORTED TO SAN FRANCISCO FOR DISPOSAL.

ONGESII TOLD MNS THAT ALL OF THE DISTRICT AGRICULTURE DEPARTMENTS HAVE ~~CONTRACTED~~ BEEN CONTACTED AND INSTRUCTED TO HAVE ALL BANNED PESTICIDES READY FOR SHIPMENT TO SAN FRANCISCO ON THE FIRST SHIP AVAILABLE, HE SAID.

(JAPAN' WAR CLAIMS SHARE APPROVED)

SAIPAN, MAY 24 (MNS)---PROCEDURAL ARRANGEMENTS ARE NOW BEING NEGOTIATED WITH JAPAN FOR THE PURCHASE OF GOODS AS HER EX GRATIA PAYMENT FOR WAR DAMAGE CLAIMS IN MICRONESIA, ACCORDING TO RONALD A. PETERSON, DIRECTOR OF THE HEADQUARTERS DEPARTMENT OF FINANCE.

THE DIRECTOR OF FINANCE SAID TOM PARKER, A FOREIGN SERVICE OFFICIAL ATTACHED TO THE AMERICAN EMBASSY IN JAPAN AND WHO IS THE MAIN NEGOTIATOR BETWEEN THE TT AND THE JAPANESE GOVERNMENTS, CAME TO SAIPAN EARLIER THIS WEEK TO BRIEF THE MICOM AND OTHER GOVERNMENT OFFICIALS ON THE PROGRESS OF THE PROCEDURAL ARRANGEMENT.

ACCORDING TO PETERSON, A MUCH MORE DETAILED PLAN WAS BROUGHT BY PARKER WITH HIM TO SAIPAN, A PLAN WHICH HAS BEEN ENDORSED BY THE JAPANESE GOVERNMENT. HE SAID THE TT GOVERNMENT HAS ALREADY APPROVED OF THE PLAN, ADDING THAT WITH THE FEW SUGGESTED CHANGES, THE JAPANESE ARE EXPECTED TO GIVE FINAL APPROVAL TO IT WITHIN THE NEXT FEW WEEKS.

AMONG OTHER THINGS, THE PLAN REQUIRES THE GOVERNMENT OF JAPAN TO DEPOSIT 1.2 BILLION YEN IN A BANK IN TOKYO; IN TURN THE TT GOVERNMENT WILL CHARGE ALL THE PURCHASE ORDERS TO THAT PARTICULAR ACCOUNT FROM A LIST OF GOODS THAT WAS PREPARED BY THE TT GOVERNMENT AND WAS RECENTLY APPROVED BY THE JAPANESE GOVERNMENT. UPON RECEIVING THE GOODS FROM JAPAN, THE TT FINANCE DEPARTMENT WILL ISSUE A CHECK TO THE MICRONESIAN CLAIMS COMMISSION ACCOUNT FOR WAR DAMAGE CLAIMS PAYMENT.

ACCORDING TO PERSON, THE LIST INCLUDES ALL KINDS OF EQUIPMENT AND MATERIALS RANGING FROM CAPITAL GOODS AND CONSUMER GOODS TO EQUIPMENT THAT IS IN DEMAND FOR ECONOMIC DEVELOPMENT PROJECTS IN THE TT. THE TOTAL AMOUNT OF THE GOODS IS ABOUT SIX MILLION DOLLARS, OR THE JAPANESE EQUIVALENT OF 1.8 BILLION YEN. IN MAKING THE LIST FOR PURCHASE IN JAPAN, THE GOODS WERE PRORATED ON THE BASIS OF NEEDS IN MICRONESIA AS REFLECTED IN THE REGULAR TT BUDGET.

"THE TT IS REALLY NOT LOSING ANYTHING IN THIS DEAL, IT'S JUST LIKE TAKING MONEY FROM ONE POCKET AND PUTTING IT IN ANOTHER," PETERSON SAID. HE ADDED THAT THE WHOLE PROCESS WILL TAKE ABOUT THREE YEARS TO COMPLETE, OR ABOUT THE SAME TIME THE MICRONESIAN CLAIMS COMMISSION IS EXPECTED TO NEED TO COMPLETE ITS WORK.

08740

PETERSON NOTED THAT THE JAPANESE EX GRATIA PAYMENT WAS PART OF THE 1969 AGREEMENT BETWEEN THE UNITED STATES AND THE GOVERNMENT OF JAPAN IN WHICH BOTH COUNTRIES AGREED TO COMPENSATE THE CITIZENS OF THE TT FOR DAMAGES CAUSED BY THE LAST WAR. IN THE AGREEMENT, BOTH COUNTRIES AGREED THAT JAPAN WILL PAY HER CONTRIBUTION IN GOODS, WHILE THE U.S. WILL GIVE HER SHARE IN DOLLARS.

PETERSON RECALLED THAT THE AGREEMENT WAS CONFIRMED BY THE U.S. CONGRESSIONAL ACT OF 1971 WHICH ESTABLISHED THE MICRONESIAN CLAIMS COMMISSION AND APPROPRIATED MONEY FOR THE U.S. CONTRIBUTION FOR DAMAGES RESULTED DURING THE PERIOD OF HOSTILITIES AS WELL AS FOR THOSE THAT HAPPENED AFTER THE WAR. THE LAW ALSO ESTABLISHED RULES AND PROCEDURES FOR THE COMMISSION IN THE PROCESS OF DISCHARGING ITS RESPONSIBILITIES AS THE FINAL REVIEW AND ARBITER OF ALL WAR DAMAGE CLAIMS IN MICRONESIA.

PETERSON NOTED THAT THE COMMISSION HAS UNTIL 1976 TO COMPLETE ITS WORK AS REQUIRED BY LAW. HE ADDED THAT SOME PAYMENT AMOUNTING TO ABOUT \$38,993.00 HAVE BEEN GIVEN TO MICRONESIANS AT THIS POINT--ESPECIALLY FOR THOSE CLAIMS INVOLVING DEATH-TO RELATIVES OF THE CLAIMERS. HE SAID SOME 11,000 CLAIMS HAVE BEEN FILED WITH THE MICRONESIAN CLAIMS COMMISSIONS; 1,500 OF WHICH HAVE ALREADY BEEN APPROVED AND CERTIFIED BY THE COMMISSION FOR COMPENSATION.

PETERSON SAID HIS DEPARTMENT IS RESPONSIBLE FOR THE PAYMENT, CONSEQUENTLY HIS STAFF IS WORKING VERY HARD ON THE ARRANGEMENT WITH JAPAN FOR A SPEEDY COMPLETION OF THE PURCHASE OF GOODS FROM THAT COUNTRY. ALSO HE NOTED THAT SINCE THE CLAIMS HAVE EXCEEDED THE AMOUNT APPROPRIATED BY JAPAN AND THE UNITED STATES FOR PAYMENT, THERE IS A NEED FOR PAYING A CERTAIN PERCENTAGE TO EACH CLAIMANT FIRST. TO THIS END, PETERSON SAID A LETTER WAS SENT LAST WEEK FROM HIS OFFICE TO WASHINGTON, RECOMMENDING THAT A CERTAIN PERCENTAGE OF EACH INDIVIDUAL CLAIM BE GIVEN TO THE CLAIMANT AS PARTIAL PAYMENT.

PETERSON CONCLUDED BY SAYING THAT THE SOONER THE PURCHASE OF GOODS IS COMPLETED WITH JAPAN, THE EASIER IT WILL BE FOR THE U. S. GOVERNMENT AND JAPAN TO RECONCILE THE WAR CLAIMS ISSUE WITH THE MICRONESIANS.

(FINANCE OFFICERS CONFERENCE)

SAIPAN, MAY 24(MNS)--- THE ANNUAL MEETING OF THE TRUST TERRITORY'S DISTRICT FINANCE OFFICERS CONCLUDED FRIDAY (MAY 24) ON SAIPAN. THE WEEK-LONG MEETING WAS HELD AT THE HEADQUARTERS CONFERENCE ROOM.

THE PRIMARY OBJECTIVE OF THE CONFERENCE WAS TO DISCUSS AND REVIEW THE MAJOR ACCOMPLISHMENTS IN FINANCIAL OPERATIONS AND THE PREVAILING PROBLEMS CONFRONTING THE OPERATIONS, AND TO INSTILL WELL-PLANNED STEPS TOWARD IMPROVEMENTS, ACCORDING TO SID SABLAN, ASSISTANT CHIEF, FINANCE AND ACCOUNTING DIVISION. THE MEETING WAS CONDUCTED FOR THE FIRST TIME BY MICRONESIAN PARTICIPANTS FROM THE HEADQUARTERS FINANCE DEPARTMENT. OTHERS PARTICIPANTS ACTED AS ADVISORS TO THE GROUP.

THOSE WHO ATTENDED THE CONFERENCE ARE: ANTONIO ARRIOLA, MARIANAS; BENITO MOUFA, PALAU; JOHN TAMANGLIBIANN YAP; DARO MALON, TRUK; FRANCISCO PERMAL, PNOAPE; FRANK LONNO, KUSAIE; ATJANG PAUL, MAJURO; AND VINCE MULLER, EBEYE.

OTHER INCLUDE DIRECTOR OF FINANCE RON PETERSON, DEPUTY DIRECTOR OF PERSONNEL PODIS PEDRUS, U.S. COMPTROLLER AUDITOR WILLIAM EATON AND VARIOUS OTHER PARTICIPANTS FROM THE PERSONNEL AND TRANSPORTATION DIVISIONS.

(CONTINENTAL/AIR MIKE PROGRESS REPORT)

SAIPAN, MAY 22 (MNS)---CONTINENTAL/AIR MICRONESIA HAS RELEASED A REPORT THIS MONTH, OUTLINING ITS MAJOR PROGRESS AND ITS FINANCIAL STANDING FOR THE YEAR 1973. COPIES OF THE REPORT HAVE BEEN SENT TO THE STOCKHOLDERS, THE AIRLINE'S BOARD OF DIRECTORS AND OFFICERS AND OTHER INTERESTED PERSONS.

THE REPORT SAYS THAT CONTINENTAL/AIR MIKE POSTED RECORD HIGHS IN PASSENGER AND CARGO TRAFFIC IN 1973, AND NET EARNINGS ROSE TO \$22,295, OR ELEVEN CENTS PER SHARE, COMPARED WITH \$15,354, OR NINE CENTS PER SHARE, IN 1972.

THE AIR SERVICE LINKS THE U.S. TRUST TERRITORY OF THE PACIFIC ISLANDS WITH HONOLULU, JOHNSTON ISLAND AND GUAM. WITHIN THE TT, CONTINENTAL/AIR MIKE FLIES TO MAJURO, KWAJALEIN, PONAPE, TRUK, SAIPAN, TINIAN, ROTA, YAP AND PLAU.

THE REPORT SAYS THAT PENDING PERMISSION FROM THE CIVIL AERONAUTICS BOARD, THE AIRLINE WILL INAUGURATE FLIGHTS FROM THE TRUST TERRITORY TO PAGO PAGO, AMERICAN SAMOA; FUNAFUTI, THE ELICE ISLANDS; TARAWA, THE GILBERT ISLANDS; AND THE REPUBLIC OF NAURU. THE REPORT INDICATES THAT TWO MAIN REASONS WHY AIR SERVICE TO THESE AREAS HAS BEEN POSTPONED ARE: ONE, LANDING FACILITIES AT FUNAFUTI AND TARAWA MUST BE IMPROVED TO ACCOMMODATE JET OPERATIONS; SECONDLY, THE REQUIRED BILATERAL NEGOTIATIONS BETWEEN THE UNITED STATES AND GREAT BRITAIN TO INSTITUTE CONTINENTAL/AIR MICRONESIA SERVICE HAVE NOT BEEN HELD.

AIR MICRONESIA'S TOTAL REVENUES CLIMBED TO \$1,464,722 IN 1973, OR AN INCREASE OF 18.5 PERCENT FROM THE \$1,236,134 REPORTED IN 1972. TOTAL OPERATING EXPENSES, THE REPORT REVEALS, ALSO INCREASED BY 18.5 PERCENT, FROM \$1,210,236 IN 1972 TO \$1,433,939 RECORDED FOR 1973.

THE REPORT SAYS THAT CONTINENTAL, WHICH HAS COMPLETE OPERATIONAL AND FINANCIAL RESPONSIBILITY FOR THE AIR SERVICE, INCURRED A PRE-TAX LOSS OF \$1,714,833 ON ITS TRUST TERRITORY OPERATION IN 1973, VERSUS \$941,403 THE PREVIOUS YEAR, AND AN AFTER-TAX LOSS OF \$891,630, COMPARED WITH \$489,000 IN 1972.

ACCORDING TO THE REPORT, TOTAL REVENUES IN THE TT FOR CONTINENTAL WERE \$8,882,303, OR AN INCREASE OF 27.1 PERCENT FROM THE \$6,956,000 REPORTED FOR THE PREVIOUS YEAR. ALSO THE REPORT INDICATES THAT OPERATING EXPENSES ROSE FROM \$7,361,000 TO \$9,381,400, OR AN INCREASING LOSS OF 32.9 PERCENT FOR 1973.

THE MAIN ELEMENT OF EXPENSE INCREASE WAS THE SOARING PRICE OF JET FUEL, BROUGHT ON BY THE INTERNATIONAL OIL CRISIS. BECAUSE OF THE OIL SHORTAGE, THE REPORT RECALLS THAT SERVICE BETWEEN SAIPAN AND OKINAWA WAS SUSPENDED MARCH 7, 1974, IN ORDER FOR THE AIRLINE TO CONSERVE FUEL. SEVERAL OTHER MAJOR EXPENSES INCURRED BY THE AIRLINE DURING THE YEAR WERE COST INVOLVED IN THE PHASING-IN OF A SECOND BOEING 727-100 JET, WHICH WAS COMPLETED EARLY IN 1973, PLUS AN INCREASE IN PERSONNEL OF 15.5 PERCENT FOR CONTINENTAL AIR MICRONESIA.

THE REPORT INDICATES, HOWEVER, THAT AS OF DECEMBER LAST YEAR, AIR MICRONESIA HAD ACCUMULATED \$45,859 IN RETAINED EARNINGS, NEARLY DOUBLE THE \$23,564 HELD AT THE END OF THE PREVIOUS YEAR. ON THE OTHER HAND, THE REPORT SAYS CONTINENTAL HAD INCURRED A TOTAL PRE-TAX LOSS OF \$7,844,700 AS OF DECEMBER 1973, OR AN INCREASE OF 28 PERCENT OVER THE \$6,129,900 REPORTED AT THE END OF 1972.

THE REPORT FURTHER STATES THAT AFTER-TAX LOSS FOR CONTINENTAL AS OF LAST DECEMBER TOTALLED \$3,803,100, OR

08742

AN INCREASE OF 30.6 PERCENT LOSS OVER THE FIGURES REPORTED FOR 1972.

ON THE POSITIVE SIDE, THE REPORT NOTES THE INCREASE IN PASSENGER FARES IN MICRONESIA BY TEN PERCENT PLUS THE FREIGHT RATES THAT ROSE 3.5 PERCENT LATE IN 1972. THE REPORT CONTENDS: "AS A RESULT, \$580,000 IN ADDITIONAL REVENUES WERE RECEIVED IN 1973, BUT THEY WERE MORE THAN OFFSET BY THE UPWARD SPIRAL OF COSTS."

ACCORDING TO THE REPORT, CONTINENTAL/AIR MIKE FLEW MORE PASSENGERS FARTHER IN 1973 THAN EVER BEFORE IN ITS HISTORY. REVENUE MILES FOR THE SAME YEAR WERE 85,921,000, OR AN INCREASE OF 14.3 PERCENT OVER THE 75,166,300 FLOWN THE PREVIOUS YEAR. REVENUE PASSENGERS TOTALLED 155,219, AN INCREASE OF 15.3 PERCENT OVER THE 134,455 IN 1972. SIMILARLY, MAIL TON MILES ROSE BY 13.4 PERCENT AND FREIGHT TON MILES ROSE 51.3 PERCENT OVER THE PREVIOUS YEAR.

THE REPORT CONTENDS THAT CONTINENTAL/AIR MICRONESIA CONTINUED ITS SUPERLATIVE SCHEDULE COMPLETION RECORD SCORING 97.6 PERCENT, COMPARED WITH 97.1 PERCENT THE PREVIOUS YEAR. IT INDICATES THAT THROUGHOUT THE MORE THAN SIX YEARS THE AIRLINE HAS BEEN FLYING TO THESE REMOTE AREAS, SCHEDULE COMPLETION HAS BEEN EXTREMELY HIGH--"A TRIBUTE TO THE SKILL AND DEDICATION OF THE EMPLOYEES," THE REPORT STATES.

THE REPORT SAYS THAT ADDITION OF THE SECOND BOEING 727-100 JET SHARPLY IMPROVED THE QUALITY AND EFFICIENCY OF THE AIR SERVICE AND AT THE SAME TIME INCREASED CAPACITY BY APPROXIMATELY 25 PERCENT. "JET SERVICE WAS BROUGHT TO YAP AND PALAU, WHICH SUBSTANTIALLY ENHANCED THE PROSPECTS FOR TOURISM TO BOTH DISTRICTS, AND TWICE WEEKLY SERVICE TO TINIAN FROM GUAM AND SAIPAN BEGAN IN AUGUST LAST YEAR."

NOTING THE DC-6AB WAS RETIRED FROM SERVICE IN APRIL THIS YEAR, THE REPORT SAYS CONTINENTAL/AIR MICRONESIA IS NOW AN ALL-JET OPERATION WITH TWO BOEING 727-100S. IT ALSO INDICATES THAT A TELETYPE SYSTEM LINKING ALL THE DISTRICTS OF THE TT BECAME OPERATIONAL DURING 1973 AND BROUGHT A NEEDED IMPROVEMENT IN COMMUNICATIONS. ALSO A NEW RUNWAY WAS DEDICATED AT MAJURO IN APRIL OF 1973 AND AN AIRPORT BUILDING WAS COMPLETED AT TRUK IN DECEMBER.

THE REPORT NOTES THAT TOURISM, MICRONESIA'S MAJOR INDUSTRY, INCREASED MORE THAN 50 PERCENT IN 1973, WITH TOTAL VISITOR ENTRIES RISING FROM 38,329 TO 58,299. THE BEST MONTH WAS JULY WITH 6,258 VISITORS. TOURISTS FROM JAPAN NUMBERED 23,651, MORE THAN 40 PERCENT OF THE TOTAL COMING TO THE TT LAST YEAR.

THE REPORT CONTENDS THAT THE YEAR 1974 APPEARS TO BE A LUCRATIVE YEAR FOR CONTINENTAL WITH THE OPENING OF LUXURY A HOTEL IN MARCH ON SAIPAN. IT SAYS EIGHTY-FOUR ROOMS OF THE SEVEN-STORY HOTEL WERE READY FOR BUSINESS AT THE OPENING TIME, WITH ANOTHER 100 SCHEDULED FOR COMPLETION BY JUNE THIS YEAR. THE REPORT SAYS A STRONG MARKETING EFFORT IS NOW BEING MUSTERED IN JAPAN, AIMED AT GENERATING GREAT INTEREST IN THE NEW HOTEL ON SAIPAN AND IN OTHER CONTINENTAL HOTELS-- IN TRUK AND PALAU IN MICRONESIA, AND IN GUAM.

THE REPORT NOTES THAT CONTINENTAL IS CONTINUING TO ASSIST LOCAL HOTEL OWNERS IN THE DISTRICTS OF MAJURO, PONAPE AND YAP IN THE DEVELOPMENT AND EXPANSION OF THEIR FACILITIES.

THE REPORT SAYS THE MAJORITY OF OWNERSHIP OF AIR MICRONESIA BY UNITED MICRONESIA DEVELOPMENT ASSOCIATION, INC. (UMDA), A TT-WIDE GROUP OF INDIVIDUAL INVESTORS AND COMPANIES, GREW TO 50 PERCENT IN 1973; ALOHA AIRLINES OF HAWAII OWNS TEN PERCENT, AND CONTINENTAL AIRLINES HOLDS

08743

33 PERCENT OF THE OUTSTANDING STOCK. ADDITIONALLY, CONTINENTAL OWNS APPROXIMATELY 33 PERCENT OF THE STOCK IN UMDA. THE REPORT RECALLS THAT LATE IN 1973, CONTINENTAL ENTERED INTO AN AGREEMENT WITH AIR MICRONESIA WHICH PROVIDES FOR A 50/50 SHARE OF PROFITS ONCE CONTINENTAL HAS RECOUPED THE LOSSES IT HAS SUSTAINED IN THE CREATION AND DEVELOPMENT OF THE AIR SERVICE.

THE REPORT SAYS CONTINENTAL/AIR MIKE IS STAFFED BY SOME 238 EMPLOYEES, 149 OF WHOM ARE MICRONESIANS AND GUAMANIANIS WHO ARE MAINTAINING ALL PHASES OF THE AIRLINE'S OPERATIONS, INCLUDING MECHANICS, STATION MANAGERS, FLIGHT ATTENDANTS, CUSTOMER SERVICE AGENTS AND ADMINISTRATIVE PERSONNEL.

(NOTE TO EDITORS AND NEWS DIRECTORS: BECAUSE MONDAY, MAY 27 IS MEMORIAL DAY AND A LEGAL HOLIDAY IN THE TRUST TERRITORY, THERE WILL BE NO MICRONESIAN NEWS SERVICE DISPATCH ON THAT DAY. THE NEXT MNS DISPATCH WILL BE DATED TUESDAY, MAY 28).

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13
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May 24, 1974

TALKING POINTS FOR MPSC LAND PRESENTATION

ACQUISITION: PURCHASE VS. LEASE

I. Introduction

- U.S. has said many times, and means it sincerely, that it appreciates high degree of sensitivity Marianas people place on land and their feelings against its permanent alienation.

- Appreciate what this means in an island society.

- Appreciate quest of people throughout recent history to acquire land.

- We can also understand on this basis reasons why Marianas Commission has taken stand that while it is willing to make land available to federal government it does not want to do this in a manner which will constitute a permanent alienation of that land.

- This essentially provides what seems to be the principal rationale from MPSC position that it will lease but not sell land.

II. Rationale for U.S. position

- U.S. also recognizes that other island societies have got over their concern on this score so far as their own local governments are concerned and we assume the Government of the Northern Marianas will have right to purchase and own land for public purposes. In the case of other U.S. states and territories these governments (including islands like Hawaii and Puerto Rico) have no conceptual problem with federal government ownership of land.

- U.S. can understand why island people do not want land alienated to

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foreigners and has especially recognized this in the case of Hawaii and Samoa.

- But U.S. has great difficulty in equating this with making land available to one's own government, which is the center of the political family the Marianas has asked to join and not a foreigner, since the Marianas will be a part of it.

- This is particularly true when the federal government is committed to return land to local inhabitants when that land is no longer needed for public purposes.

- Appreciate argument that federal government may sometimes seem slow in other cases in returning unused public land, but this is almost always a short run impression.

- In many cases federal government is asked to hold unused areas longer to guard against undue speculation and those who would alienate land to foreigners for their own personal profit.

- In the San Francisco Bay area for example, people appreciate the fact that the U.S. Government holding of large amounts of public land has kept them out of the hands of speculators.

- As indicated in Marianas III U.S. will guarantee that land will be returned to Marianas when it is no longer needed for public purposes.

- This is required under executive order throughout the U.S. and its territories.

- No desire to hold on to land needlessly.

- Has in fact returned great amounts of federal land in the past.
(Cite Ramey AFB example)

- Contingencies are considered valid public purposes; but in such cases, as at Tanapag and Isely, U.S. willing to lease to Government of Northern Marianas

for nominal sums.

- Government of the Northern Marianas free to lease in turn for whatever going rate might be.

- Government of the Northern Marianas lease however must limit use to purposes compatible with possible military use (no high rise hotels for example) and lease must be automatically terminable if terms are violated.

- This constitutes "double payment" from Government of the Northern Marianas point of view.

III. Cost Factors

- Principal reason for our wish to purchase rather than lease land is that it is a clean transaction in which a single sum is paid for the current fair value of the land and that ends the matter until such time as the land is not needed for everyone's benefit and then reverts to local use.

- Experience has shown that this is the best way to handle such situations.

- It is the way land transactions involving the central government are handled in every major country in the world - even the communist states, where everything belongs in theory to the state anyway, though there is no suggestion of reversion there.

- The dedication of certain amounts of land to public purposes - including the national defense - is recognized throughout the world as a public responsibility.

- The federal government operates this way in every state of the union, the District of Columbia, the Commonwealth of Puerto Rico and all the other

territories and possession of the United States. These include Hawaii and Samoa where alienation of land to non-Hawaiians and non-Samoans is limited or prohibited.

- Experience has shown that with a lease, even a long lease, pressures can arise locally for renegotiation for many reasons.

- Political pressures rise as pressure groups are formed and special interests take over.

- The result is a continuing series of friction points which are unhealthy at best and can give rise to situations in which the public in general suffers from the special interests of a few who seek to gain profit from the rest.

- With a single purchase price the seller is able to take his money, invest it as he chooses (if he is smart he will invest it wisely in a way that will protect him against inflationary influences) and come out well ahead financially in the long run.

- From the standpoint of the central government when public funds are to be used in large amounts (over \$300 million in this instance) the exercise of common prudence demands that there be solid assurances of unfettered use of the real estate before such sums are committed for investment in costly construction. That investment should be protected not threatened by future uncertainties in the method of land acquisition.

IV. Attitudes of U.S. Congress

- Congressional practice is to insist on federal ownership of land before large expenditures are made. Congress in the past has simply refused to appropriate funds unless this is done.

- In present case we have consulted carefully with key members of Congress and influential staff members. Strength of views differ, but

all hold to view that purchase is far and away best means of handling land here. Some are adamant on the subject.

- Congress is sensitive to desire of its citizens and local governments to retain land for local uses and will not needlessly appropriate money for any more land than is absolutely needed for federal purposes.

- It has also been generous in turning back large amounts of federal land when no longer needed.

- Best example is return of thousands of acres of military land after World War II, a process still continuing (Guam example).

- There is no reason to believe it will not continue to be so in the future.

- Everyone in the family after all has the same problems and responsibilities and Congress is most sensitive to peoples' desires in this regard.'

V. Conclusion

- For all these reasons U.S. wishes to purchase land needed for public purposes with reversionary provisions in event of non-use.

- Purchase is less costly to the U.S. and benefits the Marianas as well.

- Purchase provides a generous, large sum for intelligent use and investment by the seller.

- Purchase minimizes future misunderstandings and arguments.

- Purchase is the way all other governments handle this and the way our government handles it everywhere else under the U.S. flag.

- Purchase is the policy of the U.S. Congress.

VI. Lump Sum vs. Installments

- Is matter of whether payments should be made in single lump sum or in periodic or installment payments.
- U.S. has clear preference for lump sum and hopes MPSC does as well.
- Provides large initial sum of money to Government of Marianas that could result in substantial returns of as much as 10% per year if properly invested.
- Proper investment of lump-sum payment could provide hedge against inflation and more.
- Interest could be plowed back into land development or other development projects, leaving principal intact, or allowed to accumulate.
- Or capital itself could be tapped if desired.
- Would provide Marianas Government and its new land entity greater flexibility in dealing with private land owners by giving sufficient assets to make best possible deal for all concerned. (We assume here that Marianas land corporation will be dealing directly with private land owners, leaving U.S. Government out of it).
- Lump sum payment would be made immediately upon approval of Covenant by U.S. Congress, giving new Marianas Government a major source of funds to invest and use as it sees fit.
- Single payment in single transaction if made to sellers satisfaction ends the matter.
- Avoids recurring annual appropriation problem with U.S. Congress.

- Avoids future arguments and misunderstandings.
- Assume MPSC will also favor lump sum, but need confirmation. If not, need to discuss at greater length.