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June 1974

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SUMMARY REPORT
REGARDING
UNITED STATES - MARIANAS
STATUS NEGOTIATIONS

On May 31, 1974, the Marianas Political Status Commission and the United States Delegation concluded the fourth session of negotiations aimed at achieving political union between the present Mariana Islands District of the Trust Territory of the Pacific Islands and the United States of America. In view of the progress which has been made since the first session in December 1972, representatives of both delegations have expressed optimism that a formal status agreement can be signed before the end of 1974. The status agreement will be submitted for approval to the Mariana Islands District Legislature, to the people of the Mariana Islands in a plebiscite, and to the United States Congress. After the status agreement has been approved, and before the new political status comes fully into effect, the United Nations' Trusteeship Agreement under which the United States presently administers the Mariana Islands District of the Trust Territory of the Pacific Islands will have to be terminated. This report summarizes the history of the negotiations, the general outlines of the proposed new status for the Marianas, and the unresolved issues which remain to be considered by the two delegations.

I. HISTORY OF THE NEGOTIATIONS

A. The Marianas and the Trust Territory of the Pacific Islands

The Marianas are an island chain located in the western Pacific, north of Guam. The main islands in the Marianas are Saipan, Tinian and Rota. The Marianas have a total population somewhat in excess of 14,000 persons, a substantial majority of whom live on Saipan. About three-fourths of the people in the Marianas are of Chamorro ancestry.

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The Mariana Islands make up one of six districts of the Trust Territory of the Pacific Islands, commonly known as Micronesia. The Trust Territory ranges across thousands of miles of ocean and includes peoples of markedly different cultural and ethnic heritage. It was created by the United Nations following World War II. The United States is the Administering Authority of the Trust Territory pursuant to a Trusteeship Agreement with the United Nations.

B. Political Status Negotiations

The Trusteeship Agreement requires the United States to:

"promote the development of the inhabitants of the Trust Territory towards self-government or independence, as may be appropriate to the particular circumstances of the Trust Territory and its peoples and the freely-expressed wishes of the peoples concerned."

The United States opened talks with a delegation from the Congress of Micronesia, including representatives from the Marianas, in September 1969 to explore future political status alternatives for the entire Trust Territory. This delegation has come to be known as the Joint Committee on Future Status. By April 1972, it became clear that the representatives of the other parts of the Trust Territory on the Joint Committee would insist on a relationship with the United States known as free association. Under such a relationship, unprecedented in American history, Micronesia would essentially be an independent and sovereign nation closely allied with the United States, particularly in the areas of national defense and foreign affairs. This relationship, however, was contrary to the long-expressed and deeply-held wishes of the overwhelming majority of the people of the Marianas for a close and permanent political association with the United States. Accordingly, the Marianas' representatives to the Joint Committee requested separate discussions between the Marianas and the United States. The United States agreed.

The Mariana Islands District Legislature then created the Marianas Political Status Commission (MPSC), a group broadly representative of the various ethnic, political, economic, and social interests in the Islands. The MPSC was directed to study political status alternatives for the Marianas and to conduct negotiations looking toward a close and enduring political relationship with the United

States following termination of the Trusteeship. In December, 1972, an opening ceremonial session of the Marianas status talks was convened in Saipan. Substantive sessions of the negotiations were held in May - June 1973, in December 1973, and in May 1974.

II. POLITICAL AND LEGAL NATURE OF THE RELATIONSHIP

A. Commonwealth Under United States Sovereignty

The present Marianas Islands District of the Trust Territory of the Pacific Islands will become a self-governing Commonwealth under the sovereignty of the United States. The exact nature of the future political relationship between the United States and the Marianas, in accordance with these principles, will be defined by the formal status agreement. Fundamental provisions of the status agreement, including those provisions designed to assure maximum local self-government, will not be alterable except by the mutual consent of the parties.

The future Commonwealth of the Northern Mariana Islands will be governed under the provisions of its own constitution, to be drafted by a Marianas constitutional convention and approved by the people of the Marianas. The constitution will include a bill of rights and provide for the separation of powers and a popularly elected chief executive. The Marianas constitution will be subject to approval by the United States for consistency with the United States Constitution, the status agreement and relevant federal legislation. Amendments to the Marianas constitution would not require such approval, although federal courts would be competent to pass on the consistency of such amendments with relevant provisions of law and the status agreement. The Commonwealth will also have the right to establish local courts to handle cases under local law. The operation of any such courts must be compatible with the United States federal court system and consistent with applicable federal law. A United States District Court will be established in the Marianas.

B. Foreign Affairs and Defense

Under the proposed status, the United States will have the responsibility for and complete authority in the fields of defense and foreign affairs. In this regard, the advice of the future Commonwealth Government on international matters directly affecting the Islands will be considered by the United States Government. The United States will support membership of the Marianas in regional or other international organizations concerned with economic, cultural or comparable matters of concern to the Marianas. The Marianas will also be able to establish offices abroad to promote local tourism or other economic or cultural interests.

C. Citizenship and Nationality

With certain exceptions, persons born in the Marianas prior to the termination of the Trusteeship, and certain classes of persons residing but not born in the Marianas, will have the opportunity to become United States citizens under the new status. Any such persons 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 termination of the Trusteeship will become citizens of the United States at birth. The parties are continuing to explore questions relating to the rights of nationals and aliens residing in the Marianas after the termination of the Trusteeship to become naturalized citizens of the United States.

D. Representation in United States Congress

The MPSC has requested that the new Commonwealth be entitled to have a non-voting delegate in the United States Congress, similar to the non-voting delegates in Congress representing Puerto Rico, Guam and the Virgin Islands. Recognizing that the question of Marianas representation in the United States Congress is ultimately a matter for decision by that body, the United States Delegation has agreed to support the request by the Marianas for a non-voting delegate.

E. Applicability of the United States Constitution

Certain provisions of the United States Constitution will be made expressly applicable in the Marianas. It has been agreed, for example, that Article IV, Section 2, Clause 1 of the United States Constitution relating to "privileges and immunities" will apply in the Marianas, subject to appropriate limitation in the formal status agreement to ensure that the ability of the future Marianas Government to preserve control of the land of the Marianas in the hands of its citizens will not be compromised. Citizens of the Marianas will be entitled to all privileges and immunities of citizens in the several States. Article IV, Section 1, of the United States Constitution relating to "full faith and credit" would apply with respect to the Marianas as if it were a State. The parties are currently undertaking studies to determine which additional provisions of the United States Constitution should be made expressly applicable.

F. Income Tax Laws

As is true of Puerto Rico, the future Commonwealth of the Northern Mariana Islands will have exclusive power to enact, amend or repeal its local internal revenue laws. The Marianas will be generally treated as a possession within the meaning of the various provisions of the Internal Revenue Code dealing with possessions, such as Puerto Rico, Guam and the Virgin Islands. Thus, under the provisions of Section 932 of the Code, persons who reside in the Marianas and who become United States citizens or nationals pursuant to the status agreement will be subject to United States income tax only on United States source income. And under Section 931 of the Code, other United States citizens and United States corporations doing business in the Marianas would not be subject to United States federal income tax on income earned in the Marianas if they meet the specific requirements of that Section.

G. Customs Duties and Excise Taxes

Under the proposed status the Marianas will not be included in the customs territory of the United States. The Commonwealth of the Northern Mariana Islands will 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 is exercised in a manner consistent with the international obligations of the United States. Exports from the Marianas entering the customs territory of the United States will be free of any import duty subject to the same conditions now applicable to Guam. The United States will seek to obtain from foreign countries favorable treatment of exports from the Marianas. The Commonwealth will have the authority to impose duties on exports from its territory and to impose excise taxes on the manufacture or sale of goods.

H. Applicability of Other United States Laws

The parties have agreed that certain other major areas of federal legislation will be reviewed during the negotiations in order to decide whether such legislation should be dealt with explicitly in the formal status agreement. The areas under study include laws relating to immigration, social security, labor standards and shipping. A Joint Commission on Federal Laws will be established to undertake a detailed study of federal legislation after the signing of the status agreement and to make specific recommendations to the United States Congress regarding the future applicability of such laws in the Marianas. In the interim, the parties expect that a general formula will be developed to govern the applicability of existing federal laws in the Commonwealth.

III. LAND AND MILITARY REQUIREMENTS

A. Return of Public Lands

In a Policy Statement dated November 2, 1973, the United States announced the procedures and terms under which the public lands in the Marianas (and elsewhere in Micronesia) now administered by the United States would be returned to the people of the Marianas. Responsibility for implementing this policy is assigned to the Marianas District Legislature, the Trust Territory Administration and the U. S. Department of the Interior. The MPSC has indicated its intention to recommend the establishment of a non-profit corporation controlled by the people of the Marianas to receive and administer these public lands. This corporation would be responsible for making the necessary public lands available to the United States for military and other public purposes under the terms of the final status agreement. It is anticipated that the land will actually be returned promptly after the Congress of Micronesia passes the necessary enabling legislation.

B. Land for Defense Purposes

The MPSC, recognizing the responsibilities inherent in United States citizenship, has agreed that land in the Marianas will be made available to the United States for defense purposes. Important issues regarding the method of acquisition (long-term lease or outright purchase), the price which will be paid by the United States, and the terms of payments have not yet been settled. There has been, however, agreement in principle that the following land areas will be made available to the United States:

1. Farallon De Medinilla: This small, uninhabited island will be made available to the United States for continued use as a target area. The United States will enforce maximum safety precautions in connection with its use of this island.

2. Tanapag Harbor, Saipan: The United States will be able to use this harbor jointly under civilian control. Approximately 197 acres in the southern portion of the harbor area will be made available for future contingency use by the United States. Most of this land will be used by the United States for the development of an American Memorial Park which will provide a recreation area for the people of the Marianas. Land in the Tanapag Harbor area not used for the Memorial Park or for military purposes will be

made available for the future Government of the Northern Marianas for possible sub-lease for civilian harbor-related activities.

3. Isely Field, Saipan: This airfield will be under civilian control and will be available to the United States military forces on a joint use basis. Approximately 482 acres south of the runway will be made available for future contingency use by the United States. As at Tanapag Harbor, this land will be made available to the future Government of the Northern Marianas for use or lease for industrial or agricultural purposes compatible with possible future military use.

4. Tinian: Approximately 17,475 acres on Tinian will be made available to the United States for a joint service military complex. This complex will include a harbor under civilian control to be used on a joint-military - civilian basis; an operational airfield with related facilities which will be open for civilian use; an ammunition and logistics support facility; and a training area. As much of this land as possible will be made available to the Government of the Northern Marianas under a land use arrangement for agricultural and other purposes compatible with planned military activities. Land-owners who must be relocated because of the base will receive monetary compensation or title to comparable new land. All of Tinian outside the military base will remain under civilian control.

C. Other Land Issues

The United States has indicated its intent to relinquish its use rights on all military retention land in the Northern Marianas not covered by the status agreement, some 4,691 acres. It was agreed that the consideration and development of appropriate safeguards in the area of eminent domain will be considered by the parties. As noted, issues relating to the method of acquisition, the price which will be paid and the terms of payment are still to be resolved by the parties.

IV. ECONOMICS AND FINANCE

A. Economic Objectives

The United States Delegation and the MPSC have agreed that a long-term economic development program for the Marianas should have the following objectives: (a) to facilitate an orderly transition to the new political status; (b) to build toward an adequate social and economic infrastructure; (c) to provide necessary services and programs; (d) to encourage and promote the future economic development of the Marianas. Attaining these objectives will assist the Marianas in reaching the mutually-agreed economic goals of a steadily rising standard of living and progress towards self-sufficiency.

B. Transitional Planning and Programs

The parties have approved a report by a Joint Ad Hoc Preparatory Committee on Transition which was established at the third negotiating session in December 1973. The report outlined a proposed program of studies and events to take place between the time of the signing of the political status agreement and the establishment of a new Government of the Northern Marianas under its own constitution.

These studies will include those related to government organization and planning for the Marianas constitutional convention, research and planning for government reorganization and the initial legislative program, and research on federal programs and services which may be available to the Marianas. There will also be studies related to economic and social development planning, fiscal and revenue planning, physical planning and study of the impact of the relocation of the capital of the Trust Territory from Saipan. The events anticipated to take place include a political status educational program and status plebiscite, a constitutional convention, a constitutional education program and referendum, and finally the election of a new government.

A Joint Commission on Transition, consisting of representatives of the Marianas and the United States, will be established to provide continuing consultation and policy guidance on all matters related to the change in political status. To assist the Commission, a Joint Secretariat, consisting of six highly-qualified professionals, is to be established to develop transition plans and schedules, con-

duct basic economic studies, arrange for the appointment of experts and administer funds to be made available by the United States. It is estimated that these transitional studies and programs will cost approximately \$1.2 million, which the United States has promised will be requested of the U.S. Congress.

C. Direct Financial Assistance from the United States

The United States Delegation and the MPSC have agreed on a program of financial assistance for a seven-year period to begin upon the installation of the new Government of the Northern Marianas. Under this agreement the United States will provide \$13.5 million each year in direct financial grants, as follows: \$8 million a year to help meet the cost of government operations; \$1.5 million a year for economic development loans (\$500,000 a year of which is to be reserved for small loans to farmers and fishermen and to agricultural and marine cooperatives); and \$4 million a year for capital improvement projects (of which \$500,000 a year will be reserved for Rota and \$500,000 a year for Tinian). United States assistance will be provided in constant 1975 dollars. In addition, a wide range of services and assistance under regular federal programs will be available to the Marianas. The United States estimates that the value of federal services and programs will be \$3 million a year. The total direct annual assistance is thus estimated at \$16.5 million a year.

D. Other Financial Resources of the Marianas

The parties recognize that the people of the Marianas will be required to assume an increasing local tax burden, consistent with their stage of economic self-sufficiency. In addition, it is expected that the domestic tax base in the Marianas will expand as the result of the added financial resources provided through United States financial assistance as well as the expected private investment. Further, various forms of indirect financial assistance will result from the new status agreement. The United States will return to the Commonwealth of the Northern Marianas all customs duties, excise taxes and federal income tax collected by the United States and derived from the Marianas, as is done in Guam and certain other territories. Finally, the Marianas Government is expected to receive substantial income from its administration of public lands, including lands made available to the United States for military purposes.

CONCLUSION

Although no firm date has been set, the representatives of the Marianas and the United States anticipate that the next session of the negotiations will be scheduled for the early fall of 1974. As reflected in this Report, some important issues remain to be resolved. These include such matters as the price the United States will pay for the land which will be made available to it for military purposes, the terms of payment and the method of acquisition of that land, several issues relating to the applicability of United States laws, and the precise wording of the status agreement. The parties have established joint committees to work on these matters during the recess. The progress made since the start of these negotiations provides a firm basis for optimism that the remaining questions can be resolved satisfactorily through good faith negotiations before the end of this year.

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June, 1974

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