



OFFICE OF MICRONESIAN STATUS NEGOTIATIONS

Washington, D.C. 20240

January 14, 1974

*Capt. Scott*

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To: Mr. J.M. Wilson, Jr., U.S. Deputy Representative for Micronesian Status Negotiations

From: Adrian de Graffenried, Legal Advisor

Subj: Outstanding Legal Issues for MSC/JCFS Talks

At the close of the third round of talks with the MSC, the following legal issues were referred to the joint working group of lawyers for further discussions:

1. A review of the U.S. draft covenant provisions
  - a. drafting provisions of the "Covenant"
  - b. identifying those provisions which would be subject only to mutual consent
2. Identifying the rights of nationals and aliens in the Marianas and a review of subsection (d) of the Marianas citizenship proposal relating to providing a citizenship option to close "relatives" of those people holding the right to become U.S. citizens under the Covenant.
3. Closer review of the general formula for interim applicability of existing federal laws.
4. Whether the Commonwealth would be treated as a U.S. "possession" for purposes of existing federal internal revenue laws.
5. An examination of alternative internal tax laws, including progressive income taxes, to be adopted by the Commonwealth.
6. An examination of U.S. import duties on goods from the Marianas especially as relates to the 50% value requirement under existing federal law and to determine whether a higher value exclusion for the Marianas would be warranted.
7. Eminent Domain powers of the U.S. in the Mariana Islands.

At the close of the seventh round of talks with the JCFS, the following legal issues were outstanding:

03-035886

1. Survivability of U.S. rights in Micronesia
2. The remaining Titles of the Compact of Free Association
  - a. Trade and Commerce
  - b. Citizenship and Nationality
  - c. Immigration
  - d. Representation
  - e. Disputes Settlements
  - f. Effective Date and Ratification Procedures