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Article VI, p. 4

[MPSC: (c) The Government of the Northern Mariana Islands will have the exclusive authority to impose duties on exports from its territory.]

[(c)] [US: To the extent such treatment would be consistent with the international obligations of the United States,] [I]mports from the Northern Mariana Islands into the customs territory of the United States will be subject to the same treatment as imports from Guam into the customs territory of the United States. The United States will, if necessary [US: in order to extend such treatment, endeavor to] [MPSC: to implement this Subsection,] obtain appropriate waivers or modifications of its international obligations.

[(d)] The United States will seek to obtain from foreign countries favorable treatment for exports from the Northern Mariana Islands, as will encourage other countries to consider the Northern Mariana Islands a developing territory.

Section 604. (a) The United States may levy excise taxes on goods manufactured, sold or used or services rendered in the Northern Mariana Islands in the same manner and to the same extent as such taxes are applicable within the several States.]

(b) The Northern Mariana Islands will have the authority to impose excise taxes upon goods manufactured, sold or used or services rendered within its territory

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Section 103. Right to local self-government.

"The people of the Commonwealth will have the right to govern themselves with respect to local affairs in accordance with a Constitution of their own adoption."

MPSC would include reference to fact the Marianas "retain" the right of local self-government, in obvious reference to such rights listed in the UN Trusteeship Agreement; they note that the Marianas is now entitled to local self-government and that specific reference is mere recognition of this situation.

U.S. prefers to narrowly state that the people of the commonwealth have the "right to govern themselves with respect to local affairs..." because the MPSC approach raises the issue of residual rights of sovereignty vesting with the Mariana Islands notwithstanding that the Marianas will be under U.S. sovereignty.

Section 105. Agreement not to exercise U.S. legislative authority to modify certain fundamental provisions of the agreement except by mutual consent.

"The United States may enact, in accordance with its constitutional processes, legislation effective within the Northern Marianas, being guided by its traditional respect for local self-government; but the fundamental provisions of this Agreement, listed as follows, may be modified only with the consent of the Government of the United States and the Government of the Commonwealth: [list]"

MPSC would have a broader approach so as to envision that (1) the U.S. may have limited its legislative authority in other provisions and (2) the provisions of the agreement subject to the mutual consent provisions are much more extensive.

U.S. prefers to have a narrow limitation on the provisions subject to mutual consent under this section so as to maintain broad powers of the U.S. Congress; the U.S. suggests the following be subject to mutual consent:

- "(a) The basic Commonwealth relationship between the United States and the Northern Mariana Islands established in Article I of the Agreement.
- (b) The right of the people of the Marianas to adopt and amend their own Constitution under Article II.
- (c) The conditions under which citizens of the Marianas may become United States citizens or nationals under Article III.
- (d) The application to the Northern Mariana Islands of specified provisions of the United States Constitution under Article V, Section 501.
- (e) The procedures to be followed in the exercise of federal powers of eminent domain under Article VIII, Section 804."

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Section 106. Legislation applicable in the Commonwealth.

"[Legislation which the United States could not make applicable within a State of the Union may be made applicable within the Commonwealth only if such legislation specifically provides that it will be applicable within the Commonwealth and if, taking into account the right of local self-government of the people of the Commonwealth, there is a compelling national interest in the application of such legislation within the Commonwealth.]"

MPSC proposes that legislation effective generally to all the states be applicable in the Marianas and that legislation applied only generally to the territories be extended only if the Marianas is specifically mentioned and there is a compelling national interest. The MPSC notes that this is, with the exception of the requirement for a compelling national interest, the approach taken for Puerto Rico and is necessary to preserve local self-government.

U.S. objects to this approach, Puerto Rico notwithstanding, as it seems to abrogate the Article IV, 3, 2 powers of the U.S. Congress to legislate for the Marianas beyond the provisions in Section 105.

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