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STATUS OF OUR UNDERSTANDINGS REGARDING THE DRAFT COVENANT

- As we understand the situation following the latest meeting of the drafting committee provisions agreement has been reached on most of the draft Covenant.
- A newly typed version is now coming off the typewriter and should be ready for distribution tomorrow
- We have reached agreement subject only to minor drafting adjustments on the first five articles of the Covenant.
 - A minor adjustment in wording is still necessary in Section 105.
 - The question of whether or not Section 806 on eminent domain is to be made subject to the mutual consent provision of Section 105 is still outstanding.
 - The U.S., as I have indicated earlier, can accept only on a tentative basis still the idea in Section 105 of specifically naming the Marianas in legislation not generally applicable to the states and the provision for Presidential approval of the new Marianas Constitution in Section 202, since these are subject to further consultation with the U.S. Congress. These all will have to be shown as being subject to U.S. reservation in the draft of the Covenant resulting from Marianas V.
 - We have still and outstanding technical problem on Section 501 resulting from your side's insistence on double assurance regarding the remote possibility that action might overthrow disproportionate representation and restraints on land alienation.
 - We still have technical problems with Section 506 and a substantive problem resulting from your insistence that the U.S. Congress not modify its treatment of persons other than immediate relatives under the Immigration and

Nationality Act without your consent or your being consulted.

- Article VI on taxes still remains subject principally to your counsel's "reservations" as we understand it.
 - Sections 601 and 602 may be subject to minor adjustments if the Commission accepts the basic idea of adopting the Guam system regarding the federal income tax.
 - We also have some difference still on whether the Northern Mariana Islands should start out -with the same federal excise taxes as Guam.
- Article VII is agreed but we must still reserve on Section 703(a) regarding the legality of using grant funds for your part of revenue sharing.
- Article VIII on land still presents problems.
 - Section 801 is agreed.
 - Sections 802 and 803 await settlement of the military land issues.
 - We have adjustments still to make in Section 804 regarding civilian land requirements.
 - We have minor adjustements to consider in Sections 806(a) and (b) and the split remains on 806(c) regarding eminent domain.
- Finally, in Article IX we remain split on Section 901(a) regarding a non-voting delegate in the U.S. Congress.
- In addition, we must still compelte our work on the negotiating history or explanatory notes.
- Then we must, of course, complete the separate technical agreement on land.

 A new draft will be ready for distribution tomorrow which incorporates most of the MPSC counsel's suggestions. I trust that we can reach tentative agreement on this during this round of talks.