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FM SECSTATE WASHINGTON DC
TO HICONTIFACIS SAIPAN MARIANAS ISLANDS
BT
UNCLAS STATE 114059
E.O. 11652: NA
TAGS: PFOR, TO
SUBJECT: GUAM BUSINESSMEN

PASS STATUS LNO FROM OMSN

FOLLOWING IS EXCERPT FROM RECENT NEWSLETTER OF FOREMOST INTERNATIONAL.

BEGIN TEXT. BUSINESSMEN ON GUAM ARE BEGINNING TO KICK UP THE SAND OVER THE PROPOSAL TO MAKE THE NORTHERN MARIANA ISLANDS A COMMONWEALTH OF THE UNITED STATES.

IT ISN'T THAT THEY OPPOSE THE IDEA OF THIS FIRST U.S. TERRITORIAL ACQUISITION SINCE 1898. RATHER THEY DISAGREE WITH SOME OF THE TERMS OF THE COVENANT GOVERNING THE COMMONWEALTH AGREEMENT.

WITH THE U.S. MILITARY TO INVEST SEVERAL HUNDRED MILLIONS OF DOLLARS IN NEW BASE FACILITIES ON ONE OF THE NORTHERN MARIANA ISLANDS-TINIAN, (SEE TAL 474) (SMB DOES NOT HAVE THIS ARTICLE EITHER) THE BUSINESSMEN ON GUAM ARE WATCHING THE SITUATION CAREFULLY.

SPECIFICALLY, THEY ARE CONCERNED ABOUT THREE PROVISIONS IN THE MARIANAS COVENANT THAT WOULD SERIOUSLY AFFECT THE ABILITY OF GUAMANIAN AND OTHER AMERICAN BUSINESSMEN TO DO

BUSINESS IN THE MARIANAS.

THOSE PROVISIONS ARE:

1. RESTRICTION OF LAND OWNERSHIP (UNDERLINED) TO NATIVE BORN PEOPLE OF THE ISLAND.

- THE GUAMANIAN'S ARGUE (UNDERLINED) THAT SINCE THE PEOPLE OF THE MARIANAS WILL BECOME U.S. CITIZENS, LAND OWNERSHIP SHOULD BE OPEN TO ALL AMERICANS.

2. RESTRICTION OF ALL OUTSIDE INVESTMENT (UNDERLINED) BY NON-LOCAL U.S. OR FOREIGN COMPANIES, SUBJECT TO APPROVAL OF A LOCAL "FOREIGN INVESTMENT BOARD".

- THE COMPLAINT HERE (UNDERLINED) IS THAT AMERICAN FIRMS WOULD BE TREATED LIKE FOREIGN FIRMS WITH RESPECT TO INVESTING IN AMERICAN TERRITORY.

3. EXEMPTION OF THE NEW COMMONWEALTH FROM STANDARD U.S. MINIMUM WAGE LAW (UNDERLINED).

- GUAM IS SUBJECT TO THE WAGE LAWS AND FEELS THAT EXEMPTION OF THE MARIANAS WOULD GIVE THEM AN UNFAIR LABOR ADVANTAGE. THIS ISSUE IS BECOMING EXTREMELY HEATED SINCE THE PEOPLE OF THE MARIANAS ARE SCHEDULED TO VOTE IN JUNE ON WHETHER TO ACCEPT THE COMMONWEALTH STATUS. AS THE SITUATION NOW STANDS THEY WILL APPROVE THE COVENANT.

- THE MATTER THEN GOES TO THE U.S. CONGRESS FOR FINAL APPROVAL.

- A LOT OF POLITICAL AND MILITARY CONSIDERATIONS ARE TIED UP IN THE ISSUE, WHICH IS ONE REASON THAT THE U.S. AUTHORITIES HAVE BEEN PLAYING THE QUESTION VERY LOW-KEY.

- BUT A NUMBER OF PEOPLE ON GUAM WANT TO GET THE ISSUE OUT IN THE OPEN AND YOU CAN LOOK FOR THE QUESTION OF COMMONWEALTH STATUS FOR THE MARIANAS TO SURFACE MUCH MORE IN THE WEEKS JUST AHEAD. END TEXT.

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