

09

UNITED STATES MISSION  
TO THE UNITED NATIONS

FOR RELEASE ON DELIVERY  
CHECK TEXT AGAINST DELIVERY

Press Release USUN-49(75)  
May 27, 1975

Statement by High Commissioner Edward E. Johnston, to the  
Trusteeship Council, on the Trust Territory of the Pacific Islands,  
May 27, 1975.

-----

It is once again a most sincere pleasure for me to report to the distinguished members of the Trusteeship Council on the administration of the Trust Territory of the Pacific Islands. And, along with the members of the Congress of Micronesia who are serving as special advisors, I look forward to discussing matters of mutual concern with you during the Council session.

To supplement our official report for fiscal year 1974, I would like to cover the events of importance which have occurred in Micronesia during the past several months.

First, a very high priority project is the \$145 million capital improvement program which is proposed to put a basic infrastructure in place during Micronesia's transitional period, from the present fiscal year through fiscal year 1980, the planning for which was mentioned in my presentation to last year's Council session.

The preliminary cost estimates for this program were worked out in conjunction with Trust Territory planners, based on presentations made in a series of submissions and hearings in the Trust Territory last year involving district and headquarters officials, members of the Joint Committee on Future Status of the Congress of Micronesia, and Department of the Interior officials. The resulting policy decision was then presented to the Congress of Micronesia in the form of a six-year program of \$145 million, expressed in 1975 dollars.

14453

This compares with \$106.5 million appropriated for capital improvements over the previous six years; years when capital improvement projects of considerable magnitude were undertaken in the Trust Territory. This is a significant increase, especially when one considers that we have built in an inflation factor through the use of "constant dollars" to express future program levels. These "constant dollars" will be adjusted to current dollars each year by the use of a formula based on the United States Gross National Product Implicit Price Deflator.

The proposal is "front-end loaded", i.e., funding will be sharply increased through fiscal year 1978 and then tapered off to a more sustainable level during the post-trusteeship period. This would relieve the future Government of Micronesia of the burden of budgeting a large percentage of its fiscal resources for capital improvement projects.

The six-year infrastructure development program, added to construction already funded in prior years, will provide for each of the six districts the following improvements:

1. a paved, lighted airport of sufficient length for safe all-weather operation by jet aircraft;
2. an improved dock and harbor facility;
3. the start of an all-weather road system;
4. classrooms for virtually all students who wish to pursue an education through the twelfth grade;
5. an improved district center hospital and dispensaries in all major outer island groups;
6. a central water system for district centers adequate to meet projected demand through 1980;
7. a central waste-water collection and treatment system for for the district centers, except for the island of Kusaie;
8. expanded power-generating capacity and distribution systems in district centers;
9. some amenities to outer islands, such as small generators to electrify schools and dispensaries; and
10. docks to allow the people to more fully participate in the cash economy through the production of copra and the marketing of fish and other marine resources.

In addition, it will provide for the Trust Territory a fleet of modern, specially-designed inter-island ships to provide fast, frequent and reliable water transportation among the inhabited islands of Micronesia.

You may recall that I reported to the 41st Session of the Council the successful launching of the M.V. Micronesia Princess. This specially designed inter-island ship is now in successful operation on trial "field trips" runs in each district, and we are still hopeful we may order one or two sister-ships (with some modifications based on experience to date) within the next few months.

14454

Meanwhile, water transportation into the Trust Territory from areas of the world has improved quite significantly since competitive shipping schedules replaced the former Transpac lines monopoly.

As for air transportation, Continental Air Micronesia continues to provide excellent service among the district centers with a frequency of service never before enjoyed by the citizens of the Trust Territory.

In the Yap District, the Rev. Kalau is now operating a small, but highly efficient, plane on a regular basis between Yap Island and Ulithi and a new seaplane will shortly be in service in the Marshalls.

However, we are faced with one very serious transportation problem in the total lack of military-operated water-landing planes, which have for many years been so vital to our medical air evacuation program. This problem is currently being discussed by Interior Department officials with the United States Navy and the United States Coast Guard and we are hoping for an early solution.

I would like to mention at this time certain specific capital improvement projects which have been completed recently, or are now under construction.

On May 8, I had the pleasure of attending the ground-breaking ceremony for the Koror-Babelthaup Bridge in Palau. This bridge is being constructed by the Guam-based Korean firm of Socio Construction Company, Inc., at a cost of \$5,200,000. Completion is scheduled for June 1977. However, we were assured at the ceremonies that the contractor plans to complete this work by March, 1977.

The construction of the Ponape Hospital is approximately 15% completed. The hospital will have a 115-bed capacity, and completion is scheduled for August, 1976, at a total cost of \$4.8 million.

Jaluit High School, phases I and II, is 85% complete. Phase III is 16% complete and has a completion date of May, 1976. The contractor on this specific project is doing an excellent job, despite the fact that the island does not have a dock for offloading construction materials and equipment.

The Yap Hospital, a long-needed 47-bed facility, has been designed, and bids will be received this June with construction to begin soon thereafter.

The Majuro Air Terminal was completed recently, as well as a number of water and sewer projects in Palau and Truk. The new Saipan International Airport, which will include a terminal complex consisting of an arrivals building, a departures building, and a shopping and waiting complex, is scheduled for dedication in August of this year. The airport will be large enough to eventually accommodate the largest of the commercial jet planes and will be equipped with Federal Aviation Administration approved fire rescue facilities and equipment.

The Truk airfield environmental impact study is nearing completion. The Yap airfield is in the master planning stage. The Kusaie airport preliminary engineering studies, site inspections and investigations have been accomplished. Preliminary negotiations have been made for similar projects in Palau, as well as for the development of an overall airports system plan for the Trust Territory, in close cooperation with the Federal Aviation Administration.

The Congress of Micronesia passed legislation during its most recent session providing for the preparation of a long-range comprehensive and balanced development plan for the Trust Territory. In the past, planning in Micronesia has been undertaken on an island-by-island basis. Although the plans have considered the economic aspects of comprehensive planning, the emphasis primarily has been directed towards physical planning.

This new Act will place the major responsibility for planning in the hands of the Congress of Micronesia and the emphasis, every step of the way, will be on Micronesian participation in its formulation. The Territorial Planner, on the staff of the High Commissioner, has been named as the coordinator for the Executive Branch.

The comprehensive development plan will involve every concerned agency of government, beginning at the district level. Each district legislature will review the portion of the plan relevant to its district, and may either approve or disapprove it.

Much work on the plan has already been accomplished, including a Territory-wide conference of district planners in order to define the scope of the plan. The Territorial Planner, accompanied by a representative of the Congress of Micronesia, travelled to Bangkok recently to enlist the aid of the Economic and Social Commission for Asia and the Pacific (ESCAP) and the Asian Development Institute. The entire plan should be completed and ready for final approval by June 30, 1976.

A major priority of the Trust Territory of the Pacific Islands has long been the installation of a new financial management system. It was designed several years ago by a reputable certified public accounting firm and is now being implemented in cooperation with the Government Comptroller for Guam, and the Department of the Interior. This plan will provide the Trust Territory Government with a record and accounting system (which takes into consideration conditions in Micronesia) sufficient to insure accountability by all officials and employees of the Trust Territory of the Pacific Islands and which can be used by the Micronesian people to insure accountability in their government upon termination of the Trusteeship Agreement.

14456

The system will be data-processing oriented. All ledgers, inventories, assets, payrolls, tax accounts, etc., will be programmed for input into the system. One advantage is that it will allow for direct input to the data processing equipment by transmission from the various districts. This daily flow of information will permit us to tally very quickly exactly where we are in every area of accounting and to be able to produce readily facts, figures and records for any audit required by law. Two systems consultants from the Office of Management Consulting of the Department of the Interior are on Saipan finalizing the design of the system, and assisting in its initial implementation.

In other program areas, significant progress also has been made. In education, for example, we have continued the increased emphasis on vocational education in secondary schools. Virtually all the high schools of the Trust Territory presently are offering vocational education courses in construction mechanics, agriculture and home economics. Two high schools -- Outer Islands (at Ulithi in Yap District) and Truk -- offer courses in fishing. By means of an impressive and enthusiastically received program, Palau High School has revived the forgotten art of manufacturing ceramics, a once widely utilized skill among the Palauan people.

The Micronesian Occupational Center in Palau, our post-secondary vocational education school, now offers training of up to two years in 19 specific vocational areas. These areas are: agriculture, air conditioning and refrigeration, appliance repair, business, clothing, construction and design, construction carpentry, construction electricity, cookery, dental nursing, heavy equipment and diesel mechanics, mari-culture, masonry, multi-media, plumbing, small engine repair, welding and hotel and restaurant services.

In higher education, a master plan has been completed this year for a new campus for the Community College of Micronesia at Palikir on Ponape. This will be an \$8 million project. The Trust Territory Nursing School on Saipan was recently transferred administratively to the Community College of Micronesia and nine students graduated in March of this year. Currently, there are 38 students enrolled in the Nursing School, representing all districts of the Trust Territory.

In the health field, progress has been made, as well. There are now 83 members of the Trust Territory dental staff -- 24 dentists, 28 dental nurses and 31 auxiliary dental personnel. Each year the School of Dental Nursing at the Micronesian Occupational Center graduates six dental nurses. World Health Organization fellowships enabled three dentists and two dental nurses to obtain further training during the year.

The MEDEX program, which we described at the 41st Council session, has now trained 44 Micronesians to assist our doctors in the field, and a final 12 are undergoing training at Truk Hospital. When these 12 have been graduated and assigned to duty, the program will have produced the maximum number of MEDEXES that can be effectively utilized, and will be at least temporarily phased out.

14457

-more-

By the end of 1974, all but one of the six districts achieved the objective of immunizing 85% of the susceptible population, namely, children under seven years of age, against measles, pertussis, diphtheria, tetanus, and polio.

Environmental health has not been neglected. Two primary wastewater treatment plants on Saipan and a secondary treatment plant in Moen are in operation. Treatment facilities in Koror, Ponape, Yap and Ebeye are in various stages of construction. A comprehensive six-district water supply survey was completed to define the quality of domestic water supply. The Environmental Protection Board and the Environmental Health Division continue to develop public information material, such as an Environmental Health movie entitled "Endangered Paradise," which we have brought with us, should there be an opportunity to view it.

With regard to fishing, a recent survey indicated that approximately seven million pounds of fish are caught annually in the Trust Territory, excluding the Van Camp commercial efforts. The Van Camp catches for 1974 exceed 15,650,000 pounds. These statistics reflect rather clearly the two distinct fishing efforts -- the offshore skipjack tuna resource for export and the inshore "reef fishing" for the needs of the local people.

A 100-ton fisheries refrigeration plant for the Marshall Islands was started this year and will soon be in operation. Funds have been provided for small 25-ton refrigeration facilities for the outer islands of Yap and Truk, which are under construction. A 60-ton ferro-cement outer islands fishing vessel is now being constructed in the Solomon Islands to assist Yap District in developing its fishing potential. Arrival in Yap is scheduled for late this summer. Under the United States-Japan War Claims Agreement, \$1.3 million has been obligated to construct seven fiberglass, reinforced plastic, 23-ton skipjack vessels. The first vessel is scheduled to arrive in the Trust Territory sometime in October.

The Micronesian Mariculture Demonstration Center has been in operation for almost two years. In this time, as was reported to you last year, a technique has been developed for spawning and raising a tropical food fish, the "rabbit fish," under completely controlled conditions -- a feat never before accomplished. Additional programs for both research and commercial purposes, involve the milkfish, saltwater shrimp, freshwater shrimp, oysters, turtles, and giant clams. A contract for \$625,000 was awarded recently to the Japanese firm Nanyo Boeki Kaisha Ltd. to upgrade the facilities, research and production capabilities. Construction is scheduled to begin in September of this year, with a completion time of six months. We envision that the Palau Mariculture Center will become the focal point for mariculture activities in the Pacific, where experts from around the world may come to conduct production-oriented research aimed at developing not only Micronesia's mariculture industry, but also assisting the entire Pacific area.

144:50

Agriculture has not been neglected. The past year was a remarkable year for the copra producers as they enjoyed a premium of \$425 per ton for a short time. This was the highest price ever paid, but as of May 1, the price slipped to \$200 per ton to the producer. Copra production increased slightly from 12.4 tons in fiscal year 1974 to an estimated 12.7 tons in 1975.

The program for increasing food production for import substitution has received the highest priority. Farmer training programs in several districts have resulted in an increase of vegetable, fruit, and staple food crops sold through the district center farmers' markets and for home consumption. Five of the districts have chill units to retain food crops in good condition for sale to the consumer and to prevent losses due to spoilage.

Sales of food crops through the district centers markets have increased slightly over the previous year and the value of sales has increased by 10%. Export of vegetables and beef to Guam from the Mariana Islands District increased by 15% over the previous year. A rice specialist has been employed to provide expertise in a rice project at Ponape, for which thirty acres of land have been cleared and are ready for planting. Drainage ditches are being installed to prepare another 100 acres for planting in the near future.

Statistics on Micronesia's Cooperative and Credit Union activities are encouraging. Gross sales for cooperatives in 1974 jumped to \$10 million, from \$7 million in 1973. Membership in some 63 cooperatives remained stable, near 12,500 but total net earnings increased 68% to \$780,934. Some 43 credit unions, with about 11,600 members, have a total savings of \$4 million, an average savings of \$338 per member throughout the Trust Territory. These credit unions granted more than \$5 million in new loans in 1974, with an average loan of \$817. Trust Territory credit unions have loaned over \$22 million during the past nine years.

The Community Development Program has also been active. Construction has been completed on the largest outer island dispensary, a ten-bed hospital in Wotje, Marshall Islands District. Forty water catchments have been built in the outer islands of Truk. Ten rural water systems have been completed in Palau and Yap outer Islands.

The Territorial Housing Commission continued to assist the six District Housing Authorities with territorial grant funds for local housing loans and with administrative and technical services. As of January, 1975, more than \$1.5 million have been distributed. These funds, along with local resources, have resulted in the awarding of 496 loans to construct or renovate 444 homes.

-more-

14459

Tourism remains a bright spot in our economic picture, despite the fact that the number of tourists entering the Trust Territory showed a declining trend for part of 1974. Generally, entries were lower during the summer months than in the previous year, but during the autumn and winter periods monthly visitor entries were from 8% to 24% higher than the previous year. For the first nine months of this reporting year, visitor entries to the Trust Territory were 10% above same period of 1974. It is estimated that close to 70,000 visitors will be recorded during the year, as compared with some 61,000 during the previous year. The "invisible export" from tourism should exceed the \$5 million mark. As of January 1, 1975, there were 845 hotel rooms, 359 of them on the island of Saipan. By the end of this calendar year, hotel capacity in the Trust Territory will exceed 1,100 rooms.

As I reported last year, then Secretary of the Interior, Rogers C. B. Morton, announced a major change in Trust Territory economic policy by lifting the ban on foreign investments in our area, effective April 1, 1974. Since that time, the Trust Territory, as we predicted last year, has proceeded with great caution in implementing the new policy.

To date, five business permits have been issued to other than Micronesian or United States owned businesses. Three of these permits involved Japanese firms, one a tourism-related operation in the Marianas, one concerning farm development, and another involving a hotel in Rota. The other two permits have been issued to a Korean-Micronesian partnership and a British marine surveyor.

With respect to the return of public lands, an extremely important issue in Micronesia, a Secretarial Order was issued on December 26, 1974 which authorized the immediate return of public lands to district control when certain requirements are met by enactment of district legislation. One district, the Marianas, has enacted enabling legislation to establish a legal entity to receive and administer the Marianas public land. The other districts, Ponape and Palau, have drafted legislation to meet the requirements of the Secretarial Order, and Palau's has now been passed and submitted to the District Administrator for approval. Two other districts are expected to give early consideration to similar legislation.

Last year I reported that a law had been signed creating the Micronesian Development Bank. This public corporate body is wholly owned by the Government of the Trust Territory. It has a ten-member Board of Directors, which has selected a president of the bank. The president, accompanied by representatives of the Congress of Micronesia, at the invitation of the Board of Governors of the Asian Development Bank, attended their eighth annual meeting as an observer. Legislation is pending before the United States Congress which will enable the United States to sponsor the Micronesian Development Bank's membership in the Asian Development Bank.

14460



The Trust Territory's international involvement does not end there. It became eligible to participate in the United Nations Development Programme in June 1974, and has already benefited from a number of UNDP projects.

Arrangements are being made to secure the services of the UNDP General Advisor on Housing Policies and Programmes for a short period to consult on housing matters. Two Trust Territory participants attended a Marketing Seminar for Coconut Products held under UNDP auspices in Manila. Another participant attended the Remote Sensing Technology Seminar in Bangkok, a project jointly funded by ESCAP and UNDP, and a fourth attended the International Computer Education Centre in Budapest, where he received extremely valuable training in Data Processing Programming.

Mr. Hans Martin Schmid, Regional Representative for the UNDP in Manila, accompanied by Mr. Robert J. Trusk, Senior Economic Affairs Officer of the United Nations Centre for Development Planning, recently visited the Trust Territory, to discuss ways in which the UNDP could assist Micronesia in the future.

It is anticipated that we will receive UNDP assistance in strengthening our statistical services activities, in preparing our comprehensive development plan, and in organizing the future investment program of the Micronesian Development Bank.

The Education for Self-government Program (ESG) has been extremely busy as a result of the forthcoming plebiscite in the Marianas, a Trust Territory-wide political status referendum, and the Constitutional Convention.

ESG activities have included the production of printed materials which are being integrated into the social studies programs of the high schools. A curriculum development workshop was held in Palau for adult basic education and similar meetings are scheduled for the other districts. A film strip sound project on the future Micronesian Constitution has been produced. Two regular radio programs - "Dialogue for Micronesia" and "Report to the People" are being broadcast throughout the districts. District task forces have developed local programs and have been carrying them to the communities, including the outer islands.

The first regular session of the Sixth Congress of Micronesia early this year passed legislation calling for a general referendum on the future status of Micronesia. The measure was signed into law by the High Commissioner and a proclamation issued setting the date of the referendum as July 8, 1975.

The Congressionally designed ballot has three major sections. The first asks the Micronesian people their personal preference as to future status including such choices as independence, commonwealth, free association, statehood, or the present status. The second seeks an opinion on the concept of Micronesian unity. The third requests an opinion on the role of the Congress of Micronesia as the negotiating agency for the citizens of Micronesia on the question of future status.

The results of the general referendum will not be binding but will provide some general guidelines for the Joint Committee on Future Status and for the Constitutional Convention.

The Constitutional Convention is progressing quite well and on schedule. This historic convention - Micronesia's first - will convene on July 12, this year, on Saipan. The Pre-convention committee has hired the necessary staff for the Convention, including experts in several specific fields, recruited from outside the Trust Territory. The Committee has toured all the districts of Micronesia explaining the Convention and involving the districts in the planning. The Credentials Committee met recently to review the credentials of all the elected and appointed delegates. All credentials submitted to the Committee were found to be in order so the Convention should be able to convene on schedule. A constitutional workshop is underway and should prove useful to conducting an orderly Convention.

A program of great interest to the members of this council, the past few years has been the continuing effort of the Trust Territory administration to develop leadership capabilities through training of Micronesians, and by placing them in key positions in the executive branch of the government.

There are 22 training projects underway, including one in which 895 Micronesian citizens are enrolled under the United States Comprehensive Employment and Training Act. Management development has been a major priority and our executive development program is being reinforced with a new committee aimed at upgrading the present Micronesian staff employees and accelerating the Micronization program. I am happy to report that the program is continuing at a high level of achievement.

In the Executive Branch of the Trust Territory Government, there are eight major operating departments. Five of these are now headed by Micronesians and a sixth will have a Micronesian Director in the very near future.

Of the five deputy directorships currently filled (there are three vacancies) four are Micronesians. And, as we have pointed out previously to the Council, all District Administrators are Micronesians, with only one non-Micronesian Deputy District Administrator.

14462

Mr. Juan Sablan who was with us at last year's Council session, was recently appointed to the key position of Executive Officer of the Trust Territory Government. His successor as District Administrator of Truk, Mr. Mitaro Danis, is with us at this year's session.

The training of Micronesian citizens toward placing them in virtually every key position of their government will continue as a top priority program.

In all categories of employment, in a period of one year (May 1974 to May 1975) the number of Trust Territory citizen employees has risen by 12.5% and the total number of expatriate employees has declined by 18.8%, again illustrating the trend to replace non-Micronesians with Micronesians as rapidly as possible.

The Micronesian War Claims Commission has now adjudicated 6,598 of the 10,788 claims filed before the October 1974 deadline. These claims represent \$13.4 million in Title I claims and \$5.1 million in Title II, or "post-secure" claims.

Out of that amount we have paid a total of \$363,274 to 1,887 claimants under Title I. The difference between adjudicating figures and actual payment is based on several factors. The first is that there are some legal requirements, such as a signed release from the claimant, that must be met before payment can be made. And secondly, only partial payments are being made until it is finally determined what the total amount of awards will be. Payments are presently being made in full up to \$1000 for claims based on death. Payments based on claims other than death are currently being paid at the rate of 16% of the amount awarded. The final percentage will undoubtedly be considerably higher but it cannot be determined at this time.

An interesting feature of the Ex-Gratia Claims agreement between the Government of the United States and the Government of Japan on behalf of the people of the Trust Territory is the procurement procedure for one billion, 800 million yen in materials, supplies, equipment and services. Under this procedure, which must be concluded by October 1976, the yen has been placed on deposit in a Japanese bank. These funds are then expended in a system which prevents a drain on the foreign reserves of Japan, provides the Trust Territory of the Pacific Islands with desired goods and services for its developmental programs and allows the actual claims to be paid in dollars.

It works roughly as follows: Trust Territory of the Pacific Islands funds are earmarked for various projects for the acquisition of tuna boats, school buses, to mariculture and rice research projects. Instead of purchasing these items or contracting for these services directly, we deal with Japanese firms through bids submitted by various trading companies.

14463

The trading company awarded the contract is paid in yen from the Japanese account and the TTPI deposits a dollar equivalency with the Micronesian War Claims account. The goods and services arrive in Micronesia to carry out our programs.

As of this date, procurement has been completed or committed on goods and services amounting to \$2,908,032.

The cycle doesn't necessarily end with the receipt of the equipment, however. The tuna boats, for example, will be leased to Micronesian individuals and to fishing cooperatives. The receipts from these leases will go into a revolving fund from which additional tuna boats can be purchased. We believe this total system is now working quite satisfactorily, despite the various delays in its implementation prior to late 1974.

The period between the 41st and the 42nd Sessions of the Trusteeship Council has truly been a most significant year in Micronesia's development. I have attempted as briefly as possible to discuss the highlights of this period.

Along with my staff and our two distinguished special advisors, Senator Kendall and Representative Setik, I look forward to answering whatever questions the members of the Council may pose to us and to receiving your usual helpful advice and comments.

\*\*\*\*\*

14464