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November 13, 1975

Senator John Sparkman
Chairman
Senate Committee on Foreign Relations
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

We are writing to report on the status of the discussions between representatives of the Congress of Micronesia and representatives of the Mariana Islands concerning the issues raised by the administrative separation of the Marianas from the remainder of Micronesia following congressional approval of the Covenant.

Representatives of the Marianas and of the Congress of Micronesia have been meeting in Washington during the last few weeks to discuss issues raised by the proposed separation of the Marianas from Micronesia. A great deal of progress has been made during these discussions, and both parties are hopeful that the problems that remain to be discussed will be resolved to the satisfaction of all concerned. Once we have reached agreement on the various issues we have been discussing, we will submit recommendations to the Secretary of Interior, who

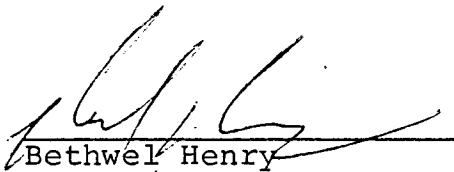
has the authority to issue the necessary orders to effect separate administration of the Marianas in a manner which protects the interests of all of the peoples of Micronesia.

We have discussed and have reached agreements in principle concerning the mechanics of dividing the Trust Territory Social Security Retirement Fund, the effect of separate administration on programs funded by the Congress of Micronesia and by the United States Congress in the Marianas, diplomatic immunity, the levying of import and export taxes, the division of the economic development loan fund, the question of the applicability of laws, and the status of real property owned by the Trust Territory Government in the Marianas. Both parties support the request of the Congress of Micronesia representatives for U.S. funding of a new Micronesian capital outside the Marianas.

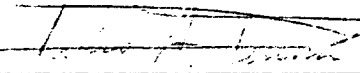
The principal matter with respect to which further discussions will be taking place is the respective authority of the Government of the Trust Territory and the Government of the Marianas with respect to taxation of Trust Territory Government employees and import and export taxes. The positions of both parties have been stated, and we are hopeful that further discussions will result in a resolution of this issue.

The representatives of the Marianas urge the Senate Foreign Relations Committee to vote promptly and favorably on the Marianas Covenant, and the representatives of the Congress of Micronesia interpose no objection to such action. Neither party believes that the few remaining issues that we are discussing pose any problem that would warrant delay of Congressional action on the Covenant. We fully expect that our recommendations will reach the Secretary of Interior very soon and we undertake to urge our respective principals to take whatever action is required to implement the recommendations which we have agreed upon here in Washington.

Sincerely,



Bethwel Henry
Speaker, House of
Representatives
Congress of Micronesia



Pedro A. Tenorio
Senator from the
Marianas District
Congress of Micronesia

cc: Members of the Senate
Foreign Relations Committee