

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
Office of the Secretary  
Washington 25, D. C.

June 1, 1950

My dear Mr. President:

There is submitted herewith for your approval a plan for providing sea and air transportation services, other than naval, in the Trust Territory of the Pacific Islands after transfer of administrative responsibility for the Trust Territory from the Navy Department to the Department of the Interior scheduled to take place on July 1, 1951. This plan has been prepared by the Departments of the Interior and the Navy, in consultation with the Coast Guard, the Maritime Commission, the Post Office Department, and the Civil Aeronautics Administration. It is submitted to you for approval pursuant to article 10 of the memorandum of understanding between the two Departments which you approved on September 23, 1949.

The plan is based on a report prepared by representatives of Federal and private agencies who recently made a survey for the Interior and Navy Departments on the means of establishing sea and air transportation in the Trust Territory under civilian administration. Two copies of this report are also submitted herewith.

It is believed that the establishment of civilian transportation services along the lines recommended in the plan is practicable and will fulfill the essential transportation requirements of both the local inhabitants of the Trust Territory and the Trust Territory government. It is recommended, therefore, that you approve the enclosed plan for appropriate implementation by the Federal agencies concerned. I have been advised that the Navy Department concurs in this recommendation.

Sincerely yours,

/s/ Oscar L. Chapman  
Secretary of the Interior

The President  
The White House

Enclosure

Recommended Plan for Establishment  
of Civilian Transportation Services for the  
Trust Territory of the Pacific Islands

Civilian sea and air transportation services to satisfy government and commercial requirements in the Trust Territory under civilian administration should be established in the following manner:

1. Transportation To and From the Area: Commercial air and sea transportation facilities will be used where available. Where such commercial facilities are not available, the Trust Territory government should be permitted to use the Military Sea Transportation Service and the Military Air Transportation Service for movement of cargo and passengers over established scheduled routes on a reimbursable basis and insofar as space is available in excess of the requirements of the Armed Forces. The permission to use MSTS and MATS on a space available basis is not to be considered as implying any obligation on the part of the Department of Defense to operate MSTS and/or MATS other than in the discharge of the requirements of the Armed Services.

2. Surface Transportation Within the Area:

a. Bids will be invited for a shipping service to carry government cargo from Guam to Truk, Ponape, and Majuro. The use of Kwajalein Atoll for a main line stop as against station vessel servicing will be a matter of further study between the two Departments. The service should operate every four to six weeks. This operation is considered to be commercially feasible. A thorough check should be made of bidders as to their ability to provide dependable service and to meet security

requirements. Bids should be awarded to the lowest reliable bidder. If all bids for a straight commercial service from reliable operators are higher than the estimated cost of a government operation, even if a bare boat charter of a government ship is made available, the government of the Trust Territory should undertake direct operation or operation under agency agreement of this service, using a suitable government owned vessel such as an AK (i.e., C1-MA-V1) or N-3 with adequate refrigeration space for this purpose. The estimated annual cost of governmental operation of the service is \$200,000, all or a large part of which would be recoverable from charges made for transporting cargo and passengers.

b. Private vessels based at Guam should, if practicable, be utilized for handling of government and commercial cargo in the Mariana Islands.

c. The Navy Department should transfer six AKs, on a non-reimbursable basis, for use by the Trust Territory government as station vessels. The station vessels will make periodic official field trips, as at present, to outer islands in each district, support the district centers at Koror and Yap, and be available for special trips. It is doubtful that this operation will be commercially feasible, although it may be in the near future when local islanders acquire sailing vessels of sufficient size to carry out local trading and field trip operations within each district. Since the operation of the six station vessels will be closely related to that of the vessel described in paragraph 2a above, bids should be invited for

the combined service. If the bids from reliable bidders are higher than the cost of government operations, even if government vessels under bare boat charter are made available, the operation should be conducted by the civil government directly or under an agency agreement or by a commercial shipper under a contract which should be subject to amendment on the basis of experience. The estimated annual cost of government operation of the six vessels is \$540,000, part of which will be recoverable through charges made for transporting cargo and passengers.

d. In order to ensure maximum safety for civilian transportation operations in the Trust Territory, the Coast Guard, which has responsibility for installing and maintaining aids to navigation at places in the Trust Territory where naval or military units are or may be located, should be enabled to continue this service at these and other places in the Trust Territory on behalf of American and other commercial vessels operating in the area.

3. Air Transportation Within the Area:

a. The Civil Aeronautics Board should be requested to take action on requests for certification of a commercial air route between Guam and Saipan. This route is considered to be commercially feasible.

b. A weekly air service to district centers and sub-centers and necessary special flights from district centers should be operated by the Trust Territory government or by a private operator under contract with the Trust Territory government using suitable PBV-type planes (e.g., PBV-5A) licensed by the CAA for civilian use.

In order to broaden the competitive field, bids should be invited for an operation either by privately owned licensed aircraft or by aircraft owned by the government of the Trust Territory with the cost of conversion as necessary for licensing purposes included in bids for the first year's service. If government aircraft is to be used, the planes should be transferred by the Navy for use by the Trust Territory government without exchange of funds. The required service can be performed by four PBV-type planes, two based at Guam, and one at Truk and Majuro, at an annual estimated cost of \$613,000 including maintenance, repair, overhaul and overhead, but not including conversion costs, which for the PBV-5A type plane, is estimated to be approximately \$20,000 per plane. A portion of the operating cost will be recoverable from charges made for carrying cargo, mail, and passengers.

c. If the operation is by contract with a private operator, the contract should be subject to amendment and should permit the operator to develop commercial business on a space-available basis in order to promote economic development of the area and to reduce costs to the government for air services. Consideration should be given to inviting bids for the operation of communications services in conjunction with the air operation.

4. Transportation For Other Federal Agencies: Other federal agencies having civil functions in the area, such as the Weather Bureau and the Post Office, should use the civilian transportation services outlined herein and should share in the cost of such services as may

be operated by the government.

5. Fueling, Repair and Overhaul Facilities: Priority should be given to obtaining Congressional authorization and appropriations for the installation of shore fuel tanks and permanent type reefers and power plants, and for otherwise improving shore facilities required for efficient sea and air transportation in the Trust Territory. Present facilities, though operable, consist in the main of advanced base type of equipment which is rapidly deteriorating and costly to maintain. Ships and planes engaged in logistic operations in the Trust Territory should be permitted to use fueling, repair, overhaul, and such other transportation facilities as are normally accorded to civil agencies at military bases located at Guam, and Pearl Harbor on a reimbursable basis and insofar as they are available in excess of the requirements of the Armed Forces.

6. Establishment of Civilian Transportation Services: The plan envisaged herein contemplates the complete replacement of Navy ships, planes, and personnel engaged in the logistic support of the Trust Territory. The Departments of the Navy and Interior will proceed immediately to implement this plan in anticipation of its being fully operative by July 1, 1951. If it becomes apparent prior to November 1, 1950 that a civilian transportation service cannot supply the essential civilian and governmental requirements in the Trust Territory by July 1, 1951, a report of this fact will be made to the President on November 1, 1950, in which a date subsequent to July 1, 1951 for the transfer of administrative responsibility will be recommended.