

FF5-9/06

4610/2

Ser

AUG 15 1960

From: Commander Naval Forces Marianas  
 To: Commander in Chief, U. S. Pacific Fleet  
 Subj: Scrap collection; engagement in by Trust Territory citizens  
 Ref: (a) CINCPACFLT msg 240150Z of June 1960  
 (b) COMNAVMARIANAS msg 250438Z of May 1960  
 (c) NAVAD Saipan msg 240120Z of May 1960  
 Encl: (1) NAVAD Saipan ltr JFR:skh 4610/2 ser 811 of 22 Jul 1960

1. Reference (a) requested information relative to the procedures and taxation of private scrap operations conducted in the Trust Territory of the Pacific Islands administered by the Department of the Interior with comments and recommendations thereon.
2. The opportunity to engage in collection and sale of scrap has been offered to Trust Territory indigenes. According to the Deputy High Commissioner, little response has been received. So far authorization to engage in the scrap business has been granted only to indigenes of the Marshall Islands District, where one and possibly two trading companies have expressed such an interest. No sales or shipments have been made.
3. The method of operation provides for the delivery of the scrap (ferrous and non-ferrous) to the District Administrator at the District Center. The District Administrator weighs the scrap and issues a certificate of origin. The scrap is eventually loaded on a Trust Territory vessel and shipped to Guam where it is offered on an "as is, where is" basis. For lots less than 500 long tons, shipment charges are \$12.00 per long ton. Costs for shipment of quantities in excess of this amount are determined on a "negotiated basis." A Trust Territory representative on Guam acts as agent and arranges for the sale. Shipments are to be made after 50 to 75 drums or several tons of scrap have been collected.
4. The following royalties are collected:

ferrous scrap:	1¢ per lb or \$5.00 per short ton
copper, bronze, brass:	1½¢ per lb or \$30.00 per short ton
lead, lead-covered cable, aluminum	½¢ per lb or \$10.00 per ton

*Saipan - Scrap*

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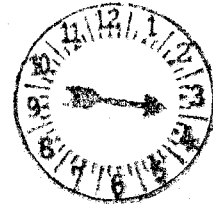
5. Enclosure (1) sets forth the position of the Naval Administrator, Saipan, with reference to private scrap collections and sales on Saipan and Tinian. He opposes the Navy's becoming involved again in the scrap business in the Saipan District because of the unsatisfactory experience with Micronesian Metals and Development Company. Moreover, he states that indigenes have their own means and facilities for collecting and shipping non-ferrous scrap. He indicates that certain naval representatives informed the Saipan Chamber of Commerce in February, 1960, that the U. S. Navy had no intention of becoming involved in future scrap operations and that the Saipanese could gather non-ferrous metal and market it on a non-royalty basis.

6. In reference (b), Commander Naval Forces Marianas concurred in the original recommendation of NAVAD Saipan, as expressed in reference (c), that private non-ferrous scrap operations be authorized on a non-royalty basis. This was consistent with the commitment mentioned in paragraph 5 above. Further, it is understood there is a relatively small amount of non-ferrous metal on Saipan. Enclosure (1) indicates there are about 20 tons on Tinian. These considerations and the principle of consistency appear to warrant the recommendation that private and independent non-ferrous scrap operations be authorized and that such operations be permitted on a non-royalty basis.

W. F. A. WENDT

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CNO  
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