

Congress of Micronesia

CAPITAL HILL

SAIPAN

MARIANA ISLANDS

96950

April 30, 1970

SENATE

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President

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Rafel Moonfell

Truk District
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Andon Amaraich

Ponape District
Bailey Olter
Ambilos Iehsi

Palau District
David Ramarui
Lazarus Sali

Marshalls District
Amata Kabua
Isaac K. Lanwi

Marianas District
Olympio T. Borja
Vice President
Francisco T. Palacios

The President
The White House
Washington, D.C.

Dear Mr. President:

As one of the members of the Political Status Delegation of the Congress of Micronesia, I have been engaged in developing the new association with the United States outlined last May on your behalf by Secretary Hickel.

When Secretary Hickel brought us your message of "full partnership" he gave equal emphasis to economic development. We believe, Mr. President, that just as Micronesians must have self-government in their islands, they must also participate significantly in their own economic development. If not, and if the businesses of the Trust Territory are owned and controlled from outside by outsiders, the political development you have helped us to attain can be meaningless.

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Several years ago when the air service in the Trust Territory was greatly improved by award of a franchise to Continental/Air Micronesia, Micronesians were able to participate in that air service through a major stock interest in Air Micronesia, the internal service company which now owns and operates the DC-6, the plane used for purely internal territory flights. United Micronesia Development Association, Inc., a Trust Territory corporation, which is 60% owned by Micronesians with six out of seven directors Micronesian and all important officers Micronesian, owns 49% of Air Micronesia. In 1972, it has an option to buy another 2% and elect the majority of the directors. In 1974 another option will permit it to buy another 9% at the then book value per share.

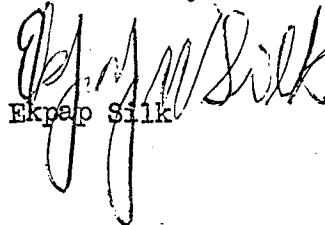
This was the first such arrangement the Micronesian people ever enjoyed. They were able to do it through United Micronesia Development Association, which is the only territory-wide local business organization, with 1,120 Micronesian shareholders living in all six districts of the Trust Territory. In addition to its 49% ownership of Air Micronesia, U.M.D.A. provides, with entirely Micronesian personnel, all the ground services for the Continental/Air Micronesia combined service. Continental is the certified United States air carrier which has associated itself in this way in a "full partnership" with Micronesians.

Additionally, Continental is now constructing the first two of six hotels, one for each Trust Territory district, at a minimum cost of \$9,000,000. A similar partnership arrangement has been set up for the hotels with local Micronesian investors having the preferred right to buy shares in all of these hotels.

We think this, in the economic field, is exactly the kind of partnership Secretary Hickel told us last May that you wanted -- "A partnership between you and us." We think that can be done if Air Micronesia is confirmed in its right to serve the Trust Territory. We think the principles you have advanced for us would be betrayed if this Micronesian participation and future control of a Micronesian resource were to be destroyed by certification of a different carrier which has had no concern for the Micronesian people and their legitimate interest in in their own economic development.

I hope you will take such action as may be necessary to see that Air Micronesia, with 1,120 Micronesian investors, for whom money to invest in a public company comes very hard, is guaranteed the opportunity to succeed in its efforts to serve the Trust Territory through the present partnership of Air Micronesia and Continental Air Lines.

Respectfully submitted,


Ekpaop Silk

CC: Secretary of State
Secretary of Interior
High Commissioner of the
Trust Territory of the Pacific Islands

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pm*

GENERAL

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KG19
CA*

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THE WHITE HOUSE OFFICE

REFERRAL

To: **The Secretary of the Interior**

Date: **May 4, 1970**

ACTION REQUESTED

- Draft reply for:
 - President's signature.
 - Undersigned's signature.
- Memorandum for use as enclosure to reply.
- Direct reply.
- Furnish information copy.
- Suitable acknowledgment or other appropriate handling.
- Furnish copy of reply, if any.
- For your information.
- For comment.

NOTE

Prompt action is essential.

If more than 48 hours' delay is encountered, please telephone the undersigned immediately, Code 1450.

Basic correspondence should be returned when draft reply, memorandum, or comment is requested.

REMARKS:

Description:

Letters Telegram; Other:

To: **The President**

From: **Ekpap^x Silk, Benjamin Manglona, John Mangefel^x, Mbrs of the Congress of Micronesia, Saipan, M.I. 98950**

Date: **4/29/70 - 4/30/70**

Subject: **Re visit last May of Secy Hickel to the Trust Territory to give message about the President's new principles for political and economic development of Micronesia, specifically request that Air Micronesia/Continental Airlines partnership be continued.**

By direction of the President:

**Noble M. Melencamp
Staff Assistant
to the President**

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MAY 5 1970
CENTRAL FILE**