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STATUS NEGOTIATIONS BEFORE THE SUBCOMMITTEE  
ON INTERIOR AND INSULAR  
AFFAIRS  
HOUSE OF REPRESENTATIVES  
CONGRESS OF THE UNITED STATES

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MONDAY, MARCH 24, 1975

Mr. Chairman, Members of the Subcommittee:

It is a privilege to appear once again before the members of this subcommittee to support the Administration's supplemental authorization request for FY-75 and for fiscal year's 1976 and 1977 authorization requests for the Trust Territory of the Pacific Islands. Ambassador Haydn Williams, the Personal Representative of the President of the United States for these status negotiations, would be only too pleased to appear before you today to lend his support to this request. Unfortunately, he is presently in San Francisco and could not be reached in time to make an appearance here. I am his deputy and represent him here now.

In October of last year, I appeared before this subcommittee to describe the need to raise the authorization ceiling for the Trust Territory of the Pacific Islands as a whole to \$75 million in 1975 and to \$80 million in 1976. I also addressed the need for \$1.5 million to finance a series of transitional activities in preparation for the establishment of a future Commonwealth of the Northern Mariana Islands in political union with the United States.

At that time I said that this request to raise the ceiling authorization for the Trust Territory was closely related to our negotiations. In our discussions with the Co-Chairmen of the Congress of Micronesia's Joint Committee on Future Status, they took the position that the new status arrangements should not be put into effect abruptly but rather should be phased in over an extended period of time. This would provide time for two important things to happen which they consider essential to their new status:

1. It would permit a gradual change-over in administration from the present American orientated organization to a new one which will function after the end of the Trusteeship.

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2. It would also permit the present administration to put in place much of the basic infrastructure before the end of the Trusteeship.

We have agreed in principle with the Micronesians that this would be desirable in a transitional period leading into a new status arrangement between Micronesia and the United States on the termination of the Trusteeship. Our negotiating efforts have naturally been concentrated on the post-trusteeship period. We have both recognized, however, that what happens between now and the end of the trusteeship (the period up to FY 1980 which has been alluded to) has a material bearing on the amounts of financial assistance to be included in the new status agreement.

The draft agreement or "Compact of Free Association", as it is called makes provision for a capital improvement program level in the first five years of the post-trusteeship period of \$12.5 million, dropping progressively each five year period thereafter but would make possible a sustained long term program for infrastructure development beyond the basics provided in the transition period. It also provides for a steadily declining level of support for Government Operations over these post-trusteeship years as Micronesia's income from its own resources hopefully picks up and it is able to become increasingly more self-sufficient.

Since my appearance of last October the status of the draft Compact, which had been agreed to on a provisional basis, has been cast in doubt by a recent resolution of the Congress of Micronesia declaring that the amounts outlined above were in its opinion unacceptably low. That action took place only this month, and we are now in the process of determining what the next steps will be. The increased authorization for Fiscal Years 1975-77 nevertheless still appears to be justified.

In October of last year, I also outlined the negotiations we have been conducting with the Mariana Islands District of the Trust Territory for a separate commonwealth status. I said at that time that \$1.5 million was badly needed to develop a series of basic economic studies and for planning and conducting a series of activities necessary to the orderly transition to a new government of the Northern Marianas to be established under its own constitution.

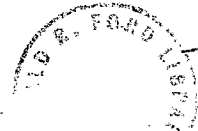
I would like to summarize recent events and what we expect to happen with regard to the Marianas. In February of this year, after over two years of negotiations, a Covenant was signed which will, if finally approved by the people of the Marianas and this Congress, establish a Commonwealth of the Northern Mariana Islands in political union with the United States on termination of the present United Nations Trusteeship. This Covenant was unanimously approved by the Marianas District Legislature on February 20 and will be submitted to the people of the Mariana Islands for their approval in a plebiscite sometime in June of this year.

The United Nations and the Congress will be invited to send observers to witness the plebiscite and the political education program which will precede it. If at least 55% of the voters approve the Covenant, the Covenant will be submitted to both Houses of the United States Congress for their approval. The text of the Covenant and associated documents appeared in the Congressional Record on March 17.

We have asked that the special authorization of \$1.5 million be made available now for transitional studies and activities for one reason only. This is to get as much of a head start as possible in the planning process. It is not intended in any way to prejudice or foreclose the action of the Congress on the substantive question of its approval of the Commonwealth Covenant itself. That will come later after the plebiscite in the Marianas.

Originally the Marianas asked for this \$1.5 million to be available at the time of signature of the Covenant. Since then this time was pushed back until after the plebiscite. The Senate has now passed S-326, which is currently before this committee for its consideration. Section 2 of S-326 would delay the availability of the \$1.5 million even further-- until the Congress had in fact approved the Covenant.

We would still prefer, Mr. Chairman, for the reasons indicated above, an earlier availability date but will of course be bound by wishes of the Congress in this regard. Delay in making the funds available until after the Congress approves the Covenant will simply delay the start of the planning process. However if the \$1.5 million can be actually approved but released only after Congress approves the Covenant this will still provide a substantial time saving, in that it would not be necessary then to delay the start of the entire authorization and appropriation process until after Congress had acted on the Covenant.



The detailed breakdown of the \$1.5 million is included in the record of last October's hearings, Mr. Chairman, and I will not repeat it now. But I will be glad to review it again for the benefit of any members of the Committee during the hearing in whatever detail is desired.

Thank you.