



EXECUTIVE OFFICE OF THE PRESIDENT
 OFFICE OF MANAGEMENT AND BUDGET
 WASHINGTON, D.C. 20503

MAR 19 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H. J. Res. 549 - Northern Mariana Islands -- Commonwealth status
 Sponsors - Rep. Burton (D) California and 24 others

Last Day for Action

March 27, 1976 - Saturday

Purpose

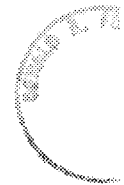
Approves the "Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America."

Agency Recommendations

Office of Management and Budget	Approval
Department of the Interior	Approval
Office for Micronesia Status Negotiations	Approval (Signing Statement attached)
Department of Defense	Approval (Informally)
Department of State	Approval
Department of Justice	Approval
National Security Council	Approval

Discussion

The Northern Marianas consist of 21 small islands which together with Guam (an unincorporated U.S. territory) form the western Pacific island group known as the Mariana Islands. Some 14,500 people inhabit the Northern Marianas and this archipelago plus the Carolines and the Marshall Islands constitute the Trust Territory of the Pacific Islands or as it is popularly known, Micronesia, a United Nations' strategic trusteeship under United States administration. Under the U.N. Trusteeship Agreement, the United States: (1) has maintained military

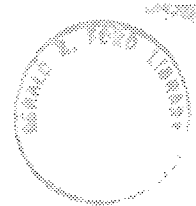


facilities in Micronesia for preserving peace and international security while (2) being responsible for furthering Micronesian political, economic, and social development toward self-government and/or independence in accordance with the will of the peoples concerned. Largely because of cultural and language differences, Micronesia presently is subdivided into six administrative districts of which the Northern Marianas is one.

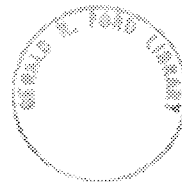
The United States policy concerning any new status for Micronesia initially was to strive for a single new status for the entire Trust Territory rather than to conduct separate status discussions with any of the individual districts. In the early 1970's, when it became increasingly clear that most of the Micronesian negotiators were striving for a less close future relationship with the United States, the Northern Mariana District requested and the United States agreed to initiate separate status negotiations with them. Since the very beginning of the U.N. Trusteeship Agreement, the people of the Northern Marianas repeatedly have expressed a strong desire for a close political relationship with the United States, and in light of the continuing uncertainty concerning the other Micronesian districts' future status, separate status negotiations were agreed upon.

Accordingly, in 1972, the President's Personal Representative for Micronesian Status Negotiations, Ambassador Franklin Haydn Williams, commenced the Marianas' Status Talks which were concluded in February of 1975 with the signing of the "Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America." The Covenant's ten Articles are briefly outlined below:

- I. Political Relationship, upon termination of the Trusteeship Agreement, to be a self-governing Commonwealth under the sovereignty of the United States which will have complete responsibility for and authority over foreign affairs and defense matters.



- II. Constitution to be locally formulated to provide for a republican form of government similar to that of United States.
- III. United States Citizenship to be conferred on those qualified Marianans desiring it, at the time the Presidential Proclamation to terminate the Trusteeship Agreement is promulgated.
- IV. Judicial Authority to be divided between the judiciary established by the Northern Mariana Constitution and a U.S. District Court which will be part of the same U.S. judicial circuit as Guam.
- V. Applicability of Laws of the United States, including specific sections of the U.S. Constitution, certain specific laws itemized in the Covenant, including Section 228 of Title II and Title XVI of the Social Security Act as it applies to the several States, and other laws as enacted by the Congress pursuant to recommendations by a Commission on Federal Laws required by Section 504 of the Covenant.
- VI. Revenue and Taxation provisions apply United States income taxes as a territorial tax and customs duties, but the Northern Marianas Government may levy additional taxes. The Northern Marianas will not be included within the Customs Territory of the United States. Taxes and duties will be rebated for use by the Northern Marianas Government.
- VII. U. S. Financial Assistance in the form of direct grants of \$14 million each year for seven years for government operations, capital improvement projects, and economic developments; to be adjusted to reflect changes in Gross National Product Implicit Price Deflation and to be continued after



the original seven years at the same levels unless otherwise provided by Congress. In addition, the Northern Marianas will receive the full range of Federal programs and services which are available to the territories of the United States.

- VIII. Trust Territory Property to be transferred to the Government of the Northern Marianas; United States to hold a five-year option to lease for up to one hundred years, 17,799 acres on Tinian Island together with various other sites to enable it to carry out its defense responsibilities upon payment of \$19,250,000.
- IX. Representation for the Northern Marianas provided by a Resident Representative to the United States if provided for by the Northern Marianas' constitution or law.
- X. Effective Dates provide for a phasing in of the provisions with (a) some becoming effective upon approval of the Covenant by the United States, (b) others within 180 days after approval by the United States of the Northern Mariana constitution, and (c) the rest upon the termination of the U.N. Trusteeship Agreement and the establishment of the Commonwealth of the Northern Mariana Islands.

The above cited Covenant was presented, as required, for approval by the people of the Northern Marianas in a plebiscite called by the United States with United Nations Trusteeship Council observers, on June 17, 1975. Of the registered voters, 95 percent participated, and of those who voted, 78.8 percent voted in favor of the Covenant. Subsequently, on July 1, 1975, you transmitted the Covenant to Congress and requested prompt and favorable consideration of the measure.


H. J. Res. 549, as enrolled, is identical to the Covenant you submitted to Congress last year except



that the Senate added a new section 2 which expresses the sense of Congress that it supports the consultation procedure contained in section 902 of the Covenant.

In its letter on H. J. Res. 549, Interior reflected the general position taken by all the Executive Branch agencies making recommendations on the enrolled bill when it stated that:

"Presidential approval of H. J. Res. 549 as enrolled will represent one more important step toward fulfillment of the obligations which the United States undertook when the Congress approved, by joint resolution, the United Nations Trusteeship Agreement on July 18, 1947. The Covenant, as approved by the Congress, represents the freely expressed wish of the people of the Northern Mariana Islands, and will enable them to move toward their long sought goal of self-government in political union with the United States."


James M. Frey
Assistant Director for
Legislative Reference

Enclosure

