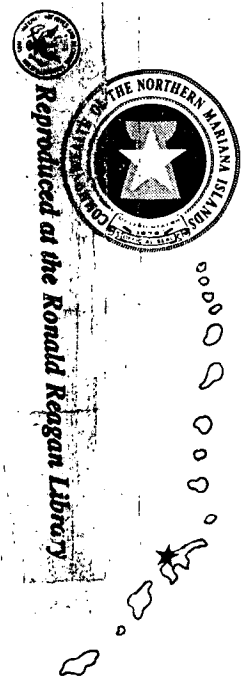


100-10-100000

509672



Commonwealth of the Northern Mariana Islands
Office of the Governor

Saipan, Mariana Islands 96950

Phone: 6407/6408/6581
 Telex: 783-622 Gov. NMJ

18 NOV 1987

The Honorable Ronald Reagan
 President of the United States
 The White House
 1600 Pennsylvania Avenue, N.W.
 Washington, DC 20500

Dear Mr. President:

Re: Appointment of Special Representative of the President of the United States for the Section 902 Consultations Between the United States and the Commonwealth of the Northern Mariana Islands

On October 6, 1987, I respectfully sent you a letter with regard to the appointment of a person to replace Mr. Richard T. Montoya, who resigned on July 1, 1987, as your Special Representative for the Section 902 Consultations between the United States and the Commonwealth of the Northern Mariana Islands. As I noted in that letter, Section 902 of the Covenant to establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, approved by Public Law 94-241, 90 Stat. 263 (1976), provides, in part, that:

"The Government of the United States and the Government of the Northern Mariana Islands will consult regularly on all matters affecting the relationship between them. At the request of either Government, and not less frequently than every ten years, the President of the United States and the Governor of the Northern Mariana Islands will designate special representatives to meet and to consider in good faith such issues affecting the relationship between the Northern Mariana Islands and the United States as may be designated by either Government and to make a report and recommendations with respect thereto. . . ."

Mr. Montoya, and the individuals I appointed as my Special Representatives, began their discussions in late 1986 on a number of issues affecting the relationship between our Governments. Those consultations have not been concluded and major issues remain unresolved.



At the last plenary round of the Section 902 Consultations, your Special Representative designated as an issue for consultation between our governments the "MIHA bond issue". He referred to the tax-exempt status of certain bonds issued by the Mariana Islands Housing Authority, a part of our Government. In recent weeks, the Internal Revenue Service has indicated that it may revoke the tax-exempt status of those bonds, an action it rarely invokes with housing bonds. If the Internal Revenue Service takes such action, our Government may be liable to bondholders for as much as \$20 million, a very large sum by any standard, but especially so when measured against the limited resources of our small islands. We are aware of the difficulties with these bonds and have instituted a lawsuit against the bond underwriters. The MIHA bonds present precisely the type of issue which should be resolved through government-to-government consultation, as contemplated by the Covenant. Should the Internal Revenue Service preempt consultation on this subject by assessing taxes against the bondholders, the financial condition of our Commonwealth would be seriously and adversely affected.

Among other important issues which consultations have not been completed include the use of land within the Northern Mariana Islands by the armed forces of the United States; the conservation and management of tuna and other resources in the waters adjacent to our islands; documentation of United States citizenship for our people, pursuant to the Covenant; and, the ability of manufacturers in the Northern Marianas to export goods into the customs territory of the United States without payment of duty, pursuant to General Headnote 3(A) of the Revised Tariff Schedules of the United States. In addition, your Special Representative had not yet presented the position of the Federal Government on a number of issues designated for consultation by him. Among these issues are environmental protection, judicial and legal operations, procurement practices, and labor and employment recruitment practices.

Prior to our approval of the Covenant, opponents warned that as soon as the Trusteeship Agreement was terminated, we should expect the Federal Government to treat the Northern Mariana Islands as just another insular possession of the United States. We do not, however, believe that this cynical view represents the position of the United States. Indeed, in her remarks before the United Nations Trusteeship Council in May of this year, United States Ambassador Byrne noted that, "Section 902 of the Covenant provides for thorough consultations on a wide array of issues addressed in other Covenant provisions and, more generally, on the workings of the Commonwealth relationship." Ambassador Byrne went on to state that the United States, "is convinced that it and the Northern Mariana Islands Government



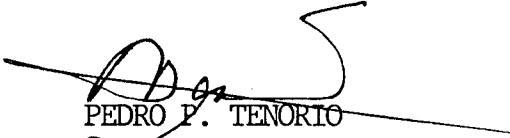
Reproduced at the Ronald Reagan Library

will employ this mechanism to resolve amicably any issues that may arise in the future."

Given these official expressions of confidence in the Section 902 consultations, it is unfortunate that, less than a year after full implementation of the Covenant, Section 902 consultations - the only comprehensive forum for dialogue between our governments on issues affecting the relationship between the United States and the Northern Mariana Islands - should be interrupted for so long.

We appreciate the close political relationship which exists between the United States and the Northern Mariana Islands, the support and assistance that we have received since 1978. Unfortunately, some differences have arisen which require immediate attention. The framers of the Covenant foresaw that such issues would arise and wisely agreed upon a vehicle for discussing and resolving our differences. For the reasons stated in this letter, and our need to discuss these issues, I respectfully request that you appoint a Special Representative as soon as possible.

Respectfully,


PEDRO P. TENORIO
Governor

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

FG001-02

INCOMING

DATE RECEIVED: NOVEMBER 27, 1987

NAME OF CORRESPONDENT: THE HONORABLE PEDRO P. TENORIO

SUBJECT: WRITES AGAIN REGARDING APPOINTMENT OF SPECIAL REPRESENTATIVE OF THE PRESIDENT FOR CONSULTATIONS BETWEEN THE U.S. AND THE NORTHERN MARIANA ISLANDS

| ROUTE TO: OFFICE/AGENCY (STAFF NAME) | ACTION | | DISPOSITION | |
|---|----------|---------------|-------------|------------------------|
| | ACT CODE | DATE YY/MM/DD | TYPE RESP | C COMPLETED D YY/MM/DD |

| | | | | |
|-----------------|-----|----------|--|---------------|
| FRANK DONATELLI | ORG | 87/11/27 | | C 87/12/04 TR |
|-----------------|-----|----------|--|---------------|

REFERRAL NOTE:

| | | | | |
|----------------------|--------------|--------------------|--|-----------------------|
| Swan King | e | 87/12/2 | | C 87/12/18 |
|----------------------|--------------|--------------------|--|-----------------------|

REFERRAL NOTE:

| | | | | |
|--|--|-----|--|-----|
| | | / / | | / / |
|--|--|-----|--|-----|

REFERRAL NOTE:

| | | | | |
|------------------|---|----------|----|------------|
| Tittle / Philips | A | 87/12/18 | RT | A 87/12/18 |
|------------------|---|----------|----|------------|

REFERRAL NOTE:

| | | | | |
|--|--|-----|--|-----|
| | | / / | | / / |
|--|--|-----|--|-----|

REFERRAL NOTE:

COMMENTS: SEE ID #522250

ADDITIONAL CORRESPONDENTS: MEDIA:L INDIVIDUAL CODES: 2110

IA MAIL USER CODES: (A) (B) (C)

- *****
- | | | | |
|--------------------------|----------------------|----------------------|---|
| *ACTION CODES: | *DISPOSITION | *OUTGOING | * |
| * | * | *CORRESPONDENCE: | * |
| *A-APPROPRIATE ACTION | *A-ANSWERED | *TYPE RESP=INITIALS | * |
| *C-COMMENT/RECOM | *B-NON-SPEC-REFERRAL | * OF SIGNER | * |
| *D-DRAFT RESPONSE | *C-COMPLETED | * CODE = A | * |
| *F-FURNISH FACT SHEET | *S-SUSPENDED | *COMPLETED = DATE OF | * |
| *I-INFO COPY/NO ACT NEC* | | * OUTGOING | * |
| *R-DIRECT REPLY W/COPY | * | | * |
| *S-FOR-SIGNATURE | * | | * |
| *X-INTERIM REPLY | * | | * |
- *****

REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE
 (ROOM 75, OEOB) EXT-2590
 KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING
 LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS
 MANAGEMENT.



Reproduced at the Ronald Reagan Library

This should go
to Tuttle. Personnel
(per Susan Phillips) is working
on this. Transfer blue sheet.
done 12/1/77