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## CONDITIONS IN THE TRUST TERRITORY OF THE PACIFIC ISLANDS

### Report of the Drafting Committee

1. At its 1575th meeting, on 24 May 1984, the Trusteeship Council appointed a drafting committee composed of the representatives of France and the United Kingdom of Great Britain and Northern Ireland to propose, on the basis of the discussions which had taken place in the Council, conclusions and recommendations on conditions in the Trust Territory of the Pacific Islands.
2. The Drafting Committee held four meetings.
3. In the light of the general discussions in the Trusteeship Council on conditions in the Territory, the Committee drafted a number of conclusions and recommendations which it considered as reflecting the opinions of the majority of the members of the Council and which are set out in the annex to the present report.
4. The Committee recommends that the Trusteeship Council adopt the conclusions and recommendations set out in the annex and include them at the end of the Council's report to the Security Council.

Annex

DRAFT CONCLUSIONS AND RECOMMENDATIONS

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#### A. POLITICAL ADVANCEMENT

1. The Trusteeship Council reaffirms the inalienable rights of the people of Micronesia to self-determination, including the right to independence, in accordance with the Charter of the United Nations and the Trusteeship Agreement. It reiterates that free association is an option that is not incompatible with the Trusteeship Agreement, provided that the populations concerned have freely accepted it. The Council hopes that in the near future, the Administering Authority will take up the matter of the termination of the Trusteeship Agreement both with the Trusteeship Council and the Security Council, in accordance with Article 83 of the Charter.

2. The Council takes note of the reports of the visiting missions which observed the plebiscites in the Federated States of Micronesia and the Marshall Islands. It endorses the Missions' conclusions that, despite some administrative shortcomings, both plebiscites were run by the constitutional Governments so as to ensure the free and fair expression of the wishes of the people.

3. The Council notes with satisfaction that the Trust Territory has continued to expand its international relations. It urges that priority continue to be given to the promotion of closer contacts with countries of the region, not only in the economic field but also at the political, educational and cultural level.

#### B. ECONOMIC ADVANCEMENT

##### 1. Overall economic policy

##### Harmonization of economic development

4. While noting that responsibility for development lies primarily with the four constitutional Governments, the Council regrets that the concept of drawing up an overall development programme for the Territory as a whole has not made more headway.

5. The Council regrets, in particular, the disparities in levels of development between different areas and the instances of duplication, which are likely to discourage potential investors.

6. The Council urges the Administering Authority to play a constructive role in this area by promoting the establishment of procedures for consultation between the various authorities concerned. A framework to bring together as often as necessary representatives of the various constitutional Governments and of the Administering Authority could thus make it possible to ensure the harmony and coherence of development projects.

##### Provision of more reliable information

7. The Council notes the inadequacy of the statistical information submitted by the Administering Authority. Homogeneous, coherent and reliable statistical data are not only a valuable tool for the work of the Council but are also essential for determining the Territory's economic policy options.

8. The Council therefore requests the Administering Authority to include in its 1984 report a basic table of statistical information on the various entities comprising the Territory. This table should follow the standard form observed by the United Nations in its reference work World Statistics in Brief.

9. The Council wishes to point out that the basic statistical data should constitute a basic source of information which would have to be brought up to date annually. The other statistical data contained in the report of the Administering Authority are also useful to the Council, which wishes, as a general rule, to have before it the most extensive information possible.

10. The Council notes that the economic section of the report of the Administering Authority too often favours the mere compilation of information, providing description instead of analysis and illustration at the expense of explanation. The Council considers it essential that, in the future, more care be given to the preparation of the report, in order to make it clearer, more precise, more logical and, above all, more cohesive. In particular, it should henceforth indicate the guiding principles applied in economic policy, the objectives envisaged, the criteria of choice and the order of priorities with regard to activities in the Territory.

#### Public finance

11. The Council takes note of the fact that the constitutional Governments' budgetary allocation for operations has increased by 7.5 per cent and that the grant for infrastructural improvements has almost doubled.

12. The Council notes with satisfaction that the Administering Authority has provided the constitutional Governments with technical assistance in accounting and financial management. It notes also that a computerized system will be operational before the end of the fiscal year in the Federated States of Micronesia, the Marshall Islands and Palau. It welcomes the fact that the local authorities will thus have at their disposal increased and improved means of preparing their budgets and ensuring proper management of their public finances.

13. The Council reiterates its support for efforts made in the allocation of public funds. In this regard, it takes note with satisfaction of the reduction of electricity production costs at Yap and the savings realized in the Marshall Islands and Palau.

14. The Council reiterates its concern that certain federal programmes have been reduced or discontinued because of the general policy of the United States or in anticipation of the termination of the Trusteeship Agreement.

15. The Council expresses the hope that Palau's request for the rescheduling of funds will be reconsidered and approved in the near future.

16. The Council takes note of Palau's adoption of a new uniform fiscal code. The Council reiterates its recommendation that import duties should be levied in order to make the Territory's fiscal system less heavily dependent on income tax and to finance economic development.

17. The Council recommends the development of programmes of loans for small and medium-sized enterprises and for the establishment or improvement of agricultural operations, building and tourism. It notes with satisfaction that the Economic Development Loan Fund (EDLF) is functioning fully through the central banks in each of the governmental centres.

#### International trade

18. The Council takes note with satisfaction of the special exemption granted to the Territory by the United States under Headnote 3A of the United States Tariff Code, which will allow the duty-free entry into the United States of products exported by the Trust Territory.

19. The Council regrets the lack of precise and complete information on the nature, volume and geographical origin or destination of trade between Micronesia and the outside world.

20. The Council nevertheless notes that the Territory is still largely dependent on the outside world, even for basic necessities. The Council hopes that plans for the short-, medium- and long-term reduction of this dependence will be drawn up and communicated to it.

21. The Council takes note with interest of the promulgation of a uniform customs system by Palau. It hopes that consideration will be given to ways in which the Trust Territory can diversify and develop its trade and redress the imbalance of its foreign trade, including the establishment of a customs union and the imposition of import duties, with the technical and economic assistance of the Administering Authority.

### 2. Agriculture and marine resources

#### Agriculture

22. The Trusteeship Council reaffirms that, despite the transfer of responsibility for agriculture to the constitutional Governments, the Administering Authority has a duty to help them to expand agricultural and livestock production, as well as fisheries, as a matter of priority.

23. The Council welcomes the existing agricultural training programmes and hopes that further initiatives will be developed with the United States Department of Agriculture and with other countries.

24. The Council takes note of the assistance provided by the Administering Authority in the area of forestry utilization. It recommends that this assistance be continued so that a forestry administration can be established throughout the Territory.

25. The Council takes note with satisfaction of the development programmes for certain types of production, such as copra. It hopes that other programmes of this



kind will be established. It particularly requests the Administering Authority to provide technical and scientific assistance to the Territory in order to determine the types of production best suited to the soil and climate and to ensure external trade markets for Micronesia.

26. To that end, the Council recommends that a study be undertaken to determine the types of production and farming that would enable Micronesia to make use of comparative advantages with a view to increasing its exports and reducing its dependence on imports.

27. The Council takes note of the important role being played by agricultural co-operatives. It recommends that similar formulae be encouraged so as to promote a more rational and profitable utilization of the land.

28. The Council reiterates the hope that the cadastral survey of private lands will be continued in order to facilitate the settlement of land disputes. It encourages the Administering Authority to provide the constitutional Governments with all necessary technical assistance.

#### Marine resources

29. The Council reiterates the importance it attaches to the development of the Territory's marine resources, which should be a priority goal.

30. The Council takes note of the progress made in developing the infrastructure as well as of the fishing agreements concluded with certain organizations and Governments.

31. The Council encourages all initiatives aimed at expanding the Territory's trade and promoting its exports. In that connection, it takes note with satisfaction of the market research studies undertaken, for example in the Philippines. It expresses the hope that these studies will have some practical application.

32. The Council takes note of the Administering Authority's promise that it will permit the Governments of the freely associated States to sign the Convention on the Law of the Sea upon termination of the Trusteeship Agreement.

33. The Council recognizes the concern expressed by the representatives of the Northern Mariana Islands concerning fishing grounds. It believes that the Administering Authority must ensure that the interests of the Northern Mariana Islands in this area are recognized and safeguarded.

### 3. Industry, construction and public works

34. The Council welcomes the establishment of new companies in the Territory. It takes note, in particular, of the establishment of two new clothing factories in the Northern Mariana Islands and the construction of a button factory in the Marshall Islands. However, it reiterates its concern at the inadequate industrial development in the Trust Territory and reaffirms that priority should be given to the establishment of small-scale local industry.

35. The Council takes note of the special conditions imposed on the construction industry, particularly the constraints related to preventing typhoon damage. It nevertheless believes that there is a priori no incompatibility between the need to observe safety regulations and increased use of local subcontractors.

36. The Council believes that because of the impact the construction industry can have on all sectors of the economy, the number of jobs that it creates and its low reliance on imports, the industry is one of the keys to Micronesia's economic development. The Council therefore hopes that a substantial and growing part of future activity in that area will directly benefit Micronesian businesses and workers. In that connection, it notes with satisfaction the construction of a hotel at Kosrae by a local firm and the utilization of local materials for two hotels in Ponape. It also notes the requirement introduced in Palau that part of public works construction be subcontracted to local firms.

37. The Council takes note of the existing projects concerned with the manufacture of bricks from laterite. It encourages all initiatives designed to develop the Territory's resources.

38. The Council takes note with keen satisfaction of the progress made in improving the Territory's water supply. In particular, it notes the installation of a saltwater purification system in Majuro, the provision of drinking water 24 hours a day in Yap and Palau, the ongoing well-drilling activities in Truk and the project to improve the water supply system in Ebeye. It hopes that the difficulties relating to freshwater supplies in the Marshall Islands and particularly in Kwajalein will soon be resolved and that special attention will be given to the problem of setting up storage tanks throughout the Territory.

#### 4. Transport, communications and tourism

##### Transport and communications

39. The Council welcomes the efforts of the various entities and the Administering Authority to develop the Territory's telecommunication system. Bearing in mind the natural conditions and the constraints that they impose, the Council believes that this sector is one of the keys to the development of Micronesia. It hopes that the system will become operational throughout the Territory as soon as possible.

40. The Council takes note of the improvements in the Territory's road system. It notes, in particular, that additional efforts have been made with regard to the circumferential road projects in Ponape and in Kosrae. It hopes that these operations will be continued so that the entire Territory will soon have a road network serving the main urban centres and a minimum network in the outer islands.

41. The Council welcomes the opening of the airports at Truk, Yap, Kosrae and Palau. It hopes that the various facilities that have yet to be provided will soon be completed and fully operational.

42. The Council hopes that the air service between Micronesia and the outside world will be increased. It notes with satisfaction the inauguration of direct



service between Nagoya and Saipan, the increase in the number of flights to and from Palau and the profits being made by the Airline of the Marshall Islands. It hopes that these will not remain isolated examples and requests the Administering Authority to give every assistance in that area.

43. The Council welcomes the construction of a transshipment port in Kosrae. It notes that all former Trust Territory field-trip ships have been transferred to the constitutional Governments and are under their control.

#### Tourism

44. The Council emphasizes the importance it attaches to tourism in the development of the Territory's economy.

45. The Council, however, recalls that the development of tourism should be gradual and carefully planned in order not to overwhelm the small and fragile economies, social structures, environment and cultural traditions of the Territory.

46. The Council takes note of the boom in tourism in the Northern Mariana Islands, where the number of visitors increased by 12 per cent in 1982/83, testifying to its tourism potential.

47. The Council is pleased to note that new hotels are being built in the Marshall Islands and Palau in order to increase accommodation capacity.

48. The Council notes the interest expressed in the tourism sector by foreign investors and hopes that mutually beneficial co-operation will develop through tourism associations and other regional groups.

49. The Council expresses the hope that the opening of new air services with other countries in the Pacific and the image of itself that Micronesia promotes abroad will encourage a sustained and balanced development of the tourist industry in the future.

### C. SOCIAL ADVANCEMENT AND ENVIRONMENTAL ISSUES

#### 1. Health

50. The Council notes that responsibility for health care has been devolved to the constitutional Governments and that the Trust Territory Office of Health Services continues to act in a co-ordinating capacity, providing technical advice to the local governments. The Council urges the Administering Authority to establish a co-ordinating mechanism to continue the work of the Office of Health Services after termination of the Trusteeship Agreement.

#### Hospitals

51. The Council notes with satisfaction that the Administering Authority continues to give priority to developing hospital services throughout the Trust Territory.

52. The Council is concerned at the reported inadequacy of some health services in the Northern Mariana Islands, but it welcomes the fact that a new hospital is under construction in Saipan, for which the United States Congress has appropriated \$20.0 million. It also welcomes the construction of a new health care centre at Saipan at a cost of \$30.0 million. It notes that the United States Congress recently authorized an additional \$16.0 million towards the cost of this project and hopes that the Administering Authority will continue to provide assistance, particularly for staff training.

53. The Council notes with regret the claim by Mr. Alfonso Oiterong, Vice-President of Palau, that Palau still lacks modern medical and health facilities. Nevertheless, the Council is pleased that the Administration has requested \$18.0 million from the United States Congress for construction of a 30-bed hospital complex, in addition to the \$860,000 that has already been provided.

54. The Council urges the Administering Authority to give attention to improving the hospital facilities on Ebeye Island. It notes in that respect that \$722,000 has been appropriated for the renovation of the Ebeye hospital. The Council looks forward to its early completion.

55. The Council is pleased to note that a new 80-bed hospital complex is likely to be completed in Majuro by early 1985, providing the Marshall Islands with more adequate medical facilities.

#### Other health services

56. The Council notes that private dental practices have been established in the state of Ponape and the Northern Mariana Islands and that private medical practices now exist in the Marshall Islands, Palau and the state of Ponape. The Council hopes that this will not detract from a high standard of dental care being provided throughout the Territory.

57. The Council is concerned at the continued incidence of cholera in the Trust Territory, particularly in Truk, but it appreciates the efforts of the Administering Authority and the constitutional Governments to eradicate the disease. The Council urges that increased attention be given to improving sanitation facilities and disinfecting water supplies; it welcomes the emphasis being placed on these measures in Truk.

58. The Council recognizes that a large number of federal agencies have been involved in tackling the problem. It notes with satisfaction that although 165 cases of cholera have been reported since September 1983, there have been no deaths related to this disease.

59. While conscious of the need to take into account local social and cultural attitudes, the Council stresses the importance of continuing efforts in the area of family planning. It expresses satisfaction at the provision of family planning training in Guam during 1983. It notes that ESCAP has been providing advice and technical assistance and hopes that the Commission will continue to do so.

60. The Council notes with concern that severe budget cut-backs in federal programmes for the training of health care professionals is likely to have a negative impact in Micronesia. The Council considers that, especially with termination of the Trusteeship Agreement so near, every effort should be made to provide funding for training in the health field.

61. The Council notes with concern that the cost of medical referrals for the Marshall Islands Government is expected to exceed \$5.5 million by the end of 1984. It notes that the Marshall Islands Government is seeking assistance from the United States in discharging that debt. The Council urges the Administering Authority to give urgent attention to this problem.

#### Co-operation with international bodies

62. The Council welcomes the continued co-operation in the health field between the Trust Territory and the specialized agencies and other organizations of the United Nations system such as the World Health Organization (WHO), the United Nations Children's Fund (UNICEF) and the United Nations Fund for Population Activities (UNFPA).

### 2. Labour, population and community welfare

#### Labour

63. The Council notes the Administering Authority's view that employment policies are best left to the local governments. It considers, however, that it is the responsibility of the Administering Authority to assist in and contribute directly to measures aimed at reducing unemployment.

64. The Council urges the Administering Authority to encourage the local governments to give priority to the establishment of a co-ordinated employment policy and to facilitate free movement of labour throughout Micronesia.

65. The Council welcomes the coming into effect in 1983 of the Job Training Partnership Act, under which a new job training programme was established throughout the Trust Territory for youths and unskilled adults, with emphasis on employment in partnership with the private sector. It hopes that the programme which was established with a budget of over \$640,000, will be continued.

66. The Council also welcomes the continuation of other job training programmes throughout the Trust Territory in 1983 and that of the 61 participants placed with employers in the private sector, 75 per cent were retained upon completion of their training. The Council urges that efforts be made to expand job-related training of this sort.

67. The Council notes with interest that a private school, the Ponape Agriculture and Trade School (PATS), in Ponape, is concerned principally with agricultural training. It calls upon the Administering Authority to provide and co-ordinate local training facilities in this important area.

D. EDUCATIONAL ADVANCEMENT AND CULTURAL AFFAIRS

1. Education

84. The Council notes with interest the study being conducted by the Government of the Federated States of Micronesia with the aim of adapting elements of the educational systems of neighbouring islands to that of the Federated States.

85. The Council welcomes the fact that in 1984, in addition to regular educational funding from the Department of the Interior, all educational agencies of the Trust Territory will share \$9 million under the Insular Area Consolidated Program for educational purposes.

Teacher training and school facilities

86. The Council notes with satisfaction that during the course of the year, the Trust Territory Office of Education continued to organize and sponsor various training sessions for teachers and handicapped students at the Community College of Micronesia. The Council notes the contribution of international and regional organizations such as the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the South Pacific Commission (SPC) to teacher-training programmes.

87. The Council, recognizing that the shortage of skilled teachers is still a major problem, expresses the hope that the Territorial Teacher Training Program, which is scheduled to continue for a minimum of one more year, will be extended at least until termination of the Trusteeship Agreement.

88. The Council is concerned at the set-backs faced by the Marshall Islands in the educational sector during 1982/83. It urges the Administering Authority to respond positively to requests from the Marshall Islands Government for assistance in this area.

89. The Council notes with concern that many elementary school facilities in the Marshall Islands remain inadequate. The Council notes with particular regret that many schools lack proper sanitary facilities and drinking water and that some have none at all. Moreover, many of the buildings appear to be in a state of disrepair. It notes the view of the Administering Authority that maintenance of school facilities is a local responsibility and that a programme is under way in the Marshall Islands to upgrade all school facilities. The Council looks forward to early improvements in this area.

90. The Council regrets the absence of a high school on Kwajalein. It hopes that attention can be given to the decentralization and improvement of high school facilities in the Marshall Islands, as well as in other parts of the Trust Territory.

Language training

91. The Council urges that more resources be devoted to the teaching of English now that termination of the Trusteeship Agreement is near. The Administering

Authority is also asked to take practical steps to give the Micronesians the opportunity to learn languages other than English to enable them to develop closer links with other countries and to encourage study overseas.

#### Higher education and scholarships

92. The Council notes with pleasure that the Northern Marianas College has been established with the aim of providing the necessary skills essential to development in Micronesia.

93. The Council is pleased to note that in 1983, 400 students from Palau were enrolled in colleges and universities within the Trust Territory and overseas. It further notes that the Olbiil Era Kelulau, the National Congress of Palau, appropriated \$175,000 in scholarship funds for Palau students in higher education. It is hoped that the Olbiil Era Kelulau will once again see fit to appropriate funds to finance students in higher education.

94. The Council urges the Administering Authority and the Governments of the Trust Territory to devise a system whereby those who receive vocational training or higher education at government expense should be obliged to offer their services to the state or a government agency for a specific period after graduation.

95. The Council is pleased that support for the College of Micronesia continues to grow and that enrolment in the vocational programmes operated by the Micronesian Occupational College is the highest in its history. It notes that funding has been sought for relocation and improvement of the College of Micronesia and expresses the hope that this will be forthcoming.

96. The Council also welcomes the wide range of vocational training being provided by federal agencies.

#### Dissemination of information on the United Nations

97. While appreciating the efforts made by the Administering Authority to ensure full dissemination of information on the United Nations, the Council nevertheless feels that government radio broadcasts could be made to publicize information received from the United Nations and to indicate where it can be obtained.

## 2. Culture

98. The Council notes with pleasure the efforts being made by the Government of the Northern Mariana Islands in the cultural field. It particularly welcomes the first of what is hoped will become an annual arts festival involving artists from neighbouring Micronesian islands.

99. The Council was most impressed by the exhibition on Micronesia held at United Nations Headquarters in May 1984 and the extent to which it revealed the potential for cultural activities in the Trust Territory.



100. The Council notes that the Palau Museum relies for financial assistance on grants from the Palau Congress. It is concerned that during 1982/83 the museum was not able to carry out its planned projects due to lack of funds. It is hoped that measures will be taken in 1984 to redress this unfortunate situation.

101. The Council expresses concern at the possible harmful effect of the process of development on the traditional culture of the islands. It is confident that the constitutional Governments will pay due regard to this important dimension in considering future development plans.

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