



TRUSTEESHIP COUNCIL

Thirtieth Session

OFFICIAL RECORDS

Friday, 7 June 1963,
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President: Mr. Nathan BARNES (Liberia).

Present:

The representatives of the following States: Australia, China, France, Liberia, New Zealand, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America.

The representatives of the following specialized agencies: Food and Agriculture Organization of the United Nations; United Nations Educational, Scientific and Cultural Organization; World Health Organization.

Examination of conditions in the Trust Territory of the Pacific Islands: annual report of the Administering Authority for the year ended 30 June 1962 (T/1611, T/L.1056) (continued)

[Agenda item 4 (b)]

QUESTIONS CONCERNING THE TRUST TERRITORY AND REPLIES OF THE REPRESENTATIVE AND THE SPECIAL REPRESENTATIVE OF THE ADMINISTERING AUTHORITY (continued)

At the invitation of the President, Mr. M. W. Goding, special representative of the Administering Authority for the Trust Territory of the Pacific Islands, took a place at the Council table.

1. Mr. YATES (United States of America), replying to a question that the representative of the Soviet Union had asked at the previous meeting in respect to the condition of health of the inhabitants of Rongelap Island, drew attention to a report^{1/} giving a medical survey made there eight years after a nuclear explosion. The report had been issued in January 1963. The statement that he had made at the previous meeting had been largely an abstract of that report, which he could now make available to the Council.

2. In reply to the Soviet Union representative's question regarding the position taken by the United States Government with respect to paragraph 5 of General Assembly resolution 1514 (XV), he explained that his Government supported paragraph 5 of that resolution

^{1/} Brookhaven National Laboratory (under contract with the United States Atomic Energy Commission), *Medical Survey of Rongelap People Eight Years after Exposure to Fallout*, United States Department of Commerce, Office of Technical Services (Washington, 1963).

and assumed that it should be read in the context of the United Nations Charter, and specifically with respect of Article 76 b. In so far as paragraph 5 of the resolution limited the choice of the Trust Territories to separate independence, his delegation considered that that paragraph was incompatible with the provisions of the Charter. A good example of what could occur under Article 76 was provided by the former Trust Territory of Togoland under United Kingdom administration, which had affiliated itself with an existing State. It might well be that, when the time came for self-determination, the people of the Trust Territory would wish to affiliate themselves with an existing State rather than to opt for independence, although the latter was still a choice. Consequently, in the exercise of self-determination the people should be free to decide whether they wanted independence or whether they wished to be affiliated with an existing State.

3. Miss BROOKS (Liberia) thanked the United States representative for the explanation that he had just given. Her delegation felt that, despite the alternative that was offered, the main objective of the United Nations Charter with respect to the Trust Territories should not be obscured and that the question of independence should be brought to the forefront.

4. Mr. BRYKIN (Union of Soviet Socialist Republics), continuing his questioning, asked the special representative for some particulars about the establishment of various funds in the Territory. He would like to know who had a part in the establishment of the funds: were they provided by organs of the United States Government or did private persons in the United States also participate?

5. Mr. GODING (Special Representative) explained that the funds needed to cover the expenditure of the Government of the Trust Territory were provided for in the regular appropriations of the United States Government. The process was one in which appropriation recommendations were made by the Government of the Trust Territory and then considered in turn by the Department of the Interior, the appropriate Congressional committees and finally by Congress itself.

6. The Economic Development Loan Fund was financed from the regular appropriations for the Government of the Territory. The Fund was a relatively small one, which was being built up; it was used to finance loans to business men and small commercial undertakings. Loans could be made direct to the party or company requesting them, or the Fund could act as a guarantor for loans made by one of the commercial banks in the area.

7. Mr. BRYKIN (Union of Soviet Socialist Republics) said that he would like to know under what conditions the Fund granted loans to citizens of the Trust Territory, in particular at what rates of interest, and what was the loan situation in general in connexion with the Fund with any other funds.

8. Mr. GODING (Special Representative) explained that the basic interest rate on loans made for economic development was 4 per cent. There were no rigid rules governing the granting of loans. Requests at present exceeded the funds available, but the next budget provided for another increment so that the Fund might be expanded to become a valuable tool in promoting the development of the area.

9. He went on to refer to the Chartered Trading Company Loan Fund, the utilization of which was subject to more rigid rules: loans could be granted only to chartered or formally organized trading companies. Steps were being taken with a view to merging the two funds into a single fund which would operate on a more liberal basis.

10. Mr. BRYKIN (Union of Soviet Socialist Republics) asked for information regarding the main legal provisions governing commercial activities in the Territory. He would like to know whether United States citizens and companies engaging in commercial activities in the Territory paid taxes and, if so, to whom the taxes were paid, and whether those taxes were greater or smaller than corresponding taxes in the United States.

11. Mr. GODING (Special Representative) explained that the Trusteeship Agreement authorized the establishment of business ventures and the introduction of capital. When a company wished to make an investment in the Territory, it negotiated with the Government of the Territory for the granting of a charter. For example, in the case of the fishing company to which he had already referred at the 1209th meeting, the Government had waived the general taxation for a period of five years, as an inducement to the enterprise to come into the area. There were, however, a number of local and district taxes that would still apply to that enterprise and to its employees. The corporation would remain taxable in the United States under the general income tax laws.

12. Mr. BRYKIN (Union of Soviet Socialist Republics), after noting that the reply he had received was inadequate, asked what was done with the proceeds from taxes levied in the United States on companies or individuals engaged in commercial activities in the Trust Territory.

13. Mr. GODING (Special Representative) explained that any taxes imposed by the United States Government were paid into the Treasury and that there were no provisions whereby funds from such taxes might be handed over to the Trust Territory.

14. Mr. BRYKIN (Union of Soviet Socialist Republics) noted from that reply that the taxes on the commercial activities of United States citizens or companies in the Trust Territory went into the United States Treasury. His delegation considered that that procedure was unjust and that such persons or companies should pay their taxes in the Trust Territory, so that the corresponding revenue could be used directly to meet the needs of the people of the Territory. His delegation proposed that that point should be emphasized in the report of the Trusteeship Council.

15. He asked whether there were any differences in the conditions for commercial enterprises as between indigenous inhabitants of the Territory and United States citizens: did either category enjoy any privileges or special conditions?

16. Mr. GODING (Special Representative) stated that American citizens and companies in the Territory paid all the taxes levied on Micronesian individuals or companies. There was at present no general income tax in the Territory. The only distinction made was in favour of Micronesian individuals and companies, in that it was the policy of the Administering Authority not to admit outside capital for a wide variety of activities that could be financed and operated locally. The only exception to that rule was in connexion with enterprises for which local resources and ability would be inadequate. There was thus a definite privilege in favour of the Micronesian individual or company. Furthermore, technical or financial assistance was much more readily available to the Micronesian entrepreneur than to the American. All the charters that he had considered had had provisions for Micronesian participation in the company. In each instance, the charter had been so written as to provide that Micronesians might have full rights of investment and participation.

17. Mr. BRYKIN (Union of Soviet Socialist Republics) asked what taxes were paid by the citizens of the Trust Territory and to whom those taxes were paid.

18. Mr. GODING (Special Representative) explained that there was a whole series of taxes: municipal taxes, district taxes and general taxes. A tabulation of revenues from taxation by municipalities and by districts in the Trust Territory was to be found on pp. 224 *et seq.* of the annual report of the Administering Authority for the year 1961-1962.^{2/}

19. Mr. BRYKIN (Union of Soviet Socialist Republics) asked whether the local administrative organs of the indigenous population received any information about the commercial activities of American individuals or companies.

20. Mr. GODING (Special Representative) replied in the affirmative. He added that comparatively few enterprises had been brought into the Territory and in each instance there had been a great deal of consultation, with the participation and encouragement of the local population.

21. Mr. BRYKIN (Union of Soviet Republics) explained that what he had wanted to ascertain was whether the administrative organs of the indigenous population received any information on the activities of the enterprises.

22. The USSR delegation would also like to have some idea of the number of United States or foreign merchant ships which had put in at ports of the Territory during the year under review. He asked what the procedure was for servicing vessels, what was the status of foreign vessels, and whether there were any restrictions on certain categories of vessels, depending upon their nationality.

23. Mr. GODING (Special Representative) said that the number of calls by either United States commercial or foreign flag vessels in the Trust Territory was very small. He thought that not more than three foreign flag vessels had entered Trust Territory ports during the preceding year and that there had probably

^{2/} United States of America, 15th Annual Report to the United Nations on the Administration of the Trust Territory of the Pacific Islands: July 1, 1961 to June 30, 1962, Department of State Publication 7521 (Washington, U.S. Government Printing Office, 1963). Transmitted to members of the Trusteeship Council by a note of the Secretary-General (T/1611).

been about twenty-four calls by United States commercial vessels. All foreign flag vessels had to seek the approval of both the Navy Department and the Government of the Territory before being admitted to a port in the Trust Territory. The number of vessel calls altogether was fewer than thirty for the year, in some eight ports.

24. Mr. BRYKIN (Union of Soviet Socialist Republics) noted that the practice was different from that prevailing in the rest of the world for ports open to commercial vessels. He asked whether there was at least one port in the Territory open to merchant vessels under conditions similar to those prevailing in ports everywhere else.

25. Mr. GODING (Special Representative) replied in the negative.

26. Mr. BRYKIN (Union of Soviet Socialist Republics), referring to reports that France intended to carry out nuclear weapons tests in the Pacific Ocean, asked the United States delegation to state what was the attitude of the people of the Territory to such tests.

27. Mr. GODING (Special Representative) replied that, to his knowledge, no opinion had been expressed on the subject.

28. Mr. BRYKIN (Union of Soviet Socialist Republics) said that in that case he would like to know what was the attitude of the Administering Authority itself towards such tests.

29. The PRESIDENT said that, if he had understood correctly, the representative of the Administering Authority had already said that he had no information about the tests planned by France in the Pacific. He asked the representative of the Administering Authority whether he was in a position to answer the question put to him.

30. Mr. YATES (United States of America) said that the question raised was totally foreign to the administration of the affairs of the Trust Territory and was not an appropriate subject for consideration by the Council. He did not see how he could answer a question of that type in a way which would benefit the members of the Council.

31. The PRESIDENT said that, in his view, if the Administering Authority knew about the tests to be carried out by France in the Pacific, the question would be relevant, because it was the responsibility of the Administering Authority to give protection to the people of the Trust Territory of the Pacific Islands. Since, however, the representative of the United States had said that he had no knowledge of the nuclear weapons tests in question, the Administering Authority would naturally not be in a position to state its attitude to them.

32. Mr. BRYKIN (Union of Soviet Socialist Republics) pointed out that the reports to which he was referring had been published recently in a number of newspapers, including the French daily Le Monde. The Australian Government had protested to the French Government on the subject of the nuclear weapons tests which France intended to carry out in the Pacific, and, as far as he could remember, the New Zealand Government had done the same. Moreover, according to a report from London published on 6 June in the Christian Science Monitor, the Anglican Bishop of Polynesia had stated that the 700,000 indigenous inhabitants of his diocese were concerned about the possible effects of

nuclear weapons testing on the fish in their waters, which constituted their staple food.

33. The USSR delegation was surprised that the Administering Authority's attention had not been drawn to a fact which was common knowledge. That was evidence of flagrant negligence on the part of the Administering Authority with regard to the interests of the people of the Territory for which it was responsible.

34. Mr. CORNER (New Zealand) considered that much of what the USSR representative had said was irrelevant to the matter which the Council was considering. Nevertheless, since the USSR representative had referred to the attitude of New Zealand, he wished to make that attitude clear.

35. The New Zealand Government had been extremely disturbed about the press reports—only press reports so far—of tests which might in the following two years or so be carried out in the Pacific by France and it had registered its alarm and its protest.

36. If, however, the French nuclear weapons tests took place, they would be in the South Pacific, much closer to the New Zealand islands and at least 5,000 or 6,000 miles from the Trust Territory, which was in the northern hemisphere. Consequently, since radioactive fall-out normally occurred in the hemisphere where the explosion took place, the region affected would be south of the Equator, and not north, where the Trust Territory was.

37. The greatest fall-out that had taken place in the North Pacific had occurred as a result of the series of tests conducted by the Soviet Union in Siberia in 1961. The weapons which the Soviet Union had exploded on that occasion had been the most powerful ever to be tested and they had caused the most extensive fall-out so far experienced. Moreover, those tests had broken the previous moratorium on testing and had started the new round of tests which alarmed New Zealand and against which it protested.

38. Mr. DE CAMARET (France) said that the President had been right in wishing to stop the discussion. He protested against the fact that the discussion was digressing from the problem before the Council. The questions asked by the USSR representative and the answers he had been given had nothing to do with the debates of the Trusteeship Council.

39. Mr. YATES (United States of America) said that the population of the Territory was opposed to all nuclear weapons testing, and not simply to testing which might affect their Territory. The United States had been making great efforts to achieve a test ban, but those efforts were consistently obstructed by the Soviet Union. That being so, he wondered why the USSR delegation had raised the question of nuclear testing in the Trusteeship Council.

40. Mr. BRYKIN (Union of Soviet Socialist Republics) said that, having failed to receive an answer to his question, he saw no reason why he should answer the questions put to him. The United States representative's last statement was not worthy of a representative of a great Power. It was not for the Council to discuss the disarmament question, which was within the competence of other organs, but in practically every case the United States delegation had failed to give a satisfactory answer to the questions that had been put to it. For that reason the delegation of the Soviet Union intended to say in its general statement

on the situation in the Territory that, as it had previously indicated, the United States was not fulfilling its obligations as Administering Authority and was not carrying out the Trusteeship Council's recommendations.

41. The Soviet Union delegation appreciated the concern expressed by the New Zealand delegation, but the reference to the moratorium and to the nuclear tests carried out by the Soviet Union was irrelevant to the question before the Council. The Soviet Union had been compelled to conduct nuclear tests because the United States, which held a dominant position in the Pacific area, was pursuing a policy of annexing one territory after another.

42. Mr. CORNER (New Zealand), speaking on a point of order, proposed that the present discussion should be terminated. If it was to continue, his delegation had further information concerning radioactive fall-out from the Soviet tests of October 1961, which had come down with the spring rain during the past months and was still coming down in the Pacific area.

43. The PRESIDENT agreed that the Administering Authority's position on the anticipated nuclear tests in the Pacific by France was not relevant to an examination of the Administering Authority's report on the Trust Territory of the Pacific Islands. He invited the Council to resume consideration of that subject.

44. Mr. BRYKIN (Union of Soviet Socialist Republics), speaking on a point of order, said that he had been compelled to reply to the entirely unprovoked attacks on the Soviet Union delegation and the Soviet Union itself made by the delegations of the United States and of New Zealand. He had asked whether the people of the Trust Territory were anxious about the tests to be made by France. The only answer he had received was that the Administering Authority was not anxious on that score and that the people of the Territory were not aware of the situation. His delegation reserved the right to comment on that point in its general statement.

45. Mr. DE CAMARET (France) supported the President's point of view and the New Zealand representative's proposal to terminate the present discussion.

46. Mr. YATES (United States of America) said that he wished to give one further explanation. The United States reply did not warrant the interpretation placed upon it by the representative of the Soviet Union. The United States delegation had said that all nuclear testing was of concern to the people of the Trust Territory. When his delegation had been asked about the attitude of the people of the Territory to the French testing, it had replied that there was no specific information on such testing.

47. Mr. CORNER (New Zealand) stressed that in the Council and in the United Nations as a whole there were two approaches to the question of colonial and Trust Territories. The one was that all colonial peoples should be granted independence immediately without worrying whether they had the necessary political experience, education or national unity. The other approach was to work progressively to create conditions which would ensure that the people achieved a really meaningful independence which enable them to make valid decisions about their future. His delegation felt that the second approach was the one which the Trusteeship Council must follow and which was, moreover, prescribed by Article 76 of the Charter. Questions on conditions in the Trust Territories were

relevant only if some credence was given to the method of progressively preparing the people for real independence.

48. At the 1209th meeting the special representative had said that the establishment of a Political Affairs Office had considerably accelerated the pace of development of the district congresses and that a Legislative Drafting Committee had completed preliminary work on the composition of a legislative body for the whole Territory. His delegation would like some further details about the nature of the Drafting Committee's recommendations and the views that had been expressed on those recommendations at the recent special sessions of the Council of Micronesia.

49. Mr. GODING (Special Representative) said that the first question considered had been the name to be given to the proposed legislative assembly. To his knowledge, it had been decided that the assembly should be called the Congress of Micronesia when it achieved legislative status. Opinions had been divided on the structure of the body—whether it would be bicameral or unicameral. A slight majority had been in favour of the bicameral form, with a house of delegates elected for a four-year term of office, and an assembly elected for a two-year term.

50. There had been considerable discussion of apportionment of representation among the six districts in the Trust Territory, and the view had been expressed that there should be automatic reapportionment every ten years. Regarding the qualifications of delegates, it had been decided that members of the upper house, or house of delegates, would be required to be at least thirty years of age and citizens of the Trust Territory for at least seven years, while for assemblymen the minimum age would be twenty-five years. There would also be a provision that civil servants and members of the judicial branch could not hold office in the legislative assembly. Provisions had also been considered regarding vacancies, impeachment and the frequency and duration of the legislative sessions. The Council of Micronesia had recommended two sessions a year, with the understanding that the High Commissioner could call special sessions. Consideration had also been given to provisions regarding quorum requirements, the journal of proceedings, methods of work, parliamentary immunity, the power to levy taxes and appropriate funds, amendments to the charter, new chambers, and the power to investigate and to hold hearings. It had been contemplated that the sessions should be public, and attention had been given to the questions of compensation, consideration of the annual budget, and the offices and employees of the two chambers. There was a provision that the official language should be English and that the enactments of the congress should be published.

51. That was the general content of the report of the Legislative Drafting Committee, which was composed of members of the Council of Micronesia and whose general recommendation had been approved by the Council on 22 March 1963.

52. Mr. CORNER (New Zealand) recalled that the Administering Authority had set 1965 as the year for the creation of a legislature for the Territory. It now announced, however, that a national legislature for the Territory would come into being well before that date. His delegation regarded that as a great achievement because, for the first time, a national entity would emerge from that immense group of scattered islands

which composed the Territory and which previously had had no feeling in common whatsoever.

53. At the 1209th meeting the special representative had said that there were still many steps to be taken before a true Territorial legislative organ could come into existence. He would like some precise information on those further steps which the special representative was confident would easily be taken well before 1965.

54. Mr. GODING (Special Representative) said that the next step would be a review of the recommendations, both at the headquarters office and in the Department of the Interior, accompanied by informal exchanges of views with members of the United States Congressional Committees concerned. No action would be taken regarding the legislative authority with which the Territory was to be endowed until those informal discussions had taken place.

55. The Council of Micronesia itself would consider some aspects of its recommendations more fully at its next regular session. A preliminary draft had been adopted at the last special session, but certain points remained to be discussed and would be taken up at the following session. The final proposals would then be drafted and could thereupon be implemented.

56. Mr. CORNER (New Zealand) asked whether, now that the former Saipan District had been integrated into the civil administration of the Trust Territory, the political parties of Saipan, to which Mr. Santos had alluded at the 1209th meeting, were organizing themselves on a Territory-wide basis or whether the separatist tendencies which had appeared at the time of the unofficial plebiscite of 1961 referred to by the Liberian and other delegations, still existed in that district.

57. Mr. GODING (Special Representative) replied that so far there was nothing to suggest that the division into parties would follow lines similar to those in the Mariana Islands District. The division into parties and the issues of interest to parties were to some extent local in nature. There certainly would be an influence on the other districts, for the Marianas party structure was regarded with keen interest by delegates from other districts, but at present the local issues which had brought about the division into parties did not exist in the other districts.

58. Mr. CORNER (New Zealand) noted that with the formation of the Mariana Islands District the organization of the administrative structure of the Territory was almost complete. At a lower level of local government the Administration had set itself the task of organizing all sizable municipalities and issuing charters to them. He asked whether the special representative could give details of the progress of the chartering programme which had been brought up at the previous session (1181st meeting).

59. Mr. GODING (Special Representative) replied that the chartering programme had been speeded up. In the past year, a number of charters had been issued to new municipalities. However, the Administration aimed at assisting municipalities already organized rather than issuing charters to all communities. There had perhaps been a little too much haste in certain cases, and it was desirable to strengthen the existing municipal bodies and try to make them more effective.

60. Mr. CORNER (New Zealand), noting the Administration's efforts to recruit Micronesian personnel, asked the special representative for information about

in-service training programmes and the types of positions which could be taken over by Micronesians in the near future.

61. Mr. GODING (Special Representative) replied that the in-service training programme extended to all departments of the Administration. The contracts of United States employees were reviewed every two years, and on each occasion the suitability of the person who was regarded as the "stand in" for the position was discussed. Positions were given to Micronesians whenever possible.

62. There were fewer than six United States nationals left in the Communications Department. The object of the scholarship programme, like the in-service training programme, was to prepare Micronesians for both technical and administrative positions. The medical programme was almost completely staffed by Micronesians. In two districts the district educational administrators were Micronesians. The policy of the Administration was to keep all employment requirements constantly under review with the idea of placing Micronesians in each category as rapidly as possible.

63. Mr. CORNER (New Zealand) asked whether, in view of the increase in exports, the decrease in food imports and the setting-up of some local industries within the last three years, the Territory was likely ultimately to become economically self-sufficient.

64. Mr. GODING (Special Representative) replied that he would be hesitant to say that the Territory would one day be completely self-sustaining. He believed, however, that the land and sea resources were not as poor as had been thought; the main thing was to exploit them rationally. He was not at all pessimistic about the future of the Marianas or of Yap and Palau Islands. Their standard of living could be increased considerably, but it would be going too far to say that the Territory could be self-sufficient in the full sense of the word. He stressed the immense size of the region and the problem of sea communications, which involved a very heavy expenditure for those little islands scattered over the Pacific.

65. Mr. Chiping H. C. KIANG (China) said that although he did not wish to revert to the question whether the Territory could be self-sufficient, his delegation would like to make a statement on that question at the time of the general discussion.

66. He failed to see why, after the unification of the former Saipan District with the rest of the Territory, the two political parties in Saipan did not intend to organize themselves on a Territory-wide basis. He wondered whether the parties in the other districts were contemplating association to form political parties on a Territory-wide basis.

67. Mr. GODING (Special Representative) said that to his knowledge the political parties of the Marianas had not yet attempted to extend their organization to other districts. However, he was not able to say that the parties did not intend to organize themselves on a Territory-wide basis. In his statement to the Council at the 1209th meeting, Mr. Santos had indirectly referred to the existence of a Territorial consciousness. Despite distances, that consciousness was developing as contracts grew more frequent through teaching institutions, the Council of Micronesia and conferences and meetings of all kinds which were extensively organized.

68. Mr. Chiping H. C. KIANG (China) recalled Mr. Santos' statements about the elections and the part

played in them by the political leaders. In 1958 the election campaign in the little town of Koror had lasted a week. He asked whether there had been election campaigns in Saipan.

69. Mr. GODING (Special Representative) stated that there had been very lively election campaigns not only at Koror but also in other districts. Recent campaigns had been just as lively, the population taking an active part and the political parties and personalities mobilizing radio broadcasts, loudspeaker-equipped vehicles and many other appurtenances and techniques to put across their positions.

70. Mr. Chiping H. C. KIANG (China), turning to the land question, asked whether, since the issuance of Executive Order No. 81, the inhabitants of the Marshall Islands had modified their attitude towards their traditional rights and privileges for the benefit of the Marshallese community as a whole.

71. Mr. GODING (Special Representative) stated that both the Executive Order and the right of eminent domain were being increasingly accepted. Just recently the High Court had given rulings on a least two occasions concerning land use on certain small islands in the Kwajalein area; the judgement given in both cases had been accepted by the landowners.

72. Mr. Chiping H. C. KIANG (China) asked, with reference to the Pacific Islands Central School, whether there were pupils from Saipan.

73. Mr. GODING (Special Representative) stated that there were three. As that institution had been made into a district high school, the pupils would in future come almost entirely from Ponape District. At present, three quarters of the pupils in the upper two grades came from other districts.

74. Mr. Chiping H. C. KIANG (China), recalling that the fisheries pilot project in Palau had produced very encouraging results, asked the special representative whether Truk District and the Marshall Islands offered any attractive prospects for fisheries.

75. Mr. GODING (Special Representative) said he had high hopes that in the near future commercial fisheries operation would be extended to Truk District. Three major seafood concerns were at present making on-the-spot surveys. One of them was more specifically interested in Truk District. The Administration for its part had provided funds for pilot-plant facilities at Truk and in the Marshall Islands. In the Marshall Islands, there would be a small plant for freezing fish and providing ice for the fishing boats.

76. Mr. Chiping H. C. KIANG (China) asked what the Administering Authority proposed to do to strike a balance between the efforts to promote tourism in the Territory and those to develop sea and air transport between the district centres and the outlying atolls.

77. Mr. GODING (Special Representative) agreed that there were two sides to the problem of transport. Tourism had a real potential for the Territory, and its development implied major improvements in air and sea transport services, specifically those linking Guam and Saipan with all the district centres. It was, however, equally necessary to improve the intradistrict services.

78. Mr. Chiping H. C. KIANG (China) asked, in conclusion, whether, in order to stimulate the economic

development of Micronesia, the Administering Authority would agree to defray the cost of transporting the Territory's produce and in that way reducing its price.

79. Mr. GODING (Special Representative) said that the problem could be approached in two different ways. Basically, it could be said that the Administering Authority was discounting transport costs for the outer islands, since the services to those islands were heavily subsidized, the traffic revenue being inadequate for keeping them in being. In the case of the other services, however, the Administering Authority must not prevent private enterprises from competing with the services it subsidized. The problem of support for the main transport services was not so difficult, and there was, moreover, a trend in their case away from running at a loss, even with prices that were much lower than those on most international services, taking the volume and distances involved into account.

80. Mr. DOISE (France) said that he had been glad to note that the Territorial budget had been doubled for 1963. He asked whether the increase in authorization from \$7 million to \$15 million was applicable only to the 1963 financial year or would also apply in the future, and what were the special programmes which the Administering Authority intended to undertake under the increased appropriations.

81. Mr. GODING (Special Representative) explained that the authorization would also apply to future appropriations.

82. The new appropriations had made it possible to expand and improve the whole programme of the Administration's operations. By far the largest part had been earmarked for accelerating the educational programme through the opening of new elementary schools, the payment of teachers' salaries and the purchase of supplies and equipment. Approximately \$4 million had been appropriated for education, and the balance for permanent facilities. The 1964 budget, while providing increased appropriations for permanent construction, would also make provision for continuing the construction of school facilities and of housing for teachers. Increased appropriations were also provided for hospitals, communications, airfield work and the acquisition of new vessels.

83. Miss BROOKS (Liberia), noting that fishing was one of the people's main sources of income and that foreign companies would perhaps be established in the Territory, asked what steps the Administering Authority was contemplating in order to protect local fishing enterprises against unfair competition.

84. Mr. GODING (Special Representative) said that that was a very important question. Under the terms of the contract concluded with the company which would operate in the Territory, the company would employ a local labour force, organize a training programme for the workers and help finance the purchase of vessels which would be operated by Micronesian fishermen. It was further provided that inshore fishery resources would be worked only by local fishing enterprises.

85. Miss BROOKS (Liberia), referring to the investment opportunities for foreign capital, asked whether the Administering Authority had any plans for helping

the Micronesians to acquire a stake in such companies through the purchase of shares.

86. Mr. GODING (Special Representative) said that there was a provision in the contract which required the company to make it possible for Micronesians to

participate in its trade activities. With reference to fishing vessels, the company had undertaken to finance their purchase on behalf of the local fishermen and would not own the boats in the long run.

The meeting rose at 12.30 p.m.