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OUTLINE OF CONDITIONS IN THE TRUST TERRITORY OF THE PACIFIC ISLANDS

Working paper prepared by the Secretariat

Note: The present paper has been prepared as a preliminary draft of the section dealing with conditions in the Trust Territory of the Pacific Islands to be included in the next report of the Trusteeship Council to the Security Council. Each subsection of the draft will be supplemented by such additional information as may become available during the Council's examination of conditions in the Territory and by such observations and recommendations as the Council may wish to include.

A. GENERAL

Land and people

1. The Trust Territory of the Pacific Islands consist the Marshalls, the Carolines and the Marianas. The is: anas
is not a part of the Trust Territory but is an unincorj :
United States. The three archipelagos include more th olls
scattered over an area of some 7.8 million square kilor have
Pacific, north of the Equator. The islands and atolls
a combined land area of approximately 1,854 square kilometres.
2. According to the 1980 census, the population of the Territory totalled 132,632. The distribution of the population in the Trust Territory was as follows: Truk, 37,383; Marshall Islands, 31,045; Ponape, 22,367; Northern Mariana Islands, 15,970; Palau, 12,173; Yap, 8,172; and Kosrae, 5,522.
3. The people of the Trust Territory are broadly classified as Micronesians, except for about 1,000 inhabitants of the outlying islands of Kapingamarangi and Nukuoro and a scattering of individuals of other racial groups. Language differences exist in the Territory, although each island language has a common Malayo-Polynesian source. Nine major languages, with dialect variations, are spoken in the Trust Territory: two in Yap, two in Ponape and one each in the Marshall Islands, Palau, Truk, Kosrae and the Northern Mariana Islands.

4. At its forty-seventh session, the Trusteeship Council noted that, according to the President of the Federated States of Micronesia, the creation of new institutions and the establishment of the capital at Ponape constituted an additional financial burden for the Federation. It considered that that question should continue to be the subject of particular attention.
5. The Council noted with satisfaction the efforts made by the Administering Authority, in particular through the financing of a two-year programme, to upgrade the high-frequency telecommunications system of the Trust Territory. However, it asked the Administering Authority to consider the possibility of using a system that was technically more suited to the needs of the Territory.
6. The Council took note of the concern expressed by the representatives of Micronesia about the possible dangers of the dumping of nuclear waste in the Pacific region and the comments made in that regard by the Administering Authority. The Council also took note of the communication of the Government of Japan on that subject. 1/
7. In its annual report (T/1830), the Administering Authority states that the financial concerns expressed by the President of the Federated States of Micronesia are being met in part by the Government of the United States of America, which has made available \$US 4.2 million 2/ for the transition period and for architectural and engineering work on the capital of the Federated States of Micronesia. In addition, the Trust Territory Government and the Department of the Interior of the United States are providing technical assistance during the transition.
8. The annual report further states that the United States Government has provided \$US 3.3 million for upgrading the present high-frequency telecommunications system. Efforts are now under way with the Communications Satellite Corporation (COMSAT) to initiate the installation of a satellite telecommunications system throughout the Trust Territory. Training continues in communications operations.

Population movements

9. At its forty-seventh session, the Trusteeship Council noted with satisfaction that the clean-up and rehabilitation programme of Enewetak had been completed in 1980, as scheduled. It took note of the Administering Authority's intention to resettle the inhabitants of Enewetak during the year. It noted with satisfaction that the necessary medical examinations would be provided on an ongoing basis and that the health of the people of Enewetak would be fully protected.
10. The Council was, however, still concerned about the fate of the Bikinians, who no longer expected to return to Bikini in the near future. It noted that joint exploratory missions to find a relocation site for the Bikinians had been organized since the Council's last session. It hoped that it would be possible to find a speedy solution, taking account of the wishes of the populations concerned.

1/ Official Records of the Trusteeship Council, Forty-seventh Session, Sessional Fascicle, annexes, document T/1823.

2/ The local currency is the United States dollar.

11. The Council noted with satisfaction that in the interval the provisional programme for improving conditions for the Bikinians on Kili and Ejit Islands had been continued. It regretted in that regard, that the surveys undertaken on the construction of an all-weather dock had produced negative conclusions. The Council noted, however, that the Administering Authority had, inter alia, embarked on a survey for the construction of a small airport on Kili Island.
12. The Council recommended that the Administering Authority ensure that all necessary measures be taken to remove the radiation hazards threatening the inhabitants of the Marshall Islands.
13. The Council expressed concern regarding the symptoms observed in the peoples who had been exposed to radiation. It recommended that that question be given close attention and that a medical team be sent to the spot, as envisaged, so that a thorough examination of all the inhabitants concerned could be undertaken.
14. In that regard, the Council noted with satisfaction that Public Law 96-205, which made it binding on the United States Government to provide medical assistance for any ailments which might result, directly or indirectly, from nuclear-weapon testing, had been signed on 12 March 1980 by the President of the United States. The Council recommended that every effort be made to ensure that the report provided for by the law was submitted to the United States Congress by 1 January 1981.
15. The Council was still concerned about the situation on the island of Ebeye, and noted that, during the 1980 Visiting Mission, the inhabitants of Ebeye had stated that their problems were due to the overpopulation of the island, the inadequacy of health and communications systems and unemployment among young persons. 3/
16. The current annual report states that funds are available from the Administering Authority to help offset the cost of the relocation effort.
17. The annual report also states that various sites have been explored for the relocation of the Bikinians and found to be unsatisfactory. A "master plan" for relocation is presently under review. The proposed plan would outline the development of Kili and Ejit Islands necessary to accommodate Bikinians on those islands.
18. Preliminary plans for the construction of a short-range airstrip on Kili Island are currently under consideration by the Office of the High Commissioner of the Trust Territory. If the proposals prove to be acceptable, construction of an airstrip could begin in the late spring or early summer of 1981.

3/ Official Records of the Trusteeship Council, Forty-seventh Session, Supplement No. 2 (T/1816), paras. 27-29.

19. The annual report points out that the United States Department of Energy is charged with environmental monitoring as well as with the monitoring of the health of displaced persons. These environmental and medical surveillance programmes will continue and will be expanded.

20. On 6 January 1981, the Government of the United States submitted to the United States Congress a preliminary report on a plan for health care and related programmes for the people of the Marshall Islands. During the preparation of the preliminary plans, it became evident that there were a number of questions requiring consideration before a final plan could be developed. Clarifying legislation is being sought so that realistic and acceptable health and environmental monitoring plans can be submitted to the Congress.

21. According to the annual report, additional funds amounting to \$US 3.3 million and \$US 2.0 million have been made available for 1979/80 and 1980/81 respectively for improvement work on Ebeye. Of those amounts, \$US 1.5 million was allocated to upgrade the water system and \$US 500,000 to repair the hospital in 1980; and \$US 1.5 million was allocated to upgrade the power system and \$US 500,000 for road improvement in 1981.

22. The annual report states that the sewerage project on Ebeye has been completed and alternate water supply systems are being explored. The Government of the Marshall Islands is presently considering a plan to develop Ebadon Island, with a view to encouraging the relocation of some individuals from congested Ebeye.

War and post-war damage claims

23. War damage claims by the inhabitants of the Trust Territory fall into two broad categories: claims against the Japanese Government, mainly for damages sustained by the indigenous inhabitants during the Second World War, and post-war claims against the Government of the United States.

24. On 18 April 1969, the Governments of the United States and Japan signed an agreement providing for the settlement of Micronesian war claims, under the terms of which the two Governments joined in an ex gratia arrangement to make a contribution towards the welfare of the inhabitants of the Territory. Japan agreed to make available in grants to the United States, in its capacity as Administering Authority, 1.8 billion yen, then computed at the equivalent of \$US 5 million. The United States, for its part, agreed to establish a fund in the amount of \$US 5 million.

25. The Micronesian Claims Act of 1971 (United States Law 92-39) established a Micronesian Claims Fund to consist of the contributions of the United States and Japan pursuant to the agreement referred to above. The act also established a Micronesian Claims Commission with authority to receive, examine, adjudicate and render final decisions with respect to: (a) claims for damage directly resulting from the hostilities between the United States and Japan between 7 December 1941 and the dates of the securing of the various islands of Micronesia by the United States

(Title I claims); and (b) claims arising as post-war claims between the dates of securing of the various islands by the United States and 1 July 1951 (Title II claims).

26. The Act authorized an appropriation of \$US 20 million for the settlement of post-war claims by Micronesian inhabitants against the United States or the Government of the Trust Territory because of personal injury or material damage, including claims for the acquisition, use or retention of property without adequate compensation, provided that the accident or incident out of which the claim arose occurred prior to 1 July 1951.

27. The Micronesian Claims Commission completed its work on 30 July 1976 and issued its final report shortly thereafter. In that report, the total amounts awarded and certified by the Commission were \$US 34,349,509 under Title I and \$US 32,634,403 under Title II, leaving unpaid balances of about \$US 24.3 million and \$US 12.6 million respectively.

28. At the forty-fifth session of the Trusteeship Council in 1978, the representative of the United States stated that article III of the 1969 agreement between the United States and Japan concerning the settlement of war claims provided that all claims against Japan had been fully and finally settled, and that in the accompanying exchange of notes the United States had confirmed that Japan and its nationals were fully and finally discharged from all liability for Micronesian claims falling under article III of the agreement, including claims arising out of the involvement of the Trust Territory in the Second World War. Accordingly, the United States did not consider that Japan was legally obliged to provide further payment.

29. At its forty-seventh session, the Trusteeship Council reiterated its concern that war damage claims had not yet been settled as determined by the Micronesian Claims Commission.

30. The Council noted the observation of the 1980 Visiting Mission that the failure to resolve the issue of Title I war claims continued to cause the inhabitants of Micronesia deep distress, which was detrimental to their otherwise close and friendly relations with the parties concerned. The Council was pleased to note that outstanding claims under Title II, as adjudicated by the Micronesian Claims Commission, had now been settled.

31. The Council once again appealed to those concerned to make a further urgent effort to resolve that long-standing issue in the best interests of its innocent victims and, in particular, reiterated its hope that a humanitarian solution would be achieved before the termination of the Trusteeship Agreement.

32. The Council recalled the statement made at its forty-sixth session by the representative of the United States that his Government and the Government of Japan had been consulting on that issue and his belief that the two Governments could evolve a way to express their sympathetic concern for the people of Micronesia.

B. POLITICAL ADVANCEMENT

General political structure

33. Executive and administrative authority for the Government of the Trust Territory and responsibility for carrying out international obligations undertaken by the United States with respect to the Territory are vested in a High Commissioner appointed by the President of the United States and confirmed by the United States Senate.

34. In the annual report under review, the Administering Authority states that in recognition of the right of the people of the Trust Territory to choose their own political destiny and in accordance with the decisions taken in the constitutional referendum of 12 July 1978, ^{4/} the legislative authority of the Territory had devolved from the former Congress of Micronesia to the legislative bodies established by the constitutions of the Marshall Islands, the Federated States of Micronesia and Palau. According to the annual report, that political process had begun with the issuance of Secretarial Order No. 3027 of 1 October 1978 which dissolved the Congress of Micronesia and granted its legislative authority to the Marshall Islands Nitijela (Legislature), the Interim Congress of the Federated States of Micronesia and the Legislature of Palau. Subsequently, on 25 October 1979, Secretarial Order No. 3039 was issued which provided full legislative authority for the three constitutional governments within their jurisdiction, subject to certain limitations with regard to the continuing responsibilities and obligations of the Administering Authority under the Trusteeship Agreement.

Territorial government

Legislatures

35. The Congress of the Federated States of Micronesia is a unicameral body. The Congress consists of one member elected from congressional districts in each state apportioned by population. Members elected on the basis of state equality serve for four years and all other members for two years. A state may provide for one of its seats to be set aside for a traditional leader. Members of the Congress are elected by residents of the Federated States of Micronesia who are 18 years of age or older. The first general election under the new Constitution took place on 27 March 1979.

36. The Northern Marianas Commonwealth Legislature is a bicameral body consisting of a Senate and a House of Representatives. The Senate has nine members elected at large for four-year terms from the three senatorial districts. The House of Representatives has 14 members elected for two-year terms. Members of the

^{4/} For the report of the United Nations Visiting Mission to observe the referendum in the Trust Territory of the Pacific Islands 1978, see Official Records of the Trusteeship Council, Forty-sixth Session, Supplement No. 2 (T/1795).

Legislature are elected by residents of the Commonwealth of the Northern Marianas, 18 years of age or older, who are registered voters. The second general election took place on 4 November 1979.

37. The legislative power in the Marshall Islands is vested in the Nitijela, consisting of 33 members. A general election is held every four years. The President of the Marshall Islands may, however, dissolve the Nitijela at any time if a motion of no confidence in the Cabinet has twice been carried and has twice lapsed, and if no other president has held office in the interval between the two votes of no confidence. He may also do so if no cabinet has been appointed within 30 days after the date on which the Nitijela has proceeded to elect a president for any reason other than the resignation of the president following a vote of no confidence. Members of the Nitijela are elected by citizens of the Marshall Islands, 18 years of age or older, who are qualified voters. The first general election under the new Constitution took place on 10 April 1979. There is also a Council of Iroij (traditional leaders) of the Marshall Islands consisting of 12 eligible persons. It considers, inter alia, bills affecting customary law, any traditional practice, land tenure or any related matter adopted by the Nitijela.

38. The legislative power in Palau is vested in the Olbiil Era Kelulau, consisting of a House of Delegates and a Senate, the members of which are elected for a term of four years. One delegate is elected from each state and the delegation so elected composes the House of Delegates. The Senate is composed of the number of senators prescribed from time to time by a reapportionment commission as provided by law. The enactment of laws requires adoption of bills by each house. The President is empowered to veto a bill, but the veto may be overridden if the vetoed bill is subsequently approved by a two-thirds majority of each house.

39. In its annual report, the Administering Authority states that under the terms of Secretarial Order No. 3039, the High Commissioner reviews all legislation emanating from the governments to ensure their consistency with: (a) the laws, regulations and treaties of the United States generally applicable in the Trust Territory; (b) the Trusteeship Agreement; or (c) the Bill of Rights set forth in the Trust Territory Code. During 1979, a limited number of legislative measures were suspended in whole or in part since they were in conflict with the responsibilities of the Administering Authority.

40. The annual report states that under Secretarial Order No. 3039, the High Commissioner is no longer responsible for general legislation emanating from the new governments. The veto power has been transferred from the High Commissioner to those of the new constitutional governments that have chosen to retain it. Under the Order, the High Commissioner has authority to suspend laws in whole or in part but only to the extent they are in conflict with the provisions of the Secretarial Order that relate to the responsibilities of the Administering Authority. The President of the Federated States of Micronesia and Palau enjoy such power over legislation in their respective jurisdictions. The President of the Marshall Islands lacks veto power since he presides over a government based on the parliamentary system. Under the provisions of Secretarial Order No. 3039, all legislation approved by the constitutional governments must be submitted to the High

welcomed the progress made in the Marshall Islands and the Federated States of Micronesia towards transferring responsibility for functions in a wide variety of fields and was glad to note that the government of the District of Palau was now taking on a number of responsibilities previously held by the High Commissioner's office.

State governments

47. In 1980, the Administering Authority reported that the new state governments of Truk, Ponape, Kosrae and Yap were carrying out their functions in accordance with the terms of their charters with fully elected executive and legislative branches of government. They exercised those authorities granted by their charters, the Constitution of the Federated States of Micronesia and Territory-wide laws which were applicable.

State administrators

48. The four states constituting the Federated States of Micronesia (Yap, Truk, Ponape and Kosrae) are headed by elected governors. Each of the states installed its first elected governor during 1979 except Truk, which did so in 1978.

State legislatures

49. All the entities of the Trust Territory have popularly elected legislatures. The powers of the state legislatures in the Federated States are defined by the Constitution of the latter. In the Marshall Islands, the Nitijela has all legislative powers delegated to it by its Constitution. The qualifications for membership in the legislative bodies are defined in the relevant charters and constitutions.

Municipal governments

50. According to the current annual report, the municipality system in the Trust Territory is changing to reflect the assumption of self-government under state and national constitutions. In the Federated States of Micronesia, the powers of municipal governments are defined by the charters of each state. In the Marshall Islands and Palau, the constitutions provide for local governments and define their jurisdictions and powers to draw up ordinances.

51. The annual report states that to a large extent, municipal boundaries represent customary geographic political divisions or entities which may comprise an island, a group of islands or atolls, or a locally recognized area or division of a larger island. To date, municipalities are either chartered or unchartered. Some of the latter elect only an executive officer (magistrate) while others remain under a traditional form of government.

Civil service

52. The Constitution of the Federated States of Micronesia provides for the establishment of executive departments by statute. The President, with the advice and consent of the Congress, appoints the principal officers of those departments and such other officers as may be provided for by statute.
53. The Constitution of the Northern Mariana Islands provides for a civil service system which operates under a Civil Service Commission. The Commission administers personnel policies for the government.
54. Under the Marshall Islands Constitution, the public service, headed by a Chief Secretary, comprises the employees necessary to assist the Cabinet in exercising executive authority and to perform other duties as required. The Constitution also contains provisions for the establishment of a Public Service Commission.
55. The Constitution of Palau provides for the appointment of national officers by the President with the advice and consent of the Senate.
56. At its forty-seventh session, the Trusteeship Council welcomed the steps that had been taken to encourage "micronization" in order to enable the people of the Trust Territory to obtain the necessary experience in all fields of public service before termination of the Trusteeship Agreement. The Council urged the Administering Authority to provide all possible intensive training programmes to prepare Micronesians for taking on new responsibilities, and hoped that specialists could be made available in technical and other fields where necessary until qualified Micronesians had been trained to replace them.
57. The Council noted with regret that the size of the civil services throughout the Trust Territory remained a cause for concern, placing a heavy burden on territorial budgets and absorbing a disproportionate share of trained manpower. It urged the Administering Authority to give all possible assistance in creating jobs in the private sector, so that the civil service could be rationalized and reduced without exacerbating the unemployment problem.
58. The current annual report states that the transfer of employees who are Trust Territory citizens from headquarters on Saipan to their respective local governments continues at a rapid rate. To a large extent, the newly established governments of the three constitutional entities and the four states of the Federated States of Micronesia have employed Micronesians trained at headquarters on Saipan or in the former district governments administered from headquarters. Staff members of the local governments continue to be trained through programmes of the United Nations and its specialized agencies; regional agencies such as the South Pacific Commission (SPC); and by the Administering Authority. The later programme includes a significant management and personnel training grant under the United States Intergovernmental Personnel Training Act.
59. The annual report further states that the training programme for trades has been expanded and intensified. Student enrolment in the Territory's most

successful four-year Micronesian Trades Apprenticeship Program (MTAP) has essentially doubled, necessitating the introduction of a second class. Short-term training and the first two years of the MTAP programme are financed under the Comprehensive Employment and Training Act (CETA). Funds for the first class are now assured for its third year.

60. The Trust Territory Government continues to provide technical assistance and training to local governments where qualified Micronesians are not yet available in specialized fields. Training and technical assistance in budget preparation continues and will include the convening in the near future of a conference for budget personnel. Full-time technical assistance is provided by the United States Department of the Interior.

61. According to the current annual report, the Administering Authority is discussing with the Federated States of Micronesia the latter's administration of an on-the-job training programme to be undertaken in co-operation with participating private sector businesses. During their training, the salaries of the trainees would be subsidized by a grant from CETA; on completion of training, the private sector businesses would pay their full salaries.

Political education

62. At its forty-seventh session, the Trusteeship Council noted in particular the concern expressed by the 1980 Visiting Mission at the termination of the Education for Self-Government (ESG) programme and the Mission's hope that that would not be a final decision, in view of the need for such a programme to prepare the people for the plebiscite expected to take place early in 1981. The Council noted with interest the statement of the Administering Authority that it was willing to render appropriate assistance to the local governments to carry out political education.

63. The current annual report states that the Administering Authority has held preliminary discussions with representatives of Palau, the Marshall Islands, and the Federated States of Micronesia on the subject of the political education programme which would precede any plebiscite on the future political status of the Trust Territory. The Administering Authority is committed to working with those Governments in the design and implementation of such a programme.

Decentralization

64. The current annual report states that Secretarial Order No. 3039 has substantially revised the relationship between the Government of the Trust Territory and the new political entities. Under the terms of the Order, upon its establishment, a new constitutional government assumes administrative and legislative power. Accordingly, the governments of Palau, the Marshall Islands and the Federated States of Micronesia have assumed much of the executive authority formerly exercised by the High Commissioner. The transfer of functions and responsibilities from Headquarters to the new constitutional governments continued

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during 1980 with the result that the Trust Territory Government's functions are now essentially limited to overseeing activities concerning the Capital Improvement Program, the expenditure of funds appropriated by the Congress of the United States, foreign affairs and other functions incumbent upon the Administering Authority under the Trusteeship Agreement. As functions and responsibilities are transferred to the new governments, the number of staff at the Trust Territory headquarters and the scope of its activities diminish. Consequently the number of employees at headquarters was reduced by 84 during the period under review.

Judiciary

65. The Trust Territory has three types of courts: the High Court, district courts and community courts. The highest judicial authority in the Territory is the High Court, which has appellate and trial divisions. The High Court consists of the Chief Justice, three associate justices and a panel of six temporary judges of whom four are full-time judges on Guam and two are full-time judges in the Northern Mariana Islands. The High Court judges are appointed by the United States Secretary of the Interior. Each district court consists of a presiding judge and may include one or more associate judges appointed for three-year terms by the High Commissioner with the advice and consent of the legislative bodies of the respective entities. The High Commissioner may appoint a special judge of the High Court to serve as presiding or associate judge of a district court. Community courts have one or more judges, all appointed by the appropriate chief executives.

66. The judicial power of the Federal States of Micronesia is vested in a Supreme Court and subordinate courts established by statute. In the Marshall Islands, the judicial power is vested in a Supreme Court, a High Court, a Traditional Rights Court, district courts, community courts and other subordinate courts. In the Northern Mariana Islands, judicial power resides in a judiciary, which includes trial and appeals courts established by the Legislature. The Legislature may establish a commonwealth trial court with original jurisdiction over actions involving land in the Commonwealth and other civil actions. The Legislature may also establish a Commonwealth Appeals Court. Judicial power in Palau is vested in a Supreme Court, a National Court and such inferior courts of limited jurisdiction as might be established by law. The Supreme Court is a court of record and consists of a chief justice and not less than three, but not more than six, associate justices. The Supreme Court has general appellate jurisdiction and original jurisdiction in respect of certain matters, such as those involving the Government and state governments.

67. The charters of Yap, Truk, Ponape and Kosrae provide for a court system and for the appointment of judges by the governor of each state.

68. Section 5 of Secretarial Order No. 3039 provides for the transfer of judicial responsibilities to functioning courts established in accordance with the constitutions of the Federated States of Micronesia, the Marshall Islands and Palau. At such time as the Chief Justice of the High Court of the Trust Territory determines that such functioning courts exist, all cases not in active trial, with the

exception of suits against the Trust Territory Government or the High Commissioner, will be transferred to them. Constitutional courts are not yet established and functioning in the Federated States of Micronesia, the Marshall Islands or Palau. Until the transfer of judicial authority to the constitutionally established courts, the judicial authority of the Government is vested in the High Court of the Trust Territory, the district court for each administrative district and the community court for each municipality or community therein. Such authority is independent of executive and legislative powers.

69. According to the current annual report, the judicial branch of government is staffed entirely by Micronesians, except for a few members of the High Court and the staff of the Community Court at Kwajalein. A Trust Territory citizen is among the judges serving on the High Court. The Director of the Administrative Office of the courts and his deputy are Micronesians. Of the 108 judges in the lower courts, 97 are community court judges and 11 are district court judges who also serve as special judges of the High Court. Of the 97 community court judges, 93 are Micronesians; and all district court judges are Trust Territory citizens.

C. ECONOMIC ADVANCEMENT

General economy

70. The gross domestic product of the Territory is derived largely from United States expenditures for services and capital improvements and from tourism, the production of copra, subsistence and commercial farming and fishing and the sale of handicrafts. The inhabitants of the semi-urbanized areas of the Trust Territory, unlike those of the outer islands who receive only a small share of cash from the sale of copra and handicrafts, participate in the money economy.

71. In 1979/80, coconut oil exports totalled \$US 5.2 million, tuna fish \$US 4.2 million, copra \$US 3.0 million and direct income from tourism amounted to \$US 2.4 million (excluding the Northern Mariana Islands).

72. The current annual report states that during 1979/80, the Territory (excluding the Northern Mariana Islands) received 35 applications from foreign companies for permits to do business in the Territory and issued 17 foreign business permits.

73. At its forty-seventh session, the Trusteeship Council stated that now that the Micronesians were on the verge of choosing, or had already chosen, their own form of government, economic assistance to the Territory should be increased to enable the people to achieve a certain measure of self-determination. It noted that the Micronesian economy appeared to have been hard hit by the effects of inflation and energy price rises.

74. The Council noted that the Territory's exports amounted in value to only one fifth of its imports. Inasmuch as the funds derived from agriculture, handicrafts, fishing and tourism could not be increased rapidly to any significant degree, the Council urged the Administering Authority to promote the development of the kinds of production that could satisfy local needs, especially for food.

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75. The Council welcomed the inclusion of coconut oil in the Generalized System of Preference. It noted with satisfaction that customs duty on coconut oil, which had already been reduced by 25 per cent in 1980, would be finally eliminated on 1 January 1981.
76. The Council took note of the Administering Authority's statement that a start had been made on the implementation of the five-year indicative plans established by the local governments, particularly in respect of the economic infrastructure. It noted with satisfaction the High Commissioner's statement that the goals of the 1976 five-year capital improvement programme should be met by 1981.
77. The Council regretted that the second-level capital improvement programme, which had been designed to ensure the development of the outer islands, was currently seen by the Administering Authority as being merely at the study stage.
78. The Council noted that certain parts of the Territory were experiencing difficulties in obtaining proper water and electricity supplies.
79. According to the current annual report, the Trust Territory Government has been encouraging the mobilization and full use of local and foreign investment in order to develop the Territory before the termination of the Trusteeship Agreement. The Government recognizes the need for outside capital and expertise to maximize efficiency and profit particularly in the case of large-scale, sophisticated projects. Proposals for investment by foreign business concerns are evaluated by various criteria provided in the Foreign Investors Business Permit Act to ensure positive contributions by such business concerns towards the Territory's economic development.
80. The annual report states that the implementation of the capital improvement programme was intensified in 1980 and that the Administering Authority expects to meet the goals of that programme by 1984. The objective of the programme is to provide to the extent that budgetary resources permit, the following at each of the administrative centres: roads, a power generator and distributor, an airport, dock and harbour and a hospital.
81. The annual report further states that at present projects valued at \$US 103.0 million are in various stages of construction. These included, notably, the airports in Palau, Yap, Truk, Ponape and Kosrae and road improvement projects in Palau, Yap, Truk and Ponape, Kosrae and the Marshall Islands. Over \$US 13.0 million has been made available for road projects.
82. The annual report points out that in an effort to meet the effects of the "energy price rises", alternative renewable energy sources are being investigated and promoted, and each jurisdiction is developing a renewable energy development plan. In addition, the Congress of the United States has enacted legislation which extends to the Trust Territory and will provide for the demonstration of the application of appropriate energy technology throughout the Trust Territory.
83. The annual report states that \$US 23.8 million will be provided to complete the five-year capital improvement programme in 1980/81. Final contracts for

construction should be awarded in the near future. The second-level capital improvement programme is being maintained and will serve as a useful inventory for possible future projects.

84. The annual report states that the Administering Authority is attempting to meet the energy and water needs of the Trust Territory within the limits of available resources. Existing programmes of various federal agencies and departments, such as the Environmental Protection Agency, the Department of Energy and the Department of Housing and Urban Development (HUD), are being used to meet those needs.

Public finance

85. The costs of Trust Territory operations are met by grants from the Administering Authority in the form of annual appropriations and federal programme grants, as well as by local reimbursable revenue collections. Appropriation requests are subject to limits fixed by the United States Congress.

86. The grant from the Administering Authority to the Territory (excluding the Northern Mariana Islands) for 1980 was \$US 120.0 million, of which \$US 53.2 million was made available for operational purposes, \$US 51.9 million for capital improvement and \$US 14.9 million for special projects. In addition, the Trust Territory received approximately \$US 35.0 million in federal grants from United States Government agencies for the execution of various programmes. In 1980, tax revenue raised within the Territory totalled \$US 16.9 million.

87. The grant from the Administering Authority to the Northern Mariana Islands Government is provided through the High Commissioner of the Trust Territory, who subsequently incorporates its report into the report of the Trust Territory Government for submission to the Administering Authority. In 1978/80, the grant amounted to \$US 11.8 million. The Northern Mariana Islands also received from the Administering Authority \$US 13.0 million for operations and \$US 11.3 million for the capital improvement programme. Local tax revenue totalled \$US 6.6 million and revenue from utilities, hospitals and other fees amounted to \$US 2.0 million.

88. At its forty-seventh session, the Trusteeship Council noted that the local authorities were given the opportunity to determine their programme priorities within budgetary limits.

89. The Council took note with interest of the table of budget estimates for 1979/80 and 1980/81 submitted by the Administering Authority, according to which the Administering Authority would maintain the level of subsidies to the three entities. However, some Micronesian representatives believed that those subsidies would be insufficient to cover the expenses that they expected would be incurred during the transitional period.

90. The Council took note of the statement of the representative of the Federated States of Micronesia on the complexity of the present financial management system. It noted with interest that the expert whose services the Administering Authority

had retained would assist the governments concerned in rationalizing the financial management system and facilitating budget preparation and accounting.

91. The Council reiterated its view that the Territory's system of taxes and duties should be designed to discourage the import of goods and products which could be obtained locally.

92. The current annual report states that the Administering Authority continues to provide basic budgetary support to the constitutional governments. Annual budgetary requests are formulated by the constitutional governments (or the state legislatures) for transmittal to the High Commissioner, who incorporates them into a single budget proposal for submission to the Administering Authority. While the implementation of the programmes supported by federal grants is the responsibility of the local governments, the High Commissioner retains fiscal responsibility in respect of such grants.

93. In 1980, the Administering Authority reported that as a result of the efforts by a tax adviser made available by it, each of the constitutional governments now had an independent office which was fully responsible for the assessment, collection, auditing and administration of all tax revenues within each entity. It was expected that such tax code changes as the entities might develop would be accomplished more effectively as a result of the training and administrative controls established by the tax adviser.

94. The current annual report states that budget requests for 1981/82 were prepared by the political entities within established guidelines.

95. Referring to the budget estimates for 1979/80 and 1980/81 submitted by the Administering Authority and the belief expressed by Micronesian representatives that the subsidies would be insufficient, the annual report indicates that additional funds have been provided to meet the additional costs. With regard to the present financial management system, the annual report states that a recent study by the Mitre Corporation recommended continuance of the system, with some modifications. In the meantime, the decisions of the entities concerning the financial management systems which they wish to adopt are being awaited.

96. Concerning the Council's recommendation that the Territory's system of taxes and duties should be designed to discourage the import of goods and products which could be obtained locally, the annual report states that tax authority rests with the constitutional governments.

Assistance from international institutions and other countries

97. At its forty-seventh session, the Trusteeship Council strongly encouraged the leadership of the Territory to develop relations with the various regional and international agencies. The Council noted with satisfaction the assistance provided by the World Health Organization (WHO) under the three-year health development programme launched in 1979. It noted with satisfaction the efforts undertaken by the governments of the territory to forge links and develop co-operation with other States in the region.

98. In 1980, the Administering Authority reported that with the assistance of the specialized agencies of the United Nations, a variety of projects had been completed including a study on industrialization in Micronesia by the Economic and Social Commission for Asia and the Pacific (ESCAP); handicraft development by a United Nations handicraft marketing adviser; the Palau Cultural Center by the United Nations Development Programme (UNDP) and the United Nations Industrial Development Organization (UNIDO); coconut processing by UNIDO; and a number of other activities.

99. According to the current annual report, as part of its effort to increase employment and revenue in the Trust Territory and with the view to introducing import substitutes and increasing exports, the Trust Territory Government continued its investigation of potential industries for Micronesia. With the assistance of various United Nations agencies as well as the staff of the Government, studies had been made and potential projects had thoroughly been investigated.

100. The annual report states that the governments of the Federated States of Micronesia, the Northern Mariana Islands and the Marshall Islands have become members of SPC in their own name and right. Palau is expected to become a member of the Commission in 1981. The Federated States of Micronesia joined the South Pacific Bureau for Economic Co-operation (SPEC), the administrative arm of the South Pacific Forum.

Credit

101. At its forty-seventh session, the Trusteeship Council took note of the ongoing restructuring of the Territory's Economic Development Loan Fund, which has the role of overseeing the establishment of development banks within the new entities.

102. In 1980, the Administering Authority reported that the Economic Development Loan Fund was being restructured. The administrative manual had been reviewed and approved by the Administering Authority. The lending procedure of the Fund had been modified in order to include local leaders representing local economic interests in the decision-making process.

103. According to the current annual report, the Economic Development Loan Fund of the Northern Mariana Islands became active in the early part of 1979 and the first loan was granted in July 1979. The Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States ^{5/} guarantees for seven years annual appropriation of \$US 1.5 million (based on 1975 constant dollars). During 1977/78, 1978/79 and 1979/80, the Northern Mariana Islands received \$US 5.5 million as guaranteed by the Covenant.

^{5/} For the text of the Covenant, see Official Records of the Trusteeship Council, Forty-second Session, Sessional Fascicle, annexes, document T/1759.

104. The current annual report states that by 30 September 1980, 29 chartered credit unions were operating in the Trust Territory (excluding Ponape and the Northern Mariana Islands) and had 5,531 members. Loans granted by them aggregated \$US 6.4 million.

105. The annual report points out that the Northern Mariana Islands granted 25 loans under the Covenant which aggregated \$US 2.9 million. In addition, the Northern Mariana Islands also administers 92 loans, which aggregated \$US 1.5 million, committed to it before its administrative separation from the rest of the Trust Territory.

Land

106. The land area of the Trust Territory comprises 83,305 hectares classified as arable land and 99,479 hectares classified either as grazing land and forest or as swamps, rock and built-up land. Of the total area, 73,647 hectares are privately owned and 109,584 hectares are classified as public lands.

107. On 26 December 1974, the United States Secretary of the Interior issued Secretarial Order No. 2969 transferring the Trust Territory's public lands to district control. He stated that the Order was now part of the Trust Territory Code, and that it provided the legal framework for each district to request and receive title to appropriate public lands within its jurisdiction. The Secretary also noted that the Order, when implemented in every district, would provide for the transfer of the same amount of land as any other approved mechanism for implementing the policy statement.

108. Secretarial Order No. 3039, issued on 25 April 1979, provides in part that with regard to the transfer of public land Secretarial Order No. 2969 remains in effect and that in those instances where a receiving entity has not been designated, the land shall be transferred to the state or district government where the land is located.

109. At the forty-seventh session of the Trusteeship Council in 1980, the Administering Authority reported that, in keeping with its programme for returning all public lands to local governments as quickly as possible, all public lands formerly held by the Trust Territory Government had been turned over to the appropriate local land authorities.

110. At the same session, the Trusteeship Council noted with satisfaction that the transfer of public land to local authorities had been completed, with the exception of small areas of Palau where there were still some administrative difficulties. It noted that the Trust Territory Government had not yet found the funds to finance the purchase or leasing of land which it currently held under indefinite use agreements.

111. According to the current annual report, to effect the equitable return of public land to local authorities, the Administering Authority felt that an accelerated identification and survey of all lands claimed by the Government of

the Trust Territory should be undertaken. Funds amounting to \$US 5.8 million were assured and contracts for aerial surveys were awarded in 1974. By the end of 1978/79, \$US 4.7 million had been used for land identification and surveying which resulted in the delineation of about 780 square kilometres of public land and some 180 square kilometres of private land.

112. The annual report states that in 1979/80, some 700 hectares of public land in the Northern Mariana Islands have been surveyed and mapped for agricultural homesteading or for lease to private individuals. In addition, a contract has been concluded with a private firm which will survey and map about 60 hectares of public land for village homesteading. During the same period, the Government of the Northern Mariana Islands determined ownership of 61 village lots and 122 agricultural lots and issued certificates of title for 299 village lots and 302 agricultural lots. A residential homesteading programme which began in 1979 is intended to provide land for residential purposes to eligible citizens of the Northern Mariana Islands. The Government has begun to survey and prepare homesteading areas for eventual awards of the lots to about 1,000 families.

113. The annual report states that certain public lands in the Northern Mariana Islands have been set aside in accordance with the provisions of the Covenant for possible use by the Administering Authority on a long-term lease basis.

114. The annual report points out that funds are now available for the purchase or leasing of land currently held by the Trust Territory Government and the renegotiation and purchasing are under way.

Agriculture and livestock

115. Copra is the principal commercial agricultural product of the Territory. Black pepper and vegetables are being developed on a commercial scale. Taro, arrowroot, yams, sweet potatoes, cassava, bread-fruit, pandanus, bananas, citrus and a number of other crops, used mainly for local subsistence, comprise the remaining principal crops.

116. The principal livestock in the Territory are swine and poultry. Cattle, goats and carabao are found on the high islands. Cattle, the third most important type of livestock, are concentrated mainly in the Northern Mariana Islands.

117. At its forty-seventh session, the Trusteeship Council expressed its belief that the expansion of agricultural and livestock production to meet the needs of the population was a matter of priority, and it requested the Administering Authority to promote export-oriented agriculture.

118. The Council hoped that the study on the development of pepper plantations on Ponape and the Truk broiler project would soon be completed. It noted the distribution of a new variety of coconut trees and urged the Administering Authority to continue its effort to improve the yield of coconut plantations in order to guarantee supplies for the two copra processing plants in the Territory.

119. The current annual report states that a soil and forestry survey for all the districts/States was completed in September 1980. The survey was undertaken by United States government agencies at an estimated cost of \$US 442,000.

120. The annual report points out that coconut, the Territory's most important crop, has been given the highest priority for development. A territory-wide, long-range coconut replanting programme is aimed at thinning and bushing, replacing senile and debilitated palms and planting new areas. Available local labour, trained agricultural personnel and material incentives serve to motivate the programme.

121. A Micronesian has been assigned to the rice project on Ponape, which is currently under review by the state government of Ponape. The feedmill/livestock project on Palau, with a project manager from the Food and Agriculture Organization of the United Nations (FAO) and a United Nations volunteer, was expected to be in full operation by January 1981. The project started with 51 cattle and now has 81 head of Santa Gertrudis from the Northern Mariana Islands. The Truk broiler project is reported to be near completion.

122. During the period under review, 40 Micronesians participated in training programmes of from two weeks to six months duration in the field of agriculture and forestry.

Marine resources

123. At its forty-seventh session, the Trusteeship Council noted with satisfaction that the three maritime authorities of the Federated States of Micronesia, the Marshall Islands and Palau, respectively, were working to strengthen their legislation on the protection of the 200-mile zones. It took note of the Administering Authority's intention of extending assistance to ensure respect for the rights of the Micronesians over the 200-mile zones.

124. The Council noted with satisfaction that the Administering Authority was paying constant attention to projects for improving the exploitation of marine resources. It hoped that the three entities would become members of the proposed South Pacific regional fisheries association at the earliest opportunity.

125. The current annual report states that the maritime authorities of the Federated States of Micronesia, the Marshall Islands and Palau have commissioned studies of the foreign fisheries operating within their fisheries zones as well as of the value of the resources within those zones. In 1980, the three maritime authorities renewed separate fishing agreements with the Government of Japan for a second year. Palau and the Federated States of Micronesia also signed agreements with a Taiwanese fishing association. Total fees for fishing within those zones were about \$US 3.0 million, which included some goods and services from Japan.

126. The annual report further states that while it has been realized that significant income might be generated through the sale of access rights to the

extended fisheries zones of the Territory, the tuna resources of the Territory will also contribute to local economic development by providing the raw material for industrial growth. The lack of suitable baitfish has limited, however, the development of locally based pole-and-line live bait skipjack fisheries, the most successful technique for capturing surface tuna in the central and western Pacific. Programmes have been undertaken to develop and demonstrate harvesting methods for surface tuna with local crews and vessels available within the area.

127. The annual report also states that the new constitutional governments have given top priority to the development of small-scale fisheries operations with a view to supplying fish to local markets and to introducing a commercial fisheries programme. Projects designed to provide balanced support for small-scale fisheries operations have been implemented in each district/State.

128. The Micronesian Mariculture Demonstration Center in Palau is continuing its research work on the application of existing mariculture technology to conditions in the Territory. Activities have been concentrated on demonstration of the potential for fresh water prawns and rabbit-fish with a view to making the most effective use of available resources.

129. According to the current annual report, several grants were awarded to the Government of the Northern Mariana Islands to encourage fisheries development. The Pacific Tuna Development Foundation (PTDF) awarded \$US 43,420 for a fisheries training programme to introduce new and efficient techniques to the local fishermen. The Government is presently implementing a \$US 53,020 shark fishery development project financed by PTDF to assess the feasibility of a small-scale shark fishery operation in the Northern Mariana Islands. A local fishing company has been contracted to carry out shark fishing, process the shark products and export them to Japan.

Third United Nations Conference on the Law of the Sea

130. The annual report of the Administering Authority for 1977/78 stated that since the inception of the United Nations Conference on the Law of the Sea, the Administering Authority had recognized that Micronesian interests might not coincide with its own position. Accordingly, the Administering Authority had actively sought observer status for the Micronesian delegation so that the latter could explain its own position to the Conference.

131. At its forty-seventh session, the Trusteeship Council noted that the Trust Territory delegation to the Third United Nations Conference on the Law of the Sea in 1980 had been composed of representatives of the Federated States of Micronesia, the Marshall Islands and Palau.

Industry and tourism

132. At its forty-seventh session, the Trusteeship Council reiterated its concern at the absence of small industrial enterprises in the Territory.

133. The Council shared the opinion of the 1980 Visiting Mission and the view expressed in the five-year development plan that tourism could only be developed gradually, with a carefully prepared over-all plan. It noted that in order to set up a tourist industry there would have to be a well-developed infrastructure as well as a potential tourist market. While welcoming the expansion of the tourist industry, the Council reiterated the hope that the interests of the population and the existing social structures would be safeguarded and the environment preserved.

134. According to the current annual report, following a conference convened by the High Commissioner of the Trust Territory in June 1980 to exchange views on the development of tourism, a regional organization consisting of the Northern Mariana Islands, the Federated States of Micronesia, Palau, Guam and Nauru has been established. The Marshall Islands has indicated that it will join at a later date. The organization's newly established council has designated an executive director and is proceeding with a programme of promotional activities for the Trust Territory.

135. The annual report also states that the Trust Territory is continuing to support the Micronesian Regional Tourism Council realizing that the economic future of the region is interdependent and that success in tourism for each will depend upon the genuine commitment by all.

136. Between 1 January to 31 September 1980, a total of 5,774 visitors entered the Federated States of Micronesia and income for that period was estimated at \$US 1.3 million. During the same period, 3,910 visitors entered Palau; income was estimated at \$US 1.0 million. The number of visitors to the Northern Mariana Islands continued to increase during the period under review. Over 103,000 tourists visited the islands and direct expenditures by those visitors totalled \$US 52.0 million.

137. At 30 September 1980, there were 12 hotels in the Federated States of Micronesia and 3 in Palau with a total of 305 hotel rooms. There were 765 hotel rooms in the Northern Mariana Islands.

138. The current annual report states that during the period under review the Trust Territory obtained the services of a United Nations adviser on regional tourism marketing to assist local tourist commissions and the Micronesian Regional Tourism Council.

139. In 1980, a UNIDO expert visited the Trust Territory to evaluate the extent of existing trochus beds in order to assess the feasibility of manufacturing trochus shell buttons. The survey determined that there was enough trochus available to justify establishing plants in Truk, Ponape and Palau. Another expert, in the manufacture of trochus shell buttons, recommended the establishment of a small manufacturing unit. The two experts provided the Trust Territory Government with data to begin a pre-feasibility study for the manufacture of buttons in the Territory.

140. The annual report points out that on the basis of recommendations by a UNIDO

consultant, a team of five experts in various phases of coconut processing visited the Territory in 1980 and their report indicated a potential for developing a small-scale processing plant in each State based on the State's area of specialization. Further, on the basis of recommendations by a handicraft expert from the International Labour Organisation (ILO), a project to assess the feasibility of establishing a clay products industry in the Territory was undertaken in 1980. Palau, Truk and Yap are examining the feasibility studies to determine whether or not to proceed with the projects.

Transport and communications

141. At its forty-seventh session, the Trusteeship Council stated that it shared the view of the Visiting Mission that transport and communications continue to be a serious problem in the Territory.
142. The Council noted with interest that the seven new ships plying between the various islands were operating satisfactorily.
143. The Council noted with satisfaction that the new docks at Majuro and Yap had been completed and that construction work on the Kosrae dock should start soon. It expressed the hope that the necessary funds for the construction of docks in Truk and Palau would soon be forthcoming.
144. The Council noted with satisfaction that the expansion of Truk International Airport was under way, that further improvements would be made in 1980 to the Ponape and Palau airports, and that airports would be built at Yap and Kosrae. It noted with regret that the road network remained inadequate in certain parts of the Territory.
145. The Council noted that the Territory's inhabitants wished to see the development of a satellite communications system to improve communications within Micronesia and with the outside world.
146. The current annual report states that in 1980 agreements were concluded between the High Commissioner of the Trust Territory and representatives of the Federated States of Micronesia and the Marshall Islands for the transfer of managerial authority and the operational functions of sea transportation, including the transfer of ships and other resources, to the two Governments. A similar agreement for the transfer of a field trip vessel was expected to be concluded with the Government of Palau in January 1981.
147. The annual report further states that international, interstate and logistic shipping services are provided by eight shipping companies operating liner services. Four of these shipping companies are owned and operated by Micronesian interests and four by foreign interests. In addition, the Trust Territory Government is responsible for the management and control of three ships and one interisland field trip vessel. All four ships carry Micronesian flags and are operated by Micronesians.

148. During the period under review, a new dock was completed in the Marshall Islands and it is now capable of handling international shipping and of providing interisland field trip services. The new docks on Yap and Truk were expected to be completed in December 1980 and May 1981 respectively. The resurfacing of the Palau dock was scheduled to be completed by April 1981.

149. The annual report states that in early October 1980, 1,550 metres of the 1,830 metre runway at the new Truk International Airport were opened for service and its completion was expected by mid-1981. Completion of paving at the Ponape International Airport was also expected by April 1981. Construction of the Palau airport was scheduled to begin in January 1981 and to be completed in two years. A contract for the construction of Yap International Airport has been awarded and the contractor is expected to begin work on the project. Construction of a new runway for Kosrae is being contemplated. The modern Rota Airport has been completed and is now open for service.

150. The annual report indicates that Air Micronesia continues its daily flights from Tokyo to Saipan. Japan Air Lines (JAL) has six weekly flights from Tokyo to Saipan. Air Nauru continues to provide jet services with traffic rights between Nauru and the Marshall Islands and Ponape. Since September 1980, five air taxi commercial operators have been providing scheduled and chartered air services within the Trust Territory. Other commuter flights augment Air Micronesia's service within the Northern Mariana Islands and Guam.

151. According to the current annual report, a \$US 3.3 million programme to upgrade and expand the Trust Territory's communications system has been launched. A total of \$US 1.9 million was allocated to the programme during the period under review, the remaining \$US 1.4 million will be used to replace completely all outer-island radio communications systems with solid-state, battery-operated units, using solar panels to recharge the batteries. The equipment is expected to be installed by July 1981.

152. The annual report further states that negotiations for a second radio transmitter between Saipan and Ponape began in November 1979. By July 1980, Ponape, Majuro and Palau each had three transmitters, while Truk, Yap and Kosrae are expected to have two in the near future. Ponape will have five radio transmitters shortly, including direct contact (via Saipan) to Truk, Yap and Kosrae. The Governments of the Marshall Islands and Palau have entered into an agreement for the installation, maintenance and operation of a satellite earth station. Palau concluded a similar agreement. The Federated States of Micronesia is expected to enter into an agreement with COMSAT in the near future for earth stations in Truk, Yap, Kosrae and Ponape. The Northern Mariana Islands now have earth station linking it with the outside work.

Proposal for a super-port in Palau

153. At its forty-sixth session, the Trusteeship Council stated that it continued to believe that attention should be given to the environmental impact of the development of a super-port in Palau.

154. The Council noted that the High Commissioner of the Trust Territory was considering a proposed agreement for the performance of a feasibility study by a consortium of Japanese business firms. It noted with satisfaction that the Administering Authority had reiterated its position that a feasibility study was a necessary first step; that the impact of any such project on the Palauan environment should be assessed thoroughly and objectively; that the approval of the people of Palau would be required; and that any request for a super-port would have to comply with Palauan law, the Trust Territory Code and applicable United States laws.

155. The Council endorsed once again the suggestion of the 1976 Visiting Mission that, following completion of a feasibility study and before the proposal was put to the people of Palau, there should be a further study of the project by a body of experts having no vested interest in the matter.

156. In its annual report for 1978/79, the Administering Authority stated that it supported the idea of an independent environmental study.

Co-operatives

157. In its current annual report, the Administering Authority states that, at 30 September 1980, eight co-operatives were active in Palau with 853 members and aggregate assets of \$US 230,449. Although complete information was not available for the number of co-operatives in Truk, four were listed as operating in the states with 24,566 members and assets totalling \$US 1.5 million. Kosrae had one co-operative with 666 members and assets of \$US 457,979.

158. At its forty-seventh session, the Trusteeship Council noted that the co-operative functions of the Trust Territory had been transferred to the respective entities.

159. The annual report states that six branches of United States commercial banks, government loan funds and the United States Small Business Administration are sources of credit for Micronesians.

D. SOCIAL ADVANCEMENT

Human rights

160. The current report of the Administering Authority states that the inhabitants of the Trust Territory are, inter alia, guaranteed the following basic human rights and fundamental freedoms as set forth in the Trust Territory Code: freedom of religion, of speech and of the press; the right of assembly and the right to petition; protection against unreasonable search and seizure; no deprivation of life, liberty or property without due process of law; no discrimination on account of race, sex or language; the maintenance of free elementary education; no imprisonment for failure to discharge contractual obligations; writ of habeas corpus; protection of trade and property rights; and due recognition of local customs.

161. The right of petition is granted and inhabitants have petitioned the United Nations and the Administering Authority.

Medical and health services

162. The responsibilities of the Bureau of Health Services are, among others, to assist the emerging entities to improve health, environmental and sanitary conditions, control of communicable diseases, establish standards of medical and dental care, and to supervise and administer all government operated hospitals, clinics, dispensaries and other medical and dental facilities.

163. The Office of Health Planning and Resources Development of the Bureau is responsible for health planning and resources development; provides staff services to the Micronesia Health Co-ordinating Council; and reviews, on a periodic basis, all health services provided in the Trust Territory.

164. The Micronesia Health Co-ordinating Council, composed of members of the Federated States of Micronesia, the Marshall Islands and Palau, reviews triennially a territory-wide, five-year comprehensive health plan, conducts public hearings on the plan and reviews and comments annually on the implementation of the health plan.

165. In the Northern Mariana Islands, the Organization of the Department of Public Health and Environmental Services, consisting of seven major divisions, was designed to enable the department to fulfil efficiently its duties. The Public Health and Community Services Agency of the department provides a comprehensive health programme for the prevention of disease and the improvement and maintenance of environmental and sanitation conditions for the citizens of the Northern Mariana Islands.

166. There are seven main hospitals in the Territory and three small hospitals, one each at Rota and Tinian (Northern Mariana Islands) and one at Ebeye (Marshall Islands). Plans are being made for the construction of a new hospital in Majuro (Marshall Islands). A new 116-bed hospital has been opened on Ponape. The construction of a new 50-bed hospital on Yap, which started in 1976, was completed in late 1979 and construction of a 35-bed hospital on Kosrae was completed in 1978. In addition, there are 169 dispensaries and medical aid posts scattered throughout the Territory.

167. In 1980, there were 58 physicians, 48 physician assistants (MEDEX staff), 24 dentists, 187 registered and graduate nurses and 368 health assistants/practical nurses in the Trust Territory.

168. The annual report points out that WHO and SPC provide technical assistance to the Trust Territory. In 1980, WHO provided 11 fellowships for training in laboratory technology, nursing, dental nursing and anaesthesiology. It also organized special seminars and workshops and provided assistance in health manpower development. WHO also provided consultants who attended the 1980 Advisory Board meetings for the Health Manpower Training Program in Ponape. The three-year programme, which is financed by the Administering Authority, provides continuing

education to Micronesian health personnel, including x-ray technicians, hospital administrators and laboratory technicians.

169. In addition to consultants from WHO and SPC, a number of consultants were provided to the Trust Territory during the period under review by the United States Public Health Services, the Energy Resources Development Agency, Tripler Army Medical Center (Honolulu), Naval Regional Medical Center (Guam) and several universities in the United States. These organizations also continued to offer training opportunities through fellowships and in-service training seminars.

170. At its forty-seventh session, the Trusteeship Council welcomed the establishment of a Health Manpower Training Program for the Trust Territory. The Council noted that the health services in Micronesia were still experiencing difficulties in recruiting suitably qualified Micronesian doctors and endorsed the suggestion by the 1980 Visiting Mission that the territorial governments might wish to consider offering incentives to encourage young people to study medicine.

171. The Council noted with regret that from 1978 to 1979 the number of dispensaries in the Trust Territory had declined owing to a lack of funds and personnel. It noted that one of the major problems in the field of health care continued to be the high cost of maintenance. The Council endorsed the observations of the 1976 and 1980 Visiting Missions that greater care should be taken to ensure that facilities under construction were built to last for a reasonable number of years.

172. The Council took note of the 1980 Visiting Mission's observation on the efforts of the Administration to reduce the number of referrals for medical treatment outside the Territory by sending specialists to the various hospitals in the islands to perform operations or give advanced medical treatment on the spot. The Council agreed with the Mission that that might well be a cost-effective system, and could be less disruptive for the patients. The Council urged the Administering Authority to make every effort to eliminate the shortage of drugs and other medical supplies which currently hampered health services in the Trust Territory.

173. The current annual report states that an additional \$US 3 million has been provided for 1980/81 and 1981/82 to meet specific operational and maintenance needs, including maintenance of medical facilities.

174. According to the annual report, the shortage of drugs and other medical supplies is the result of inadequate management, inappropriate scheduling and, in certain instances, lack of funds. Concerted efforts are being made by both the Trust Territory Government and the constitutional governments to eliminate all of those problems.

Community development

175. At its forty-seventh session, the Trusteeship Council was pleased to note the impressive examples of community action observed by the 1980 Visiting Mission at Tol (Truk) and Western Babelthaup (Palau). The Council endorsed the Mission's

hope that the people of Micronesia would recognize the need to participate more actively in community projects and reiterated the Mission's observation that there was still too much reliance on external aid for financing community activities.

176. According to the current annual report, the principal organization that co-ordinates, monitors, reviews and assesses federally financed programmes within the Trust Territory Government is the Office of Planning and Statistics. The Office also administers the activities of the Territorial Economic Opportunity Office, which is a co-ordinating unit that oversees the operations of the Micronesian community action agencies in all States except Kosrae.

177. The civic action teams, with personnel and equipment provided by the military services and in partnership with the local authorities, undertake various kinds of construction, including road, bridge and building projects. They also train Micronesians in technical skills at places where the teams operate. During the period under review, teams operated in Palau, Yap, Truk and Ponape. Each team, which is especially trained for community co-operative action, is composed of one engineer, 11 construction specialists and a medical specialist.

178. The annual report states that in 1980, the United States Department of the Interior participated partially in the civic action team programme, at a cost of approximately \$US 1 million.

179. In the Northern Mariana Islands, the Community Development Block Grant, a federal programme administered by HUD, provides direct grants for various community improvement activities. The projects involve small-scale infrastructural facilities such as roads, water distribution systems and recreational facilities. Grants received under the programme since 1978 total \$US 688,550.

Labour

180. The current annual report states that the Protection of Resident Workers Act, as amended, has been in effect since January 1970. The Act is administered by the Governments of the three entities. It is the policy of the Trust Territory Administration to give employment preferences to qualified Trust Territory citizens in employment at all levels. It is also the Government's policy to further its programme of "micronization" through more intensified training of executive managerial and supervisory personnel. Alien workers are employed only when skilled Micronesians are not available to fill vacancies.

181. The annual report further states that employment service offices have been created in each entity with the main objective of establishing a central register where all persons seeking jobs can submit their applications for consideration by prospective employers. This procedure is expected to benefit both job seekers and employers.

182. At its forty-seventh session, the Trusteeship Council continued to be concerned with the serious unemployment problem and the imbalance between wage earners employed in the public sector and those employed in the private sector.

183. With regard to youth questions, the Council endorsed the observation of the 1980 Visiting Mission that the Outward Bound programme and similar schemes should be expanded. Those programmes encouraged enterprise and self-reliance and would help Micronesians overcome the related problems of youth unemployment and juvenile delinquency. The Council commended the Administering Authority for its encouragement of those schemes.

184. The annual report states that during the period under review, approximately 250 young men and women were employed in the Young Adult Conservation Corps (YACC) in the Trust Territory. They are involved in improving public lands and conserving natural resources through various outdoor projects which are financed by the Administering Authority at a cost of over \$US 559,069. A similar work programme employing 169 young people operates in all administrative districts under a Department of Interior grant of \$US 71,000.

185. The annual report further states that 68 Micronesians are enrolled in an apprenticeship programme financed by the Comprehensive Employment Training Act (CETA) which is designed to develop skills in different trades. The programme, which is directly supervised by personnel of the United States Navy on Guam, was implemented on 1 October 1978.

Housing

186. At its forty-seventh session, the Trusteeship Council commended the Administering Authority for its low-cost housing programmes but noted the 1980 Visiting Mission's observation that 36 per cent of the estimated 13,000 housing units in the Trust Territory were in poor condition. It called upon the Administering Authority to pay due attention to the possibility of using local materials in future construction programmes so that high maintenance costs could be avoided and Micronesian manpower employed to the fullest extent.

187. The current annual report states that the territorial Office of Planning and Statistics, which is responsible for the administration and co-ordination of the Community Development Block Grant program (see para. 176 above), received an additional \$US 1.0 million for the implementation, in co-operation with district/state agencies, of projects designed to improve housing and economic conditions in the Trust Territory. On behalf of the Government of the Marshall Islands, the Office prepared an application for submission to HUD requesting a grant to assist the authorities in their efforts to recover from damages caused by high waves in late 1979. Consequently, the Government of the Marshall Islands was awarded \$US 1.5 million for new construction and rehabilitation of housing. The Office will also provide technical assistance in co-ordinating and implementing the recovery programme.

188. The Mariana Islands Housing Authority (MIHA), a public corporate body entrusted with housing development, committed a total of \$US 1.2 million for housing projects in 1979/80. It has drawn up programmes such as the Loan Guarantee Program and the Direct Family Home Loans Program.

189. The current annual report states that since 1978, MIHA has received a total of \$US 688,550 in grants from HUD for housing development. The prospect of continued success towards providing decent, safe and sanitary housing to the people of the Northern Mariana Islands depended, however, on continued federal assistance programmes, availability of funds and the maintenance of construction costs at a low level.

Public safety

190. At its forty-fifth session, the Trusteeship Council noted with concern the increase in the number of offences committed by young people, particularly in the urban centres. The Council welcomed the efforts being made to combat delinquency in general and juvenile delinquency in particular, and recommended that preventive efforts be continued.

191. In December 1978, the United States Law Enforcement Assistance Administration and the Office of Juvenile Justice and Delinquency Prevention awarded grants to the Trust Territory totalling \$US 376,250 for 1978/79, for projects designed to reduce crime and delinquency and to improve the criminal and juvenile justice systems in all six districts of the Trust Territory. Further individual public safety departments have promoted organized athletic activities for youths in association and co-operation with local law enforcement officers.

Peace Corps

192. At its forty-seventh session, the Trusteeship Council endorsed the positive appraisal by the 1980 Visiting Mission of the Peace Corps programme in Micronesia. It noted with satisfaction efforts by the Peace Corps to promote self-sufficiency.

193. Peace Corps volunteers continue to serve in agriculture, economic development, health and other areas. They include architects, lawyers, engineers, health professionals, construction specialists, economists, education specialists, etc. In 1980, there were 3 United States citizens and 18 Micronesians serving as Peace Corps staff members at Trust Territory headquarters on Saipan. The headquarters staff supported the Peace Corps teams in the districts by providing leadership, programme co-ordination, managerial support and liaison with the Trust Territory Administration. Peace Corps volunteers serving in the Trust Territory numbered 91 in 1980, of whom 21 worked in Ponape, 20 in the Marshall Islands, 18 in Truk, 15 in Palau, 12 in Yap and 5 in Kosrae.

194. The current annual report states that the Peace Corps has phased out its programme in the Northern Mariana Islands; it will be replaced by Volunteers in Service to America (VISTA), another federal programme that stresses local volunteer involvements in its activities.

195. The annual report states that the Peace Corps programme in Micronesia will continue to work with each entity separately to ensure local determination of needs and development plans. Its programme will also continue to encourage self-reliance within the organizations served by the volunteers and will continue to be as responsive as possible to the needs of each entity. The Peace Corps is shifting its programme direction to meet the basic needs of Micronesia's poor, especially in the economic, health and agricultural sectors.