



UNITED NATIONS TRUSTEESHIP COUNCIL

JUN 3 1977



COLLECTION

Distr.
LIMITEDT/L.1205
31 May 1977

ORIGINAL: ENGLISH

Forty-fourth session
Item 4 of the provisional agenda

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 consists of three archipelagos: the Marshalls, the Carolines and the Marianas. The island of Guam in the Marianas is not a part of the Trust Territory but is an unincorporated Territory of the United States. The three archipelagos include more than 2,100 islands and atolls scattered over an area of some 7.8 million square kilometres of the western Pacific, north of the Equator. The islands and atolls of the Trust Territory have a combined land area of approximately 1,854 square kilometres.
2. According to the 1973 census, the resident population of the Territory totalled 114,773. The distribution of the population in the Trust Territory was as follows: Truk, 31,600; Marshall Islands, 25,044; Ponape, 23,251; Mariana Islands, 14,335; Palau, 12,674; and Yap, 7,869.
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, three in Ponape and one in each of the other districts.

Population movements

4. At the forty-third session of the Trusteeship Council, the Special Representative of the Administering Authority stated that the three United States government agencies concerned had agreed that an aerial radiological survey, similar to that of Enewetak, should be conducted for Bikini. However, none of the three agencies had sufficient funds for the years 1976/77-1977/78 to cover the substantial costs involved in mounting and carrying out the survey. He said that, at the request of the Office of Management and Budget, a precise plan had been prepared and submitted to that Office. A decision was expected shortly.
5. The Special Representative further informed the Council of the approval by the Congress of the United States on 2 July 1976 of an appropriation of funds to clean up Enewetak Atoll. The first phase of the work was scheduled to begin in September 1976. He said that the United States Department of the Interior would now proceed with the request for financing the rehabilitation and resettlement programme which would be meshed to the maximum extent possible with the clean-up programme.
6. At the same session, the Trusteeship Council noted with concern that the funds required by the Energy Research and Development Administration (ERDA) to undertake further aerial radiological surveys on Bikini atoll had not yet been made available. The Council recommended that the necessary funds should be provided for that survey so that a decision could be made by the people of Bikini either to return to their ancestral home or to obtain improvements in their living conditions on Kili. The Council noted with satisfaction the approval by the United States Congress of funds for the clean-up of Enewetak.
7. In the annual report under review covering the period from 1 July 1975 to 30 June 1976 (T/1781, the Administering Authority states that the United States Department of the Interior has included budgetary provisions in its 1977 supplemental request to Congress to finance the aerial radiological surveys on Bikini. It was hoped that the funds would be available by June 1977 to enable ERDA to undertake the survey. The annual report further states that the Department of the Interior has also submitted to Congress a budget request for financing the rehabilitation and resettlement phase of the programme for Enewetak.

War and post-war damage claims

8. 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.
9. 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 \$5 million. The United States, for its part, agreed to establish a fund in the amount of \$5 million. 1/

10. 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; 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. The Commission was to register claims within a period of not more than one year after the appointment of its full membership and to complete its task as expeditiously as possible and, in any event, not later than three years after the expiration of the period for the filing of claims.

11. The Act authorized an appropriation of \$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.

12. At its forty-third session, the Trusteeship Council, reiterated its recommendation made at its forty-second session, namely that the procedure for all payments should be expedited. The Council believed the position on Title I claims to be clear and settled, and urged that final disbursements be made quickly to terminate an issue which began 30 years ago. As far as Title II claims were concerned, the Council believed that the total funds available should be increased towards the level envisaged by the Micronesian Claims Commission, so that adjudicated claims could be paid in full. Whatever happened, however, it was most important that a clear statement be issued so that claimants would have definite information on the extent of future payments. The Council took careful note of the statement made on that matter by one of the special advisers, the President of the Senate of the Congress of Micronesia.

13. The current annual report of the Administering Authority states that the special yen account representing the contribution by the Government of Japan towards Micronesian war claims under Title I has been fully expended. As a result, a joint United States/Japanese contribution of approximately \$11.8 million became available for disbursement to Title I claimants. Approximately \$10.8 million has been paid from this joint fund as a final settlement to claimants. The balance of the fund, which is 8 per cent of the total amount, is being held until the final releases have been filed.

1/ The local currency is the United States dollar (\$US 1.00).

14. The annual report further states that of the \$20 million made available for Micronesian war claims under Title II, approximately \$15.6 million, or 78 per cent of the total, has been disbursed to claimants. The balance was to be paid by March 1977, when the final releases would have been distributed and returned.

B. POLITICAL ADVANCEMENT

General political structure

15. 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.

16. Legislative authority resides in a Congress of Micronesia, as specified by the United States Secretary of the Interior in Secretarial Order No. 2918 of 27 December 1968, as amended.

17. Judicial authority is independent of the executive and the legislature. The High Court is the highest judicial authority in the Territory. There are also district courts and community courts.

18. The authority and responsibilities of the territorial, district and municipal governments are determined by Public Law 1-6, enacted by the Congress of Micronesia in 1965.

19. At the forty-third session of the Trusteeship Council, the representative of the Administering Authority stated that, on 8 November 1975, representatives of all six districts had signed a draft constitution for the proposed Federated States of Micronesia. ^{2/} The draft constitution had been translated, reproduced and distributed in 10 local languages and would be put to a referendum in the Trust Territory.

Territorial government

Legislature

20. The Congress of Micronesia is a bicameral legislature, consisting of a Senate and a House of Representatives. The Senate has 10 members, 2 from each district elected at large for four-year terms. The House of Representatives has 18 members elected for two-year terms from single-member election districts. Each of the administrative districts is divided into election districts of approximately equal population.

^{2/} For the text of the draft constitution, see document T/COM.10/L.17⁴, annex 1.

21. Members of the Congress are elected by secret ballot of residents who are citizens of the Territory, 18 years of age or older and registered voters. Members serve on a full-time basis and draw annual salaries from funds appropriated by the Congress of Micronesia from local revenues and supplemented, upon the request of the Congress of Micronesia, by funds appropriated by the United States Congress.
22. The first general election took place in January 1965, and subsequent general elections have been held biennially in each even-numbered year. The seventh general election took place in November 1976.
23. According to the current annual report of the Administering Authority, a candidate's reputation, position in the community and traditional ties continue to be important in obtaining public support. Political campaigning in the commonly understood sense began a decade ago. Candidates are given radio broadcast time to describe their programmes. Organized registered political parties exist only in the Mariana Islands and Palau districts. The Mariana Islands has two parties: the Popular Party and the Territorial Party. In Palau, the Liberal Party and the Progressive Party have been active since 1963. The Trust Territory Code provides for nomination of candidates for political office by political parties. There is no legislation governing procedures for the establishment or organization of such parties, which, in the Mariana Islands and Palau where they exist, are strictly voluntary associations of community members with common interests.
24. The legislative power of the Congress of Micronesia extends to all appropriate subjects of legislation, except that no legislation may be inconsistent with treaties or international agreements of the United States, United States laws applicable to the Territory, executive orders of the President of the United States and orders of the Secretary of the Interior, or sections 1 through 12 (the Bill of Rights) of the Trust Territory Code. Further, the Congress may not impose any tax upon property of the United States or of the Territory, nor may it tax the property of non-residents at a higher rate than that of residents.
25. The Congress of Micronesia has the power to appropriate funds available from revenues raised pursuant to territorial tax and revenue laws and to review and make programme priority recommendations on the High Commissioner's proposed annual requests for funds to be appropriated by the United States Congress. Secretarial Order No. 2918, as amended, provides that, before the High Commissioner finally submits the annual requests for United States funds on behalf of the Government of the Territory to the United States Secretary of the Interior, he must present a preliminary budget plan to the Congress of Micronesia for its review and for its recommendations on those portions of the plan which relate to expenditure of funds to be appropriated by the United States Congress. The High Commissioner must transmit to the Secretary of the Interior any recommendations of the Congress which he does not adopt. The Congress may take whatever action it deems advisable on the request of the High Commissioner for appropriations of locally derived revenue.
26. According to Secretarial Order No. 2918, as amended, the High Commissioner has the power to approve or disapprove any bill passed by the Congress of Micronesia. If the High Commissioner disapproves a bill, he must so indicate and return it with his objections to the Congress within 10 consecutive calendar days, unless the

Congress, by adjournment, prevents its return. The High Commissioner has 30 days to consider bills presented to him less than 10 days before or after adjournment. If the High Commissioner takes no action and does not return the bill within the required period, it becomes law without his signature. The Congress may repass by a two-third majority vote a bill disapproved by the High Commissioner. If within 20 days the High Commissioner does not approve a bill so passed, he must send it with his comments to the United States Secretary of the Interior, who either approves or disapproves the bill within 60 days after its receipt.

27. The Congress of Micronesia holds a regular session each year beginning on the second Monday in January and continuing for a period not to exceed 50 consecutive calendar days. The High Commissioner may call a special session whenever he deems it in the public interest. The Sixth Congress held its second regular session at Saipan from 12 January to 1 March 1976. During that session, important legislation which became law included: provision for a tax incentive for the growth and development of air service; the establishment of a Kosrae District Legislature; the establishment of a Commission on Future Political Status and Transition; the amendment of Title 73 of the Trust Territory Code to extend coverage of the social security system; the appropriation of funds for the Micronesian Development Bank; the amendment of Public Law 5-37 concerning district housing authorities; the appropriation of funds for the Marshall Islands Development Authority; and provision for the Office of the Congress of Micronesia at Washington, D.C., known as the Micronesian Office.

28. At its forty-third session the Trusteeship Council reaffirmed its conviction that the unity of the Marshall Islands and the Caroline Islands should be preserved. The Council took note of the creation of a Commission for Future Political Status and Transition with the mandate to ensure that the draft compact of free association was not incompatible with the draft constitution. The Council considered that the Commission should work to strengthen the unity of the Trust Territory.

29. The Council noted with satisfaction that that unity would not be imposed inasmuch as the draft compact would not come into effect in any district in which 55 per cent of the voters vote against it.

30. The Council noted with satisfaction the reaffirmation by the Administering Authority of its intention to terminate the Trusteeship Agreement simultaneously for all parts of the Trust Territory and not for one part separately.

31. The Council urged that social, economic and cultural links be maintained between the Northern Mariana Islands and the other districts and in that context noted the statements made by the Administering Authority.

32. The Council noted with concern that the Administering Authority had not implemented its previous recommendation that necessary regulations should be adopted which would distinguish between the special interests of the Territory and the international obligations of the Administering Authority, with the ultimate objective of restricting as far as possible the occasions for the exercise of the power of veto by the High Commissioner.

/...

33. The Council remained aware that some of the difficulties associated with the use of the veto power resulted from the separation of powers between the legislative and executive branches and that those difficulties were further exacerbated because that power was exercised by an appointed rather than an elected Chief Executive. Accordingly, the Council recommended that the Administering Authority give serious consideration to preparing Micronesians for assuming the highest executive functions.

34. The Council welcomed the establishment in 1976 of the new budgetary procedures which authorized the appropriate committee of the Congress of Micronesia to present to the corresponding committee of the United States Congress its own budgetary justification for the annual appropriation for the Trust Territory.

35. The current annual report states that the Administering Authority continues to support the unity of the Marshall Islands and the Caroline Islands to the maximum extent feasible. It continues to be the intention of the United States that the Trusteeship Agreement be terminated simultaneously for the entire Trust Territory and not for any one part separately.

36. The annual report further states that, in keeping with its international responsibilities under the Trusteeship Agreement, the Administering Authority feels that the flexible arrangement which now exists between the executive and legislative branches of government should be preserved for the time being. The report adds, however, that the Administering Authority did not invoke its right on legislative acts of the Congress of Micronesia concerning purely internal matters.

37. In regard to the recommendation concerning the preparation of Micronesians for high executive functions, the annual report states that it has been and continues to be the policy of the Administering Authority to prepare the people for senior executive posts. Of the eight major departments responsible for major programmes in the Executive Branch, six are now headed by Trust Territory citizens. All district administrators are Micronesians, as are the deputies to major department heads and division chiefs. The Executive Officer of the Trust Territory, who is a Micnesian, is the third-ranking officer in the Government. He has served as Acting High Commissioner on a number of occasions. Of some 39 senior posts filled subject to the advice and consent of the Congress of Micronesia, over 60 per cent are now held by Trust Territory citizens.

Executive

38. Working under the High Commissioner is a headquarters staff and the district administrators. All officers function under the Trust Territory Code and the Trust Territory Manual of Administration.

39. The office of the High Commissioner consists of the Deputy High Commissioner, the Executive Officer, the Attorney-General, the Special Consultant, the Special Assistant for District Affairs, the Special Assistant for Legislative Affairs, the Program and Budget Officer, the Territorial Planner, and the directors for education, finance, health services, personnel, public affairs, public works, resources and development and transportation and communications. Under the

directors are division chiefs and specialists responsible for the technical direction of programme operations throughout the Territory and for the provision of necessary staff and professional and technical services.

40. At its forty-third session, the Trusteeship Council noted with satisfaction the steady increase in the number of Micronesian citizens in senior executive posts; it welcomed the decrease in the percentage of expatriate and United States civil service personnel in government employment in the Trust Territory, both absolutely and relatively. The Council reiterated its earlier appeals that the trend towards "localization" at the executive level should continue.

41. The Council continued to see value in promoting a Micronesian to the second most senior post in the executive branch, while noting the views expressed by the United Nations Visiting Mission to the Trust Territory of the Pacific Islands, 1976 3/ concerning the difficulties which the selection of an individual would pose in the context of interdistrict sensitivities.

42. The current annual report states that the Administering Authority will continue to press forward vigorously with its programme of "localization" at the executive level.

District government

43. At its forty-third session, the Trusteeship Council noted the establishment of the new district of Kosrae, and considered that that step was in accordance with the wishes of the leaders of the people of Kosrae.

44. The current annual report states that Kosrae became a separate district on 1 January 1977. The report further states that a District Administrator was sworn in to office on 9 January. A District Legislature, composed of 14 members, was established and has already met in a special session to establish a new tax system and to consider other district programmes. Work on all capital improvement projects continued.

District administrators

45. General executive responsibility in each of the districts resides in the district administration headed by a district administrator. In his district, the district administrator is the High Commissioner's principal representative and exercises general supervision over all operations, programmes and functions of the Territory within the area of his jurisdiction. He is also responsible for the execution of all district laws. Each district administration consists of a number of officers and departments corresponding to those at headquarters.

46. In 1976, the Administering Authority informed the Trusteeship Council that, with the implementation of the decentralization policy, increased authority and responsibility had been delegated to the district administrators.

District legislatures

47. All district legislatures act under charters granted by the territorial Government. Members of all district legislatures are elected by popular vote with the exception of the hereditary chiefs of Palau, who acquire membership because of their status, but are not entitled to vote. In the Marshall Islands District Legislature, which consists of 24 members, eight elected seats are reserved for the Iroi (traditional chiefs).

48. There is no uniform plan for representation in the various district legislatures. Although allocation of representation is generally based on population, the ratio varies from district to district. Thus, Palau District has a legislature of 28 members, while Truk District, with a population more than double that of Palau, has a legislature of 27 members.

49. Bills passed by district legislatures are presented to the district administrator, who has the power to approve or disapprove them within 30 days. District legislatures may pass disapproved bills over the district administrator's veto by a two-thirds majority of their entire membership. If the district administrator does not then approve a bill so repassed, he must send it to the High Commissioner who must either approve or disapprove it within 30 days.

Municipal government

50. The municipality is the basic unit of local government in the Territory. Municipal boundaries to a large degree represent customary geographic-political divisions or entities which may comprise an island, group of islands or atolls, or a locally recognized area or division of a larger island. The Marshall Islands, however, are grouped into municipalities by islands and atolls, irrespective of the overlapping jurisdiction of the hereditary chieftains.

51. Some municipalities function under a charter. Those without a charter may elect only an executive officer or they may remain under a traditional form of government. There are 45 chartered municipalities. In general, the charter provides for a municipal council, a chief executive and other officials. The chief executive of a municipality is known as magistrate or mayor. Municipal council members and the chief executive officers of the chartered municipal governments and several of the unchartered municipalities are elected by popular vote.

52. Ordinances passed by the chartered municipal council and approved by the district administrator have the force and effect of law within that municipality.

Civil service

53. The enactment of Public Law 4C-49, on 12 April 1972, repealed the Trust Territory Merit System under Public Law 2-2 and provided the basic statutory authority for the Trust Territory Public Service System. Government personnel in Micronesia are divided into three categories: the United States Civil Service; contract; and the Trust Territory Public Service.

54. At its forty-second session, the Trusteeship Council noted that, despite a decline of 18.8 per cent among expatriate employees, the number of Micronesian employees had risen by 12.5 per cent. The Council reaffirmed its concern over the continuing increase in the number of government employees and reiterated its recommendation that measures be considered to avoid too large a number of civil servants which would place a heavy burden on the budget of Micronesia.

55. According to the current annual report, the number of staff in the Trust Territory at 30 June 1976 totalled 6,571 (898 less than the preceding year), of whom 6,062 were Trust Territory citizens and 509 were expatriate contract employees. Of the latter number, 125 were United States civil service employees, compared with 136 for the previous period.

56. A new Trust Territory Salary Act was signed into law in July 1975, to take effect from 1 January 1976. According to the annual report, the Act is the result of a joint effort by the legislative and executive branches of government to meet the need for a salary system which accommodates employees from different job markets and the rising cost of living in the Trust Territory.

Political education

57. In 1975, the Administering Authority reported that the programme of education for self-government had made significant progress towards the goals it had set when it was organized in 1973. The Administration's Task Force on Education for Self-Government had published and distributed a substantial volume of material concerning the status options open to the inhabitants of the Trust Territory and on the Micronesian Constitutional Convention, held in 1975.

58. According to the current annual report, major activities concerning Education for Self-Government (ESG) in 1975/76 included the translation of the proposed constitution for the Federated States of Micronesia into the major Micronesian languages. Education for Self-Government Notes, a regular bi-weekly publication concerned with the programme, covered events and developments concerning the Constitution.

59. During 1976, the ESG programme, in co-operation with the territorial Department of Education, held two-week workshops for teachers of social sciences and basic adult education. The workshops were primarily concerned with the development of curriculum relating to economic development, the constitution, the future political status of the Territory, the law of the sea and the Micronesian democratic process.

60. Members of the staff of the ESG programme also conducted extensive interviews with staff members of the United Nations engaged in the formulation of a comprehensive economic development plan for Micronesia.

61. The annual report states that a recommendation has been made to the Congress of Micronesia to consider the creation of a commission on political education on a priority basis. The Congress has also been asked to consider urgently the appropriation of supplemental funds to finance the ESG programme.

Decentralization

62. At its forty-third session, the Trusteeship Council noted with satisfaction that the Administering Authority had undertaken a systematic programme of decentralization designed to increase local autonomy and streamline the government bureaucracy.

63. According to the current annual report, a Committee on Decentralization was established in 1976. The Committee toured the Trust Territory and met with members of the Congress of Micronesia, district legislators, chiefs and members of the executive branch in each district. Discussions centred on planning a Government whose structure, services, goals and objectives could be fashioned according to Micronesia's own resources.

64. The annual report further points out that the main concern of the Committee on Decentralization is the transfer of policy-making functions, government responsibility and authority as well as operations from territorial headquarters to the people of the districts in preparation for self-government. The report

states the degree of self-government depends largely on the degree of self-sufficiency. Moreover, the importance of the transfer of the capital, and the need to trim the present cost of government to a level which the Trust Territory can afford, are programmes of great significance. The reduction of personnel now employed by the Government of the Trust Territory is the principal objective of the programme whose aim is to reduce the number of Trust Territory employees at headquarters from the present total of 876 to 250 by 1980. The annual report states that the authorities concerned will continue to give emphasis to the programme in 1977.

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 four temporary judges. At present, the High Court judges are all United States lawyers appointed by the United States Secretary of the Interior. The temporary judges are full-time judges on Guam and are residents of that island. Each district court consists of a presiding judge and two or more associate judges appointed by the High Commissioner for specified terms. Community courts have one or more judges, all appointed for a specified term by the appropriate district administrator.

66. At its forty-third session, the Trusteeship Council continued to urge that qualified Micronesians should be given greater opportunities in the judiciary. While recognizing that Micronesians held a number of important posts in that branch of the Government, the Council considered that preference should be given to Micronesian citizens, all other things being equal, as senior posts became available.

67. The Council reaffirmed the need for the Congress of Micronesia to be consulted before the appointment or removal of judges of the High Court.

C. ECONOMIC ADVANCEMENT

General economy

68. In the annual report under review (see T/1781), the Administering Authority states that the gross product of the Territory is derived largely from United States expenditures for services and capital improvements, from tourism, the production of copra and from subsistence farming and fishing. Labour, land, natural resources and capital are meagre. The Administration is continuing to seek means of promoting the development of the economy so that it can be geared to the world money economy. Two areas for potential major growth are large-scale commercial fishing and tourism. Significant improvement would require more skilled labour, capital and managerial capacity than is currently available in the Territory.

69. The value of commodities exported from the Territory (excluding the Northern Mariana Islands) during the period July 1975 to June 1976 totalled \$6.5 million (\$11.8 million in the previous year). Copra exports were valued at \$1.6 million (\$3.3 million in the preceding year), and exports of fish totalled \$3.1 million (unchanged from 1974/75). Tourism brought an estimated direct income of \$1.7 million into the Territory (\$4.9 million in the previous year). The decrease in exports was due to lower copra revenues, as well as the decrease in invisible exports.

70. Imports in 1975/76 (including the Northern Mariana Islands), totalled \$38.4 million, compared with \$38.2 million in the preceding year.

71. At the forty-third session of the Trusteeship Council, the Administering Authority stated that, with regard to taxation on non-essential imports, it supported an increase in taxation and was working to determine the rates with the assistance of experts from the United Nations Development Programme (UNDP).

72. With regard to foreign investments, the current annual report states that during 1975/76, the Territory received 59 applications from foreign companies for permits to do business in the Territory, and issued 50 foreign business permits. Over-all investments (aggregate assets) increased from \$47.6 million in 1973 to \$97.0 million in 1975/76.

73. At its forty-third session, the Trusteeship Council noted with concern that Micronesia's dependence on outside support was still considerable. However, it welcomed the statement by the Administering Authority that efforts would henceforth be concentrated mainly on the productive sectors of the economy. It also hoped that the amount of the credits allocated to the Micronesian economic development programme had not been fixed definitively but could be increased if necessary.

74. The Council expressed the hope that the Administering Authority would give the most careful consideration to substantially reducing the impact of customs tariffs and related measures on the promotion of exports from the Trust Territory. The Council considered that such a measure would help to develop the Territory's export potential.

/...

75. The current annual report states that the Micronesia Development Bank has now assumed responsibility for administration of the Economic Development Loan Fund, which will permit a major shift in emphasis towards increasing the productive potential of the economy through loans and technical assistance. The resources of the Bank will not be limited to those inherited from the Fund, but will be augmented by additional appropriations from the Administering Authority, as well as from any available international sources, for capital development purposes.

76. The report further states that since the Trust Territory was designated as eligible under the Generalized System of Preferences of the United States in 1975, a privately financed coconut crushing plant has been established in Palau and has begun exports of coconut oil to the United States at a preferential duty rate. Other countries have also extended similar preferential treatment to the Trust Territory. The report notes, however, that Japan, potentially the best market for Micronesia's exports, has not yet extended preferential treatment to the Territory.

77. The annual report also states that an economic development office which is an extension of the Department of Resources and Development was established in Hawaii during the latter part of 1976. Its primary functions will be to provide information concerning business proposals and seek out new investments for Micronesia. The office will provide staff services to the Economic Development Board which is comprised of seven business and political leaders from Micronesia, the Northern Mariana Islands, Guam and Hawaii. The Board is expected to review business proposals for those areas and generally advise on new investments.

78. The annual report states that, under a project agreement of 10 June 1975 between UNDP and the United States Government, UNDP will provide technical assistance in the formulation and development of the five-year indicative development plan for the Trust Territory. The Joint Committee on Program and Budget Planning of the Congress of Micronesia was designated as the executing agency of the Trust Territory Government to carry out the project. During 1975/76, UNDP made available the services of a senior economic planning adviser/project manager, 6 other planning advisers and 18 short-term consultants.

79. In July 1976, the Congress of Micronesia approved the five-year indicative development plan which was later endorsed by the territorial Administration. As specified by the Congress of Micronesia, the major objectives of the plan are the following: (a) To foster an economy which will lead the Territory to self-sufficiency; (b) To develop an economic base to support a level of government which Micronesia needs and can afford; (c) To outline the development priorities and investment required for continued economic growth; and (d) To prepare a plan leading to decentralization of decision-making powers to the district and municipal levels of government.

80. According to the current annual report, many changes are needed in order to reach the goals of the development plan and to correct the imbalances in the Micronesian economy. The annual report states that the territorial Administration has advised the Congress of Micronesia that a number of bills crucial to implementation of the plan will be introduced in the Congress including the

following: (a) an income tax bill; (b) an import tax bill, specifying different rates of tax for different imported items; (c) an economic incentives bill to foster growth of the Micronesian economy in new as well as existing areas; (d) a bill freezing salaries and hiring in the Trust Territory Government; (e) a bill aiming at providing for better financial management of government services and for adequate control in utilities management.

81. The report also states that some of the districts have already prepared their own indicative plans and that others are currently working on them.

82. In order to implement the fourth major objective of the plan (decentralization of decision-making powers), the Administration has strongly urged the Congress of Micronesia to find a new approach to the allocation of block appropriations to each of the districts in order to allow each district to determine its own priorities for development.

Public finance

83. The costs of Trust Territory operations are met by grants from the Administering Authority and by local reimbursable revenue collections. Appropriation requests are subject to limits fixed by the United States Congress.

84. The grant from the Administering Authority for 1975/76 was \$85.0 million, compared with \$72.0 million for the preceding year. The revenue raised within the Trust Territory totalled \$7.9 million, excluding taxes collected by district legislatures and municipal councils, compared with \$6.6 million for the previous year.

85. According to the current annual report, the districts, with the approval of the district legislatures, submit five-year plans for operations and capital improvements to the High Commissioner. These are consolidated into a territorial five-year plan and presented to the Joint Committee on Program and Budget Planning of the Congress of Micronesia. The latter's recommendations on priorities are then forwarded to the High Commissioner, who incorporates the changes into the final plan for submission to the United States Department of the Interior. The plan forms an outline for the preparation of the annual budget.

86. Preparation of the annual budget begins well over a year in advance, when district administrators, district legislatures and various department heads submit estimates to the Program and Budget Officer. After review, the estimates are presented to the High Commissioner for approval. The Program and Budget Officer then draws up a preliminary budget plan for the coming fiscal year, which is presented to the Congress of Micronesia for its review of, and recommendations on, portions relating to funds to be appropriated by the United States Congress. Under the terms of Secretarial Order No. 2918, the High Commissioner then adopts those recommendations of the Congress which he deems appropriate; he must also transmit to the Secretary of the Interior all recommendations he does not adopt.

87. At its forty-third session, the Trusteeship Council reaffirmed its recommendations, made in 1975, that the Congress of Micronesia should be given greater responsibility with respect to the budget.

88. It noted with satisfaction that some efforts had been made to enable the ad hoc committee of the Congress of Micronesia to present directly to the corresponding committee of the United States Congress its justification of expenditures under the appropriations. That measure should be accompanied by closer involvement of the Congress of Micronesia in the process of allocation of funds.

89. The Council welcomed the preparation of the long-range comprehensive plan for the Territory. It hoped that the assistance provided by UNDP would make it possible to determine priorities and establish an infrastructure which would be suited to the needs of Micronesia and would, in particular, be likely to reduce the Territory's dependence on foreign financial assistance.

90. The current annual report states that a joint review of budget estimates was conducted during 1974/75 and 1975/76 by the Joint Committee on Program and Budget Planning of the Congress of Micronesia, in co-operation with the territorial Program and Budget Office. This review has led to greatly improved co-ordination in preparing the annual budget of the Trust Territory Government for submission to the United States Department of the Interior. This arrangement has enabled the Congress of Micronesia to play a more significant role in the preparation of the budget. The report further states that the chairmen of the ad hoc committees on budgetary matters regularly attend appropriation hearings held by committees of the United States Congress and also submit their views to them. 4/

Assistance from international institutions

91. At its forty-third session, the Trusteeship Council noted with satisfaction that during 1975 a UNDP project for assistance in economic planning was approved, and that substantial work had already been done. The Council expressed the hope that the Trust Territory would continue to develop its contacts with, and involvement in, international and regional bodies for developmental assistance.

92. The Council learned with concern that the Congress of Micronesia was reassessing its intention to become a member of the Asian Development Bank. Although the Council believed that the elected representatives of the people of Micronesia should decide what best suited the Trust Territory, the Council wished none the less to record its view that the proposed membership of Micronesia in the Bank would make good economic and geographic sense.

93. According to the current annual report, two training courses in development planning were held in the Trust Territory with the assistance of the Asian Development Institute of the Economic and Social Commission for Asia and the

4/ See also paras. 78-82 above for information on the five-year indicative development plan.

Pacific (ESCAP) and UNDP. Some 25 Micronesian participants attended the courses. In addition, UNDP awarded fellowships to two Micronesians for advanced training in development planning. Both recipients are studying in the United States and, with the completion of their programme of study, Micronesia will have its first trained economic planners to carry out the work begun by UNDP.

94. The Trust Territory is a member of the Western Pacific Region of the World Health Organization (WHO), which continues to provide the Territory with fellowships and technical experts. The Trust Territory also has access to the specialized training programmes and conferences of WHO.

95. The Trust Territory has continued to participate as an observer in the work of the Third United Nations Conference on the Law of the Sea. In 1976, a Micronesian delegation attended the Fifth Session of the Conference held at New York. As an associate member of ESCAP, a Micronesian delegation attended the Commission's thirty-second session in March 1976. Micronesia also participated in numerous other meetings and training programmes sponsored by the Commission.

96. The annual report further states that the Trust Territory receives each year valuable assistance from the various programmes of the South Pacific Commission. The Commission advises participating Governments on ways of improving the well-being of the peoples of the region in the economic, health and social fields. The Trust Territory has become a member of the Committee for Co-ordination of Prospecting for Mineral Resources in Asian Offshore Areas (CCOP).

Credit

97. The Economic Development Loan Fund makes direct loans and guarantees loans by commercial banks for development purposes. The Fund is administered by a nine-member Board of Directors. During the year under review, 37 direct loans were made, totalling \$281,873. No guaranteed loans were approved.

98. The current annual report states that, as from 19 November 1975, a moratorium was placed on granting new loans, to remain in effect until final agreement is reached on division of funds between the Government of the Northern Mariana Islands and the Trust Territory Government.

99. Other sources of credit are provided by credit unions. By the end of 1975, 39 chartered credit unions were operating in the Territory (excluding the Northern Mariana Islands). Of this number, over half were serving residents of villages and communities; the others were credit unions of employees, representing 80 per cent of the financial activity of the credit unions. Credit unions had a total of 9,559 members with assets of \$4.9 million (\$4.7 million in the previous year). During 1975, loans granted by credit unions aggregated \$4.8 million (\$5.0 million in the previous year). About 10 per cent of the population participates in credit union and co-operative programmes in the Territory.

100. At its forty-third session, the Trusteeship Council welcomed the assurance by the Administering Authority that the Economic Development Loan Fund, the Production Development Loan Fund, the Marine Resources Development Loan Fund and the Agricultural Development Loan Fund were intended to stimulate development of local resources in Micronesia. The Council was pleased to note that the Micronesian Development Bank had now opened. The Council continued to believe that the provision of local credit facilities was essential for economic development in the Trust Territory.

101. The current annual report states that on 5 September 1976, the functions and powers in the administration of the Production Development Loan Fund, the Marine Resources Development Loan Fund and the Agriculture Development Loan Fund were transferred by Public Law No. 6-114 from the Department of Resources and Development to the Micronesia Development Bank.

Land

102. According to the current annual report of the Administering Authority, 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.

103. Some 6,489 hectares of land are under cultivation in the Trust Territory. Of these, 45 hectares are used for commercial agriculture and 5,708 hectares for subsistence farming. About 33,553 hectares are planted with tree crops - primarily coconut, bread-fruit, banana and pandanus. Forest and pasture land and savannahs total about 99,479 hectares.

104. On 26 December 1974, the United States Secretary of the Interior issued Secretarial Order No. 2969 transferring the Trust Territory 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.

105. The current annual report states that in 1976, the district legislatures of Yap and Ponape adopted laws creating legal entities to hold and administer public lands to be transferred to district control in accordance with Secretarial Order No. 2969. However, neither district has yet requested the actual transfer of its public lands. In Palau, the Public Land Authority, which was created in 1975, has requested the return of public land to district control, a process now under way and expected to be substantially completed by the end of 1977.

106. At its forty-third session, the Trusteeship Council noted that land identification and survey work on all public lands was now in progress and should be completed by the middle of 1977. It expressed the hope that that work would be swiftly completed.

107. The Council strongly endorsed the view of its 1976 Visiting Mission that all appropriate efforts should be made to keep complete and up-to-date records of land ownership.

108. The current annual report states that the work of the Micronesian Land Commission is not proceeding at the desired rate owing to complications and limitations as to who can convey title to land. According to the report, there is a real need for district legislatures to enact laws setting forth the requirements for the valid transfer of land, especially where land is held in the name of a clan, lineage, or family.

109. Over 2,000 certificates of title have been issued and registered in the Territory (excluding the Northern Mariana Islands). An aerial survey of all major islands, started in 1974, was completed during 1976, and photogrammetric maps are expected to be completed by the end of 1976/77.

Agriculture and livestock

110. Copra is the principal commercial agricultural product of the Territory. On Ponape, black pepper and rice are being established 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. The total area under production during 1976 was estimated at 39,218 hectares.

111. Copra is the Territory's major export item. In 1975/76, copra exports totalled 8,521 metric tons valued at \$1.6 million, compared with 10,886 metric tons valued at \$3.3 million in the previous year.

112. 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, which at 30 June 1976 had 7,196 head out of a total of 7,325 head in the Territory. The carabao is used as a draft animal on Palau and Ponape.

113. At its forty-third session, the Trusteeship Council recommended, as it had in 1975, that the Administering Authority should expand production of food-stuffs to enable the Trust Territory to become more nearly self-sufficient. However, the Council considered that that priority should be without prejudice to current efforts to diversify crops and develop agriculture in the Territory on a commercial scale. The Council recommended that a specific study should be undertaken to determine the possibilities of exploiting the Territory's forestry resources.

114. The Council hoped that experiments in training local farmers in new farming techniques, in particular in the cultivation of rice and copra, would be continued.

115. The current annual report states that 40 Micronesians are studying for diplomas and degrees in agricultural subjects at universities and colleges in the United States and in Papua New Guinea.

116. The report also states that major equipment and material have been procured for the 80-hectare rice project on Ponape, and that a specialist has already been assigned to the project.

117. With regard to the copra crushing mill project of the Micronesian Industrial Corporation in Palau District, the report states that the mill was opened in 1976, and that the plant would process from 45,000 to 50,000 metric tons of copra per year, more than three times the present production of the Territory. The project, which involves a \$3.7 million investment, was organized by Guy Luttrell of California and financed by Jardine, Matheson and Company, Ltd., of Hong Kong.

118. The report states that poultry and swine operations in each district are slowly increasing production to meet local consumption needs, and that each district is helping interested people to secure loans for that purpose. There are now 9,000 laying hens producing 2.1 million eggs per annum. The Administration has set a target of approximately 50,000 laying hens to meet local demand for eggs.

119. The report further states that during the year under review, 890 hectares of coconut groves were thinned and about 283 hectares were planted. On Palau, an irrigation project for Ngrikiil farmers was completed and joint projects on pineapple production were under study.

120. In Ponape District, a total of 15,400 trees were distributed and planted on both government and private land, and 22,860 board metres of timber were milled. The report adds that more emphasis will be given to replanting coconut palms, using improved and higher yielding varieties, and to increasing copra production to supply the requirements of the two copra mills in Palau and Marshall Islands districts, respectively. In this connexion, the annual report states that ground was broken in Marshall Islands District for a second coconut oil mill, which is expected to

become operational by mid-1977. It is anticipated that the plant, which will be financed by a United States company, will cost an estimated \$1.8 million and will have a capacity of 15,000 to 20,000 metric tons of copra annually.

121. A Comprehensive Program Policy Statement and Procedures for Agriculture had been developed. This will allow for an annual increase of at least 5 per cent for most farm products, which will eventually lead to self-sufficiency. The programme provides for the establishment of systems, organizations and facilities for processing, storing and marketing farm products, including copra.

Marine resources

122. According to the current annual report of the Administering Authority, the goal of the Marine Resources Development Programme is to conserve and utilize the Territory's marine resources for the benefit of Micronesians. The Administration of the Trust Territory has been engaged in expanding major programmes and developing additional projects in each district.

123. The annual report states that the Van Camp Sea Food Company in Palau was able to increase fish production with the use of 14 chartered fishing vessels and some locally managed vessels. Most of the company's employees on shore are Micronesians and some have been engaged for its fishing operations.

124. The current report also states that, in 1976, the Overseas Fishing Cooperation Foundation (OFCF) of Japan sponsored the training of three Micronesians in the handling of refrigerated fish and in shrimp culture. Although the limited number of training programmes for Micronesians in fisheries and related programmes is primarily due to lack of funds, the Micronesian Government hopes to be able to send additional personnel for technical training, with funds from industry, international agencies and concerned nations.

125. At its forty-third session the Trusteeship Council re-emphasized that marine resources were crucial to the economy of Micronesia, and urged the Administering Authority to do everything possible to protect and develop those resources. The Council noted with approval that the Congress of Micronesia had created fishing authorities in each district to foster co-operative development, and that the Micronesian Mariculture Demonstration Center located on Palau had received substantial financial assistance.

126. The Council welcomed the fact that, in accordance with the recommendations contained in its last report, the assistance of UNDP had been sought and obtained in the context of fisheries development, and that the Administering Authority planned to carry out a major test of the feasibility of commercial fishing of skipjack tuna by purse-seine fishing.

127. The current annual report states that under the five-year indicative development plan, the five districts (excluding the Northern Mariana Islands and Kosrae) have identified various fisheries resources which have potential for economic self-sufficiency and which will provide guidelines for the final formulation and implementation of the plan.

128. The annual report also states that, as part of the war claims agreement between Japan and the United States (see paras. 8-14 above) the Trust Territory Government accepted delivery of seven 26-metric ton skipjack fishing vessels from Japan, which are expected to play an important role in the development of a Micronesian tuna fishing industry.

129. The report also states that the Micronesian Mariculture Demonstration Center on Palau is being upgraded and expanded and that a vigorous programme of research has been conducted to identify those fish and shellfish which can be cultivated in Micronesia. Once the more suitable forms are identified, extensive demonstration projects will be conducted to develop the technology for production operations and to illustrate their economic viability.

130. In 1976, the Japanese Marine Fishery Resources Center conducted tuna and bait-fish surveys in Palau, Truk and Ponape districts. In addition, a consultant from the United States spent six months in Truk ascertaining the potential for the development of a tuna processing complex on Dublon. His preliminary report favoured the establishment of such a complex.

131. In Marshall Islands District, a new office under a fisheries specialist was opened to help in the development of marine resources. Construction of a 100-metric ton cold storage and ice-making facility was completed on Majuro, to assist the fishermen in improving the quality of their catch. A six-month survey of tuna and bait-fish resources was conducted in the district by a United States firm, but its conclusions were not optimistic about the potential for the development of such an industry. Past surveys have shown that bait-fish resources in the islands are sufficient to support a fishing industry. It is known that the location of the fish taken by foreign fleets in the area varies significantly from year to year, and that further study will be required to determine the best strategy for harvesting this resource.

132. In Yap District the lagoon and outer reef areas were surveyed for bottom fish and oceanic pelagic fish stocks not normally caught by Yapese fishermen. Over 13 metric tons of fish caught during the survey were locally marketed. The establishment of a small export fishery is considered feasible, and Yapese fishermen are being trained in new techniques.

Third United Nations Conference on the Law of the Sea

133. At its forty-third session, the Trusteeship Council noted with satisfaction that the Congress of Micronesia had achieved observer status at the Third United Nations Conference on the Law of the Sea with the sponsorship of the Administering Authority, and that such participation was expected to continue. The Council noted the strong views expressed by representatives of the Congress about Micronesian participation, and the statement made at the forty-third session by one of the Special Advisers urging that Micronesia's special interests and needs should be fully taken into account. The Council noted that the interests of Micronesia might not necessarily coincide with the interests of the Administering Authority. The Council urged the Administering Authority to continue to exercise vigilance in protecting Micronesian waters from illegal foreign exploitation.

134. At the same session, the representative of the United States said that because of the importance of marine resources to the people of Micronesia and because of the divergent views of the Congress of Micronesia and the United States on key questions relating to the law of the sea, the Administering Authority had sponsored Micronesia for observer status at the Third United Nations Conference on the Law of the Sea, in order to allow the Micronesians to represent their own interests.

135. Representatives of Micronesia participated, in an observer capacity, in the fifth session of the Conference, which was held at New York in 1976. The current annual report states that it is the position of the Administering Authority that the observer delegation of the Congress of Micronesia to the Conference should continue in that capacity. The Administering Authority has stated that it will continue to exercise vigilance in the protection of Micronesian waters from illegal foreign exploitation.

Industry and tourism

136. Manufacturing in the Territory consists primarily of cottage-type activities in the subsistence sector. According to the Administering Authority, the few activities directed towards production for the market economy are characterized by inadequate capitalization, poor management and an untrained labour force. Boat-building is widespread but is usually carried on by individual craftsmen working in their own homes. Some small-scale handicraft production exists. Most small industries fall into the service classification. Tourism continues to show strong growth potential.

137. In 1975/76, 18,697 visitors entered the Territory (16,887 in 1974/75) and spent an estimated \$1.7 million (\$1.5 million in the preceding year). These figures do not include the Northern Mariana Islands which in 1974/75 had about 50,000 visitors who spent an estimated \$3.4 million.

138. During the period under review, there were 434 hotel rooms in the Territory with a further 70 rooms under construction (in 1975, the Northern Mariana Islands had about 394 hotel rooms with about 16 more under construction). Micronesians

own 24 of the hotels and 22 others have Micronesian managers. Micronesians are progressively assuming higher positions in the growing hotel industry.

139. At its forty-third session, the Trusteeship Council recommended that tourism should be developed in a more ordered fashion in order to avoid excessive discrepancies between districts. The Council recommended that, in both the construction and operation of tourist facilities, local products should, whenever possible, be given preference over imports, and should be used more often in the restaurants of tourist hotels.

140. The Council noted with satisfaction that growth in that sector had been steady and had not exceeded the capacity of the districts to accommodate tourists. It recommended that tourism training and workshops should continue to be expanded.

141. The current annual report states that a combination of events resulted in an estimated 5 per cent decrease in the number of visitors to the Territory in 1976. Among the causes were the energy crisis, which has affected travel throughout the world, and several airline strikes which directly affected Micronesia. In addition, typhoon damage and the temporary relocation of Vietnamese refugees on Guam tended to discourage potential travellers from the primary tourist markets of Japan and North America. The increase in competition from other countries also diverted potential visitors from Micronesia.

142. During the latter part of 1976, an in-depth study by the Pacific Area Travel Association produced an evaluation of the economic benefits of tourism for Truk District. The model will be applied to all districts to determine precisely the value of tourism, in terms of income to the government and private sectors. At present, tourism is a leading territory-wide income producer, which created invisible export earnings of about \$2 million during 1976.

143. A new 15-room hotel was opened on Ponape and work was started on a 50-room expansion of a Majuro hotel in Marshall Islands District.

Transport and communications

144. Road maintenance is difficult in the Trust Territory, especially on the high islands where heavy rainfall washes out road-beds, and limited budgets make upkeep difficult on roads outside district centres. As reported in previous years, a territorial road programme has been established, providing for the construction or repair of a number of kilometres of road each year.

145. Major communication facilities are located in each district centre. A high frequency, independent sideband, communications system provides the basic network. It supplies telephone and data services to and from the respective district centres and into the major relay control centre on Saipan. The latter connects intraterritory and world-wide commercial and governmental systems. In addition, each facility is capable of communicating with aircraft, ships and the outer islands.

146. Air Micronesia, which took over air service in the Trust Territory in 1968, is a corporation formed by Continental Airlines, Aloha Airlines and the United Micronesian Development Association. Regular air service links all district centres of the Territory. Outside the Territory, service is provided to Guam, Honolulu and Okinawa. The number of passengers carried decreased from 176,953 in 1975 to 147,904 in 1976.

147. At its forty-third session, the Trusteeship Council welcomed the decision taken to designate an airline for the route linking Micronesia with Japan, and believed that the opening of services on that route would contribute to the economic development of the Trust Territory. The Council noted with approval that, following the appeal made in its previous report for priority to be given to the needs of the inhabitants of outlying areas substantial funds had been made available to replace in the next three years seven of the obsolescent ships now used for interisland service.

148. The current annual report states that, on 21 June 1976, the President of the United States awarded to Continental/Air Micronesia the traffic rights for the Tokyo-Saipan-Guam-Truk route. However, pending authorization from the Government of Japan, service has not yet begun on the route. The report further states that, in January 1976, the United States Civil Aeronautics Board (CAB) issued a permit to Air Nauru, authorizing it to operate a Nauru-Ponape-Guam-Okinawa-Kagoshima route, but without traffic rights between Ponape and Okinawa or Kagoshima.

149. The annual report further states that in April 1976 the Administration promulgated and issued Executive Order No. 113, which governs logistic shipping in Micronesia and protects shipping interests owned and operated by Micronesians. Logistic shipping service, direct or indirect, to Micronesian ports from the west coast of the United States, Australia, Indonesia and the Pacific Far East, has greatly improved in the past year as a result of the semicontrolled and competitive shipping system promulgated under the Order. Micronesians enjoy imported commodities at reasonable prices despite the rising cost of productivity and international monetary inflation. The Order also allows foreign shipping participation in areas where Micronesian-owned and operated shipping companies are not financially able to operate. There are at present four Micronesian and three foreign shipping companies in the Territory.

150. The current annual report states that two new multipurpose landing vessels, the MS Marshall Islands and the MS Caroline Islands were acquired in 1976 and are now in full service in the districts. The vessels were specifically designed to transport to the remote islands of Micronesia heavy equipment which could not be accommodated in the regular field trip ships. Following approval by the Congress of Micronesia of the allocation of funds to build new interisland ships, the Department of Transportation and Communications entered into an agreement with Morris Guralnick Associates, Inc., in March 1976, for the ships' design which was completed towards the end of 1976. Requests for bids for the construction of the ships were sent out to some 58 shipbuilders throughout the world; 38 bids were received in November and were opened on December. The contract was granted to a Japanese firm and the terms of the contract are being negotiated between the Department of Transportation and Communications, the Attorney General's office and

the contractors. The target date for completion of the 7 new vessels is December 1978.

151. According to the annual report, the marine transportation system in the Trust Territory serves two primary requirements: (a) to move international and interdistrict cargo to and from ports in the six district centres; and (b) to distribute cargo from the district centres to the outer islands. In addition to distributing cargo, the service to the outer islands is also part of the field trip service and is the primary means available for movement of passengers and for the provision of government medical, educational and social services to the outer islands.

152. The main service is provided by the combined routings of seven shipping companies operating liner services. The routes are assigned by the Government and are generally designed to provide shippers with two alternative carriers between major origin areas and each district centre. Four of the companies (Oceania Line, Inc., Palau Shipping Company, Inc., Saipan Shipping Company, Inc., and United Micronesia Development Association) are controlled by Trust Territory interests; and three (Daiwa Navigation Company, Matson Navigation Company, Inc., and Nauru Pacific Lines) are controlled by outside interests.

Proposals for a super-port at Palau

153. At its forty-third session, the Trusteeship Council, noting that the Trust Territory Government had entered into a contract for a feasibility study of a super-port, expressed the belief that consideration should be given to the possible effect of the development of the proposed super-port on the unity of the Territory and that attention should also be given to the possible environmental impact of such a port.

154. The Council noted with satisfaction the commitment of the Administering Authority not to approve development of the super-port if it was opposed by the people of Palau. The Council recommended that the Administering Authority should give careful consideration the views of the Congress of Micronesia on the matter.

155. According to the annual report, the Trust Territory Government has entered into a two-year contract with the Nissho-Iwai Company, Ltd. and the Industrial Bank of Japan, Ltd. under the terms of which the company is authorized to undertake a feasibility study of the Palau super-port, including hydrographic surveys, soil and geological surveys, environmental assessment and testing, climatic and atmosphere studies and core borings. Nissho-Iwai is required to submit a report to the Director of Resources and Development of the Trust Territory within 30 days after termination or cancellation of the study. Nissho-Iwai is also required to comply with all applicable laws of the Governments of the Trust Territory and the United States relating to environmental protection. It is anticipated that the survey will have minimal environmental effect. The Trust Territory Government is authorized to suspend the exploration activities if at any time it is determined that such activities are harmful.

156. The annual report also states that no formal proposal to construct a super-port in Palau District has been made. Should such a proposal be made, the people of Palau themselves would in the first instance have the opportunity to review, approve or reject the proposal. The decision of the people of Palau cannot be overruled by the High Commissioner. Upon ascertaining the views of the people of Palau, the High Commissioner of the Trust Territory will review the proposed project to ensure that such a project complies with the regulations of the Trust Territory and the laws of the United States.

Co-operatives

157. In 1975, 68 co-operatives were active in the Territory, excluding the Northern Mariana Islands, primarily in importing, retailing, copra, handicrafts and the marketing of fish. Sales and revenue of co-operatives aggregated \$12 million in 1975. Merchandise sales predominated, followed by sales of copra. At the end of 1975, co-operatives had 13,000 members, showed net savings of \$850,000 and had paid \$300,000 in dividends and patronage refunds.

158. The Council noted with pleasure the encouraging development of fisheries co-operatives as a result of the common efforts of the staff of the co-operatives and the Congress of Micronesia. While appreciating the attempts already made and the difficulties involved, it expressed the hope that the Administration would continue to devote some of its educational and information efforts to persuading farmers in the Trust Territory of the benefits of farming co-operatives, in particular the shared use of machinery.

159. The current annual report states that new fisheries co-operatives are being chartered in the Territory with a view to long-range economic benefits in the form of increased exports or decreased imports. Existing co-operatives are being urged to expand into producer operations. The district fishing authorities, which were created by the Fishery Development Act of 1973 (Public Law 5-21) are required to provide the necessary support and guidance to fishing co-operative associations in order to make them the primary fishery development institutions in Micronesia.

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 or 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. Petitions have also been submitted to United Nations visiting missions verbally and in writing. The Universal Declaration of Human Rights has been translated into the Territory's nine major languages and copies have been distributed to local government institutions, schools and various community groups (see also T/1782).

Medical and health services

162. The Department of Health Services has responsibility for planning, organizing and administering all medical and health programmes. The Trust Territory Health Council, composed of members from all districts, reviews and co-ordinates health services and the implementation plans of each of the district departments; prepares, and revises if necessary, a territory-wide health plan; reviews the annual budgets of the Department of Health Services as well as those of the districts; and examines requests submitted by that Department for various federal grants.

163. The Office of Health Planning and Resources Development of the Department of Health Services is responsible for health planning and resources development. The Office also co-ordinates federal health programmes in the Trust Territory at various levels.

164. There are six main hospitals in the Territory and three subdistrict hospitals located as follows: Rota (Mariana Islands), Kosrae (Ponape), and Ebeye (Marshall Islands). Construction of a 116-bed hospital is near completion on Ponape. The construction of a new 50-bed hospital on Yap was started in 1976. Ebeye's new 20-bed hospital was completed in 1974, and construction of a new 35-bed hospital was to be completed on Kosrae in 1976. In addition, there are 172 dispensaries and medical aid posts scattered throughout the Territory.

165. In June 1976, there were 1,295 persons on the staff of the Department of Health Services, 1,255 in the districts and 40 at headquarters. Of this number, 1,239 were Micronesians, 41 were expatriate personnel and 15 were Peace Corps volunteers. The Micronesian personnel included 40 physicians, 53 physician's

/...

assistants (trained under the MEDEX programme), 21 dental officers, 4 registered or university trained nurses, 183 graduate nurses (Trust Territory School of Nursing) and 398 health assistants and practical nurses.

166. The current annual report states that the services of a number of consultants are made available to the Trust Territory by the United States Public Health Services, the Energy Resources Development Agency, WHO, the South Pacific Commission, Tripler Army Medical Center (Guam) and several universities in the United States. These organizations also offer training opportunities through fellowships, in-service training and seminars.

167. Recurrent expenditure on public health in 1975/76 totalled \$10.8 million, of which \$8.6 million represented operational costs and \$1.5 million was for medical supplies.

168. At its forty-third session the Trusteeship Council welcomed the statement by the Administering Authority that, with the imminent opening of the new hospital at Kosrae and the construction of other facilities, proper health services were being brought to an ever-increasing number of Micronesians. The Council urged that efforts be concentrated on improving the facilities in the outlying areas, to narrow the gap in the quality of medical services available between the main centres of population and the outer islands. The Council expressed the hope that the Administering Authority would continue to ensure that an adequate number of trained Micronesian health staff would be available to meet the needs of the population.

169. The current annual report states that the Trust Territory was included in the United States national plan to immunize the population against swine-type influenza in 1976, and that the Department of Health Services had immunized about 93 per cent of the eligible population between October and December 1976.

170. The annual report further states that the 116-bed hospital facility on Ponape is nearly completed. The hospital was expected to be open for services by May 1977. In July 1976, the Trust Territory Health Services became the Health Planning and Development Agency. A Micronesian Health Co-ordinating Council has been designated under United States Law 93-641 to work with the agency. The Council's main functions are to serve as adviser to the territorial Department of Health Services. The membership of the Council includes 10 professional medical personnel and 14 non-medical personnel (also called "consumers of health care") from the five districts and the Northern Mariana Islands. According to the annual report, members from the new district of Kosrae will be appointed shortly. The first session of the Council was held from 6 to 9 December 1976.

Community development

171. The principal organizations involved in community development in the Trust Territory are the Community Development Division, the community action agencies and the civic action teams. The Community Development Division co-ordinates the activities of various governmental programmes, provides technical advice for

self-help activities and gives support to various community groups such as women's and youth organizations. The grant-in-aid programme represents one of its main activities.

172. Through the grant-in-aid programme, the Administration extends financial and technical assistance to local communities for public projects where local cash resources are inadequate. These projects may involve the construction of facilities, such as roads, docks, dispensaries, ferry-boats and electric power plants.

173. The current annual report states that since 1967, some 374 communities or organizations have received needed facilities valued at about \$2.8 million through grants-in-aid. Facilities provided in 1975/76 were estimated to be worth about \$163,000.

174. Five of the six districts have a community action agency. The agencies continue to play an important role in the communities, providing comprehensive social services rather than specialized services. The Community Services Administration continues to provide over \$900,000 a year in grants to the community action agencies. An additional \$800,000 is made available by the United States Department of Health, Education and Welfare (HEW) for the operation of head start programmes designed for pre-school children.

Labour

175. According to the current annual report, it is the policy of the Trust Territory Government to give employment preference to qualified Trust Territory citizens in employment at all levels. Alien workers are employed only when skilled Micronesians are not available to fill vacancies.

176. The number of Micronesian wage-earners employed during the year under review was 17,245. Of this number, 9,470 were employed by the Administration or by United States government agencies, and 7,775 were employed in the private sector.

177. At its forty-third session, the Trusteeship Council recalled its concern at the continuing imbalance between wage-earners employed in the public sector and those employed in the private sector. The Council welcomed the announcement that a survey of manpower needs would be made in 1977, as part of a master plan for economic development being prepared with the assistance of UNDP. It expressed the hope that the survey would make it possible to proceed on the basis of full knowledge of the facts in guiding young Micronesians towards those sectors where manpower needs were greatest. The Council noted with satisfaction that the Administering Authority had stated its intention to pursue its policy of employing aliens only when skilled Micronesians were not available to fill vacancies.

178. The current annual report states that, according to a survey of non-resident workers conducted during 1976, the total alien labour force in the private sector numbered approximately 1,100. Another survey, now under way, will attempt to compile statistical data concerning the skills, salaries and other characteristics of all Micronesian workers in the private sector.

Housing

179. In 1973, the Congress of Micronesia passed the Community Housing Act, which established a Territorial Housing Commission with power to participate in major United States housing programmes. The Housing Commission will focus on ways to provide low-cost housing for low-income families. The Commission and six district housing authorities were established in 1974.

180. According to the current annual report, the district housing authorities are the primary agencies for the implementation of the housing programme. At 31 December 1975, the housing authorities had assets from loans totalling \$3.5 million, of which \$3.3 million has been utilized to finance the construction or renovation of 584 homes. It is reported, however, that the total loan fund available is insufficient to meet the needs of the applicants, who now number 2,359.

181. In 1976, the territorial Housing Commission was assisted by UNDP and ESCAP. The regional housing adviser of ESCAP visited the Trust Territory twice in 1976.

182. At its forty-third session, the Trusteeship Council noted that Micronesians were now being trained to carry out a long-term, low-cost building programme. Given the importance of providing such housing, the Council expressed the hope that the necessary resources would be made available for the programme.

183. The current annual report states that the territorial Housing Commission and the district housing authorities are entrusted with the task of attracting new sources of loan capital with a view to upgrading internal management techniques and pioneering low-cost housing.

Public safety

184. The current annual report states that although juvenile delinquency has not been a major problem in the Trust Territory, the number of offences committed by young people is now increasing. This is most noticeable in district centres, where traditional and social sanctions are rapidly breaking down and, consequently, family controls are weakening.

185. According to the same report, an intensified effort is being made to prevent crimes involving juveniles. One police officer has been assigned to each district to deal with this particular problem. Local legislative bodies, citizens' organizations, Peace Corps volunteers and other groups are striving to meet the needs of youth and to draw up programmes aimed at utilizing the resources of youth. In several districts, community development offices have been active in organizing panels of citizens to discuss and analyse juvenile problems.

186. At its forty-third session, the Trusteeship Council welcomed the efforts being made to combat delinquency in general and juvenile delinquency in particular. It recommended that preventive efforts should be continued.

187. The current annual report states that two new offices have been created within

the Office of the Attorney-General: the Office of Litigation and the Office of Micronesian Bureau of Investigation. According to the Administering Authority the new Office of Litigation represents a positive commitment to combat long-standing problems faced by the Government of the Trust Territory. The Micronesian Bureau of Investigation will be responsible for the detection, investigation and prosecution of crimes against the public sector, as distinguished from offences directed against individuals.

Peace Corps

188. Peace Corps volunteers have continued to serve in education as well as a number of other areas. They provide architects, engineers, business advisers and specialists in laboratory technology, communications, ecology etc. According to the Administering Authority, the most significant contribution of the Peace Corps continues to be in the field of education.

189. In 1976, Peace Corps trainees and volunteers in Micronesia numbered 240, of whom 160 were serving in an educational capacity. The current annual report states that, as Micronesians continue to assume responsibility for their own affairs, the number of needed Peace Corps volunteers will be reduced.

E. EDUCATIONAL ADVANCEMENT

General

190. The educational framework for the Trust Territory is defined in Public Law 3C-36 of 10 October 1969. According to this law, the purpose of education in the Territory is, inter alia, to develop the human resources of Micronesia in order to prepare the people for self-government and to provide them with skills which will be required in the development of the Territory.

191. Boards of education have been established at the territorial and district levels in accordance with the same law. The Micronesia Board of Education, appointed by the High Commissioner with the advice and consent of the Congress of Micronesia, is composed of one Micronesian member from each of the six districts plus the Director of Education, who is a non-voting member.

192. Under the provisions of the United States Vocational Education Act and the Manpower Development and Training Act, as amended, a Trust Territory Manpower Advisory Council was established in 1969, consisting of 11 Micronesians and one expatriate. The Council advises the High Commissioner, through the Director of Education, on manpower training needs for all of Micronesia.

193. An advisory council established under provisions of the United States Elementary and Secondary Education Act sets priorities in education, reviews existing programmes and approves new ones. A student assistance committee, established by the Micronesian Board of Education in 1975, reviews applications for scholarships in higher education.

194. In accordance with Public Law 3C-36, non-public schools may be established in the Trust Territory. They are required to submit the same reports concerning attendance, enrolments and curricula as those submitted by public schools to the Director of Education.

195. Under the provisions of the law, attendance at public and non-public schools is required of all children between the ages of 6 and 14 years, or until graduation from elementary school. Free education is provided in elementary and secondary public schools.

196. According to the annual report under review, recurrent expenditure for education in 1975/76 totalled \$15.5 million, including \$6.3 million for elementary education; \$3.1 million for secondary education; and \$2.6 million for construction.

197. At its forty-third session, the Trusteeship Council noted with pleasure the excellent record of the Administering Authority in the general field of education, in particular the universal instruction at the primary level and the high rate of secondary school attendance, as well as the satisfactory number of post-graduate students in the Trust Territory.

198. According to the current annual report, in 1976, the Micronesian Board of Education formulated and the Acting High Commissioner approved a statement on educational goals for the Trust Territory.

199. Prior to defining these goals, the Board sought and received suggestions and recommendations from all districts. The Board also consulted with the territorial Director of Education and with the directors of the Community College of Micronesia and the Micronesian Occupational Center. The recommendations were carefully considered by the Board in drawing up the statement on educational goals which included the following aims: to assist each person to recognize and "actualize" his or her own potential in order to live to the fullest a dignified, meaningful and worth-while life; to develop in all individuals a deep sense of esteem for and pride in their own cultural heritage as well as for Micronesia as a whole; to develop in all persons self-understanding, self-acceptance, self-respect, self-discipline and personal responsibility, and to this end to make available learning experiences relevant to Micronesians; to assist all citizens to develop basic literacy and computational skills; to develop in all citizens an understanding of the social, political, economic and environmental situations of their communities, their islands and their nation, as well as their place and role in it and in the world community; and to foster among Micronesians strong bonds of unity through an awareness of the common elements and the interdependence which they share. In preparing its recommendations, the Board of Education also had in mind the recommendations of various international bodies, including those of recent United Nations visiting missions of the Trusteeship Council and UNDP, that emphasis should be placed on vocational and technical training in the Territory. In formulating these goals, the Board took into account the Charter of the United Nations and the Trusteeship Agreement.

200. The current annual report states that the Department of Education is aware of the problem referred to by the 1976 United Nations Visiting Mission, concerning the uneven quality, quantity and applicability of textbooks used in the Territory. The situation is specially acute in the remote outer islands. The Department asserts that it is striving to rectify the situation.

Primary and secondary education

201. According to the annual report of the Administering Authority, there were 246 public and 35 non-public schools in the Territory at 30 June 1976. Pupils enrolled in public and non-public schools numbered 38,236, of whom 27,413 were attending public elementary schools.

202. The teaching staff in public elementary schools consisted of 1,268 Micronesian teachers (1,229 certified and 39 non-certified) and 125 non-Micronesian teachers (122 certified). The teaching staff in non-public elementary schools consisted of 98 Micronesian teachers (81 certified and 17 non-certified) and 35 non-Micronesian teachers (33 certified and 2 non-certified).

203. Secondary education was provided in 17 public and 14 non-public schools. There were four public schools in Mariana Islands District, two in the Marshall

Islands, one in Palau (including the Community College of Micronesia, which has both secondary and post-secondary programmes), two in Ponape, five in Truk and three in Yap. Of the non-public schools, one was located in Ponape, one in Truk, five in Palau, six in the Marshall Islands and one in the Mariana Islands.

204. Secondary school enrolment at 30 June 1976 totalled 6,276 in public schools and 1,675 in non-public schools, compared with 6,202 and 1,768 respectively in the previous year. In addition, 102 students were enrolled in secondary schools abroad. The number of students who completed their secondary school education in the Territory was 1,256 (957 in public schools and 299 in non-public schools). The secondary school staff consisted of 525 teachers (401 in public schools and 124 in non-public schools). Of the total number of secondary school teachers, 311 were Micronesians and 214 were non-Micronesians.

205. According to the current annual report, virtually all public elementary class-rooms in the Territory are in "standard" condition. In 1976/77, a total of \$300,000 was allocated for construction of 10 public elementary class-rooms in Palau District, and \$165,000 for 12 class-rooms in Ponape District.

206. In so far as secondary or high school education is concerned, the report states that, with the exception of the Marshall Islands and Ponape districts, 80 per cent of elementary school graduates are able to attend secondary school in the Trust Territory. The Marshalls are expected to reach that goal by 1978 when the construction of the Marshall Islands and Jaluit high schools are completed.

207. The current annual report states that 36 new elementary school class-rooms were completed in 1976, of which 16 were on Yap, 12 in the Mariana Islands, and 8 in the Marshall Islands. Other class-rooms were under construction on Ponape and Truk. Two high schools in Colonia and Ulithi on Yap and the Central High School on Ponape have been completed. Three secondary schools are being constructed on Truk.

208. At its forty-third session, the Trusteeship Council recommended, as in its previous report, that the Administering Authority should consider introducing a programme especially related to the economic situation in the Territory as a means of preparing Micronesians for more meaningful self-government.

209. The Council remained concerned, nevertheless, that the supply of educated people in the Territory could outpace the number of suitable jobs available to them and accordingly recommended that there be a continuing emphasis on vocational rather than purely academic training.

Higher education

210. The Community College of Micronesia, located at Kolonia Town, Ponape, offers a two-year programme leading to an Associate of Science Degree in Elementary Education. At 30 June 1976, the Community College had a co-educational enrolment of 162 students from all districts of the Territory, of whom 118 were studying at the campus at Kolonia, 33 were at the nursing school on Saipan (which is affiliated to the college), and 11 were following courses at the Ponape Agriculture and Trade School for which

/...

they would receive college credits. In addition, 95 students were studying for an Associate of Science Degree in the in-service elementary teacher education programme. There were also 33 part-time students at the college campus at Kolonia, and 167 students enrolled at the extension Centres in the Palau, Truk, Yap and Marshall Islands districts.

211. One hundred five students received their degrees in 1976 as follows: 28 in elementary teacher education; 17 in nursing; 8 in secondary vocational teacher education; 6 in business management, and 46 in in-service elementary teacher education. Another 17 students received certificates of achievement in Special Education Itinerant Teacher Training.

212. The Community College has instituted an extension programme under which off-campus courses can be taken for credit. In 1975/76, 257 full-time and 200 part-time students were enrolled in the extension courses. During the summer of 1975, over 1,000 students, mainly teachers, were taking courses in their home districts.

213. Micronesian students attending institutions of higher learning abroad in 1975/76 numbered about 1,483. Of this number, 85 were on scholarships from the Trust Territory Government, 101 were on scholarships from the Congress of Micronesia, 419 were in the ESG programme, 441 had received student loans from the Congress of Micronesia and some 437 were supported by other scholarship programmes or private funds.

214. The current annual report states that the United States Congress has approved \$8 million for the construction of a new campus for the Community College, to be located on Ponape. Final approval is dependent on the outcome of a study and subsequent recommendation by a team of experts to be appointed by the President of the United States.

215. Federal matching funds in the amount of \$100,000 have been approved for the construction of eight class-rooms at the Micronesian Occupational Center enabling the Center to accommodate all of the students in the Trust Territory who wish to pursue post-secondary vocational/technical education.

Vocational education

216. The Micronesian Occupational Center, located on Koror in Palau District, is a boarding school offering vocational and technical training to students from all districts of the Territory. In all courses, students may be enrolled in secondary, post-secondary and adult classes, depending on previous education and individual programme objectives. The Center also provides each district in the Territory with a vocational education supervisor who co-ordinates pre-vocational, vocational and industrial arts programmes in the district.

217. Vocational courses are also offered in all public secondary schools. Most secondary schools also offer an industrial arts programme.

218. The Community College, in co-operation with the Ponape Agriculture and Trade School, offers teachers a two-year programme leading to an Associate of Science Degree in Secondary Vocational Education.

219. The current annual report states that during 1976, 143 secondary school vocational teachers took summer courses in the Trust Territory, in various areas of vocational training. During the same period, 16 vocational teachers attended summer courses abroad: 8 at the University of San José in California and 8 at the University of Hawaii.

220. The report states that progress is being made at Palau High School, Ponape Island Central School and Outer Islands High School towards the integration of vocational education and academic training patterned after the Ponape Agriculture and Trade School.

221. In 1975/76, the Micronesian Occupational Center had an enrolment of 318 students. During the year, 108 students completed certificate or diploma courses which brought to 717 the number of graduates of the Center in the few years of its operation.

222. In 1976, a follow-up survey was made on graduates of the Center. According to the survey, 74 per cent of the graduates were actively employed, of whom 69 per cent were employed in their own fields of specialization. The study also showed that 33 of the graduates were either teaching vocational education in the Territory or were pursuing further studies in preparation for teaching careers.

Teacher training

223. According to the current annual report, in addition to the students enrolled at the Community College of Micronesia (see above), 239 students attending institutions of higher learning abroad are reported to be pursuing studies in the field of education.

224. The Marshall Islands, Palau, Ponape and Truk districts each has an in-service teacher-training centre offering a nine-month programme to persons with previous teaching experience in the elementary schools of their district. During the year under review, 800 teachers were reported to have attended teacher-training courses in five districts.

225. At its forty-third session, the Trusteeship Council noted with satisfaction the progress made by the Administering Authority in increasing the number of Micronesian teachers currently working in the Territory.

Dissemination of information on the United Nations

226. The current annual report of the Administering Authority states that the work of the United Nations and the International Trusteeship System is part of the social studies curriculum in elementary and high schools. The UN Monthly Chronicle and

The UNESCO Courier are supplied to all school libraries and to public libraries in the Trust Territory.

227. The report further states that other United Nations publications for various grade levels were being received by the Department of Education and distributed to schools in the Trust Territory. United Nations picture and poster sets are also supplied to the schools. Films and filmstrips about the United Nations are available for school use through community development film libraries.

F. CONSTITUTIONAL DEVELOPMENTS AND PROGRESS
TOWARDS SELF-GOVERNMENT OR INDEPENDENCE

228. At its forty-third session, the Trusteeship Council reaffirmed the inalienable right of the people of Micronesia to self-determination, including the right to independence in accordance with the Charter of the United Nations and the Trusteeship Agreement.

229. The Council recognized that the plebiscite in the Northern Mariana Islands in June 1975, held in the presence of a United Nations Visiting Mission, 5/ had been freely and properly conducted and that, in the free exercise of their right of self-determination, the people of the Northern Mariana Islands, by a large majority, had approved the Covenant to establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States. 6/ The Council noted the assurances given by the Administering Authority that although the Northern Mariana Islands were expected to become self-governing under the Covenant and a local constitution while the Trusteeship Agreement was still in effect, certain provisions of the Covenant would not take full effect until after the termination of the Trusteeship Agreement. It also noted that it was the intention of the United States that the Trusteeship Agreement be terminated simultaneously for the entire Trust Territory.

230. The Council reiterated its recommendation that the Administering Authority should encourage the maintenance of close and friendly contacts between the Northern Mariana Islands and the rest of the Trust Territory.

231. The Council affirmed its conviction that the political unity of the Caroline Islands and the Marshall Islands should be maintained. It recalled its earlier concern about separatist tendencies in Palau and Marshall Islands districts. It noted with satisfaction the commitment of the Administering Authority to the unity of the Caroline Islands and the Marshall Islands, and expressed the hope that the Administering Authority would continue its efforts to persuade the inhabitants of the districts concerned of the advantages of unity.

232. Like the 1976 Visiting Mission, the Council did not wish to make precise recommendations on the future status best suited to the Caroline Islands and the Marshall Islands, or to commit itself on the question of free association. It simply noted that the status of free association at present under consideration, if endorsed by the population, would not be inconsistent with the aims of the Trusteeship Agreement.

5/ For the report of the Visiting Mission, see Official Records of the Trusteeship Council, Forty-third Session, Supplement No. 2 (T/1771).

6/ For the text of the Covenant, see Official Records of the Trusteeship Council, Forty-second Session, Sessional Fascicle, Annexes, document T/1759.

233. The Council noted the provisions, agreed to in June 1976 between representatives of the Administering Authority and of the Congress of Micronesia, of the draft compact of free association. It noted that those provisions made clear that sovereignty resided in the people of Micronesia, that the people of Micronesia had the sovereign right to choose their own future political status and that the people of Micronesia would govern themselves under their own laws and under their own elected Government. It noted the provision of the option of unilateral termination after 15 years, allowing the people of Micronesia to select whatever status they might then choose, including independence. It also noted that no district should be bound by any plebiscite on the draft compact if 55 per cent of those voting in that district voted against the draft compact.

234. The Council considered that the people of Micronesia should be given the fullest opportunity to inform themselves about the provisions of the draft compact of free association in its present form as well as other future political choices, including independence.

235. The Council noted the draft constitution for the proposed Federated States of Micronesia approved by the Micronesian Constitutional Convention in November 1975 and the expressed intention of the Congress of Micronesia that the draft constitution should, in due course, be put to a popular referendum. While not wishing to make any specific recommendations, the Council expressed the hope that the Congress of Micronesia would do its best to ensure that, at such time as the draft constitution was put to a popular referendum, it would be in a form likely to be acceptable to all the districts in the Caroline Islands and the Marshall Islands.

236. The current annual report of the Administering Authority states that the Micronesian Constitutional Convention, consisting of 60 delegates, began its work on 12 July 1975. The Convention, which was charged with the duty of drafting a constitution, completed its task with the signing on 8 November 1975 of a draft constitution for a proposed Federated States of Micronesia. The draft constitution requires ratification by a majority of voters and districts. A referendum on the text is expected to be held in 1977.

237. The annual report further states that negotiations between the representatives of the United States and the Joint Committee on Future Status of the Congress of Micronesia continued during 1975/76 with the objective of achieving a single future political status for the remainder of the Trust Territory.

238. An eighth round of status negotiations took place on Saipan from 28 May to 2 June 1976 between the Joint Committee on Future Status and a United States delegation. On 2 June 1976, a compact of free association had been initialled by the head of the United States delegation and the members of the Joint Committee on Future Status, which provided the following:

(a) Sovereignty would reside in the people of Micronesia;

(b) The people of Micronesia would have the sovereign right to choose their own future political status;

/...

(c) The people of Micronesia would govern themselves under their own laws and under their own elected Government which would have full responsibility for, and authority over, the internal affairs of Micronesia;

(d) All land in Micronesia would belong to, and would be controlled by, Micronesians;

(e) The people of Micronesia would vest in the United States full responsibility for, and authority over, the foreign affairs and defence matters of Micronesia;

(f) The United States would provide financial assistance to the people of Micronesia in order to advance their economic and social welfare;

(g) The citizens of Micronesia would be given the privileges of a national of the United States;

(h) The United States would have a resident representative in Micronesia and the latter would have a similar resident representative in Washington, D.C.;

(i) Disputes relating to the interpretation or application of the provisions of the draft compact would be resolved by negotiations and, if such negotiations did not result in a mutually satisfactory settlement within a reasonable period of time, the matter might be submitted either to the courts of the United States or to arbitration;

(j) The draft compact would be submitted for approval to the people of Micronesia in a plebiscite. The draft compact would be approved by Micronesia if at least 55 per cent of those voting in the plebiscite voted in its favour, including a majority in at least four of the six states of Micronesia;

(k) The compact might be amended or terminated at any time by mutual consent. After the first 15 years following its entry into force, the compact might also be terminated unilaterally by either party. Thereafter, the Government of Micronesia might terminate the compact unilaterally if at least 55 per cent of the people of Micronesia were to vote in favour of termination in at least two thirds of the states of Micronesia.

239. The annual report points out that the major areas which remain to be resolved are the question of marine resources and the issue which relates to the division of the financial assistance from the United States among the states of a self-governing Micronesia. It was hoped that those issues could be resolved promptly so that the draft compact could be submitted to the Congress of Micronesia and eventually to a plebiscite, to be preceded by an intensive campaign of political education.

240. The annual report further states that the draft constitution and the initialled compact of free association are incompatible in several respects and that, most importantly, both the draft constitution and the compact contain supremacy clauses. It is the view of the Administering Authority that a reconciliation of the two documents could be effected by attaching to the draft constitution a standby clause

specifying that certain of its provisions would come into effect only if and when the compact of free association is terminated. The problem of the inconsistency of the two documents remains a subject of discussion. Other modifications of the draft constitution, along the lines suggested in the report of the 1976 United Nations Visiting Mission, 7/ may also be considered.

241. The Administering Authority further states that during the period under review, separatist tendencies continued to be manifested in Palau and the Marshall Islands districts, and important political leaders in both districts sought to negotiate separate agreements with the United States on future status. The Administering Authority hopes that the political and economic unity of Micronesia can be maintained, and has rejected all such requests for separate negotiations. It is intended that the compact of free association shall be submitted to all the people of Micronesia in a single plebiscite, to be held throughout the Territory.

242. On 3 June 1976, under legislation enacted by the Congress of Micronesia, the Joint Committee on Future Status was replaced by a new Commission on Future Political Status and Transition. Effective 31 July 1976, F. Haydn Williams, the Personal Representative of the President of the United States for Micronesian Status Negotiations, resigned and his deputy, Philip W. Manhard, assumed the role of Acting Representative.

243. With regard to the question of the Northern Mariana Islands, it will be recalled that the Covenant to establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States was endorsed by a plebiscite on 17 June 1976. Following its approval by the Congress of the United States, the President signed the Covenant into law on 24 March 1976 (Public Law No. 94-241).

244. The current annual report states that, pursuant to Secretarial Order No. 2989, the former Mariana Islands District was separated administratively from the Government of the Trust Territory of the Pacific Islands on 1 April 1976.

245. The above Order prescribes the extent and nature of the authority of the Government of the Northern Mariana Islands as it will be exercised by the United States Secretary of the Interior pursuant to Executive Order No. 11021 of the President of the United States, signed on 6 May 1962. It further prescribes the manner in which the relationships of the Government of the Northern Mariana Islands shall be established and maintained with the Congress of the United States, the Department of the Interior and other federal agencies and with foreign Governments and international agencies.

246. The executive authority of the Government of the Northern Mariana Islands is vested in a United States Resident Commissioner appointed by the United States Secretary of the Interior. The Resident Commissioner is assisted in the administration of the Northern Mariana Islands by an executive officer. The first Resident Commissioner was appointed on 16 April 1976.

247. The current annual report states that, in accordance with a bill passed by the Northern Mariana Islands Legislature and approved by the Resident Commissioner, delegates to a Northern Mariana Islands Constitutional Convention were elected on 3 October 1976. The Convention began its meetings on 18 October 1976.