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OUTLINE OF CONDITIONS IN THE TRUST TERRITORY OF THE PACIFIC ISLANDS

Working paper prepared by the Secretariat

Addendum

Note: Draft amendments to the working paper on conditions in the Territory (T/L.1208), based on supplementary information supplied to the Trusteeship Council at its 1470th and 1471st meetings.

A. GENERAL

Land and people

1. After paragraph 4, add the following new paragraph:

At the forty-fifth session of the Trusteeship Council, Senator Bailey Olter, Special Adviser, said that the transfer of the executive and judicial branches of the Trust Territory Government to Ponape need not await the resolution of the ultimate political status of Micronesia. The political configuration of Micronesia would become clear in the referendum in July 1978, and steps must be taken very shortly to make the transfer of the two branches of government to Ponape a reality. The Special Adviser further said that they had been informed in November 1977 by the Personal Representative of the President of the United States for Micronesian Status Negotiations of the renewed pledge by the United States to finance the construction of a new capital for Micronesia.

Population movements

2. Replace the last sentence of paragraph 10 with the following:

The entire project is expected to be completed in April 1980 when the resettlement of the population will have taken place. The Congress of the United States has provided \$20.0 million for the clean-up programme and \$12.4 million for the resettlement and rehabilitation project.

3. After paragraph 10, add the following two new paragraphs:

At the forty-fifth session of the Trusteeship Council, Mr. Adrian Winkel, High Commissioner and Special Representative of the Administering Authority, stated that the recommendations of 1968/69 1/ which set forth that the island of Bikini could be used for residential and agricultural purposes had had to be modified in the light of a recent analysis of the recycling of radio-nuclides by agricultural products from the soil of the island. Although it would be possible for the people to live on Bikini island if they followed rigorous stipulations, such as not growing food for consumption and not using ground water, it was considered that normal community life could not be possible under such stringent prohibitions.

The Special Representative further stated that a proposal had been submitted to the Congress of the United States embodying a rehabilitation and resettlement programme for Bikinians which would cost \$15.0 million. The proposal set forth possible alternatives for resettlement, excluding the island of Bikini. According to the Special Representative, the most feasible alternative currently under study was that of the use of other islands in the Bikini atoll and the rehabilitation of Kili island for those who wished to remain there. The island of Enyu, some 16 kilometres from Bikini island, was being carefully considered as a possible alternative.

War and post-war damage claims

4. After paragraph 21, add the following two new paragraphs:

Referring to war damage claims in respect of Title I awards, Representative Setik, Special Adviser, said at the forty-fifth session of the Council, that the position of the Congress of Micronesia had been indicated in House joint resolution 7-92, adopted during the seventh session of the Congress in 1978. 2/ The resolution urged the Government of Japan to pay its full share of Title I claims. The Special Adviser requested that in its report to the Security Council, the Trusteeship Council should give the matter appropriate emphasis and the President and members of the Trusteeship Council should use their good offices in conveying the importance and the urgency of the request to the Government of Japan.

At the same session, Senator Lorenzo Guerrero, Special Adviser, urged the Trusteeship Council to remind the Government of Japan to be receptive to and willing to acknowledge the Micronesian request for war damage claims and to open negotiations on the full and final settlement of its moral obligations to the peoples of the Trust Territory. Final determinations on the method of payment could be made once negotiations were officially opened.

1/ Official Records of the Security Council, Twenty-fourth Year, Special Supplement No. 1 (S/9400), paras. 26-29.

2/ See T/COM.10/L.229.

B. POLITICAL ADVANCEMENT

General political structure

5. After paragraph 26, add the following three new paragraphs:

The executive power of the Northern Mariana Islands is vested in a Governor who shall be responsible for the execution of the laws.

Legislative power is vested in a Northern Marianas Commonwealth Legislature composed of a Senate and a House of Representatives.

Judicial power is vested in a judiciary of the Northern Mariana Islands, which includes trial and appeals courts established by the Legislature.

6. After paragraph 33, add the following two new paragraphs:

The Northern Marianas Commonwealth Legislature is a bicameral body, consisting of a Senate and a House of Representatives. The Senate has nine members elected at large for four-year terms from each of the three senatorial districts. The House of Representatives has 14 members elected for two-year terms. Twelve members of the House are elected from Saipan and the islands north of it, one member is elected from Rota and one member from the combined electorates of Tinian and Aguiguan.

Members of the Legislature are elected by residents of the Commonwealth of the Northern Marianas, 18 years of age or older, who are registered voters. The first general election took place on 10 December 1977.

7. Delete present paragraph 34.

Executive

8. Replace paragraph 42 with the following new paragraph:

The executive authority of the Government of the Northern Mariana Islands is vested in a Governor elected for a four-year term who must be at least 30 years of age, qualified to vote and a resident and domiciliary of the Commonwealth for at least seven years immediately preceding the date on which he takes office. In the performance of his duties, the Governor is assisted by a jointly elected Lieutenant Governor and by heads of executive departments.

9. Replace the first sentence of paragraph 47 with the following:

The annual report further states that the Government of the Trust Territory has begun preparations for the establishment of a governmental structure to become operational at the termination of the Trusteeship Agreement.

10. After paragraph 47, add the following two new paragraphs:

At the forty-fifth session of the Trusteeship Council, Mr. Winkel, Special Representative, said that House Bill 7-402 adopted by the Congress of Micronesia on

the reorganization of the executive branch of the Trust Territory Government, had been enacted into law. According to the law, the eight departments of the executive branch would be reorganized and combined to form three major departments. It was his intention to nominate Micronesians to head two of the three newly created departments.

At the same session, Senator Olter, Special Adviser, referring to a report entitled "Organization and administration of the central executive branch in Micronesia during transition", stated that the purpose of the report was to outline an appropriate structure for the executive branch of the Central Government of Micronesia after the new draft constitution became effective, and to suggest organizational and administrative measures to be taken before that date to promote a smooth and orderly transition under the constitution. The report made important recommendations on the organization of each department of the executive branch with a view to the decentralizing and streamlining functions. To date, however, the Administration had shown little interest in the implementation of the recommendations, and he hoped that it would direct its energies to that end following the referendum in July 1978. The Special Adviser further stated that it was the responsibility of the Administering Authority and of the leaders of Micronesia to ensure that the Government serving Micronesians could be supported and controlled by the people themselves.

District government

11. Replace paragraph 51 with the following two new paragraphs:

At the forty-fifth session of the Trusteeship Council, Senator Olter, Special Adviser, said that the charters for the district governments of Truk, Kosrae, Yap and Ponape had become effective on 1 May 1978, and that the elections of the new legislators and governors would be held immediately following the referendum on the draft constitution in July 1978. An amendment to the legislation providing for the drafting of district charters had been adopted by the Congress of Micronesia which permitted the submission of charters for the district governments of Palau and the Marshall Islands.

The Special Adviser referred to a proposed district charter relations act which had been adopted by the Congress of Micronesia but vetoed by the High Commissioner on 1 May 1978. The Special Adviser pointed out that the act had initially been recommended by representatives of the High Commissioner to clarify questions concerning the role of the executive, legislative and judicial branches of the Government at the territorial and district level. It had been vetoed despite the fact that it would have facilitated the exercise of expanded governmental powers by the chartered district governments in accordance with the provisions of the draft constitution and without amending the Secretarial Order. The Special Adviser said that the result of that unilateral action could further disillusion district leaders about the commitment of the Trust Territory Administration to a genuine transition to self-government. The veto exercised by the High Commissioner in this respect

represented an obstacle to the transfer of authority rather than a movement towards a decentralization of authority in keeping with the draft constitution.

Civil services

12. After paragraph 62, add the following new paragraph:

At the forty-fifth session of the Trusteeship Council, Mr. Winkel, High Commissioner and Special Representative, stated that during 1977/78, the Government of the Trust Territory had continued to make progress in its efforts to increase government effectiveness and reduce overstaffing and overspending. In conjunction with its reorganization, the executive branch of the Government, had been completely reviewed for structural streamlining and staffing consolidation. It was anticipated that the number of positions at headquarters could be reduced by 100 or more over a period of time. Under the new salary plan proposed by the Administration to the Congress of Micronesia, personnel costs would be more closely controlled and salary increases based on performance would replace automatic pay increases.

13. After paragraph 65, add the following new paragraph:

At the forty-fifth session of the Trusteeship Council, Mr. Winkel, High Commissioner and Special Representative, stated that an important seminar for top-level managers had been conducted in 1977.

C. ECONOMIC ADVANCEMENT

General economy

14. After paragraph 89, add the following five new paragraphs:

At the forty-fifth session of the Trusteeship Council, Mr. Winkel, High Commissioner and Special Representative, said that the Trust Territory's indicative development plan and the individual district development plans continued to be the basic policy guidelines for economic development in Micronesia. In an attempt to develop a more comprehensive overview of the Territory's economic development opportunities, a survey of the six districts was now in progress under the supervision of the Bureau of Resources and Development of the Trust Territory Government. The survey, which was aimed at providing the executive branch of the Trust Territory Government with a comprehensive inventory of development opportunities in agriculture, fisheries, tourism and the service industries, was expected to be completed shortly.

With regard to the capital improvement programme, the Special Representative pointed out that it was the policy of the Trust Territory Government to establish a viable infrastructure for all of the districts prior to the termination of the Trusteeship Agreement. Attention had been given to requirements for the establishment of basic infrastructures in the outer islands of Micronesia.

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He had presented to the United States Department of the Interior a draft proposal for a second-level capital improvement programme for those islands. The aim of the programme was to utilize the remaining years of the Trusteeship Agreement to finance, initiate and develop construction of the basic amenities of life in the outer islands and to provide a greater opportunity for the economic development of the people of those islands. The Special Representative added that the programme would supplement rather than duplicate the regular capital improvement programme being administered by the United States Navy through its Officer in Charge of Construction.

The Special Representative further said that the work on the regular capital improvement programme had continued. The programme, which was started in the fiscal year 1976, was scheduled for completion before the termination of the Trusteeship Agreement. It was estimated that the balance of that programme would cost \$203.3 million, of which over \$41 million had been allocated for the fiscal years 1976 and 1977 and over \$22 million for the fiscal year 1979. Those figures also included federal assistance grants from the United States for sewer and airport projects.

The Special Representative also stated that, in addition, the Trust Territory had become eligible in the fiscal year 1977 for construction funds granted under the Local Public Works Capital Development and Investment Program of the Federal Government, and as a consequence had received over \$6.0 million from that programme. The projects financed by these funds were now under construction, and were scheduled for completion in the fiscal year 1979.

At the same session, Senator Olter, Special Adviser, supported the extension of all development-oriented federal programmes to Micronesia. He said that any programme which developed needed skills or contributed to the physical infrastructure of Micronesia was a positive addition to their well-being. However, programmes which contributed only to increased consumption were clearly detrimental to development. Micronesians needed assistance to produce, not to consume. The Congress of Micronesia had no effective control over what type of programme reached the islands, since the waiver of a matching-fund requirement had prevented the Congress from performing an important watchdog function with regard to those programmes.

15. After paragraph 90, add the following new paragraph:

At the forty-fifth session of the Trusteeship Council, Mr. Winkel, High Commissioner and Special Representative, stated that as a continuation of the process of liberalizing foreign investment in Micronesia, begun in 1974, the Administering Authority had recently formalized its policy to make it possible for Governments of other countries to extend grant and technical assistance to the Trust Territory. Selected embassies of the United States had been instructed to approach their host Governments to help promote Micronesian economic development.

Public finance

16. After paragraph 92, add the following three new paragraphs:

At the forty-fifth session of the Trusteeship Council, Mr. Setik, Special Adviser, stated that the emphasis in the budget report of the Congress of Micronesia for the fiscal year 1979 was consistent with the need for decentralization. The increased autonomy of the districts was in accordance with the five-year indicative development plan and the draft constitution, and consequently, the Congress had sought to reallocate funds from headquarters to the districts. For the fiscal year 1979, it had recommended that \$3.0 million be allocated for this purpose to enable the districts to assume greater responsibility for increasing the emphasis on education and health, as well as on projects oriented towards economic development.

The Special Adviser said that the Office of Management and Budget of the United States Government had, unfortunately, cut \$3.0 million from the over-all operations budget and the High Commissioner had directed an across-the-board cut of 5.8 per cent. This would result in a total reduction of \$1.9 million and \$1.1 million from district and headquarters appropriations respectively and was bound to have a negative impact on the districts.

The Special Adviser further said that, in addition, a \$70.0 million request for capital improvement projects for 1979, submitted by the United States Department of the Interior, following a review in Micronesia, had been reduced by \$20.0 million. Further, the Office of Management and Budget had deferred allocation of \$12.0 million originally appropriated for construction work at Kosrae airport.

17. After paragraph 98, add the following two new paragraphs:

At the forty-fifth session of the Trusteeship Council, Representative Setik, Special Adviser, stated that about three years ago, the Joint Committee on Program and Budget Planning of the Congress of Micronesia had initiated the practice of submitting its own version of the Trust Territory Government budget to the appropriate committees of the United States Congress. Those submissions had been well received and had, in fact, provided greater informal input into the process. It should be pointed out, however, that the input of the Congress of Micronesia had remained informal and advisory in nature.

The Special Adviser further stated that the cuts in funds and the deferments in one budgetary year had had a domino effect on subsequent programmes and projects in succeeding years; they had also had a detrimental effect on the over-all commitment of the United States to install a basic infrastructure in Micronesia prior to the termination of the Trusteeship Agreement. It was strongly believed therefore, that closer co-operation and co-ordination of budgetary priorities was needed, so that budgets formulated in Micronesia, where actual needs were known, would not be drastically revised elsewhere.

Assistance from international institutions

18. After paragraph 108, add the following new paragraph:

At the forty-fifth session of the Trusteeship Council, Senator Guerrero, Special Adviser, stated that, as a developing Territory, the Northern Mariana Islands lacked the required professional and technical manpower to help develop the islands and to exploit their natural resources. In that regard, he requested the Trusteeship Council to extend United Nations economic assistance, including technical knowledge to the Northern Mariana Islands, and to offer them opportunities to participate in the various social and economic programmes of the United Nations.

Credit

19. After paragraph 109, add the following new paragraph:

At the forty-fifth session of the Trusteeship Council, Mr. Winkel, High Commissioner and Special Representative, stated that the previous administrative organization of the Economic Development Loan Fund had not lent itself to sound business practices. A new operational plan for the Fund had therefore been designed to resolve those problems and was being reviewed by the United States Department of the Interior and the Federal Office of Management and Budget. The plan should provide for a more effective and viable lending programme than heretofore possible. The final approval of the plan would also permit the release of more than \$3.5 million by the United States Government for the new Economic Development Loan Fund.

Land

20. Replace the last two sentences of paragraph 115 by the following new sentence:

The Marshall Islands and Truk districts have yet to determine how they wish to proceed with the transfer of public lands. Kosrae District is drafting legislation to effect the transfer of its public lands.

21. Replace paragraph 118 with the following three new paragraphs:

At the forty-fifth session of the Trusteeship Council, Representative Setik, Special Adviser, stated that, in August 1977, the Congress of Micronesia had enacted a bill to establish a study group to investigate the problem of indefinite land-use agreements. That bill, approved by the High Commissioner as Public Law No. 7-68, requested the study group to inquire into the circumstances of the negotiation and execution of the indefinite land-use agreements, including all aspects of compensation, and to recommend whether renegotiation of such agreements should be undertaken by the Trust Territory Government. The membership of the group had been carefully balanced to ensure that the final report would represent the views of the Congress, the Trust Territory Administration and the United States Department of the Interior.

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The study group had completed and issued its report on 20 December 1977. It concluded that the lands held under the agreements had been private lands occupied by the armed forces of Japan and the United States during the Second World War. The group found that the landowners had not understood the terms of the agreements which they had been asked to sign; that the agreements had contained contradictory terms; and that the compensation paid to landowners had been inadequate. On the basis of those conclusions, the group had recommended that the Trust Territory Government should terminate the agreements as soon as possible, but not later than 1 January 1980, and that the Trust Territory Government should acquire any land it needed for public purposes prior to that date.

The Special Adviser said that those conclusions and recommendations had been unanimously endorsed by the group. The report had been submitted to the Congress of Micronesia, which, by joint resolution No. 7-91, 3/ had accepted it with the request that the Governments of the Trust Territory and of the United States act upon the recommendations. The High Commissioner had endorsed the report and recommended it to the United States Department of the Interior. It remained for the United States Congress to accept the report and to appropriate the necessary funds for the implementation of the group's recommendations.

Agriculture and livestock

22. After paragraph 124, add the following new paragraph:

At the forty-fifth session of the Trusteeship Council, Mr. Winkel, High Commissioner and Special Representative of the Administering Authority stated that a survey of the Territory's soil and forestry resources would be started in 1978 and a feasibility study of a pepper plantation on Ponape would soon be completed.

Marine resources

23. After paragraph 135, add the following new paragraph:

At the forty-fifth session of the Trusteeship Council, Representative Setik, Special Adviser, stated that the Micronesian Maritime Authority held its first organizational meeting in February 1978 on Ponape, and had scheduled a second meeting for June 1978. The main effort of the Authority to date had been to collect the necessary fisheries data to prepare for negotiations with foreign fishing interests in the area, and for taking over the management and conservation of the Territory's fisheries resources.

3/ For the text of the resolution, see T/COM.10/L.232.

Third United Nations Conference on the Law of the Sea

24. At the end of paragraph 140, add the following new paragraph:

At the forty-fifth session of the Trusteeship Council, Representative Setik, Special Adviser, said that the coastal States of the Pacific Ocean area had been in the process of establishing a South Pacific regional fisheries organization, composed of the States and Territories of Oceania. In accordance with the public law which had established the Micronesian Law of the Sea Delegation, that delegation was to represent Micronesian views on the establishment of such an organization. The Special Adviser pointed out that prior to the political status discussions held at Hilo, there had been a conflict of opinion between the Micronesian Law of the Sea Delegation and the Administering Authority concerning Micronesian representation at the Third United Nations Conference on the Law of the Sea and the signatory status of Micronesia in relation to any agreement reached at that Conference. Now that that question had been resolved in principle, he assumed that full recognition would be given to the delegation with respect to its participation in and signatory status in relation to the establishment of a South Pacific regional fisheries organization, as well as to its membership status in such an organization. He noted however, that the Micronesian Law of the Sea Delegation had not yet participated in or been consulted during the negotiations now in progress on the fisheries organization. He assumed that that matter could be resolved since the doctrinal problems relating to foreign affairs had been resolved in principle. In this connexion, he asked the Trusteeship Council to seek clarification of the matter from the Administering Authority.

Industry and tourism

25. Replace first sentence of paragraph 148 with the following new sentence:

In 1976/77, 22,260 visitors entered the Territory and spent an estimated \$2.3 million.

Transport and communications

26. After paragraph 155, add the following new paragraph:

At the forty-fifth session of the Trusteeship Council, Mr. Winkel, High Commissioner and Special Representative, stated that a contract had been awarded on 30 December 1977 for the construction of a new wharf on Majuro, Marshall Islands at a cost of \$4.5 million. A similar contract (for \$4.0 million) had been awarded on 28 January 1978 for the construction of a wharf in Yap District. In addition, designs had been completed for a new dock at Kosrae. Work had also started on designs for new wharf facilities on Truk and Palau.

27. After paragraph 159, add the following new paragraph:

At the forty-fifth session of the Trusteeship Council, Mr. Winkel, High Commissioner and Special Representative, stated that a \$19.0 million contract for an

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airport improvement project in Truk had been awarded on 31 March 1978. When completed, the airport would be equipped for all weather and night operations. The design of the new Kosrae airport had been completed and the \$21.0 million airport project on Palau which had undergone a 30 per cent design review, was to be advertised for bids by 15 October 1978.

D. SOCIAL ADVANCEMENT

Medical and health services

28. Replace paragraph 171 with the following new paragraph:

There are seven main hospitals in the Territory and two subdistrict hospitals, one at Rota (Northern Mariana Islands), and the other at Ebeye (Marshall Islands). The 116-bed hospital on Ponape, which was opened on 20 April 1978, will also serve as a teaching/referral hospital beginning in the fiscal year 1980. The construction of a new, 50-bed hospital on Yap is scheduled to be completed in September 1978. A new 20-bed hospital was completed on Ebeye in 1974 and a new 35-bed hospital was completed on Kosrae in April 1978. In Palau, the construction of a new out-patient hospital will be completed in June 1978. In addition, there are 170 dispensaries and medical aid posts scattered throughout the Territory.

Labour

29. After paragraph 191, add the following two new paragraphs:

At the forty-fifth session of the Trusteeship Council, Representative Setik, Special Adviser, stated that over the years they had noted the interest expressed by United Nations missions and the Trusteeship Council with regard to the possibility of creating labour unions in Micronesia. What might be the only labour union in Micronesia had been established by the hotel workers of the Continental Hotel in Palau District. The union had struck for higher wages and other benefits early in 1978. However, the management had closed the hotel and fired all the employees when negotiations between the parties reached an impasse. The facility had since been reopened but former employees were re-engaged only if they agreed to work for an earlier wage rate.

The Special Adviser believed that such drastic actions by the management were uncalled for and were detrimental not only to the development of unions and to community relations but also to the people and the economy of Micronesia which looked towards tourism as a source of growth and development. They therefore hoped that the officials concerned at the Continental Hotel would re-evaluate their position and negotiate a mutually satisfactory solution to that potentially disruptive problem.

E. EDUCATIONAL ADVANCEMENT

Higher education

30. At the end of paragraph 224, add the following sentence:

At the forty-fifth session of the Trusteeship Council, Mr. Winkel, High Commissioner and Special Representative, said that the Congress of the United States had authorized up to \$8.0 million for the eventual financing of such a college.

31. Replace the last sentence of paragraph 226 by the following sentence:

Final review towards granting full accreditation to the Community College of Micronesia was made in March 1978 and full accreditation was expected in June 1978.

Teacher training

32. After paragraph 242, add the following new paragraph:

At the forty-fifth session of the Trusteeship Council, Mr. Winkel, High Commissioner and Special Representative, said that all of the districts of the Territory had increased their efforts to raise the level of teacher education in accordance with the promulgation of teacher certification regulations adopted by the Micronesian Board of Education. Within five years, all teachers in the Territory must have acquired a two-year college degree.

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

33. After paragraph 257, add the following new paragraph:

At the forty-fifth session of the Trusteeship Council, Senator Olter, Special Adviser, referring to the negotiations on future political status on a "two-tier" basis, said that the procedure had been designed to facilitate rapid progress in the talks but that that goal had been thwarted by the accession of the United States to demands by separatist factions from the Marshall Islands and Palau which wished to negotiate separately, irrespective of the exclusive mandate of the Congress of Micronesia and the legally designated representative of the Congress. Such recognition of separate negotiating entities did not conform with well-established United Nations policy on the preservation of the territorial integrity of Trust and Non-Self-Governing Territories.

34. After paragraph 259, add the following two new paragraphs:

At the forty-fifth session of the Trusteeship Council, Senator Olter, Special Adviser, stated that the working paper on free association submitted by the United States delegation in San Diego had conflicted fundamentally with the concepts of free association described by all three negotiating commissions at Molokai, including the continuing right of Micronesians to alter their political status unilaterally. Moreover, in foreign affairs, financial assistance and the settlement of disputes, important rights and protections secured for Micronesia in the 1976 draft compact had inexplicably been withdrawn from the working paper.

The Special Adviser further stated that the Commission on Future Political Status and Transition of the Congress of Micronesia had subsequently rejected the working paper submitted by the United States and had instead offered a Micronesian draft compact of free association. The Commission's Committee on Future Political Status had prepared the draft compact and copies had been forwarded to Washington, D.C., for discussion among other Micronesian parties.

35. After paragraph 261, add the following five new paragraphs:

In a letter dated 19 April 1978, the Permanent Representative of the United States to the United Nations transmitted to the President of the Trusteeship Council the text of the statement of agreed principles for free association for Micronesia (T/1789 and Corr.1) which had been signed on 9 April 1978 at Hilo, Hawaii, by representatives of the Commission on Future Political Status and Transition of the Congress of Micronesia, the Marshall Islands Political Status Commission, the Palau Political Status Commission and the United States. The text of the statement of agreed principles provided the following:

"1. An agreement of free association will be concluded on a government-to-government basis and executed prior to termination of the United Nations trusteeship. During the life of the agreement, the political status of the peoples of Micronesia shall remain that of free association as distinguished from independence. The agreement will be subject to the implementing authority of the Congress of the United States of America.

"2. The agreement of free association will be put to a United Nations observed plebiscite.

"3. Constitutional arrangements for the governance of Micronesia shall be in accord with the political status of free association as set forth in these principles.

"4. The peoples of Micronesia will enjoy full internal self-government.

"5. The United States will have full authority and responsibility for security and defense matters in or relating to Micronesia, including the establishment of necessary military facilities and the exercise of appropriate operating rights. The peoples of Micronesia will refrain from actions which the United States determines after appropriate consultations to be incompatible with its authority and responsibility for security and defense matters in or relating to Micronesia. This authority and responsibility will be assured for 15 years, and thereafter as mutually agreed. Specific land arrangements will remain in effect according to their terms which shall be negotiated prior to the end of the Trusteeship Agreement.

"6. The peoples of Micronesia will have authority and responsibility for their foreign affairs including marine resources. They will consult with the United States in the exercise of this authority and will refrain from actions which the United States determines to be incompatible with its authority and responsibility for security and defense matters in or relating to Micronesia. The United States may act on behalf of the peoples of Micronesia in the area of foreign affairs as mutually agreed upon from time to time.

"7. The agreement will permit unilateral termination of the free association political status by the processes through which it was entered and set forth in the agreement and subject to the continuation of the United States defense authority and responsibility as set forth in principle (5) above, but any plebiscite terminating the free association political status will not require United Nations observation.

"8. Should the free association political status be mutually terminated the United States economic assistance shall continue as mutually agreed. Should the United States terminate the free association relationship, its economic assistance to Micronesia shall continue at the levels and for the term initially agreed. If the agreement is otherwise terminated the United States shall no longer be obligated to provide the same amounts of economic assistance for the remainder of the term initially agreed upon. An early free association agreement, based on the foregoing eight principles shall be pursued by the parties."

At the forty-fifth session of the Trusteeship Council, Senator Olter, Special Adviser, stated that the agreed principles for free association embodied recognition by the Government of the United States of the fact that the draft constitution of the Federated States of Micronesia, if duly ratified by the people, would be the foundation of a Micronesian Government so constituted that it could enter into and function within a relationship of free association with the United States.

The Special Adviser further stated that the constitutional arrangements set out in the agreed principles for the governance of Micronesia should be in accord with the political status of free association. Further, the United States had recognized the provisions of the draft constitution as being consistent with that standard. The United States also had agreed in that statement to the preservation of Micronesia's authority and responsibility for foreign affairs, including marine resources. The statement, and the agreement to be negotiated, would go a long way towards securing international recognition of Micronesia's competence to enter into international agreements for the exploitation of its marine resources.

The Special Adviser pointed out that while Micronesians were willing to accommodate certain United States defence interests in Micronesia, they were very much concerned with the position of the United States to the effect that its military interests and activities in Micronesia must not be subject to a procedure for settlement of disputes. In 1976, the United States had appeared to accept the principle that any question arising from the agreement would be settled by an attempt at resolution between the principal parties, and, failing that, through arbitration or adjudication, at the choice of either Government. This procedure appeared to be a fair and just means of settling a dispute between freely associated States. An agreement in which the sole mechanism for the settlement of disputes was the unilateral termination of the agreement by one party could prove unworkable.

The Special Adviser said that although one should not preclude the possibility of independence for Micronesia should status negotiations towards an agreement of free association fail, the progress achieved at Hilo indicated that the prospects for an agreement had brightened.

36. After paragraph 263, add the following 12 new paragraphs:

At the forty-fifth session of the Trusteeship Council, Representative Setik, Special Adviser, said that at a meeting of district leaders, held in January 1978, the participants had agreed to support the draft constitution and had also asked that the Congress of Micronesia and the Commission on Future Political Status and Transition co-ordinate a programme of education in addition to the efforts of ESG and that the Congress should finance the programme.

The Special Adviser further said that under Public Law 7-74, a total of \$304,000 had been appropriated, of which \$110,000 represented the funds necessary for the actual conduct of the referendum on 12 July 1978. The balance amounting to \$194,000 had been earmarked for a programme of political education with respect to the referendum.

The Special Adviser stated that a Constitutional Referendum Board had been established to conduct the referendum. The Board consisted of six members, three of whom had been appointed by the High Commissioner and three by the presiding officers of the Congress of Micronesia. It had broad representation, including representatives from the Marshall Islands and Palau, to ensure that all political factions would participate in the formulation and execution of its policy. At the district level, there was a district referendum commissioner charged with the responsibility of carrying out the Board's policy, and a district board composed of members representing the various political factions within the district.

The Special Adviser pointed out that Public Law 7-75 included several innovations in election procedures in Micronesia. The procedures were designed to ensure maximum participation in the referendum by all eligible voters and to ensure a fair election which would be as free as possible of charges of irregularities. They believed that the new procedures had created a mechanism for a fair referendum, and that an unimpeachable referendum could and would occur if the mechanisms established were made to work effectively by the Administering Authority. They were pleased to note that the High Commissioner and his staff were giving full support to preparations for the referendum.

Recalling the resolution adopted by the Congress of Micronesia in 1978 requesting the Security Council to reassume its long dormant responsibilities regarding the Trust Territory by joining with the Trusteeship Council in the observation and supervision of the referendum and to review the political education programmes being conducted in Micronesia preceding the referendum, ^{4/} the Special Adviser said that the referendum would be the first step in the process of terminating the Trusteeship Agreement and that it was therefore appropriate for the Security Council to resume its role with respect to the Trust Territory. The Congress of Micronesia also felt that it would be useful to have the Security Council involved so that its representatives and staff could assist the Trusteeship Council and relieve it of some of the burden of review.

Referring to the schedule prepared for a United Nations mission to observe the referendum, the Special Adviser said that the leaders of the Congress of Micronesia had not been consulted by the Administering Authority on the question. He pointed out that the United Nations should provide the maximum degree of participation possible. It was their view that on the day of the referendum, United Nations observers should be present at all the major population centres accessible by air. The Special Adviser noted that although observers were scheduled to be present at all the district centres, there was currently no plan to have observers on Ebeye, an island easily reached by air and one on which nearly 8,000 Micronesians resided. He asked that the Trusteeship Council review the scheduling to see if adjustments could be made for direct observation of voting on that island.

In a letter dated 10 May 1978 (T/OBS.10/44) the Permanent Representative of the United States to the United Nations submitted to the Trusteeship Council the following observations of his Government as Administering Authority with respect to the request addressed to the Security Council by the Congress of Micronesia to supervise the Micronesian referendum in July 1978 (T/PET.10/124 and 126).

The Permanent Representative pointed out that, in 1977, the United States had invited the Trusteeship Council to dispatch a visiting mission to Micronesia to observe the referendum and related activities (see T/PV.1460). That invitation was issued with the concurrence and active support of the Congress of Micronesia. His Government planned to reaffirm that invitation at the forty-fifth session of the Trusteeship Council.

^{4/} For the text of the resolution, see document T/PET.10/122; see also document T/PET.10/124.

The Permanent Representative stated that the Trusteeship Council was the appropriate United Nations body to observe the referendum. While noting that the Trust Territory of the Pacific Islands is a strategic area, he recalled that Articles 83 (1) and 83 (3) of the Charter of the United Nations provided for consideration of issues regarding strategic trust territories by the Security Council and the Trusteeship Council. By resolution 70 (1949) of 7 March 1949, the Security Council, in conformity with Article 83 (3) of the Charter, had expressly requested the Trusteeship Council to perform United Nations functions under the Trusteeship System in the Trust Territory. In carrying out those functions, the Trusteeship Council had dispatched regular and special visiting missions and had reported annually to the Security Council. His Government therefore concluded that normal and established practice required that the Trusteeship Council observe the referendum in July 1978 and report its findings to the Security Council.

Referring to the date of the referendum, the Permanent Representative stated that it had been established by the Acting High Commissioner pursuant to Trust Territory law and that unless the Congress of Micronesia changed it, the referendum would take place as scheduled.

With regard to the draft constitution, the Permanent Representative said that representatives of his Government and of the Commission on Future Political States and Transition of the Congress of Micronesia had discussed in detail the relationship of that draft constitution with the future political status of free association now under active negotiation between them. Several methods have been explored to ensure that the draft constitution, if approved, would not raise legal impediments to the full implementation of free association if the parties should ultimately agree to such future political status, as now seemed likely. At a session of the political status negotiations in April 1978, the Commission had agreed in principle that future Micronesian constitutional arrangements would conform to the political status of free association as defined in the agreed principles for free association. For its part, the United States had agreed that the Micronesians themselves should determine the method to be used to give effect to that formulation. With that agreement, the concerns of the Government of the United States with the draft constitution had been resolved.

The Permanent Representative further said that his Government saw advantages in the development and maintenance of common links among the Micronesian districts but believed that the issue of political unity must be decided by the Micronesians themselves. The United States noted the view of the Congress of Micronesia leadership in their letter dated 16 March addressed to the President of the Security Council (see T/PET.10/126) that rejection of the draft constitution of the Federated States of Micronesia by a district in a fair and impartial referendum would constitute a decision on the part of the people of that district to separate from Micronesia. If the draft constitution was approved by the necessary majority in at least four of the six districts, but was rejected in one or more districts, the United States would enter into consultations with the interested parties to effect the necessary administrative changes.

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37. After paragraph 267, add the following two new paragraphs:

At the forty-fifth session of the Trusteeship Council, Senator Olter, Special Adviser, pointed out that while he felt that a fixed date for the termination of the Trusteeship Agreement in the near future could provide the incentive for the Administering Authority to turn over the reins of government to the Federated States of Micronesia, he reminded the Council that Micronesians had never agreed to such a fixed date for ending the Agreement. At the ninth round of status negotiations at Molokai, he had stated that the United States desired to end the Agreement by 1981 and that was not a mutually agreed date. The position of Micronesia was and had been that the end of the Trusteeship period should mark the accomplishment of the purposes of trusteeship. The Special Adviser said that those purposes were the progressive development of the economic and political capabilities of the Trust Territory so that it could stand on its own feet in the post-Trusteeship period.

At the same session, Senator Guerrero, Special Adviser, assured the Trusteeship Council that their political relationship with the United States had been a result of the exercise by Micronesians of their right to self-determination in keeping with the spirit of the Trusteeship Agreement, and their historical expressions of a desire to become a part of the United States. Along that line, they recognized the necessity of waiting for action by the Security Council to terminate the Trusteeship Agreement. They asked that the reasons for the termination of the Trusteeship Agreement should be founded upon the principle of self-determination for all the peoples of the Trust Territory and not upon selfish international interests or differences in which the peoples of the area had no part. Full self-government for all peoples of the Trust Territory of the Pacific Islands could be attained only by the termination of the Trusteeship Agreement. The Special Adviser asked the Trusteeship Council to support their request for the eventual termination of that Agreement.
