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House approves Compact 360 to 12

Tax, trade changes 'unacceptable'

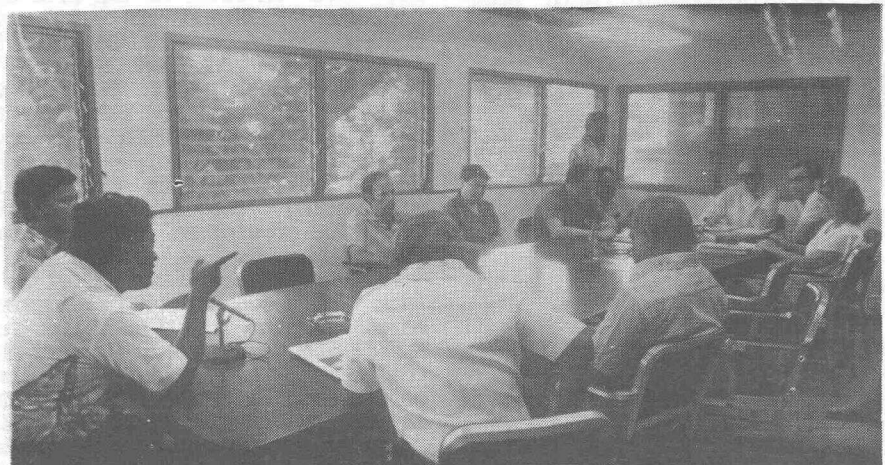
KOLONIA, Pohnpei - The tax and trade amendments to the Compact of Free Association as approved July 25 by the U.S. House and July 29 by the Senate Finance Committee are "unacceptable" to the FSM government and people, President Tosiwo Nakayama said in a July 29 letter to Senate Finance Chairman Bob Packwood of Oregon.

The President told Packwood that the negotiated trade and tax incentives are fundamental to economic development here and their elimination would "render the Compact unacceptable to my government and my people."

The adoption of these amendments would require a new plebiscite, but a new plebiscite "would be senseless and would only serve to scar what has heretofore been a friendly and productive relationship, by having our people reject free association with the United States," Nakayama said.

The Compact which was reported in March by the Senate Energy and Natural Resources Committee was sent by sequential referral to

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PRESIDENT ADDRESSES U.N. MISSION - President Tosiwo Nakayama, left, is making a point to the U.N. Visiting Mission at their July 23 meeting in the FSM Status Commission conference room. From left, clockwise, are the President; External Affairs Deputy Secretary Asterio Takesy; Jeffery Bader of the U.S. mission to the United Nations; Francoise Plaine of France, a U.N. Trusteeship Council secretary; UNTC political advisor Steve Gleason of the U.S.; FSM Broadcast Chief Ezikiel Lippwe (standing); UNTC Permanent Secretary Girma Abebe; mission chairman, Sir Richard Stratton of the United Kingdom; mission member Andre Rocher of France; UNTC political advisor Leslie Wilkenson of Australia; FSM Finance Secretary Al Tuuth, and Vice President Bailey Olter.

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COM loses roof

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Says changes require new plebiscite

KOLONIA, Pohnpei - FSM President Tosiwo Nakayama told a U.N. Visiting Mission here July 23 that the FSM would have to call another plebiscite on political status, if the U.S. Congress enacts certain amendments added in the House to the joint resolution on the Compact of Free Association.

The mission chairman, Sir Richard Stratton of the United Kingdom, told the President and his cabinet meeting that once the Compact, with terms agreed to by the Micronesian and U.S. governments, is submitted to the United Nations, special sessions of the

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Senate Finance reports House tax, trade amendments

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the Finance Committee.

On July 29, the Finance Committee, which has jurisdiction over tax matters, reported Senate Joint Resolution 77 with amendments to the tax and trade provisions of the Compact, similar to those adopted July 25 by the full House.

Reports from Washington, D.C., indicate that Roger Mentz, Deputy Assistant Treasury Secretary for tax policy advised Packwood that the U.S. administration supported the House amendments relating to tax and trade matters.

It was unclear whether the Compact would proceed to the Senate floor before the Congress goes to recess in August. A House-Senate conference appeared unlikely before September.

A meeting is being scheduled Aug. 24-26 in Honolulu with Reagan administration officials to prepare for the conference committee, according to Swartz who said the meeting will be preceded by internal FSM meetings there.

The President and FSM Congress Speaker Bethwel Henry are scheduled to attend the meeting on their return trip from the Aug. 5-6 South Pacific Forum and Aug. 7-10 Pacific Islands Conference meetings in Rorotonga, Cook Islands.

The governors and state legislature speakers also were being invited to attend the Honolulu meetings, according to Status Commission legal counsel Greg Swartz.

A meeting also was being scheduled for Nakayama with Marshall Islands President Amata Kabua and Continental Airlines board chairman Frank Lorenzo, beginning Aug. 13 in Honolulu, to finalize their agreement on the creation of a new regional airline in Micronesia, according to Attorney General David Nevitt.

The amendments eliminate the tax incentives in the Compact for U.S. citizens and corporations to work and invest in the FSM, provide that FSM citizens working in the U.S. will be taxed by the U.S. and eliminate the so-called Headnote 3a trade provision to treat the FSM the same as U.S. territories in allowing Micronesian goods to enter the United States duty free.

The President and Speaker urged the U.S. government to try to block the amendments added July 18 by Ways and Means, before the House vote.

In a July 22 dispatch to President Reagan and House Speaker

Thomas (Tip) O'Neill, Henry said that "adoption of these amendments would probably compel the Federated States of America to reject the Compact."

Nakayama said in a July 22 message to Reagan that while the Compact tax and trade package is essential to U.S. participation in FSM development over the next 15 years, "the Ways and Means Committee, in 45 minutes, destroyed a carefully conceived balance between grants and development incentives which took almost 20 years of planning and negotiations to achieve."

In addition, the Fourth FSM Congress adopted during its special session which ended July 27 a resolution opposing the House Ways and Means Committee amendments.

Nakayama told Packwood that "we were elated by the strong (360 to 12) vote in favor of the free association relationship our governments have worked so hard to formulate over the last 20 years.

"Unfortunately, with respect to matters of specific interest to the Committee on Finance, my government is extremely concerned about the amendments effectively eliminating the tax and tariff incentive provisions of the Compact," he said.

Nakayama said that there is a lack of economic development here, despite the U.S. obligation under the trusteeship agreement to promote development and self-sufficiency for the past 38 years in the FSM and said, "With the Compact, we had hoped to reverse this situation, and work towards increased economic self-sufficiency in cooperation with the United States government and with participation by the United States business sector" through the tax and tariff incentives.

Other amendments opposed by the FSM in the House version include a "Buy America" provision added by the Interior Committee to require preferential consideration for U.S. and FSM contractors bidding on construction contracts valued at more than \$1 million and funded by the Compact.

The FSM also opposes a provision added in the House to prohibit the use of Compact funds for enforcement activities against U.S. tuna fishing boats beyond the 12-mile limits recognized by the U.S. government. The amendment would authorize an embargo on FSM fish products and withholding Compact funds if the FSM seizes a U.S. tuna boat.

An amendment on law enforcement which the FSM opposed earlier due

to its infringement on FSM sovereignty was modified to remove the objections, according to Swartz.

Other provisions added in the House would continue funding for education programs for three years on declining scale, the Legal Services Corp. and the Public Health Services programs during the Compact period.

The House did not approve continuation of the Farmers Home Administration loan program nor a transition period for other U.S. federal programs.

The House version provides that the Secretary of State shall be responsible for government-to-government relations with the FSM and Marshall Islands, except that the Secretary of Interior will be responsible for program assistance and the Defense Department would be responsible for its activities in the area.

The Senate version would place jurisdiction over intergovernmental relations in the Interior Department.

Gilmete pleads guilty

KOLONIA, Pohnpei - Francisco Gilmete, 23, of Kitti was returned to jail here to await sentencing by FSM Supreme Court Chief Justice Edward C. King, after pleading guilty July 30 to manslaughter in the June 13 machete killing of his cousin, Benjamin Gilmete, 32, also of Kitti, according to Pohnpei Ombudsman Edgar Santos.

Francisco Gilmete reportedly testified that he grappled with the victim for the machete and he struck him with it several times, after the vehicle they were driving in Kitti overturned because the victim hit him in the head, causing him to lose control of the car. He said they had been drinking and quarrelling while driving toward the Lehmesei River.

Benjamin Gilmete died later in the Pohnpei State Hospital.

In other FSM Supreme Court action, sentencing by King is scheduled for Aug. 13 for Steve Nix of Nett who was convicted July 29 of assault with a dangerous weapon in the June '6 beating of Martin Ednold with a sledge hammer handle, breaking his arm and cutting his head, after finding Ednold burning trees and planting yams on a remote part of the Etcheit in Nett.

King also issued July 30 a bench warrant for the arrest of Dexter Damarlane, 19, of Awak, U Municipality, for not appearing in a probation violation hearing.

Congress approves budget, rejects Compact changes

KOLONIA, Pohnpei - Nine bills, including \$12.4 million fiscal 1986 interim national government budget, and eight resolutions were approved by the Fourth FSM Congress during its 20-day First Special Session which ended here July 27, according to a Congress release.

The Congress unanimously adopted a resolution respectfully requesting the U.S. Congress in approving the Compact of Free Association to carefully consider the freely expressed wishes of the FSM people by disapproving or revising any proposed amendments which materially change substantive provisions of the Compact as negotiated.

The resolution, introduced by Speaker Bethwel Henry of Pohnpei, also expressed the sense of the FSM Congress that it could not reapprove the Compact with any such amendments and expressed gratitude to those U.S. Congress members who devoted time and effort to trying to have the Compact approved in a form consistent with its originally negotiated principles and U.S. trusteeship obligations.

The Speaker said in closing the session that the action by the U.S. House Ways and Means Committee to remove tax and trade incentives from the Compact indicate "that we are still living in an era of colonialism."

The Congress adopted a bill introduced by Senator Isaac Fidir of Yap requiring the President not to agree to an effective date for the Compact without prior consultation and approval by the FSM Congress and three of the four state legislatures.

The fiscal 1986 budget legislation includes \$6,158,094 from the FSM General Fund and \$6,323,142 from the U.S. Special Grant Fund, while the President requested more than \$30 million based on Compact level funding which was expected to go into effect on Oct. 1.

Due to the uncertainty of funding levels, the FSM Ways and Means Committee recommended adopting the "interim measure" until the Congress reviews the budget, again, during its Second Regular Session in October to determine whether to act on the President's budget request, or ask him to submit a revised budget.

The budget legislation includes a 25 per cent restriction on expenditures for the first quarter of fiscal 1986, a freeze on employment in most departments and agencies and a \$50 ceiling on equipment expenditures.

Other bills approved include:

—An administration proposal to clarify the definition of FSM citizen bidders and their preferential treatment to clear the way for national capitol construction bidding.

—A \$3.92 million appropriation for costs associated with the FSM national capitol and College of Micronesia construction at Pali-kir.

—An appropriation of \$30,000 to repair the COM Central Office building in Kolonia damaged by a June 26 wind storm and \$10,000 for U.S. Agriculture Department food storage and transportation in Truk.

—An extension of the Truk state marine resources development matching formula reversion date.

—An amendment to the Truk state public projects to allow funds to be obligated until extended and to require the allottees to make written reports to the Congress.

—A Truk public projects amendment to allow funds designated for seawall construction to be

used to reconstruct a bridge at Nepukos.

—An amendment to the Kosrae public projects laws to allow for the obligation of funds to be extended to Sept. 30, 1986.

Other resolutions adopted:

—Express sympathy and condolences to the family, friends and people of Palau for the death of President Haruo Remeliik.

—Request that President Tosiwo Nakayama report to the Congress his plans to fulfill his commitment to fulfill his commitment to the people of Faichuk in Truk state and to act expeditiously to fulfill that commitment.

—Set the ceiling for fiscal 1986 FSM General Fund expenditures at \$8,785,000.

—Set the ceiling for fiscal 1986 U.S. Grant Special Fund expenditures at \$6.45 million.

—Change the fiscal 1985 U.S. Grant Special Fund ceiling to \$10,892,800.

—Confirm the nominations of Nena Nithan of Kosrae, Herman Semes of Pohnpei and Redley Killion of Truk to the FSM Development Bank Board of Directors.

Micronesian Shipping Commission meets

KOLONIA, Pohnpei - The Micronesian Shipping Commission held its first conference here July 22-24, according Resources and Development Secretary Bernard Helgenberger who became the first commission chairman.

The FSM, Marshalls and Palau initialled Feb. 21 an agreement to create the MSC during a meeting in Palau and agreed then to hold its first meeting in Pohnpei.

The commission was formed to take over the responsibilities of the annual Micronesian Shipping Conferences under the direction of the Trust Territory government in reviewing maritime shipping service under requests for renewed or new entry assurances.

Acting Foreign Affairs Director Victorio Uherbelau represented Palau and Marshall Islands representatives were absent from the conference where Trust Territory Attorney General Kent Harvey formally turned over the chairmanship to Helgenberger, marking the first time since the annual conferences began in 1981 that the chairmanship was not held by the TTPI.

The conference also proposed changing the membership of the

Trust Territory Board of Marine Inspectors from the Trust Territory Attorney General's office and two FSM members to one FSM and one Marshall Islands member with Harvey as the chairman.

The conference renewed the entry assurance for Palau Shipping Co. for three years beginning Aug. 1.

It also approved a one-year entry assurance for Matson Navigation Co. to extend its West Coast-Honolulu-Marshall Islands service to the FSM, beginning Aug. 1 to expire concurrently with Marshall Islands entry assurance.

It approved a one-year entry assurance beginning Aug. 1 for Sets Shipping Line, a non-vessel operating common carrier, to provide service from the West Coast and Honolulu to provide service to all points in Micronesia.

It did not approve the verbal proposal by Micronesian Transport, Ltd., owner Peter Warner of New Zealand during the conference to provide service between Palau, Yap, Guam and Saipan and return, using a small 500-gross-ton vessel, asking for a written proposal. MTL provides service between New Zealand, Australia and Micronesia.

Tax, trade changes cited in summary of amendments

NOIONIA, Pohnpei - The following is a summary prepared by the FSM Status Commission of the major amendments to House Joint Resolution 187 on the Compact of Free Association adopted by the U.S. House of Representatives on July 25:

Taxation: The amendment generally eliminates the tax benefits and incentives in the Compact. FSM citizens working in the United States would have to pay U.S. income taxes and estate and gift transfer taxes. U.S. citizens working in the FSM would not receive special U.S. tax exemptions, but would receive the same tax treatment as U.S. citizens working in any foreign country.

The Compact provisions providing incentives for U.S. companies to invest in the FSM would be effectively eliminated.

Tariff Treatment: The amendment would make the FSM eligible for General Headnote 3(c) tariff treatment, rather than General Headnote 3(a) treatment. General Headnote 3(a) allows duty-free entry into the U.S. of FSM products as long as such articles do not contain more than 70 per cent foreign materials. Headnote 3(c) allows duty-free entry into the U.S. of certain FSM products as long as at least 35 per cent of the value of product results from FSM materials and processing costs. Certain products, such as canned tuna, would be excluded from duty-free treatment.

Fisheries: The amendment restates the U.S. government's policy that no country may regulate fishing for tuna (because tuna is highly migratory) beyond the country's territorial seas (12-miles), except under a regional management plan.

While the amendment does not prohibit the FSM from licensing U.S. tuna boats, it applies the U.S. Magnuson Fishery Conservation and Management Act and the U.S. Fishermen's Protective Act to the FSM. These U.S. laws would authorize the U.S. President, in the event the FSM seizes a U.S. tuna boat beyond 12-miles, to impose an embargo on importation of FSM fish products into the U.S. and to withhold Compact funds in the amount of penalties and economic losses imposed on the boat owner.

The amendment also prohibits the use of Compact funds for enforcement actions against U.S. tuna boats beyond 12-miles. The amendment encourages the FSM to enter into a regional fisheries management agreement with the U.S. and other Pacific countries, as a possible solution to the jurisdictional dispute over tuna.

Contract Preferences (Buy-America): The amendment requires that preference be given to FSM and U.S. companies for any government construction projects which cost over \$1 million and are to be funded with Compact funds.

For each project, the FSM would develop a cost estimate and advertise for bids. If the lowest bid submitted by an FSM or U.S. company is within 20 per cent of the project cost estimate, the construction contract would be awarded to the FSM or U.S. company. If no FSM or U.S. company submits a bid within 20 per cent of the estimate, the contract could be awarded to a foreign company. The U.S. Government agrees to pay any difference between the government's cost estimate and a U.S. company's bid.

The amendment also provides that construction contracts include requirements for employment of FSM citizens to the maximum extent possible and for on-the-job training of FSM citizens.

Finally, the amendment expresses the sense of the U.S. Congress (non-binding) that at least 65 per cent of Compact funds used by the government for buying materials and supplies or for services, be

used for materials and supplies of FSM or U.S. origin or for services by FSM or U.S. citizens or U.S. companies.

Economic Development Plans: The amendment requires that the economic development plans provided for in Compact section 211(b) be submitted to the U.S. government at intervals not greater than every five years. The amendment also provides for U.S. congressional review of the plans.

Foreign Loans: The amendment prohibits the use of Compact funds as collateral for loans from foreign governments. The prohibition does not apply to loans for development projects identified in the economic development plans.

Law Enforcement: The amendment requires the FSM to negotiate an agreement with the U.S. providing for mutual assistance between U.S. and FSM law enforcement agencies. The amendment also requires the FSM and the U.S. to take adequate steps to prevent production, smuggling and abuse of illicit drugs. The U.S. will provide technical and training assistance in law enforcement without cost. Provisions in a prior amendment extending U.S. criminal laws to the FSM were deleted.

Human Rights: The amendment expresses the understanding of the U.S. Congress that the FSM will continue to have a democratic, constitutional form of government and respect internationally recognized human rights and fundamental freedoms.

Immigration: The amendment expresses the understanding of the U.S. Congress that naturalized citizens of the FSM will not have the right to enter, live in and work in the U.S., if they became naturalized citizens primarily to obtain such rights.

Nonalienation of Land: The amendment expresses the sense of the U.S. Congress (non-binding) that the FSM should continue to restrict sale and long-term leases of land only to FSM citizens.

Nuclear Waste Disposal: The amendment expresses the understanding of the U.S. Congress that the FSM will not permit any government or nongovernment party to test by detonation or dispose of, or discharge toxic chemical or biological weapons or hazardous radioactive, toxic chemical or biological materials.

Registration of Foreign Agents: The amendment eliminates the provision in the Compact exempting U.S. citizens who act as agents for the FSM state and national Governments from registering and filing periodic financial and activity disclosure statements with the U.S. government.

Noncompliance (Breach): The amendment authorizes the U.S. President to withhold Compact funds if he finds that the FSM is not complying with the provisions of the Compact. Before suspending Compact assistance, the U.S. would confer with the FSM and try to settle any dispute and then submit the dispute to an arbitration board. Suspension of Compact assistance is allowed, only if the arbitration board (which consists of FSM and U.S. representatives) finds that the FSM has committed a material breach of the Compact. Defense disputes are not subject to arbitration.

Audit: The amendment authorizes the U.S. Comptroller General (an arm of the U.S. Congress) to audit Compact financial and program assistance. The amendment also requires an annual financial report on Compact funds and separate accounting of Compact funds. The audit and financial report requirements are generally consistent with Compact section 233

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Sokehs constitution effective Aug. 2, Nett signing Aug. 7

KOLONIA, Pohnpei - The Sokehs Municipal Constitution is scheduled to go into effect Aug. 2, 10 days after the July 23 declaration of the July 12 referendum results ratifying it, according to Dusty Fredrick, director of administration for the Sokehs Constitutional Convention.

The unofficial vote count was 509 to 214, making Sokehs the fifth municipality to adopt a constitution as mandated by the Pohnpei State Constitution which went into effect Nov. 8, following Kolonia Town, Kitti, Madolenihmw and U.

The Nett draft constitution is scheduled to be signed Aug. 7 at the Nett Elementary School by the 14 convention delegates headed by

chairman Quirino Mendiola, according to convention secretary and legal counsel Albert Iriarte who said that the public education and referendum dates are to be set by the Nett Municipal Council.

The draft for Pingelap, the first outer island to hold a constitutional convention, was signed there June 30 by all of the 30 delegates, except one, Susan Ehmes who was ill in Pohnpei.

The ceremony was attended by Gov. Resio Moses, State Court Associate Justice Carl Kohler, State Legislature Vice Speaker Joanes Edmund and National Ombudsman Nick Johnny, representing the FSM Supreme Court.

The political education period is to be set by the chief magist-

rate with a referendum to be held 15 days following the political education period, according to convention executive director Ketsen Johnson.

The Ngatik draft constitution was signed July 10 and the political education program began immediately after that with the referendum targeted for early November, according to Special Assistant to the Governor for Outer

Islands Affairs Shem Jimmy.

The Nukuoro Constitutional Convention is targeted to begin Sept. 3, while Mokil and Kapinganangi are in the process of establishing their conventions, according to Jimmy.

Legal, health services continued, war claims funds authorized

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and the Fiscal Procedures Agreement.

U.S. Federal Programs: The amendment provides for continuation, during the Compact period, of the Legal Services program, U.S. Public Health Service programs, and historic preservation programs. The House did not authorize continuation of the Farmers Home Administration program. The amendment also provides for a transitional phase out of U.S. federal programs in education over 3 years, with program assistance for the FSM and Marshall Islands declining from \$13 million in the first year to \$8.7 million in the second year and to \$4.3 million in the last year. No transition period for other U.S. federal programs is authorized.

College of Micronesia: The amendment provides for continuation, during the Compact period, of the land-grant status program for the College of Micronesia. No funds are included for operation of the college or for a new Community College of Micronesia campus.

Technical Assistance: The amendment provides that technical assistance will continue to be provided to the FSM without cost, if such assistance was provided to the FSM without cost prior to the effective date of the Compact. The amendment also authorizes technical and training assistance in financial management, program administration and maintenance of infrastructure and technical and training assistance, without cost, from the U.S. Forest Service, the U.S. Soil Conservation Service, the U.S. Fish and Wildlife Service, the U.S. National Marine Fisheries Service, and the U.S. Coast Guard.

Medical Referral: The amendment commits the U.S. to pay for medical referral costs prior to June 1, 1985. The amendment also provides that FSM citizens may continue to use Department of Defense medical facilities.

War Claims: The amendment authorizes payment of all outstanding war claims (adjudicated claims and final awards by the Micronesian Claims Commission). An appropriation by the U.S. Congress would still be required, and there is no guarantee that this would be done.

U.S. Trusteeship Obligations: The amendment authorizes appropriations for transition purposes, in-

cluding completion of projects, unfulfilled commitments and obligations, and health and education needs as the result of exceptional circumstances. Appropriations are authorized for the Prior Services Benefit program, indefinite land use compensation prior to January 1, 1985 (\$2 million), and communicable disease control programs (\$2 million). There is

no guarantee that the U.S. Congress will appropriate the necessary funding.

U.S. Organizational Structure: The amendment gives the U.S. Secretary of State general authority for government-to-government relations with the FSM. The U.S. Department of the Interior would administer Compact program assistance and the U.S. Department of Defense would be assigned defense matters.

Impact on U.S. Areas: The amendment requires the U.S. President to conduct an annual analysis of the impact of the Compact on U.S. territories and Hawaii, particularly relating to trade, tax, immigration and environmental matters. Impact aid payments are authorized to Hawaii and the U.S. territories for increased educational and social service costs resulting from immigration by FSM and Marshall Island citizens.

Pacific Policy Review Commission: The amendment establishes a Pacific Policy Review Commission to review U.S. policy towards the Pacific region as a whole. The Commission would be composed of representatives from Alaska, Hawaii, American Samoa, Guam, and the Northern Mariana Islands, the U.S. House of Representatives, the U.S. Senate, and the U.S. Departments of State, Defense, Interior, Treasury, Justice, and Commerce. The FSM could appoint a non-vot-

ing observer to the Commission. The Commission would review and make recommendations for modifications to U.S. laws, treaties, and regulations as well as review the regional and specific consequences of the Compact.

Marshall Islands: The amendments mentioned above also apply to the Marshall Islands. The House adopted several other amendments relating exclusively to the Marshall Islands.

Special UNTC, Security Council sessions could be held

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U.N. Trusteeship Council and Security Council could be called on short notice to act on requests to terminate the trusteeship agreement.

In addition to Stratton who was filling in for U.K. Ambassador Peter Maxie, president of the U.N. Trusteeship Council, the visiting mission included council member Andre Rocher of France; UNTC Permanent Secretary Girma Abebe, and council staff members Steve Gleason of the United States, Leslie Wilkenson of Australia and Francoise Plaine of France who were accompanied by Jeffery Bader of the U.S. mission to the United Nations, State Department Status Liaison Officer Michael Wygant of Saipan and Trust Territory International Organizations Coordinator Sam McPhetres of Saipan.

The mission arrived here July 20, after visiting the Marshall Islands July 16-19. It began July 21 by visiting the Community College of Micronesia, Pohnpei State Hospital and new national capitol site in Palikir; holding a public meeting in the Pohnpei Nabs, and being hosted to a reception in the Palm Terrace Restaurant.

The mission was divided into two groups July 22 with one group headed by Rocher going to Kosrae to meet with government officials and hold a public meeting, while the second group headed by Stratton met in the Pohnpei State Legislature with state government and traditional leaders and in the FSM Congress with Speaker Bethwel Henry and some members.

The mission departed July 23 for Truk, after meeting formally with the President and his cabinet and with Gov. Resio Moses on his return from Guam. It was set to go July 25 to Saipan, July 29 to Yap and July 31 to Palau, before departing Aug. 3 for Honolulu.

In Truk, the mission was hosted July 23 to a dinner reception in the Seaside Restaurant by the state executive and legislative branches with Speaker Simeon Innocenti welcoming the visitors by stating, "The time has come to voice our freedom," according to Acting Information Officer Peter Maipi.

The mission was split into two groups July 24 with one to hold public meetings in Tol and the other on Dublon Island in Truk Lagoon.

Stratton said that the mission was on a "routine visit" on behalf of the Trusteeship Council

to report on political, economic, educational and social development since the last U.N. Visiting Mission came to Micronesia in 1982.

He said the visit was not scheduled to discuss the Compact nor was it scheduled in response to a reported invitation from the Old People Square, Level and Justice Organization on Pohnpei, a private war claims group.

Rocher told the President that the greatest concern in Pohnpei and Kosrae appeared to be problems related to terminating the trusteeship agreement in the United Nations and the amendments added to the Compact resolution in the U.S. House committees.

Nakayama said, "The FSM official position on the so far amendments is that any amendment that will reduce benefits and alter substantially the content of the Compact will be unacceptable."

In response to Stratton, the President said that in his view and that of the Status Commission, if the resolution, as reported by the House Ways and Means Committee, is approved by both houses of Congress, the Compact "has to go through another plebiscite."

The Speaker earlier presented the mission a statement on behalf of the FSM Congress which asked the United Nations to terminate the trusteeship as soon as possible, but said, "We do note that while it once appeared such ag-

reement had been reached, the Compact is now in jeopardy because some elements of the United States Congress are seeking to unilaterally amend it."

The House Ways and Means Committee reportedly adopted amendments to the joint resolution reducing benefits in the Compact for duty-free into the U.S. of goods manufactured in the FSM and Marshalls and for tax exemptions for U.S. citizens working in and U.S. corporations investing in the freely associated states, and FSM citizens working in the United States.

Nakayama said that the possibility of a veto in the U.N. Trusteeship, or Security Councils on terminating the trusteeship "scares us."

He said, "We do not understand why certain powers in the U.N. would deny us what we wish."

Stratton said that "unfortunately, the veto is a fact of life."

"If it weren't for the veto, there probably wouldn't be a United Nations," he said, because "the Soviet Union and others would not have joined."

"Hopefully, it won't turn out that way," Stratton said.

He told the President and Congress members that any attempt by the FSM or U.S. governments to unilaterally terminate the trusteeship agreement without the approval of the Trusteeship and Se-

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U.N. MISSION WITH Pohnpei LEADERS - The visiting mission from the U.N. Trusteeship Council is meeting July 22 in the Pohnpei State Legislature chamber with state government and traditional leaders. From left, clockwise, are Lt. Gov. Johnny David, Sokehs Nammarki Ioanis Artui, Kitti Nammarki Benito Peter, U.S. State Department Status Liaison Officer Michael Wygant, UNTC political advisor Leslie Wilkenson of Australia, mission chairman Sir Richard Stratton, UNTC Permanent Secretary Girma Abebe, State Political Affairs Director Samson Alpet, Pohnpei Vice Speaker Joanes Edmund, Speaker Salter Etse, State Chief Justice Ethel Santos and Community Services Director Bermin Weilbacher.

Visiting Mission hears appeal from war claims group

KOLONIA, Pohnpei - U.N. Visiting Mission Chairman Sir Richard Stratton of the United Kingdom advised July 21 the leader of a war claims group here that he was hurting his cause by accusing the FSM government of stealing the claimants' funds.

President Tosiwo Nakayama told the mission during a July 23 meeting that the war claims group, Old People Square, Level and Justice Organization on Pohnpei, is asking for \$106 million in claims but that he had not seen documentation on the claims.

In an Aug. 22, 1984, letter to Jose Cruz, an organizer of the group, the President said that the Micronesian Claims Commission created in 1972 by the U.S. Congress awarded \$20 million in Title II claims for losses caused by the United States between the time the various islands were secured from Japan during World War II and July 1, 1951.

The total included \$8.28 million made available to Pohnpei and Kosrae, \$395,659 to Truk and \$2,099,136 to Yap. The majority of those amounts were paid to the claimants.

National Plan cited

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curity councils would be a breach of the trusteeship agreement which would be dealt with severely.

In response to questions from the mission, the President said the FSM state and national governments have been holding meetings on tourism development and import substitution to implement the National Development Plan, starting with a small-scale fisheries program based on the Japanese agreement to provide large cold storage facilities for Truk and Pohnpei.

He said that tourism development would be determined by the states and controlled to limit its impact on local cultures.

He said that "we welcome investors from all countries" in joint ventures in the FSM which is trying to strengthen its private sector to create jobs and improve its tax base.

Nakayama also said that the FSM would enter into an agreement with the Marshalls Islands and Continental Airlines to give the FSM and Marshalls governments ownership of a new regional airlines, and that Palau was invited to join the new joint venture.

The Claims Commission also awarded \$34,349,509 on a Trust Territory-wide basis for Title I claims for losses which occurred during the war. This was \$24,349,509 more than the \$10 million made available by the U.S. and Japanese governments.

Of the Title I funds awarded to FSM claimants, Pohnpei and Kosrae were allocated \$1,699,973 and provided \$494,905, leaving an unpaid balance of \$1,205,068, while Truk was allocated \$13,547,810 and paid \$3,944,106 leaving a \$9,603,704 balance and Yap was allocated \$3,332,179 and paid \$970,081 leaving \$2,362,098 unpaid.

There are 89 individual FSM citizens who either did not sign their release forms or whose checks were returned, according to the President who said these may be obtained with proof of identification from Terry L. Garret; Chief, Division of Physical Services; Office of the Secretary; U.S. Department of Interior; Washington, D.C. 20240.

He said the FSM government has not handled any of the claims funds, though it is continuing to press the U.S. government to fund the unpaid claims.

During the July 21 public meeting with the U.N. mission in the Pohnpei nahs, Cruz said his group believes that the Claims Commission sent funds to Pohnpei during the past 13 years, that people who received their claims received cash payments and that the amount of money circulated in the local economy does not reflect the \$494,905 in Title I funds reported by the President.

Cruz said in a translation from Pohnpeian provided by his son, Fritz, that "we are sure the gov-

Truk graduations held

MOEN, Truk - Gov. Erhart Aten presented the outstanding academic award, \$200 in cash and an annual scholarship grant, to 1985 class valedictorian Deuter Malon, during the June 13 Truk High School graduation exercise, according to State Broadcast and Information Chief Peter Maipi.

FSM President Tosiwo Nakayama addressed the class of 294 graduating seniors, citing the important role the education system plays in the political, economic and social development of the nation.

Aten addressed the first Berea High School graduating class of 25 seniors on June 14, citing the importance of parent discipline in the home in motivating children to do well in school.

ernment, or the department which handles this subject has cashed all the people's money and they stole it all or most of the people's claims."

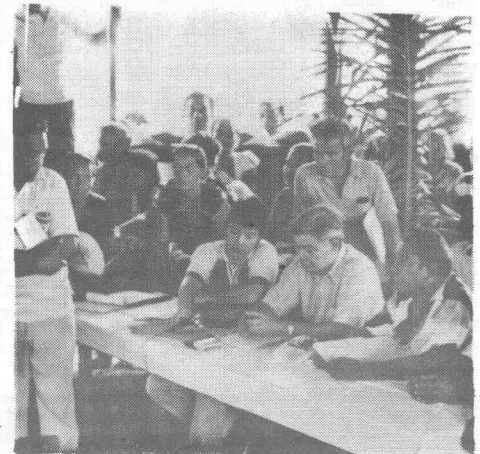
He asked the U.N. mission to help settle \$105,067,311 in disputed claims "this year, or if it could be settled in three months."

Stratton said that the U.N. has no authority to intervene in this "domestic" matter and that "I say this with the greatest respect to Mr. Cruz, to use emotive expressions like 'stealing our money,' quite honestly, I don't think that is going to help."

During the meeting at the nahs, the group displayed signs, stating "We need our war claims paid first. We don't need any Compact of Free Association now" and "Mr. FSM, don't worry on any agreement at present. Worry on where you are going, because this will be your last month on Pohnpei."

The speakers cited their fear of the Compact provisions giving the U.S. military rights in the FSM. They also cited reports that the U.S. refuses to recognize FSM authority over its 200-mile fishing zone as reasons they oppose the Compact.

In response to rumors that the mission was visiting Pohnpei at the invitation of Cruz, Stratton said that "this is a routine meeting as one of a series undertaken on the instruction of the Trusteeship Council" and that the group had no part in the organization of the mission.



CRUZ ADDRESSES MISSION - Jose Cruz, seated right with his son, Fritz who served as his translator, is addressing the U.N. Visiting Mission during its July 21 public hearing in the Pohnpei nahs. Cruz is an organizer of the Old People Square, Level and Justice Organization on Pohnpei which is asking for \$106 million in World War II war claims.

COM offers Extension units

KOLONIA, Pohnpei - The College of Micronesia Center for Continuing Education may grant continuing education units and maintain transcripts for workshops and short-term courses held by government and private agencies, according to OCE Director Anita R. Suta.

COM became a member, along with the University of Guam and Northern Marianas College in November, of the Council on Continuing Education Units in Silver Spring, Maryland, which provides standards and procedures for issuing continuing education units and maintaining transcripts for use in trainees' personnel records.

Continuing education units are based on one unit per 10 contact hours which is different than college credits, according to Mrs. Suta.

State and national government agencies such as the FSM Training Division could serve as sponsors by coordinating with the COM Center for Continuing Education which would provide the registration forms and which would require information on instruction background and course objectives, in addition to course evaluation at the end of each session, she said.

COM would then issue the certificates and maintain transcripts for each trainee "as required by the council," Mrs. Suta said.

The center is now working with the Pacific Studies Institute in Guam for certification of Head Start staff members throughout the Trust Territory, she said.

Truk board confirmed

MOEN, Truk - The Truk State Legislature confirmed the nominations of Misau Petrus, Abram Ichin, James Fritz, Taisen Aake and Gabriel Olopy to the State Recreation Board, before its June 21 recess, according to Broadcast and Information Chief Peter Maipi who said the legislature was scheduled to return Aug. 12 to the session.

Elanzo COM Development Officer

KOLONIA, Pohnpei - College of Micronesia Executive Director Singeru Singeo announced the appointment of Ywao B. Elanzo of the Marshall Islands who began June 17 as development officer and the relocation of the COM Central Office because the roof was blown off its original office in a June 26 wind storm.

Elanzo replaces Dr. Singeo who was selected by the COM Board of Regents in January to succeed Loren Peterson as executive director.

Elanzo, 45, a native of Ebon Atoll, Marshall Islands, is a former chief of the Trust Territory Transportation Division and Development Services Department Executive Officer. He served four years as Marshall Islands Transportation and Communications Secretary and special assistant to the Chief Secretary, Oscar DeBrum, on national development, before establishing in 1984 a private export business in Majuro and Pohnpei.

He is a member of the first class to be graduated from PICS high school in Pohnpei, after starting at the former Pacific Islands Central School in Truk. He also was the first Micronesian to attend the Philippines Merchant Marine Academy in Manila and complete its five-year program with a BS degree in marine transportation. And he was the first Micronesian to obtain a U.S. Federal Aviation Administration (FAA) pilot's license.

Elanzo began his public service career in Kolonia with the former Ponape Transportation Co. and was an elementary school teacher here for one year, before joining the Trust Territory Transportation and Communications Department in Saipan.

He is married to the former Kimiko Anson of Pohnpei and they have four children.

One side of the pitched roof

was blown off of the COM Central Office which was located on the second floor of a two-story building which also houses the Community College of Micronesia Cafeteria during a brief wind storm which whipped through Kolonia during the morning of June 26, according to Singeo who said that he and most of the staff were away from the building at the time.

On the advice of an FSM Office of Planning and Statistics inspector that further occupation of the second floor of the 30-year-old wood frame structure would be hazardous to students in the cafeteria, files were removed from the building and the roof was covered with sheets of vinyl plastic to prevent rain damage to the interior of the building, according to Singeo.

The COM Central Office staff was relocated in the College of Tropical Agriculture and Science which is located in the former Pohnpei State Forestry complex. The office retained its telephone number, 462, and mailing address, Drawer F, Kolonia, Pohnpei FSM 96941.

"We are looking for funds to repair the building," Singeo said, adding, "If we cannot get the money, we will focus on fixing the building enough to make it safe for the students and my office will do something else."

Grants comments sought

KOLONIA, Pohnpei - Written comments are being sought on maternal and child health, preventive services and alcohol, drug abuse and mental fiscal 1986 block grant applications by FSM Health Services Chief Elieul Pretrick.

Copies of the applications are available at the offices of the Health Services Chief, President and FSM Budget Officer in Pohnpei and written comments may be set to the Health Services Chief with those received after Aug. 15 to be forwarded to the Health and Human Services Department, Washington, D.C.



ELANZO

THE NATIONAL UNION

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