

# 1985 ends on triumphant note for FSM

KOLONIA, Pohnpei - With the enactment of the Compact of Free Association by the U.S. Congress in 1985, the FSM can look forward to 1986 as the year of its destiny to become a sovereign nation, according to President Tosiwo Nakayama.

The year 1985 ended on a triumphant note for the FSM, with the U.S. Congress completing action Dec. 13 on the Compact. President Reagan was expected to sign it

into law on after it is transmitted to the White House.

The Compact with the changes in the resolution made by the U.S. Congress will be submitted to the FSM Status Commission which is scheduled to meet here Jan. 6-10 for its review and recommendations to state and national leaders. The Eighth Chief Executives Conference which is scheduled for Jan. 13-18 in Kosrae will receive a briefing from the commission.

"I am confident that the Status Commission members and FSM leaders will find that the terms of the Compact and its resolution are the best that we could obtain from the U.S. government at this time for our nation and our people," the President said.

He also expressed confidence that the U.N. Trusteeship and Security councils would expedite

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## The National Union

*Peace Unity Liberty*

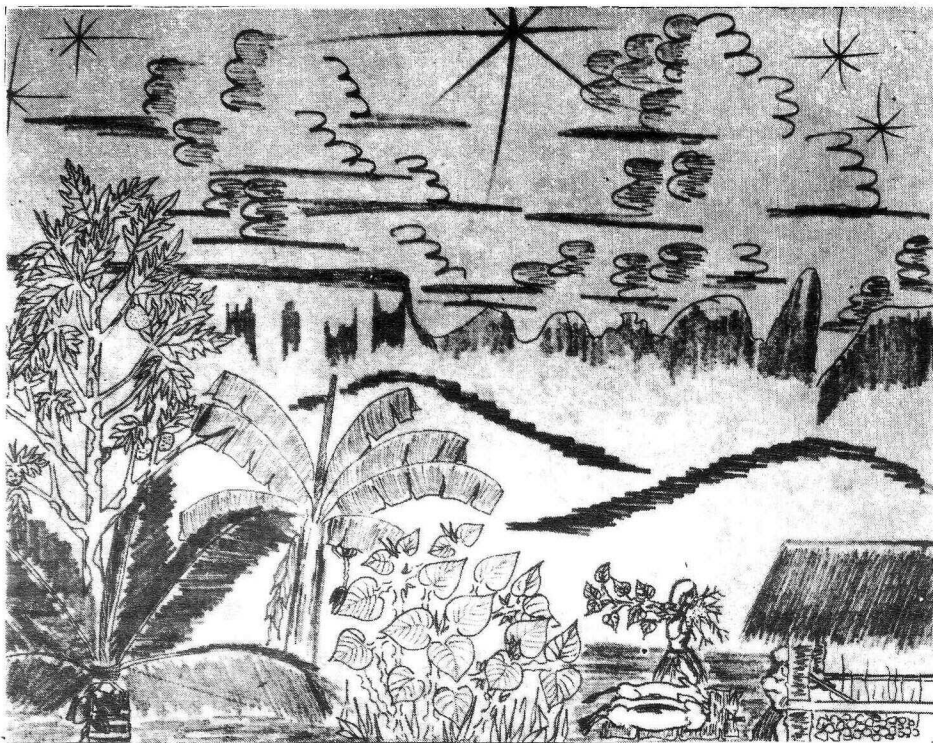
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# Commission to review Compact



**POHNCI STATE CHRISTMAS CARD DESIGN CONTEST WINNER** - This scene depicting a *Krismas kamedipw* (Christmas feast) with *Sokels Mountain* in the background won the \$50 grand prize for PICS high school senior Paulino Perman in the Third Annual Pohnpei State Christmas Card Design Contest. The design was featured on the official 1985 Christmas card for Gov. and Mrs. Resio Moses, Lt. Gov. and Mrs. Johnny David and the Pohnpei state government. (See story on Page 2.)

KOLONIA, Pohnpei - The FSM Status Commission will meet Jan. 6-11 in Pohnpei to analyze the U.S. Congress joint resolution approving the Compact of Free Association, according to commission Chairman Andon Anaraich.

President Tosiwo Nakayama and the four state governors are scheduled to meet Jan. 13-18 in Kosrae to hear the recommendations of the commission, Anaraich said.

The chief executives adopted a resolution during a special meeting here Nov. 13-14 asking the commission to review the joint resolution promptly after its approval by the U.S. President and provide the FSM President and Congress an analysis and recommendations on the consistency of the joint resolution provisions with the fundamental principles of the Compact as negotiated and approved by the FSM, the impact of new provisions on the people and governments and the processes which should be used to review and approve any amendments to the Compact, including the need for a new plebiscite.

The resolution states that P.L. 4-13 approved by the Fourth FSM Congress over the President's veto to require approval by the Congress and three of the four state legislatures in determining

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# STATUS COMMISSION, CHIEF EXECUTIVES TO REVIEW COMPACT

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the effective date of the Compact did not specifically establish a process for reviewing and determining the acceptability of any amendments to the Compact in the U.S. joint resolution.

U.S. congressional action on the joint resolution was completed when the Senate approved it Dec. 13, following approval by the House on Dec. 11.

President Reagan was expected to sign the joint resolution on Dec. 20, but his signature was postponed by a delay in its being transmitted from the U.S. Congress, according to Status Commission legal counsel Greg Swartz who said that Reagan will have 10 days after he receives the Compact to approve or disapprove it.

Following Reagan's approval, the U.S. government will formally retransmit the Compact and joint resolution to the FSM for its consideration, Swartz said.

Ambassador Fred Zeder, Reagan's special representative to the Mi-

cronesian status negotiations, advised the FSM Status Commission that the U.S. government would prefer to submit the Compact with a request to terminate the trusteeship agreement for the FSM and Marshall Islands to the United Nations in March, Swartz said.

The FSM includes four former districts, Yap, Truk, Pohnpei and Kosrae, of the Trust Territory of the Pacific Islands which was established in 1947 by the U.N. Security Council by agreement with the U.S., which occupied Micronesia during World War II, as the administering authority.

Nakayama said, "I am pleased to see the U.S. Congress approval process completed.

"It has been over two years since the people of the (FSM) voted overwhelmingly in favor of free association with the United States," the President said.

He said that "the long U.S. approval process has been a somewhat confusing and frustrating time for our people... (who) deeply desire to have the trusteeship

terminated, to take the reins of their future."

The negotiations on the Compact began in 1969 and were concluded in October, 1982, when it was signed by FSM and U.S. representatives in Honolulu. The Compact was approved by 79 per cent of the FSM voters in a June, 1983, plebiscite, and by three of the four state legislatures and the FSM Congress that year.

The Compact was then transmitted in March, 1984, by the Reagan administration to the U.S. Congress where it was subjected to a long series of hearings in the House Interior Committee and review by the Foreign Affairs, Merchant Marine and Ways and Means committees, before it was approved July 25, 1985, by the full House with some amendments which were deemed unacceptable by the Micronesian governments.

Particularly onerous were amendments diminishing tax and trade incentives in the Compact designed to stimulate economic development in the FSM through U.S. private investments.

The Senate Finance Committee ultimately restored duty-free treatment for most FSM products and the Senate approved Sept. 14 a new version of the Compact resolution which eliminated most undesirable non-tax and trade amendments adopted by the House, according to Swartz.

Final action in the House and Senate was on a compromise resolution worked out by committees in both chambers and representatives of the administration with the final version restricting tax incentives for U.S. investment to some extent, while restoring duty-free treatment for most FSM products, setting a quota on processed tuna packed in water and establishing an Investment Development Fund of up to \$60 million and extending several development-related programs to compensate for the loss of tax and trade incentives.

## Design winner named

KOLONIA, Pohnpei - PICS high school senior Paulino Perman, son of Mr. and Mrs. Paulus Perman of Kolonia, was presented Dec. 17 the \$50 grand prize in the Third Annual Pohnpei State Christmas Card Design Contest by Gov. Resio Moses, according to the governor's office.

The winning design depicting a traditional Christmas kamadipw (feast) with Sokehs Mountain in the background was featured on the official Christmas card for the Gov. and Mrs. Moses, Lt. Gov. and Mrs. Johnny David and the Pohnpei state government.

Sokehs Powe Elementary School eighth grade student Parsida Samson, daughter of Mr. and Mrs. Perden Samson, received the \$20 Judge's special prize for the drawing best depicting this year's theme, "The Joy of Giving," from the governor during the ceremony in his office.

Other Christmas card design winners were:

Grades kindergarten-second—Dadasy Sehpin, Ngatik Elementary School, first; Makarihne Hadley, Kolonia Elementary School, second, and Serleen Rosario, Wapar Elementary School, third.

Grades three-five—Dohner Jack, Moki Elementary School, first; Zuleika Edwin, Pohnpei Catholic School, second, and Benjamin Monard, Kapinga Elementary School, third.

Grades six-eight—Desko Luter, Sokehs Powe Elementary School, first; Pokanaka Sehpin, Ngatik Elementary School, second, and Dick Solomon, Pingelap Elementary School, third.

Grades nine-12—Siliper Mathias, first; Hedweag Miguel, second, and Santrigo Suzumi, third, all of PICS.



**RECEIVES GRAND PRIZE** - PICS high school senior Paulino Perman, left, is receiving Dec. 17 the \$50 grand prize in the Third Annual Pohnpei State Christmas Card Design Contest from Gov. Resio Moses, right, with Lt. Gov. Johnny David observing.

## Loans available

KOLONIA, Pohnpei - Funds are still available for FSM postsecondary students from the National Student Loan Revolving Fund Program which received \$301,000 from the FSM Congress for fiscal 1986, according to Education Chief Daro Weital.

Applications for student loans may be obtained from the Chief, Division of Education, FSM National Government, Kolonia, Pohnpei BCI 96941.

# Major provisions of House Joint Res. 187

**KOLONIA, Pohnpei** - House Joint Resolution No. 187, approving the Compact of Free Association, as it was passed Dec. 11 by the U.S. House and Dec. 13 by the Senate, contains provisions providing new benefits to the FSM and reducing others.

Major provisions of the resolution, as summarized by FSM Status Commission legal counsel Greg Swartz, are:

1) **U.S. TAX BENEFITS:** The resolution reduces, to some extent, the U.S. tax benefits and incentives originally provided under the Compact. For example, FSM citizens would have to pay U.S. taxes on income earned from investments in the United States, such as bank accounts in the U.S., as they do today. FSM citizens who become permanent residents of the U.S. would not be exempt from U.S. estate taxes on property located in the U.S.

U.S. citizens working in the FSM would continue to pay FSM taxes and would be exempt from U.S. taxes on income earned in the FSM, as they are now, but would not receive the more liberal U.S. tax exemptions in Compact Section 254.

The major new U.S. tax incentive for U.S. firms to invest in the FSM was retained with the application of Section 936 of the U.S. Internal Revenue Code. U.S. companies investing in the FSM will not have to pay U.S. taxes on income earned in the FSM.

The applicability of U.S. tax laws permitting accelerated depreciation, exemption of charitable contributions from U.S. taxes and exempting interest on FSM bonds from U.S. income taxes, none of which apply to the FSM today, were deleted.

2) **U.S. TRADE INCENTIVES:** The resolution reduced, to some extent, the U.S. trade concessions originally provided under the Compact. While most FSM products could be imported into the U.S. without paying duties, this exemption would not apply to buttons, watches, certain textiles and certain footwear and leather goods.

Tuna packed in water processed in the FSM could be imported into the U.S. without the current 6-12.5 per cent duty, subject to an annual quota equal to 10 per cent of U.S. consumption of all canned tuna (about 770 million pounds in 1984). Tuna packed in oil would continue to be subject to the current 35 per cent duty.

FSM products would be subject to the local content rules of the General System of Preferences applied to foreign countries which are somewhat more strenuous than General Headnote 3(a) requirements applied to U.S. possessions.

3) **COMPENSATION FOR TAX AND TRADE INCENTIVE REDUCTIONS:** As compensation for the reductions in the tax and trade incentives originally provided in the Compact, the resolution creates an Investment Development Fund to be administered by the FSM.

The U.S. would pay up to \$60 million into the fund—\$12 million during the first year, \$8 million during the third year and up to \$40 million for the fifth-15th years, if the FSM demonstrates additional adverse impacts on its finances and economy due to the tax and trade incentive reductions.

The Investment Development Fund could be used to make loans to private companies to set up businesses in the FSM and for other development purposes.

The resolution also extends several U.S. development-related federal programs as part of the compensation package, including the Federal Deposit Insurance Corp. (insurance on domestic bank deposits), Small Business Administration, Job Partnership Training Act, Rural Electrification Administration, Economic Development Administration Job Corps and U.S. Commerce Department tourism and marine resources development programs.

4) **FEDERAL PROGRAMS:** In addition to the U.S. federal programs extended as compensation for reductions in U.S. tax and trade incentives, the resolution provides for continuation of Public Health Service programs, including provision of National Health Service Corps doctors; grants for the Micronesian Legal Services Corp.; historic preservation programs, and Farmers Home Administration programs with the FWA to be extended to Kosrae and expansion of its programs authorized.

Technical assistance by the U.S. Forest Service, Soil Conservation Service, Fish and Wildlife Service and Coast Guard would be provided without cost. No transition period for other U.S. federal programs is specifically authorized.

5) **EDUCATION PROGRAMS:** The resolution authorizes a three-year transitional phase out of U.S. federal education programs with program assistance for the FSM and Marshall Islands not exceeding \$13 million in the first year, \$8.7 million in the second year and \$4.3 million in the third

year. The College of Micronesia would retain its status as a land grant institution and eligibility for subsequent benefits.

6) **HEALTH PROGRAMS:** In addition to continuing Public Health Service programs, appropriations are authorized to pay medical referral debts prior to Sept. 1, 1985. FSM citizens will continue to be eligible for treatment at Tripler and other U.S. military hospitals.

Appropriations are authorized to continue programs to control cholera, leprosy and other communicable diseases.

7) **FISHERIES MANAGEMENT:** The resolution provides that nothing in the Compact shall be interpreted as U.S. recognition of FSM claims to jurisdiction over tuna beyond 12 miles. This statement is consistent with the Compact and current U.S. government policy that no country may regulate fishing for tuna (because tuna is considered by the U.S. as highly migratory) beyond the country's territorial seas (12 miles), except under a regional management plan.

A provision prohibiting the use of Compact funds for enforcement against U.S. vessels fishing for tuna in the FSM's 200-mile zone was deleted. The resolution refers to the fact that the U.S. Magnuson Fisheries Conservation and Management Act and Fishermen's Protective Act will apply to the FSM, which would be true in any case.

The resolution also treats Compact funds as U.S. foreign assistance, authorizing withholding in the event of a seizure of a U.S. tuna vessel beyond 12 miles. This would in effect put the FSM in the same position as other countries with regard to U.S. migratory fishing policy.

The resolution also states that it is the U.S. government policy to conclude regional license agreements for access by U.S. tuna vessels, in order to overcome existing jurisdictional differences, and promote long-term regional fisheries development. Negotiations for a multilateral fisheries agreement is underway.

8) **FOREIGN LOANS:** The resolution, consistent with the Compact, reaffirms that the U.S. government is not responsible for foreign loans or debt obtained by the FSM government. A prior amendment prohibiting the use of Compact funds as collateral for loans from foreign governments was deleted.

9) **LAW ENFORCEMENT ASSISTANCE:** The resolution requires the FSM to enter into an agreement, prior to the effective date of the Compact, 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 without cost.

10) **ECONOMIC DEVELOPMENT PLANS:** The resolution requires the FSM to enter into an agreement, prior to the effective date of the Compact, providing that the economic development plans required by Compact Section 211(b) will be submitted for U.S. concurrence at intervals not greater than every five years. The resolution also specifies the U.S. government review process for the plans.

11) **AUDITS:** The resolution requires the FSM to enter into an agreement, prior to the Compact effective date, relating to U.S. General Accounting Office audit authority and annual financial statements. These provisions are consistent with Compact Section 233 and the Fiscal Procedures Agreement.

12) **INDEFINITE LAND USE COMPENSATION:** Appropriations are authorized to complete repayment of any debts owed for government use of land in the FSM prior to Jan. 1, 1985.

13) **PRIOR SERVICE BENEFITS:** The U.S. government would continue to pay prior service benefits to persons who worked for the U.S. Navy or Trust Territory government prior to July 1, 1968.

14) **WAR CLAIMS:** A prior provision authorizing appropriations to pay outstanding war claims (adjudicated claims and final awards by the Micronesian Claims Commission) was deleted on the insistence of the U.S. Senate.

However, it was agreed that language directing the Secretary of Interior to report to the U.S. Congress on the total amount of assistance provided by the Japanese government would be enacted as separate legislation.

The House debate indicated that if the total exceeds half of the \$24.1 million owed, the U.S. government would then act to see that outstanding claims are paid.

15) **U.S. TRUSTEESHIP OBLIGATIONS:** The amendment authorizes appropriations for transition purposes, including completion of construction projects, other unfulfilled commitments and obligations, plus health and education needs as the result of exceptional circumstances.

16) **CONTRACT PREFERENCE:** The resolution authorizes grants to U.S. firms awarded construction contracts in the FSM to provide on-the-job training for FSM citizens and training and other assistance in maintenance of infrastructure.

The resolution authorizes the U.S. and the FSM to enter into agreement to provide up to 10 per cent preference to U.S. firms bidding on government contracts in the FSM, with the U.S. to pay for the cost of preference.

Prior provisions requiring a preference for U.S. firms on construction contracts and preferences for procurement of U.S. goods and services were deleted.

18) **NONALIENATION OF LAND:** The resolution encourages the FSM to maintain a policy of restricting the sale or long-term lease of land to FSM citizens only. The provision is no longer stated as an understanding or sense of Congress.

19) **U.S. POST-TRUSTEESHIP ORGANIZATION:** The U.S. State Department would be responsible for overall government-to-government relations with the FSM, the same as with other countries. The U.S. Interior Department would be responsible for coordinating and monitoring U.S. federal programs and grant assistance.

The U.S. President is authorized to establish an Interagency Group on Freely Associated States to provide policy guidance to the State and Interior departments and other U.S. agencies.

The Office for Micronesian Status Negotiations and the Trust Territory government, including the High Court, would be terminated.

20) **OTHER PROVISIONS:** Other provisions of the resolution relate to registration of U.S. citizens serving as agents of the FSM government, internal U.S. government processes for approving future amendments to the Compact, human rights, immigration to the U.S. by naturalized FSM citizens, annual reports by the U.S. President on the impact of the Compact on U.S. territories and Hawaii, nuclear waste disposal and tort claims.

Also, Trust Territory government debts, ethics-in-government restrictions for U.S. government employees involved in the Compact negotiations, periodic conferences and reports on U.S. policy relating to U.S. non-contiguous Pacific states and territories and the freely associated states, specific provisions concerning the Marshall Islands and the Compact negotiations with Palau.

Also, nonalienation of land, indefinite land use payments, the prior service benefits program, mutual assistance between U.S. and FSM law enforcement agencies and U.S. trusteeship obligations.

## Briefs...

**KOLONIA, Pohnpei** - FSM Education Division staff members, including the deputy director, program development and research officer, student service officer, federal education program specialist, vocational rehabilitation coordinator and training and evaluation specialist are planning visits during the next year to the four state education departments, according to Education Chief Daro Weital.

They will work on state and national policies, collect education data, share new developments, monitor federal programs, assist in planning future activities and update and reconcile accounts in their areas of responsibility.

**KOLONIA, Pohnpei** - The Pacific Region Educational Program (PREP) Board of Directors with representatives from the FSM state and national governments, Palau, Marshall Islands, Northern Marianas, Guam and Hawaii are scheduled to meet March 17 in Pohnpei, according to FSM Education Chief Daro Weital.

# 1985 begins with Congress approving Plan

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the termination of the trusteeship agreement.

## JANUARY

The year began with the Third FSM Congress paving the way for U.S. congressional approval of the Compact by approving during its Fourth Special Session in Pohnpei which ended Jan. 17 the Five-Year National Economic Development Plan which is required for Compact funding.

The Pohnpei state government deeded 134,288 acres of Palikir land to the FSM government during a Jan. 15 ceremony for the new national capitol.

Pohnpei Housing Authority Director Johnny David won the Jan. 18 runoff election to replace the late Strik Yona as Pohnpei lieutenant governor.

The College of Micronesia Board of Regents selected Dr. Singeru Singeo of Palau to replace Loren Peterson as the COM executive director, during the annual board meeting Jan. 22-24 in Pohnpei. The board also elected Alfred Capelle of the Marshall Islands to serve as its rector; Damian Sohl of Pohnpei, vice rector, and John Salas of Guam, the Trust Territory representative, secretary treasurer.

## FEBRUARY

David was sworn in as the second elected Pohnpei lieutenant governor and Gov. Resio Moses cited progress in the development of Pohnpei utilities and roads during ceremonies held Feb. 1 in the State Legislature chamber in Kolonia.

## MARCH

Harry Skilling was sworn in March 1 by FSM Supreme Court Chief Justice as the first Kosrae State Court Chief Justice, after being confirmed Feb. 13 by the Kosrae State Legislature.

In March 5 elections for two-year seats in the FSM Congress, former Truk Public Works Deputy Director Nick Bossy unseated incumbent Resources and Development Chairman Sasao Goulard, while incumbent Jack Fritz was reelected and incumbents Tony Otto, Raymond Setik and Kalisto Refalpei were unopposed; the three Pohnpei incumbents, Speaker Bethwel Henry, Peter Christian and Elias Thomas were reelected, and incumbents Claude Phillip of Kosrae and Isaac Figir of Yap were unopposed.

The President and governors adopted a resolution urging U.S. congressional approval of the Compact of Free Association with continuation of all federal pro-

grams during a transition period in the FSM, during the Seventh Chief Executives Conference held March 11-15 in Truk.

They also adopted a resolution authorizing the FSM government to explore the possibility of replacing Air Micronesia with a new regional airline, if it failed to gain control of Air Mike through shares to be purchased by Continental Airline.

Notes were exchanged March 15 at the end of the Chief Executives Conference in Truk between Japanese Consul General in Guam Yoshinobu Nagashima and FSM External Affairs Deputy Secretary Asterio Takesy formally conveying a 930 million yen (\$3.7 million) grant in aid from Japan for cold storage facilities for fisheries development projects in Truk and Pohnpei.

The President signed for the FSM on March 22 the San Francisco Accords in that city to reorganize Air Micronesia under a new joint venture agreement with Continental Airline and a separate agreement to create a regional transportation commission. The signing took place during a settlement conference he by U.S. Bankruptcy Judge T. Glover Roberts to resolve suits against Continental's attempt to purchase United Micronesian Development Association stock to give to the Micronesian governments with controlling interest in Air Micronesia.

The President visited Majuro March 26-28 during his return trip from San Francisco and joined Marshall Islands President Amata Kabua in inviting Palau President Haruo I. Remelik to meet with them in a May 3-7 summit in Washington, D.C., to follow up on the San Francisco Accords. It was Nakayama's first official visit to the Marshalls, since becoming FSM President in 1979.

## APRIL

U.S. House Asian and Pacific Affairs Subcommittee Chairman Stephen Solarz of New York led a panel of House Foreign Affairs and Interior committees' members and staff personnel which held hearings April 12 in Pohnpei on the Compact of Free Association. Other panel members were New York Republican Rep. Gerald Solomon of the Foreign Affairs Committee and New Mexico Democrat William Richardson of the Interior Committee.

A 16-member trade mission sponsored by the Intertribal Timber Council and Micronesian Institute, Washington, D.C., arrived April 2 in Pohnpei and April 6 in Truk en route to mainland China

to explore the possibility of processing timber from American Indian reservations in Micronesia into wood products to be sold to China.

The President testified April 23 in the U.S. House Foreign Affairs Committee in Washington, urging quick approval of the Compact.

## MAY

Vice President Bailey Olter urged the U.S. House Appropriations Subcommittee on Interior and Related Agencies on May 1 and Senate Appropriations Committee on May 2 in Washington to provide funds for the FSM capitol and Community College of Micronesia campus in Palikir and other transitional needs in addition to \$87 million requested by the Reagan Administration for fiscal 1986 for the FSM under the Compact of Free Association.

The FSM request included \$10 million for the COM campus, \$9,524,000 for the capitol, \$15 million for prior service benefits, \$24,057,000 for war claims and \$2 million to combat communicable diseases.

Efforts to reorganize Air Micronesia collapsed and Continental was released, during the May 3-7 settlement conference attended by the President in Washington, by Judge Roberts to enter an agreement with the FSM and Marshalls to create a new regional airline.

Nakayama addressed the U.N. Trusteeship Council during the May 13 opening of its 52nd session in New York, urging it to begin preparing for the termination of the 38-year-old trusteeship in Micronesia because the U.S. Congress was expected to approve the Compact of Free Association.

The Fourth FSM Congress shuffled committee chairman during its First Regular Session which began May 13 in Pohnpei, moving Christian from Health, Education and Social Affairs to Ways and Means chairman; Otto to HESA chairman, and Senator Koichi Sana of Truk to Resources and Development chairman.

Fritz continued as Judiciary and Governmental Affairs chairman and Figir, External Affairs chairman, while Henry was reelected Speaker; Joab Sigrah of Kosrae, Vice Speaker, and John Haglclgam of Yap, Floor Leader.

FSM Washington Representative Epel Ilon presented May 25 the government's closing statement to the U.N. Trusteeship Council, denouncing critics of the Compact of Free Association and citing

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# Early Compact amendments in House called unacceptable

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developments in the FSM such as approval of the National Development Plan and implementation of the Kosrae and Pohnpei constitutions during 1984.

The Fourth FSM Congress cut short on May 26 its First Regular Session which was scheduled for 30 days, due to the uncertainty of fiscal 1986 funding sources and levels caused by not knowing the fate of the Compact of Free Association in the U.S. Congress.

President Nakayama returned May 30 to Pohnpei from Washington, D.C., where he testified on the Compact and New York where he appeared before the U.N. Trusteeship Council, ending his longest stay which began April 19 away from the FSM since becoming President in 1979.

## JUNE

The House Interior Subcommittee on Public Lands and National Parks reported June 5 a resolution to adopt the Compact with amendments which Nakayama said "severely restrict the concept of sovereignty and self-government established by the negotiators" in a June 17 letter to Interior Chairman Morris K. Udall of Arizona.

The President cited restrictions placed on enforcing FSM tuna fishing regulations within the 200-mile economic zone, application of U.S. criminal laws in the FSM and a Buy America provision among those eroding the original intent of the Compact.

FSM officials mourned the June 30 assassination of Palau President Haruo I. Remeliik.

## JULY

The FSM Commission on Future Political Status and Transition, during a June 25-July 2 meeting in Pohnpei cited its concerns about amendments to the Compact resolution in the House Interior Committee which would alter FSM jurisdiction over tuna resources and provide U.S. contractors' preference and Buy America requirements.

Members of the Pwihn en Pidek en Dolen Wenik (Wenik mountain group) of U Municipality, Pohnpei, represented the FSM at the Fourth Pacific Arts Festival, June 29-July 15, in Tahiti.

The Eighth State National Leadership Conference held July 1-3 in Pohnpei adopted resolutions asking the President to invite the U.S. Peace Corps to continue its volunteer program in the FSM, requesting a state and national government employees retirement fund feasibility study, request-

ing the creation of a major crimes task force and asking the FSM government to establish a National Health Council, in addition to asking the U.S. Congress to expedite its action on the Compact.

President Nakayama submitted July 4 a proposed \$32.2 million fiscal 1986 national government budget based on estimated Compact level funding to the Fourth FSM Congress which ended its 20-day First Special Session on July 27, after approving a \$12.4 million fiscal 1986 interim national government budget with restrictions on hiring and equipment purchases.

The FSM Congress also denounced amendments to the Compact resolution to removed tax and trade incentives which were added in the U.S. House when it approved the Compact on July 25.

The President called the changes unacceptable in a July 29 letter to Senate Finance Chairman Bob Packwood of Oregon, stating that their adoption would require a new plebiscite and would be opposed by the FSM leadership.

The President also cited the possible need for a new plebiscite to the Visiting Mission from the U.N. Trusteeship Council which visited Pohnpei and Kosrae July 20-23, Truk July 23-25 and Yap July 29-31. In addition to meeting July 23 with the President and his staff, the mission met with a Pohnpei war claims group and state government officials throughout the FSM.

The Senate Finance Committee reported July 29 the Compact resolution with the amendments approved by the House to remove the trade and tax incentives.

## AUGUST

Participants in the Second FSM Speakers' Conference held July 29-Aug. 1 in Yap expressed doubt that the Compact would be acceptable to the FSM people and elected representatives as amended in the House.

Key Compact supporters in the U.S. Senate and House urged the FSM leaders and people to not lose faith in the eventual outcome of the Compact in an Aug. 9 letter to Nakayama which said that they expected the trade and tax issues to be resolved in a manner which would be consistent with Micronesian interests.

The President and Speaker went to Rarotonga, Cook Islands, for the Aug. 5-6 16th South Pacific Forum which unanimously approved a Nuclear Free Pacific Treaty supported by the FSM and the Aug. 7-10 Pacific Islands Conference which discussed development is-

ues. Pacific heads of government attending the Forum also supported the Compact as it was approved by FSM voters in their June 21, 1983, plebiscite and early termination of the U.N. trusteeship.

Opposition to the Compact amendments mounted with Pohnpei Gov. Resio Moses and Legislature Speaker Salter Etse suggesting in an Aug. 9 letter to Nakayama that the negotiations be reopened to correct misconceptions in the U.S. Congress about the FSM becoming an independent self-governing nation and a resolution adopted Aug. 12 by Yap elected leaders opposing the amendments.

The UNDP and ILO-sponsored Trades Training and Testing program was extended to Yap when a team of experts arrived there Aug. 14 to set up the program.

The FSM Environmental Protection Board held its organizational meeting Aug. 14-16 in Pohnpei and elected national Transportation Chief Robert J. Weillbacher its first chairman. The board approved a draft memorandum of understanding to assume Oct. 1 responsibilities of the Trust Territory Environmental Protection Board.

The President led a delegation of state and national government officials who met Aug. 26-27 with Ambassador Fred M. Zeder II, President Reagan's special representative to the Micronesian status negotiations, and Jim Bierne of the U.S. Senate Energy and Natural Resources Committee staff to discuss ways to overcome the undesirable amendments to the Compact resolution.

Nakayama signed Aug. 20 in Honolulu an agreement with the Marshall Islands and Continental Airlines, subject to approval by the Marshalls cabinet, to establish a new joint venture airline to operate on routes presently served by Continental-Air Micronesia.

Marshall Islands President Ane-ta Kabua notified Nakayama in an Aug. 30 letter that his cabinet ratified the agreement to create the new regional airline.

The Trust Territory EPB approved during its Aug. 28-30 meeting in Yap the MOU to transfered Oct. 1 most of its authority to the FSM Environmental Protection Board.

## SEPTEMBER

The President vetoed Sept. 5 a bill approved by the Fourth FSM Congress during its July 8-27 special session requiring approval of the Compact by the Congress and state legislatures before he

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# Compact action ends year

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can agree to an implementation date.

Sept. 15 was "Census Night" for Pohnpei where enumerators began Sept. 16 canvassing all dwellings in the state to determine the number of people by age, sex, birthplace, marital status, citizenship, legal residence and rate of fertility for women. The state census was held to comply with the Pohnpei Constitution requirement that the population be enumerated for distribution of revenue. An FSM-wide census planned for 1985 was postponed due to lack of funding by the FSM Congress.

Kolonia will continue to have an important role in FSM nation building, External Affairs Secretary Andon Amaraich said during the Sept. 20 dedication ceremony for the new Kolonia Town Hall.

The U.S. Congress failed to approve the Compact before its chief sponsors left Washington on Sept. 20 to visit the Soviet Union when a new compromise version of the resolution was blocked Sept. 19 and 20 a Republican House member at the request of the Reagan administration which objected to more funds for the Marshalls.

The Micronesian Legal Services Corp. Board of Directors during its Sept. 19-20 meeting in Kosrae selected MLSC Pohnpei Office Directing Attorney Ronald G. Kirschenheiter to replace Tom Mattson who resigned as MLSC executive director in Saipan.

An agreement was signed Sept. 23 in Honolulu by the Vice President and Kosrae Lt. Gov. Moses Mackwelung for Air Marshall Islands to provide service to Kosrae. The agreement was subject to approval by the Marshalls cabinet.

Robert "Bob" Clarke, 63, a retired corporate executive and former Peace Corps volunteer in Fiji, on Sept. 29 replaced Jerry Penno as the Peace Corps Micronesia country director in Pohnpei.

## OCTOBER

The President and First Lady were in Saipan for the Oct. 12-13 visit by U.S. Vice President George Bush who was enroute to mainland China. Bush assured them of the Reagan administration's continued support for the Compact.

The President said that economic development is the No. 1 priority for the FSM and outlined his development priorities, including manpower development, infrastructure, private sector, marine resources and agriculture development and sea and air transportat-

ion reorganization in his Oct. 21 State of the Nation Message to the Fourth Congress which began Oct. 14 its Second Regular Session.

The President and Speaker; Governors Moses, George and Erhart Aten of Truk, and Petrus Tun, special assistant to the Yap governor, attended the Oct. 25 inauguration of President Lazarus Salii in Palau.

The FSM Congress voted Oct. 28 to override the President's Sept. 5 veto of its bill to require approval by the Congress and state legislatures before the President can agree to an implementation date for the Compact.

## NOVEMBER

The Fourth FSM Congress ended its Second Regular Session on Nov. 12, after confirming the nomination of Carl "Bud" Ullman who was sworn in Nov. 14 as the third FSM Attorney General and adding \$1,043,317 to the fiscal 1986 national government interim budget.

The President, governors and Congress members met here Nov. 13-14 with FSM Washington attorney James T. Stovall III to review changes in the Compact resolution being considered in the U. S. Congress.

The Senate approved on a unanimous consent vote Nov. 14 the Compact with a less-restrictive trade provision, the tax amendment adopted July 25 by the House and a \$60 million economic development package to compensate for the loss of those incentives.

Preliminary figures of 28,902 people in Pohnpei on Sept. 15 released Nov. 18 by the State Planning, Programming, Budgeting and Statistics Office indicated a significant undercount during the 1980 Trust Territory census which showed 22,081 people in the state.

## DECEMBER

Hanil Development Co., Ltd., of South Korea which constructed the Pohnpei State Hospital in the 1970s submitted Dec. 2, during a bid-opening ceremony in the FSM Congress chamber, the apparent low base bid of \$8,797,500 for construction of the new national capitol in Palikir.

The M/S Caroline Islands arrived Dec. 2 in Osaka, Japan, with the first delivery of copra by an FSM field trip ship.

The House approved Dec. 11 the a new version of the Compact resolution with a \$60 million tax incentives compensation package and Senate approved it Dec. 13, sending it to Reagan who signed it on Dec. 20.

# POHNPEI GETS 5,030 VISITORS

KOLONIA, Pohnpei - A total of 5,030 visitors entered Pohnpei and contributed more than \$1.2 million to the local economy during fiscal 1985 which ended Sept. 30, State Tourist Commission Executive Director Bismarck Weilbacher reported, according to a release by the governor's office.

U.S. tourists led with a total of 3,178, compared to 1,002 from Japan, 269 from Europe and 585 from other countries, including Asia and the Pacific, according to Weilbacher who said that the peak months were March, 1985, when 543 people visited; July when 531 visitors were here, and August with 510 visitors.

An additional 2,000 people expressed interest in Pohnpei, requesting travel information, he said.

Weilbacher also announced in an end-of-the-year report plans to promote tourism by improving local attractions, printing promotional material and collecting tourism data to develop a tourism master plan.



RECEIVES DEATH CLAIM - Pohnpei State Director of Administration Ihlen Joseph, second from left, is presenting Dec. 5 in his office a check from Travelers Life Insurance Co. Overseas, Inc., state life insurance carrier, to Florina A. Stephen, widow of Alfred A. Stephen, a former Wone Elementary School teacher who was fatally injured in a Nov. 7 vehicle accident, with State Personnel Specialist Pauline Lambert observing. The death claim was paid within three days after the company was notified, according to Loren Peterson of Moylan's Insurance (FSM), Travelers' agent in Pohnpei.

## POHNPEI CUTS DEFICIT

KOLONIA, Pohnpei - The Pohnpei state government reduced its overall deficit to \$1,214,349 at the end of fiscal 1985 from a \$1,354,672 deficit at the end of fiscal 1984, Finance Chief Marcelino Semens said in an unaudited report submitted Nov. 5 to Gov. Resio Moses, according to a Dec. 19 release by the governor's office.

More ground could be made on the deficit, if outstanding accounts were brought into balance, Semens said.

Preliminary findings by Touche Ross and Co. in an audit sponsored by the U.S. Office of Territorial and International Affairs show more than \$500,000 in accrued receivables owed to the government, the release said.

The Pohnpei government operated on a \$12,646,549 budget during fiscal 1985 with \$9,892,000 in revenue from the U.S. Interior Department grant and \$2,754,549 from local revenue, according to Semens's report which said that 1985 local revenue was down due to a drop in illegal fishing fines from \$266,000 in 1984 to \$24,944.

Other revenues included utilities, \$404,573; hospital services, \$84,012; housing rentals, \$68,914; carpenter shop services, \$43,646; alcoholic beverages sales tax, \$164,835, and motor vehicles and accessories taxes, \$68,193.

Expenditures totalling \$12,683,822, or \$37,272 more than revenues, included personnel, \$7,304,847, or 58 per cent; supplies, \$2,674,906, or 21 per cent; petroleum purchases, \$2,019,264, or 16 per cent, and travel, \$684,805, or 5 per cent.

Funds were reprogrammed for overspending in travel by \$128,697; petroleum purchases by \$321,959; medical referrals by \$308,590, and medical supplies by \$132,872.

## Kalio wins

KOLONIA, Pohnpei - Pohnpei Student Services Officer Wilson Kalio defeated incumbent Alter Mudong by a narrow 791 to 756 vote in the Nov. 30 runoff election for Madolenihw municipal high commissioner, formerly chief magistrate, according to State Election Commissioner Samson Alpet.

Mudong led the Nov. 12 balloting in the three-man race with 678 votes to 510 for Kalio and 304 for Pedrus Silbanuz, but failed to get the 51 per cent required by the new Madolenihw municipal constitution.

## Says radio basics needed

KOLONIA, Pohnpei - Teaching the fundamentals of radio newswriting, production and announcing will be the focus of the Pacific Broadcasting Training and Development (PACBROAD) program next year in Micronesia, according to Richard A. Henderson, a broadcast instructor from the U.N. Educational, Scientific and Cultural Organization (UNESCO) office in Apia, Western Samoa.

"We have to instill the basics and we have to do it here," Henderson said at the end of the first PACBROAD subregional training program in radio journalism which he conducted here Dec. 12-19.

Henderson cited the lack of evidence that the basic radio news writing technology which was presented in his workshop and in the first Micronesian Area Media Training Workshop here in May, 1984, was being utilized in Pohnpei and other Micronesian broadcast stations.

"It's crucially important that those who attended the workshop get doing it," he said.

Henderson said that he would recommend changing the PACBROAD subregional training programs scheduled to be held June 30-July 25 in the FSM from magazine and commercial production to a concentration on teaching the basics of news writing, broadcast production and announcing to improve the total sound of each of the state broadcast stations.

He said that he would recommend that PACBROAD send two instructors, one in news writing and production and a second in announcing, to the FSM to work one week in each of the four stations to train all broadcast personnel.

The same approach will be used in in-country training programs scheduled for early February in the Marshall Islands and April 28-May 9 in Palau, according to Henderson who said that the on-site teaching approach was used successfully in Western Samoa.

Henderson also said that he would recommend that Micronesian broadcast personnel be invited to PACBROAD courses in other countries related to the basics in news writing and announcing, "so it will be complimentary, at least for the next year."

He said, "I see no need for them to attend overseas courses in documentary and magazine production," until they learn the basics.

Henderson said that if the concentration on the basics takes hold, "in 1987, we could try to re-integrate FSM participants in the broader scheme of things."

A course scheduled to be held here May 12-23 in technical production will depend on whether technical personnel are available to attend it, Henderson said, citing the lack of technicians in most of the Micronesian broadcast stations.

Participants in the radio journalism course included broadcast personnel from Palau, the four FSM broadcast stations, the FSM Information Office and the Congress Information Office.

PACBROAD was officially formed during the Sept. 17-25 Pacific Islands Radio Network Directors Seminar in Apia, Western Samoa, attended by FSM Broadcast Chief Ezikiel Lippwe.

UNESCO is providing \$100,000 (U.S.) through its International Program for the Development of Communications (IPDC) for the first year of the PACBROAD program and the Fredrick Ebert Stiftung (FES) Foundation of West Germany allocated \$1 million (U.S.) to continue the program through 1987.

### 'JUST SAY NO'

KOLONIA, Pohnpei - In his 1985 holiday message, FSM Education Chief Daro Weital said the national Education Division is kicking off its Program for Education Against Substance Abuse by urging the young people of the Federated States to "Just Say No" to smoking pot and drinking alcohol.



UNESCO INSTRUCTOR VISITS - Richard A. Henderson, center, U.N. Educational, Scientific and Cultural Organization (UNESCO) broadcast instructor for the first PACBROAD radio journalism workshop here Dec. 12-19, is visiting President Tosiwo Nakayama, left, Dec. 19 with Palau workshop participant Jelina Rengual, signing guestbook, and Yap participant Peter Garamfel, not shown.

# Subregion T3 center seen

KOLONIA, Pohnpei - The International Labor Organization, a U.N. agency which established the FSM Trades Training and Testing program, is considering using the National T3 Training Center to be constructed in Pohnpei as a sub-regional center, according to national T3 Program Coordinator Henry Hickey.

ILO project manager and consultant for the FSM program David Parish, during a recent visit to Pohnpei, "indicated it was likely the ILO would establish a sub-regional T3 center in Pohnpei, once the center had been completed," Hickey said.

The Fourth FSM Congress provided funds during its Second Regular Session in November for construction of the National T3 Center which is expected to begin in April and be completed in September, he said.

"The training site provided by Gov. (John) Mangefel (in Yap) is the best in the FSM thus far," Hickey said, noting that plans are progressing to implement the program early next year in Kosrae.

FSM Senator Isaac Figir presented certificates Dec. 18 to the first 21 craftsmen to complete basic and intermediate training at the T3 Center in Yap.

Intermediate certificates were presented to Felix V. En, Hyginus T. Gothrang, James Waayan and John Deffnew Fagan in construction; Jack A. Moothin, electrical, and Stephen Yowtamag, mechanical.

En, Moothin and Yowtamag were designated the Yap training officers in their skills, Hickey said.

Basic certificates were presented to Philip T. Ranganbay, Charles Giltamag, Daniel R. Tun, Leo A. Ragman and Walter Rueflan in construction; Ignatio Nugag, Tamag Rocx, Lukan Pong, George Serammai, Franki Yinug, Henry Runfal and Patrick Taman, electrical, and Elias Lam, James Munguy and John Filenguy, mechanical.



**YAP TRAINING OFFICERS** - FSM Senator Isaac Figir, second from left, is with the national Trades Training and Testing Program Yap training officers, during the Dec. 18 presentation of certificates to the first group of trainees in Yap. From left are Stephen Yowtamag, mechanical training officer; Figir; Jack Moothin, electrical, and Felix En, construction.

## Eye treatment set

KOLONIA, Pohnpei - The Yomiuri Light Eye Treatment Program in Japan will send two teams of specialists to perform eye examinations and surgery at the Pohnpei State Hospital, according to a Dec. 19 release by the office of Gov. Resio Moses.

The first team of 14 doctors and assistants headed by Takaharu Fukasawa, secretary-general of Dove of Love Charitable Association, will be Jan. 16-22, according to a Dec. 16 dispatch from Jesse Raglmar, FSM Economic Liaison Officer in Tokyo, to the governor.

Shogo Kotake, secretary-general of the Yomiuri Light and Humanity Association, will lead the second team of 13 specialists which will be here Feb. 6-12.

# Pohnpei power Crisis declared

KOLONIA, Pohnpei - An electrical power crisis exists on Pohnpei Island, because three of eight diesel generators are damaged, Gov. Resio Moses declared Dec. 26, asking all consumers to observe conservation measures until further notice from his office.

The conservation measures requested are: 1) All government offices turn off air conditioners, unless they are necessary for maintenance of mainframe computers and other sensitive electronic materials; 2) all private businesses which own generators use them 7 a.m.-9 p.m., and 3) all power consumers discontinue all non-essential use.

"In order to insure return to full capacity, the state is moving as rapidly as possible to secure by air and sea freight the spare parts required to complete repairs to the out-of-service generating units," the governor said.

Skilled repairmen will be contracted to repair the units by the end of February, he said, but because of the age and condition of the generators, "the present power crisis will not, in reality, end until the new Alco power plant goes into operation" in June.

Four Alco generators being installed on a barge by Bellingham Marine and Propulsion, Inc., in California are scheduled to be towed to Pohnpei to be installed in April as a floating power plant at Teketik Island near the Pohnpei International Airport.

The FSM Budget Office transferred \$175,000 in supplemental funding from the U.S. Interior Department to the state for construction of a causeway power line to link the floating plant with the main electrical distribution system in Pohnpei, according to a Dec. 24 release from the governor's office.

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 P.O. Box 490, Kolonia, Pohnpei  
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 Telephone: 548

Ketson Johnson, Information Officer  
 Tom Bryan, Information Advisor  
 Esikiel Lippus, Broadcast Division Chief  
 Halverson Johnny, Information Specialist  
 Elieser Rospel, Graphic Artist  
 Angie Mualia, Administrative Assistant  
 Mary Allen Mameel, Clerk Typist  
 Esi James, Clerk Typist