

began to question the value of continuing their studies.

Discussions based on Article 902 of the covenant got underway again in early April 1990. Tim Glidden, special assistant to the secretary of the Interior, was the US representative to the talks, and Lieutenant Governor Benjamin Manglona headed the commonwealth team. Both sides agreed that there had been significant progress on the issues, which included internal self-government, the impact of migration from the freely associated states, exclusive economic zones, and the jurisdiction of federal agencies and laws. Glidden returned to Washington with some twelve agreements and jointly drafted statements for the White House. The remaining major issue concerns the applicability in the Northern Marianas of the "territorial clause" of the US Constitution, which gives Congress the right to govern US territories almost directly. It appears that the issue will be resolved in the courts.

The delegation from the Northern Marianas appeared at the United Nations Trusteeship Council session in May 1990, repeating their contention of 1989 that the trusteeship agreement had not been officially terminated and still applied to the commonwealth. They urged the council not to terminate until certain conditions had been met, and sought permanent access to the council to assure US compliance with the provisions of the covenant. The council, in turn, repeated its earlier recommendation that differences should be resolved through the bilateral provisions of the status agreement with the United States.

The Ninth Circuit Court of Appeals

issued an opinion during the year that Article XII of the commonwealth constitution (restricting land ownership to persons of Northern Marianas descent) was not unconstitutional. The newly created commonwealth Supreme Court was pleased with this decision, but disputed the federal court's jurisdiction to hear land cases. The general uncertainty over land transactions, especially those involving persons of non-Marianas descent, had a chilling effect on new investment in the islands during 1989-90.

SAMUEL F. MCPHETRES

#### FEDERATED STATES OF MICRONESIA

On the third anniversary of the implementation of its Compact of Free Association with the United States, the government of the Federated States of Micronesia moved into an impressive new nine-building complex in Palikir, Pohnpei. At the dedication ceremony on 3 November 1989, speakers offered glowing words about the unity of the federation. President John R. Haglelgam said that the new capital represents the "living symbol of our common wish to live together in peace and harmony as a unified and independent nation," while Congress Speaker Jack Fritz spoke of reaffirming "our earlier commitment to come together and unite as one people under one government." Fritz prayed that the "deliberations and decisions" of the fourteen-member national Congress "will be worthy of our fine new surroundings." For two days, Micronesians from the four scattered and culturally distinct

island states of Chuuk (Truk), Kosrae, Pohnpei, and Yap celebrated their unity as a people and their political independence from the United States. Yap state had magnanimously composed a special "unity" dance for the celebration.

On 9 January 1990, Micronesians went to the polls to select delegates to the constitutional convention scheduled to begin in Palikir on 16 July 1990. The purpose of the convention is to revise or amend the ten-year-old FSM constitution, which some believe to have been compromised at its inception in 1975 by the presence of delegates from other parts of the Trust Territory of the Pacific Islands. Among the political heavyweights elected to the thirty-one-delegate convention were first FSM President Tosiwo Nakayama (Chuuk), first Speaker Bethwel Henry (Pohnpei), Kosrae Governor Yosiwo George, Pohnpei Governor Resio Moses, FSM Senator Leo Falcam (Pohnpei), and Chuuk Chief Justice Soukichi Fritz.

Some quite radical amendments have been mooted, particularly by Pohnpei leaders who make no secret of their dissatisfaction with the federation. But the chances of any of the amendments surviving the strenuous approval provisions are remote.

One of the most significant political milestones of 1989-90 was the nomination in May of the first Micronesian justice to the FSM Supreme Court since its establishment in 1981. If confirmed, Andon Amaraich, well-respected first secretary of External Affairs, and former Status Commission chairman, will join Chief Justice Edward King and

Associate Justice Richard Benson on the nation's highest bench. This may cause the Supreme Court to be seen more clearly as a Micronesian rather than an expatriate institution, and will perhaps make it a less easy target for politicians to rail against.

FSM leaders are increasingly aware of the need for economic development and increasingly willing to look to outside investors for assistance, although many fear that their way of life may be changed by outside influences. Yap's experience with the FSM's first garment factory is being watched carefully by the other states. In the summer of 1989, young Sri Lankan women began arriving in Yap to work for Kingtex FSM, a joint venture between Yapese Frank Fleounug and Kingtex, a Taiwanese corporation with operations in Sri Lanka, Singapore, and Taiwan. Although Yap state did not put up any cash for the \$2 million prefabricated building, it did clear the land, level the site, build the access road, and connect sewage and water lines. State officials estimated the factory would bring in about \$250,000 per year in revenue for the state and employ about one hundred Yapese women, plus a few Yapese men. Kingtex FSM will pay a 1 percent excise tax on the raw materials it imports, along with a 3 percent gross receipts tax. The hundreds of workers will pay 6 percent income tax on their salaries, which will average about \$3000 a year.

Pohnpei state also was courted by the owners of the garment factory. Governor Resio Moses approved the foreign investment permit, and the state Foreign Investment Board required that local ownership of at least

20 percent be established within two years and that Pohnpeians constitute 80 percent of the work force within seven years. In the meantime, two foreign labor bills were introduced in the national congress by three Pohnpeian senators, accompanied by a Chuukese senator on one of the bills. These would have declared a moratorium on foreign labor in 1990 and set a quota of fifty workers from any one nation. The foreign partners then pulled out of the deal, citing a negative "political climate and business environment" in Pohnpei. Officials in Sokehs municipality were not happy with the decision, as the factory was to have been built in their new industrial park.

Pohnpei has opted to put its main development efforts into two mammoth fishery projects. On 19 April 1990 the state borrowed \$5.1 million under the medium-term note program toward a \$12-million project that includes the purchase of four fishing boats and a fish-processing complex. The loan, secured against future compact revenues, carries an interest rate of 9.57 percent, and will fall due in October 1995.

The second fishery project is a joint venture between Pohnpei state, the FSM's National Fisheries Corporation, and an Australian company, TDC, which is controlled by Theo Kailis, of Kailis and France. Critics noted that the deal involved the purchase of three five-hundred-ton, twenty-year-old purse seiners from the Australian partner, and that the price of nearly \$13 million seemed high. Nevertheless, the three parties signed the agreement papers on 25 May 1990, establishing the joint venture company, the Caroline Fishing Corporation.

During the year in review the FSM continued to shore up its international image. Australia, the Republic of the Philippines, and the Peoples Republic of China have all established embassies in Pohnpei, joining the existing US embassy. Australia has given the FSM its first patrol boat to patrol FSM waters for illegal fishing.

JOAN KING

### KIRIBATI

I-Kiribati celebrated the tenth anniversary of independence on 12 July 1990 and took the opportunity to reflect on what had been achieved under the leadership of President Ieremia Tabai. It was a decade of relative political stability, negligible economic growth, increased foreign aid, and a rate of population increase of 2.3 percent per year. Outer island development remained the government's priority, and efforts to attract foreign investment met with mixed results. The powerful and resilient Kiribati culture was a source of strength and at times a problematic asset in national development.

With general elections due early in 1991, the three by-elections held during the first half of 1990 served to increase the political fever. The November 1989 resignation of Dr Harry Tong to return to the medical profession necessitated a by-election in South Tarawa in mid-February 1990. This was won with a clear majority by Roniti Teiwaki, a former minister in the Tabai government and ex-director of the University of the South Pacific Center in Tarawa. Ratin-tera Robata was elected MP for the island of Aranuka after the untimely