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PETITION FROM MR. JOSE C. TENORIO, PRESIDENT, UNITED MICRONESIA DEVELOPMENT
ASSOCIATION, CONCERNING THE TRUST TERRITORY OF THE PACIFIC ISLANDS

(Circulated in accordance with rule 85, paragraph 1, of
the rules of procedure of the Trusteeship Council)

UNITED MICRONESIA DEVELOPMENT ASSOCIATION
P.O. BOX 238
SAIPAN, MARIANA ISLANDS 96950

18 August 1981

Mr. Marrack I. Goulding
President, United Nations Trusteeship Council
United Nations
New York, N.Y. 10017

Dear Mr. Goulding:

I am writing this letter to express my concern regarding the recent Civil Aeronautics Board (CAB) decision recommending that Texas International Airlines be allowed to acquire control of Continental Airlines.

As the President of the United Micronesia Development Association (UMDA), I have deep misgivings about the implications of that decision as it impacts on the growth and economy of Micronesia, and of more immediate concern, about the consequences that presidential approval of the CAB decision would have on the many thousands of Micronesian citizens who have invested their hard-earned savings in UMDA.

UMDA owns 60 per cent of the stock in Air Micronesia, a joint venture with Continental Airlines. The objective of UMDA is to eventually make Air Micronesia an independent, self-supporting airline to enhance the growth of tourism in Micronesia and to have a positive impact on the economy of the region. Changing the present Continental/UMDA relationship would seriously hurt the attainment of this worthy objective.

We are particularly concerned about Texas International's lack of commitment to serve this strategic area. We are in receipt of Texas International planning

documents that suggest that Texas International would suspend service if given control and would sell Continental's aircraft assets. We are less than reassured by CAB's assurance of section 419 ("Essential Air Service Protection") in its recommended decision. Such protection pertains to domestic points in the United States of America. When Micronesia attains its future political status in the near future, it is questionable if section 419 would be applicable.

Texas International has assured CAB that service would be maintained "or until a replacement carrier could be found". That is less than reassuring to our investors and employees.

The United States has treaty obligations to the United Nations under the 1947 Trusteeship Agreement 1/ to improve the economic well-being of the people of Micronesia and to improve the means of transportation in the Trust Territory. Certainly the implications of a Texas International take-over would place the United States in jeopardy of violating its treaty commitments, aside from the devastating effect the take-over could have on the economy of Micronesia and our Micronesian investors.

For these reasons, I would strongly request that you convey my concerns to the President of the United States and urge him to disapprove the recommended decision of CAB. The well-being of Micronesia and the honour of the United States would require no less.

We respectfully submit this in the names of the over 10,000 shareholders of UMDA. 2/

Sincerely yours,

UNITED MICRONESIA DEVELOPMENT ASSOCIATION

(Signed) Jose C. TENORIO
President

cc: Mr. Daniel High, Acting High Commissioner, Trust Territory of the Pacific Islands
Mr. Carlos S. Camacho, Governor, Commonwealth of the Northern Mariana Islands
Mr. Haruo Remelik, President, Palau
Mr. Tosiwo Nakayama, President, Federated States of Micronesia
Mr. Amata Kabua, President, Marshall Islands
Mr. Eddie Dlg. Pangelinan, Representative to the United States, Commonwealth of the Northern Mariana Islands
UMDA Board of Directors

1/ Trusteeship Agreement for the Trust Territory of the Pacific Islands
(United Nations publication, Sales No. 1957.VI.A.1).

2/ The enclosure containing a list of shareholders has been placed in the files of the Secretariat and is available to members of the Council for consultation.