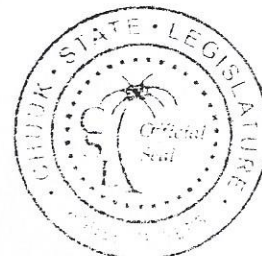


Chuuk Political Status Commission



December 17, 2014

Kachutosy O. Paulus
Chairman

Joe Suka
Vice-Chairman

Johnny Meipen
Secretary

MEMBERS

- Northern Namoneas
- Redley Killion
- Johnny Meipen
- Southern Namoneas
- Sabino Asor
- Joe Suka
- Faichuk
- Kachutosy O. Paulus
- Pandinos N. Suzuki
- Mortlocks
- Epen Illon
- Julio Marar
- Northwest
- Winiplat Bisalen
- Masachiro Christlip

The Honorable Innocente Oneisom
Speaker, House of Representative
P.O. Box 27
Weno, Chuuk State, FSM 96942

Speaker Office
Rec'd B
Date/Time: 12/16/14

Dear Speaker Oneisom,

First let me extend my personal holiday greetings to you and your family.

As you are aware, the Chuuk State Political Status Commission has been dedicated recently to work which can help enable Chuuk to attain political autonomy.


For your information, I am herewith forwarding a copy of our formal recommendation to the Legislature asking their support for secession from the FSM and for the creation of a Republic of Chuuk.

The Commission is confident an independent status for Chuuk will bring a much greater pace of economic and social development to our people.

Our entire Commission wishes you the best for the New Year.

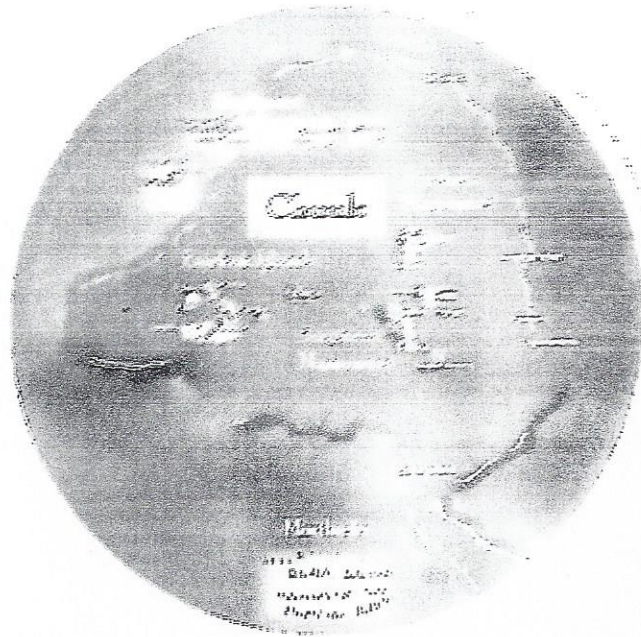
Thank you very much,

Respectfully,


Kachutosy O. Paulus, Chairman
Chuuk State Political Status Commission

P.O. Box 27
Weno, Chuuk, FSM
96942

Telephone: (691) 330-2673 ~ Email: chuukpoliticalstatuscommission@gmail.com



Chuuk State Political Status Commission

***FINAL REPORT TO THE CHUUK STATE LEGISLATURE
AS REQUIRED BY CHUUK STATE LAW 11-12-08***

DECEMBER 15, 2014

CHUUK STATE POLITICAL STATUS COMMISSION

FINAL REPORT TO THE CHUUK STATE LEGISLATURE

AS REQUIRED BY CHUUK STATE LAW 11-12-08

INTRODUCTION

The Chuuk State Political Status Commission is herewith presenting a summation of its historic task in working to bring about a new Republic of Chuuk for our island people. The efforts of the Commission have been in direct response to stipulations within the enabling legislation which created and funded it. As a group, we are honored to be a part of this process which will result in the final and long overdue sovereign national status for Chuuk. Our persistent labors in this movement, representing constant outreach, political education, explanatory literature and public hearings, have been documented and reported regularly to the Legislature.

This report represents the culmination of long hours of meetings, debate, analysis, research, writing, travel, discussions and public hearings, all aimed at fulfilling the responsibilities of the Commission under duties mandated by the Legislature in 2012.

POLITICAL STATUS OPTIONS CONSIDERED BY THE COMMISSION

The Commission has performed its duty in assessing different political statuses for the people of Chuuk as mandated by law. These options included continuing the status quo, becoming a U.S. state or territory, joining in a commonwealth with other nations, or complete independence. Options other than independence were considered impractical, unrealistic or impossible.

The **status quo option** would continue Chuuk's lack of autonomous political power and even further delay our economic development. Our infrastructure would continue at its nearly no-growth pace. Our educational and health systems would still perform weakly. Our communication and transportation would remain insufficient for our population, especially given our geographic configuration. There would still be no fair share access to fund allocations or economic power. With autonomy, the development of our infrastructure and the systems within will be accelerated according to Chuuk's own priorities.

The **commonwealth option** is seen as unrealistic. Although independent nations involved would have no central government, we have observed the history of the CNMI and its lack of full political and economic control in such a situation. Furthermore, the actual formation of a commonwealth would have to await separate national independence processes which could be years down the road, too long for our serious need.

The **U.S. statehood or territory option** is also seen as unrealistic, especially in view of the growing sentiments in the U.S. against immigration and further overseas involvements.

After investigation and confirming economic research, the Commission finds that it is the **national independence option**, and that option only, which offers real potential for a modern, healthy and productive Chuuk.

WHY THE COMMISSION RECOMMENDS SECESSION AND INDEPENDENCE

The essential basis of our political plight is the conflicting underlying relationship between the existing FSM constitutional framework and the current Compact of Free Association on the one hand, and on the other hand, Chuuk's aspirations for political autonomy and economic development. This existing FSM constitutional scheme is a major handicap in solving Chuuk's serious development needs. Chuuk is powerless in foreign affairs which could enable assistance to our economy, as those are only legally conducted by the FSM. At the same time, domestic Compact implementation and allocations for Chuuk, our proper right, also fall constitutionally within the powers of the FSM government.

The Commission dislikes the treatment Chuuk receives under the Compact and under the FSM Constitution. Chuuk has no control over foreign affairs or allocations for domestic use. Chuuk faces multiple inequities, both political and economic, and yet is powerless to do anything about them. These contradictions have proven unproductive for the people of Chuuk. The FSM Constitutional scheme has become the driving force in our desire for independence. From the Commission's viewpoint, Chuuk's whole state experience with the Federation has been unsatisfactory on all fronts: political, economic and cultural. Our legal recourse is independence.

Politically, there are key structural reasons the FSM arrangement does not work for Chuuk. First, there is no popular election for the chief executive, consistently denying our majority within the nation. The "second reading" requirement in the FSM legislative process similarly disadvantages our majority. As a result, government processes, decisions, allocations, laws,

regulations and implementations are not consistently reflective of our majority percentage of the FSM population.

Economically, Chuuk is on a precarious course under the current FSM arrangement. The prevailing FSM revenue allocation formulas are to Chuuk's great disadvantage. The lack of the fair distribution of resources underlies Chuuk's strong sense of injustice. Our infrastructure, including transportation, remains underdeveloped in many areas of the state. The overall economic experience of Chuuk State in the present arrangement of governments has brought about widespread dissatisfaction among our people.

Culturally, Chuuk recognizes the risk of losing its cultural identity. Under the FSM arrangement, there are not sufficient means to protect and preserve our rich and distinctive culture. The cultural differences among FSM peoples and within the bureaucracy form a major factor contributing to political discord, especially involving allocation of resources and development priorities. Our cultural differences make it hard to agree on national policies. Furthermore, the lack of equal access to land resources among the states makes it impossible to have a Federation based on equality.

Legally, in view of the foregoing, political autonomy represents the only recourse for Chuuk. The legal foundation for Chuuk's independence already exists in international law. The right to independence was recognized by the International Court of Justice in its 2009 finding that the people of the Kosovo region (then within the nation of Serbia) had acted in accordance with international law in their declaration of independence from their former nation. Furthermore, the undeniable right to a nationality is enshrined in the United Nations Universal Declaration of Human Rights, Article 15. While the legal foundation for secession is sound, the Commission is confident that Chuuk's secession from the FSM will not result in regional instability.

PROSPECTIVE ECONOMIC FUTURE UNDER INDEPENDENCE

First of all, whether Chuuk remains within the FSM or becomes an independent nation, Chuuk's economic prosperity cannot be achieved immediately. Chuuk's economic experience within the FSM convinces the Commission that if Chuuk remains in the Federation, its development prospects will remain poor. However, Chuuk's economic prospects will be greatly improved with the right to act autonomously. Chuuk's direct access to foreign economic resources, long denied under the FSM arrangement, would be its right as a sovereign nation. The detail below outlines various sources of funding Chuuk can reasonably expect with independence.

(1) The Compact of Free Association does not offer an absolute guarantee of continued assistance. It is common knowledge that Compact of Free Association mandatory financial assistance will terminate in 2023. However, this termination does not necessarily prevent the two countries, Chuuk and the United States, from bilateral relations which would include prospects of other assistance from the U.S.

(2) The Compact and FSM Trust Funds form another source of financial support for economic development. Chuuk's ownership shares in the two funds are expected to be substantial. After independence, Chuuk's share of the funds will be a major part of its national revenue. The Commission is confident that Chuuk's entitlements in these funds can be reasonably calculated.

(3) Chuuk's Economic Zone, under an independent political status, would be another source of Chuuk's national financial support. For illustration, the Commission believes Chuuk could realize amounts equaling what the FSM currently takes from the Zone: \$40 million. These revenues will include licensing fees and other income which will come about with the development of untapped resources within and under our waters.

(4) Local revenues, notably tax bases (which have been divided with the FSM under the present system), will now be retained in full by the new independent Chuuk nation. In addition, other tax structures, including the Value Added Tax (which the FSM has failed to implement) and foreign corporation registration fees, can bring substantial income.

(5) Foreign assistance can also be expected to be a major source of funds, especially in view of the fact that growing economies in Asia are presently contributing to infrastructure development in our region. Chuuk is mindful that such development is not simply charitable, but will be based on mutual interests with contributing nations.

(6) Foreign direct investment: Chuuk will develop and pursue an aggressive direct foreign investment agenda. This will bring direct revenue streams to existing enterprises in Chuuk, plus the possibilities of new joint ventures with experienced foreign businesses. This is yet another resource which can yield financial strength for Chuuk.

REACHING THE PUBLIC

The Commission has conducted public informational hearings throughout Chuuk and among Chuukese communities abroad, including in Guam, the CNMI, Hawaii, and Oregon. Our purpose was to explain our decision to recommend independence and to encourage the public

to approve that choice for their future in the March 2015 plebiscite. With rare exception, public informational hearings revealed strong majority support for a new independent Chuuk. When concerns, worries, or uncertainties arose, we explained our choice for the future based on our common history, our inequitable relations with the FSM government, and especially our lack of economic and social development under our present political arrangement. The hearings reached thousands of Chuukese within and outside Chuuk. The feedback from these 50 hearings is that genuine support exists for a new Republic of Chuuk. The Commission is confident that the people will support the choice for independence.

THE POLITICAL PROCESS TO INDEPENDENCE

The Commission has proposed a series of political procedures, including suggested legislative action, over the next few years to attain a new sovereign status for Chuuk. Dates which are suggested are not firmly fixed, but represent what the Commission feels is the best sequence and timing for these political steps:

- (1) Session of the Legislature to review work of the CSPSC toward independence as reflected in its formal report, to extend the life of the Commission through the independence process, and to allocate for a Leadership Summit of all Mayors and Council Chairmen
- (2) CSL to invite **United Nations Observers** to be present in Chuuk during plebiscite
- (3) Conduct **plebiscite on independence** status in March of 2015
- (4) CSL to enact legislation in April of 2015 forming a **Constitutional Convention**
- (5) Said Convention to produce a **Constitution** after October of 2015
- (6) Circulation, publicizing of Constitution to take place through 2016, with public hearings
- (7) **Referendum** on Constitution in March, 2017 (unless funded earlier by CSL)
- (8) **Independence will be declared** by the newly elected Chuuk Government

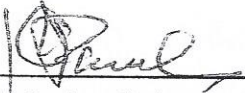
TRANSITION TO INDEPENDENCE

Nearly all of the current operations of the Chuuk State Government can be transitioned as operational bases for the new National Government of Chuuk. One essential new department to be established would be that of External or Foreign Affairs. Its creation will formalize the right of Chuuk to negotiate freely and directly with outside political actors. The transition will include the phase-out of FSM authority inconsistent with the new Chuuk government.

IN SUMMARY

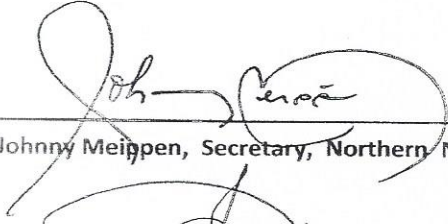
Since the outset of the Federated States of Micronesia, Chuuk's economic and social experience under its political arrangement has been less than successful. However, Chuuk's economic prospects as a new independent nation are much better in terms of both domestic revenue and foreign economic assistance. The Commission views our process toward political autonomy as a part of the aspirations of our people for improved economic and social development. Therefore, the Commission respectfully asks that the Legislature of Chuuk support the Commission's decision for secession from the Federated States of Micronesia and for the founding of a fully sovereign Republic of Chuuk. The Chuuk State Political Status Commission herewith publicly affirms these facts and makes this solemn recommendation to the Legislature.

DULY NOTED BY MEMBERS OF THE COMMISSION, SIGNATURES BELOW:



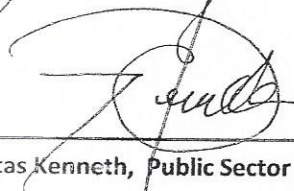
Kachutosy O. Paulus, Chairman, Faichuk

Joe Suka, Vice Chairman, Southern Namoneas



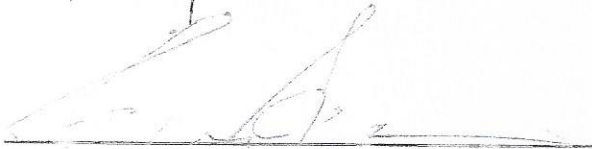
Johnny Meippen, Secretary, Northern Namoneas

Redley Killion, Northern Namoneas



Pintas Kenneth, Public Sector

Cindy S. Mori, Private Sector

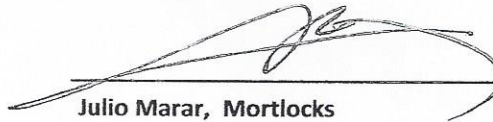


Sabino Asor, Southern Namoneas



Winiplat Bisalen, Northwest

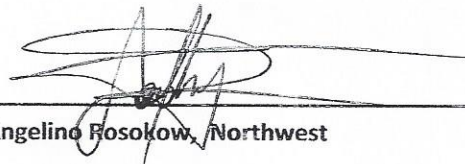
Epel Ilon, Mortlocks



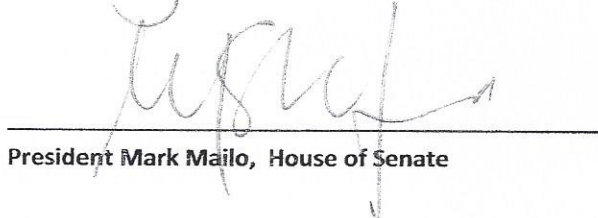
Julio Marar, Mortlocks



Karsom Enlet, Faichuk



Angelino Rosokow, Northwest



President Mark Mailo, House of Senate

Speaker Innocente Oneisom, House of Representatives

Former Members: The Commission wishes to recognize our two former members who made important contributions to the work resulting in this recommendation. Due to health reasons, Mr. Pandinos Suzuki and Mr. Masachiro Christlieb could not be present at our later meetings.

Certification

Certified this day of December 15, 2014



Kachutosy O. Paulus
Chairman



Johnny Meippen
Secretary