



**FILE
START**

TRUST TERRITORY OF THE PACIFIC ISLANDS--ARCHIVES SURVEY FORM

Primary Branch, Department, Bureau, or Office producing materials:

R & D

Subgroup of the above:

LAN

Author/Title/Date of publication (if any) of specific materials:

Subject of materials: (See schedule in TTPI Files System Manual)

TRA 2-6, POW/0-2

Brief description:

that file on Palau Superport w/ contract w/ Missio-IVAR re feasibility

Geographic area dealt with in materials: study

TTPI at large:

Individual districts: _____

Individual governments: _____

Individual islands: _____

Other: _____

Span of years covered by materials: 1975-1977

Format of information:

Correspondence: _____

Reports: _____

Clippings: _____

Other: _____

Physical arrangement of materials: (How are they organized within the file?)

Geographically: _____

Chronologically: _____

By subjects: _____

By organization: _____

Other: _____

Physical location of materials: (Area where presently located)

Office: R & D

Subgroup: LAN

File cabinet number: 77816

Drawer number: 5

File folder number: 178.26.4.1

Estimated quantity of materials: 1 folder

Recorded by: *g*

Date: 10/15/81

Disposition of originals: *rela*

Microfilm roll No.: 17

Frame #:

Computer # _____

TRUST TERRITORY OF THE PACIFIC ISLANDS--ARCHIVES SURVEY FORM

Branch, Department, Bureau, or Office producing materials:

D

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AN

Title/Date of publication (if any) of specific materials:

Set of materials: (See schedule in TTPI Files System Manual)

2-6, POW/0-2

Description:

File on Palau Superport w/ contract w/ Misra-IVAR re responsibility

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File cabinet number: 77816

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Microfilm roll No.: 17

Frame #:

STANDARD FORM 11-5705

DIR4D

TRUST TERRITORY OF THE PACIFIC ISLANDS

Office of the High Commissioner, Saipan

TO : See list below

DATE: 1 April 1977

FROM : Acting Deputy Director, Public Affairs

SUBJECT: Japanese press article on SUPERPORT

A recent summary of the Japanese press from the American Embassy in Tokyo included the following translation of an article which you may find of interest:

"CTS in Palau Islands 'Necessary for Economic Independence' NAKAMURA." (NIHON KEIZAI, March 9, 1977)

George T. Callison

George T. Callison

Addressees:

Acting High Commissioner

D/R&D

Distad Palau

Navy LNO

Status LNO

CAD

PID



178-76.4.1



April 1 1977

Mr. Solhan

D/R/R/D

CTS in Palau Islands "Necessary for Economic Independence": NAKAMURA

The concept for constructing an oil stockpiling base (CTS) in the Palau Islands in Micronesia, a US trust territory for the UN, is presenting a problem as to whether it means "economic co-operation" or "export of public nuisances." Palau Assembly Ports and Harbors Special Committee Vice-Chairman Toshio NAKAMURA, who came to Japan to look into the situation of progress on the Japanese side, etc., held a press conference at the Asia Kaikan Hall in Akasaka, Tokyo, on the 8th, and said as follows: "Whether to construct a CTS or not will be decided after seeing the results of feasibility studies, but I am in favor of carrying out feasibility studies from the judgment that it is necessary for the economic development of the Palau Islands."

This concept is designed to construct a huge tanker port and oil-transshipment and storage facilities in the Palau Islands, which are an important place for the tanker route from the Middle East to Japan through the Lombok Strait, and it is being pushed by enterprises of Japan, the US, and Iran. However, Western organizations for the protection of nature and some inhabitants of Palau are opposing this, saying, "Because of the dredging and reclamation to build a port, irreplaceable nature, including the huge coral reefs, will be destroyed." Recently, Julian GRESSER, a visiting professor at Harvard University, submitted a petition to the Lower House to re-examine the construction plan.

Vice-Chairman NAKAMURA emphasized that it is necessary for the Palau Islands to build a foundation for their economic independence by 1981, when the Islands will become free from the US trust territory, and explained that at present, there are in the said Islands hardly any industries worthy of the name, and that the number of tourists is as small as 5,000 a year.

Vice-Chairman NAKAMURA and others held talks with persons concerned at Nissho-Iwai and the Japan Industrial Bank, which are windows on the Japanese side, including Nissho-Iwai Vice-President Hachiro KAIBU. It is said that they agreed to push feasibility studies.

On the implementation of the investigation, Vice-Chairman NAKAMURA clarified the prospect that it will become clear through a public hearing of Japanese, US, and Iranian enterprises concerned and the Palau Government, which hearing is scheduled to be held in Washington on March 24 by the US Senate, the Department of Interior, and the committee concerning islands (so-called JACKSON Committee).

On the opposition movement, he said, "The coral reefs will be meaningless if they are not used for the Palau people." Thus, he expressed his dissatisfaction with the idea of being devoted solely for the protection of the environment and not considering the economic development of the local inhabitants. To prevent the environment from being destroyed, however, a request was made to the US Federal Government late last year for the implementation of environmental investigations by a neutral organization, separately from feasibility studies. He said that "(Whether or not to construct a CTS) will be decided at the intention of the Palau people" after seeing the results of the two investigations.

Three persons -- Palau Chamber of Commerce and Industry President Giracker EPPISON (TN: phonetic), a member of the above-mentioned Committee, and Masaichi ECHITERNERU (TN: phonetic), in addition to Vice-Chairman NAKAMURA -- have come to Japan this time.

RA

AGREEMENT

This Agreement executed this 30th day of April, 1976,
by and between the Government of the Trust Territory of the Pacific Islands
(hereinafter called the "Government") and Nissho-Iwai Company, Ltd./Industrial
Bank of Japan with principal offices in Tokyo, Japan, (hereinafter called
"Contractor").

WHEREAS, the Fifth Congress of Micronesia, during the First Regular
Session of 1973, adopted House Joint Resolution No. 45, declaring that
Micronesia needs to identify her natural resources in order to provide the
basis for rational planning for economic development; and

WHEREAS, the Sixth Palau Legislature during the First Special
Session of January, 1976, enacted Resolution No. 76S-1, declaring and
extending an invitation and welcome to undertake a feasibility study of
the Palau port concept, and Resolution No. 76S-3, creating the Special
Board of the Palau Legislature on Palau Port Authority; and

WHEREAS, the House of Elected Members of the Sixth Palau Legislature
during the Second Regular Session, 1976, passed Resolution No. 76(2)-1, request-
ing United States' assistance in reviewing, developing, and if desirable,
promoting and executing the energy-industry-complex known as Port Pacific at
Palau;

WHEREAS, no Government agency has undertaken to conduct a survey
to establish the viability of commercial port projects; and

WHEREAS, private industry has the technique and funds to conduct
surveys covering the specific and industrial areas of interest; and

WHEREAS, the laws of the Trust Territory of the Pacific Islands do
not presently provide for the issuance of any form of exploration and
development permits, nor is there any provision for issuing of harbor or
industrial rights, licenses or concessions to private industry and corporations
that explore and develop commercially suitable and appropriate harbor-industry
complexes; and

file Palau 178.76.4.1

*File Palau Superpart
178.76.4.1*

WHEREAS, the Contractor is competent, with experience and capability to explore and develop the possibility of a harbor complex in the Palau District; and

WHEREAS, the Contractor has demonstrated its ability and has conducted preliminary studies to explore port-industrial projects that may be of benefit to the Palau District at its own cost in 1974 and 1975.

NOW, THEREFORE, in consideration of the funds to be expended by the Contractor and the benefits to be derived by the specified District of the Trust Territory of the Pacific Islands, the Government does hereby grant unto the Contractor the exclusive right to enter into the Area described below for a period of two (2) years from the date of final approval of this Agreement for the purposes of conducting initial exploration, development and feasibility studies, and of conducting technical, environmental, economic and financial assessment to determine the commercial and technical viability of the Palau "Superport" project (a petroleum transshipment port and complementary projects) as depicted in the attached pre-feasibility report.

Exhibit A. ↗

1) AREAS:

The Areas to be covered by this Agreement are limited to the Palau District of the Trust Territory of the Pacific Islands.

2) PERMISSIONS:

General permission to enter public lands, water, reefs and shoals is hereby granted by the Government to the Contractor, subject to specific approval of the District Administrator prior to actual entry. The right to enter private lands shall be subject to permission being granted by the private landowner or his duly authorized representative, and filed with the District Administrator prior to actual entry. It is understood that the District Administrator will obtain, or assist in obtaining, such permission to enter privately owned land. It is further understood that all pertinent U.S./T.T. technical, hydrographic, geological, climatic and mapping information will be provided to the Contractor.

3) ACTIVITIES:

The techniques to be used by the Contractor in conducting its exploration and development studies will consist of standard techniques employed by engineering, economic and environmental consultants in the conduct of feasibility studies. The exploration and development study parties will include experts from a number of fields and nations. Local Micronesians will be used to perform those tasks for which they are technically competent. Transportation will be by aircraft and locally chartered boats and crews. Exploration and development study equipment, which is small and air transportable, will be brought from the United States and/or other countries. The specific activities of the exploration and development study parties will be conducted as follows:

- a) Hydrographic surveys
- b) Soils and geological survey
- c) Environmental assessment and testing
- d) Climatic and atmospheric studies and tests
- e) Core and other types of borings
- f) Other types of surveys, studies and tests required
- g) Moreover, the Contractor may ask the U.S. Government through the Government, or direct, to extend necessary assistance in extending the specific activities as stated in a) and f).

Any specific exploration activities will be conducted as follows:

- A. Core drilling will be conducted with a portable core drill which will be operated on shore through the use of a tripod and in shallow water from a conventional boat or "Zodiac" rubber boat. The cores will be approximately three inches in diameter and will be carefully examined and the mineral description recorded by the exploration party.
- B. Sampling - Water samples will be taken in certain areas, analyzed and the data recorded. Sediment samples will be taken by scuba divers (oceanographers) and auger equipment, examined and recorded.
- C. Seismic Surveys will be conducted in certain areas to secure

reflections indicating possible depths of mineral accumulations. The equipment will be small transportable equipment that does not require the use of explosives or affect the environment.

4) INFORMATION:

a. The Contractor will submit a technically competent and accurate feasibility study to the Director, Resources and Development, Trust Territory, covering its activities and conclusions and which will show:

1. Areas explored.
2. Site selection alternatives.
3. Geological descriptions of the Area.
4. Location where cores and samples were taken.
5. Testing and sampling techniques which were employed.
6. Maps describing Contractor's activities.
7. Engineering designs and calculations.

b. The report will be submitted within ninety (90) days after termination or cancellation of this Agreement, or termination of exploration and development study activities, whichever is earlier.

c. The reports submitted by the Contractor will be treated by the Government as the property of the Contractor, and confidential as such, for a period of five (5) years after submission of the above report or until earlier released by the Contractor and may only be released by the Director, Resources and Development, Trust Territory, to authorized Government personnel during this period. After the above five (5) years (or earlier release by the Contractor) the information will be in the public domain.

5) ENVIRONMENTAL:

The Contractor will comply with all applicable Trust Territory and United States laws, rules and regulations relating to environmental protection. The Contractor will conduct its operations in a manner that will cause as little disturbance to the Area and its environment as possible. It is expected that the activities of the Contractor will have minimal environmental

effect and will be undetectable upon completion. The Contractor will not litter the Area and will insure that trash is properly disposed of and the Area generally cleaned up before departure. The Government has the right to suspend exploration activities at any time it determines such activities are harming the ecological balance of the Area. The Contractor shall have the right to have any decision reviewed by an appropriate forum as prescribed by law.

6) GENERAL:

a. The Contractor will conduct its operations in a diligent and professionally competent manner.

b. The Contractor will indemnify, save and hold harmless the government of Palau District and the Trust Territory, and their respective officers, agents and employees, from any and all suits and claims whatsoever for death and injury to persons, or damage to or destruction of real or personal property, or for any trespass to private lands that may result from the activities of the Contractor pursuant to this Agreement.

c. If the initial reconnaissance and feasibility study conducted pursuant to this Agreement indicates the feasibility of the project or projects considered and further study is required, and if the Contractor has complied with the terms and conditions of this Agreement, the Government will recommend to the District Foreign Investment Board having cognizance of this matter that a Business Permit will be granted to the Contractor with the exclusive right to enter into specific areas and conduct additional study and engineering activities designed to further detail the extent and scope of such projects and, if commercially viable in the judgment of the Contractor, to develop and execute such projects subject to such terms and conditions as the Government shall prescribe.

d. In the event the Contractor fails to diligently and competently perform the exploration and development study activities set forth in this Agreement or fails to comply with any law or regulation of the Trust Territory or of the United States, the Director, Resources and Development of the Trust

Territory shall notify the Contractor. If the Contractor fails to cure the default within thirty (30) days after notification, the Government may terminate this Agreement.

e. The rights granted to the Contractor under this Agreement are for the purpose of conducting exploration and development study activities to determine the economic, technical and environmental feasibility of the Palau superport concept and its complimentary projects. The Contractor shall not have the right to conduct any business under this Agreement, and shall limit its activities to the explorations and studies above described.

f. The rights granted hereunder to the Contractor shall not be assigned except as authorized by the Government, but the Contractor may use competent subcontractors subject to Government approval to perform all or part of the exploration and study activities.

g. The Contractor will comply with all applicable United States and Trust Territory, district and municipal laws, ordinances and regulations.

IN WITNESS WHEREOF, this Agreement is executed as of the year and day first above written.

APPROVED AS TO FORM:

TRUST TERRITORY OF THE PACIFIC ISLANDS

By *Richard I. Miyamoto*
RICHARD I. MIYAMOTO
Attorney General 4/24/76

By *Peter T. Coleman*
Peter T. Coleman
Acting High Commissioner

APPROVED:

NISSHO-IWAI COMPANY, LTD.

By *Messrs. O. G. Hansen*
District Administrator
Palau District

By *Hashiro Kalfu*
H. Kalfu, Executive Vice President
30, April, 1976.

INDUSTRIAL BANK OF JAPAN

By *Toshihiro Tajima*
T. Tajima
Managing Director 30, April, 1976

ADDENDUM NO. 2

This ADDENDUM, made this ____ day of _____, 197__,
by and between the Government of the Trust Territory of the Pacific Islands
(hereinafter called "Government") and the Nissho-Iwai Company, Ltd./Industrial
Bank of Japan with principal offices in Tokyo, Japan, (hereinafter called
"Contractor").

Whereas the parties to this agreement entered into a certain AGREEMENT
dated April 30, 1976, and said AGREEMENT was amended by ADDENDUM NO. 1 dated
May 4, 1976, (which said AGREEMENT and ADDENDUM are expressly incorporated
herein by reference and hereinafter referred to as ORIGINAL AGREEMENT);

Whereas the parties mutually desire to modify said ORIGINAL AGREEMENT
by deleting certain paragraphs thereto and inserting substituted clauses
therefor as hereinafter specifically set forth; and

Whereas the parties mutually intend that the substituted clauses shall
modify the ORIGINAL AGREEMENT and that the deleted paragraphs shall be of
no further effect;

NOW, THEREFORE, in consideration of the execution of this agreement
between the parties and other good and valuable consideration, said ORIGINAL
AGREEMENT is hereby modified only as hereinafter set forth:

First, the third paragraph on the second (page -2-) page of the ORIGINAL
AGREEMENT which paragraph begins "NOW, THEREFORE," continues for eleven (11)
lines, and ends with "Exhibit A" is modified by the addition and insertion
of the following clause at the end of said third paragraph:

"The Government reserves the right to use its own
experts or contract for the use of outside experts
to prepare similar feasibility studies as the
Government deems fit and proper for the interests
of the public."

Second, the paragraph designated "4)c." located on the fourth (page -4-) page
of the ORIGINAL AGREEMENT is deleted in its entirety and the following
clauses are inserted in lieu thereof:

"4)c. The reports submitted by the Contractor to the
Government involving environmental factors, cultural
factors of the people, conflicts of interest, ecological
factors and geological factors will be in the public
domain and will be available to interested parties after
review by the Government. Reports containing proprietary

Attorney General

Date: _____

APPROVED:

By: District Administrator
Palau District

Date: _____

Acting High Commissioner

Date: _____

NISSHO-IWAI COMPANY, LTD.

By: H. Kaifu
Executive Vice President

Date: _____

THE INDUSTRIAL BANK OF JAPAN, LTD.

By: T. Tajima
Managing Director

Date: _____

November 2, 1975

Dr. V. Elliott Smith
Consultant, Lake Research
Department Institute of Science
300 Lake View Road
Bloomfield Hills, Michigan 48305

Dear Dr. Smith:

Sorry to be so long in answering your letter of November 18, concerning
my monitoring by satellite. I am particularly interested in such a
project because of the paper timber you are being discussed for Palau.
Earlier aerial photographs studies of Palau have been made and are on record
in the Land Management office in Suva. I am sending a copy of your letter
to the Chief Land Management Officer suggesting that he contact you on the
availability of aerial photographs of Palau.

A study should include the low road areas where the paper timber you
are interested and perhaps the high island portion in the north region.
The low islands are well known by local biologists and a satellite picture
could be interpreted accordingly. The northern roads are less known and
would require a biological survey before comparisons could be made.

I would be willing to help on the identification of various habitats in
Palau were such a study to be made and I look forward to hearing from you
further on your study progress.

Sincerely,

James P. McVey
James P. McVey
Chief, WCC

JPM:at

Mr. Bob Jones
Chief, Land Management



MS 76.4

November 2, 1975

Dr. V. Elliott Smith
Coordinator, Lake Research
Chromobot Institute of Science
500 Lone Pine Road
Bloomfield Hills, Michigan 48307

Dear Dr. McVey:

Sorry to be so long in answering your letter of November 14, concerning reef monitoring by satellite. I am particularly interested in such a project because of the major timber port being discussed for Palau. Earlier aerial photographs studies of Palau have been made and are on record at the Land Management office in Saipan. I am sending a copy of your letter to the Chief Land Management Officer requesting that he contact you on the availability of aerial photographs of Palau.

A study should include the low tide areas where the major timber port would be constructed and perhaps the reef island section in the south lagoon. The reef islands are well known by local biologists and a satellite picture could be interpreted accordingly. The northern reefs are less known and would require a biological survey before comparisons could be made.

I would be willing to help on the identification of various habitats in Palau were such a study to be made and I look forward to hearing from you further as your study progresses.

Sincerely,

James P. McVey
James P. McVey
Chief, MRC

JPM:at

Mr. Bob Owen
Chief, Land Management



MR. 76.4

CROCHET INSTITUTE OF SCIENCE

November 6, 1975

Dr. James McVey, Director
Marine Mariculture Demonstration Center
Koror (Palau)
Western Caroline Islands 96940

Dear Dr. McVey:

The enclosures will fill you in on some work that I am currently doing on reef monitoring by satellite. Bob Johannes suggested that I contact you and Mr. Robert Owen for some advice that I need.

In brief, we have established that zonation on the Great Barrier Reef can be mapped and inventoried effectively using LANDSAT (ERTS). Next, I would like to look at some other reef systems for comparative purposes, and Palau is one of the few areas in Micronesia for which there is already good data. Essentially, what I would need to do this is, first, some fairly recent aerial photographs (color or B&W) of the reef/island area -- at least some representative parts of it. Secondly, I would need the help of someone in Palau to select (in the photos) sites that represent some typical reef, lagoonal and island zones that it would be desirable to map. Such examples for the Great Barrier Reef are shown in the color image. Clearly, the more specific we can get the better, but that depends a great deal on someone's first-hand knowledge of the area. This will be the first time atoll reefs have been surveyed by this method, so we are learning as we go.

I heard recently that a major harbor facility is proposed for Palau. If that comes to pass, this kind of survey would provide an excellent base of information about prior conditions on the reef (coral cover, etc.) and a means to monitor any future impact of the port on it. Actually, I hope it never happens, but I still want to use Palau as a test area.

So, if you can suggest anything as to availability of the aerial photos and a local authority on habitats, I will be grateful. I look forward to hearing from you and/or Mr. Owen.

Sincerely,

V. Elliott Smith

V. Elliott Smith
Coordinator, Lake Research

2 Enclosures
CC: Mr. Robert Owen

500 Lone Pine Road Bloomfield Hills, Michigan 48307 Tel. (313) 645-3200



**FILE
END**