

**BRIEFING PAPERS
1988 PBDC WINTER MEETING**

DRAFT

Bureau of Planning

1988 WINTER MEETING
Board of Directors
Washington, D.C.
February 24, 1988

PRELIMINARY DRAFT AGENDA

Saturday, February 20, 1988

10:00 a.m. TECHNICAL ADVISORY COMMITTEE
Concord Room, Hyatt Regency Hotel
(by invitation only)

Wednesday, February 24, 1988

7:30 a.m. GOVERNORS (only) BREAKFAST
Valley Forge Rm., Hyatt Regency Hotel

9:00 a.m. CALL TO ORDER
Room, Hyatt Regency Hotel

- o Governor Joseph F. Ada, President

APPROVAL OF PRELIMINARY AGENDA
[Tab A.]

APPROVAL OF 1987 ANNUAL MEETING
MINUTES [Tab C.]

INTRODUCTION OF GUESTS [Tab B.]

- o Governor Joseph F. Ada

1987 ANNUAL MEETING UPDATE

- o Jerry B. Norris

9:30 a.m. WEATHER RECONNAISSANCE IN THE PACIFIC

- o Deputy Secretary Clarence J. Brown
U.S. Department of Commerce
- o Senator Daniel K. Inouye

10:00 a.m. BROWN TREE SNAKE UPDATE

- o Assistant Secretary William F. Horn
U.S. Department of the Interior
- o Col. Robert W. Clegern, U.S. Department of Defense
- o Deputy Assistant Secretary Karen K. Darling
U.S. Department of Agriculture

10:30 a.m. PBDC/DOT OCEAN STUDY & PORT DEVELOPMENT UPDATE

- o Assistant Secretary Matthew V. Scocozza
U.S. Department of Transportation
- o Maj. Gen. Henry Hatch
U.S. Army Corps of Engineers
- o Carolyn Imamura

10:45 a.m. AVIATION PROGRAMS UPDATE

- o Assistant Secretary Matthew V. Scocozza
U.S. Department of Transportation

11:00 a.m. AVIATION SECURITY ISSUES IN THE PACIFIC

- o Assistant Secretary Matthew V. Scocozza
U.S. Department of Transportation
- o FAA Administrator T. Allan McArtor
U.S. Department of Transportation
- o FBI Special Agent Eugene Glenn
U.S. Department of Justice

DRAFT

MEETING RECESSSES for Executive Session
(by invitation only)

12 noon

GOVERNORS LUNCH (by invitation only)

MEETING RECONVENES

AGRICULTURAL DEVELOPMENT IN THE PACIFIC

- o Jerry B. Norris, Ray Lett

ECONOMIC DEVELOPMENT IN THE PACIFIC

- o Assistant Secretary Orson Swindle III
U.S. Department of Commerce

TOURISM AND AIR SERVICE IN THE PACIFIC

- o Governor John Waihee
- o Deputy Assistant Secretary Mark Hayward
U.S. Department of the Interior

EXCLUSIVE ECONOMIC ZONE - FUTURE PLANS

- o Governor John Waihee
- NOAA FEDERAL-STATE PARTNERSHIP PROPOSAL
- o Mr. Dallas Miner, U.S. Department of Commerce
 - o Mr. B. Kent Burton, U.S. Department of Commerce

BUSINESS SESSION:

Financial Report [Tab .]
Audit Status

- o Jerry B. Norris

OTHER BUSINESS

- o Time and Place of 1988 Annual Meeting
- o Closing Remarks

ADJOURNMENT

JBN/
2/ /88

DRAFT

1987 ANNUAL MEETING UPDATE

The following items were extracted from the minutes of the PBDC meeting in Saipan. Governor Ada could ask PBDC staff to provide updated information on these items.

1. Status of funding for the American Pacific Directory to Francisco Uludong.
2. Update on Hawaii's Pacific Basin Health Promotion and Development Center. (For your information, Hawaii obtained 66% of the \$1.5 million appropriated under the Pacific Health Initiative program while Guam got only \$50,000.)
3. Update on the National EEZ meeting held in November.
4. Update on PBDC activities to deregulate tuna.
5. Update on status of the PBDC - requested exemption to Executive Order 12372 relating to the federal grants notification process (formerly known as State Clearinghouse).
6. Discuss PBDC's involvement with the Pacific Post-Secondary Education Council.
7. Status of U.S. Forestry's efforts to determine the types of trees to plant under powerlines and along roadways.
8. Status of legislation on taxing intraregional cargo and passenger lines.
9. Status of printing the office of Technological Assessment papers developed for the report "Integrated Renewal Resource Management in the U.S. Affiliated Islands".

WEATHER RECONNAISSANCE IN THE PACIFIC

No information is available on this subject

BROWN TREE SNAKE - UPDATE

The Brown Tree Snake Task Force, chaired by Guam Department of Agriculture, with representatives from other Government of Guam agencies, Commonwealth of the Northern Mariana Islands, U.S. Navy and U.S. Air Force, have been meeting to discuss the problems and investigate potential solutions to the snake problem in the Pacific.

The following actions are recommended:

1. The PBDC should request the U.S. Department of Agriculture to declare the Brown Tree Snake as an agricultural pest which may impact the islands of the Pacific.
2. Request the USDA to provide assistance by having the Animal Damage Control Unit of USDA work to develop effective snake fumigants and artificial bait.
 - a. Fumigants to be used to prevent snakes spreading to other snake free areas via surface and air cargo.
 - b. Artificial bait or toxicant to control the snake population on island.
3. Request that the military (Air Force and Navy) commit themselves to continued financial support.
4. Request continued financial support from Department of Interior.

BROWN TREE SNAKE EAST PACIFIC
August 12, 1987
9:00 AM. - ADELUP CONFERENCE ROOM

AGENDA

1. New Members and Guests
2. Minutes
3. Communications
4. Committee Reports
 - a. Exclusion
 - b. Information & Education
5. Old Business
 - a. Status Report
 1. USFWS - Tom Fritts
 2. GPA Project Report - Annette Donner/Oliver Wood
 3. USDA - Animal Damage Control
 4. Division of Aquatic & Wildlife Resources
6. New Business
 - a. Brown Tree Snake - Containment and Exclusion
 1. Strategies for Reducing Snake Introductions to Other Pacific Islands From Guam - Tom Fritts
 2. CNMI Exclusionary Protocol - Mr. Phil Glass
 3. Private Sector Efforts - Marianas Audubon Society
 4. General Discussion
 - a. Agency Responsibilities
 - b. Educational and Training Needs
7. Next Meeting Date - 9/12/87 (Wednesday) 9:00 AM.

with

BROWN TREE SNAKE TASK FORCE

MINUTES

August 12, 1987



The fourth meeting of the Brown Tree Snake Task Force was held at 9:00 a.m., on August 12, at the Governor's Conference Room, Adelup. Robert D. Anderson presided as Acting Chairman.

Task Force Members present were:

Jeffrey L. Frye
Al Guerrero
Vince Santos
Bruce Reinhardt
John Anderson
J.T. Aguigui
Jesus C. Pablo
Oliver Wood
Tom Fritts
Phil Glass

COMNAV Marianas
Guam Airport Authority
College of Agriculture, UOG
43CSG/DEEV, AAFB
Bureau of Planning
Customs & Quarantine
Navy Public Works
Guam Power Authority
U.S. Fish & Wildlife Service
CNMI, Fish & Wildlife Division

Guests present were:

Paul Conry

Marianas Audubon Society

Task Force Members absent were:

Bev Borja
Bill Snell
Wilton Mackwelung

Port Authority of Guam
USDA-APHIS-PPQ
FSM Liaison Office

The minutes of the last meeting were accepted as read.

Communications

1. Letters of invitation from Pacific Basin Development Council to Mr. L. Shotton, Naval Facilities Engineering Command, Al Marmelstein, U.S. Fish and Wildlife Service, and Col. Charles Tatum, Andersen Air Force Base, to attend PBDC meeting on Saipan August 23-25 at which Brown Tree Snake is on agenda.
2. Instruction from Governor of Guam via Bureau of Planning to prepare short briefing paper for Governor regarding Brown Tree Snake.
3. Letter from Mr. L. Shotton, Naval Facilities Engineering Command, Washington, D.C., transferring \$50,000 to USFWS National Ecology Center.

2. Guam Power Authority - Oliver Wenzel, Director, described the funding arrangement for the snake-electrical system investigation. Approximately \$80,000 has been committed for a one-year study, with Guam Power Authority providing some direct funding and logistical support, the Department of the Interior providing some operating costs, and the U.S. Fish and Wildlife Service providing salary support. Dr. Fritts added that once Department of the Interior determined that there is in fact an electrical problem, they became appreciative of the snake problem in general and asked that he develop a general strategy for long-term research and informational technology needs for the overall problem.
3. U.S. Department of Agriculture - Acting Chairman Bob Anderson told the members that a reply had been received to the Governor's request dated June 15, 1987 to the Secretary of Agriculture regarding research assistance from the Animal Damage Control (ADC) program of the U.S. Department of Agriculture. The requested assistance was denied in a letter dated July 31, 1987 from Ms. Karen K. Darling, Deputy Assistant Secretary for Marketing and Inspection Services. Her letter maintained that "...Because the brown tree snake is not considered primarily as an agricultural pest, we do not believe that it is an appropriate subject for ADC research..." This position is particularly unfortunate as the USDA ADC research program is uniquely qualified to perform certain types of needed research, particularly that necessary to test, develop, and register toxicants for the control of the snake. This program, which until last year was a part of the U.S. Fish and Wildlife Service, has long experience in the development of chemical controls for many pests including vampire bats, coyotes, various birds and various rodents, and their expertise and facilities could be invaluable in developing toxicants for brown tree snakes.

The denial of this request was discussed at length. It was recommended that the Governor send another letter to the Secretary of Agriculture requesting that the matter be reconsidered on the grounds that the brown tree snake is an agricultural pest on Guam and it poses a significant threat to the agricultural economies of other islands in the Pacific Basin. Specific arguments for this position are:

1. Although Guam does not have a large commercial poultry industry, there is some commercial egg production and a great deal of subsistence-type poultry and other livestock production. Brown tree snakes are a significant problem particularly for the subsistence-level producers, as they eat eggs and chicks, kill chickens, ducks, rabbits, baby goats, piglets, and even puppies. Some persons have even had to abandon raising pigeons because of snake depredation. Subsistence-level poultry and livestock production is a major part of the economies of many areas in the Pacific Basin, and the introduction of the brown tree snake into these areas could have disastrous consequences.
2. There is a significant threat to the export of agricultural products from Guam because of the presence of the brown tree snake here. Because of the great risk of this snake being accidentally introduced to other insular areas, it is conceivable that other island groups could embargo or quarantine shipments of agricultural commodities and other goods from Guam unless expensive measures are taken on Guam to ensure that such shipments are snake-free. Hawaii State Senate Resolution No. 82, S. D.-1 was cited as an example of the great concern expressed by other island groups regarding the threat of

measures are not forthcoming, it is very possible that the next step could be to impose special quarantine measures if not an outright embargo on Guam products. Should the snake become established on other islands, similar export constraints could threaten their agricultural economies as well.

3. The brown tree snake may also be viewed as being responsible for increasing Guam's susceptibility to the establishment of exotic insect pests through the near eradication of Guam's populations of both native and exotic birds. Because of the elimination of insect eating birds, it may be much easier for exotic insect pests that are accidentally introduced to become established. Guam already suffers greatly from a number of insect pests of agriculture that perhaps may not have become established on Guam had we a normal population of insectivorous birds.

It was also recommended that the Governor raise this issue with the Pacific Basin Development Council. The governors of the other island groups represented in PBDC may desire to forward their own individual requests to the Secretary of Agriculture supporting the need for USDA ADC research participation in the brown tree snake problem. PBDC itself may desire to petition the Secretary of Agriculture for such assistance by resolution.

Other suggestions that were made include the declaration of the brown tree snake to be an agricultural pest by Executive Order of the Governor, by Resolution of the 19th Guam Legislature, or by other appropriate means, as well as documentation of the actual impact of the snake on agriculture, perhaps through surveys of farmers conducted by Agricultural Extension Agents.

4. Division of Aquatic and Wildlife Resources - Acting Chairman Bob Anderson announced that the Division had recently experienced a change in staff, with Julie Savidge leaving Guam to accept other employment. He informed the Task Force that a position had been approved for a Biologist III with a specialty in herpetology, and that an advertisement for the position had appeared in the Pacific Daily news on August 12. He said that several inquiries had been received from off-island candidates and that the Division was aggressively pursuing the recruitment of a qualified herpetologist.

New Business

Acting Chairman Bob Anderson introduced the main topic for discussion as "Containment and Exclusion Policies and Protocols" and then introduced the following guest speakers. It be followed by a general discussion of this subject.

1. Dr. Thomas Fritts briefly discussed main points contained in a short paper entitled "Strategies for Reducing Snake Introductions to Other Pacific Islands", a rough draft of which was distributed to all Task Force Members present. This paper included an outline of procedural steps for preventing the dispersal of snakes to other islands. Copies of suggestions prepared by Dale Rush, USDA/APHIS regarding the prevention of inter-island dispersal were also distributed as discussion resource material.
2. Mr. Philip Glass from the Division of Fish and Wildlife, Commonwealth of the Northern Mariana Islands, described a snake response and exclusion protocol.



GOVERNMENT OF GUAM
A FREE ASSOCIATED STATE

00000000

JUN 10 1987

The Honorable Richard E. Lyng
Secretary of Agriculture
Department of Agriculture
14th St., & Independence Avenue SW
Washington, D.C. 20250

Dear Mr. Secretary:

The brown tree snake Boiga irregularis, an exotic, which became established on Guam has become a serious pest. In recent years, the number of this snake has increased to such a proportion that its predation on our native birds has caused the extinction of three of the five endemic species and the near extinction of the other seven indigenous species.

Beside the impact on the avifauna, this snake has become responsible for frequent causes of power outages throughout the island. The frequency and extent of snake related power outages have resulted in incalculable losses to the business community as well as to the members of this community. The military activities on Guam are equally affected by these frequent power outages.

The brown tree snake although not a large snake is very aggressive. There have been many incidents of this snake attacking infants and young children as well as adults. It is considered a venomous snake, however, we have been very fortunate in that there has been no fatality attributed to snake bites.

Because Guam is considered the commercial center of the Western Pacific, heavy movement of air and surface cargo and material, both civilian as well as military from Guam occur at a very high frequency to all areas of the Western Pacific.

The occurrence of a high density of snake on Guam greatly increases the probability of this snake being transported to the snake-free areas in the Pacific in the cargo and material transported from Guam.

I am greatly concerned about the impact of this snake and have recently formed a Brown tree Task Force comprised of representatives from the Government of Guam Agencies and Federal and Military Organizations. I am depending on this Task Force to coordinate efforts to reduce or eliminate the impact of this snake on Guam and to devise ways and means to restrict the proliferation of this snake to the other snake-free areas in the Western Pacific. The State of Hawaii and the Commonwealth of Northern Marianas also have been greatly concerned about the transport of this snake from Guam.

The task of controlling and reducing the number of this snake on Guam is quite overwhelming. The island lacks the personnel with knowledge and experience to tackle such a task. I am therefore soliciting your assistance in obtaining technical assistance from the

* Approved by the U.S. Forest Service for use up to and including one-half ounce per acre of fungicides, herbicides, insecticides as bait and any other means to control ticks and

Your consideration will be appreciated.

Sincerely yours,

Sincerely yours,
Joseph F. Ada
Governor

JOSEPH F. ADA
Governor

cc: Agriculture ✓



DEPARTMENT OF AGRICULTURE
OFFICE OF PLANTS, SOILS, AND WATER
WASHINGTON, D. C. 20250

July 31, 1987



Honorable Joseph F. Ada
Governor of Guam
Agana, Guam 96910

Dear Governor Ada:

Thank you for your letter of June 15, 1987, concerning the brown tree snake.

We certainly sympathize with the problem that this pest causes the people of Guam and understand your interest in the development of effective ways to control it. Abatement of agricultural depredation is the primary goal of our Animal and Plant Health Inspection Service's Animal Damage Control (ADC) program. Because the brown tree snake is not considered primarily as an agricultural pest, we do not believe that it is an appropriate subject for ADC research. However, ADC personnel will be pleased to share available technical information on the control of the brown tree snake.

Officials with the Department of the Interior have recently informed us that they are working with officials in Guam to determine a feasible means to control this pest. The Director of the ADC National Technical Support Staff will provide technical advice to these officials as they proceed with this important undertaking. We are hopeful that this cooperative effort will result in relief from this pest for the people of Guam.

We appreciate the opportunity to address your concerns.

Sincerely,

Karen K. Darling
Deputy Assistant Secretary
Marketing and Inspection Services





DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

October 20 1987



Honorable Joseph F. Ada
Governor of Guam
Agana, Guam 96910

Dear Governor Ada:

Thank you for your letter of September 1, 1987, concerning the brown tree snake.

We recognize the serious problems this pest is causing on Guam and the threat it poses to other Pacific islands. I would like to discuss this matter with you personally when we are together in Hawaii November 30-December 4.

In the meantime, our APHIS Animal Damage Control personnel will be pleased to share technical information and advice on controlling the brown tree snake.

We look forward to the opportunity to further address your concerns.

Sincerely,

Karen K. Darling
Deputy Assistant Secretary
Marketing and Inspection Services



PBDC/DOT OCEAN STUDY AND PORT DEVELOPMENT UPDATE

As per an MOA between PBDC and DOT, an Ocean Transportation Study was undertaken. The major study objectives are:

1. To identify ocean transportation issues and needs;
2. To determine existing waterborne cargo movements;
3. To determine existing waterborne passenger movements;
4. To develop port profiles containing information on physical facilities, cargo and passenger movements, and financing.

It was estimated that the project would be completed in about 6 months. The joint PBDC/DOT/DOI - local government field work for this study was undertaken in April-May 1986; PBDC provided logistical and program support for this effort.

A final report was submitted on September 30, 1987 to the U.S. Department of Transportation; printing and distribution was expected by the end of the calendar year.

In regard to Port development, a major policy analysis was undertaken by PBDC staff to determine the viability of port development through the assessment of user fees. Additionally, changes in financing of infrastructure through the use of tax-exempt, industrial revenue bonds was the focus of considerable Congressional attention. Because of the implications of the tax code change related to the ability to finance transportation infrastructure, PBDC staff monitored these proposed changes.

Reports to the Governors will be made by U.S. DOT Assistant Secretary Matthew U. Scocozza (Ocean Study) and U.S. ACOE Major General Henry Hatch (Port Development).

AVIATION PROGRAMS

There are three main aviation programs that Guam and PBDC have been concerned about over the years - Airport Improvement Program; Essential Air Services Program; and Consumer Complaints Program. These programs and actions that should be pursued are described below.

Airport Improvement Program (AIP)

The AIP is a federal grant program administered by FAA under which monies are made available to the Guam Airport Authority (GAA) for the planning and development of airports. AIP monies are derived from the National Airport and Airway Trust Fund from taxes and user fees including an 8% tax on airline tickets, a \$3.00 international departure fee and a 12¢ and 14¢ per gallon tax on general aviation gas and jet fuel respectively, among others. Between 1982 - 1987, GAA received \$9,151,192 under this program or over \$1.5 million per year. As of November 1987, the Senate and House passed 2 somewhat different bills to continue the program which would have expired in 1987.

As the different bills have presumably been conferenced by the House and Senate, the Governor should request detailed information on the final bill including:

1. The funding for PBDC member governments and Guam in particular;
and
2. Whether or not monies can be used for acquisition of private land affected by high noise levels and aircraft accidents.

The Governor might also inquire about the \$3.00 international departure tax which has been discussed as a possible revenue source for funding customs, immigration and agricultural inspections at U.S. ports of entry (e.g., Hawaii). The \$3.00 tax is collected by airlines on Guam even for departures to the U.S. However, Guam is not considered a US port of entry and conducts its own customs and agricultural inspections which cost over \$1.3 million and \$100,000 respectively for FY 1987.

Essential Air Services Program (EAS)

The EAS is basically an insurance program that assures continued air passenger service from a U.S. point with minimal service to a U.S. hub from which many flights depart. Guam's EAS determination developed by DOT in 1984 consists of:

1. Non-stop jet service to Honolulu
2. A minimum of 1990 available seats per week
3. A minimum of 4 weekly round trip flights per week
4. All service to be scheduled to afford reasonable access to connecting flights at our hub, Honolulu.

If airline passenger service drops below the EAS level listed above, the federal government will contract with other available airlines and subsidize airline service up to the EAS level.

The EAS program was to have terminated on October 4, 1988 as a result of federal deregulation policies. However, it is our understanding that the program has been extended for another 6 years.

The Governor should inquire about the possibility of an EAS determination for cargo service. All PBDC members are concerned about this issue as disruptions in cargo service have occurred in the past.

Consumer Complaints Program

As a result of federal deregulation of airlines, greater emphasis has been placed by Congress and the States on the Department of Transportation (DOT) consumer complaints program. This program essentially provides a mechanism for consumers to lodge official complaints such as lost baggage, unreasonable delays, near-collisions, etc. to DOT. Thus far, the key to success of this program is a DOT toll-free telephone line which is not available for use in the territories.

On February 25, 1987, the PBDC Governors signed a memorandum of understanding that allows each member government to establish their own consumer complaints program in collaboration with the DOT program. On Guam, the GAA created its program which involves the collection and transmittal of complaints to the DOT.

Information generated from the National Consumer Complaints program is published in an airline "report card" that describes the performance of each airline. All that Guam should do is ensure that the report card specifically describes the performance of airlines in the PBDC area and that this information is widely distributed in each PBDC member area.

DATE: 11/22/87 RUN TIME: 10:07:59

STATUS OF GUAM

ALL FEDERAL FUNDS
STUDIES) GU
ALL GRANT MONIES
ALL STATE FUNDS
ALL OTHER FUNDS

AIRPORT IMPROVEMENT PROGRAM

FEDERAL
FUNDS (AIF)

WORK DESCRIPTION

656,624 -

PURCHASE LAND FOR AIRPORT
DEVELOPMENT (3 PARCELS -
APPROX 5.35 AC)

3,144,143

REPLACE SECURITY FENCE; EXT
FIRE HYDRANT SYSTEM TO APRON;
CONSTRUCT GUARD HOUSE AND ADD
SECURITY FENCE; CONSTRUCT FCC
FACILITY OVER UNGROUND UTIL;
CONSTRUCT SERVICE ROAD TO
SLUDGE; INSTALL AIRCRAFT GUIDE
IN SYSTEM; TIEDOWNS AND APRON
LIGHTING

2,159,293

REIMBURSEMENT OF LAND FOR
AIRPORT DEVELOPMENT

2,130,814

CONSTRUCT ACCESS ROAD (SITE
PREPARATION); INSTALL
GUARDRAIL; RELOCATE SECURITY
FENCING

947,818

CONSTRUCT TERMINAL BUILDING
(REIMBURSEMENT)

9,038,692

SITE TOTAL

112,500

MASTER PLAN STUDY

112,500

SITE TOTAL

9,151,192

STATE TOTALS

AGANA

01

82

AGANA

AGANA

03

84

AGANA

04

86

AGANA

05

87

AGANA

01

86

GUAM - NEW

GUAM INTERNATIONAL
AIR TERMINAL

GUAM INTERNATIONAL
AIR TERMINAL

GUAM INTERNATIONAL
AIR TERMINAL

GUAM INTERNATIONAL
AIR TERMINAL

GUAM INTERNATIONAL
AIR TERMINAL

The Guam EAS. As indicated earlier, most Pacific points (except Pago Pago, American Samoa) were given EAS determinations after the initial early 1980 orders; Guam is the most recent EAS designee, receiving its determination in 1984. The Territory had initially petitioned for eligibility in 1981, following the Pan American notice to reduce service to Guam.(14) It's efforts to obtain a determination from the U.S. Civil Aeronautics Board was complicated by a pending suit (Delta Airlines vs. CAB, D.C. Circuit Court).

The Delta case ruling essentially barred the CAB providing for Guam's EAS eligibility, basically stating that "Section 419(a)(2) required the Board to establish essential air service levels for communities that were served by not more than one certificated air carrier on the date that the Airline Deregulation Act of 1978 was passed, and for other communities whose service later drops to not more than one such air carrier." (15)

This situation remained until Public Law 98-213, Section 10. was adopted on December 8, 1983. The amendment provided that: "The Board may, after considering the views of any interested community, the territory of Guam and appropriate federal agencies, determine what is the essential air transportation for Guam without regard to whether it is being served by more than one air carrier holding a certificate issued under Section 401 of this title." (16)

who introduced this amendment

Pan American pioneered Guam's commercial aviation industry in 1936. That Guam service was part of the San Francisco to Manila, China Clipper route via Honolulu. Tokyo was added to the network in May 1967. Although much change transpired in Guam's aviation history between 1936 and the late 1970's, the prime considerations impacting the Guam EAS case study occurred in the recent years and discussions will be limited to this period. Pan Am's service was 7 days each week via B-747s. The flights originated in San Francisco and Los Angeles via Honolulu and continuing on to either Manila or Tokyo. A series of cutbacks began in 1977.

In November 1978, Continental Airlines inaugurated direct Honolulu/Guam service three times a week with a DC-10. For a short time

in 1979, there were 10 weekly flights from Guam to Honolulu. But this situation lasted for less than one year.

Enter Braniff International. In July 1979, they initiated Guam/Honolulu/Los Angeles service with B-747s and a 3 times weekly frequency. Again and for a short time, frequencies rise to 10 per week. Then in the same year, Braniff dropped Honolulu service and the flights became nonstop runs between Guam and Los Angeles. A little more than a year after its inaugural steps into the Guam market, Braniff left the Guam air service picture in October 1980.

As the Braniff route restructuring and suspension process is occurring, Pan Am received CAB approval to reduce one of its weekly frequencies. Now, Guam is down to 6 flights per week.

As indicated by TS Figure 22. [Part 5.], a number of carriers served Guam in 1980: Continental/Air Micronesia, Pan American, Braniff International, Japan Airlines, and Air Nauru; since Japan Airlines and Air Nauru are limited by international cabotage prohibitions against carrying U.S. passengers between American points, their respective contributions to the aviation history of Guam/Honolulu service will not be discussed. Additionally, Continental/Air Micronesia service to Asia grew during the period discussed, but will not be covered due to the EAS focus of this case study.

Northwest Orient Airlines is frequently missed in discussing Guam's service. In April 1981, Northwest initiated Guam/Tokyo flights, thereby linking Guam to Honolulu twice weekly with its B-747s (via Tokyo). (Northwest's frequencies are now up to 3 per week and additional Tokyo service via Saipan are being proposed.)

In June 1981, Pan American proposed to reduce its Guam frequency by one flight per week. It cited cost savings which would be secured through direct West Coast to Tokyo flights as its primary reason. The new West Coast/Tokyo routing constituted an estimated savings of 8 hours and 10 minutes per roundtrip at 3,592 gallons of fuel per block hour to the carrier and a time savings of about 3½ hours of time for the San Francisco/Manila passenger.(17) There was considerable opposition to this reduction. However, the CAB approval was granted. Guam now has 5 flights per week in October 1981.

South Pacific Island Airways (SPIA) responded to this potential service void. It announced SPIA inauguration of Guam/Honolulu service on a 3 time weekly schedule. SPIA service began in January 1982. Frequencies for Guam are now up to 8 per week.

In April 1982, Pan Am's Guam/Honolulu service dropped to three weekly flights. April 1982 also brought the advent of Pan Am's turnaround flights between Guam and Honolulu. Although this did not change the frequency picture, access was substantially limited.

Now enter the joint venture of Arrow Airways/Mid Pacific Airlines (Arrow/Mid Pac). In late October 1982 a week after inaugurating Pago service, Arrow/Mid Pac began Guam/Honolulu operations. The joint venture flew B-707 aircraft three times a week on this route. Guam is now up to 9 flights per week. But, Arrow/Mid Pac service ended abruptly in December of the same year.

On January 1, 1983, there are a total of 6 weekly frequencies. And 1983 passed in relative quiet.

Friday the 13th in January 1984 set the tone for the year's aviation history. Pan Am executive announced that the company was leaving the Guam skies after nearly a half century. For the year ending November 1983, the Guam/Honolulu passenger load factor averaged 53%. (18) Pan Am's Guam manager said, "Even though we were doing well in the marketplace here, the decision was made that we could be making more money with the plane in another area." (19)

This announcement set off a flurry of airline activity. SPIA announced that it would be providing daily B-707 service. Hawaiian Airlines was asked by government officials to consider Guam DC-8 service.

In mid-March 1984, the CAB issued the Guam EAS determination. The Guam EAS has been defined as 4 weekly roundtrips with 1,990 available seats.

Almost concurrently with Pan Am's last Honolulu/Guam flight, the first Continental/Air Micronesia direct DC-10 service took off toward Guam for inauguration of its three times weekly frequency. Pan Am pulled up its Guam roots on April 1, 1984, ending the longest standing air service relationship with the Island. By mid-April, Guam had 9 weekly frequencies. (SPIA actually implemented a 6 day per week schedule, instead of the originally considered daily frequency; Hawaiian Air decided not to enter the Guam/Honolulu market.)

Aloha Airlines (Aloha Pacific), another Hawaii based carrier, did however decide to join the market. Aloha Pacific started service in June 1984 using DC-10-30s. The Honolulu/Guam/Taipei service was offered three times per week.

The total frequencies for the Guam/Honolulu route rose to 12 with the Aloha Pacific entry.

October 1984, however, brought the grounding of SPIA; the total drops to 6 flights per week. (Even before the grounding, the flight frequencies had dropped since SPIA actually scheduled 3-6 flights per week during different periods within the April to October time frame.)

Then in December 1984, Aloha Pacific announced its suspension of the Honolulu/Guam/Taipei service on January 12, 1985, citing losses of millions of dollars. This termination could have potentially meant Guam would have 3 flights per week, or one less than the EAS requirement.

Within hours after the Aloha announcement, Continental/Air Micronesia announced that it would add 2-3 flight to its existing three. A fourth flight has been initiated in mid-January 1985.

Figure 64. (Appendix III.) provides a quick summary of the changes involved.

The rapid entry, reduction, and termination on several Pacific international and interisland by a number of air carriers since 1978 at these three case study points seem to confirm the need for the EAS program. The suspension of Guam service by 3 of its five Guam/Honolulu carriers within the past year is an indication that the level of Pacific service is sometimes not reflected accurately by the number of airlines.

APPENDIX III.
Figure 64.

Page III.-114

Figure 64.
SUMMARY OF CHANGES, FREQUENCIES, AND EVENTS
EAS CASE STUDY OF GUAM

Year	Frequency	(Carrier)	Event/Change
1977	7	(PA)	Service by B-747s
1978	10	(CO)	New 3x, DC-10 service started
1979	7	(CO)	Suspended service
	10	(BN)	New 3x, B-747 service started
1980	7	(BN)	Guam/Lax service (Hnl dropped)
	6	(PA)	Suspended service
1981	6	(NW)	Reduced one weekly flight
	5	(PA)	Guam/Hnl B-747 service via Tokyo started
1982	8	(HK)	Reduced one weekly flight
	6	(PA)	New 3x, B-707 service started
	9	(MO)	All 3 flights become turnaround flights
	6	(MO)	New 3x, B-707 service started
			Suspended service
1983	-----		P.L. 98-213 gave Guam EAS eligibility
1984	-----		EAS Determination made
	9	(CO)	New 3x, DC-10 service started
	6	(PA)	Suspends Guam service
	9	(HK)	Adds 3 flights
	12	(AQ)	New 3x, DC-10 service started
	6	(HK)	Grounding of SPIA
	3	(AQ)	Suspends service
	4	(CO)	Adds 1 flight
	3	(CO)	EAS subsidy service began

PROJECT:

AIR SERVICE CONSUMER PROTECTION
OF (PBDC)

BACKGROUND:

Start: 5/86

During the April/May 1986 ocean study field work, the problem of air service consumer complaints resolution was raised, although not for the first time. In August, a problem with a Honolulu/Guam flight underscored the need for improvements within the existing system of U.S. Department of Transportation (DOT) consumer complaints resolution. Over the past several years, a significant number of consumer complaints have been received by the local airport authorities. Generally, it is not believed that a majority of these problems have been recorded by appropriate DOT officials in Washington, D.C. for a number of legitimate reasons, including: time zones and consumer costs, the lack of consumer sophistication, and lag in or lack of followup action.

The time zone and consumer costs issue is a significant handicap in this consumer protection process. The time difficulties are increased by the ability to make phone contact, particularly since some Island homes still do not have telephones. The cost of that phone call is also a probable deterrent from the filing of the complaint. These two factors, time differences and telephone costs, seem to be a major roadblock to Pacific consumer utilizing the Federal consumer process.

The lack of consumer sophistication must also be underscored. Generally, there is little experience with Federal agencies and problem resolution processes in the Islands. It must be remembered that there are very few Federal representatives in the Pacific and most are in oversight/regulatory positions. The effort involved in filing consumer complaints is burdened with the historical lack of action and attention to Pacific Island problems and issues in Washington. With English generally as a second language and a common reticence in dealing with English-speaking officials who may have difficulty with local accents, the handicaps of the current system are enormous.

The final handicapping factor is attributable to geography. Distance generally makes responsive action difficult, if not impossible. Even "overnight service" by the U.S. Postal Service can well mean 3-4 days from Hawaii to Washington. Although telecommunications technology has speeded the process somewhat, the average consumer is not likely to have access to such resources nor is likely to utilize such methods due to the high costs involved.

A system of decentralizing the receipt of consumer complaints to the local airport level was proposed. The effort began with a training seminar for representatives from the local airport

authorities in Washington, D.C.; each member government also sent a PBDC and a written representative who were accompanied by a PBDC staff member for this effort. This training brought together Federal consumer complaints officials with the PBDC representatives to gain a better understanding of the DOT system and to determine some alternative consumer complaints receipt systems.

The seminar was scheduled for November. The Board approved allocation of PBDC funds for this project. Because travel to Washington, D.C. was contemplated, other critical air transport areas included in the training agenda are: Essential Air Service Section 419.1 program, airport development trends and funding, noise abatement requirements, and implications of technological innovation in aviation.

STATUS: This effort is viewed as supportive of past and current air service issues efforts.

APPLICABLE DOCUMENTS: None

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING made this 25th day of February, 1987 by and between the U.S. Department of Transportation, hereinafter referred to as "DOT", and the Pacific Basin Development Council, hereinafter referred to as "PBDC".

WHEREAS, DOT has an on-going program of receiving and taking action on consumer air service complaints at its Washington, D.C. offices; and

WHEREAS, the problems of time zones and consumer costs, lack of consumer sophistication, and lag in or lack of followup action have discouraged Pacific Island residents from utilizing this DOT assistance; and

WHEREAS, it is believed that these factors have contributed to the limited number of Pacific Island complaints being registered by the DOT consumer complaints office in Washington, D.C.; and

WHEREAS, the local airport authorities from PBDC member governments are already receiving consumer complaints; and

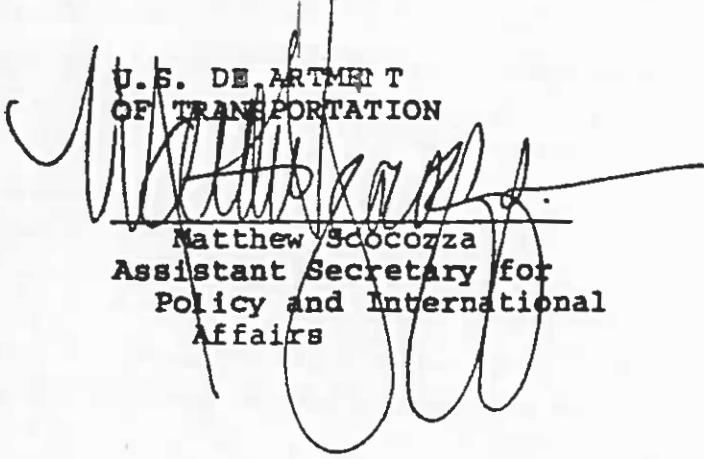
WHEREAS, representatives from the PBDC member governments have received a detailed briefing on the DOT operations;

NOW, THEREFORE, DOT and PBDC agree as follows:

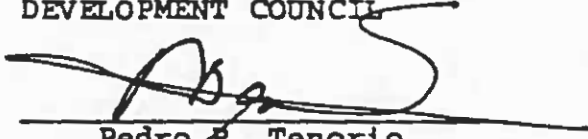
1. Each PBDC Governor may propose to DOT an appropriate agency to act as a local receiving office for Pacific Island aviation consumer complaints.
2. If accepted, DOT will thereby authorize such receiving office to forward such complaints to DOT for official registration and, where appropriate, further handling by DOT.
3. The PBDC and its designated agencies and offices waive any and all claims against the United States on account of such services. DOT and PBDC may terminate this agreement unilaterally, provided reasonable notice is given.

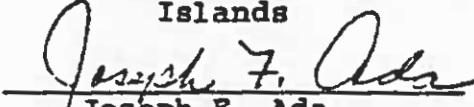
IN WITNESS WHEREOF, DOT and PBDC have executed this memorandum of understanding as of the date first above written.

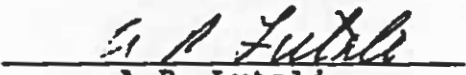
U.S. DEPARTMENT
OF TRANSPORTATION

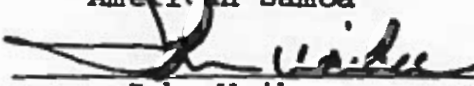

Matthew Scocozza
Assistant Secretary for
Policy and International
Affairs

PACIFIC BASIN
DEVELOPMENT COUNCIL


Pedro P. Tenorio
President and Governor
of the N. Mariana
Islands

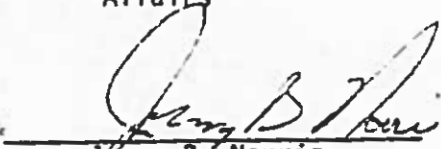

Joseph F. Ada
Vice President and
Governor of Guam

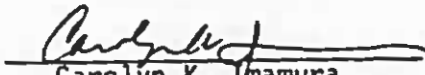

A.P. Lutali
Secretary and Governor of
American Samoa


John Waihee
Treasurer and
Governor of Hawaii

WITNESSED BY:


Vance Fort
Deputy Assistant Secretary
for Policy and International
Affairs


Jerry B. Norris
Executive Director


Carolyn K. Imamura
Director of Planning and
Programs

AVIATION SECURITY

With greater attention given to the Pacific Basin by world powers, the potential exists for increased terrorist activities in the region. Overtures by the Soviets to Vanuatu and Kiribati and reports of Libyan and Cuban training centers in South Pacific Countries threaten Pacific stability. The upcoming Seoul Olympic Games provide tremendous opportunity for terrorist activities.

Being the western-most US territory, Guam might be a target for terrorism. However, our ability to respond to acts of terrorism hinges on the ability of trained DOT/FAA personnel to arrive on Guam to take charge of a terrorist situation. The nearest response team is located in Hawaii - 7 hours away. Consequently, local authorities are required to initiate response activities. Since the local airport is jointly used by the Navy and GovGuam, questions arise concerning local jurisdiction for response as well as the quality of this response.

It is clear that technical assistance is needed in this area. DOT currently plans to conduct simulation exercises in this area. However, Governor Ada might express his desire for periodic training exercises.

International Terrorism

May 1987

Background: International terrorism is a serious threat to the US and the world. The US is a prime target because our policies, values, and culture are directly opposed by many terrorist groups and because of our extensive official and commercial presence overseas. Israel, Western democracies, and moderate Arab governments also are major targets. State sponsorship of terrorist activity has caused great increases in both the number of attacks and the resulting casualties. From 1976 to 1986, more than 6,000 terrorist incidents occurred worldwide, leaving nearly 5,000 people dead and 8,000 wounded; American casualties totaled 391 dead and 552 injured.

1986 terrorist activity: In 1986, the total number of international terrorist incidents leveled off slightly, following increases of 30% in 1984 and 45% in 1985. Fewer than 750 incidents were recorded, compared to 785 in 1985. Fewer persons died in terrorist attacks last year (544 persons) than in 1985 (825), but it could easily have been otherwise. The FBI and the Canadian Government prevented Sikh terrorists from blowing up an Air India flight from New York to London last year. In April, an alert El Al guard discovered a bomb that a Syrian-backed terrorist tried to get aboard an El Al 747 flight from London to Tel Aviv that carried some 375 people, including more than 200 Americans. Had these two incidents succeeded, some 500 persons would have been killed, and 1986 would have been the bloodiest year on record for international terrorism. The narrow margin by which these acts were averted illustrates that our counter-terrorism efforts cannot be relaxed.

In Western Europe in 1986, incidents of international terrorism dropped 33% over 1985 (from 218 to 146 incidents), and Middle East "spillover" terrorism in Western Europe was down by about 50% (from 74 to 39 incidents). The US bombing of terrorist targets in Libya, as well as the expulsion of some 100 Libyan "diplomats" from European capitals and tighter security measures throughout Europe, contributed to the decline of international terrorism in Europe. Colonel Qadhafi's terrorist operations were clearly disrupted and his confidence shaken.

Although the number of incidents declined in Europe, they rose 31% in Latin America. For the first time in over a decade, Latin America experienced more international terrorism than Western Europe, making it the second ranking region, after the Middle East, for the largest number of international terrorist attacks.

Last year terrorists hit citizens or facilities of more than 80 nations. Only two international terrorist hijackings occurred, the lowest number recorded since we began compiling statistics in 1968.

Chief perpetrators: The most deadly terrorists operate in and from the Middle East. The two main categories are: militant Shi'a from various Arab countries, particularly Lebanon, who are inspired,

trained, and supported by Iran; and radical Palestinian elements of the Palestine Liberation Organization (PLO), who often operate with the direct support of Libya, Syria, and Iran. Middle East "spillover" attacks in Western Europe are conducted by terrorist groups such as the Abu Nidal organization. Most terrorism in Europe is committed by leftist organizations such as the French Direct Action, the Italian Red Brigades, and the German Red Army Faction, and by ethnic groups such as Basque separatists. Many terrorist acts are directed at NATO facilities. In Latin America, terrorist tactics are used by local insurgencies that were spawned by social, political, and economic turmoil. Most terrorism there appears aimed at governments associated with the US and at US Government officials, facilities, and private businesses.

US policy: There are three main elements of the US counter-terrorism policy. First, we make no concessions to terrorists, nor do we ask or pressure any other government to do so. To make concessions would encourage more terrorism. President Reagan has firmly restated this policy in the wake of the Iran affair, and recent polls show that the policy is strongly supported by the American public.

Second, we work with other countries to put pressure on the nations that support terrorism to persuade them to cease such support. The Secretary of State has determined that five nations repeatedly support acts of international terrorism: Iran, Libya, Syria, Cuba, and South Yemen. These nations help terrorists by providing training, weapons, financing, travel and identification documents, diplomatic pouch privileges, safe houses, and refuge. The US, acting with friendly nations, seeks to isolate these countries from the community of civilized nations by imposing economic, political, diplomatic, and--if all else fails--military pressures.

Third, we cooperate with other countries in developing practical measures to counter terrorism. These measures include:

- Identifying the terrorists by name and learning their goals, ideologies, sponsors, and areas of operation;
- Tracking them, particularly when they cross borders, and searching them for forged documents, weapons, and dangerous materials;
- Apprehending, prosecuting, and punishing terrorists. Although more needs to be done in these areas, we are beginning to see results: More terrorists are being apprehended before they can carry out their attacks. Laws covering prosecution, exchange of evidence, and extradition are being applied more frequently to punish them.

US offers anti-terrorism training assistance to representatives of friendly governments trying to fight terrorism. More than 4,000 individuals have received such training since 1984. We also are working to provide more protection for American officials abroad and to make US embassies and facilities overseas more secure.

Because most terrorism originates and is carried out abroad, continued international cooperation is the key to future success in countering the terrorist threat, and a high priority is being given to improving this cooperation.

AGRICULTURAL DEVELOPMENT IN THE PACIFIC

The Office of Technology Assessment completed a study "Integrated Renewable Resource Management for U.S. Insular Areas" in 1987, and the island governments presented Testimony to Congress on the options outlined in that study.

In late September 1987, OTIA offered PBDC a Memorandum of Understanding (PBDC-10) for "Coordination of Mariculture and Agriculture Programs". The geographic scope of this project would include the freely associated Micronesian states in addition to American Samoa, Guam, and the Northern Marianas. The tasks to be undertaken under this agreement are:

1. Compilation of a listing of previous studies, activities, and demonstration projects done by Federal agencies, foreign governments, and international organizations;
2. Development of strategies for resource and economic development;
3. Identification of local, inter-island, and export markets for these island products;
4. Providing technical assistance in agricultural pest eradication, marketing, and identification of public and private sector resources.

STATUS: The proposed Memorandum of Understanding is currently under review by the Board. A work plan was submitted to the Governors for review in January 1988.

PBDC should pursue the MOU, through approval of the work plan, and should work with OTIA and USDA to implement additional options from the OTA document, including but not limited to the following options:

1. Analyze Island Databases and Information Management Systems. This would allow Congress to effectively assist the islands in obtaining adequate equipment, systems training and information exchange for more effective local management and production in agriculture.
2. Training and Data Collection, Management and Use (by USDOl ad USDA, for island data managers)
3. Expand Tropical Agriculture Research



Pacific Basin Development Council

Suite 325 • 567 South King Street • Honolulu, Hawaii 96813-3036

Telephone (808) 523-9325 Facsimile (808) 533-6336

Mr. Joseph F. Ada

President

Mr. John Waihee

President

President

PACIFIC BASIN DEVELOPMENT COUNCIL COORDINATION OF MARICULTURE AND AGRICULTURE PROGRAMS OTIA/PBDC MOU PBDC-10 WORKPLAN

Mr. A.P. Lutali

Secretary

Secretary

Mr. Pedro P. Tenorio

Secretary of the

Northern Mariana Islands

Secretary

INTRODUCTION

Beyond the specifics outlined in PBDC-10, which address the needs of the individual and collective activities of Guam, American Samoa, the Commonwealth of the Northern Mariana Islands (CNMI), the Freely Associated States (FAS) and the Republic of Palau, the intent of this effort is to provide a mechanism to coordinate and provide technical assistance to the several activities that have recently been established in the areas of agriculture, aquaculture, mariculture and forestry related efforts. These recently created efforts include:

*Center for Tropical and Subtropical Aquaculture - administered by the University of Hawaii and the Oceanic Institute. Membership includes American Samoa, Guam, CNMI, Hawaii and representation from the FAS.

*American Pacific Island Land-Grant Directors - Administered by the University of Hawaii's Institute of Tropical Agriculture and Human Resources. Membership includes American Samoa, Guam, CNMI, Hawaii and the FAS.

*Federal Governmental Area Offices, Hawaii and State of Hawaii Offices - although not formalized into any type of organization, there has been a substantial increased activity by the U.S. Department of Agriculture's Soil and Conservation Services and the U.S. Forestry Service. Increased activity in regional agriculture and aquaculture activities and services has also been noted in State of Hawaii's Department of Agriculture and Division of Aquaculture.

APPROACH

Personal (Washington, D.C.)

The Pacific Basin Development Council (PBDC) will contract, on a month to month basis, the services of a highly qualified specialist in Washington, D.C. to coordinate activities within the Federal, and as appropriate, private sector.

At minimum, the specialist will have experience in the agriculture/aquaculture area and will have familiarity and understanding of Federal governmental operations. The specialist will also be familiar with and have a working knowledge of the American Flag Pacific Islands (AFPI) and the FAS.

Personal (Honolulu, HI)

As needed, PBDC will contract, on a month to month basis, the services of a highly qualified specialist with extensive economic, agricultural, aquaculture, and financial development experience, combined with a working understanding of the AFPI and FAS.

Personal (AFPI)

As needed and appropriate, public and private sector qualified specialist(s) will be identified in service delivery areas (American Samoa, Guam and CNMI) for use in fulfilling the objectives of the Memorandum of Understanding (MOU) and the Work Plan.

DOI Working Relationship

As noted in the MOU, a close working relationship will be developed between PBDC staff, their specialist(s) and Field Representatives on the AFPI.

Assistance provided to OTIA's Washington, D.C. will be coordinated directly with the PBDC Executive Director or his representative.

PROGRAM OBJECTIVES

1) Develop recommendations for strategies for resource and economic development and revenue producing activities in agriculture, mariculture, aquaculture, forestry, and other activities, using local resources.

2) Identify local, inter-island and export markets for resources produced in the islands.

3) Provide guidance that will lead toward eradicating agricultural pests, marketing of products, identifying resources from both public and private sectors to accomplish stated goals and enhancing trade potentials.

4) Provide assistance to PBDC and its members with regards to testimony and action activities revolving around the recently published Office of Technology Assessment report entitled "Integrated Renewable Resource Management for U.S. Insular Areas.

5) Explore, review and evaluate all USDA programs with regards to their relevancy to the Territories and Commonwealth and make recommendations to the full Board of Directors of PBDC as to those they should seek for individual island specific agricultural activities as well as those of a regional nature.

*Note: U.S.C. Title 48 s. 1469d.(c) reads as follows:

The Secretary of Agriculture is authorized to extend, in his discretion, programs administered by the Department of Agriculture to Guam, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, the Virgin Islands and American Samoa (hereafter called the territories). Notwithstanding any other provisions of law, the Secretary of Agriculture is authorized to waive or modify any statutory requirements relating to the provision of assistance under such programs which he deems it necessary in order to adapt the programs to the needs of the respective territory.

6) To institute a cost-benefit analysis regarding pest erradication for Guam and Saipan. This will be done in conjunction with the USDA and the governments of Guam and CNMI.

BUDGET

A detailed budget will be supplied with specific program objects broken out by cost within 30 days of the approval of the general work plan. This is necessary to allow the program specialis(s) to meet with key staff people at OTIA, with the respective groups from Hawaii identified earlier, and with the Governors and other appropriate leaders in the AFPI and FAS. This approach will also allow for a full and detailed briefing by key Office of Technology Assessment staff as well as PBDC staff.

In general, extensive travel will be required with at least three trips to the region during the first year covered by the MOU.

It is also expected that on-island assistance will be provided, as appropriate in order to keep some travel costs down.

General Budget Breakdown:

PERSONNEL (to include sub contracts):	\$ 75,000
TRAVEL (to include Pacific Region & USA)	24,000
TECHNICAL ASSISTANCE AND SPECIAL SERVICES	30,000
MISCELLANEOUS	1,500
OVERHEAD (13%)	19,500

TOTAL BUDGET:	\$150,000

12/2/87
JBN:lst

cc: Warren Lowe, PBDC

ECONOMIC DEVELOPMENT IN THE PACIFIC

No information is available on this subject

MEETING WITH GOVERNOR WAIHEE

According to PBDC, Governor Waihee will meet with Governor Ada on the opportunities available to entice more Japanese tourists to visit the Pacific Basin (Hawaii, Guam and CNMI). The specific opportunity to be discussed appears to be the formation of the American Flag Pacific Islands (AFPI) as a single destination for the purposes of bilateral aviation negotiations between the federal government and foreign governments.

Presently, the U.S. government negotiates with foreign governments to allow foreign air carriers to serve U.S. points and U.S. carriers to serve foreign points. During these negotiations, each government negotiates the cities to be served, price considerations, cargo services, charter services and other aviation issues. In these meetings, if foreign governments allow U.S. carriers to service relatively small, less profitable foreign cities, the U.S. government may offer Guam in return. Obviously, each government attempts to service the most lucrative destinations of the other with the least amount of government restriction. In most instances, governments are allowed to choose those destinations they will actually service.

Before discussing Governor Waihee's apparent proposal, the following should be noted:

1. Based upon available information, 10 foreign countries (i.e., Fiji, Indonesia, Japan, Nauru, New Zealand, Philippines, Singapore, Taiwan, Thailand and United Kingdom) are allowed by the U.S. to provide airline service to Guam. Few of these countries have actually chosen to service Guam due to the smallness of its market, the profitability of destinations such as Hawaii and the availability of longer range aircraft that can over-fly Guam.

2. Hawaii currently has a policy of attracting greater foreign investment to ensure that Hawaii will continue to be a destination point (if only to ensure the continued profitability of these foreign investments). This policy has been extremely effective in ensuring that Hawaii is not over-flown.
3. Five foreign countries with aviation operations in the Pacific are not allowed to serve Guam but are allowed to service Hawaii. These countries are Australia, China, Korea, Malaysia and France. No information is currently available to determine why the countries are not allowed to serve Guam.
4. Guam is authorized to establish the Visa Waiver program in which tourists from countries which have a US visa rejection rate of less than 16.9% including Australia, Brunei, Burma, Indonesia, Japan, Malaysia, Nauru, New Zealand, Papua New Guinea, Singapore, Solomon Islands, the United Kingdom (including Hong Kong), Vanuatu, and Western Samoa can visit Guam without visas for no longer than 15 days. Hawaii does not currently participate in this program and will probably not participate since it is a part of the U.S. customs territory. As the CNMI covenant provides local control over immigration, CNMI may not need to participate.
5. At present, information is not available to assess cargo service from foreign countries. In the U.S. for example, the desire to increase the number of Japanese tourists to the U.S. has not been met with great enthusiasm by the Japanese because of domestic pressures on the U.S. government to reduce cargo imports from Japan. There may be some potential in using cargo service as a bargaining chip to increase passenger service from foreign countries.

6. To a large extent, Guam and CNMI are competing for similar tourist clientele. Hawaii on the other hand, may be attracting higher income Japanese tourists because of the higher costs of travel, lodging and other amenities. (Visitor profiles of Hawaii, CNMI and Guam were not compared due to lack of time). From one perspective, competition for tourists ensures that Guam will develop tourist amenities at a pace that will ensure against adverse economic impacts should tourism decline. However, under this situation, Guam cannot maximize revenues from tourism.

In our view, competition among islands is desirable provided that the level of tourism on any one island is sufficient to generate a reasonable profit from existing and planned investments. Guam can no longer consider itself as the gateway to Micronesia since many Micronesian Islands are serviced directly by foreign carriers. While continuing to entice Japanese tourists, Guam must branch out to other areas, especially those that are already allowed to service Guam.

7. Guam is currently impacted by U.S. Cabotage Laws (49 USC 1508) that do not allow foreign carriers to make intermediate stops on U.S. soil between the home country and the final U.S. destination. In practice, this means that JAL cannot pick up passengers on Guam on its way to Honolulu. Evidence exists in bilateral agreements that federal negotiators have discretionary authority to waive this requirement if in the U.S. interest to do so.

CONCLUSION

It should be a policy of the Government of Guam to encourage the federal government to allow other foreign countries to service Guam. This could be accomplished through the establishment of the American Flag Pacific Islands (AFPI) as a single destination area as Governor Waihee seems to espouse. It is doubtful however, that this approach alone would increase tourism from foreign countries. So long as the federal government allows foreign governments to choose from any approved U.S. destinations as a result of U.S. deregulation policies, foreign carriers will have difficulty in choosing Guam as an intermediate or final destination for passenger service.

A more effective policy for GovGuam to pursue to increase passenger service would be to nurture economic and socio-cultural ties with those countries that are currently allowed to service Guam but do not and eventually with those countries not currently allowed to service Guam.

Establishing the AFPI as a destination for foreign cargo may assist in achieving our goal in passenger service. Foreign countries may encourage more tourist visits if these countries were provided an outlet for consumer goods.

Governor Waihee's apparent proposal will practically eliminate Guam's problems with airline Cabotage Laws in that foreign carriers would be allowed unrestricted travel between the islands.

Potentially problematic issues are also evident. Increases in foreign carriers may cause the demise of domestic carriers serving Guam and CNMI. With foreign carriers entering and leaving the market at will, substantial delays in providing air service could be experienced if domestic carriers have already left the market area. Since Hawaii will probably not participate in the

Visa Waiver program, Guam could experience the difficulties currently experienced in the absence of the program as more than 15 days might be required to visit the AFPI. In addition, it is likely that the Guam Visa Waiver program could be jeopardized in the eyes of the federal government due to the ability of foreign nationals to easily enter the mainland U.S. through Hawaii.

GovGuam is not in a position to assess the impacts of Governor Waihee's apparent proposal at this time. It is hoped that Governor Ada will be able to obtain more specific information from Governor Waihee so that these issues can be more fully evaluated.

EXCLUSIVE ECONOMIC ZONE - FUTURE PLANS

Although President Reagan proclaimed the U.S. - EEZ in 1983, Congress has not yet made any legislative decisions on federal agency jurisdiction, state involvement, or revenue disbursements generated by EEZ activity. The Lowry Bill (H.R. 1260), has been under review and revision for several years and now appears to be headed for the full House Merchant Marine and Fisheries Committee. As a region, the four Pacific U.S. Flag islands, through their Coastal Management Programs, have met on the issue, utilizing PBDC as the conduit for Section 309 grants and as Coordinator for the meetings. The purpose of this effort is to determine both individual island and regional approaches to the EEZ jurisdictional issue.

PBDC should continue in their efforts to coordinate regional efforts and to devise a series of policy options which may be utilized by the Pacific Island Governors, and to be a focal point for regional lobbying efforts on this issue. The Islands (through the Governor's and legislators) should also exert efforts to ensure possible legislation (from Washington) is fully analyzed by the island governments and that comments are presented to Congress. Through PBDC, the Governors have designated the local Coastal Management Programs as local, lead entities for EEZ, and this commitment should be reemphasized.

SEP 30 1987

Honorable Ben G. Blaz
United States House of Representatives
1130 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Blaz:

We have completed reviewing LOWRY 131, "Amendment in the Nature of a Substitute to H.R. 1260", which effects federal policy and procedures in hard mineral exploration and extraction within the exclusive economic zone.

While we find this amendment bill to be superior to the original Lowry bill in many respects, Guam's position must remain unchanged, in that through local legislation and resolution, and as a part of the draft Commonwealth Act, the resource rights within Guam's EEZ must remain under the jurisdiction of the people of Guam. In that regard, we are opposed to the inclusion of Guam in Section 103(3) of the bill. An alternative which, if understood from the broad perspective, should be acceptable to all concerned would be to include Guam within Section 103(7).

Although Guam is not a "freely associated state", the inclusion of Guam within that section would be consistent with our own pronouncements that Guam have the option of participating in the federal program, or in rejecting such participation as iterated in Section 507(a). Such participatory definition would also be logical given the geological, geographical, historical and ecological similarities between the freely associated states and Guam. The argument can also be made that, because Guam is not fully represented in the national government, international norms would dictate that EEZ resources should remain for the benefit of the local peoples, and such findings would be in line with Presidential Proclamation Number 5030, of March 10, 1983. Finally, by including Guam in the definition under Section 103(7), Guam would be exempted from the constraints of Section 313(a) and (b). Quite frankly, if Guam were to be included in this bill as currently written, those constraints would almost certainly preclude any mineral exploration or extraction activities because of the added burden of distance from those U.S. sources. Those same constraints have been noted in the past as having a detrimental effect on large scale fisheries in this area, and would have the same impact on mineral development.

Two other points with which we have disagreement also require modification. First, Section 310(b) does not allow for local input in requests for revisions to licenses or permits, while modifications do require local (Governor's) input. Second, the bill consistently calls for Coast Guard participation in monitoring and enforcement, but as you well know, the Coast Guard presence in our area has been severely curtailed.

In order for the enforcement mechanism to work, the federal government must indicate a greater commitment to the Coast Guard operations than we have witnessed in the past years.

I appreciate your efforts, on behalf of the people, in trying to ensure legislation which will be of benefit to our island, and request that you address the points outlined at the earliest possible time.

Sincerely,

Joseph F. Ada
JOSEPH F. ADA
Governor of Guam

cc: BUREAU OF PLANNING

MLHAM/PPLEONGUERRERO/tc

NQAA FEDERAL-STATE PARTNERSHIP PROPOSAL

No information is available on this subject

TIME AND PLACE OF
1988 ANNUAL MEETING

PBDC staff have advised Guam that Governor Lutali of American Samoa plans limited travel because of a tough re-election effort this year. They question whether Governor Lutali would attend the 1988 PBDC Annual meeting on Guam. Therefore, they propose that Governor Ada hold the meeting after Congressional Appropriation hearings (April or May 1988) in Hawaii.

From our perspective, there are significant political and promotional advantages of hosting a meeting on Guam. The prestige of having four Governors at one time on Guam comes only once in 4 years.

A convenient alternative is to meet in American Samoa just prior to the South Pacific Conference scheduled for October 1988 in the Cook Islands which lie in close proximity to American Samoa and meet on Guam in 1989. However, this option is not desirable since it is dependent on the results of American Samoa's election.

In recognition that Governor Lutali's presence is essential and that a meeting must be held before 1990 on Guam, we suggest that Governor Ada informally contact Governor Lutali to find out if he will attend a meeting on Guam this year as this is the year of Governor Ada's presidency. To assist in this discussion, we offer the following meeting dates:

1. Before or after the Congressional Appropriation hearings
(April or May 1988)
2. Before or after the Pacific Policies meeting (June 1988)
3. Prior to the South Pacific Conference (October 1988)
4. Same month as 1987 meeting in Saipan (August 1988)

If the 1988 meeting on Guam cannot be attended by Governor Lutali, the PBDC staff proposal of a Hawaii venue would be acceptable provided that the 1989 meeting is held on Guam. This alternative is more possible if Governor Waihee becomes president in 1989.

The PBDC staff suggestion of meeting after April or May poses some problems. This suggested date comes too soon after the February 1988 Winter meeting and too far from the 1989 Winter meeting. In any event, we suggest that Governor Ada reserve any decision on this matter until Governor Lutali is contacted and until we have a better idea of dates for the Pacific Policies meeting and the Congressional Appropriation hearing.



Pacific Islands Development Council

Suite 325 • 567 South King Street • Honolulu, Hawaii 96813-3036

Telephone (808) 523-9325 Facsimile (808) 533-6336

Governor Joseph F. Ada
Guam
President

February 8, 1988

Governor John Waihee
Hawaii
Vice President

The Honorable Joseph F. Ada
Governor
Territory of Guam
Office of the Governor
Agana, GU 96910

Governor A.P. Lutali
American Samoa
Secretary

Dear Governor Ada:

Governor Pedro P. Tenorio
Commonwealth of the
Northern Mariana Islands
Treasurer

The purpose of this letter is to explore the time and location of the 1988 Annual Meeting of PBDC. During the past eight years of PBDC, the Annual Meeting has been held in the region and hosted by either the outgoing President or the incoming President on his island.

It should also be noted that with one exception, the Board of Directors of PBDC has never met without all four members. That one exception was when Governor Camacho was taken ill on his way to Hawaii. In that instance, the Governors of Hawaii, Guam and American Samoa met in Honolulu and immediately following the meeting held an hour and ten minute conference call to clear items that had been discussed. You will recall that we decide issue by consensus and not majority rule in PBDC deliberations.

In conversations with Governor Lutali's staff, they indicate that the Governor plans limited travel this year because of what appears to be a very tough reelection effort. His current plans, according to staff, are to travel only to the Senate/House Appropriation hearings which historically have been held in April or May. It should be noted that the hearing may be later this year since the President's Budget will not go up until late February.

My concern is that Governor Lutali might find an extended stay away from Pago Pago somewhat less

HONORABLE JOSEPH F. ADA
FEBRUARY 3, 1988
Page 2

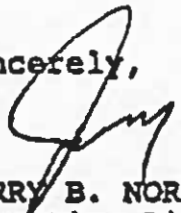
than desirable in this election year. Even if both House and Senate hearings were held close together, a visit to Guam for PBDC's Annual Meeting would mean about two and a half to three weeks away from home.

An alternative would be to have Governor Waihee host the 1988 Annual Meeting in Honolulu either immediately before or following the Senate and House Hearings. As a personal aside, should this be an alternative to Guam, following the hearings would be a bit easier for all concerned.

As noted earlier, these comments have not originated from Governor Lutali but from his staff. I have not discussed this with Governor Waihee, but offer the Hawaii venue as a possibility.

I would appreciate your guidance on this matter as time allows.

Sincerely,



JERRY B. NORRIS
Executive Director

JBN2/ca